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LUXEMBOURG LISTING PROSPECTUS

Not for General Distribution in the United States

Cabot Financial (Luxembourg) II S.A.

Guaranteed on a senior secured basis by Cabot Credit Management Limited, Cabot Financial Limited and all material subsidiaries of Cabot Financial Limited

€310,000,000 Senior Secured Floating Rate Notes due 2021

Interest payable February 15, May 15, August 15 and November 15.

Issue price: 99.0% plus accrued interest, if any, from the issue date

Cabot Financial (Luxembourg) II S.A. (the "Issuer"), a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 6, rue Gabriel Lippmann, L-5365 Munsbach, Grand Duchy of Luxembourg, registered with the Luxembourg trade and companies register under the number B 201268, issued €310,000,000 aggregate principal amount of its Senior Secured Floating Rate Notes due 2021 (the "Notes"). The Notes bear interest at a rate equal to three-month EURIBOR plus 5.875% per annum, reset quarterly. The Issuer will pay interest on the Notes quarterly in arrears on February 15, May 15, August 15 and November 15 of each year, commencing on February 15, 2016. The Notes mature on November 15, 2021.

The Issuer may redeem some or all the Notes on or after November 15, 2018 at the redemption prices set out in this Luxembourg Listing Prospectus (the "offering memorandum"), plus accrued and unpaid interest, if any. Prior to November 15, 2018, the Issuer may redeem some or all the Notes at a price equal to 100% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, plus a "make whole" premium, as described in this offering memorandum. In addition, prior to November 15, 2018, the Issuer may redeem up to 40% of the aggregate principal amount of the Notes (including any Additional Notes (as defined herein)) with the net cash proceeds from certain equity offerings at a price equal to 105.875% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, *provided* that at least 60% of the original aggregate principal amount of the Notes (including any Additional Notes) remains outstanding after the redemption. Further, the Issuer may redeem all, but not part, of the Notes at a price equal to 100% of the principal amount plus accrued and unpaid interest, if any, upon the occurrence of certain changes in applicable tax law. Upon the occurrence of certain change of control events, the Issuer will be required to offer to redeem the Notes at 101% of the principal amount redeemed, plus accrued and unpaid interest, if any.

The Notes are senior obligations of the Issuer and rank equally in right of payment with all the existing and future unsubordinated indebtedness of the Issuer, senior to all the existing and future indebtedness of the Issuer that is subordinated in right of payment to the Notes and effectively senior to all the existing and future unsecured indebtedness of the Issuer to the extent of the assets securing the Notes. The Notes are guaranteed on a senior secured basis by Cabot Credit Management Limited (the "Cabot Parent"), Cabot Financial Limited (the "Company") and all material subsidiaries of the Company (including the Existing Cabot Notes Issuer (as defined herein)), other than the Issuer and Marlin Intermediate Holdings plc (the "Subsidiary Guarantors" and, together with the Cabot Parent and the Company, the "Guarantors"). The guarantee of the Notes by each Guarantor (a "Note Guarantee" and, collectively, the "Note Guarantees") rank equally in right of payment with all the existing and future unsubordinated indebtedness of such Guarantor, senior to all the existing and future indebtedness of such Guarantor that is subordinated in right of payment to such Guarantor's Note Guarantee and effectively senior to all existing and future unsecured indebtedness of such Guarantor to the extent of the assets securing such Guarantor's Note Guarantee. The Notes and the Note Guarantees are secured by first ranking (but, in case of certain security interests granted under the laws of England and Wales and Ireland, subject to the existing security granted prior to the Issue Date) liens on certain assets that also secure our obligations under the Existing Notes, certain hedging obligations permitted to be incurred under the indenture governing the Notes and the Senior Facilities Agreement (each as defined herein). Pursuant to the terms of the Intercreditor Agreements (as defined herein), any liabilities in respect of obligations under the Senior Facilities Agreement and certain designated hedging obligations (up to a maximum of £10 million) that are secured by assets that also secure our obligations under the Notes and the Note Guarantees will receive priority with respect to any proceeds received upon any enforcement action over any such assets.

There is currently no public market for the Notes. Application was made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF Market of the Luxembourg Stock Exchange, which is not a regulated market within the meaning of Directive 2004/39/EC on markets in financial instruments.

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An investment in the Notes involves risks. See “Risk factors” beginning on page 30.

The Notes and the Note Guarantees have not been and will not be registered under the US Securities Act of 1933, as amended (the “US Securities Act”), or the securities laws of any state of the United States or any other jurisdiction. Accordingly, the Notes are being offered and sold in the United States only to “qualified institutional buyers” in accordance with Rule 144A under the US Securities Act and to non-US persons (as defined under the US Securities Act) outside the United States in accordance with Regulation S under the US Securities Act. Prospective purchasers of the Notes that are qualified institutional buyers are hereby notified that the seller may be relying on the exemption from the provisions of Section 5 of the US Securities Act provided by Rule 144A. For further details about eligible offerees and resale restrictions, see “Notice to investors.”

The Notes were issued in the form of global notes in registered form. See “Book-entry, delivery and form.” The Notes were delivered to investors in book-entry form through Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking, *société anonyme* (“Clearstream”) on or about November 11, 2015.

November 23, 2015

You should rely only on the information contained in this offering memorandum. We have not, and J.P. Morgan Securities plc, Goldman Sachs International, Morgan Stanley & Co. International PLC, DNB Markets, a division of DNB Bank ASA, HSBC Bank plc, Lloyds Bank plc and The Royal Bank of Scotland plc (the "Initial Purchasers") have not, authorized anyone to provide you with information that is different from the information contained herein. You should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the front of this offering memorandum.

We are not, and the Initial Purchasers are not, making an offer of these securities in any jurisdiction where such offer is not permitted.

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Cabot Financial (Luxembourg) II S.A. (the "Issuer") is incorporated as a public limited liability company (*société anonyme*) under the laws of the Grand Duchy of Luxembourg, and registered with the Luxembourg trade and companies register under the number B 201268. Its registered office is at 6, rue Gabriel Lippmann, L-5365 Munsbach, Grand Duchy of Luxembourg.

Important information about the offering

This Offering Memorandum constitutes a Prospectus for the purpose of Luxembourg law dated July 10th, 2005 on Prospectus for Securities, as amended. This offering memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Notes may not be offered or sold, directly or indirectly, nor may this offering memorandum be distributed, in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction.

This offering memorandum has been prepared by us solely for use in connection with this offering. This offering memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes. Distribution of this offering memorandum to any person other than the prospective investor and any person retained to advise such prospective investor with respect to the purchase of Notes is unauthorized, and any disclosure of any of the contents of this offering memorandum, without our prior written consent, is prohibited. Each prospective investor, by accepting delivery of this offering memorandum, agrees to the foregoing.

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

This offering memorandum is based on information provided by us and other sources that we believe to be reliable. The Initial Purchasers and the Trustee are not making any representation or warranty, express or implied, that this information is accurate or complete and are not responsible for this information. Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by any of the Initial Purchasers or the Trustee as to the past or future. In this offering memorandum, we have summarized certain documents and other information in a manner we believe to be accurate, but we refer you to the actual documents for a more complete understanding.

The Issuer accepts responsibility for the information contained in this offering memorandum. To the best of our knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this offering memorandum is in accordance with the facts and does not omit anything material that is likely to affect the import of such information.

The information contained in this offering memorandum is correct as of the date hereof. Neither the delivery of this offering memorandum at any time after the date of publication nor any subsequent commitment to purchase the Notes shall, under any circumstances, create an implication that there has been no change in the information set forth in this offering memorandum or in our business since the date of this offering memorandum.

The information contained in this offering memorandum under the caption “Exchange rate information” includes extracts from information and data publicly released by official and other sources. While we accept responsibility for accurately summarizing such information, we accept no further responsibility in respect thereto.

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

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

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

The Notes will be available initially only in book-entry form. We expect that the Notes sold pursuant to this offering memorandum will be issued in the form of one or more global notes, which will be deposited with, or on behalf of, a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream. Beneficial interests in the global notes will be shown on, and transfers of beneficial interests in the global notes will be effected only through, records maintained by Euroclear and Clearstream and their direct and indirect participants, as applicable. After the initial issuance of the global notes, Notes in certificated form will be issued in exchange for the global notes only as set forth in the indenture governing the Notes (the “Indenture”). See “Book-entry, delivery and form.”

The Initial Purchasers and certain of their respective related entities may acquire, for their own accounts, a portion of the Notes.

The Issuer has applied to list the Notes on the Official List of the Luxembourg Stock Exchange for trading on the Luxembourg Stock Exchange’s Euro MTF market (the “Euro MTF Market”), and has submitted this offering memorandum to the competent authorities of the Luxembourg Stock Exchange in connection with the listing application. This offering memorandum constitutes a prospectus for the purposes of Part IV of the Luxembourg act dated July 10, 2005 on prospectuses for securities, as amended (the “Luxembourg Prospectus Law”). The Notes will not be offered to the public in Luxembourg.

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

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

Alternative settlement cycle

Delivery of the Notes was made against payment on November 11, 2015, which was the fifth business day following the date of pricing of the Notes (such settlement cycle being herein referred to as “T+5”). Under Rule 15(c)6-1 under the US Exchange Act (as defined herein), trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the Notes initially will settle T+5, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of Notes who wish to trade Notes on the date of pricing or the next succeeding business day should consult their advisors.

Notice to investors in the United States

The Notes and the Note Guarantees have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States and may not be offered or sold in the United States, except to qualified institutional buyers within the meaning of Rule 144A, in reliance on the exemption from the registration requirements of the US Securities Act provided by Rule 144A. The Notes may be offered and sold outside the United States to non-US persons (as defined under the US Securities Act) in reliance on Regulation S. Prospective investors are hereby notified that sellers of the Notes may be relying on the exemption from the registration requirements of Section 5 of the US Securities Act provided by Rule 144A. For a description of certain restrictions on transfers of the Notes, see “Notice to investors.”

Neither the US Securities and Exchange Commission (the "SEC"), any US state securities commission nor any non-US securities authority has approved or disapproved of these securities or determined that this offering memorandum is accurate or complete. Any representation to the contrary is a criminal offense.

Notice to New Hampshire residents only

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSONS, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE OR CAUSE TO BE MADE TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Notice to investors in the United Kingdom

This issue and distribution of this offering memorandum is restricted by law. This offering memorandum is not being distributed by, nor has it been approved for the purposes of section 21 of the Financial Services and Markets Act 2000 by, a person authorized under the Financial Services and Markets Act 2000. This offering memorandum is for distribution only to, and is only directed at, persons who (i) are outside the United Kingdom or (ii) have professional experience in matters relating to investments (being investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order")); (iii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). Accordingly, by accepting delivery of this offering memorandum, the recipient warrants and acknowledges that it is such a relevant person. The Notes are available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents. No part of this offering memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without our prior written consent. The Notes are not being offered or sold to any person in the United Kingdom, except in circumstances which will not result in an offer of securities to the public in the United Kingdom within the meaning of Part VI of the Financial Services and Markets Act 2000.

Notice to investors in Ireland

No action may be taken with respect to the Notes in Ireland otherwise than in conformity with the provisions of (a) the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3), including, without limitation, Regulations 7 and 152 thereof or any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998, (b) the Companies Act 2014, the Central Bank Acts 1942 to 2014 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989, (c) the Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended) and any rules issued under Section 1363 of the Companies Act 2014, by the Central Bank of Ireland, and (d) the Market Abuse (Directive 2003/6/EC) Regulations 2005 (as amended) and any rules issued under Section 1370 of the Companies Act 2014, by the Central Bank of Ireland.

Notice to investors in the European Economic Area

This offering memorandum is not a prospectus and is being distributed to a limited number of recipients for the sole purpose of assisting such recipients in determining whether to proceed with a further investigation of the purchase of, or subscription for, the Notes. This offering memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States of the European Economic Area (the "EEA"), from the requirement to produce a prospectus for offers of the Notes. Accordingly, any person making or intending to make any offer within the EEA of the Notes, which are the subject of the placement contemplated in this offering memorandum, should only do so in circumstances in which no obligation arises for us, the Guarantors or any of the Initial Purchasers to produce a prospectus for such offer. Neither we nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this offering memorandum.

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each, a "Relevant Member State"), and including each Relevant Member State that has implemented the 2010 PD

Amending Directive (the “Relevant Implementation Date“) it has not made and will not make an offer of Notes that are the subject of this offering memorandum to the public in that Relevant Member State prior to the publication of a prospectus in relation to Notes that has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the Notes to the public in the Relevant Member State at any time:

(a) to “qualified investors” as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), in any Relevant Member State subject to obtaining the prior consent of the Issuer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Notes shall result in a requirement for the publication by the Issuer or the Initial Purchasers of the prospectus in accordance with Article 3 of the Prospectus Directive or a supplement to 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 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 Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC of the European Parliament and of the Council of November 4, 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC (and amendments thereto, including the 2010 PD Amending Directive), and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU of the European Parliament and of the Council of November 24, 2010 amending Directives 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading and 2004/109/EC on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market.

Each subscriber for or purchaser of the Notes in the offering located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(1)(e) of the Prospectus Directive. The Issuer, the Guarantors, our legal advisors and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Initial Purchasers of such fact in writing may, with the consent of the Initial Purchasers, be permitted to subscribe for or purchase the Notes in the Offering.

Notice to Investors in the Grand Duchy of Luxembourg

The Notes may not be offered or sold to the public within the territory of the Grand Duchy of Luxembourg unless:

(a) a prospectus has been duly approved by the Commission de Surveillance du Secteur Financier of Luxembourg (the “CSSF”) pursuant to Part II of the Luxembourg Prospectus Law, implementing the Prospectus Directive as amended, if Luxembourg is the home Member State as defined under the Luxembourg Prospectus Law and the prospectus has been duly published; or

(b) if Luxembourg is not the home Member State, the CSSF and the European Securities and Markets Authority (the “ESMA”) have been provided by the competent authority in the home Member State with a certificate of approval attesting that a prospectus in relation to the Notes has been drawn up in accordance with the Prospectus Directive and with a copy of the said prospectus and the prospectus has been duly published; or

(c) the offer of the Notes benefits from an exemption from or constitutes a transaction not subject to, the requirement to publish a prospectus pursuant to the Luxembourg Prospectus Law.

Forward-looking statements

This offering memorandum contains “forward-looking statements” within the meaning of the securities laws of certain jurisdictions, including statements under the captions “Summary,” “Risk factors,” “Management’s discussion and analysis of financial condition and results of operations,” “Industry,” “Business” and in other sections. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words “believes,” “could,” “estimates,” “anticipates,” “expects,” “intends,” “may,” “will,” “plans,” “continue,” “ongoing,” “potential,” “predict,” “project,” “target,” “seek,” “should” or “would” or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions, including, without limitation, any references to anticipated synergies to be derived from acquisitions (including, but not limited to, the DLC Acquisition). These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this offering memorandum and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy and the industry in which we operate.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. You should not place undue reliance on these forward-looking statements.

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

These factors include, among others:

- deterioration of the economic environment of the markets in which we operate;
- deterioration in the value of our Backbook or the inability to collect sufficient amounts on our debt portfolios;
- failure to comply with applicable legislation or regulation;
- changes to the regulatory environment in the United Kingdom or Ireland;
- security and privacy breaches of our proprietary processing systems;
- our ability to successfully integrate operations and realize the synergies of the DLC Acquisition or any other acquisition;
- inaccuracy of our statistical and analytical tools leading to failure to achieve recoveries;
- inability to compete with businesses that offer higher prices than us for the purchase of debt portfolios or the loss of competitive advantages;
- insufficient supply of debt portfolios available to purchase;
- loss of vendors, key relationships or debt portfolios;
- inability to adapt to customers’ changing financial circumstances;
- failure or loss of access to our data gathering systems, IT systems and proprietary customer profiles;
- negative attention and news regarding the debt collection industry and individual debt collectors;
- risk of litigation, under consumer credit, collections and other laws;
- reliance on our senior management team and other key employees;
- forward flow agreements to purchase debt portfolios at higher than desired prices;
- examinations and challenges by tax authorities, or changes in tax law or regulations; and

- other factors discussed under “Risk factors.”

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

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

Industry and market data

We operate in an industry for which it is difficult to obtain precise industry and market information. The market and competitive position data in the “Summary,” “Risk factors,” “Management’s discussion and analysis of financial condition and results of operations,” “Industry” and “Business” sections of this offering memorandum are estimates by management based on industry publications, and from surveys or studies conducted by third-party industry consultants that are generally believed to be reliable. However, the accuracy and completeness of such information is not guaranteed and has not been independently verified. Additionally, industry publications and such studies generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed and in some instances the sources do not assume liability for such information. Some of the information herein has been extrapolated from such market data or reports using our experience and internal estimates. Elsewhere in this offering memorandum, statements regarding the industry in which we operate and our position in this industry are based solely on our experience, internal studies and estimates, and our own investigation of market conditions. We believe that the sources of such information in this offering memorandum are reliable, but there can be no assurance that any of these assumptions is accurate or correctly reflects our position in our industry, and none of our internal surveys or information has been verified by any independent sources. While we are not aware of any misstatements regarding the industry or similar data presented herein, such data involves risks and uncertainties and are subject to change based on various factors, including those discussed under the heading “Risk factors” in this offering memorandum. As a result, neither we nor the Initial Purchasers make any representation as to the accuracy or completeness of any such information in this offering memorandum.

Unless otherwise indicated, market share information is based on the total amount paid for the debt purchased in the period or as of the date so specified.

Certain definitions

Key performance indicators

Certain key performance indicators used in this offering memorandum are defined as follows:

- "*84-Month ERC*" means our estimated remaining collections on Loan Portfolios over an 84-month period, which represents the expected future gross cash collections of our Loan Portfolios over an 84-month period;
- "*120-Month ERC*" means our estimated remaining collections on Loan Portfolios over a 120-month period, which represents the expected future gross cash collections of our Loan Portfolios over a 120-month period;
- "*Adjusted EBITDA*" represents, under both IFRS and UK GAAP, net cash outflow or inflow from operating activities adjusted to exclude the effects of, as relevant, working capital increase or decrease in the period, Apex integration costs, Encore/JCF Acquisition costs, Marlin Acquisition costs, DLC Acquisition costs, exceptional costs and Loan Portfolio acquisitions. Adjusted EBITDA under UK GAAP also represents profit or loss for the financial period adjusted to exclude the effects of, as relevant, tax on profit or loss on ordinary activities, interest receivable and similar income, interest payable and similar charges, depreciation and goodwill amortization, fair value movements on Loan Portfolios, Encore/JCF Acquisition costs, Marlin Acquisition costs and Apex integration costs. Adjusted EBITDA under IFRS also represents profit or loss for the financial period adjusted to exclude the effects of, as relevant, tax expense or income, finance income, finance costs, depreciation on property, plant and equipment, amortization of intangible assets, current value movements on Loan Portfolios, Marlin Acquisition costs, DLC Acquisition costs and exceptional costs;
- "*Third Party Net Debt*" means third party indebtedness, less cash at bank and in hand (excluding cash held on trust for third parties) and excluding unamortized debt issue costs and accrued interest relating to our third party indebtedness;
- "*working capital*" means debtors and creditors, excluding, as relevant:
- facilities and related unamortized issue costs; and
- corporation tax debtors and creditors, and creditors or accruals arising from the purchase of tangible fixed assets.

Business and industry-specific terms

Certain industry-specific terms are defined as follows in this offering memorandum:

- "*Backbook*" means all debt portfolios owned at a relevant point in time;
- "*CCA*" means the UK Consumer Credit Act 1974 and related secondary legislation;
- "*CCL*" means a UK Consumer Credit License;
- "*CCTA*" means the UK Consumer Credit Trade Association;
- "*collections on Loan Portfolios*" means amounts collected, including by agents on our behalf, from customers on Loan Portfolios;
- "*commission on serviced portfolios*" means fees receivable and commissions from the servicing of loan portfolios on behalf of third parties, as recognized in the profit and loss account with respect to paying commissions accrued;
- "*contingent collections*" means collections of overdue receivables on behalf of third parties;
- "*contingent revenue*" means turnover relating to commission on serviced portfolios;
- "*cost/income ratio*" means servicing costs including group overheads as a percentage of contingent revenue or turnover, as the case may be, plus portfolio collections. There may be limitations in using cost/income expressed as a percentage of contingent revenue plus portfolio collections as a measure of operational

efficiency across a limited period of time because servicing costs are impacted by the phasing, mix and volume of new portfolio purchases in a period;

- "*CSA*" means the UK Credit Services Association;
- "*CUG*" means closed user groups;
- "*customer*" means a consumer who has defaulted on a credit account that was purchased from a vendor by a DP (as defined below);
- "*DCA*" means a debt collection agency;
- "*debt purchase*" means the purchase of debt portfolios at a discounted price;
- "*DP*" means a debt purchaser;
- "*FCA*" means the UK Financial Conduct Authority, a regulatory body that regulates financial services in the United Kingdom (as of April 1, 2013);
- "*FOS*" means the UK Financial Ombudsman Service;
- "*FSA*" means the UK Financial Services Authority, a regulatory body that regulated financial services in the United Kingdom until April 1, 2013;
- "*FSMA*" means the UK Financial Services and Markets Act 2000;
- "*forward flow*" means an arrangement whereby a DP is required to acquire certain debt portfolios on a periodic basis, over a specified time period and in accordance with certain criteria;
- "*Gesif*" means Gesif S.A.U, a Spanish credit management services business which we acquired on October 23, 2015;
- "*gross cash-on-cash multiple*" means the actual collections before servicing costs received on a portfolio to the date that the multiple is measured, plus forecast collections before servicing costs up to 120-months from the date of purchase of the portfolio, divided by the total amount paid for the portfolio at the date of purchase;
- "*HMRC*" means Her Majesty's Revenue and Customs;
- "*ICO*" means the UK Information Commissioner's Office;
- "*Irish Loan Portfolios*" means the loan portfolios in Ireland that we own;
- "*IVAs*" means an individual voluntary arrangement, a legally binding agreement between a customer and a creditor;
- "*Loan Portfolios*" or "*purchased debt portfolios*" means all owned loan portfolios;
- "*Loan to Value Ratio*" means Third Party Net Debt divided by 84-Month ERC as of the date specified;
- "*LSB*" means the UK Lending Standards Board;
- "*MOJ*" means the Ministry of Justice of the United Kingdom;
- "*Number of accounts*" means the total number of individual consumer accounts owned as of the date specified;
- "*Number of Loan Portfolios*" means the number of individual portfolios of accounts owned as of the date specified. Occasionally, we split an individual purchase contract into multiple portfolios if there are distinct account types within the particular portfolio;
- "*OFCOM*" means the UK Office of Communications;

- "*OFT*" means the UK Office of Fair Trading;
- "*originators,*" "*vendors*" or "*clients*" means financial institutions or other initial credit providers to consumers, certain of which entities choose to sell semi-performing or non-performing accounts receivables related thereto to DPs;
- "*Primary*" or "*fresh*" debt means debt portfolios in which the weighted length of time from default to purchase is less than 12 months;
- "*Reported Loan Portfolio purchases*" means the cost of all loan portfolios purchased in the period, excluding loan portfolios acquired by Apex prior to April 1, 2011, and excluding related acquisition expenses;
- "*RVM*" means our proprietary revaluation model;
- "*SAS*" means a business intelligence, data mining and automation product, as described in "Business—Technology Infrastructure—SAS Analytics and Business Intelligence;"
- "*SCOR*" means the UK Steering Committee on Reciprocity;
- "*Secondary and Tertiary*" means debt portfolios in which the weighted length of time from default to purchase is more than 12 months;
- "*semi-performing*" means debt portfolios in which over 50% of accounts have made a payment in three of the last four months immediately prior to the portfolio purchase;
- "*servicing costs including group overheads*" means operating expenses, plus administration expenses, less depreciation of property, plant and equipment, tangible fixed assets and amortisation of intangibles;
- "*settlement*" means payment against an outstanding debt balance not defined as a set-up arrangement;
- "s*et-up arrangement*" means a monthly repayment plan agreed with a customer with more than three repayments;
- "*TCF*" means treating customers fairly according to the sixth principle as set out in the Principles for Business (PRIN) in the FCA handbook;
- "*timing difference*" means, unless otherwise indicated or where the context otherwise requires, the difference between the amount of debt portfolio purchases reported for a period and the amount of cash payments made in relation to debt portfolio purchases in such period;
- "*trace*" or "*tracing*" means the action of attempting to find the correct contact details of a customer. Tracing is based on significant information analysis. It can be done manually by writing to property occupiers and/or making telephone calls, or as in our case, working with the three credit reference bureaus and other data suppliers to combine multiple raw data sources and apply automated logic sequences and rules which meet trace standards to create automated and validated traces;
- "*UK debt purchase* collections" means collections on UK Loan Portfolios;
- "*UK Loan Portfolios*" means the loan portfolios in the United Kingdom that we own; and
- "*vendors*" means credit originators, financial institutions or other initial suppliers of credit to consumers, certain of which entities choose to sell paying or non-paying accounts receivables related thereto to debt purchasers.

Other definitions

In addition, unless otherwise indicated or where the context otherwise requires, the following terms are defined as follows in this offering memorandum:

- "*AnaCap*" means the investment funds advised by AnaCap Financial Partners L.L.P., or when otherwise indicated or where the context otherwise requires, AnaCap Financial Partners L.L.P. in its own right;

- "*Apex*" means Apex Credit Management Holdings Limited and its subsidiaries;
- "*Apex Acquisition*" means the acquisition of Apex by the Cabot Parent from AnaCap, which was consummated on April 6, 2011;
- "*Borrowers*" means the entities that can act as a borrower under the Senior Facilities Agreement;
- "*Bridge Facility*" means the senior secured bridge facility in an aggregate principal amount of up to £90 million under the Bridge Facility Agreement pursuant to which Cabot Credit Management Group Limited borrowed £90 million on June 1, 2015 to finance a portion of the purchase price for the DLC Acquisition and to finance costs, fees and expenses related to the DLC Acquisition. The Bridge Facility will be repaid in full with the proceeds of the issuance of the Notes. See "Use of proceeds";
- "*Bridge Facility Agreement*" means the senior secured bridge facility agreement entered into on June 1, 2015 among Cabot Credit Management Group Limited, as borrower, the lenders named therein, and J.P. Morgan Europe Limited as Agent and Security Agent, as amended from time to time;
- "*Cabot*," *"we," "us," or "our"* means the Company and its direct and indirect subsidiaries (including the Marlin Group following the Marlin Acquisition and the DLC Group following the DLC Acquisition), unless otherwise indicated or where the context otherwise requires;
- "*Cabot Group*" means the Company and its direct and indirect subsidiaries (including Apex, the Marlin Group and the DLC Group following the Apex Acquisition, the Marlin Acquisition and the DLC Acquisition, respectively), unless otherwise indicated or where the context otherwise requires;
- "*Cabot Holdings*" means Cabot Holdings S.à r.l., a private limited liability company (*société à responsabilité limitée*), incorporated and existing under the laws of Luxembourg, having its registered office at 47, avenue John F. Kennedy, L-1855 Luxembourg, registered with the Luxembourg register of commerce and companies under the number B 176.902 and having a share capital of £25,131.71;
- "*Cabot Intercreditor Agreement*" means the intercreditor agreement dated September 20, 2012, between, among others, Cabot Financial Limited, Cabot Financial (Luxembourg) S.A., Citibank, N.A., London Branch, as trustee and J.P. Morgan Europe Limited, as agent and security agent, as amended or supplemented from time to time;
- "*Cabot Parent*" means Cabot Credit Management Limited (formerly Cabot Financial Group Limited), a private company limited by shares incorporated under the laws of England and Wales;
- "*Cabot Parent Loan Note*" means the loan note owed by the Cabot Parent to Group Holdings as described under "Description of other indebtedness—Cabot Parent Loan Note;"
- "*Cabot VMS*" means the Group's proprietary valuation model and scorecard system, as adjusted from time to time;
- "*CCMG*" means Cabot Credit Management Group Limited;
- "*Clearstream*" means Clearstream Banking, *société anonyme*;
- "*Collateral*" means the security interests securing the obligations of the Issuer and the Guarantors under the Notes and the Note Guarantees. See "Description of the Notes—Security—The Collateral;"
- "*combined*" means, in relation to an operational measure of performance, the simple aggregation of the relevant measures for the Cabot Group, the Marlin Group (as applicable) and the DLC Group (as applicable) for the relevant period, and excludes any accounting or *pro forma* adjustments that may be required to present consolidated or *pro forma* information;
- "*Company*" means Cabot Financial Limited, a private company limited by shares incorporated under the laws of England and Wales;
- "*DLC*" means Hillesden Securities Ltd, trading as dlc;
- "*DLC Acquisition*" means the acquisition of the DLC Group by the Cabot Group on June 1, 2015 as further described in "Summary—Our history";

- "*DLC Group*" means DLC and its subsidiary, Mercantile Data Bureau Limited, which was acquired by the Cabot Group pursuant to the DLC Acquisition;

- "*Duke Street*" means Duke Street LLP and its affiliates;

- "*EEA*" means the European Economic Area;

- "*Encore*" means Encore Capital Group, Inc.;

- "*Encore Acquisition*" means the acquisition by Encore of an indirect controlling interest in the Cabot Parent on July 1, 2013;

- "*EU*" means the European Union;

- "*euro*," "*EUR*" or "*€*" means the 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;

- "*Euroclear*" means Euroclear Bank SA/NV;

- "*Existing 2019 Cabot Notes*" means the £265 million senior secured notes due 2019 issued by the Existing Cabot Notes Issuer pursuant to the Existing 2019 Cabot Notes Indenture;

- "*Existing 2019 Cabot Notes Indenture*" means the indenture, dated September 20, 2012, as amended or supplemented from time to time, among the Existing Cabot Notes Issuer, Citibank, N.A., London Branch, as trustee, principal paying agent and transfer agent, Citigroup Global Markets Deutschland AG, as registrar, J.P. Morgan Europe Limited, as security agent, and the guarantors parties thereto;

- "*Existing 2020 Cabot Notes*" means the £100 million senior secured notes due 2020 issued by the Existing Cabot Notes Issuer pursuant to the Existing 2020 Cabot Notes Indenture;

- "*Existing 2020 Cabot Notes Indenture*" means the indenture dated August 2, 2013 among the Existing Cabot Notes Issuer, Citibank, N.A., London Branch, as trustee, principal paying agent and transfer agent, Citigroup Global Markets Deutschland AG, as registrar, J.P. Morgan Europe Limited, as security agent, and the guarantors parties thereto as amended or supplemented from time to time;

- "*Existing 2021 Cabot Notes*" means the £175 million senior secured notes due 2021 issued by the Existing Cabot Notes Issuer pursuant to the Existing 2021 Cabot Notes Indenture;

- "*Existing 2021 Cabot Notes Indenture*" means the indenture dated March 27, 2014, among the Existing Cabot Notes Issuer, Citibank, N.A., London Branch, as trustee, principal paying agent and transfer agent, Citigroup Global Markets Deutschland AG, as registrar, J.P. Morgan Europe Limited, as security agent, and the guarantors parties thereto as amended or supplemented from time to time;

- "*Existing Cabot Notes*" means, collectively, the Existing 2019 Cabot Notes, the Existing 2020 Cabot Notes and the Existing 2021 Cabot Notes;

- "*Existing Cabot Notes Indentures*" means, collectively, the Existing 2019 Cabot Notes Indenture, the Existing 2020 Cabot Notes Indenture and the Existing 2021 Cabot Notes Indenture;

- "*Existing Cabot Notes Issuer*" means Cabot Financial (Luxembourg) S.A., a wholly owned subsidiary of Cabot Credit Management Group Limited, incorporated as a public limited liability company (*société anonyme*) under the laws of the Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Commerce and Companies under number B 171245;

- "*Existing Proceeds Loans*" means the notes proceeds loans in respect of the Existing Cabot Notes, between the Existing Cabot Notes Issuer as lender and Cabot Financial (UK) Limited and Cabot Credit Management Group Limited as borrowers;

- "*Existing Marlin Notes*" means the £150 million senior secured notes issued by Marlin Intermediate Holdings plc, pursuant to the Existing Marlin Notes Indenture;

- "*Existing Marlin Notes Indenture*" means the indenture dated July 25, 2013 among the Marlin Issuer, The Bank of New York Mellon, London Branch, as trustee, principal paying agent and transfer agent, The Bank of New York Mellon (Luxembourg) S.A., as registrar, J.P. Morgan Europe Limited, as security agent, and the guarantors parties thereto as amended or supplemented from time to time;

- "*Existing Notes*" means, collectively, the Existing Cabot Notes and the Existing Marlin Notes;

- "*Existing Notes Indentures*" means, collectively, the Existing Cabot Notes Indentures and the Existing Marlin Notes Indenture;

- "*Facilities*" means the Senior Facilities (and any loan facilities in place prior to their refinancing by the Senior Facilities) as applicable given the context in which used;

- "*Former Cabot Shareholder Loan Notes*" or "*Shareholder A and B Loan Notes due 2021*" means the "series A" and "series B" unsecured loan notes due 2021 which were repaid on the completion of the J.C. Flowers Acquisition as described under "Certain relationships and related party transactions—Former Cabot Shareholder Loan Notes;"

- "*Group Holdings*" means Cabot (Group Holdings) Limited (formerly Cabot UK Bidco Limited);

- "*Guarantors*" means the Cabot Parent, the Company and all material subsidiaries of the Company (including the Existing Cabot Notes Issuer), other than the Issuer and Marlin Intermediate Holdings plc;

- "*IFRS*" means the International Financial Reporting Standards as adopted by the EU;

- "*IMF*" means the International Monetary Fund;

- "*Indenture*" means the indenture governing the terms of the Notes among the Issuer, the Guarantors and the Trustee, dated the Issue Date;

- "*India Outsourcing Arrangement*" means the outsourcing arrangement we have entered into with a subsidiary of Encore in relation to the operation of a call center in India as described in "Certain relationships and related party transactions—Transactions with Encore and J.C. Flowers—Outsourcing agreement;"

- "*Initial Purchasers*" means J.P. Morgan Securities plc, Morgan Stanley & Co. International PLC, Goldman Sachs International, DNB Markets, a division of DNB Bank ASA, HSBC Bank plc, Lloyds Bank plc and The Royal Bank of Scotland plc;

- "*Intercreditor Agreements*" means, collectively, the Cabot Intercreditor Agreement and the Marlin Intercreditor Agreement;

- "*Ireland*" means the Republic of Ireland;

- "*Issue Date*" means the date on which the Notes were issued;

- "*Issuer*" means Cabot Financial (Luxembourg) II S.A., a wholly owned subsidiary of Cabot Credit Management Group Limited, incorporated as a public limited liability company (*société anonyme*) under the laws of the Grand Duchy of Luxembourg, registered with the Luxembourg trade and companies register under the number B 201268;

- "*J.C. Flowers*" means the investment funds managed and advised by J.C. Flowers & Co. LLC or when otherwise indicated or when the context otherwise requires, J.C. Flowers & Co. LLC in its own right;

- "*J.C. Flowers Acquisition*" means the acquisition of 75% of the voting stock of Cabot Holdings by J.C. Flowers on May 15, 2013;

- "*Mandated Lead Arrangers and Lenders*" means the mandated lead arrangers and lenders under the Senior Facilities Agreement;

- "*Marlin Acquisition*" means the acquisition of the Marlin Group by the Cabot Group on February 10, 2014 as further described in "Summary—Our history";

- "*Marlin Group*" means the Marlin Parent and its subsidiaries, acquired by the Cabot Group pursuant to the Marlin Acquisition;

- "*Marlin Intercreditor Agreement*" means the intercreditor agreement dated July 25, 2013, as amended on February 19, 2014, between, among others, Marlin Financial Intermediate II Limited, Marlin Intermediate Holdings plc, Investec Bank plc as agent, The Bank of New York Mellon, London Branch, as trustee, and The Royal Bank of Scotland plc, as security agent, as amended or supplemented from time to time;

- "*Marlin Issuer*" means Marlin Intermediate Holdings plc, a public limited company incorporated under the laws of England and Wales;

- "*Marlin Parent*" means Marlin Financial Group Limited, a private limited company incorporated under the laws of England and Wales;

- "*Marlin PIK Facility*" means the £25 million senior secured PIK facility under an agreement dated February 14, 2013 among the Marlin Parent, certain subsidiaries thereof, Fortress Investment Group (UK) Ltd and the Original Lenders thereto, and which was prepaid from the proceeds of the Existing Marlin Notes;

- "*Marlin Shareholder Funding*" means the PIK notes and loan notes issued to Duke Street, certain other shareholders, current and former management of the Marlin Group and HMRC (in respect of withholding tax relating to certain PIK notes issued to Duke Street), which were transferred to Cabot Credit Management Group Limited upon completion of the Marlin Acquisition;

- "*MFI*" means Marlin Financial Intermediate Limited, a private limited company incorporated under the laws of England and Wales;

- "*Midland*" means Midland Credit Management India Private Limited, an indirect wholly owned subsidiary of Midland Credit Management, Inc. which is a wholly owned subsidiary of Encore;

- "*Note Guarantees*" means the guarantees of the Notes to be provided by the Guarantors;

- "*Notes*" means the Senior Secured Floating Rate Notes due 2021 offered hereby;

- "*offering*" means the offering of the Notes;

- "*pounds sterling*," "*£*," "*sterling*," "*British pound*," "*GBP,*" "*pence*" or "*p*" means the lawful currency of the United Kingdom;

- "*Proceeds Loan*" means the loan agreement entered into between the Issuer, as lender, and Bramleyside Limited (to be renamed Cabot Financial (Treasury) Ireland Limited on or before the Issue Date), as borrower;

- "*Purchase Agreement*" means the purchase agreement between the Issuer, the Guarantors and the Initial Purchasers, in relation to the Notes offered hereby;

- "*SEC*" means the US Securities and Exchange Commission;

- "*Security Agent*" means J.P. Morgan Europe Limited, as security agent under the Security Documents, the Intercreditor Agreements, the Senior Facilities Agreement and the Bridge Facility Agreement;

- "*Security Documents*" means the agreements creating security interests over the Collateral as described under "Description of the Notes—Security—The Collateral;"

- "*Senior Facilities*" mean the revolving credit facility made available pursuant to the Senior Facilities Agreement;

- "*Senior Facilities Agreement*" means the agreement among the Borrowers, the Guarantors, the Mandated Lead Arrangers and Lenders and the other parties named therein governing the Senior Facilities originally dated September 20, 2012, as amended, amended and restated or otherwise modified from time to time;

- "*Shareholder Funding*" means the Former Cabot Shareholder Loan Notes and/or the Marlin Shareholder Funding, as applicable given the context in which they are used;

- "*Stabilizing Manager*" means J.P. Morgan Securities plc;

- "*Subsidiary Guarantors*" means the material subsidiaries of the Company guaranteeing the obligations of the Issuer under the Notes;

- "*Trustee*" means Citibank, N.A., London Branch;

- "*UK GAAP*" means generally accepted accounting practice in the United Kingdom;

- "*United Kingdom*" means the United Kingdom of Great Britain and Northern Ireland;

- "*United States*" means the United States of America;

- "*US dollars,*" "*USD*" or "*$*" means the lawful currency of the United States;

- "*US Exchange Act*" means the US Securities Exchange Act of 1934, as amended;

- "*US GAAP*" means generally accepted accounting principles in the United States; and

- "*US Securities Act*" means the US Securities Act of 1933, as amended.

Presentation of financial and other information

Historical financial information

Cabot Group

The financial information presented in this offering memorandum for the Cabot Group is the historical consolidated financial information of the Company and its subsidiaries. Each of the Company and all material subsidiaries of the Company (including the Existing Cabot Notes Issuer), other than the Issuer and the Marlin Issuer, have guaranteed the Notes on a senior secured basis.

The reference to the Cabot Group Consolidated Financial Statements (as defined below) contained in this offering memorandum includes the relevant auditor's report, the consolidated profit and loss account, the consolidated balance sheet, the consolidated cash flow statement and the notes to the financial statements which are extracted from our annual reports and are filed at Companies House in the United Kingdom. Copies of the full annual reports for the Cabot Group can be accessed directly from Companies House in the United Kingdom.

The consolidated financial statements of the Company for the year ended December 31, 2014, 2013 and 2012 have been prepared in accordance with UK GAAP. From January 1, 2015, we have begun to report under International Financial Reporting Standards as adopted by the European Union ("IFRS"). Accordingly, the unaudited condensed consolidated financial statements of the Company as at and for the six months ended June 30, 2015 and, for comparative information, as at and for the six months ended June 30, 2014 have been prepared in accordance with IFRS on interim financial reporting (IAS 34), and we will prepare financial statements in accordance with IFRS going forward. UK GAAP differs in several respects from IFRS. The differences between UK GAAP and IFRS primarily relate to adjustments to profit, the presentation of revenue net of amortization, reversal of goodwill amortization, identification of separable intangible assets, expenditure of capitalized costs and reclassifications. For a discussion of our transition from UK GAAP to IFRS as applied by the Cabot Group, see Note 19 to the Cabot Group Interim Financial Statements. The Company's consolidated financial statements include the results of the DLC Group and the Marlin Group from the date of the DLC Acquisition and Marlin Acquisition, respectively. The results of operations of the DLC Group and the Marlin Group were consolidated from June 1, 2015 and February 10, 2014, respectively. This offering memorandum contains:

- the consolidated financial statements of the Company as at and for the year ended December 31, 2014 (the "2014 Cabot Group Consolidated Financial Statements"), which were prepared in accordance with UK GAAP and audited by BDO LLP and the independent auditor's report thereon;

- the consolidated financial statements of the Company as at and for the year ended December 31, 2013 (the "2013 Cabot Group Consolidated Financial Statements"), which were prepared in accordance with UK GAAP and audited by BDO LLP and the independent auditor's report thereon;

- the consolidated financial statements of the Company as at and for the year ended December 31, 2012 (the "2012 Cabot Group Consolidated Financial Statements"), which were prepared in accordance with UK GAAP and audited by Deloitte LLP and the independent auditor's report thereon; and

- the unaudited condensed consolidated financial statements of the Company as at June 30, 2015 and 2014 and for the six months ended June 30, 2015 and 2014 (the "Cabot Group Interim Financial Statements"), which were prepared in accordance with IFRS including IAS 34: Interim Financial Reporting,

(hereinafter, referred to as the "Cabot Group Consolidated Financial Statements").

The IFRS financial information of the Cabot Group as at and for the year ended December 31, 2014 set out herein has been derived from Note 19 to the Cabot Group Interim Financial Statements. In addition to the above, this offering memorandum includes certain unaudited condensed consolidated statement of comprehensive income information, as well as certain other financial and operating information, for the twelve months ended June 30, 2015. The condensed consolidated statement of comprehensive income information presented for the twelve months ended June 30, 2015 is prepared under IFRS and has been derived by adding the results of operations for the year ended December 31, 2014 to the results of operations for the six months ended June 30, 2015, and subtracting therefrom the results of operations for the six months ended June 30, 2014 all derived from Note 19 to the Cabot Group Interim Financial Statements (hereinafter referred to as the "twelve months ended June 30, 2015" or "LTM"). This LTM data has been prepared solely for the purpose of this offering memorandum, is not prepared in the ordinary course of our financial reporting and has not been audited or reviewed.

Marlin Group

The financial information presented in this offering memorandum for the Marlin Group is the historical consolidated financial information of the Marlin Parent and its direct and indirect subsidiaries derived from the historical consolidated financial statements included elsewhere in this offering memorandum. The consolidated financial statements of the Marlin Parent have been prepared in accordance with UK GAAP.

The reference to the Marlin Group Consolidated Financial Statements (as defined below) contained in this offering memorandum includes the relevant auditor's report, the consolidated profit and loss account, the consolidated balance sheet, the consolidated cash flow statement and the notes to the financial statements which are extracted from our annual reports and are filed at Companies House in the United Kingdom. Copies of the full annual reports for the Marlin Group can be accessed directly from Companies House in the United Kingdom.

The consolidated financial information of the Marlin Parent has been included in the consolidated financial statements of the Cabot Parent since the Marlin Acquisition was consummated on February 10, 2014. We present neither interim period financial statements for the Marlin Group as at and for the six months ended June 30, 2015 nor comparative interim period financial statements for the six months ended June 30, 2014 and we do not present consolidated financial information statements of the Marlin Parent as at and for the year ended December 31, 2014.

This offering memorandum contains:

- the consolidated financial statements of the Marlin Parent as at and for the year ended December 31, 2013 (the "2013 Marlin Group Consolidated Financial Statements"), which were prepared in accordance with UK GAAP and audited by Deloitte LLP and the independent auditor's report thereon, and

- the consolidated financial statements of the Marlin Parent as at and for the year ended December 31, 2012 (the "2012 Marlin Group Consolidated Financial Statements"), which were prepared in accordance with UK GAAP and audited by Deloitte LLP and the independent auditor's report thereon,

(hereinafter, referred to as the "Marlin Group Consolidated Financial Statements").

The results of the Marlin Group for prior years are not necessarily indicative of the results to be expected for any future period for the Marlin Group following the Marlin Acquisition or for the Cabot Group.

DLC

The financial information presented in this offering memorandum for DLC is the historical financial information of Hillesden Securities Limited derived from the historical financial statements included elsewhere in this offering memorandum. The financial statements of Hillesden Securities Limited have been prepared in accordance with UK GAAP.

The reference to the DLC Financial Statements (as defined below) contained in this offering memorandum includes the relevant auditor's report, the profit and loss account and, the balance sheet and the notes to the financial statements which are extracted from DLC's annual reports and are filed at Companies House in the United Kingdom. Copies of the full annual reports for DLC can be accessed directly from Companies House in the United Kingdom.

This offering memorandum contains:

- the financial statements of Hillesden Securities Limited as at and for the year ended April 30, 2013 (the "2013 DLC Financial Statements"), which were prepared in accordance with UK GAAP and audited by Whitley Stimpson Limited and the independent auditor's report thereon;

- the financial statements of Hillesden Securities Limited as at and for the year ended April 30, 2014 (the "2014 DLC Financial Statements"), which were prepared in accordance with UK GAAP and audited by Whitley Stimpson Limited and the independent auditor's report thereon; and

- the financial statements of Hillesden Securities Limited as at and for the year ended April 30, 2015 (the "2015 DLC Financial Statements"), which were prepared in accordance with UK GAAP and audited by Whitley Stimpson Limited and the independent auditor's report thereon,

(hereinafter, referred to as the "DLC Financial Statements" and together with the Cabot Group Consolidated Financial Statements and the Marlin Group Consolidated Financial Statements, the "Financial Statements").

The 2015 DLC Financial Statements are not consolidated and do not include the results of DLC's subsidiary Mercantile Data Bureau Limited. For the year ended April 30, 2015, Mercantile Data Bureau Limited reported Turnover of £141,119, Loss for the year of £1,689 and had shareholders' funds at April 30, 2015 of £1,127, all as reported under the UK GAAP accounting policies of that entity.

The results of DLC for prior years are not necessarily indicative of the results to be expected for any future period for DLC following the DLC Acquisition or for the Cabot Group.

Transition to IFRS

The 2014 Cabot Group Consolidated Financial Statements and the 2014 DLC Financial Statements have been prepared on the basis of UK GAAP, which differs in certain significant respects from IFRS and US GAAP. We adopted IFRS from January 1, 2015, with a transition date of January 1, 2014. The Cabot Group Interim Financial Statements have been prepared in accordance with IFRS on interim financial reporting (IAS 34) and represent our initial presentation of our financial position, financial performance and cash flows under IFRS. We have presented a reconciliation of our income statement and shareholder's equity from UK GAAP to IFRS as at and for the year ended December 31, 2014, and as at and for the period ended June 30, 2014, in Note 19 to the Cabot Group Interim Financial Statements, along with additional required disclosures for other reconciled periods, as we have begun to report under IFRS from January 1, 2015, with a transition date of January 1, 2014. We previously prepared consolidated financial statements in accordance with UK GAAP. For a quantitative reconciliation of how the transition from UK GAAP to IFRS has affected our financial position, financial performance and cash flows, see Note 19 to the Cabot Group Interim Financial Statements. The differences between UK GAAP and IFRS primarily relate to adjustments to profit and equity attributable to owners of the parent, the presentation of revenue net of unrealized current value movement on Loan Portfolios specific changes to the reversal of goodwill amortization, identification of separable intangible assets, expenditure of capitalized costs and certain reclassifications. These reconciliations have not been audited.

We have applied International Financial Reporting Standard 1, First-time Adoption of International Financial Reporting Standard ("IFRS 1"), in the preparation of the Cabot Group Interim Financial Statements, including certain exceptions required or permitted by IFRS 1, as discussed in Note 19 to the Cabot Group Interim Financial Statements. Under IFRS 1, as a first time adopter of IFRS, we are entitled to certain exemptions from the retrospective application of certain IFRS on transition. In particular, we elected not to apply International Financial Reporting Standard 3 (Revised), Business Combinations ("IFRS 3R"), to business combinations that occurred before January 1, 2014 (the date of our transition to IFRS). IFRS 1 provides an exception for a first-time adopter not to apply IFRS 3R prior to the date of transition, or an earlier date as specified by us, which allows an entity to carry forward its previous GAAP determination of assets and liabilities from historic business combinations except certain financial assets and liabilities derecognized under previous GAAP and to certain assets and liabilities whose recognition is not permitted by IFRS. We had no such items and recognized all assets and liabilities under UK GAAP at deemed cost, or fair value where applicable, on the date of transition to IFRS. In preparing the financial information for the year ended December 31, 2014 and the six months ended June 30, 2014 under IFRS, we have reversed goodwill amortization through reserves as goodwill is not amortized under IFRS but tested for impairment on at least an annual basis. However, had we elected to apply IFRS 3R to all of our prior business combinations, goodwill would have been reduced under IFRS and separate definite lived intangibles and possibly some indefinite lived intangibles may have been separately identified, with related deferred taxes being recognized due to the creation of definite lived intangibles, and this would also have had a decreasing effect on our net profit under IFRS due to amortization, net, of definite lived intangibles.

As there are significant differences between UK GAAP, IFRS and US GAAP, there may be substantial differences in our results of operations, cash flows and financial condition if the historical financial statements through December 31, 2014 for the Cabot Group and April 30, 2015 for DLC, had been prepared in accordance with US GAAP. For the same reason our financial results for periods ended prior to December 31, 2014 may not be comparable to our financial results for periods commencing after December 31, 2014. See "Risk factors—Risks related to our business—Certain of our financial information included in this offering memorandum is not directly comparable to other financial information presented therein and needs to be considered carefully" and the Financial Statements and related notes included elsewhere in this offering memorandum.

Presentation of financial data and non-GAAP and non-IFRS measures

The financial information included in this offering memorandum includes certain measures which are not accounting measures within the scope of UK GAAP or IFRS. These measures are the measures used by us to measure performance of our business.

We also present certain information on a combined basis, Information described as "combined," in relation to an operational measure of performance means the simple aggregation of the relevant measures for the Cabot Group and DLC for the relevant period, and excludes any accounting or *pro forma* adjustments that may be required to present consolidated, *pro forma* or as adjusted pro forma information.

As used in this offering memorandum the following terms have the meanings set out below which represent the primary non-GAAP and non-IFRS measures contained herein:

84-Month ERC and 120-Month ERC

84-Month ERC means our estimated remaining collections on Loan Portfolios (as defined in this offering memorandum) over an 84-month period, which represents the expected future gross cash collections of our Loan Portfolios over an 84-month period (calculated at the end of each month, based on our proprietary revaluation model, as amended from time to time). We do not deduct future servicing costs in calculating 84-Month ERC. 84-Month ERC is calculated as of a point in time assuming no additional purchases are made thereafter.

120-Month ERC means our estimated remaining collections on Loan Portfolios over a 120-month period, which represents the expected future gross cash collections of our Loan Portfolios over a 120-month period (calculated at the end of each month, based on our proprietary revaluation model, as amended from time to time). We do not deduct future servicing costs in calculating 120-Month ERC. 120-Month ERC is calculated as of a point in time assuming no additional purchases are made thereafter.

84-Month ERC and 120-Month ERC are metrics that are also often used by other companies in our industry. We present these metrics because they represent an estimate of the undiscounted cash value of our Loan Portfolios at any point in time, which is an important supplemental measure for our board of directors and management to assess our performance, and underscores the cash generation capacity of the assets backing our business. We use 120-Month ERC in addition to 84-Month ERC to reflect the longer term nature of our collections because of our high share of financial services assets, combined with our large proportion of paying accounts.

Each of the Senior Facilities, the Existing Notes Indentures and the Indenture use a measure similar to 84-Month ERC to measure our compliance with certain covenants (in the case of the Senior Facilities) and, in certain circumstances, our ability to incur indebtedness.

84-Month ERC and 120-Month ERC are projections of our estimated remaining collections over an 84 month period or a 120-Month period, respectively, calculated by our proprietary analytical models, which uses our historical portfolio collection performance data, and we cannot guarantee that we will achieve such collections. Further, we constantly refine our methods for calculating 84-Month ERC and 120-Month ERC.

The balance sheet or statement of financial position, as the case may be, value of our Loan Portfolios is derived from discounted cash flows generated by the same proprietary revaluation model used to derive 84-Month ERC and 120-Month ERC. The actual collection periods used for balance sheet valuation are not fixed at 84 or 120 months and vary based on our view of portfolio characteristics. Accordingly, there are differences between the cash flow projections used to calculate 84-Month ERC and 120-Month ERC and those used in the discounted cash flows in the calculation of balance sheet values of Loan Portfolios.

As at November 1, 2010, our management concluded that using an aggregated forecast for each vintage, rather than a forecast prepared on an individual portfolio basis, was a more accurate method of calculating the cash flow forecasts, forecast periods and yield assumptions which drive the current value of loan portfolios.

84-Month ERC and 120-Month ERC, as computed by us, may not be comparable to similar metrics used by other companies in our industry, including Marlin prior to the Marlin Acquisition or the DLC Group prior to the DLC Acquisition. Our computation of 84-Month ERC and 120-Month ERC could in the future differ from the collection forecasts used to compute and record our Loan Portfolios on our balance sheet.

Adjusted EBITDA

We define Adjusted EBITDA as net cash outflow or inflow from operating activities adjusted to exclude the effects of, as relevant, working capital increase or decrease in the period, Apex integration costs, Encore/JCF Acquisition costs, Marlin Acquisition costs, DLC Acquisition costs and Loan Portfolio acquisitions.

For supplemental purposes, we have also included a reconciliation of Adjusted EBITDA to profit or loss for the financial period under both UK GAAP and IFRS. Under UK GAAP, Adjusted EBITDA represents profit or loss for the financial period adjusted to exclude the effects of, as relevant, tax on profit or loss on ordinary activities, interest receivable and similar income, interest payable and similar charges, depreciation and goodwill amortization, fair value movements on Loan Portfolios, Encore/JCF Acquisition costs, Marlin Acquisition costs and Apex integration costs. Under IFRS, Adjusted EBITDA represents profit or loss for the financial period adjusted to exclude the effects of, as relevant, tax expense or income, finance income, finance costs, depreciation on property, plant and equipment, amortization of intangible assets, current value movements on Loan Portfolios, Marlin Acquisition costs, DLC Acquisition costs and exceptional costs.

Adjusted EBITDA is not a measure calculated in accordance with UK GAAP or IFRS and our use of the term Adjusted EBITDA may vary from others in our industry. For reconciliations of net cash (outflow)/inflow from operating activities and profit/(loss) for the financial period to Adjusted EBITDA, see “Summary historical consolidated financial data and other financial data.”

Adjusted EBITDA should not be considered as an alternative to “net cash (outflow)/inflow from operating activities,” “profit/(loss) for the financial period,” “operating profit” or any other performance measures derived in accordance with UK GAAP or IFRS. We present Adjusted EBITDA because we believe it may enhance an investor’s understanding of our cash flow generation that could be used to service or pay down debt, pay income taxes, purchase new debt portfolios and for other uses, and the liquidity of our business and because it is frequently used by securities analysts, investors and other interested parties in the evaluation of debt purchasing companies.

Ratios and other measures derived from non-GAAP and non-IFRS measures

We have also presented certain ratios and other measures in this offering memorandum which are derived from our principal non-GAAP and non-IFRS measures. Where such amounts have been presented a description of the amount and the measures from which it has been derived has been included.

The non-GAAP and non-IFRS measures presented herein have important limitations as analytical tools and you should not consider them in isolation or as substitutes for analysis of our results as reported under UK GAAP or IFRS.

In making an investment decision, you should rely upon your own examination of the terms of the offering and the financial information contained in this offering memorandum. You should consult your own professional advisors for an understanding of the differences between UK GAAP and IFRS, and how those differences could affect the financial information contained in this offering memorandum.

Unaudited *pro forma* consolidated and combined financial information

As part of this offering memorandum, we present unaudited *pro forma* consolidated and combined financial information relating to the consolidated income statement of the Cabot Group by giving effect to the DLC Acquisition as if it occurred on July 1, 2014, and prepared on the basis of IFRS. Please see “Summary historical consolidated financial data and other data—Unaudited pro forma consolidated and combined financial information” for additional information on such *pro forma* financial information and a description of the assumptions used in creating such *pro forma* financial information. The adjustments made in order to present the unaudited *pro forma* consolidated financial information have been made based on available information and assumptions that our management believes are reasonable. The unaudited *pro forma* consolidated financial information is for informational purposes only and does not necessarily present what our results would actually have been had the DLC Acquisition actually occurred on July 1, 2014, nor should it be used as the basis of projections of our results of operations or financial condition for any future period. If such pro forma financial information was being presented in accordance with Article 11 of Regulation S-X as issued by the Securities and Exchange Commission, the Company would be required to present both a pro forma statement of comprehensive income for its last audited annual period to December 31, 2014 as well as the most recent unaudited interim period presented for the six months ended June 30, 2015. The Company has chosen to present a pro forma statement of comprehensive income for the twelve months ended June 30, 2015 as an alternative.

As adjusted *pro forma* financial information

We additionally present in this offering memorandum certain as adjusted *pro forma* financial information to give effect to both the DLC Acquisition and the offering of the Notes and the use of proceeds therefrom. The adjustments made in order to present the financial information on an as adjusted *pro forma* basis to give effect to the offering of the Notes and the use of proceeds therefrom have been made based on available information and assumptions that our management believes are reasonable. The as adjusted *pro forma* financial information is for informational purposes only and does not necessarily present what our results would actually have been had the DLC Acquisition and the offering of the Notes actually occurred on June 30, 2015 or July 1, 2014, as the case may be, nor should it be used as the basis of projections of our results of operations or financial condition for any future period.

General

Certain amounts and percentages included in this offering memorandum have been rounded. Accordingly, in certain instances, the sum of the numbers in a column of a table may not exactly equal the total figure for that column.

The financial information included in this offering memorandum is not intended to comply with the applicable accounting requirements of the US Securities Act and the related rules and regulations of the US Securities Exchange Commission ("SEC") which would apply if the offering of the Notes was being registered with the SEC.

In respect of the audit report relating to the 2014 Cabot Group Consolidated Financial Statements and the 2013 Cabot Group Consolidated Financial Statements reproduced herein, BDO LLP provides: "This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed."

In respect of the audit report relating to both the Marlin Group Consolidated Financial Statements and the 2012 Cabot Group Consolidated Financial Statements reproduced herein, Deloitte LLP provides: "This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed."

In respect of the audit report relating to the DLC Financial Statements reproduced herein, Whitley Stimpson Limited provides: "This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed."

Investors in the Notes should understand that these statements are intended to disclaim any liability to parties (such as purchasers of the Notes) other than to the members of the Company, Hillesden Securities Limited and the Marlin Parent, as the case may be, with respect to those reports. The SEC would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the US Securities Act, or in a report filed under the US Exchange Act. If a US court (or any other court) were to give effect to the language quoted above, the recourse that investors in the Notes may have against the independent auditors based on their reports or the consolidated financial statements to which they relate could be limited. The extent to which auditors have responsibility or liability to third parties is unclear under the laws of many jurisdictions, including the United Kingdom, and the legal effect of these statements in the audit reports is untested in the context of an offering of securities. The inclusion of the language referred to above, however, may limit the ability of holders of the Notes to bring any action against Deloitte LLP, Whitley Stimpson Limited or BDO LLP for damages arising out of an investment in the Notes.

References in this offering memorandum to "pound," "pound sterling," "UK pound" or "£" are to the lawful currency of the United Kingdom. The financial information and financial statements included in this offering memorandum are presented in pound sterling.

Change in auditors

Following the Encore Acquisition, the Company replaced Deloitte LLP as its independent auditors with BDO LLP who were appointed on October 30, 2013. On resignation as independent auditors for the Company, Deloitte LLP indicated that there were no circumstances connected with their resignation which they considered should be brought to the attention of the members or creditors of the Cabot Group.

Exchange rate information

The following table sets forth, for the periods indicated, the high, low, average and period end Bloomberg Composite Rate (New York) expressed as US dollars per £1.00. The Bloomberg Composite Rate is a "best market" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. Neither we nor the Initial Purchasers make any representation that the pound sterling or US dollar amounts referred to in this offering memorandum have been, could have been or could, in the future, be converted into US dollars or pound sterling, as the case may be, at any particular rate, if at all.

(expressed as US dollars per £1.00)	Period end	Average	High	Low
Year				
2010	1.5612	1.5457	1.6362	1.4334
2011	1.5549	1.6041	1.6706	1.5343
2012	1.6248	1.5852	1.6279	1.5317
2013	1.6556	1.5649	1.6556	1.4867
2014	1.5578	1.6476	1.7166	1.5516

	Period end	Average	High	Low
Month				
May 2015	1.5290	1.5456	1.5776	1.5120
June 2015	1.5714	1.5587	1.5881	1.5200
July 2015	1.5624	1.5560	1.5639	1.5361
August 2015	1.5345	1.5579	1.5775	1.5345
September 2015	1.5127	1.5333	1.5590	1.5127
October 2015	1.5429	1.5334	1.5477	1.5131
November 2015 (through November 4, 2015)	1.5385	1.5407	1.5420	1.5385

On November 4, 2015, the Bloomberg Composite Rate between the pound sterling and the US dollar was $1.5385 per £1.00.

The above rates may differ from the actual rates used in the preparation of the Financial Statements and other financial information appearing in this offering memorandum.

Summary

This summary highlights information contained elsewhere in this offering memorandum. The summary below does not contain all the information that you should consider before investing in the Notes. You should read the entire offering memorandum carefully, including our Financial Statements, before making an investment decision. See "Risk factors" for certain factors that you should consider before investing in the Notes.

Overview

We believe we are the largest credit management services company in the United Kingdom based on the value of debt portfolios on our consolidated balance sheet and our combined 120-Month ERC at June 30, 2015. We operate a debt purchase ("DP") business, through which we acquire defaulted consumer debt, alongside a debt collection agency ("DCA") business, through which we collect receivables on behalf of third parties for a commission. Our DP business, from our inception in 1998 to June 30, 2015, the Cabot Group, together with the Marlin Group (from its inception in 2002 to December 31, 2013) and the DLC Group (since DLC completed its first Loan Portfolio purchase in June 1994 to May 30, 2015), has invested a combined total of £1.7 billion in the acquisition of 1,277 Loan Portfolios with an aggregate face value of £16.0 billion, comprising over 7.0 million customer accounts and generating a combined 84-Month ERC of £1.54 billion, and a combined 120-Month ERC of £1.92 billion as at June 30, 2015. Our combined total Loan Portfolio acquisitions (based on the face value of Loan Portfolios acquired) since our inception are split between primary (29%), secondary and tertiary (24%), semi-performing (46%) and non-standard (1%). We believe we are a leader in financial services debt purchases, with 98% of our £1.7 billion combined total purchases coming from financial services firms.

In our DCA business, we operate a servicing platform through which, during the twelve months ended June 30, 2015, we collected approximately £10 million per month of cash on behalf of our clients. During the same period, 27.7% of our gross collections were on behalf of third party partners. We have a history and ability to provide credit management services to a broad range of clients. We have a proven track record of successfully acquiring and integrating businesses, aligning policies, processes and realizing cost efficiencies. Through our recent acquisitions of the Marlin Group and the DLC Group, we were able to gain new expertise, apply new analytical models and collection strategies to our Backbook. We consider that our integration program for Marlin Group is now substantially complete. In addition, we believe there is a near term opportunity to realize cost savings through site consolidation following the DLC Acquisition.

We were one of the first companies to engage in the credit management services market in the United Kingdom, with over 21 years of DP and DCA experience, and we believe that we are among the few players in the industry that purchased debt portfolios both during and immediately after the 2008 global financial crisis.

We believe that one of our key advantages is our ability to service and price a wider range of assets than our competitors. Our leadership in high-balance financial services debt, both paying and non-paying, allows us to apply tailored collections strategies and optimize the liquidation potential from the accounts in our Loan Portfolios, while still treating our customers fairly. As a result of Cabot acquiring new skills in the Marlin Acquisition, we altered treatment strategies applied to approximately 180,000 previously non-paying accounts subsequent to the Marlin Acquisition, which resulted in over £2.0 million of incremental additional collections per month. Our proprietary valuation model and scorecard ("VMS") has been developed using over ten years of proprietary data and continues to be refreshed based on actual collections outcomes on an individual account level, allowing us to be increasingly more precise on our future collections. The VMS informs all of our investment and pricing decisions and has allowed us to identify embedded value in our Backbook.

The focus of our operating model is to generate cash flow by maximizing cash collections over the life of our Loan Portfolios. Over 20% of total collections for a portfolio are typically generated once the portfolio has reached a maturity of over 84 months. Our combined 84-Month ERC has grown to £1.54 billion as at June 30, 2015, from a combined £394 million as at October 31, 2009, and our combined 120-Month ERC grew from £474 million to £1.92 billion over the same period. Our collections strategy focuses on setting up long-term payment plans, known as "set up" arrangements, with our customers, which is another way in which we increase the predictability of our future cash flows and create long-term annuity income streams that form the backbone of our estimated future cash collections from existing Loan Portfolios. The long-tail nature of our set-up arrangements has also resulted in our ability to generate strong gross cash-on-cash multiples. The combined (including DLC Group) average individual account balance for our financial services Loan Portfolios was approximately £3,000 as at June 30, 2015. We believe that our Loan Portfolios have provided us with a stable, long-term cash flow generation profile. Our long-term and ethical approach not only seeks to maximize overall collections but also to ensure customers are treated fairly and make payments that are affordable and therefore sustainable.

Customer conduct and compliance is at the core of our business and our culture and is implemented through our ethical collections strategy. We seek to treat our customers fairly and offer affordable payment solutions, mainly through long-term set-up arrangements with lower payment rates. We have customer satisfaction scores in excess of banking and building society benchmarks and in excess of all main high street banks and believe we have one of the lowest rates of complaints in the debt collection industry referred to the Financial Omsbudman Services ("FOS"). We have won numerous industry accolades, including the CCR Credit Excellence Awards 2015 for Compliance and the Legal and Enforcement Profession as well as the Credit Today Award 2015 for Treating Customers Fairly.

Our business is currently focused on the UK market, although more recently we have expanded our operations in Ireland based on our proven model and collections expertise in the United Kingdom, and on October 23, 2015, we completed the acquisition of a Spanish credit management services business, Gesif S.A.U. In Ireland, we have been able to grow both in DP as well as DCA operations, with a particular focus on DCA operations, which are generally less capital- and asset-intensive. In Ireland, we have applied our years of expertise to better understand the market and then purchase Loan Portfolios, which has resulted in our strong position in the consumer debt purchase market in Ireland. Revenue from our Irish operations has increased from £6.1 million for the 14 months ended December 31, 2011 to £17.9 million for the year ended December 31, 2014. In the United Kingdom, we have operations located in Kent, Stratford-upon-Avon (scheduled for consolidation with our Brackley site), Worthing and Brackley as well as administrative offices in London. In addition, we have a fully operational office in Dublin, Ireland, offering call center services as well as a full range of business services. Since 2014, some of our call center and administrative activities (where we have client permissions) are handled in New Delhi, India under an outsourcing arrangement with a subsidiary of Encore. As at June 30, 2015, we employed a total of approximately 1,270 employees and more than 50 employees in India employed pursuant to the India Outsourcing Arrangement.

In the six months ended June 30, 2015, we recorded combined collections of £141.6 million on Loan Portfolios, combined collections on serviced portfolios of £55.1 million and a combined commission of £8.6 million on serviced portfolios, generating *pro forma* revenue of £282.4 million and *pro forma* Adjusted EBITDA of £219.7 million.

Our strengths

We believe that we benefit from the following key strengths:

- ***UK's largest credit management services business.*** We believe we are the largest credit management services company in the United Kingdom based on the value of debt portfolios on our consolidated balance sheet and our combined 120-Month ERC at June 30, 2015. We generated a combined 84-Month ERC of £1.54 billion, a combined 120-Month ERC of £1.92 billion as at June 30, 2015, as large as the next two largest acquirers and managers of defaulted consumer debt in the UK combined, based on reported 120-Month ERC. We have strengthened our leading market position through growing organically, acquiring leading industry players as well as by opportunistically expanding into growing markets, such as Ireland. Our specialist expertise in high balance financial services debt, including litigation-enhanced strategies, allows us to apply tailored collections strategies and optimize the liquidation potential from the accounts in our Loan Portfolios, particularly with low-willingness/high ability to pay accounts.

- ***Scale of operating platform driving competitive advantages.*** We had approximately 1,270 employees as of June 30, 2015 across six sites and more than 50 employees in India pursuant to the India Outsourcing Arrangement. Alongside our DP operations, our DCA capabilities (acting as agents for third parties, which accounted for 27.7% of our collections during the twelve months ended June 30, 2015) helps us to learn from broader data sets and to maintain low costs to collect for each asset class, as well as providing our customers with a broader suite of credit management solutions. Our expertise in litigation enhanced strategies allows us to maximize collections from our Backbook. We also have long-standing relationships with vendors, acquiring debt portfolios from over 60 financial institutions during the three-year period ending on June 30, 2015 on a combined basis. The length of our Backbook has given us flexibility as to how and when we deploy capital and which accounts to acquire, allowing us to promote pricing discipline over quantity of business. In recent years we have made substantial investments in further improving the efficiency of our collections, for example, moving one of our call centers to India via an arrangement with a subsidiary of Encore, which we believe may lead to efficiency improvement in the medium term. Our scale has also allowed us to invest in recruitment processes, training programs, staff retention efforts and quality of systems, resulting in strong operations and technology analytics and a strong compliance track record.

- ***Highly diversified, with ability to compete across asset classes.*** Our Loan Portfolios are highly diversified across vendors, geography and asset classes. With over 21 years of debt purchasing experience, we have long-standing relationships with vendors across all current market segments, including with over 60 financial services firms and other vendors, allowing us to participate in the vast majority of open tenders for defaulted consumer debt from financial services firms and other vendors in the United Kingdom since 1994, even through adverse market conditions. Recently, the DLC Acquisition has allowed us to acquire debt portfolios from the secondary market rather than buying directly from debt originators, providing further diversification in our debt portfolio providers. Through our litigation capability we are able to address a wide portion of the market and price a wide range of assets (both semi-performing and non-paying, as well as mixed portfolios); further, VMS, our proprietary valuation model and scorecard system, has allowed us to use our data across low-high balance, low-high ability to pay, and low-high willingness to pay debts customers and apply the appropriate strategies for each. Our combined DP and DCA business model allows us to collect through various stages of the debt cycle and continually increase the data we collect on accounts, making our models more and more rich as our data improves. We believe that our business process outsourcing ("BPO") offering, whereby we offer "white label" debt collection services to clients, which we acquired through the DLC Acquisition, will allow us to buildout a full service business in that area, achieving growth with an efficient outlay of capital.

- ***Strong and predictable cash generation from high visibility, long duration assets.*** Our history of focusing on purchases of semi-performing portfolio and converting non-paying into paying portfolios has enhanced the "portfolio layering" effect, meaning that our Backbook becomes stronger over time, as each incremental portfolio acquired adds its longer-term payment plans to those of the rest of our Backbook. Semi-performing portfolios have a higher probability of generating long-term annuity streams, because these customers have already demonstrated an ability to make some payments; such customers typically make payments pursuant to set-up arrangements which create sustainable and affordable solutions, rather than lump sum settlements. We believe that, in particular, our expertise with managing the yield on semi-performing portfolios, which typically generate cash flow immediately upon acquisition, has provided us with steady cash flows, and will support our continued growth. We also estimate that we already have an interaction with approximately 10% to 25% of customers in new debt portfolios that we acquire, which enhances our ability to predict cash flows for the portfolios we buy. The combined (including DLC Group) average individual account balance for our financial services Loan Portfolios was approximately £3,000 as at June 30, 2015, further providing us with good visibility over collections, as higher-balance portfolios tend to be on set-up arrangements. Twenty percent of our combined 120-Month ERC as at June 30, 2015, is forecast to be collected between months 84 and 120, further demonstrating the long-tail nature of our collections, with significant embedded value after 120 months. We have also increased visibility in expected cash flows by increasing our secured collections and collecting a higher proportion of the outstanding balance on our accounts by deploying litigation-enhanced strategies. Our Backbook generates significant cash collections (£236 million for the twelve months ended June 30, 2015), with servicing costs that have remained relatively stable over time, only increasing slightly as a result of increased litigation activity (we had a combined servicing cost ratio of 38.3% for the twelve months ended June 30, 2015 compared with a combined servicing cost ratio of 35.2% for the year ended December 31, 2014). This has resulted in a 77.8% *pro forma* Adjusted EBITDA margin for the twelve months ended June 30, 2015 and a 91% average conversion during the years ended December 31, 2013 and 2014.

- ***Strong platform for further geographic and product diversification.*** Through investments in infrastructure and a growing management team, we have been able to realize EBITDA growth and establish a strong platform for further expansion. We have successfully expanded our operation in the growing Irish market, demonstrating our ability to deliver profitable overseas expansion in both our DP and DCA business lines. We applied our years of expertise to better understand the Irish consumer debt purchase markets and then purchase Loan Portfolios, which has given us a strong competitive position. Revenue from our Irish operations has increased from £6.1 million for the 14 months ended December 31, 2011 to £17.9 million for the year ended December 31, 2014. Our DCA and BPO capabilities allow for entry into diversified asset classes (for example, from telecommunications companies, utility companies and, in the future, government sectors) which we believe will result in lower aggregate portfolio risk and increased amounts of data that we can add to our models going forward. We believe that our India Outsourcing Arrangement will offer significant servicing cost benefits in the future and we may enter into other arrangements involving alternative low-cost jurisdictions with the benefit of Encore's experience and expertise. Our experience in the Irish market has helped us formulate our plans with respect to our expansion in other international markets, such as our acquisition of Gesif S.A.U, a Spanish credit management services business, which we completed on October 23, 2015.

- ***Track record of integrating and creating value from strategic transactions.*** We have a proven record of successful integration and consolidation, including Apex, Marlin and DLC, which have significantly benefited our Backbook, data history, front book pricing accuracy, product offerings, infrastructure and leadership. For example, as a result of Cabot acquiring new skills in the Marlin Acquisition, we altered treatment strategies applied to approximately 180,000 accounts, resulting in over £2.0 million of incremental additional collections per month. In 2015, we fully migrated all of the accounts acquired through the Marlin Acquisition to a single, integrated platform. With the DLC Acquisition, we have access to new Loan Portfolios and BPO capabilities which we believe will allow us to address a broader section of the market in fresh, litigation-eligible accounts and larger accounts. The DLC Backbook has also added value to our Group by enhancing and strengthening the data that underlies our proprietary models, and we believe there is an opportunity to realize cost savings through site consolidation.

- ***Highly experienced management team and strong support from shareholders experienced in the sector.*** We are led by a knowledgeable team of executive directors who combine over 75 years of financial services experience, providing leadership across all functional areas of the business to support our business and its growth. Our management team is led by Chief Executive Officer, Kenneth Stannard and Christopher Ross-Roberts, our Chief

Financial Officer, supported by a strong management team of six other executives. We have an active management equity program, demonstrating the strong commitment of our management to the success and growth of our business. The executive team is supported by a broader management team of individuals drawn from the wider financial services industry and other large corporate entities with a consumer focus. Our shareholders, Encore and J.C. Flowers, also actively participate in pricing decisions and bring specialized expertise in the defaulted consumer debt and financial services sectors. Our indirect controlling shareholder, Encore, is an international specialty finance company providing debt recovery solutions for consumers and property owners across a broad range of assets, and is a substantial player in the mature US debt purchasing and collections market: for the year ended December 31, 2014 Encore made total collections of $1.6 billion and generated total revenues of $1.1 billion and 120-Month ERC of $5.2 billion. We share best practices and involve Encore in pricing decisions and intend to continue to utilize Encore's extensive knowledge of the debt purchasing market to continue improving our own internal data and, if appropriate, to consider growing our investments in other asset classes, as well as their experience in offshoring (such as our offshoring of some of our call center operations to India under an outsourcing arrangement with a subsidiary of Encore).

Our strategy

We seek to use our scale and experience in the financial services segment to serve customers, vendors and employees through an established, focused and differentiated business model.

- ***Continue to compete effectively across all UK and Ireland asset types.*** We believe that our size and scale gives us a number of advantages: flexibility when considering funding additional purchases, so that we may react quickly to opportunities and make investments; status as debt purchaser of choice for vendors who are looking for large players with established compliance processes who are able to bid for mixed as well as segmented portfolios; the ability to acquire larger portfolios than our competitors; and infrastructure that enables us to react to any changes in the regulatory environment. Our size similarly allows for opportunistic targeting of legacy portfolios held by smaller businesses, as well as further acquisitions should the opportunities arise. We have achieved significant revenue through the acquisitions we have made and believe there are further opportunities for efficiency improvement to optimize our collections process through using trace and litigation initiatives and increasing the number of customers handled by our Indian call center to reduce collections costs.

- ***Offer vendors a broad range of credit management services.*** Vendors have increasingly adopted segmentation for debt portfolio sales to match buyer expertise with debt types (such as semi-performing accounts or non-paying, high-balance accounts). The combination of our experience with semi-performing debt and expertise in litigation-enhanced collections of non-paying debt allows us to offer vendors a broad range of debt solutions for both mixed and segmented portfolios, an offering which we believe is not matched by any other debt purchaser in the UK market. We also believe we will be able to develop the DLC Group's BPO "white label" service offering for new and existing clients, which we see as a new revenue stream. Similarly, we believe our acquisition of Mortimer Clarke Solicitors will allow us to begin offering legal services to other market participants, further expanding our range of credit management services.

- ***Utilize experience in pricing portfolios to maximize returns on recent acquisitions, backbook and new portfolios.*** Through the application of our scorecard modelling to the DLC backbook, we expect to be able to unlock embedded ERC. The DLC Acquisition has given us access to a large number of Loan Portfolios which are fresh and litigation-eligible. We plan to apply our established collections strategies, account evaluation and accounts experience to DLC's backbook, with the aim of increasing monthly payments and decreasing the payment horizon on these accounts, while increasing secured collections. Our integrated pricing model consists of three core models: (1) a paying model (used for pricing portfolios that include accounts that are paying), (2) a non-paying model (used for non-paying accounts) and (3) a litigation model (used to identify litigation activity on non-paying accounts). We developed the pricing model based on our substantial experience in pricing and observing the behavior of paying debt, and combining it with statistical methodologies drawing on Encore's expertise in pricing non-paying debt and the litigation models underpinning the pricing expertise of Marlin. A key feature of our pricing model is its related asset model, which analyzes data from the individual accounts in our existing debt portfolios and our customer database of over 7.0 million accounts, and allows individual models to be created by mining this data for specific customer attributes. We believe these models will continue to give us a competitive advantage in purchasing portfolios.

- ***Continue to generate high, stable and sustainable collections over time.*** Our history of focusing on purchasing semi-performing portfolios has enhanced the "portfolio layering" effect, meaning that our Backbook becomes stronger over time, as each incremental portfolio acquired adds its longer-term payment plans to those of the rest of our Backbook. We intend to continue to invest in better customer contact initiation capabilities, new data sources, more powerful pricing models and innovative processes with a goal of better targeting of treatments and greater effectiveness of collections. We believe that our strategy and expertise with managing the yield on semi-performing portfolios, which typically generate cash flow immediately upon acquisition, has provided us with secure and steady cash flows, and will support our continued growth. Applying our litigation-enhanced collections strategy and scorecard to portfolios in our existing Backbook, we will seek to continue to increase the percentage of our Backbook that is secured by asset collateral in the form of charging orders, which we believe will enhance our level of visibility and confidence in our expected cash flows going forward.

- ***Maintain our disciplined acquisition process to generate the required returns on capital.*** We use a highly quantitative approach to pricing based on expected collections and required returns. We view our pricing models as tools to assist in commercial pricing decisions. Pricing decisions are made by a pricing committee, which includes our Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Operations Director, Commercial Director and Chief Investment Officer, who review the outputs of detailed return analysis, any previous experience with a particular lender, the strategic significance of a transaction, the results of due diligence, the terms of the sale contract and the likely pricing necessary to win the portfolio. For material purchases, the approval of a representative of each of our principal shareholders, J.C. Flowers and Encore, is required. A meeting of the pricing committee is held for every debt purchase, regardless of the size of the portfolio being acquired. We believe that our significant industry and management experience enable us to make informed decisions about the portfolios we acquire. Through our constantly updated information on portfolio performance, we are able to update our pricing models on an ongoing basis.

- ***Evaluate expansion opportunities, including new asset classes and new geographies.*** After our successful expansion in the Irish market, we intend to continue expanding and growing our business in selected international markets and new asset classes. We believe that further building on our market leading position in the United Kingdom, using our knowledge of the UK and Irish debt purchasing markets and strong management will be key in our further expansion into other markets. We believe there are significant opportunities in being able to offer debt originators a full suite of receivables management products from debt purchase to servicing to meet customers' evolving needs and are planning to widen the scope of DCA and BPO services we can offer to our customers. We also plan to increase our exposure to debt portfolios originated by vendors outside of the financial services sector (for example, from telecommunications companies, utility companies and, in the future, government sectors). Industry consolidation in Europe continues to be one of the largest factors of growth and has allowed for opportunistic acquisitions such as Marlin and DLC, which have contributed significantly to our revenue growth. We aim to expand both domestically and internationally by buying more mid-sized assets which allow us to use capital efficiently to establish strong and diversified platforms to promote growth. When evaluating international opportunities, we intend to consider market scale, the potential level of return, the legal and regulatory environment and the availability of Loan Portfolios for purchase and make investments carefully.

Recent developments

Recent trading

As of the date of this offering memorandum, we have completed trading for the fiscal quarter ended September 30, 2015. Based on our preliminary financial information (all of which, including any information for the three months ended September 30, 2014, has been prepared in accordance with IFRS), we estimate our revenue for the three months ended September 30, 2015 to be between £56.0 million and £59.0 million (compared to £52.8 million for the three months ended September 30, 2014), estimate our Adjusted EBITDA for the three months ended September 30, 2015 to be between £52.0 million and £55.0 million (compared to £47.9 million for the three months ended September 30, 2014), estimate our operating profit for the three months ended September 30, 2015 to be between £18.0 million and £21.0 million (compared to £27.0 million for the three months ended September 30, 2014) and estimate our net income for the three months ended September 30, 2015 to be between a loss of £1.0 million and a profit of £2.0 million (compared to a profit of £8.0 million for the three months ended September 30, 2014).

We believe the increase in revenue was driven primarily by collections on Loan Portfolios acquired in the DLC Acquisition, as well as increases in our DCA revenue, while collections on our existing Backbook remained consistent. Our Adjusted EBITDA has continued to grow as a result of these factors as well as lower than expected litigation expense during the period. We believe the decrease in operating profit and net income are mainly due to (1) unusually high revenues in September 2014, which significant increase in collections also resulted in lower Loan Portfolio amortization for the period; (2) more positive fair value movements booked in the three months ended September 30, 2014 as a result of litigation-enhanced strategies applied to the Cabot Backbook as a result of the Marlin Acquisition; (3) additional costs associated with the DLC Acquisition and site consolidation recognized in the three months ended September 30, 2015; and (4) higher Loan Portfolio amortization for Loan Portfolios acquired in the DLC Acquisition, which has not yet been offset by higher collections as a result of the application of Cabot strategies and models to the DLC Backbook.

The preliminary financial results presented above are derived from our accounting records and internal management accounts. This information has not been audited or reviewed, nor have any procedures been performed by our independent auditors with respect thereto. We have not yet prepared consolidated financial information for the three months ended September 30, 2015. Accordingly, this information is preliminary and is subject to change. During the course of our review process on this preliminary information, we could identify items that would require us to make adjustments and which could affect our final results of operations. These adjustments could be material.

The Mortimer Clarke Solicitors Acquisition

On July 1, 2015, we completed the acquisition of Mortimer Clarke Solicitors following the grant of alternative business structure status to it by the Solicitors Regulation Authority. Mortimer Clarke was founded in 2007 and now has a team of three solicitors, two legal executives and over 60 staff specializing in credit litigation. We believe that the acquisition provides us with an integrated and flexible operating model and strengthens our position as a market leader in the field of consumer debt management. A significant part of our litigation work is being handled by Mortimer Clarke Solicitors, and we believe that Mortimer Clarke Solicitors will be able to expand by providing its legal services to third parties.

Mortimer Clarke Solicitors received the first place award for Legal and Enforcement Profession at the Credit Excellence awards hosted by Credit, Collections and Risk on October 1, 2015.

Acquisition of Spanish business and Spanish Loan Portfolio purchases

On October 23, 2015, we completed the acquisition of a Spanish credit management services business, Gesif S.A.U ("Gesif"). In addition, at the same time we acquired the beneficial title to a number of unsecured portfolios currently being serviced by Gesif, from funds managed by a global investment vehicle (the "Spanish Acquisition"). The enterprise value for the business was €12.5 million, with an additional payment to be made contingent on future performance, and the purchase price for the portfolios was €14.6 million. The Spanish Acquisition was financed with a combination of cash and drawings in an amount of €24.0 million under the Senior Facilities. Gesif has more than 20 years' experience in the Spanish market and engages in two main activities: Credit management services including collections management for clients and debt portfolio valuation services for third parties. Gesif services a wide range of non-performing Loan Portfolios from multiple sectors (including consumer goods, credit cards, utilities, and telecommunications providers) for clients ranging from Spanish banks to global investment vehicles. We believe that the acquisition will augment our 120-Month ERC by € 24.6 million, give us a foothold in a strategically important geography and allow us to leverage our operating platform to originate and capitalize on further growth opportunities in the region.

Portfolio Acquisitions

Acquisition of UK consumer finance portfolios

Since June 30, 2015, we have purchased 19 consumer finance portfolios, primarily from large financial institutions, comprising approximately 276,000 customer accounts with an aggregate face value of approximately £325 million. We may acquire additional portfolios during the period from the date of this offering memorandum to the closing of this offering.

Our history

We were founded in 1998 as one of the first entrants into the UK debt purchase market. In 2004, we completed our first management buyout, backed by Barclays Private Equity and Vision Capital. We completed a second management buyout in 2006, this time backed by Nikko Principal Investments (ultimately owned by Nikko Cordial Corporation, which was acquired by Citigroup, Inc. in May 2007) with a minority investment by Barclays Private Equity. In 2007, we purchased an Irish DCA business (now called Cabot Financial (Ireland) Limited). In April 2011, we acquired Apex, which was established in 2000 as a specialist UK-based consumer DCA which also conducted debt purchase operations, from our former controlling shareholder. We believe that our acquisition of Apex created the largest acquirer and manager of defaulted consumer debt from financial services firms in the UK.

In 2013, we were acquired by J.C. Flowers and Encore from our former controlling shareholder, Anacap. 86.0% of the weighted equity (and 61.6% of the voting stock) of Cabot Holdings is now controlled by Janus Holdings (Luxembourg) S.à r.l. Encore controls 50.1% and J.C. Flowers 49.9% of the voting stock in Janus Holdings (Luxembourg) S.à r.l. Encore and J.C. Flowers sought to acquire Cabot Holdings to gain a strong platform in the UK DP and DCA markets. As part of their strategic rationale for the investment, the shareholders expect to use their experience to support our executive management in its strategic focus, while aiding in the continued improvement of servicing costs efficiencies and pricing strategies across its breadth of current debt classes. Both shareholders also enjoy broad access to global networks for talent and capital, and maintain strong institutional ties with a number of our key stakeholders, including customers, regulators, and financiers.

In February 2014, we acquired (a) the entire issued share capital of the Marlin Parent and (b) certain subordinated fixed rate loan notes of Marlin Financial Intermediate Limited, from funds managed by Duke Street and certain individuals, including certain members of executive management of Marlin, for an aggregate enterprise value of approximately £172 million, including the assumption of certain debt of the Marlin Group (including the Existing Marlin Notes). Upon the consummation of the Marlin Acquisition, certain members of executive management of Marlin invested a proportion of their purchase price proceeds into various securities in Cabot Holdings S.à r.l.

On June 1, 2015, we acquired the DLC Group from its parent company Faccenda Investments for a cash consideration of £156.4 million (net of acquired cash) (the "DLC Acquisition"). Under the terms of the acquisition agreement, a deferred consideration amount of £7.8 million (the "Deferred Payment") will be payable to Faccenda Investments on June 1, 2025. Faccenda Investments is however entitled to demand immediate payment if certain insolvency related events in relation to the purchaser occur. In addition, Faccenda Investments may accelerate the payment of the Deferred Payment by giving three months' prior notice. In such case, the Deferred Payment would be reduced pro rata for the remaining time until its scheduled payment date.

The DLC Group is a UK based acquirer and collector of non-performing unsecured consumer debt. The DLC Group has purchased portfolios since 1994, and is the oldest debt purchaser in the United Kingdom, with experience in both financial and non-financial services assets. As of June 30, 2015, the DLC Group held £3.3 billion in face value of debt across 187 portfolios and one million customer accounts, each with an average balance of £3,353. The DLC Group portfolios represented £270 million of our 120-Month ERC as of June 30, 2015, taking our 120-Month ERC £1.92 billion as of June 30, 2015. Alongside the portfolios, we acquired approximately 275 employees based in Brackley as well as a small but growing business outsourcing platform.

In addition to the one million customer accounts and sizeable number of Loan Portfolios, the DLC Acquisition presented us with the opportunity to (i) deploy capital at attractive return rates; (ii) acquire a strongly-performing Backbook and key customer relationships; (iii) incorporate a "white label" business whereby DLC serves as an outsourced collections agency for large third-party institutions, which we believe represents a nascent (but potentially high-growth) revenue stream going forward; (iv) participate in the continued consolidation trend in the sector and to further re-enforce the benefits of scale; and (v) achieve cost synergies through, among other things, site consolidation.

About Encore

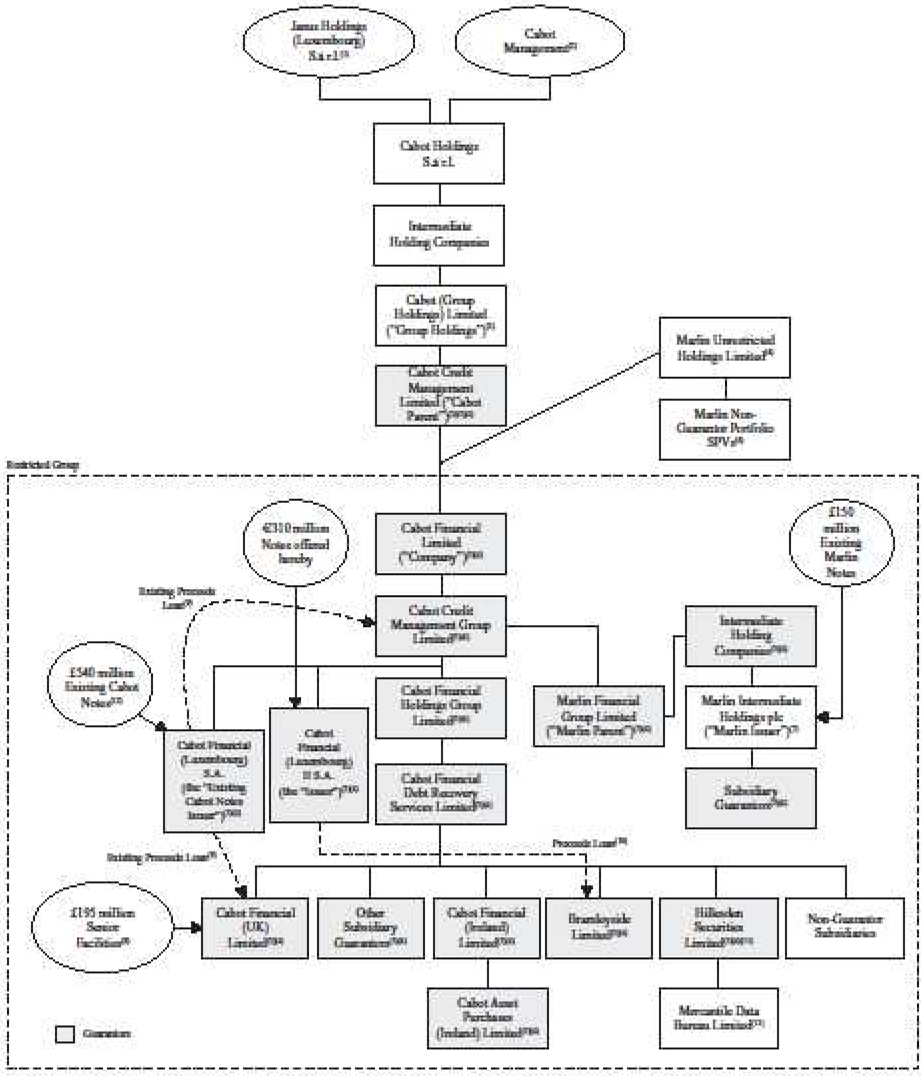
Encore is an international specialty finance company providing debt recovery solutions for consumers and property owners across a broad range of assets. For the year ended December 31, 2014 Encore made total collections of $1.6 billion and generated total revenues of $1.1 billion (each as reported under US GAAP) and ERC of $5.2 billion. Through its subsidiaries, Encore purchases portfolios of consumer receivables from banks, credit unions, consumer finance companies, commercial retailers and telecommunication companies and works with individuals as they repay their obligations and work toward financial recovery. Through its Propel Financial Services subsidiary, Encore assists property owners who are delinquent on their property taxes by structuring affordable monthly payment plans and purchases delinquent tax liens directly from select taxing authorities. Headquartered in San Diego, California, Encore is a publicly traded NASDAQ Global Select company (ticker symbol: ECPG) and a component stock of the Russell 2000, the S&P SmallCap 600, and the Wilshire 4500.

About J.C. Flowers

J.C. Flowers is a global private equity firm based in New York and London and focused solely on investments in the financial services sector. Since its inception, J.C. Flowers has invested over $14 billion in 32 companies across 14 different countries, and the acquisition of Cabot Holdings marked its fourth current investment in the UK. J.C. Flowers also has a long history of collaboration with Encore. J.C. Flowers served as a key investor in Encore from 2008 until 2011, owning 25% of the common equity in Encore and serving on its Board of Directors. In addition to its investments in the debt purchase market, J.C. Flowers has made a number of investments in the regulated credit and banking sectors, including its investment in OneSavings Bank in the UK, OneWest Bank in the United States, NIBC Bank in the Netherlands and Shinsei Bank in Japan. J.C. Flowers was also a lead founding investor in each of Pension Insurance Corporation, an insurer of UK pension plans, and Castle Trust, a specialist mortgage originator.

Corporate and financing structure

The following diagram summarizes our corporate structure and principal outstanding financing arrangements after completion of the DLC Acquisition and after giving effect to this offering and the use of proceeds therefrom. See "Description of the Notes" and "Description of other indebtedness" for more information. All entities shown below are 100% wholly owned, unless otherwise noted.



(1) Encore and J.C. Flowers control 50.1% and 49.9%, respectively, of the voting shares of Janus Holdings (Luxembourg) S.à r.l., which in turn controls 61.6% of the voting shares and 86.0% of the total weighted equity of Cabot Holdings S.à r.l. See "Principal shareholders."

(2) Certain senior members of Cabot management beneficially own 38.4% of the voting shares and 14% of the total weighed equity of Cabot Holdings S.à r.l. See "Principal shareholders."

(3) On completion of the J.C. Flowers Acquisition on May 15, 2013, the Cabot Parent entered into the Cabot Parent Loan Note, pursuant to which it owed £76 million to its immediate parent, Cabot (Group Holdings) Limited. As at June 30, 2015, there was a total principal amount of £48.5 million outstanding under the Cabot Parent Loan Note. The Cabot Parent's only third party liabilities consist of the Cabot Parent Loan Note and the Cabot Parent's guarantees of the Senior Facilities and the Existing Notes. See "Description of other indebtedness—Cabot Parent Loan Note."

(4) Each of Marlin Europe V Limited, Marlin Europe VI Limited, Cabot Financial Portfolios Limited, Marlin Europe VIII Limited, Marlin Europe IX Limited and Marlin Europe X Limited were purchased by the Cabot Parent rather than Holdings in the Marlin Acquisition, and therefore will not be subject to the covenants under the Indenture. Cabot Financial Portfolios Limited, Marlin Europe VIII Limited, Marlin Europe IX Limited and Marlin Europe X Limited are currently non trading shell companies, whereas Marlin Europe V Limited and Marlin Europe VI Limited are entities which have acquired debt on a co investment basis and hold legal title to such debts but have assigned beneficial ownership to a third party. Each of the entities obtained interim permission from the FCA to provide consumer credit services after April 1, 2014, when the FCA took over as the consumer credit regulator in the United Kingdom. However, Cabot Financial Portfolios Limited, Marlin Europe VIII Limited, Marlin Europe IX Limited and Marlin Europe X Limited subsequently on April 24, 2015 cancelled their interim permissions and the interim permissions for Marlin Europe V Limited and Marlin Europe VI Limited lapsed on September 30, 2015 after Cabot Group obtained external legal advice to the effect that the owning of consumer debt alone is not a regulated activity and the

collection of the relevant debt portfolios is entirely outsourced to the service entities within the Group which hold relevant and active interim permissions for debt-servicing regulated activities. See "Regulation and compliance."

(5) The obligations of the Issuer and the Guarantors under the Notes and the Indenture are secured by (first ranking, but in case of certain security interests granted under the laws of England and Wales and Ireland, subject to the existing security granted prior to the Issue Date) all the outstanding shares of the Issuer and the Guarantors (other than the Cabot Parent and Marlin Midway Limited) and substantially all the assets of the Issuer, which consist of its bank accounts and the Proceeds Loans, and the Guarantors (other than the Cabot Parent), as described under "Description of the Notes—Security—The Collateral," as the case may be. Pursuant to the terms of the Intercreditor Agreements, any liabilities in respect of obligations under the Senior Facilities that are secured by assets that also secure our obligations under the Notes and the Note Guarantees, as well as certain designated hedging obligations (up to a maximum of £10 million) ("Priority Hedging"), will receive priority with respect to any proceeds received upon any enforcement action over any such assets. Pursuant to the terms of the Intercreditor Agreements, any remaining proceeds received upon any enforcement action over any Collateral, after all obligations under the Senior Facilities Agreement and any Priority Hedging have been repaid, will be applied *pro rata* in repayment of all obligations under the Indenture, the Notes, the Existing Notes Indentures and the Existing Notes, and any other *pari passu* indebtedness (including hedging obligations that do not constitute Priority Hedging) of the Issuer, the Marlin Issuer and the Guarantors permitted to be incurred and secured by the Collateral pursuant to the Indenture and the Intercreditor Agreements.

(6) As of the Issue Date, the Cabot Parent, the Company and all material subsidiaries of the Company (including the Existing Cabot Notes Issuer), other than the Issuer and the Marlin Issuer, are Guarantors. The Guarantors (excluding the Cabot Parent), on a *pro forma* consolidated basis, represented 100.0% of our *pro forma* Adjusted EBITDA for the twelve months ended June 30, 2015 and 99.7% of our total assets as at June 30, 2015. The Issuer and Bramleyside Limited (to be renamed Cabot Financial (Treasury) Ireland Limited on or before the Issue Date)on the Issue Date guaranteed and the other Guarantors have guaranteed, the Senior Facilities Agreement and the Existing Notes. See "Risk factors—Risks related to the Notes and the Note Guarantees" and "Description of other indebtedness." The Cabot Parent will not be subject to the covenants under the Indenture.

(7) The Marlin Issuer is a holding company whose only assets are its bank accounts and the shares of Marlin Midway Limited (which is a Guarantor) and whose only third party liabilities are with respect to the Existing Marlin Notes. See "Description of other indebtedness—Existing Marlin Notes."

(8) The Senior Facilities are for a committed amount of £195.0 million of secured credit borrowings, with an uncommitted accordion of £55.0 million. The original borrower under the Senior Facilities is Cabot Financial (UK) Limited. See "Description of other indebtedness—Senior Facilities." Upon partial repayment of our Senior Facilities with the proceeds of this offering, we will have £142.0 million available for drawings thereunder. We are currently in discussions with the Lenders under our Senior Facilities regarding amendments to the Senior Facilities that would, among other things, increase the total committed amount of the Senior Facilities to £200 million, extend the termination date of the Senior Facilities to 2018 and increase the amount of ERC accounted for by debt portfolios outside the United Kingdom (in specific jurisdictions in Europe). Any amendment agreement reflecting any agreed amendments may be signed after the closing of this offering or not at all.

(9) The Existing Proceeds Loans were made by the Existing Cabot Notes Issuer to Cabot Financial (UK) Limited in respect of the Existing 2020 Cabot Notes and the Existing 2019 Cabot Notes and by the Existing Cabot Notes Issuer to Cabot Credit Management Group Limited in respect of the Existing 2021 Cabot Notes.

(10) The Proceeds Loan was made by the Issuer to Bramleyside Limited (to be renamed Cabot Financial (Treasury) Ireland Limited on or before the Issue Date) in an amount at least equal to the gross proceeds from the issuance of the Notes. The Issuer's rights in the Proceeds Loan were pledged in favor of the Security Agent and constitute part of the Collateral. See "Description of the Notes—Security—The Collateral."

(11) Following the DLC Acquisition, Cabot Financial Debt Recovery Services Limited owns 100% of the share capital of Hillesden Securities Limited and its sole subsidiary Mercantile Data Bureau Limited.

(12) Consists of £265 million 10.375% senior secured notes due 2019, £100 million 8.375% senior secured notes due 2020 and £175 million 6.500% senior secured notes due 2021.

The offering

The summary below describes the principal terms of the Notes, the Note Guarantees and the Collateral. It is not intended to be complete and certain of the terms and conditions described below are subject to important exceptions. You should carefully review the "Description of the Notes" sections of this offering memorandum for more detailed descriptions of the terms and conditions of the Notes.

Issuer	Cabot Financial (Luxembourg) II S.A. (the "Issuer").
Notes offered	€310.0 million aggregate principal amount of floating rate senior secured notes due 2021 (the "Notes").
Issue date	November 11, 2015 (the "Issue Date").
Maturity date	November 15, 2021.
Interest Rate	The sum of (i) three-month EURIBOR, *plus* (ii) 5.875% per annum, reset quarterly.
Interest payment dates	Quarterly in arrears on each February 15, May 15, August 15 and November 15, commencing on February 15, 2016. Interest will accrue from the Issue Date and will be payable in cash.
Issue Price	99.0% plus accrued interest, if any, from the Issue Date.
Denomination	The Notes have a minimum denomination of €100,000 and any integral multiple of €1,000 in excess thereof. Notes in denominations of less than €100,000 are not available.
Ranking of the Notes	The Notes: • are general, senior obligations of the Issuer, secured by first-ranking (but, in case of certain security interests granted under the laws of England and Wales and Ireland, subject to the existing security granted prior to the Issue Date) security interests in the Collateral as set forth below under "—Collateral;" • rank equally in right of payment with all the Issuer's existing and future indebtedness that is not subordinated in right of payment to the Notes, including its guarantee of the Existing Notes and the Senior Facilities; • rank senior in right of payment to all the Issuer's existing and future indebtedness that is subordinated in right of payment to the Notes; • are effectively senior to all the Issuer's existing and future unsecured indebtedness to the extent of the value of the property or assets securing the Notes; and • are effectively subordinated to all the Issuer's existing and future secured indebtedness that is secured by property or assets that do not secure the Notes to the extent of the value of the property or assets securing such indebtedness.
Note Guarantees	The Notes are guaranteed on a senior secured basis by Cabot Credit Management Limited (the "Cabot Parent"), Cabot Financial Limited (the "Company") and all material subsidiaries of the Company (including the Existing Cabot Notes Issuer) other than the Issuer and the Marlin Issuer. The Guarantors (excluding the Cabot Parent), on a *pro forma* consolidated basis, represented 100.0% of our *pro forma* Adjusted EBITDA for the twelve months ended June 30, 2015 and 99.7% of our total assets as at June 30, 2015. The Note Guarantees are subject to contractual and legal limitations, and may be released under certain circumstances. See "Description of the Notes—Note Guarantees" and "Risk factors—Risks related to the Notes and the Note Guarantees."
Ranking of the Note Guarantees	Each Note Guarantee is: • a general, senior obligation of the relevant Guarantor, secured by first-ranking (but, in case of certain security interests granted under the laws of England and Wales and Ireland, subject to the existing security granted prior to the Issue Date) security interests in the Collateral as set forth below under "—Collateral;" • rank equally in right of payment with all the Guarantor's existing and future indebtedness that is not subordinated in right of payment to its Note Guarantee; • rank senior in right of payment to all the Guarantor's existing and future indebtedness that is subordinated in right of payment to its Note Guarantee; • be effectively senior to all the Guarantor's existing and future unsecured indebtedness to the extent of the value of the property or assets securing its Note Guarantee; • effectively subordinated to all the Guarantor's existing and future indebtedness that is secured by property or assets that do not secure its Note Guarantee, to the extent of the value of the property or assets securing such indebtedness; and • effectively subordinated to any existing and future indebtedness of the subsidiaries of the relevant Guarantor that do not guarantee the Notes. The Note Guarantees are subject to release under certain circumstances. See "Risk factors—Risks related to the Notes and the Note Guarantees" and "Description of the Notes—Note Guarantees."

Collateral	Subject to the terms of the Security Documents and the Intercreditor Agreements, the obligations of the Issuer and the Guarantors under the Notes and the Note Guarantees are secured by a first ranking (but, in case of certain security interests granted under the laws of England and Wales and Ireland, subject to the existing security granted prior to the Issue Date) security interest in all the outstanding shares of the Issuer and the Guarantors (other than the Cabot Parent and Marlin Midway Limited) and substantially all the assets of the Issuer, which consist of its bank accounts and its rights under the Proceeds Loan, and the Guarantors (other than the Cabot Parent). Our obligations under the Existing Cabot Notes, the Senior Facilities and certain hedging obligations permitted to be incurred under the Indenture are secured by the same Collateral, and our obligations under the Existing Marlin Notes are also secured by the same Collateral and by the assets of the Marlin Issuer (including all the outstanding shares of Marlin Midway Limited), which do not secure the Notes and the Note Guarantees. In connection with the issuance of the Notes, we have entered into confirmations and/or new security agreements with respect to the Collateral that confirm security or create new security to secure the Notes, the Senior Facilities Agreement, certain hedging obligations permitted to be incurred under the Indenture and the Existing Notes. The liens created by the new security documents are subject to the liens under the security documents entered into in connection with the Senior Facilities Agreement and the Existing Notes to the extent they create liens over the same Collateral; however, under the terms of the Intercreditor Agreements all amounts received or recovered by the Security Agent in connection with the realization or enforcement of such security interests will be applied alongside amounts recovered or received by the Security Agent in connection with the realization or enforcement of these existing security interests in accordance with the waterfall provisions included in the Intercreditor Agreements. Pursuant to the terms of the Intercreditor Agreements, any liabilities in respect of obligations under the Senior Facilities Agreement that are secured by assets that also secure our obligations under the Notes and the Notes Guarantees, as well as certain designated hedging obligations (up to a maximum of £10 million) ("Priority Hedging"), will receive priority with respect to any proceeds received upon any enforcement action over any such assets. Any remaining proceeds received upon any enforcement action over any Collateral, after all obligations under the Senior Facilities Agreement and any Priority Hedging have been repaid, will be applied *pro rata* in repayment of all obligations under the Indenture and the Notes, the Existing Notes Indentures and the Existing Notes and any other *pari passu* indebtedness (including hedging obligations that do not constitute Priority Hedging) of the Issuer, the Marlin Issuer and the Guarantors permitted to be incurred and secured by the Collateral pursuant to the Indenture and the Intercreditor Agreements. See "Description of other indebtedness—Intercreditor Agreements." The security interests over the Collateral may be released under certain circumstances. See "Risk factors—Risks related to the Notes and the Note Guarantees," "Description of other indebtedness—Intercreditor Agreements" and "Description of the Notes—Security—Release of liens."
Optional redemption	Prior to November 15, 2018, the Issuer will be entitled at its option to redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, plus the applicable "make whole" premium set forth under the caption "Description of the Notes—Optional redemption." On or after November 15, 2018, the Issuer will be entitled at its option to redeem all or a portion of the at the redemption prices set forth under the caption "Description of the Notes—Optional redemption," plus accrued and unpaid interest, if any. Prior to November 15, 2018, the Issuer will be entitled at its option, on one or more occasions, to redeem the Notes in an aggregate principal amount not to exceed 40% of the original aggregate principal amount of the Notes (including Additional Notes) with the net cash proceeds from certain equity offerings at a redemption price equal to 105.875% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, *provided that* at least 60% of the original aggregate amount of the Notes (including Additional Notes) remains outstanding immediately after such redemption. See "Description of the Notes—Optional redemption."
Additional amounts; tax redemption	Any payments made by the Issuer or any Guarantor with respect to the Notes will be made without withholding or deduction for or on account of taxes unless required by law. If the Issuer or any Guarantor is required by law to withhold or deduct amounts for or on account of tax imposed by the Grand Duchy of Luxembourg, the United Kingdom or any jurisdiction from or through which payment on any such Note or Note Guarantee is made, with respect to a payment to the holders of Notes, the Issuer or the relevant Guarantor will, subject to certain exceptions, pay the additional amounts necessary so that the net amount received by the

holders of the Notes after the withholding or deduction is not less than the amount that they would have received in the absence of the withholding or deduction. See "Description of the Notes—Additional Amounts."

In the event of certain developments affecting taxation, the Issuer may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any, to the date of redemption. See "Description of the Notes—Redemption for taxation reasons."

Change of Control.......... Upon the occurrence of certain events constituting a change of control, the Issuer will be required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount redeemed on the date of purchase plus accrued and unpaid interest, if any, to the date of purchase. See "Description of the Notes—Change of Control."

Certain covenants .... The Indenture relating to the Notes, among other things, will restrict the ability of the Company and its restricted subsidiaries (including the Issuer) to:

- incur or guarantee additional indebtedness;
- pay dividends or make other distributions or purchase or redeem our stock;
- make investments or other restricted payments;
- enter into agreements that restrict the Company's and its restricted subsidiaries' ability to pay dividends;
- transfer or sell assets;
- engage in transactions with affiliates;
- create liens on assets to secure indebtedness;
- impair security interests; and
- merge or consolidate with or into another company.

Each of these covenants is subject to significant exceptions and qualifications. See "Description of the Notes—Certain covenants."

The Cabot Parent will not be subject to the covenants under the Indenture.

Transfer restrictions...... We have not registered the Notes or the Note Guarantees under the US Securities Act. You may only offer or sell the Notes in transactions that are exempt from, or not subject to, the registration requirements of the US Securities Act, or pursuant to an effective registration statement. See "Notice to investors." We have not agreed, or otherwise undertaken, to register the Notes under the US Securities Act.

No prior market .... The Notes are new securities for which there is currently no established trading market. Although the Initial Purchasers have advised us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, there is no assurance that an active trading market will develop for the Notes.

Listing .... Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF Market of the Luxembourg Stock Exchange.

Use of proceeds.............. We intend to use the proceeds from this offering to (i) repay in full all amounts outstanding under the Bridge Facility, (ii) partially repay the Senior Facilities and (iii) pay accrued interest and premiums relating thereto, as well as to pay costs fees and expenses in relation to the foregoing and the offering of the Notes. See "Use of proceeds."

Governing Law.............. The Indenture, the Notes and the Note Guarantees are governed by the laws of the State of New York. The provisions of Article 86 to 94-8 of the Luxembourg law dated August 10, 1915 on commercial companies, as amended, do not apply to the Indenture and the Notes. The Intercreditor Agreements and the Senior Facilities Agreement are governed by English law. The other Security Documents are governed by English, Irish and Luxembourg law, as applicable.

Security Agent................ J.P. Morgan Europe Limited.

Trustee .... Citibank, N.A., London Branch.

Principal Paying Agent, Calculation Agent and Transfer Agent.... Citibank, N.A., London Branch.

Registrar .... Citigroup Global Markets Deutschland AG.

Luxembourg Listing Agent .... Banque Internationale à Luxembourg S.A.

Risk factors..................... Investing in the Notes involves a high degree of risk. See the "Risk factors" section for a description of certain of the risks you should carefully consider before investing in the Notes.

Summary historical consolidated financial data and other financial data

Presentation of summary historical consolidated financial information

The Marlin Acquisition was consummated on February 10, 2014 and the DLC Acquisition was consummated on June 1, 2015. From the date of the Marlin Acquisition, the consolidated financial information of the Marlin Parent has been included in the consolidated financial statements of the Company. From the date of the DLC Acquisition, the financial information of DLC has been included in the consolidated financial statements of the Company. As a consequence of these consolidations, the results of operations of the Cabot Group for the periods presented may not be directly comparable.

We also present certain information on a combined basis. Information described as "combined," in relation to an operational measure of performance, means the simple aggregation of the relevant measures for the Cabot Group and DLC for the relevant period, and excludes any accounting or *pro forma* adjustments that may be required to present consolidated, *pro forma* or as adjusted *pro forma* information.

Cabot Group summary historical consolidated financial data

The following table summarizes our historical consolidated financial data as at the dates and for the periods indicated. The consolidated financial statements of the Company have been prepared in accordance with UK GAAP for the years ended December 31, 2014, 2013 and 2012. From January 1, 2015, we have begun to report under International Financial Reporting Standards as adopted by the European Union ("IFRS"), with a transition date of January 1, 2014. Accordingly, the unaudited condensed consolidated financial statements of the Company as at June 30, 2015 and for the six months ended June 30, 2015 and 2014, have been prepared in accordance with IFRS interim financial reporting (IAS 34), and we will prepare financial statements in accordance with IFRS going forward. UK GAAP differs in several respects from IFRS. The differences between UK GAAP and IFRS primarily relate to adjustments to profit and equity attributable to owners of the parent, the presentation of revenue net of unrealized current value movement on Loan Portfolios specific changes to the reversal of goodwill amortization, identification of separable intangible assets, expenditure of capitalized costs and certain reclassifications. For a discussion of our transition between UK GAAP and IFRS as applied by The Cabot Group, see Note 19 to the Cabot Group Interim Financial Statements. See "Presentation of financial and other information."

Financial information of the Cabot Group included in this section has been derived as follows:

- the UK GAAP financial information of the Cabot Group as at and for the year ended December 31, 2014 set out herein has been derived from the 2014 Cabot Group Consolidated Financial Statements;
- the UK GAAP financial information of the Cabot Group as at and for the year ended December 31, 2013 set out herein has been derived from the 2013 Cabot Group Consolidated Financial Statements;
- the UK GAAP financial information of the Cabot Group as at and for the year ended December 31, 2012 set out herein has been derived from the 2012 Cabot Group Consolidated Financial Statements;
- the IFRS financial information of the Cabot Group as at and for the year ended December 31, 2014 set out herein has been derived from Note 19 to the Cabot Group Interim Financial Statements; and
- the IFRS financial information of the Cabot Group as at June 30, 2015 and for the six months ended June 30, 2015 and 2014 set out herein has been derived from the Cabot Group Interim Financial Statements.

The 2013 Cabot Group Consolidated Financial Statements and 2012 Cabot Group Financial Statements do not include Marlin historical financial information, which is presented elsewhere in this Offering Memorandum. The Marlin Group Financial information is only included in the Cabot Group Consolidated Financial Statements from the date of the Marlin Acquisition.

The 2014 Cabot Group Financial Statements, 2013 Cabot Group Financial Statements and 2012 Cabot Group Financial Statements do not include DLC historical financial information, which is presented herein. The DLC Group Financial information is only included in the Cabot Group Consolidated Financial Statements from the date of the DLC Acquisition.

Our results of operations for prior periods are not necessarily indicative of the results to be expected for any future period. This summary historical consolidated financial data should be read in conjunction with the Cabot Group Consolidated Financial Statements and accompanying notes included elsewhere in this offering memorandum and discussed in "Presentation of financial and other information" and "Management's discussion and analysis of financial condition and results of operations."

(£ in millions)	UK GAAP Year ended December 31,[(1)] 2012	2013	2014
Consolidated profit and loss account data:			
Turnover	160.9	181.3	263.4
Existing operations	*160.9*	*181.3*	*199.5*
Acquisitions	–	–	*63.9*
Cost of sales	(57.0)	(68.3)	(110.1)
Gross profit	**103.9**	**113.1**	**153.3**
Administration expenses	(44.3)	(50.6)	(72.5)
Other operating income	0.1	–	–
Operating profit	**59.7**	**62.5**	**80.8**
Existing operations	*59.7*	*62.5*	*72.0*
Acquisitions	–	–	*8.8*
Interest receivable and similar income	–	0.6	0.2
Interest payable and similar charges	(25.7)	(34.6)	(63.5)
Profit on ordinary activities before taxation	**34.0**	**28.5**	**17.5**
Tax on profit on ordinary activities	(5.2)	(6.9)	(3.8)
Profit for the financial period	**28.8**	**21.6**	**13.7**

(£ in millions)	Year ended December 31, 2014	IFRS Six months ended June 30,[(1)] 2014	2015	Twelve months ended June 30, 2015
		Unaudited		
Consolidated income statement data:				
Revenue	186.9	76.4	132.7	243.2
Operating expenses	(33.6)	(10.7)	(24.9)	(47.8)
Gross profit	**153.3**	**65.7**	**107.8**	**195.4**
Administration expenses	(68.8)	(36.7)	(42.9)	(75.0)
Operating profit	**84.5**	**29.0**	**64.9**	**120.4**
Finance income	0.2	0.1	0.8	0.8
Finance costs	(64.6)	(31.1)	(34.9)	(68.4)
Profit/(loss) before tax	**20.1**	**(2.0)**	**30.8**	**52.8**
Tax(expense)/income	(3.5)	0.5	(6.2)	(10.2)
Profit/(loss) for the period	**16.5**	**(1.5)**	**24.6**	**42.6**

(£ in millions)	UK GAAP As at December 31,[(1)] 2012	2013	2014 restated[(*)]
Consolidated balance sheet data:			
Goodwill	20.2	18.9	195.8
Intangible assets	–	–	1.6
Tangible assets	9.4	8.1	10.9
Fixed assets	**29.6**	**27.0**	**208.2**
Current assets			
Loan Portfolios	341.9	410.5	719.3
Debtors: amounts falling due within one year	12.8	11.2	17.1
Cash at bank and in hand	23.1	36.7	16.7
	377.8	**458.5**	**753.2**
Creditors: amounts falling due within one year	(42.1)	(33.7)	(95.7)
Creditors: amounts falling due after more than one year	(262.0)	(352.1)	(747.5)
Deferred tax liability	(0.7)	(0.5)	(5.4)
Net assets	**102.7**	**99.2**	**112.8**
Capital Reserves:			
Called up share capital	0.3	0.3	0.3

Capital contribution reserve	136.2	136.2	139.0
Profit and loss account	(33.7)	(37.2)	(26.5)
Equity shareholders' funds	**102.7**	**99.2**	**112.8**

(*) Subsequent to the year ended December 31, 2014 it was noted that an intercompany loan balance due to a parent undertaking of the Company had been waived during 2014, and therefore a prior year adjustment has been made to correct the position as at December 31, 2014.

	IFRS		
	As at December 31,	As at June 30,(1)	
(£ in millions)	2014	2014	2015
		Unaudited	
Consolidated balance sheet data:			
Goodwill	197.4	197.0	260.1
Other intangible assets	8.5	6.1	10.6
Property, plant and equipment	5.2	3.6	6.4
Purchased loan portfolios	642.1	580.9	765.9
Deferred tax asset	2.5	1.9	3.9
Non-current assets	**855.6**	**789.5**	**1,046.9**
Cash and cash equivalents	16.7	23.7	17.4
Purchased loan portfolios	77.2	70.0	104.2
Trade and other receivables	12.3	11.3	14.1
Current tax asset	2.6	2.5	–
Current assets	**108.8**	**107.5**	**135.7**
Total assets	**964.5**	**897.1**	**1,182.6**
Current liabilities	**(92.6)**	**(57.2)**	**(173.9)**
Non-current liabilities	**(756.3)**	**(745.1)**	**(869.3)**
Net assets	**115.6**	**94.8**	**139.4**
Equity			
Share capital	0.3	0.3	0.3
Capital contribution reserve	139.0	136.2	139.0
Retranslation reserve	(0.4)	(0.2)	(1.1)
Retained earnings/(accumulated losses)	(23.4)	(41.4)	1.2
Equity attributable to owners of the parent	**115.6**	**94.8**	**139.4**

	UK GAAP Year ended December 31,(1)		
(£ in millions)	2012	2013	2014
Consolidated cash flow statement data:			
Net cash (outflow)/inflow from operating activities	18.9	(33.4)	(23.2)
Returns on investments and servicing of finance	(113.9)	(35.4)	(58.5)
Taxation	(13.1)	(5.9)	(1.7)
Capital expenditure and financial investment	(5.1)	(1.7)	(7.6)
Acquisitions and disposals	–	–	(159.3)
Cash outflow before use of financing	**(113.3)**	**(76.4)**	**(250.3)**
Financing	119.5	90.0	230.3
Increase/(decrease) in cash in the period	**6.2**	**13.6**	**(20.0)**

	IFRS		
	Year ended December 31,	Six months ended June 30,(1)	
(£ in millions)	2014	2014	2015
		Unaudited	
Consolidated cash flow statement data:			
Net cash generated from/(used in) operating activities	(25.0)	(51.8)	14.3
Net cash used in investing activities	(219.0)	(178.9)	(194.8)
Net cash from financing activities	224.0	217.8	180.7
(Decrease)/increase in cash	**20.0**	**(12.9)**	**0.2**

(1) Please see "Management's discussion and analysis of financial condition and results of operations—Significant factors affecting our results of operations," for a description of how certain profit and loss account and consolidated income statement line items (and corresponding balance sheet line items) may be impacted by movements in the value of more recently purchased portfolios over short periods of time.

Other financial data (unaudited)

(£ in millions except for percentages and ratios or unless otherwise noted)	UK GAAP As at and for the year ended December 31,		
	2012	2013	2014[1]
		Unaudited	
Additional measures:			
84-Month ERC[3]	727.7	832.4	1,299.7
120-Month ERC[4]	908.0	1,052.0	1,601.0
Reported Loan Portfolio purchases[5]	98.6	124.1	227.4
Number of accounts (in thousands)[6]	3,511	3,858.0	4,742.0
Number of Loan Portfolios[7]	942.0	994.0	1,071.0
Third Party Net Debt[8]	259.0	332.4	734.0
Collections on Loan Portfolios[9]	146.8	166.3	247.1
Commission on serviced portfolios[10]	14.0	15.1	16.3
Servicing costs on Loan Portfolios[11]	50.6	54.4	92.7
Cost/income ratio on Loan Portfolios[12]	31.4%	30.0%	35.2%
Debt purchase cost/income ratio[13]	24.9%	23.7%	34.3%
Adjusted EBITDA[14]	**112.1**	**126.9**	**172.7**

(£ in millions except for percentages and ratios or unless otherwise noted)	IFRS As at and for the six months ended June 30, 2014(1)	2015(1)(2)
	Unaudited	
Additional measures:		
84-Month ERC(3)	1,224.9	1,541.9
120-Month ERC(4)	1,528.4	1,918.8
Reported Loan Portfolio purchases(5)	124.4	223.1
Number of accounts (in thousands)(6)	4,493.0	7,037.0
Number of Loan Portfolios(7)	1,056.0	1,277.0
Third Party Net Debt(8)	734.9	917.7
Collections on Loan Portfolios(9)	110.5	141.6
Commission on serviced portfolios(10)	8.2	8.6
Servicing costs on Loan Portfolios(11)	38.7	59.1
Cost/income ratio on Loan Portfolios(12)	32.6%	39.4%
Debt purchase cost/income ratio(13)	27.6%	35.7%
Adjusted EBITDA(14)	**80.0**	**91.1**

(1) Marlin Group data included for the periods as at and for the year ended December 31, 2014 and as at and for the six months ended June 30, 2014 and 2015 from the date of the Marlin Acquisition.

(2) DLC data included for the period as at and for the six months ended June 30, 2015 from the date of the DLC Acquisition.

(3) 84-Month ERC means our estimated remaining collections on Loan Portfolios over an 84-month period, which represents the expected future gross cash collections of our Loan Portfolios over an 84-month period as of the date specified. See "Certain definitions—Key performance indicators" and "Presentation of financial and other information."

(4) 120-Month ERC means our estimated remaining collections on Loan Portfolios over a 120-month period, which represents the expected future gross cash collections of our Loan Portfolios over a 120-month period as of the date specified. See "Certain definitions—Key performance indicators" and "Presentation of financial and other information."

(5) Reported Loan Portfolio purchases means the cost of all Loan Portfolios purchased in the period. Loan portfolio purchases during the six months ended June 30, 2015 includes Loan Portfolios acquired as part of the DLC Acquisition, which have been valued at £165.4 million, for the purpose of this table, which is the purchase consideration less the net cash acquired from the acquisition.

(6) Number of accounts represents the total number of individual consumer accounts owned as of the date specified.

(7) Number of Loan Portfolios represents the number of individual portfolios of accounts that the Group owns as of the date specified. Occasionally the Group may split an individual purchase contract into multiple portfolios if there are distinct account types within the particular portfolio.

(8) Third Party Net Debt represents third-party indebtedness, less cash at bank and in hand (excluding cash held for clients), and excluding unamortized debt issue costs, facility fees and accrued interest relating to the Group's third-party indebtedness.

A reconciliation of Net Debt as reported in the Cabot Group Financial Statements to Third Party Net Debt for the periods presented above is set forth below as follows:

(£ in millions)	UK GAAP As at December 31, 2012	2013	2014
		Unaudited	
Net debt as reported in the Cabot Group Consolidated Financial Statements	238.9	315.4	730.7
Add Back: unamortized facility fees and similar costs	13.0	12.9	17.6
Less: accrued interest	–	–	–
Less: Fair value adjustment to Marlin Notes	–	–	(19.7)
Add Back: client cash held on trust	7.1	4.1	5.4
Third Party Net Debt	**259.0**	**332.4**	**734.0**

(£ in millions)	IFRS Six months ended June 30, 2014	2015
	Unaudited	
Net debt as reported in the Cabot Group Interim Financial Statements	750.5	929.5
Add Back: unamortized facility fees and similar costs	18.6	18.4
Less: accrued interest	(20.0)	(20.4)
Less: Fair value adjustment to Marlin Notes	(21.1)	(18.3)
Add Back: client cash held on trust	6.8	8.5
Third Party Net Debt	**734.9**	**917.7**

(9) Collections on owned Loan Portfolios represents amounts collected, including by agents on our behalf, from accounts on Loan Portfolios.

(10) Commission on serviced portfolios represents fees and commissions receivable from the servicing of loans on behalf of third parties.

(11) Servicing costs including group overheads means operating expenses, plus administration expenses, less depreciation of property, plant and equipment and amortization (or impairment) of intangibles.

(12) Cost/Income ratio means servicing costs as a percentage of contingent turnover or revenue, as the case may be, plus portfolio collections. There may be limitations in using cost/income expressed as a percentage of contingent turnover or revenue, as the case may be, plus portfolio collections as a measure of operational efficiency across a limited period of time because servicing costs are impacted by the phasing, mix and volume of new portfolio purchases in a period. For example, portfolios of different types (e.g., sector or average balance) have different cost/income ratios.

(13) Debt purchase cost/income ratio means servicing costs relating to debt purchase activities as a percentage of collections relating to owned portfolios. In calculating the servicing costs relating to debt purchase activities it is assumed that the servicing costs relating to non-debt purchase activities is equal to the servicing fees included within turnover or revenue, as the case may be, for each period.

(14) Adjusted EBITDA represents net cash (outflow)/inflow from operating activities adjusted to exclude the effects of, as relevant, working capital increase or decrease in the period, Apex integration costs, Encore/JCF Acquisition costs, Marlin Acquisition costs, DLC Acquisition costs, exceptional costs, and Loan Portfolio acquisitions. See "Presentation of financial and other information" for considerations related to the use of non GAAP measures.

The following table provides a reconciliation of net cash (outflow)/inflow from operating activities to Adjusted EBITDA:

(£ in millions)	**UK GAAP Year ended December 31, 2012**	**2013**	**2014**
		Unaudited	
Net cash (outflow)/inflow from operating activities[(a)]	18.9	(33.4)	(23.2)
Working capital (increase)/decrease in the period[(b)]	(7.1)	31.4	(33.4)
Apex integration costs[(c)]	1.7	–	–
Encore/JCF Acquisition costs[(d)]	–	4.8	–
Marlin Acquisition costs[(e)]	–	–	1.9
Loan Portfolio acquisitions[(g)]	98.6	124.1	227.4
Adjusted EBITDA	**112.1**	**126.9**	**172.7**

(£ in millions)	Year ended December 31, 2014	IFRS Six months ended June 30, 2014	2015	Twelve months ended June 30, 2015
		Unaudited		
Net cash (outflow)/inflow from operating activities[(a)]	(24.9)	(50.1)	9.8	35.0
Working capital (increase)/decrease in the period[(b)]	(36.7)	0.4	21.9	(15.2)
Marlin Acquisition costs[(e)]	7.4	5.2	–	2.2
DLC Acquisition costs[(f)]	–	–	1.7	1.7
Loan Portfolio acquisitions[(g)]	227.4	124.5	57.7	160.6
Adjusted EBITDA	**173.2**	**80.0**	**91.1**	**184.3**

(a) Net cash (outflow)/inflow from operating activities includes cash outflows relating to portfolio acquisitions which represent the cost of all Loan Portfolios purchased in the period.

(b) Working capital (increase)/decrease is the net movement on debtors and creditors, excluding Facilities and related unamortized issue costs, corporation tax debtors and creditors, and creditors or accruals arising from the purchase of tangible fixed assets.

(c) Apex integration costs reflect costs we incurred in order to effect the Apex Acquisition and integrate our business and the Apex business subsequent to the Apex Acquisition. We incurred £1.7 million of costs in the year ended December 31, 2012 related to restructuring and reorganization.

(d) Encore/JCF Acquisition costs reflect the costs incurred in order to effect the Encore Acquisition and the J.C. Flowers Acquisition.

(e) Marlin Acquisition costs reflect the costs incurred in order to effect the Marlin Acquisition.

(f) DLC Acquisition costs reflect the costs incurred in order to effect the DLC Acquisition.

(g) Loan Portfolio acquisitions represent the cost of all Loan Portfolios purchased in the period. We adjust for portfolio acquisitions, which are discretionary, in order to analyze the cash flow generation of our business.

For supplemental purposes, we have also included a reconciliation of Adjusted EBITDA to profit or loss for the financial period under both UK GAAP and IFRS. Under UK GAAP, Adjusted EBITDA represents profit or loss for the financial period adjusted to exclude the effects of, as relevant, tax on profit or loss on ordinary activities, interest receivable and similar income, interest payable and similar charges, depreciation and goodwill amortization, fair value movements on Loan Portfolios, Encore/JCF Acquisition costs, Marlin Acquisition costs and Apex integration costs. Under IFRS, Adjusted EBITDA represents profit or loss for the financial period adjusted to exclude the effects of, as relevant, tax expense or income, finance income, finance costs, depreciation on property, plant and equipment, amortization of intangible assets, current value movements on Loan Portfolios, Marlin Acquisition costs, DLC Acquisition costs and exceptional costs.

The following table provides a reconciliation of profit for the financial period to Adjusted EBITDA:

(£ in millions)	2012	2013	2014
			UK GAAP Year ended December 31,
		Unaudited	
Profit for the financial period	28.8	21.6	13.7
Tax on profit on ordinary activities	5.2	6.9	3.8
Interest receivable and similar income	—	(0.6)	0.2
Interest payable and similar charges	25.7	34.6	63.4
Depreciation and goodwill amortization	3.7	4.4	13.5
Fair value movements on Loan Portfolios	47.0	55.3	76.5
Encore/JCF Acquisition costs[(d)]	–	4.8	–
Marlin Acquisition costs[(e)]	–	–	1.9
Apex integration costs[(c)]	1.7	–	–
Adjusted EBITDA	**112.1**	**126.9**	**172.7**

(£ in millions)	2014	2014	2015	2015

	IFRS			
	Year ended December 31,	Six months ended June 30,		Twelve months ended June 30,
		Unaudited		
Profit/(loss) for the financial period	16.5	(1.5)	24.6	42.6
Tax expense/(income)	3.5	(0.5)	6.2	10.2
Finance income	(0.2)	(0.1)	(0.8)	(0.9)
Finance costs	64.6	31.1	34.9	68.4
Depreciation and intangible asset amortization	4.1	2.0	3.0	5.1
Unrealized current value movements on Loan Portfolios	76.5	42.3	17.5	51.7
Marlin Acquisition costs(e)	5.6	5.2	–	0.4
DLC Acquisition costs(f)	–	–	1.7	1.7
Exceptional Costs(h)	2.5	1.5	4.0	5.0
Adjusted EBITDA	**173.2**	**80.0**	**91.1**	**184.3**

(h) Exceptional costs include items that, by virtue of their nature, are identified internally for management reporting purposes, are not considered and are not, representative of the performance of the business and may impact year-on-year comparability. Exceptional costs primarily consist of restructuring costs, abandoned acquisition costs and one-off financing fees.

DLC summary historical data

The following table summarizes the historical financial data of DLC as at the dates and for the periods indicated. The financial statements of Hillesden Securities Limited have been prepared in accordance with UK GAAP. See "Presentation of financial and other information."

DLC results of operations for prior periods are not necessarily indicative of the results to be expected for any future period. This summary historical financial data should be read in conjunction with the DLC Financial Statements and accompanying notes included elsewhere in this offering memorandum and discussed in "Presentation of financial and other information."

The 2015 DLC Financial Statements are not consolidated and do not include the results of the DLC's subsidiary Mercantile Data Bureau Limited. For the year ended April 30, 2015, Mercantile Data Bureau Limited reported Turnover of £141,119, Loss for the year of £1,689 and had shareholders' funds at April 30, 2015 of £1,127, all as reported under the UK GAAP accounting policies of that entity.

Financial information included in this section has been derived from the DLC Financial Statements.

	UK GAAP Year ended April 30,		
(£ in millions)	**2013**	**2014**	**2015**
Profit and loss account data:			
Turnover	**57.0**	**55.7**	**56.5**
Cost of sales	(28.3)	(25.1)	(30.1)
Gross profit	**28.7**	**30.6**	**26.4**
Administrative Expenses	(7.0)	(6.7)	(6.7)
Operating profit	**21.7**	**23.9**	**19.7**
Other interest receivable and similar income	0.01	0.13	(0.15)
Interest payable and similar charges	(0.3)	–	(0.9)
Profit on ordinary activities before taxation	**21.5**	**24.0**	**18.9**
Tax on profit on ordinary activities	(5.1)	(5.5)	(4.0)
Profit for the year	**16.3**	**18.6**	**15.0**

	UK GAAP As at April 30,		
(£ in millions)	**2013**	**2014**	**2015**
Balance sheet data:			
Fixed assets	0.9	1.0	0.8
Current assets	**32.0**	**51.1**	**57.4**
Creditors: amounts falling due within one year	(7.4)	(8.2)	(9.1)
Net current assets	**24.6**	**43.0**	**48.3**
Total assets less current liabilities	**25.4**	**44.0**	**49.1**
Called up share capital	0.01	0.01	0.01
Profit and loss account	25.4	44.0	49.1
Total shareholders' funds	**25.4**	**44.0**	**49.1**

Unaudited *pro forma* and as adjusted *pro forma* financial information

The table below presents financial data of the Cabot Group after giving *pro forma* effect to the DLC Acquisition and, where described as "as adjusted," giving effect to both the DLC Acquisition and the offering of the Notes offered hereby and the use of proceeds therefrom.

The unaudited *pro forma* financial information relating to the consolidated income statement gives effect to the DLC Acquisition, including the borrowing of funds under the Bridge Facility and the Senior Facilities to finance the purchase price for the DLC Acquisition and related costs, fees and expenses, as if it occurred on July 1, 2014, and is prepared on the basis of IFRS.

The unaudited as adjusted *pro forma* financial information relating to as adjusted *pro forma* cash interest expense gives effect to the DLC Acquisition and the issuance of the Notes offered hereby and the use of proceeds therefrom by giving effect to these events as if they occurred on July 1, 2014.

(£ in millions)	**IFRS *pro forma* combined**
	Unaudited
Revenue	282.4
Operating expenses	(50.7)
Gross profit	**231.7**
Administrative expenses	(88.3)
Operating profit	**143.4**
Finance income	0.8
Finance costs	(79.9)
Profit/(loss) before tax	**64.3**
Tax (expense)/income	(13.1)
Profit/(loss) for the period	**51.2**

The unaudited as adjusted *pro forma* financial information relating to the consolidated balance sheet gives effect to the issuance of the Notes offered hereby and the use of proceeds therefrom as if it occurred on June 30, 2015.

(£ in millions, except ratios)	**IFRS As at and for the twelve months ended June 30, 2015**
	Unaudited
Unaudited *pro forma* financial information	
Pro forma Adjusted EBITDA[(1)]	219.7
Unaudited as adjusted *pro forma* financial information	
As adjusted *pro forma* cash interest expense[(2)]	79.4
As adjusted *pro forma* Third Party Net Debt[(3)]	925.8
Ratio of *pro forma* Adjusted EBITDA to as adjusted *pro forma* cash interest expense	2.77x
Ratio of as adjusted *pro forma* Third Party Net Debt to *pro forma* Adjusted EBITDA	4.21x
As adjusted *pro forma* Loan to Value Ratio[(4)]	60.0%

(1) *Pro forma* Adjusted EBITDA represents Adjusted EBITDA calculated on a *pro forma* basis giving effect to the DLC Acquisition as if it had occurred on July 1, 2014.

The following table provides a reconciliation of *pro forma* profit for the financial period to *pro forma* Adjusted EBITDA:

(£ in millions)	**IFRS Twelve months ended June 30, 2015**
	(Unaudited)
Pro forma profit for the period[(a)]	51.2
Pro forma tax expense[(a)]	13.1
Pro forma finance costs[(a)]	79.9
Pro forma finance income[(a)]	(0.8)
Pro forma depreciation and amortization of intangible assets[(a)(b)]	6.2
Pro forma change in current valuation of Loan Portfolios[(a)(c)]	64.7
Pro forma exceptional items[(d)]	5.3
***Pro forma* Adjusted EBITDA**	**219.7**

(a) See "Unaudited pro forma consolidated and combined financial information" for an explanation of the basis of *pro forma* adjustments.

(b) Pro forma depreciation and amortization of intangible assets represents: depreciation and amortization of intangible assets of £2.0 million and £3.1 million, respectively, of the Company for the twelve months ended June 30, 2015 (excluding depreciation and amortization of £0.1 million relating to the DLC Group recorded by the Company since the DLC Acquisition); depreciation of £0.6 million of DLC for the year ended April 30, 2015, together with the application of the *pro forma* adjustments totaling £0.5 million relating principally to amortization of intangible assets for the twelve months ended June 30, 2015 arising from the DLC Acquisition as described in note 6 in the "Unaudited pro forma consolidated and combined financial information" section included elsewhere in this offering memorandum.

(c) Pro forma change in valuation loan portfolios represents the movement in the carrying value of loan portfolios arising during the periods, excluding the movement due to collections, and comprises £51.7 million relating to the Company for the twelve months ended June 30, 2015, excludes £1.6 million relating to the DLC Group recorded by the Company since the DLC Acquisition, and includes £14.6 million relating to the DLC for the year ended April 30, 2015 after giving *pro forma* effect to the application of the IFRS Adjustments and Acquisition Adjustments to the results of the DLC for the year ended April 30, 2015 as described in note 3 and 5 respectively in the "Unaudited pro forma historical consolidated and combined financial information" section included elsewhere in this offering memorandum.

(d) Exceptional items represent items that are identified internally for management reporting purposes that, by virtue of their nature, are not considered to be representative of the performance of the business and may impact year on year comparability. For the Company, in the twelve months ended June 30, 2015, exceptional items principally related to restructuring costs, abandoned acquisition costs, Marlin Acquisition costs and finance facility fees. For the DLC, in the year ended April 30, 2015, exceptional items principally related to provisions. Items included within exceptional items have occurred in prior periods, and may occur in the future.

(2) As adjusted *pro forma* cash interest expense represents *pro forma* cash interest expense adjusted to give effect to the impact of the issuance of the Notes offered hereby and the application of the proceeds therefrom as described in "Use of proceeds" as if such transactions had occurred on July 1, 2014.

(3) As adjusted *pro forma* Third Party Net Debt represents *pro forma* Third Party Net Debt calculated on a *pro forma* basis adjusted for the issuance of the Notes offered hereby and the application of the proceeds therefrom as discussed in "Use of proceeds" as if such transactions had occurred on June 30, 2015. See also "Capitalization."

The following table provides a reconciliation of Third Party Net Debt to as adjusted *pro forma* Third Party Net Debt:

(£ in millions)	**IFRS As at June 30, 2015**
	Unaudited
Cabot Group Third Party Net Debt[(a)]	917.7
Issuance of the Notes offered hereby	221.4
Repayment of Bridge Facility and Senior Facilities	(213.3)
As adjusted *pro forma* Third Party Net Debt	**925.8**

(a) Refer to "—Cabot Group summary historical consolidated financial data."

(4) As adjusted Loan to Value Ratio is calculated by dividing as adjusted Third Party Net Debt by our 84 Month ERC.

Risk factors

An investment in the Notes involves a high degree of risk. You should carefully consider the following risks, together with the other information provided to you in this offering memorandum, in deciding whether to invest in the Notes. The occurrence of any of the events discussed below could be detrimental to our financial performance. If these events occur, the trading price of the Notes could decline, we may not be able to pay all or part of the interest or principal on the Notes, and you may lose all or part of your investment. Additional risks not currently known to us or which are presently deemed immaterial may also harm us and affect your investment.

This offering memorandum contains "forward-looking" statements that involve risks and uncertainties. Our actual results may differ significantly from the results discussed in such forward-looking statements. Factors that might cause such differences include those discussed below. See "Forward-looking statements."

Risks related to our business

Changes in the economic environment in our markets may negatively impact our performance.

Our performance may be affected by a deterioration of economic conditions in the United Kingdom and Ireland, which could have various impacts on our business. In 2012, the United Kingdom experienced its first double-dip recession since 1975. While the unemployment rate in the United Kingdom has been falling recently, real wage growth has been subdued for an extended period of time following the financial crisis in 2009 and home prices in many regions remain well below their highs prior to the previous recession. In the wake of the recession, the economy is slowly improving, but still remains fragile and it may be adversely affected by any increase in interest rates.

Ireland has recently come out of its second recession following the 2008-2009 financial crisis, with GDP growth estimated at 3.6% in 2015, and it has managed to reduce its once world-largest budget deficit to 2.8% of GDP in 2015. Unemployment has recently dropped slightly but remained around 9.4% in 2015. In late 2013, Ireland formally exited its €85 billion EU-IMF bailout program, benefiting from intense austerity measures and success in refinancing a large amount of banking-related debt.

If, the UK economy, the Irish economy, the economy in any country in which we conduct business or the global economy suffers a downturn that increases the unemployment rate, leads to austerity measures (such as reductions in the relevant government's provisions of public benefits or public sector employment), reduces disposable income or impacts interest rates and the availability of credit, debtors may be unable or unwilling to continue repaying debt and we may not be able to perform debt collection in a manner consistent with our past practice. If our customers experience a reduced ability or willingness to pay their debt, we could face increased servicing costs and lower average payments, therefore reducing our cash generation and returns on capital, and, in turn, our ERC. Many of our customers who are homeowners presently enjoy a favorable interest rate environment characterized by historically low mortgage rates, which have resulted in higher levels of disposable income. If interest rates were to rise, the amount of disposable income available for customers to repay their overall borrowing obligations could decrease. Even if we are able to develop tailored payment plans for certain of the affected customers in order to try to reduce the number of defaults, such measures may prove unsuccessful, or if the measures are successful in avoiding some defaults, total collections may be reduced or the timing of receipt of payments may be extended as a result of these measures, any of which could adversely affect our financial performance.

In recent years general market volatility has resulted from uncertainty about sovereign debt and fear that the governments of countries such as Cyprus, Greece, Portugal, Spain, Ireland and Italy may default on their financial obligations, concerns about the growths prospects of emerging economies such as China and Brazil and the prospect of rising interest rates, in particular in the United States. In addition, the departure or potential risk of departure from the euro by one or more Eurozone countries could have negative effects on our business and on the value of our purchased debt portfolios. Furthermore, continued hostilities in the Middle East and tensions in North Africa could adversely affect the economies of the European Union and other countries, and eventually have a material adverse effect on our business.

Many of our customers who are homeowners presently enjoy a favorable interest rate environment characterized by historically low mortgage rates, which have resulted in higher levels of disposable income. If interest rates were to rise, the amount of disposable income available for customers to repay their overall borrowing obligations could decrease. Further, under the Lending Code, which we are required to comply with pursuant to some of the debt purchase agreements we have recently entered into, we have an obligation to enquire as to the amount of a customer's priority debts, such as mortgage payments, and to reduce our payment expectations to enable them to pay such priority debts as they fall due, plus arrears of any such priority debts, before paying disposable cash to us.

Adverse economic conditions could also reduce our vendors' propensity to sell defaulted consumer debt at the prices prevailing in the market, as was the case during the financial crisis, and cause them to service the debt in-house or via DCAs. In addition, the volatility affecting the banking system and financial markets and the possibility that financial institutions may consolidate, go out of business or be taken over by the government have resulted in a tightening in credit markets. In particular, we have experienced a significant shift in the collections environment as a result of the collapse of the sub-prime lending market in 2008, which resulted in the tightening of lending standards. There could be a number of follow-on effects from the credit crisis or the government's response to the credit crisis on our business, including a reduction in estimated collections, as our customers are unable to obtain credit to consolidate their debts and refinance their obligations with us. Further, the insolvency of lending institutions could result in our own inability to obtain credit or increased government ownership of these institutions, particularly in the United Kingdom and Ireland, could result in a decrease in the supply of debt portfolios in the market. These and other economic factors could have a material adverse effect on our financial condition, financial returns and results of operations.

An improvement in the economic conditions in the countries in which we operate could have both positive and negative impacts on our business. Although improved economic conditions may lead to higher debt repayment due to the improved financial position of the debtors and because of improved payment prospects, we may experience more competitive pricing for the debt portfolios that we purchase or for the debt collection services that we offer. In addition, rising interest rates due to a change in the economic environment or other factors beyond our control may increase our financing costs, which may result in our inability to finance debt portfolio purchases at profitable levels or at all.

The value of our Backbook may deteriorate, or we may not be able to collect sufficient amounts on our debt portfolios to fund our operations.

We purchase both semi-performing portfolios, which consist of accounts where over 50% of customers are already repaying some of their debt, albeit at levels that still require the debt to be charged-off under the originators' internal accounting policies, and non-performing portfolios, which may be higher risk and have less predictable cash flows than semi-performing portfolios. Semi-performing portfolios tend to have a higher purchase price relative to face value than non-paying accounts due to the higher expectations for collections, as well as lower anticipated collection costs. Non-performing debt portfolios often consist of a substantial number of accounts without contact details and for which the vendor has made numerous unsuccessful attempts to collect. Such debt may subsequently be deemed uncollectible and written off. Although we estimate that the recoveries on our debt portfolios will be in excess of the amount paid for them, amounts recovered may be less than expected and may even be less than the total amount paid for such debt portfolios, resulting in recognition of a loss or an impairment. Our combined purchased debt portfolios comprised 73.6% of our total assets as at June 30, 2015, and any condition or event that causes a significant decrease in expected collections, could cause us to record in an impairment of our purchased debt portfolios, which may have a material adverse effect on our financial condition, financial returns and results of operations.

Because the length of time involved in collecting on debt portfolios may be extensive, and the factors affecting debt collection rates may be volatile, we may not be able to identify economic trends or make changes in our purchasing strategies in a timely manner. This could result in a loss of value in a debt portfolio after purchase and a continuing deterioration in value over time. For example, collection multiples on our Loan Portfolios from 2005 to 2007 and 2013 did not meet collection expectations and actual collections deviated from the pricing model's collection estimates significantly as the accounts aged.

Our analytical models may not identify changes that vendors make in the quality of the debt portfolios that they sell or we may fail to identify issues that negatively affect the value of the debt portfolios we acquire (including, but not limited to, claims being time-barred, the debtors being dead and claims resulting from fraud). If we overpay for debt portfolios or collections on purchased debt portfolios are less than anticipated, we may not be able to purchase new debt portfolios. Any inability to achieve adequate returns on, or to make new purchases of, debt portfolios, may have a material adverse effect on our financial condition, financial returns and results of operations.

Any failure to comply with applicable legislation or regulation of the debt purchase and collections sector and the broader consumer credit industry could result in the suspension, termination or impairment of our ability to conduct business.

The debt purchase and collections sector and the broader consumer credit industry in the United Kingdom are regulated under various laws and regulations. See "Regulation and compliance."

UK debt purchase and collections businesses are principally regulated by the Financial Conduct Authority ("FCA"), the UK Information Commissioner's Office ("ICO") and the UK Office of Communications ("OFCOM"). The FCA regards debt collection as a "high risk" activity and therefore dedicates special resources to more intensive monitoring of businesses in this sector. The FCA Handbook has a specialist consumer credit sourcebook ("CONC") for the consumer credit sector, which includes rules and guidance in relation to, inter alia, the handling of vulnerable customers; communications with customers; arrears, default and recovery of debt; debt advice and statute barred debt. Whilst UK debt purchase and collection businesses are principally regulated by the FCA, there is additional legislation and regulation that governs consumer credit, including the Consumer Credit Act 1974 (as amended) which imposes obligations on lenders, and any person who exercises the rights and duties of lenders, to provide post-contract information such as statements of account, notices of sums in arrears and default notices. Any failure to comply with such legislation or regulation may have serious consequences on the enforceability of the underlying credit agreement as well as a risk that the FCA may revoke or suspend a firm's interim permissions or authorization. The FCA and its predecessor, the OFT, have already taken action against, and have imposed requirements on, a number of well-known financial institutions, other financial institutions and debt management companies. In addition, we are subject to various regulations concerning consumer protection and data protection, among others, which are discussed in further detail below.

CCMG applied for authorization with the FCA in March 2015. This application for authorization is currently being considered by the FCA and discussions are ongoing between CCMG and the authorization department at the FCA, and we are expecting a visit from the FCA in connection with our application for authorization in early November. The FCA informed CCMG on October 19, 2015, that it intends to make such a visit in early November and CCMG has been providing the FCA with information ahead of this visit. CCMG has applied also to become a principal so that it is able to appoint a number of group companies as representatives ("Appointed Representatives") to act on its behalf to perform regulated activities. Such an arrangement would exempt any Appointed Representatives from holding any FCA authorization subject to ensuring that CCMG, as principal, ensures effective oversight and control over such Appointed Representatives. In recognition that the application for authorization is ongoing, the FCA has extended the relevant interim permission for all operational companies to ensure that no entity within the Cabot Group performs regulated activities without having the appropriate interim permission.

We currently outsource a portion of our debt collections to third party debt collection agencies ("DCAs") on a contingent basis, with DCAs being paid a commission based on collections achieved. Any change in laws or regulations restricting or prohibiting this practice of contingent collections could cause us to have to change our arrangements with DCAs to less variable cost structures, such as fixed fee arrangements. This could cause uncertainty on pricing the cost of collections, thereby affecting our profitability. Although we are not currently aware of any such proposal in relation to DCAs or other participants in the debt purchase and collection industries, similar restrictions were recently introduced for independent financial advisers and other firms as part of the FCA's retail distribution review. These firms can no longer earn provider-determined commission for successful recommendations of retail investment products but must instead be paid an adviser charge, which is agreed with retail clients in advance. Were such changes of the law to be implemented in relation to the debt purchase and collection industries this could negatively affect our ability to operate successfully using our current business model, which could have a material adverse effect on our financial returns and results of operations.

The FCA is currently undertaking a thematic review on arrears management in unsecured lending which will assess the manner in which consumer credit financial institutions collect and recover debt and how customers are being treated by such firms. The FCA have announced that the review is testing whether firms have due regard to the interests of their customers and exercise appropriate forbearance, in compliance with the existing FCA rules, including the Principles for Businesses, and considering whether good or poor practices are employed. The review is expected to build upon the FCA's previous review of arrears and forbearance in the high-cost short-term credit sector but broadening the focus to examine arrears in a range of unsecured lending products. The FCA has indicated that the review will involve looking at information such as firms' policies and procedures, testing consumer outcomes using file reviews and visiting firms to interview and observe staff involved in firms' arrears management and collections operations.

The FCA has indicated that it has completed its initial analysis and has decided to focus the review on the early stages of the collections process, and in particular on how customers are treated by lenders when they first experience arrears and payment difficulties. The FCA has announced that the remaining phases of its review will take place throughout the remainder of 2015 and into 2016, with the findings at each stage shaping the approach going forward. The analysis and reporting is due for the second quarter of 2016. Whilst we have not been asked to participate in the thematic review to date, the analysis and reporting from such an extensive review may have a significant impact on our operations.

Separately, the FCA is currently performing a thematic review on remuneration and incentives, the focus of which is confined to staff incentives, remuneration and performance management arrangement in the consumer credit market. We have been asked to participate in this thematic review and have provided a response to the FCA. We have undertaken significant changes over the last few years about how our employees are remunerated and incentivized in an effort to adopt the principle recommendations as outlined in the Final Guidance produced in January 2013 by the FCA's predecessor the Financial Services Authority ("FSA") titled "Risks to customers from financial incentives".

Compliance with this extensive regulatory framework is expensive and labor-intensive. Failure to comply with any applicable laws, regulations, rules or contractual compliance obligations could result in investigations, information gathering, appointment of a skilled person, public censures, financial penalties, disciplinary measures, liability and/or enforcement actions being brought against us, including licenses or permissions that we need to do business not being granted or being revoked or the suspension or termination of our ability to conduct collections. In addition, such failure to comply or revocation of a permission or authorization, or other actions taken by us that may damage the reputation of the vendor, may entitle the vendor to terminate any agreements that we have with such vendor. As at June 30, 2015, the Company had recorded a provision of £1.5 million for refunds in connection with customers who had overpaid. Further, such vendor could be entitled to repurchase debt portfolios we previously purchased from it. Damage to our reputation, whether because of a failure to comply with applicable laws, regulations or rules, revocation of a permission or authorization, any other regulatory action or our failure to comply with contractual compliance obligations, could deter vendors from choosing us as their debt purchase or collections provider. Any of these developments could impair our ability to conduct our debt purchase and collections business and could have a material adverse effect on our financial condition, financial returns or results of operations.

In addition, changes to the laws and regulations applicable to our operations, as well as changes in interpretation and application of such laws and regulations, may adversely affect our business. See *"—Changes to the regulatory environment in the United Kingdom or Ireland or an increasing volume of legislation may materially and adversely affect our industry and impede our business."*

The Regulatory Framework for the Cabot Group

Under the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) (No.2) Order 2013, firms wishing to continue to carry on regulated consumer credit activities must have completed the full authorization process and be fully authorized by April 1, 2016. There can be no guarantee that the FCA will issue the relevant permissions to CCMG by April 1, 2016, which may result in the effective loss of some or all of our current regulatory permissions. Any such loss could have a significant impact on our ability to continue to conduct our business. There is also a risk that we could become subject to additional or new regulatory obligations resulting from this change (such as FCA approval of authorized persons and anti-money laundering and fraud prevention), or that those requirements to which we are currently contractually subject could become more stringent, which may have a material adverse effect on our financial condition, financial returns or results of operations.

Subsidiaries of the Cabot Group which carry on regulated activities are authorized and regulated by the FCA through an interim permissions regime whilst CCMG's full authorization application is being considered by the FCA and are obliged to comply with the FCA principles, rules and guidance as outlined in the FCA Handbook relating to our industry. A detailed description of which entities in the Cabot Group currently hold interim permissions is provided in the "Regulation and compliance" section below.

By virtue of doing business with financial institutions and other FCA-regulated companies in the United Kingdom, subsidiaries of the Cabot Group are typically contractually obligated to comply with certain other requirements, such as the UK Lending Standards Board's Lending Code (which financial institutions usually comply with on a voluntary basis), the Finance and Leasing Association's Lending Code and the Credit Services Association's Code of Practice. Vendors regularly audit us as part of their oversight requirements to determine our compliance with any such regulatory and contractual obligations. For the 12 month period ending June 30, 2015, Cabot Group was subject to 56 audits and DLC Group was subject to 16 audits.

The FCA has applied its rules to consumer credit firms in a number of areas, including its high-level principles and conduct of business standards. The FCA has substantially greater powers than the OFT and given the FCA has only been responsible for regulating consumer credit since April 2014, it is likely that the regulatory requirements applicable to our industry will continue to increase, as the FCA deepens its understanding of the industry through the authorization process. In addition, it is likely that the compliance framework that will be needed to continue to satisfy the FCA requirements will demand incremental investment and resources in our compliance governance framework.

Pursuant to statutory requirements, Approved Persons must be able to demonstrate that they are "fit and proper" to hold permissions from the FCA (as set out in the FIT section of the FCA Handbook) and all authorized entities are required to comply with the FCA's Principles for Business (including the requirements to "treat customers fairly"); Threshold Conditions; Senior Management Arrangements, Systems and Controls; Statements of Principle and Code of Practice for Approved Persons; Training and Competence and General Provisions, as well as CONC. Failure to comply with any of the requirements issued by the FCA is likely to have serious consequences. For example:

- The FCA may undertake investigations and information-gathering in connection with any aspect of the firm. The FCA has wide and far reaching powers under legislation to require authorized firms to provide specified information or documents in connection with the exercise by the FCA of its statutory powers under legislation and such powers can be extended to any person who is connected to the authorized firm. The FCA may use such powers in connection with its supervisory scope or enforcement action;

- The FCA can appoint a skilled person, typically a large accountancy or law firm, to undertake a review of part or the entirety of a firm's business area. The FCA are likely to order such action where it has reasonable belief that we have breached any of its rules requiring us to collect and keep up to date information. Any expenses associated with such a skilled persons review are borne by us;

- The FCA may commence disciplinary action against authorized entities in the Cabot Group or an Approved Person, in which case the FCA could publicly censure or exert a ban on them from doing business within the consumer credit sector;

- The FCA may refuse to authorize CCMG, may cancel the interim permissions of the Cabot Group's regulated subsidiaries, or may impose restrictions or temporary suspensions on the authorization of CCMG. Any such refusal, suspension or revocation process would be publicly known and would involve severe reputational damage, with vendors of debt portfolios likely to remove their business from a debt purchaser that is the subject of such refusal or revocation process. If CCMG was refused authorization or any permissions of the regulated subsidiaries of the Cabot Group (for debt administration, for example) were suspended or revoked, we would no longer be able to operate as a consumer credit business and the debt-owning SPV's within the Cabot Group would need to outsource the collection of their debt to third party service providers, which would have a significant impact on our business; and

- The FCA could take steps to impose requirements on an authorized firm, which could include any one of our regulated subsidiaries. These could include public censure and would require a debt purchaser and collections business like us to make changes to our business practices to ensure similar conduct was not repeated in the future. If we were to become subject to such requirements, vendors that currently do business with us may cease to do so, and our ability to carry on regulated activities, including servicing the debt purchased by Cabot Financial (UK) Limited, along with our reputation, and consequently our ability to win future business may be adversely affected. In addition, breach of an FCA-imposed requirement can result in significant fines.

Any determination by the FCA that we need to change our collections methodology, may have a material and adverse effect on our financial condition and results of operations.

Lending Standards Board

We operate in accordance with the provisions of the LSB's Lending Code (a voluntary, but widely adhered to, code of practice applicable to banks and building societies in the United Kingdom) that are relevant to lending and debt collection activities. We are currently a subscriber to the Lending Code having received the accreditation on November 1, 2014. Any failure to comply with the Lending Code might have an adverse effect on our relationships with vendors and our ability to purchase debt from such vendors.

Data protection

Our databases contain personal data of our customers, such as name and account number, location information relating to the address and telephone numbers for the customer and account-specific information such as the date of loan origination, issuance of the card or debt default, write-off date and write-off balance for the account. As a debt purchaser, we must comply with the requirements established by the Data Protection Act 1998 (as amended) in relation to processing the personal data of our customers. The ICO is an independent governmental authority responsible for maintaining, upholding and promoting the best business practices and legislative requirements for processing personal data and safeguarding the information rights of individuals and their rights to access their personal data. Failure to maintain the appropriate data protection registrations with the ICO or to comply with an ICO enforcement notice could result in criminal proceedings and could negatively impact our ability to otherwise comply with the requirements of the Data Protection Act 1998. Obtaining or disclosing personal data unlawfully could also result in criminal proceedings. Failure to comply with the applicable guidance issued from time to time by the ICO could also result in enforcement notices and monetary penalties being brought against us under the Data Protection Act 1998.

On January 25, 2012, the European Commission published its draft EU Data Protection Regulation. The current form of the draft regulation proposes substantial changes to the EU data protection regime, involving replacement of the current UK data protection laws by a directly effective EU regulation. If this draft regulation became law in its currently proposed form, it would impose a substantially higher compliance burden on us, including expanding the requirement for informed opt-in consent by customers to processing of personal data and granting customers a "right to be forgotten," restrictions on the use of personal data for profiling purposes, disclosure requirements of data sources to customers and increasing the maximum level of fine for the most serious compliance failures from its current level in the United Kingdom of £500,000 to €1 million or, in the case of a business, up to 2% of annual worldwide turnover, among other requirements. The proposed EU regulation is still under debate and may be modified prior to its adoption.

Furthermore, we receive third-party data from sources governed by the Steering Committee on Reciprocity ("SCOR"), such as mainstream credit bureaus, and from private sources such as CUGs. CUGs operate by a CUG host taking responsibility for housing the underlying data, matching the records and for compliance with data protection regulations. If one of the contributors of the CUG were to violate data protection laws or other regulatory requirements, it could harm our business or result in penalties being imposed on us. Our ability to obtain, retain and otherwise manage such data is governed by data protection and privacy requirements and regulatory rules and guidance issued by, among others, the ICO and influenced by SCOR. Our ability to price debt portfolios, trace consumers and develop tailored repayment plans depends on our ability to use personal data in our consumer data intelligence systems. Depending on their nature and scope, changes to data protection laws, practices, regulations and guidance could require additional investments and resources in our compliance governance framework, or could alter the way in which we obtain, collect and use data.

Any regulatory changes that impair our ability to continue to use our consumer data in such systems in the way in which we currently use them may have a material adverse effect on our financial condition, financial returns or results of operations.

CIFAS

We subscribe to CIFAS' UK Fraud Database, which allows us to access and share data in order to identity crimes and fraud. Debt purchasers in the UK were able to join as members following a change to CIFAS' rules in 2013. CIFAS provides databases of confirmed fraud data, as well as an extensive range of fraud prevention services, using advanced technology to protect organizations from the effects of fraud.

We use data provided by CIFAS to analyze our data to minimize the threat of fraud as part of our collections strategies. Any regulatory changes or changes to their rules that impair our ability to access the UK Fraud Database may impair the manner in which we engage in debt collection activities and may have a material adverse effect on our results of operations.

Consumer protection

The regulatory regime in the United Kingdom relating to the protection of consumers from unfair terms and practices changed at the end of September 2015 as part of the largest consolidation and overhaul of UK's consumer protection law and was largely driven by the EC Directive for Consumer Rights. The main provisions of the UK's Consumer Rights Act 2015 came into force on October 1, 2015. Significant changes introduced by the UK's Consumer Rights Act 2015 include a wide definition of "consumer" to include individuals acting for purposes which are 'wholly or mainly' outside of that individual's trade, business, craft or profession. The UK's Consumer Rights Act 2015 also introduces new rights and remedies for digital content, broadly aligning its treatment to that of physical goods. Any failure to comply with the UK's Consumer Rights Act 2015 may lead to redress measures, including compensation being paid to customers or certain debts being written off where the terms of such debts were potentially unfair in nature.

Consumer complaints

The FOS acts as an independent adjudicator of the consumer complaints made to them relating to activities and transactions under its jurisdiction. The FOS makes a determination based on what would be fair and reasonable in all circumstances of the case and good practice rather than strictly on the basis of compliance with the law. Complaints properly brought before the FOS for determination must be decided on a case-by-case basis, with reference to the particular facts of any individual case. Certain claims brought before the FOS attract a fee, which is paid by the business subject to the complaint, regardless of whether it successfully defends the claim. A determination by the FOS is binding on the business, but not on the consumer. As the FOS is required to make decisions on the basis of, among other things, the principles of fairness, and may order a money award to a complaining borrower, it is not possible to predict how any future determination of the FOS would affect the value of our debt portfolios. The filing of complaints against us with the FOS and the imposition of redress payments by the FOS, or any other regulatory authority, could harm our reputation, which in turn could impact our ability to secure continued or future business, which may have a material adverse effect on our financial condition, financial returns or results of operations.

Ireland and the Irish Credit Servicing Act 2015

Our operations in Ireland are subject to the Consumer Protection (Regulation of Credit Servicing Firms) Act 2015 (the "Irish Credit Servicing Act 2015") which was enacted on July 8, 2015 with the intention of regulating credit servicing firms in Ireland to ensure regulatory protection for consumers following loan portfolio sales. The Irish Credit Servicing Act 2015 seeks to address historical concerns in the Irish market regarding the loss of regulatory protections for borrowers when loan portfolios are sold to or serviced by an unregulated entity. This legislation will require unregulated credit servicing entities to be regulated by the Central Bank of Ireland and adopt regulatory consumer protection codes into their practices, policies and procedures. Our subsidiary entities in Ireland are subject to the Irish Credit Servicing Act 2015 and from July 8, 2015 a three month period to apply to the Central Bank of Ireland applied in order for current unregulated credit servicing firms to become regulated. Cabot Financial (Ireland) Limited, acting as credit servicing firm for Cabot Asset Purchases (Ireland) Limited, applied for authorization with the Central Bank of Ireland on October 2, 2015 and is already contractually obligated to ensure compliance with the relevant consumer protection codes through its debt sale and collection agreements. A failure to obtain such an authorization from the Central Bank of Ireland would mean that we would not be able to service any debts acquired by our Irish operations and would be required to outsource such collections to another regulated entity in Ireland. This would have a significant detrimental impact on our business as we would have to incur additional costs in engaging third party services and our investment in our Irish operations could be impaired.

Debt Pre-Action Protocol

During September 2014, the Civil Procedure Rules Committee ("CPRC"), a subcommittee to the MOJ, issued a consultation on proposals to introduce a designated pre-action protocol for claims submitted to court for the recovery of a debt that would, if adopted in its current proposed form, require all debt collection entities to make significant changes to their court and litigation processes and would cause a significant amount of information, if requested, to be disclosed to customers, including copies of credit agreements. In some cases, vendors which we contract with may not be able to provide this information, and as we, do not currently maintain such documentation, the protocol may limit our ability to commence court proceedings to recover a debt. Certain other proposals could significantly increase costs and time in order to bring a claim to court. We, together with key industry representatives and trade bodies who are all affected by the proposals, have issued a response to the consultation. We expect that, if the MOJ believes that a requirement to have a dedicated pre-action protocol for claims to recover debt remains, the updated pre-action protocol will be issued in or after the first calendar quarter of 2016.

Changes to the regulatory environment in the United Kingdom or Ireland or an increasing volume of legislation may materially and adversely affect our industry and impede our business.

Changes in laws and regulations applicable to our operations, or the manner in which they are interpreted or applied, could limit our activities in the future or could significantly increase the cost of regulatory compliance. These negative effects could result from changes in collection laws and guidance, laws related to credit reporting, consumer bankruptcy laws, laws related to the management and enforcement of consumer debt, court and enforcement procedures, the statute of limitation for debts, accounting standards, taxation requirements, employment laws, communications laws, data privacy and protection laws, anti-bribery and corruption laws and anti-money laundering laws, or changes to court application fees, among others.

The volume of legislation that is applicable to the consumer credit industry in the United Kingdom has increased over the last few years. In addition to the CCA, RAO, FCA Handbook, Consumer Rights Act 2015 and other laws and regulations specifically mentioned elsewhere in this offering memorandum, there are a significant number of other legal requirements that apply to us. The legal requirements to which we are already subject, or with which we voluntarily comply, may change, and we may become subject to new legislation. There may in the future be new laws related to credit reporting, consumer bankruptcy, the management and enforcement of consumer debt, court and enforcement procedures, the statute of limitation for debts, accounting standards, taxation requirements, employment and communications and data privacy and protection, anti-bribery and corruption and anti-money laundering, or changes to court application fees, among others, and such laws could subject us to additional liabilities and result in an adverse effect on our results of operations and financial condition. Furthermore, we must comply with court rules and regulations in the United Kingdom, such as application fees imposed during proceedings to litigate an account. Should any such application fees or other fees be increased, it could have a material adverse effect on our financial condition, financial returns or results of operations.

From July to September 2015, the MOJ conducted a consultation on a proposal to increase court fees relating to enforcement actions. If the proposal is adopted and implemented, court fees relating to enforcement actions may increase by 10%. Any increase in such enforcement fees may have an adverse affect on our results of operation. The MOJ consultation is ongoing and the proposed timescale for the implementation of the MOJ's proposals was not revealed in the consultation.

The legislative and regulatory environment is also challenging for vendors of consumer credit. Regulators are increasingly requiring lenders and debt collectors to exercise “forbearance” in relation to consumer debt, accept low repayment offers, and refrain from placing customers under undue pressure in relation to the repayment of debt. To the extent that new laws or regulations reduce the profitability of issuing credit and result in lower consumer credit issuance volume, we could see a reduced supply of debt portfolios for sale, which could, among other things, lead to increased prices and lower returns on our investments.

If any of the above legislative proposals are implemented and become law, our ability to conduct our debt purchase and collections business could be impaired, and it could have a material adverse effect on our financial condition, financial returns or results of operations.

We may experience security and privacy breaches of the systems we use to protect personal data.

Our databases contain personal data of our customers, such as name and account number, location information relating to the address and telephone numbers for the customer and account-specific information such as the date of loan origination, issuance of the card or debt default, write-off date and write-off balance for the account. These databases are vulnerable to damage, including telecommunications and network failures, natural disasters and human acts both by individuals external to our business, as well as our employees, including fraud, identity theft and other misuse of personal data. Despite the security measures we have implemented, our systems may be subject to physical or electronic break-ins, cyber attacks, computer viruses and similar disruptive problems. Our data security procedures may not effectively counter evolving security risks, address the security and privacy concerns of existing or potential vendors or be compliant with laws and regulations in all respects. Any security or privacy breach of these databases could expose us to liability, including regulatory fines or penalties, increase our expenses relating to the resolution of these breaches and the mitigation of their impact on affected individuals, harm our reputation and deter vendors from selling debt to us, which could have a material and adverse effect on our financial condition, financial returns and results of operations.

We may be unable to successfully integrate operations and realize the anticipated benefits of the DLC Acquisition.

The DLC Acquisition involves the integration of two companies that have previously operated independently. The difficulties of combining the companies’ operations include:

- the necessity of coordinating geographically separated organizations and facilities;

- rationalizing each company’s internal systems and processes, including accounting policies, which are different from each other; and

- integrating personnel from different company cultures.

The process of integrating operations may be more expensive and time-consuming than expected and could cause an interruption of, or loss of momentum in, the activities of one or more of our businesses and the loss of key personnel. The diversion of management’s attention and any delays or difficulties encountered in connection with the acquisition and the integration of the two companies’ operations could result in the disruption of our ongoing businesses or inconsistencies in the standards, controls, level of customer care, procedures and policies of the two companies that could negatively affect our ability to maintain relationships with customers, vendors, employees and others with whom we have business dealings. For example, as part of the DLC integration, we are planning to consolidate the Apex and DLC operations in DLC’s Brackley office and to close the Apex Stratford office. We expect costs associated with this consolidation to be approximately £4.3 million.

We expect to realize synergies by creating efficiencies in operations, capital expenditures and other areas. We also expect to realize other benefits by integrating the operations of the Cabot Group and the DLC Group. Our ability to realize these benefits will be limited by, among other things, legal, regulatory and contractual restrictions. These synergies and other benefits may not be realized within the time periods contemplated or at all. If we are not able to successfully achieve these synergies and other benefits, the anticipated benefits of the DLC Acquisition may not be realized fully or at all or may take longer to realize than expected. In addition, we may incur unanticipated expenses in order to maintain, improve or sustain the DLC Group’s operations or assets and we may be subject to unanticipated or unknown liabilities relating to the DLC Group and its business. These factors could limit our ability to successfully integrate the business and could make it more difficult for us to realize the anticipated benefits of the DLC Acquisition.

We have incurred, and will continue to incur, significant transaction and acquisition-related costs in connection with the DLC Acquisition.

We have, and will, incur a number of non-recurring transaction fees and other costs associated with completing the DLC Acquisition, combining the operations of the two companies and achieving desired operating synergies. These fees and costs will be substantial. Additional unanticipated costs may be incurred in the integration of the businesses of Cabot Group and DLC Group. Although we expect that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of our businesses, will offset the incremental transaction and acquisition-related costs over time, this net benefit may not be achieved in the near term or at all.

The statistical models and analytical tools we use in our business may prove to be inaccurate and we may not achieve the recoveries anticipated.

We use internally-developed models to project the remaining cash flow generation from our purchased debt. At the time of purchase, however, we may have imperfect information about the precise age of the receivables, the ability of the customer to pay and the cost required to service and collect on such debts. Lack of reliable information can lead to mispricing of purchased debt portfolios, which may have a material and adverse impact on the financial returns from such portfolios. In particular, a portion of our 84-Month ERC and 120-Month ERC relies on our ability to convert non-paying accounts into paying accounts, and our ability to convert such accounts may vary in the future. Furthermore, we may purchase types of debt portfolios with which we have limited experience, which may further impair our ability to price and collect on such debt portfolios. There can be no assurance that we will be able to achieve the recoveries forecasted by the models that we use to calculate ERC and to value our Loan Portfolios or that our models will appropriately identify or assess all material factors and yield correct or accurate forecasts as our historical collection experience may not reflect current or future realities. For example, collection multiples on our Loan Portfolios purchased from 2005 to 2007 and in 2013 did not meet collections expectations, because the pricing model's forecast incorporated historical elements, such as the likelihood, size and type of payment, that were not representative of the factors affecting the portfolio mix at the time of the forecast.

We use a value-based segmentation methodology to segment individual accounts into value segments according to their predicted collectability. During the segmentation process, we use internally developed models that forecast future collections based on our data assets. There can be no assurance that our value-based segmentation methodology will provide us with the intended level of collections performance and pricing accuracy.

Our statistical models and analytical tools assess information provided to us by third parties, such as credit bureaus and other mainstream or public sources, or generated by software products. We have no control over the accuracy of such information received from third parties. If such information is not accurate we could incorrectly price debt portfolios at the time of purchase, determine the amortization value for our purchased debt portfolios inaccurately, adopt the wrong collections strategy and experience lower liquidation rates or higher operating expenses. Overpaying for debt portfolios and lower returns could impair our ability to purchase more debt portfolios or cause us to breach the terms and conditions that govern our indebtedness. Even if we are provided with accurate information that is then effectively assessed by our statistical models and analytical tools, we could reach a point of saturation where a customer lacks the financial ability to pay on all the accounts that we have matched to that customer. In addition, we forecast ERC and certain other key performance indicators over 84- and 120-month periods and the risk of error in our forecasts, such as greater than expected payment defaults by our customers, is increased by the significant length of these time periods. There can be no assurance that any of the current or future debt contained in our portfolio will be collected and if we are not able to achieve these levels of forecasted collections, valuation impairments may be recognized and our amortization, revenue and returns on debt portfolio purchases may be reduced. Any of these events may have a material and adverse effect on our financial condition, financial returns and results of operations.

We operate in markets that are competitive. We may be unable to compete with businesses that offer higher prices than us for the purchase of debt portfolios, and our competitors may develop competitive strengths that we cannot match.

We face competition from new and existing purchasers of debt portfolios. We compete on the basis of bid prices, the terms we offer, reputation, industry experience and performance. Our current competitors, such as Arrow Global Limited and Lowell Group Limited, and any new competitors may have substantially greater financial, technical, personnel or other resources. For example, Lowell Group Limited was recently acquired by a private equity investor and combined with GFKL Financial Services Aktiengesellschaft, a leading debt purchaser and debt collector in Germany. In addition, large and established foreign debt purchasers, such as Hoist GmbH from Germany and Portfolio Recovery Associates, Inc. from the United States, among others, have recently become active in the UK debt purchase market and compete for the acquisition of debt portfolios in the United Kingdom, and Portfolio Recovery Associates, Inc. announced that it will expand its presence in Europe through the acquisition of Norway-based debt buyer Aktiv Kapital. In the future, we may not have the resources or ability to compete successfully with any of our UK or foreign competitors. For example, for a period of four months in 2009 we were unable to complete any debt purchases during the renegotiation of our senior credit facilities existing at the time. Our aggregate debt purchases decreased substantially, from £67 million in 2008 to £18 million in 2009. The lack of access to funding for new debt portfolio purchases during those months prohibited us from competing in the open market for the purchase of debt portfolios, and significantly affected our financial results and portfolio Backbook accumulation in 2009 and 2010.

Although we have an established DCA business, we predominantly focus on the purchase of debt portfolios. Some of our competitors, however, have more significant DCA businesses, in addition to operations involving the purchase of debt portfolios. There can be no assurance that we will be able to offer competitive bids for debt portfolios or that we will be able to maintain the advantages in tracing technology (as others will have the opportunity to work with the data suppliers to create their own versions of our trace process negating our "early adopter" advantage). This would erode our advantages in customer profile development or the low servicing costs that we believe that we currently possess. Further, there can be no assurance that the industry will not shift away from a debt purchase model of collecting distressed debt. If we are unable to develop and expand our business or adapt to changing market needs as well as our current or future competitors are able to do, or at all, or if our competitors are able to operate at a lower cost of capital or make advances in their pricing or collections methods that we are not able to make, we may be unable to purchase debt portfolios at prices we deem appropriate in order to operate profitably.

Additionally, average portfolio purchase prices are expected to increase over the coming years due to: (i) improvements in collection efficiencies; (ii) sustained competition for the purchase of portfolios; and (iii) greater proportions of the portfolios sold containing fresher debt, with a higher proportion of paying accounts. In addition, the UK debt purchase market has recently experienced significant capital inflows. Such competition may lead to an increase in the purchase price demanded by debt originators for their debt portfolios, which we may not be willing or able to offer.

Furthermore, our proprietary valuation models, as described further in this offering memorandum under the heading "Business," are not protected by registered patents or copyright and there can be no assurance that our approach and methodologies will not be replicated by a competitor.

Any inability to compete effectively may have a material and adverse effect on our financial condition, financial returns and results of operations.

There may not be a sufficient supply of debt, or appropriately priced debt, available for purchase.

The availability of debt portfolios for purchase at prices that generate profits depends on a number of factors, some of which are outside of our control, including:

- the level of consumer spending;
- the availability of credit to consumers, which is driven by a number of factors, including heightened regulation of the credit card and consumer lending industry, changing credit origination strategies, tighter lending criteria introduced by consumer credit providers and general economic conditions;
- the level of non-performance on consumer debt portfolios and the proportion of such debt portfolios that are written off by vendors, which also in turn may affect the availability of credit to consumers identified above;
- sales of debt portfolios by vendors, which could be jeopardized by a change in accounting policies or practices, the consolidation of credit card issuers, increased reliance on DCAs or increased sophistication in internal collection efforts;
- potential concerns that the small value received for defaulted debt portfolios as a percentage of their face value may not outweigh the potential reputational risks or required management attention associated with selling defaulted debt portfolios;
- negative publicity or a loss of trust in our industry, whether due to the failure of one or more of our competitors to meet their legal or regulatory obligations or otherwise;
- restrictions that vendors may impose on the scale and nature of recovery activity that a purchaser may use on accounts sold by it, including as a result of the vendor having been sanctioned by a regulator;
- increased government regulation of the circumstances in which vendors, especially FCA-regulated entities, have a right to collect on debt; and
- the macro-economic policies of the European Union and the United Kingdom.

Vendors may develop technological tools that could override the advantages we believe we currently possess in terms of our specific expertise in segmentation and customer profile development. If vendors choose to perform more of their debt collections internally as a result of these data quality improvements, the volume of debt portfolio sales or the quality of underlying debt sold could decrease and, consequently we may not be able to buy the type and quantity of receivables at prices consistent with our historical return targets. In addition, there could be a reduction in the availability of debt portfolios sold early in the credit lifecycle and that have had little or no exposure to collections activity. This "fresh" debt typically has higher collection expectations, because less work has been applied to the assets to obtain customer payments. As a result, vendors may choose to attempt to collect more of this debt themselves, which may decrease the amount or quality of debt portfolios available for purchase.

In 2009, the UK market for defaulted consumer debt sales decreased significantly, to approximately £3.9 billion from £8.7 billion in 2008. The decline in the market was primarily due to restrictions on the availability of funding for debt purchases and the general contraction of credit during the ensuing recession, lower collections of payments from debt portfolios and lower volumes of debt portfolios being offered by vendors as a result of decreased demand and lower spot prices. In addition, vendors altered their debt management practices, in response to lower prices, by warehousing their fresh and semi-performing debt portfolios in anticipation of better prices and directing the collection of such debt portfolios to DCAs, while offering older debt to the debt purchase market. The UK market has not yet returned to pre-2009 levels of non-secondary debt purchases and there can be no assurance that the market will reach those levels in the future.

If a vendor becomes subject to increased regulation, it may impose more restrictive terms and conditions on its sale of debt portfolios. For example, we increasingly have to agree to seek consent from vendors to conduct litigation and are required to review customer accounts on a more frequent basis and therefore in a less cost- efficient manner. Additional requirements which are becoming more common include compulsory sell back of accounts to vendors where certain customer characteristics, such as vulnerability, are present. As a result, the cost to collect on such accounts would increase.

If we are unable to purchase debt portfolios from vendors of appropriate quality and at appropriate prices, or if one or more vendors stop or decrease their sales of debt portfolios, or are required to place onerous conditions on the purchasers of their debt portfolios, due to one of the factors listed above or any other factors, we could lose a potential source of income and/or our costs could increase, which may have a material and adverse effect on our financial condition, financial returns and results of operations.

As a result we may also experience difficulties covering our operating expenses and may, as a consequence, have to reduce the number of our collection personnel or take other measures to reduce costs. These developments could lead to disruptions in our operations, loss of efficiency, decreased employee morale, fewer experienced employees and excess costs associated with unused space in our facilities and, as a result, a further loss of clients. Any of these developments could have a material adverse effect on our business, results of operations or financial condition.

We rely on key relationships to conduct our business and a large portion of our debt portfolio purchases may at any time be concentrated with a small number of vendors from a similar industry and a loss of any of our principal vendors could materially and adversely affect our business.

We rely on key relationships with vendors, among others, to conduct our business and a significant percentage of our debt portfolio purchases may be concentrated with a few large vendors. For the three years ended December 31, 2014, we (including the Marlin Group and the DLC Group) purchased 58% of our combined debt portfolios (measured by purchase price) from our top five vendors, who accounted for 34%, 10%, 6%, 4% and 4% of the combined total amount paid for debt portfolios during that period. A significant decrease in the volume of purchases available from any of our principal vendors on terms acceptable to us would force us to seek alternative sources of debt to purchase. Moreover, most of our strategic vendors are active in the financial services industry. A significant decrease in the volume of debt available for purchase from any of our principal vendors in this sector or the financial services sector more generally on acceptable terms would force us to seek alternative sources of revenue. We cannot be certain that any of our strategic vendors will continue to sell debt to us on desirable terms or in acceptable quantities or that we could replace such purchases with purchases from other vendors. A vendor's decision to sell debt to us is based on various factors, including the price and terms offered, the quality of our reputation and our compliance history. We may be unable to find alternative sources from which to purchase debt, and even if we could successfully replace such purchases, the search could take time or the debt could be of lower quality or higher cost. Furthermore, because reputation is paramount in the debt collection industry, the loss of a key relationship with a vendor could jeopardize our existing relationships with other vendors or our ability to establish relationships with new vendors.

We also rely on our relationships with members of our panel of third party service providers, including law firms, data providers, outside debt collection agencies, tracing service providers and other servicers. If we lose access to the type of data we rely on during our pricing and underwriting process, and are not able to obtain similar quality data from another source, it could have a significant impact on our ability to accurately price and recover on our purchased debt portfolios. Furthermore, these parties may not be bound by our industry standards and practices. These third parties could commit fraud with respect to the customer accounts that we place with them or fail to comply with applicable laws and regulations such as data protection requirements. To the extent that these third parties violate laws, other regulatory requirements or their contractual obligations to us, or act inappropriately in the conduct of their business, our business and reputations could be negatively affected and we could become subject to liability or fines. See "—Any failure to comply with applicable legislation or regulation of the debt purchase and collections sector and the broader consumer credit industry could result in the suspension, termination or impairment of our ability to conduct business."

Though we recently acquired and are integrating Mortimer Clarke Solicitors, we still outsource a material portion of our litigation activity on accounts in our debt portfolios to third-party law firms and other external agents. Any failure by these third parties to adequately perform such litigation services for us could materially reduce our cash flow, income and profitability or affect our reputation. Law firms that we instruct may also act for our competitors and so it is important that we require them to adhere to their obligations of confidentiality to us. We may suffer a commercial disadvantage if our strategies or use of data were disclosed to a competitor.

Any deterioration in or loss of any key relationships may have a material and adverse effect on our financial condition, financial returns and results of operations.

Our need to adapt to customers' changing financial circumstances may result in increased servicing costs, reduced cash flow or imprecise modeling.

The financial circumstances of our customers are impacted by both macroeconomic and personal factors. Certain government actions, including various austerity measures taken in response to the ongoing financial crisis in the United Kingdom and Europe in general have included cuts in public benefits, tax benefits and public sector employment. Each of these factors could negatively affect our customers by reducing disposable income levels or otherwise impairing their ability to service debt obligations. Rising interest rates could impair the financial viability of customers who have variable interest rate home mortgages or other significant debt that bears floating rate interest.

As required by both UK debt collection regulations and corporate policies, we proactively work with customers who experience a reduced ability to pay their debts to try to reach an appropriate payment plan through means such as reduced average monthly payments. Even if we are able to develop payment plans for certain customers, such measures may prove unsuccessful. A negative change in the financial circumstances of our customers after we have acquired their accounts could lead to reduced collections or increased servicing costs for our debt collections business, which could reduce our debt portfolio returns. These reduced collections would negatively impact our 84-Month ERC and our 120-Month ERC. Furthermore, a reduction in monthly payments would reduce our cash generation and returns on capital. Our modeling for future collections may also be rendered less reliable if we are unable to accurately predict the quantity and identity of customers who may reduce their debt payments or the amounts of such reductions.

Further, in respect to a customer, we could reach a point of saturation where due to the number of accounts that we have matched to such customer, such customer may lack the financial means to pay on all the accounts that we own with respect to him or her. Even if our efforts were to prove successful in avoiding some defaults, however, total collections may still decline or the timing of receipt of payments lengthen, any of which would impair our financial performance. As a result, the continuation of difficult economic conditions or the deterioration of the general economic environment could materially and adversely affect our financial condition, financial returns and results of operations.

It can take several years to realize cash returns on our investments in debt portfolios, during which time we are exposed to a number of risks in our business.

It may take several years for us to recoup the original purchase price of our investment in debt portfolios before taking into consideration our direct and indirect operating costs, financing costs, taxes and other factors. We typically measure our investments based on a projected return over ten or more years. During this period, changes may occur in the economy, the regulatory environment, our business or our industry, any of which could lead to a reduction in our ERC, a significant reduction of which could cause us to record an impairment of our purchased debt portfolios. Given the multi-year payback period on substantially all our debt portfolios, we are exposed to the risk of any such changes for a significant period of time. If any such risks were to materialize, it may have a material and adverse effect on our financial condition, financial returns and results of operations.

We are highly dependent on our data gathering systems, the functioning of our IT systems and proprietary customer profiles, and if we were to lose access to such data or if they were to become public, our business could be materially and adversely affected.

Our core models and customer databases provide information that is critical to our business. We rely on data provided to us by multiple credit reference agencies, our servicing partners and other sources in order to operate our systems, develop our proprietary customer profiles and run our business generally. If these credit reference agencies were to terminate their agreements with us or stop providing us with data for any reason, for example, due to a change in governmental regulation, or if they were to considerably raise the price of their services, our business could be materially and adversely affected. Also, if any of the proprietary information or data that we use became public, for example, due to a change in government regulations, or if the United Kingdom were to introduce measures that have the effect of facilitating the tracing of consumers, we could lose a significant competitive advantage and our business could be negatively impacted. Furthermore, private or public sources of our data could make claims that the way in which we collect or use information and data violates terms and conditions applicable to such use, and whether or not such claims have any merit, our reputation could be harmed and our ability to continue to use such information and data in the manner in which it is currently used could be impaired.

If our competitors are able to develop or procure similar systems or methods to develop data, if we become unable to continue to acquire or use such information and data in the manner in which it is currently acquired and used, or if we were prohibited from accessing or aggregating the data in these systems or profiles for any reason, we may lose a significant competitive advantage and our business could be materially and adversely affected.

In addition, for certain systems, technologies and programs, we rely on specialist IT and software providers. Some of these providers are small companies and their long-term financial viability cannot be assured. We cannot assure you that we will be able to find and retain alternative providers if our current or future providers become financially unstable in the future or are no longer able to service our needs. In addition, to the extent any of our systems, technologies or programs do not function properly, including, in particular, our business analytics software, and we cannot find and retain suitable IT and software providers to help remedy the fault, we may be required to make substantial additional investments, or we may not be able to remedy such faults at all. For example, when we standardized the IT platform across the historic Apex and Cabot systems following the Apex Acquisition, there was a period of time during which our systems were not operating at optimal levels, such that, for example, customer letters were not going out on time and our dialing system was not automatically dialing new customers, which adversely affected our collection rates.

Further, as some of the systems, technologies and programs that we use have been developed internally, we cannot be certain that our level of development documentation is comparable to that of third-party software packages and we may have certain employees that possess important, undocumented knowledge of our systems. If any such employee no longer worked for us, our ability to maintain, repair or modify our data analytics systems and platforms may be limited.

The loss of any of our data, access to data or data advantage may have a material and adverse effect on our financial condition, financial returns and results of operations.

Our confidentiality agreements may be breached, or we may fail to protect our proprietary processes, systems or trade names.

We rely upon unpatented proprietary know-how and continuing technological innovation and other trade secrets to develop and maintain our competitive position. Certain of our employees possess valuable trade secrets about our models, customer databases and our business processes, and the risk of disclosure of such proprietary know-how could be heightened if any such employee ceases to work for us. While it is our policy to enter into confidentiality agreements with our employees and third parties to protect our proprietary know-how, there can be no assurance that:

- our confidentiality agreements will not be breached or will be of sufficient duration;
- such agreements will provide meaningful protection for our trade secrets or proprietary know-how; or
- adequate remedies will be available in the event of an unauthorized use or disclosure of these trade secrets and know-how.

In addition, there can be no assurances that others will not obtain knowledge of these trade secrets through independent development or other access by legal means.

We may initiate lawsuits to enforce our confidentiality agreements and the ownership of our intellectual property. Initiating litigation relating to intellectual property rights is costly and may divert technical and management personnel from their day-to-day responsibilities. In many cases it may not be possible to initiate a lawsuit prior to the disclosure of our trade secrets or proprietary know-how, at which point the damage to our competitive position may be severe or irreparable. Furthermore, we may not prevail in any such litigation or proceeding. A determination in a proceeding that results in a finding of non-infringement or non-violation by others to our intellectual property or confidential agreements may result in the use by competitors of our technologies or processes, which may have a material and adverse effect on our financial condition, financial returns and results of operations.

Our rights to the Cabot Financial trade name are also not registered with any intellectual property register. As a result, if any other party seeks to use the Cabot Financial name, we will be unable to enforce our right to the name, which could have adverse reputational or other effects on our business and operations.

Our rapid growth may strain our resources, affect our ability to maintain our levels of collections or affect our ability to implement effective portfolio pricing standards, which could materially and adversely affect our business.

We have experienced significant growth in our business since 2009. Our combined 84-Month ERC has grown to £1.54 billion as at June 30, 2015 from £0.73 billion as at December 31, 2012 (and our combined 120-Month ERC has grown to £1.92 billion as at June 30, 2015 from £0.91 billion as at December 31, 2012), due both to our continued investment in debt portfolios as well as the Marlin Acquisition and the DLC Acquisition. We have also expanded our operations to Ireland and, since January 2014, we also have operational call centers in India pursuant to an outsourcing arrangement with a subsidiary of Encore. On October 23, 2015, we also expanded into Spain with our consummation of the Spanish Acquisition.

We expect that this growth in our business, and the integration of the DLC Group following the DLC Acquisition including, among other things, aligning the accounting policies and systems of the DLC Group with our own, may place a strain on our resources. See "—We may be unable to successfully integrate operations and realize the full anticipated benefits of the DLC Acquisition."

Any future growth of our business may also strain our resources in our portfolio pricing, finance and accounting departments, as well as require the expansion of our procedures for monitoring internal accounting functions and continued compliance with regulatory requirements and our reporting obligations. Any resulting growth of our employee base may also increase our need for internal audit, training and monitoring processes that are more extensive and broader in scope than those that we have historically required.

We may experience losses on portfolios consisting of new types of debt due to our lack of vendor relationships in new sectors, relevant data or collection experience with these types of debt, which could harm our business, financial condition and operating results.

Historically we have purchased the majority of our debt portfolios from vendors in the financial services industry. We intend to expand the classes of assets that make up the debt portfolios we acquire to include, for example, debt originated by telecommunications, home retail credit or utility companies and government sectors. Therefore, we may acquire debt portfolios consisting of assets with which we have little or no collection experience. Our lack of experience with these assets and the lack of relevant data relating to these types of assets may hinder our ability to adequately price debt portfolios containing new types of assets and generate the expected levels of profits from these debt portfolios. We may also be forced to purchase debt portfolios at prices or on terms otherwise not attractive to us in order to establish relationships with important vendors for new types of debt portfolios. Further, our existing methods of collections may prove ineffective for these new types of debt, and we may not be able to collect on these portfolios. Our inexperience with these types of debt may have an adverse effect on our business, financial condition and operating results.

Our plans for international expansion could expose us to additional economic, regulatory and other risks and may require substantial investments.

We currently operate primarily in the United Kingdom and Ireland (and, with our recent Spanish Acquisition, in Spain), but may in the future continue to expand internationally. Any such international expansion could expose us to a range of risks that we cannot influence and that could adversely and materially affect our business activities in these countries. These factors include, but are not limited to:

- regulatory requirements and other laws and regulations that may be different from or more stringent than the requirements in the markets in which we currently operate;
- a lack or relevant data and our inexperience with valuing debt portfolios in these new markets;
- difficulties in hiring, staffing and managing qualified and proficient local employees and advisors;
- fluctuations in foreign economies and currency exchange rates;
- social, political and economic instability or recessions;
- difficulties in managing multiple sites in different locations;

- difficulties in implementing and maintaining effective internal controls and risk management and compliance initiatives or risks associated with activities undertaken at businesses prior to their acquisition by us;

- differing labor regulations and business practices;

- inadequate infrastructure; and

- foreign tax consequences.

Any international expansion may require substantial investments in, among other things, IT systems, facilities and personnel and there can be no assurance that these investments will be successful. All of the above could have a material and adverse effect on our business, financial condition and operating results.

Our operations could suffer from telecommunications or technology interruptions.

We rely on sophisticated telecommunications and computer equipment, software and other systems to conduct our day-to-day operations, including services provided by various internet service providers and local and long distance telephone companies. We use these systems to identify large numbers of customers, store personal data of our customers, analyze and segment accounts and monitor the results of collection efforts. Our success depends in large part on our ability to record and process significant amounts of data quickly and accurately to access, maintain and expand the databases we use for pricing and collection activities.

In addition, our operations are dependent on the systems of the banking sector as a whole. For example, as a result of technical problems with the RBS and NatWest payment systems for four days in June 2012, payments did not show accurately in the accounts of their customers, so we were unable to proceed with collections in relation to customers affected by this until the issue had been resolved. These and other systems could be interrupted by terrorist acts, natural disasters, power losses, computer viruses or similar events. Any failure of our systems or the systems of the banking and other sectors that are integral to our business, especially if it also impacts our backup or disaster recovery systems or ability to proceed with collections, would disrupt our operations and materially and adversely affect our business. Any resulting temporary or permanent loss of our ability to use our telecommunications or computer equipment and software systems at any of our main call centers could disrupt our operations and materially and adversely affect our financial condition, financial returns or our results of operations.

Further, our business depends heavily on services provided by various internet service providers and local and long distance telephone companies. Our ability to use telecommunications systems to contact debtors is governed by data protection, telecommunications and privacy requirements and regulatory rules and guidance issued by OFCOM. These may change and may make using, accessing, transferring or storing customer documentation more onerous in the future. If our equipment or systems cease to work or it becomes difficult to continue to use them in the same manner as we do today as a result of any regulatory development, if there is any change in the telecommunications market that would affect our ability to obtain favorable rates on communication services or if there is any significant interruption in internet or telephone services, we may be prevented from providing services and we may not be able to collect on our purchased debt portfolios. Because we generally recognize revenue and generate operating cash flow primarily through collections, any failure or interruption of services and collections would mean that we would continue to incur payroll and other expenses without any corresponding income.

Any interruption in our ability to use the telecommunications and technology systems on which our business relies may have a material and adverse effect on our financial condition, financial returns and results of operations.

We may be unable to successfully anticipate, manage or adopt technological advances within our industry, which would result in increased technology costs.

Computer technology is evolving rapidly and is characterized by short product lifecycles. We may not be successful in anticipating, managing or adopting technological changes on a timely basis, which could reduce our profitability or disrupt our operations and harm our business. While we believe that our existing information systems are sufficient to meet our current demands and continued expansion, our future growth may require additional investment in these systems. The cost of these improvements could be higher than anticipated or result in management not being able to devote sufficient attention to other areas of our business. We depend on having the capital resources necessary to invest in new technologies to acquire and service our debt portfolios. We cannot assure you that adequate capital resources will be available to us when we need to make such investments. Furthermore, if we become unable to continue to acquire, aggregate or use such information and data in the manner or to the extent in which it is currently acquired, aggregated and used, due to lack of resources, regulatory restrictions or any other reason, we may lose significant competitive advantage. Increased technology costs may have a material and adverse effect on our financial condition, financial returns and results of operations.

Our purchasing patterns and the seasonality of our business may lead to volatility in our cash flow.

Our business depends on the ability to purchase and collect on our debt portfolios. Collections within portfolios tend to be seasonally higher in the second and third quarters of the year, due to customers generally having lower expenses during these months, for example, because of lower heating costs. Conversely, collections within debt portfolios tend to be lower in months where there are fewer working days, for example, during months with public holidays. We have also at times in the past had to close our offices due to inclement weather during the winter months, as occurred with the closing of our Kent call center for three days due to a snowstorm in the winter of 2010, leaving us unable to contact customers on those days.

Furthermore, our debt portfolio purchases are likely to be uneven during the year due to fluctuating supply and demand within the market. Accordingly, there may be times when a number of portfolios, or particularly large portfolios, are available for purchase at similar times which may prevent us, due to restrictions in our funding ability, from pursuing all of the then available debt purchase opportunities. As a result, we may fail to maintain our market share. This inconsistency in the availability of portfolios for purchase may mean that during certain financial reporting periods we may make few or no debt purchases. This could adversely affect our reported results. Operating expenses are higher following months when more debt portfolios are purchased. The combination of uneven purchases and seasonal collections and costs may result in low cash flow at a time when attractive debt portfolios become available. A lack of cash flow could prevent us from purchasing otherwise desirable debt portfolios or prevent us from meeting our obligations under any forward flow agreements we may enter into, which in turn may have a material and adverse effect on our financial condition, financial returns and results of operations.

Negative attention and news regarding the debt collection industry and individual debt collectors may have a negative impact on a debtor's willingness to pay the debt owed to us.

The following factors, among others, may cause consumers to be more reluctant to pay their debts in full or at all, or more willing to pursue legal actions against us:

- print, online and television media, from time to time, may publish stories about the debt collection or debt purchasing industry that may cite specific examples of real or perceived abusive collection practices;

- the internet has websites where consumers list their concerns about the activities of debt collectors and seek guidance from other website posters on how to handle the situation. These websites provide consumers with legal forms and other strategies to protest collection efforts and to try to avoid their obligations. To the extent that these forms and strategies facilitate the defense of claims by customers, our servicing costs may increase; and

- consumer blog sites and claims management companies can add to the negative attention given to our industry. Certain of these organizations may also enable consumers to negotiate a larger discount on their payments than we would otherwise agree to

For example, UK television station Channel 4 broadcast a program in 2009 purporting to expose unethical debt collection tactics being undertaken in the United Kingdom, and which depicted the Marlin Group's collections practices in an unfavorable way. These stories are also published on websites, blogs and tweets, which can lead to the rapid dissemination of negative publicity and increase the exposure to negative publicity about us or our industry.

Negative publicity could also result from us being named in published industry complaint data sites, receiving negative attention due to internal disputes, failing to prevent potential unlawful behavior of our employees and engaging in disputes with former employees or being subject to negative publicity relating to any of our clients or any former employers of our key executives. Negative publicity relating to any of the third parties we engage violating legal or other regulatory requirements could also result in negative publicity or reputational damage to us.

Furthermore, the US Consumer Finance Protection Bureau ("CFPB") is currently examining the collection practices of participants in the US consumer debt buying industry. On September 9, 2015, our controlling shareholder, Encore, similar to a number of US industry participants, entered into a consent order with the CFPB in which it settled allegations arising from its debt collection practices. Under the consent order Encore is, among other things, obliged to pay redress to certain consumer groups and pay a $10.0 million civil monetary penalty. Encore expects to take a one-time, after-tax charge of $43.0 million in the third quarter of 2015, which Encore believes will encompass all related impacts of the consent order. The CFPB publishes its settlements on its website and otherwise publishes reports of its activity, which may attract media attention.

Any such negative publicity could jeopardize our existing vendor relationships or our ability to establish new relationships with other vendors. In addition, negative publicity could cause debtors to be more reluctant to pay their debts or to pursue legal action against us regardless of whether those actions are warranted. These actions could impact the ability to collect on the debt portfolios that we purchase and may have a material and adverse effect on our financial condition, financial returns and results of operations.

We are subject to ongoing risks of litigation, investigations, and proceedings.

We may become subject to claims and a number of judicial and administrative proceedings, including consumer credit disputes with debtors, labor disputes, contract disputes, intellectual property disputes, government audits and proceedings, tax audits and disputes and client disputes. In some proceedings, the claimant may seek damages as well as other remedies, which, if granted, would require expenditures on our part and we may ultimately incur costs relating to these proceedings that exceed our present or future financial accruals or insurance coverage. Even if we or our directors, officers and employees (as the case may be) are not ultimately found to be liable, defending claims or lawsuits could be expensive and time consuming, divert management resources, damage our reputation and attract regulatory inquiries. Any of these developments could have a material adverse effect on our business, results of operations or financial condition.

In recent years, there has been a substantial increase in consumer claims being brought through the courts and before the FOS in attempts to claim refunds of sums paid under consumer credit agreements or to avoid making payments going forward. This litigation has been fueled by a substantial rise in the number and activity of claims management companies that aggressively advertise for potential claimants and then bring claims in the hope and expectation that they will be paid a portion of any debt written off. For example, substantial claims volumes have been made in relation to payment protection insurance premiums (which on occasion may be included as part of the debt) and other types of charges added onto credit accounts. As a result of payment protection insurance refund policies, we may experience a reduction in the collectible balances of debt portfolios and an increase in administrative costs related to addressing claims. As at June 30, 2015 the Company had recorded a provision of £1.5 million for refunds in connection with customers who had overpaid. Claims could also be brought in relation to other areas of alleged non-compliance, which could affect a large portfolio of agreements. We may in the future be named as defendants in litigation, including under consumer credit, tax, collections, employment, competition and other laws. Such claims against us, regardless of merit, could subject us to costly litigation and divert our management personnel from their regular responsibilities. Furthermore, if such claims are determined against us, we could be forced to suspend certain collection efforts or pay damages, be subject to enforcement orders or have our registration with a particular regulator revoked. In addition, claims management companies and consumer rights groups could increase their focus on the debt collection industry and, in particular, the collection of debts owed under credit agreements regulated by the CCA or focus on the new consumer credit rules (CONC) issued by the FCA. Such negative publicity or attention could result in increased litigation against us. If any of the foregoing occurs, it may have a material and adverse effect on our financial condition, financial returns and results of operations.

We are subject to audits conducted by sellers of our debt portfolios and creditors who place debt with us for collection on a contingent basis, and we may be required to implement specific changes to our policies and practices as a result of adverse findings by such sellers as a part of this audit process, or certain sellers may remove us from their panels of preferred purchasers, which could limit our ability to purchase debt portfolios from them in the future, which could materially and adversely affect our business.

Our companies are subject to audits that are conducted by sellers of our debt portfolios and creditors who place debt with us for contingent collections. In the United Kingdom, regulations require us to provide our clients with the opportunity to conduct such an audit. Such audits may occur with little or no notice and the assessment criteria used by each seller and creditor varies, based on their own requirements, policies and standards. Although much of the assessment criteria is based on regulatory requirements, we may be asked to comply with additional terms and conditions that are unique to particular debt originators. From time to time, clients may determine that we are not in compliance with certain of their criteria and in such cases, we may be required to dedicate resources and to incur expenses to address such concerns, including the implementation of new policies and procedures. In addition, to the extent that we are unable to satisfy the requirements of a particular client or where our non-compliance is deemed sufficiently significant or systemic, such client may remove us from their panel of preferred purchasers or suppliers, which could limit our ability to purchase debt portfolios from or service the collection of debt for such client in the future, which could materially and adversely affect our business. In certain circumstances audit reports may have to be provided to the regulator, and there is also a risk that any non-compliance identified in those reports may be viewed by the regulator as a breach of our regulatory obligations owed to it.

Our senior management team members and key employees are important to our continued success and the loss of one or more members of our senior management team or one or more of our key employees could materially and adversely affect our business.

The loss of the services of one or more of our key management team members, including our Chief Executive Officer, Chief Financial Officer, Chief Investment Officer, Chief Risk Officer, Operations Director, Commercial Director, IT Director, Chief Legal Officer or any of our other key employees could disrupt our operations. Some of the employment agreements that we have in place contain non-compete provisions that survive termination of employment. However, these agreements do not and will not assure the continued services of our senior management team members and key employees and we cannot ensure that we will be able to enforce such non-compete provisions. Our senior management team members maintain strong relationships with a number of the largest UK vendors. Further, some of our key employees possess important knowledge of our models and other data analytics, technology systems and regulatory compliance. Our success depends on the continued service and performance of our senior management team members and other key employees, and we cannot guarantee that we will be able to retain those individuals. Further, there can be no assurance that we will be able to continue attracting similarly qualified and skilled individuals to join our staff and senior management. The loss of the services of our senior management team members or other key employees could seriously impair our ability to continue to purchase or collect on debt portfolios and to manage and expand our business, or may result in an increase in regulatory exposure and risk, which may have a material and adverse effect on our financial condition, financial returns and results of operations.

We may not be able to hire and retain enough sufficiently trained employees to support our operations.

Our operations are labor intensive and our growth requires that we continually hire and train new collectors. As a result of our growth, we will need to hire and train additional employees in order to maintain our level of collections. We may be unable to recruit and retain a sufficient number of trained employees to support our expanded operations.

In addition, we typically experience relatively high rate of employee turnover in the collections department. In the years ended December 31, 2014 and 2013, for example, our staff turnover was approximately 29% and 24%, respectively. As a result of market conditions, our competitors may attempt to hire certain employees or we may need to adjust collector bonus schemes, either of which could affect our ability to attract and retain collectors. A higher turnover rate among our collectors may increase our recruiting and training costs and limit the number of experienced collection personnel available to service our debt portfolios. A diminished capacity to service our debt portfolios effectively would reduce our ability to operate profitably.

We may be unable to obtain account documents for some of the accounts that we purchase.

When we commence legal action to collect on certain accounts, courts may require a copy of the credit agreement and account statements to be attached to the pleadings in order to award a judgment or enforcement order against a particular customer. If we are unable to produce account documents (which under our different purchase agreements typically remain in the custody of the vendor unless requested by us) and account statements in response to a customer's request, that account could be legally unenforceable until such time when these documents are produced. Furthermore, if any of the account documents we do have were found to be legally unenforceable, courts may deny our claims. Any changes to laws, regulations or rules or vendor approach in relation to customer treatment that affect the manner in which we initiate enforcement proceedings, including rules affecting documentation, could result in increased administration costs or limit the availability of litigation as a collection tool, which could have a material adverse effect on our business and results of operations. Additionally, our ability to collect by means other than legal proceedings may be impacted by laws that require that certain types of account documentation be in our possession prior to the institution of any collection activities, which may have a material and adverse effect on our financial condition, financial returns and results of operations

We may purchase debt portfolios that contain accounts that are not eligible to be collected or we could be the subject of fraud when purchasing debt portfolios.

In the normal course of our debt portfolio purchases and management of any forward flow agreements we may enter into from time to time, some individual accounts may be included in the debt portfolios that fail to conform to the terms of the purchase agreements and we may seek to return these accounts to the vendor for payment or replacement. However, we cannot guarantee that such vendor will be able to meet its obligations to us or that we will identify non-conforming accounts soon enough, or at all, to qualify for recourse to the vendor. Each contract specifies which accounts are eligible for return and which are not, the time period in which they must be notified to the vendor and any minimum threshold value that must be met. Examples of ineligible accounts could include those that have a foreign address, are legally unenforceable have been subject to fraud, have an incorrect balance or those where the customer is serving a prison sentence. Accounts that would be eligible for recourse if discovered in a timely fashion, but that we are unable to return to vendors, are likely to yield no return. We are also unable to enforce on accounts where any underlying debt documentation is legally defective or if the vendor or any previous creditor has failed to provide certain documentation or information required by the CCA in certain prescribed forms. As our business relies on our ability to enforce the contracts underlying our owned customer accounts, a contract found to be invalid could hinder our ability to recover from our account purchases. If we purchase debt portfolios containing too many accounts that do not conform to the terms of the purchase contracts or contain accounts that are otherwise uncollectible, we may be unable to recover a sufficient amount, or anything at all, and such debt portfolio purchase could be unprofitable. In addition, because of fraud by a vendor or by one of our employees, we could purchase so-called "phantom portfolios" that have been sold to more than one person, which has happened to us once in the past due to an administrative error and could happen again in the future. We would not be able to collect on a portfolio to which someone else held legal ownership, or would need to spend time and resources establishing our own legal ownership of the portfolio if such ownership was unclear. The internal controls we have in place to detect such types of fraud may fail. If we are the victim of fraud, we could lose cash or reduce our collections, in either case negatively affecting our financial condition, financial returns and results of operations. Additionally, we may be unable to ascertain whether the vendor has been in compliance in connection with the underlying accounts from the outset. If we are unable to put back an account to the vendor, our ability to recover on the accounts underlying our debt portfolios may be affected. Any of the foregoing may have a material and adverse effect on our financial condition, financial returns and results of operations.

Our collections may decrease if the number of consumers becoming subject to personal insolvency or bankruptcy procedures increases.

We recover on debt portfolios that become subject to insolvency or bankruptcy procedures under applicable laws and we also purchase accounts that are currently subject to insolvency or bankruptcy proceedings. Various economic trends and potential changes to existing legislation may contribute to an increase in the number of consumers subject to personal insolvency or bankruptcy procedures. Under some insolvency or bankruptcy procedures a person's assets may be sold to repay creditors, but because the majority of debt portfolios we service are unsecured, we may not be able to collect on such debt portfolios. The ability to successfully collect on our debt portfolios may decline with an increase in personal insolvency or bankruptcy procedures or a change in insolvency or bankruptcy laws, regulations, practices or procedures. If actual collections with respect to debt portfolios are significantly lower than our projections when we purchased such debt portfolios, our financial condition, financial returns and results of operations may be materially and adversely affected.

We may make further acquisitions or pursue business combinations that prove unsuccessful or strain or divert our resources.

We may seek to grow our business by acquiring or combining with other businesses, as we have with the Apex Acquisition, the Marlin Acquisition and more recently, the DLC Acquisition. Successful growth through future acquisitions is dependent upon our ability to identify suitable acquisition targets, conduct appropriate due diligence, negotiate transactions on favorable terms and ultimately complete such transactions and integrate the acquired business into our group. Continued growth will place additional demands on our resources, and we cannot be sure that we will be able to manage our growth effectively. Moreover, successful completion of an acquisition may depend on consents from third parties, including regulatory authorities and private parties, which are beyond our control. Further, we are subject to the risks associated with write-downs and impairments to goodwill in connection with acquisitions.

If we make acquisitions, there can be no assurance that we will be able to generate expected margins or cash flows, or to realize the anticipated benefits of such acquisitions, including growth or expected synergies. There can be no assurance that our assessments of and assumptions regarding acquisition targets will prove to be correct, and actual developments may differ significantly from our expectations. We may not be able to integrate acquisitions successfully into our business or such integration may require more investment than we expect, and we could incur or assume unknown or unanticipated liabilities or contingencies with respect to customers, employees, suppliers, government authorities or to other parties, which may impact our results of operations. The process of integrating businesses may be disruptive to our operations and may cause an interruption of, or a loss of momentum in, such businesses or a decrease in our results of operations as a result of difficulties or risks, including:

- unforeseen legal, regulatory, contractual and other issues;
- difficulty in standardizing information and other systems;
- difficulty in realizing operating synergies;
- diversion of management's attention from our day-to-day business; and
- failing to maintain the quality of services that we have historically provided.

We currently operate primarily in the United Kingdom and Ireland (and, with our recent Spanish Acquisition, in Spain). If in the future we expand internationally into new jurisdictions through further acquisitions, our business will be subject to applicable laws, regulations and licensing requirements in those new jurisdictions, which may be different or more stringent than in the United Kingdom and Ireland. We will be subject to the risks of inflation, recession, currency and interest rate fluctuations, an inability to enforce remedies, difficulty in adequately establishing, staffing and managing operations, risk of non-compliance and business integrity issues, variations in regulation and governmental policies, including additional fees, costs and licenses and risk of political and social instability.

Moreover, any acquisition may result in the incurrence of additional debt, which may have a material and adverse effect on our financial condition, financial returns and results of operations.

There can be no assurances that we will be able to manage our growth effectively and that our infrastructure, facilities and personnel will be adequate to support our future operations or to effectively adapt to future growth. Any of these developments could have a material adverse effect on our business, results of operations or financial condition.

Forward flow agreements may contractually require us to purchase debt portfolios at a higher price than desired.

We previously entered, and may in the future enter, into forward flow agreements from time to time. A forward flow agreement provides that we enter into a fixed term relationship with a vendor and purchase multiple debt portfolios from such vendor at a fixed price. We currently have four forward flow agreements and 4.0% of the number of Loan Portfolios we purchased in the six months ended June 30, 2015 involved these agreements. If we enter into a forward flow agreement, we may end up paying an amount higher for such debt portfolios than we would otherwise agree at the time of purchase, which could result in reduced returns. In addition, we would likely only be able to terminate such forward flow agreements in certain limited circumstances. In a more competitive environment, we could be faced with a decision to either decrease our purchasing volume or agree to forward flow agreements at increased prices or with fewer contractual protections. For a forward flow agreement to be economically advantageous, we must ensure that the nature of accounts contained any debt portfolios to be purchased under such agreements would remain consistent to those reviewed as part of the due diligence process. We generally contemplate future fluctuations in the value of the debt that we purchase through forward flow agreements, but such fluctuations in value may exceed our expectations. If the quality of debt purchased varies from our pricing assumptions, we may price the contract improperly, which may have a material and adverse effect on our financial condition, financial returns and results of operations.

Certain debt purchase agreements and debt portfolios acquired pursuant to debt purchase agreements may require the consent of our vendors in order for us to institute litigation proceedings against accountholders.

Certain of our debt purchase agreements may restrict the volume of accounts that may be litigated against, and, with respect to certain debt purchase agreements, may require consent from the vendor prior to instituting litigation proceedings against a non-paying accountholder, may restrict our ability to litigate, include enforcement restrictions, restrictions on resale and compulsory resale requirements back to the vendors (when a customer is identified as vulnerable at the point of sale for instance), among others. This may impair our ability to make any recoveries on our non-paying accounts and therefore have a negative impact on our collections, 84-Month ERC and 120-Month ERC.

Fluctuations in currency exchange rates may have a negative impact on our results of operations.

We present our consolidated financial results in pounds sterling, but our Irish and Spanish operations are conducted in euro and any future operations outside the United Kingdom will be conducted in the currency of the relevant jurisdiction. Our business is therefore sensitive to fluctuations in foreign exchange currency rates. The presentation of our results of operation may be affected by the translation of foreign currencies into pounds sterling for the purposes of our consolidated financial statements.

Examinations and challenges by tax authorities, or changes in tax laws or regulations, or the application thereof, could materially and adversely affect our business.

Our tax returns are prepared in accordance with applicable tax legislation and prevailing case law. Certain tax positions we take are based on industry practice, tax advice and drawing similarities from our facts and circumstances to those in case law. These positions may relate to tax compliance, sales and use value-added, permanent establishment, classification of income, treaty relief, withholding tax, franchise, gross receipts, payroll, property and income tax issues, including tax base and apportionment. We cannot be certain that the tax authorities will be in agreement with our view. We are subject to periodic tax audits and any challenges made by tax authorities to our application of tax rules may result in adjustments to the timing or amount of taxable income or deductions. If any such challenges are made and are not resolved in our favor, they could have an adverse effect on our financial condition and result of operations. Additionally, changes in tax laws or rules or the application thereof could increase the amount of tax we must pay, which may have a material and adverse effect on our financial condition, financial returns and results of operations.

Our effective tax rate in a given financial year reflects a variety of factors that may not be present in the succeeding financial year or years. One such factor affecting this effective tax rate is the relevant standard rate of corporation tax assessed against us, which is subject to change. This rate is currently 20%. In addition, changes in fiscal regulations or the interpretation of tax laws by the courts or the tax authorities including those tax laws relating to the utilization of tax loss or credit carry forwards, and changes in our assessment of certain matters, such as the ability to realize deferred tax assets, may also have a material adverse effect on our business. For example, in the UK, value added tax is not currently required to be paid on the collections we make on telecommunications or retail debt, as the sale of such debt triggers a tax exemption. However, a change in the rules of application of value added tax on telecommunications or retail debt, providing that such tax would be payable, could have a material and adverse effect on our business. Any additional tax payments could have a material adverse effect on our margins and results of operations and financial condition.

Certain of our financial information included in this offering memorandum is not directly comparable to other financial information presented therein and needs to be considered carefully.

From January 1, 2015, we have begun to report under IFRS, with a transition date of January 1, 2014. Accordingly, the Cabot Group Interim Financial Statements have been prepared in accordance with IFRS, and we will prepare financial statements in accordance with IFRS going forward. However, prior to January 1, 2015, we presented our financial information in accordance with UK GAAP. Other than with respect to the Cabot Group Interim Financial Statements (which have been prepared in accordance with IFRS on interim financial reporting (IAS 34)) and certain financial information as of and for the twelve months ended December 31, 2014 (which has been reconciled to IFRS pursuant to note 19 to the Cabot Group Interim Financial Statements), no reconciliations of prior periods to IFRS (or for any DLC Group or Marlin Group historical information included in this offering memorandum) has been prepared. See "Presentation of financial and other information—Historical Financial Information—Cabot Group". The reconciliations from UK GAAP to IFRS included in the Cabot Group Interim Financial Statements have not been audited. We will report audited annual financial information for the first time for the year ended December 31, 2015. Under IFRS 1, as a first time adopter of IFRS, we are entitled to make or modify certain elections with respect to accounting policies under IFRS until December 31, 2015. Accordingly, the financial information presented in the Cabot Group Interim Financial Statements is preliminary and subject to change and any such changes may be significant. See "Management's discussion and analysis of financial condition and results of operations—Presentation of financial information—Transition to lFRS". As there are significant differences between UK GAAP and IFRS, there may be substantial differences in our historical results of operations, cash flows and financial condition if we (or DLC) had prepared our financial statements in accordance with IFRS. For the same reason our financial results for periods ended prior to December 31, 2014 may not be comparable to our financial results for periods commencing after December 31, 2014.

Risks related to our financial profile

Our level of indebtedness and debt service obligations could adversely affect our flexibility in managing our business and could prevent us from fulfilling our obligations under the Notes and the Note Guarantees.

As at June 30, 2015, on a *pro forma* basis after giving effect to this offering and the use of proceeds therefrom, we would have had £925.8 million of total third party debt. Upon partial repayment of our Senior Facilities with the proceeds of the offering, we will have £142.0 million available for drawings under our Senior Facilities. See "Unaudited pro forma consolidated and combined financial information" and "Description of other indebtedness."

Our level of indebtedness could have important consequences for us and you, including, but not limited to:

- making it difficult for us to satisfy our obligations with respect to our debt, including the Notes;
- requiring us to dedicate a substantial portion of our cash flow from operations to making payments on our indebtedness, thereby limiting the availability of funds for working capital, acquisitions, business opportunities and other general corporate purposes;
- increasing our vulnerability, and reducing our flexibility to respond, to adverse general economic or industry conditions;
- limiting our flexibility to react adequately to changes in our business or the industry in which we operate;
- placing us at a competitive disadvantage compared to our competitors with lower levels of indebtedness;
- limiting our ability to borrow additional funds or increase the costs of any such additional borrowings; and
- limiting our ability to make acquisitions.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including the Notes.

In addition, we may incur substantial indebtedness in the future. The incurrence of any such additional indebtedness would be subject to restrictions in our existing indebtedness, including the Senior Facilities Agreement and the Existing Notes Indentures, but these restrictions are subject to exceptions, and the amounts of additional indebtedness that we can incur pursuant to these exceptions are significant. In addition, we may seek to amend the terms of the Senior Facilities to the extent that the Senior Facilities Agreement restricts the incurrence of additional debt that is otherwise permitted under the terms of our existing indebtedness.

Our failure to comply with the covenants under the Senior Facilities Agreement, the Existing Notes Indentures or the Indenture or other obligations under such documents or the Intercreditor Agreements, including as a result of events beyond our control, could result in an event of default which could materially and adversely affect our financial condition, financial returns and results of operations.

The Senior Facilities Agreement requires us to maintain an LTV Ratio, as defined in the Senior Facilities Agreement, of 0.75 and an SSRCF LTV Ratio, as defined in the Senior Facilities Agreement, of 0.25. Our ability to meet these financial ratios could be affected by deterioration in our operating results, as well as by events beyond our control, including decreases in collections and unfavorable economic conditions, and we cannot assure you that we will be able to meet these ratios.

The Senior Facilities Agreement, the Existing Notes Indentures and the Indenture restrict, among other things, the ability to:

- incur or guarantee additional indebtedness;
- create or incur certain liens;
- make certain payments, including dividends or other distributions;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create encumbrances or restrictions on the payment of dividends or other distributions of, loans or advances to, and on the transfer of assets to, our subsidiaries subject to the restrictive covenants thereunder;
- sell, lease or transfer certain assets, including shares of restricted subsidiaries;
- engage in certain transactions with affiliates;
- consolidate or merge with other entities; and
- impair the security interests for the benefit of the holders of the Notes.

Moreover, the Senior Facilities Agreement includes certain events of default (such as breach of representations and warranties and cross-payment defaults) that are in addition to the events of default set forth in the Indenture and the Existing Notes Indentures. If an event of default occurs under the Senior Facilities Agreement or any other of our debt instruments and is not cured or waived, borrowings under any other debt instruments that we have outstanding, including the Notes and the Existing Notes, that contain cross-acceleration or cross-default provisions may also be accelerated or become payable on demand, together with accrued and unpaid interest and other fees payable thereunder. In these circumstances, our assets and cash flow may not be sufficient to repay in full all of our indebtedness that has been accelerated, including the Notes then outstanding, which could force us into bankruptcy or liquidation. We might not be able to repay our obligations under the Notes in such an event.

Any impairment of our ability to draw funds under our Senior Facilities Agreement could adversely and negatively impact our business operations.

Historically, working capital needs of our operations have been primarily financed using cash generated by our operations and funds drawn under the Senior Facilities Agreement, and we have also drawn under our Senior Facilities to fund the DLC Acquisition and past acquisitions, such as the Marlin Acquisition. Upon partial repayment of our Senior Facilities with the proceeds of the offering, we will have £142.0 million available for drawings under our Senior Facilities. Certain provisions under the Senior Facilities Agreement may limit our ability to make future purchases of debt portfolios. For example, we will be required to obtain the prior written consent of 75% of the lenders under the Senior Facilities by commitment value for any single transaction to acquire debt portfolios for which the relevant drawing would constitute more than 10% of ERC (as defined under the Senior Facilities Agreement) *pro forma* for the acquisition, to the extent any such purchases of debt portfolios is funded by proceeds from any borrowings under the Senior Facilities. In addition, in the case that a Material Event of Default (as defined in the Senior Facilities Agreement) has occurred and is continuing, we would be prohibited from making any new debt purchases. Should we lose the ability to access our Senior Facilities, we may not be able to make new purchases of debt portfolios, which would negatively and adversely impact future collections, and consequently future cash flows. For example, for a period of four months in 2009, we were unable to complete any debt purchases during the renegotiation of our then-existing senior credit facilities. Our aggregate debt purchases decreased substantially from £67 million in 2008, to £18 million in 2009. The lack of access to funding for new portfolio purchases during those months prohibited us from competing in the open market for the purchase of debt portfolios, and significantly affected our financial results and portfolio Backbook accumulation in 2009 and 2010.

If our owned debt portfolios were to become depleted due to our inability to purchase new debt portfolios, we may face difficulty in accessing sources of credit, as potential creditors may require security over our debt portfolios and we may have insufficient collateral to offer. Further, if we were unable to draw funds under the Senior Facilities or any replacement or supplement senior revolving credit facility, we may need to decrease our level of debt portfolio purchases and the size of our owned debt portfolios would decrease over time. There also can be no assurance that we will have sufficient cash resources on hand at any given time to meet our expenses or debt servicing requirements. Our ability to draw on the Senior Facilities depends on, among other things, our ability to maintain an LTV Ratio of 0.75 and an SSRCF LTV Ratio of 0.25, and our ability to meet these financial ratios and other required conditions to drawing could be affected by a number of factors, including by events beyond our control. The completion of any acquisitions in the future and the incurrence of additional indebtedness to finance any such acquisition, may make it more difficult for us to meet these financial ratios and other conditions. In addition, our inability to maintain these financial ratios may also result in an event of default under the Senior Facilities, which would prohibit us from acquiring any new debt portfolios. See "—Risks related to our financial profile—Our failure to comply with the covenants under the Senior Facilities Agreement, the Existing Notes Indentures or the Indenture or other obligations under such documents or the Intercreditor Agreements, including as a result of events beyond our control, could result in an event of default which could materially and adversely affect our financial condition, financial returns and results of operations." If we are unable to meet these ratios, it is likely that we will have difficulty in borrowing additional debt, including by seeking to replace the Senior Facilities. This inability to purchase portfolios or to maintain our operations due to a lack of cash flow would materially and adversely affect our business.

We require a significant amount of cash to service our debt and sustain our operations. Our ability to generate sufficient cash depends on many factors beyond our control.

Our ability to make payments on and to refinance our indebtedness, and to fund working capital, to purchase new debt portfolios and to make capital expenditures, will depend on our future operating performance and ability to generate sufficient cash. This depends on the success of our business strategy and on economic, financial, competitive, market, legislative, regulatory and other factors, as well as the factors discussed in these "Risk factors," many of which are beyond our control.

We cannot assure you that our business will generate sufficient cash flows from operations, that turnover growth, cost savings and operating improvements will be realized or that future debt and equity financing will be available to us in amounts sufficient to enable us to pay our debts when due, including the Notes, or to fund our other liquidity needs. See "Management's discussion and analysis of financial condition and results of operations."

If our future cash flows from operations and other capital resources (including borrowings under the Senior Facilities) are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities and any capital expenditures;
- sell assets;
- breach our forward flow agreements, if any;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of our debt, including the Notes, on or before maturity.

We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. Any failure to make payments on the Notes on a timely basis would likely result in a reduction of our credit rating, which could also harm our ability to incur additional indebtedness. In addition, the terms of our debt, including the Notes, the Existing Notes and the Senior Facilities, limit, and any future debt may limit, our ability to pursue any of these alternatives. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business and adversely affect our financial condition and results of operations. There can be no assurance that any assets which we could be required to dispose of can be sold or that, if sold, the timing of such sale and the amount of proceeds realized from such sale will be acceptable. If we are unable to satisfy our obligations with respect to our indebtedness, our borrowings under financing agreements or instruments containing cross-default or cross-acceleration provisions (including the Indenture, the Existing Notes Indentures and the Senior Facilities Agreement) may become payable on demand and we may not have sufficient funds to pay all of the indebtedness.

The Senior Facilities bear, and Notes will bear, interest at a floating rate that could rise significantly, increasing our interest cost and debt and reducing our cash flow.

The Senior Facilities bear interest at floating rates of interest per annum equal to LIBOR or EURIBOR, as applicable, plus a margin. The Notes will bear interest at floating rates of interest per annum equal to EURIBOR, adjusted quarterly, plus a spread. LIBOR and EURIBOR could rise significantly in the future. Although we may enter into and maintain certain hedging arrangements designed to fix a portion of these rates, there can be no assurances that hedging will continue to be available on commercially reasonable terms. Hedging itself carries certain risks, including that we may need to pay a significant amount (including costs) to terminate any hedging arrangements. To the extent interest rates were to rise significantly our interest expense associated with the Senior Facilities and the Notes and the carrying cost of our debt load would correspondingly increase, which may have a material adverse effect on our ability to service our debt obligations and may cause us to be in breach of the covenant under the Senior Facilities Agreement requiring us to maintain a minimum ratio of cash flow to finance charges.

The manner of calculating EURIBOR is under review by European regulators and others. There can be no assurance that EURIBOR will continue to be calculated as it has historically, if at all.

Derivative transactions may expose us to unexpected risk and potential losses.

From time to time, we may be party to certain derivative transactions, such as interest rate contracts, to hedge against certain financial risks (including interest rate or foreign currency risks arising in connection with the issuance of the Notes). Changes in the fair value of these derivative financial instruments that are not cash flow hedges are reported in income, and accordingly could materially affect our reported income in any period. Moreover we may be exposed to the risk that our counterparty in a derivative transaction may be unable to perform its obligations as a result of being placed in receivership or otherwise. In the event that a counterparty to a material derivative transaction is unable to perform its obligations thereunder, we may experience losses that may have a material and adverse effect on our financial condition, financial returns and results of operations.

Market perceptions concerning the instability of the euro, the potential re-introduction of individual currencies within the eurozone, or the potential dissolution of the euro entirely, could have adverse consequences for us with respect to our outstanding euro-denominated debt obligations.

Recent developments in the eurozone have exacerbated the ongoing global economic crisis. Financial markets and the supply of credit may continue to be negatively impacted by ongoing fears surrounding the sovereign debts and/or fiscal deficits of several countries in Europe (primarily Greece, Ireland, Italy, Portugal and Spain), the possibility of further downgrading of, or defaults on, sovereign debt, concerns about a slowdown in growth in certain economies and uncertainties regarding the overall stability of the euro and the sustainability of the euro as a single currency given the diverse economic and political circumstances in individual Member States. Governments and regulators have implemented austerity programs and other remedial measures to respond to the eurozone debt crisis and stabilize the financial system, but the actual impact of such programs and measures are difficult to predict.

If the eurozone debt crisis is not resolved, it is possible that one or more countries may default on their debt obligations and/or may cease using the euro and may re-establish their own national currency or that the eurozone may collapse. If such an event were to occur, it is possible that there would be significant, extended and generalized market dislocation, which may have a material adverse effect on our business, results of operations and financial condition, especially as our operations are primarily in Europe. In addition, the departure of one or more countries from the eurozone may lead to the imposition of, inter alia, exchange rate control laws.

For example, an anti-austerity party won the parliamentary elections in Greece on January 25, 2015 and subsequently formed a government with another anti-austerity party. The subsequent breakdown of negotiations between the new Greek government and its creditors led to the closure of Greek banks and the imposition of capital controls in Greece. These events resulted in Greece's default under its national debt and, although an agreement on a three-year bailout program was approved on August 19, 2015, could yet lead to Greece's exit from the eurozone, which could, in turn, undermine confidence in the overall stability of the euro. These and other concerns could lead to the re-introduction of individual currencies in one or more Member States, or, in extraordinary circumstances, the possible dissolution of the euro entirely.

Should the euro dissolve entirely, the legal and contractual consequences for holders of euro-denominated obligations and for parties subject to other contractual provisions referencing the euro such as supply contracts would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect our trading environment and the value of the Notes, and could have adverse consequences for us with respect to our outstanding euro-denominated debt obligations, which could adversely affect our financial condition.

Risks relating to the Notes and the Note Guarantees

Creditors under the Senior Facilities Agreement and certain priority hedging arrangements are entitled to be repaid with the proceeds of the Collateral sold in any enforcement sale in priority to the Notes.

The obligations under the Notes and the Note Guarantees are secured on a first-ranking (but, in case of certain security interests granted under the laws of England and Wales and Ireland, subject to the existing security granted prior to the Issue Date) basis with security interests over Collateral that also secures our obligations under the Senior Facilities Agreement, certain hedging obligations and the Existing Notes. The Indenture also permit the Collateral to be pledged to secure additional indebtedness in accordance with the terms thereof and the Intercreditor Agreements.

Pursuant to the Intercreditor Agreements, the liabilities under the Senior Facilities Agreement and any Priority Hedging will have priority over any amounts received from the sale of the Collateral pursuant to an enforcement action taken with respect to the Collateral. See "Description of other indebtedness—Intercreditor Agreements." As such, in the event of any realization or enforcement of the Collateral, you may not be able to recover on the Collateral if the then-outstanding claims under the Senior Facilities Agreement and any Priority Hedging are greater than the proceeds realized, and if there are any remaining proceeds following repayment of our Senior Facilities and any Priority Hedging in full, such proceeds shall be shared *pro rata* and *pari passu* between the holders of the Existing Notes, the Notes, certain *pari passu* creditors and certain hedge counterparties.

Holders of the Notes may not control certain decisions regarding the Collateral.

The Notes will be secured initially by the same Collateral securing the obligations under the Existing Cabot Notes and the Senior Facilities. The Existing Marlin Notes are also secured by the Collateral and by certain assets of the Marlin Issuer that will not secure the Notes and the Note Guarantees. In addition, under the terms of the Indenture, we will be permitted to incur significant *pari passu* additional indebtedness and other obligations that may be secured by the same Collateral.

As a result of the voting provisions set forth in the Intercreditor Agreements, certain amendments and waivers under the Intercreditor Agreements and in relation to the Collateral will have to be consented to by the required majority of holders of the Notes, the required majority of holders of the Existing Notes, the required majority of holders of any other *pari passu* additional indebtedness and the required majority of "super senior creditors" (being the agent and the lenders under the Senior Facilities). The required majorities may vary with the type of amendment or waiver being sought. See "Description of other indebtedness—Intercreditor Agreements." The Intercreditor Agreements provide that a common security agent will serve as the Security Agent for the secured parties under the Senior Facilities, the Notes, the Existing Notes, and certain *pari passu* additional indebtedness with respect to the shared Collateral subject to such Intercreditor Agreements. The Security Agent will act with respect to the shared Collateral only at the direction of the "Instructing Group" (as defined in the relevant Intercreditor Agreement) and only in accordance with the terms of the applicable Intercreditor Agreement.

Delivery of proposed enforcement instructions triggers a 30-day consultation period among representatives of creditors sharing in the Collateral, including the Trustee on behalf of the holders of the Notes, the trustee on behalf of the holders of the Existing Notes and the agent on behalf of the lenders under the Senior Facilities. Upon conclusion of the consultation, if there are conflicting enforcement instructions given to the Security Agent by the different classes of creditors who hold indebtedness secured by the Collateral and who can constitute the Instructing Group, then if the Senior Note/Pari Passu Required Holders (as defined in the relevant Intercreditor Agreement and which according to the terms of the Intercreditor Agreements includes holders of the Existing Notes and the Notes) have complied with certain consultation obligations set out in the Intercreditor Agreements and those instructions are consistent with the security enforcement principles set out in the Intercreditor Agreements, the enforcement instructions from the Senior Note/Pari Passu Required Holders will prevail over those of the super senior creditors, and the Senior Note/Pari Passu Required Holders will constitute the Instructing Group. However, failure by a class of creditors to give instructions will not be deemed to be an instruction that conflicts with any other enforcement instructions. Accordingly, if the Senior Note/Pari Passu Required Holders fail to provide enforcement instructions at the conclusion of the consultation, the enforcement instructions of another class of creditors could prevail. In addition, in certain circumstances (for example, if the super senior creditors have not been fully repaid within six months of the Collateral enforcement instructions being issued, or if no steps have been taken as to enforcement by the Security Agent within three months of the enforcement instructions being issued), the instructions of the super senior creditors will then prevail.

The "Senior Note/Pari Passu Required Holders" are determined as follows under each Intercreditor Agreement:

(a) unless there are any other Pari Passu Loan Creditors (as defined below), it will be a simple majority of a combined class of holders of the Notes, the Existing Notes, and *pari passu* additional indebtedness creditors, *provided that* the creditors of any tranche of *pari passu* additional indebtedness with *pari passu* liabilities owed to them and/or undrawn commitments under that tranche of less than £25 million will not be entitled to vote in such combined class; or

(b) if there is a group of *pari passu* additional indebtedness creditors with *pari passu* liabilities owed to them and/or undrawn commitments under a single loan, credit or guarantee facility agreement in an amount at least equal to £150 million (and at least £100 million of such liabilities are outstanding in the form of loans, credit or guarantees under such agreement) (such creditors, the "Pari Passu Loan Creditors"), it will be the first in time to submit enforcement instructions of (i) the majority Pari Passu Loan Creditors and (ii) a simple majority of a combined class of holders of the Notes, the Existing Notes and any remaining *pari passu* additional indebtedness creditors, *provided that* the creditors of any tranche of *pari passu* liabilities with aggregate *pari passu* liabilities owed to them and/or undrawn commitments under that tranche of less than £25 million will not be entitled to vote in such class.

In summary, the votes of the holders of the Notes will be included in a combined creditor class (the holders of the Notes together with the Existing Notes and any *pari passu* additional indebtedness creditors who are not Pari Passu Loan Creditors (as defined in the relevant Intercreditor Agreement)) and, if there are any Pari Passu Loan Creditors, will only prevail if they instruct the Security Agent before any Pari Passu Loan Creditors.

Disputes may occur between the holders of the Notes, the holders of the Existing Notes, the holders of any other *pari passu* additional debt, and the lenders under the Senior Facilities as to the appropriate manner of pursuing enforcement remedies and strategies with respect to the Collateral. In such an event, the holders of the Notes may be bound by any decisions of the holders of the Existing Notes and/or the holders of other *pari passu* additional indebtedness and/or the lenders under the Senior Facilities if the circumstances are such that the instructions of such creditors prevail or form a controlling majority in any combined class in which the holders of the Notes vote, which may result in enforcement action in respect of the shared Collateral, whether or not such action is approved by the holders of the Notes or may be adverse to such holders. The creditors under the Senior Facilities, the Existing Notes, or any other *pari passu* additional indebtedness may have interests that are different from the interests of holders of the Notes and they may elect to pursue their remedies under the Security Documents at a time when or in a manner which would otherwise be disadvantageous for the holders of the Notes to do so. See "Description of other indebtedness—Intercreditor Agreements" and "Description of the Notes—Security—Release of Liens."

No appraisals of any of the Collateral have been prepared by us or on our behalf in connection with the issuance of the Notes. The Notes will be secured only to the extent of the value of the Collateral that has been granted as security for the Notes and the Note Guarantees, and such security may not be sufficient to satisfy the obligations under the Notes and the Note Guarantees.

Our obligations under the Notes will be secured only by the Collateral, which will include the capital stock of the Issuer and the Guarantors (other than the Cabot Parent and Marlin Midway Limited) and substantially all the assets of the Issuer which consist of its bank accounts (excluding client bank accounts or trust accounts), the Proceeds Loan, and substantially all the assets of the Guarantors (other than the Cabot Parent). No appraisals of any of the Collateral have been prepared by us or on our behalf in connection with the issuance of the Notes. There is no guarantee that the value of the Collateral will be sufficient to enable the Issuer to perform its obligations under the Notes. There is no requirement to provide funds to enhance the value of the Collateral if it is insufficient. The proceeds of any sale of the Collateral following an event of default with respect to the Notes may not be sufficient to satisfy, and may be substantially less than, amounts due on the Notes.

The amount of proceeds realized upon the enforcement of the security interests over the Collateral or in the event of liquidation will depend upon many factors, including, among others, general market and economic conditions, the condition of the market for the Collateral, the ability to sell Collateral in an orderly sale, the fair value of the Collateral, the timing and manner of the sale, whether or not our business is sold as a going concern, the ability to readily liquidate the Collateral, whether any restriction on collection, assignment or onward sale was placed on the Collateral by the originator, the availability of buyers and the condition of the Collateral and exchange rates. Further, there may not be any buyer willing and able to purchase our business as a going concern, or willing to buy a significant portion of its assets in the event of an enforcement action.

We believe our purchased debt accounts represent the significant majority of the value of the Collateral. These assets, in particular, may be subject to significant changes in value due to economic or regulatory trends. In addition, it may be challenging for you to realize the value of our purchased debt as these are financial assets, not physical assets, and represent liabilities of non-performing consumers. Consumer debt receivables typically decline in value over time. To realize the value of the Collateral, you may need to rely on third-party collection resources. If you have to rely on third parties, you may be required to make significant upfront payments to cover collection expenses. In addition, the institutions from which we purchase receivables may be unwilling to provide you with the account level documentation you may need to successfully collect on accounts, which may significantly reduce the realizable value of the Collateral for you. The book value of the Collateral should not be relied on as a measure of realizable value for such assets. Portions of the Collateral may be illiquid and may have no readily ascertainable market value. In the event of a foreclosure, liquidation, bankruptcy or similar proceeding, we cannot assure you of the value of the Collateral or that the proceeds from any sale or liquidation of this Collateral will be sufficient to pay our obligations under the Notes. In addition, the value of the Collateral may fluctuate over time.

By its nature, some or all the Collateral may not have a readily ascertainable market value or may not be saleable or, if saleable, there may be substantial delays in its disposal. To the extent that liens, security interests and other rights granted to other parties encumber assets owned by the Issuer or the Guarantors, those parties have or may exercise rights and remedies with respect to the property subject to their liens, security interests or other rights that could adversely affect the value of that Collateral and the ability of the Security Agent or investors as holders of the Notes to realize or enforce that Collateral. If the proceeds of any sale of Collateral are not sufficient to repay all amounts due on the Notes and the Note Guarantees, investors (to the extent not repaid from the proceeds of the sale of the Collateral) would have only an unsecured claim against the Issuer's and the Guarantors' remaining assets. Each of these factors or any challenge to the validity of the Collateral or the intercreditor arrangement governing our creditors' rights could reduce the proceeds realized upon enforcement of the Collateral. In addition, there can be no assurance that the Collateral could be sold in a timely manner, if at all. Under the terms of the Intercreditor Agreements, proceeds from enforcement sales of capital stock and assets that are part of the Collateral must first be applied in satisfaction of obligations under the Senior Facilities Agreement and any Priority Hedging and thereafter towards application to repay on a *pari passu* basis the obligations of the Issuer and the Guarantors under the Notes, the Existing Notes and any other *pari passu* indebtedness (including hedging obligations that do not constitute Priority Hedging) of the Issuer and the Guarantors permitted to be incurred and secured by the Collateral pursuant to the Indenture and the Intercreditor Agreements. Furthermore, the security interests securing the Notes over the Collateral in or under the laws of England and Wales and Ireland will be subject to the existing security for the benefit of the lenders under the Senior Facilities Agreement and the holders of the Existing Notes and holders of the Notes will have to rely on the provisions of the respective Intercreditor Agreement for the treatment of such security interests as security interests ranking *pari passu* with other first- or prior-security interests securing other indebtedness of the Company, the Issuer and the Restricted Subsidiaries. In addition, the Indenture governing the Notes will allow incurrence of certain additional permitted debt in the future that is secured by the Collateral on a priority or *pari passu* basis. The Incurrence of any additional debt secured by the Collateral would reduce amounts payable to you from the proceeds of any sale of the Collateral.

To the extent that there are any other first priority and pre-existing security interests permitted under the Senior Facilities Agreement, the Existing Notes Indentures and the Indenture and other rights encumber the Collateral securing the Notes, those parties may have or may exercise rights and remedies with respect to the Collateral that could adversely affect the value of the Collateral and the ability of the Security Agent to realize or foreclose on the Collateral.

The rights of holders of the Notes in the Collateral may be adversely affected by prior ranking security interests for the benefit of the lenders under the Senior Facilities Agreement and the holders of the Existing Notes.

The security interests securing the Notes over the Collateral in or under the laws of England and Wales and Ireland will be subject to the existing security for the benefit of the lenders under the Senior Facilities Agreement and the holders of the Existing Notes, and holders of the Notes will have to rely on the provisions of the respective Intercreditor Agreement for the treatment of such security interests as security interests ranking alongside other first- or prior-security interests securing other indebtedness of the Company, the Issuer and the Restricted Subsidiaries. If the Intercreditor Agreements or the relevant provisions thereof were avoided or held to be unenforceable for any reason, holders of the Notes would not benefit from such treatment with respect to the security interests created over the assets in or subject to the laws of England and Wales and Ireland and would be subordinated, with respect to such security interests, to senior security interests over the same Collateral securing other Indebtedness of the Company, the Issuer and the Restricted Subsidiaries.

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

The Security Documents, subject to the terms of the Senior Facilities Agreement, the Existing Notes Indentures, and the Indenture, allow the Issuer and the Guarantors to remain in possession of, retain control over, freely operate, and collect, invest and dispose of any income from the Collateral securing the Notes. So long as no default or event of default under the Senior Facilities Agreement, the Indenture, or the Existing Notes Indentures is occurring or would result therefrom, the Issuer and the Guarantors may, among other things, without any release or consent by the Security Agent, conduct ordinary course activities with respect to the Collateral, such as selling, factoring or otherwise disposing of Collateral and making ordinary course cash payments, including repayments of indebtedness.

It may be difficult to realize the value of the Collateral securing the Notes.

The Collateral securing the Notes will be subject to any and all exceptions, defects, encumbrances, liens, security interests and other imperfections permitted under the Indenture, the Existing Notes Indentures, or the Senior Facilities Agreement and accepted by other creditors that have the benefit of the security interests in the Collateral securing the Notes from time to time, whether on or after the date the Notes are first issued. The existence of any such exceptions, defects, encumbrances, liens, security interests and other imperfections could adversely affect the value of the Collateral securing the Notes, as well as the ability of the Security Agent to realize or foreclose on such Collateral. Furthermore, the ranking of security interests can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, or statutory liens. In addition, the security interests securing the Notes over the Collateral in or under the laws of England and Wales and Ireland will be subject to the existing security for the benefit of the lenders under the Senior Facilities Agreement, the holders of the Existing Notes and certain hedging obligations, and holders of the Notes will have to rely on the provisions of the respective Intercreditor Agreement for the treatment of such security interests as security interests ranking *pari passu* with other first- or prior-security interests securing other indebtedness of the Company, the Issuer and the Restricted Subsidiaries.

The security interests of the Security Agent will be subject to practical problems generally associated with the realization of security interests over personal property such as the Collateral. For example, the Security Agent may need to obtain the consent or the cooperation of a third party to enforce a security interest. We cannot assure you that the Security Agent will be able to obtain any such consents or cooperation. We also cannot assure you that the consents or the cooperation of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the Security Agent may not have the ability to foreclose upon those assets, and the value of the Collateral may significantly decrease.

The administration and enforcement of the Collateral may be adversely affected by the existence of two separate Intercreditor Agreements.

Following the completion of the Marlin Acquisition, the Marlin Intercreditor Agreement has remained in place and it is currently not contemplated that the Marlin Intercreditor Agreement will be terminated or replaced by the Cabot Intercreditor Agreement. As a result, the Collateral consists of two separate pools of Collateral, with each being subject to a different Intercreditor Agreement and different security documents. Although, following the completion of the Marlin Acquisition, certain amendments have been made to the Marlin Intercreditor Agreement to align some of its provisions with the Cabot Intercreditor Agreement, some discrepancies may remain. Furthermore, any enforcement process under each of the Intercreditor Agreements will be conducted as a separate process in accordance with the terms of the relevant Intercreditor Agreement, and the Intercreditor Agreements do not require the Security Agent to take enforcement actions, if any, in the same manner under each Intercreditor Agreement. It should also be noted although the Security Agent is as of the date hereof acting as security agent under both Intercreditor Agreements, the provisions of the Intercreditor Agreements permit, subject to the conditions set forth in the relevant Intercreditor Agreement, to change the security agent. Should the Security Agent be replaced by another entity under one or both Intercreditor Agreements resulting in there being two different entities acting as a security agent under the Intercreditor Agreements, there is a greater risk that the security agents might take different views as to the exercise of certain powers and discretions under the Intercreditor Agreements, which might have an adverse effect on the administration and enforcement of the Collateral and any value realized for the benefit of Holders of the Notes as a result of an enforcement process.

Certain debt purchase agreements and debt portfolios acquired pursuant to debt purchase agreements may require the consent of our vendors in order for us to grant security over our interests in them, which we may not be able to obtain.

Certain of our debt purchase agreements require the consent from the relevant vendor in order to assign, transfer or charge our rights under the relevant debt purchase agreement, portfolio accounts and receivables.

No security may be granted over those debt purchase agreements, accounts and receivables which are the subject of such restrictions (“Relevant Assets”) until such time as consent is granted. The Agreed Security Principles will provide that where assets are subject to third-party arrangements which prevent those assets from being granted as security, they will be excluded from any Collateral *provided that*, for material assets, reasonable endeavors to obtain consent to grant security are used by the relevant company. In an enforcement scenario, these assets will not be available to be realized and applied towards repayment of the Notes.

Even where the required consent to granting of security has been obtained or where consent is not required, some Relevant Assets may contain a further restriction on the transfer or assignment to third parties. As a result, to enforce any Collateral, the Security Agent may need to obtain the consent of the relevant vendor prior to any sale of any Relevant Asset. In addition, the nature of our assets and the complex laws and regulations related to the consumer debt ownership and collection industry may limit the number of potential purchasers of the assets.

The security interests in the Collateral will be granted to the Security Agent rather than directly to the holders of the Notes. The ability of the Security Agent to enforce certain of the Collateral may be restricted by local law.

The security interests in the Collateral that will secure the obligations of the Issuer under the Notes and the obligations of the Guarantors under the Note Guarantees will not be granted directly to the holders of the Notes but will be granted only in favor of the Security Agent. The Indenture and the Intercreditor Agreements will provide that only the Security Agent has the right to enforce the Security Documents. As a consequence, holders of the Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent in respect of the Collateral.

Ownership in respect of the Notes will be in registered form.

The Registrar will keep a register in respect of the Notes (the “Register”) in which the Registrar will enter the names and addresses of the holders of the Notes, the particulars of the Notes held by such holders and all transfers and redemptions of such Notes.

Additional registers of the Notes will be kept by the Issuer, at its registered office in Luxembourg, which is obligated under article 84 of the Luxembourg Law of 10 August 1915 on commercial companies, as amended (the “Companies Law 1915”), to maintain such register of the Notes at its registered office (the “Issuer Register”). Ownership in respect of shares (and by extension also debt securities, such as the Notes) which are issued by a Luxembourg company in registered form is, according to the Companies Law 1915, established by the registration (inscription) in the register thereof kept at the Luxembourg company’s registered office—in this instance, the Issuer Register. The Registrar will undertake pursuant to the Indenture to notify the Issuer as soon as reasonably practicable of any changes made to the Register to enable it to update the Issuer Register. Accordingly, the registrations in the Register should, in principle, match the recordings in the Issuer Register. However, there may be a delay in updating the Issuer Register and discrepancies in recordings may arise. In the event of inconsistency between the Register and the Issuer Register, the Issuer Register shall prevail for the purposes of Luxembourg law only (in the absence of manifest error).

The Indenture will provide that, in the case of inconsistencies between the Issuer Register and the Register, the Issuer Register shall prevail for the purpose of Luxembourg only. See “Description of the Notes—Principal, maturity and interest—Paying Agent and Registrar for the Notes”. It is generally held that the registrations made in the Issuer Register constitute a means to prove ownership in respect of the Notes. However, Luxembourg case law appears to admit that such registrations in the Issuer Register are not a non-rebuttable presumption (*présomption irréfragable*) of title to the Notes and indicates that other forms of evidence (such as the registrations made in the Register) could potentially also serve as means to prove ownership. As a result, there can be no assurance that, in the event of discrepancies between the Register and the Issuer Register, a Luxembourg court will not take into account the Register and its contents if the question of the ownership of the Notes is brought before it. Certificates representing the Notes in registered form may be issued but they do not confer title to the Notes. Such certificates would also, in principle, not constitute conclusive evidence to prove ownership in respect of the Notes.

Risks related to our structure

The Issuer is a special purpose finance subsidiary that has no revenue generating operations of its own and will depend on cash from our operating companies to be able to make payments on the Notes.

The Issuer is a wholly-owned special purpose finance subsidiary of Cabot Credit Management Group Limited with no business operations of its own. Upon completion of the offering, the only significant assets of the Issuer will be its rights under the Proceeds Loan to be made by the Issuer to Bramleyside Limited (to be renamed Cabot Financial (Treasury) Ireland Limited). The Issuer’s material liabilities will include the Notes, the guarantees of obligations under the Senior Facilities Agreement, under the Existing Cabot Notes and under the Existing Marlin Notes and any additional debt it may incur in the future. See “Description of the Notes” and “Description of other indebtedness.” As such, the

Issuer will be dependent upon payments from Bramleyside Limited (to be renamed Cabot Financial (Treasury) Ireland Limited) to make any payments due on the Notes. If Bramleyside Limited (to be renamed Cabot Financial (Treasury) Ireland Limited) fails to make scheduled payments on the Proceeds Loans, the Issuer will not have any other sources of funds that would allow them to make payments on the Notes. The Issuer will be dependent upon payments from other members of the group to meet its obligations, including its obligations under the Notes.

The amounts available to the Issuer from the other relevant members of the group will depend on the profitability and cash flows of such members of the group and the ability of such members to make payments to it under applicable law or the terms of any financing agreements or other contracts that may limit or restrict their ability to pay such amounts. The terms of the Intercreditor Agreements may also restrict certain intra-group payments, including payments under the Proceeds Loan. If Bramleyside Limited (to be renamed Cabot Financial (Treasury) Ireland Limited) does not fulfill its respective obligations under the Proceeds Loan and does not distribute cash to the Issuer to make scheduled payments on the Notes, the Issuer will not have any other source of funds that would allow it to make payments to the holders of the Notes. In addition, the members of the group that do not guarantee the Notes have no obligation to make payments with respect to the Notes.

The inability to transfer cash among entities within the group may mean that even though such entities, in aggregate, may have sufficient resources to meet their obligations, they may not be permitted to make the necessary transfers from one entity in the group to another entity in the group in order to make payments to the entity owing the obligations.

The Notes will be structurally subordinated to the liabilities of non-Guarantor subsidiaries.

At the Issue Date, the Cabot Parent, the Company and material subsidiaries of the Company (other than the Issuer and the Marlin Issuer) will guarantee the Notes. Certain other subsidiaries of the Company and the Cabot Parent will not guarantee the Notes and, under various circumstances, the Note Guarantees may be released and newly incorporated subsidiaries of the Company may not be required to guarantee the Notes. See "—There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Note Guarantees will be released automatically and under which the Note Guarantees will be released automatically, without your consent or any action on the part of the Trustee" and "Description of the Notes." Unless a subsidiary of the Company is a Guarantor, such subsidiary will not have any obligations to pay amounts due under the Notes or to make funds available for that purpose. Generally, holders of indebtedness of, and trade creditors of, non-Guarantor subsidiaries, including lenders under bank financing agreements and, in the case of the Marlin Issuer, holders of the Existing Marlin Notes, are entitled to payments of their claims from the assets of such companies before these assets are made available for distribution to any Guarantor, as a direct or indirect shareholder.

Accordingly, in the event that any non-Guarantor subsidiary becomes insolvent, is liquidated, reorganized or dissolved or is otherwise wound up other than as part of a solvent transaction:

- the creditors of the Issuer (including the holders of the Notes) and the Guarantors will have no right to proceed against the assets of such subsidiary; and
- creditors of such non-Guarantor subsidiary, including trade creditors and, in the case of the Marlin Issuer, holders of the Existing Marlin Notes, will generally be entitled to payment in full from the sale or other disposal of the assets of such company before any Guarantor, as a direct or indirect shareholder, will be entitled to receive any distributions from such subsidiary.

As such, the Notes and each Note Guarantee will be structurally subordinated to the creditors (including trade creditors) and any preferred shareholders of any non-Guarantor subsidiaries.

The interests of our controlling shareholders may differ from the interests of the holders of the Notes.

As of the date hereof, 61.6% of the voting shares of Cabot Holdings and 86.0% of the total weighted equity is controlled by Janus Holdings (Luxembourg) S.à r.l. As a result of the Encore Acquisition, Encore controls 50.1% and J.C. Flowers controls 49.9% of the voting shares in Janus Holdings (Luxembourg) S.à r.l. Accordingly, Encore and J.C. Flowers are able to control matters requiring shareholder approval, including the election and removal of our directors, our corporate and management policies, potential mergers or acquisitions, payment of dividends, asset sales and other significant corporate transactions. The interests of Encore and J.C. Flowers may differ from yours in material respects. For example, if we encounter financial difficulties or are unable to pay our debts as they mature, the interests of Encore and J.C. Flowers, as our shareholders, may be in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investment, even though such transactions might involve risks to you as a holder of Notes. The Cabot Parent's obligations under the Cabot Parent Loan Notes rank *pari passu* with the Cabot Parent's obligation under its guarantee of the Notes. Encore and J.C. Flowers have no contractual obligations to fund our business and may not have sufficient liquidity to fund our business if we require additional funding. Additionally, the Indenture permits us to pay dividends or make other restricted payments under certain circumstances, and our shareholders may have an interest in our doing so.

Additionally, J.C. Flowers and its affiliates are in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly and indirectly with us, or with which we conduct business. Encore, J.C. Flowers and their affiliates may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. You should consider that the interests of these holders may differ from yours in material respects. See “Principal shareholders” and “Certain relationships and related party transactions.”

We may not be able to obtain the funds required to repurchase the Notes upon a change of control.

The Indenture will contain provisions relating to certain events constituting a Change of Control (as defined under “Description of the Notes”). See “Description of the Notes—Change of Control.” Upon the occurrence of a Change of Control (or a “Change of Control” as defined in the relevant Existing Notes Indenture), we will be required to offer to repurchase all outstanding Notes and Existing Notes, respectively, at a price equal to 101% of their principal amount, plus accrued and unpaid interest and Additional Amounts (as defined under “Description of the Notes—Additional Amounts” or in the relevant Existing Notes Indenture), if any, to the date of repurchase. In addition, each lender under the Senior Facilities Agreement may, at each lender’s option, require repayment of all amounts due to it and a cancellation of its commitment under the Senior Facilities Agreement upon the occurrence of a Change of Control (as defined therein). If a Change of Control were to occur, we cannot assure you that we would have sufficient funds available at such time, or that we would have sufficient funds to provide to the Issuer to pay the purchase price of the outstanding Notes and Existing Notes and finally repay amounts outstanding under the Senior Facilities Agreement, or that the restrictions in our Senior Facilities Agreement, the Indenture, the Existing Notes Indentures, the Intercreditor Agreements or our other then-existing contractual obligations would allow us to make such required repurchases and final repayments. In the future, a change of control may result in an event of default under, or acceleration of our other indebtedness. The repurchase of the Notes pursuant to such an offer could cause a default under such indebtedness, even if the change of control itself does not. The ability of the Issuer to receive cash from its subsidiaries to allow it to pay cash to the holders of the Notes following the occurrence of a change of control may be limited by our then existing financial resources. In addition, under the terms of the Senior Facilities Agreement, under certain circumstances, we are required to repay a proportional or an equal amount of debt under our Senior Facilities Agreement if we repay all or a portion of the principal under the Notes. Sufficient funds may not be available when necessary to make any required repurchases.

If a Change of Control occurs at a time when the group is prohibited under the terms of other indebtedness from providing funds to the Issuer for the purpose of repurchasing the Notes, we may seek the consent of the lenders under such indebtedness to the purchase of the Notes or may attempt to refinance the borrowings that contain such prohibition. If such a consent to repay such borrowings is not obtained, the Issuer will remain prohibited from repurchasing any Notes. In addition, we expect that we would require third-party financing to make an offer to repurchase the Notes upon a Change of Control. We cannot assure you that the group would be able to obtain such financing. Any failure by the Issuer to offer to purchase the Notes would constitute a default under the Indenture, and, to the extent the Trustee becomes entitled to declare the Notes as being due and payable, would constitute an event of default under the Senior Facilities Agreement. See “Description of the Notes—Change of Control.”

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring, merger or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a Change of Control. Except as described under “Description of the Notes—Change of Control,” the Indenture will not contain provisions that would require the Issuer to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction. Furthermore, even if a transaction constitutes a Change of Control under the Indenture, the provisions of the Indenture relating to our obligation to make an offer to repurchase the Notes as a result of such Change of Control may be waived or modified with the written consent of the holders of a majority in outstanding principal amount of the Notes.

It may not be certain that a Change of Control has occurred or will occur.

The definition of Change of Control in the Indenture will include a disposition of all or substantially all the assets of the Company and its restricted subsidiaries (if any), taken as a whole, to any person. Although there is a limited body of case law interpreting the phrase “all or substantially all,” there is no established precise definition of the phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of “all or substantially all” of the Issuer’s assets and their respective restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer are required to make an offer to repurchase the Notes.

Certain debt purchase agreements and debt portfolios acquired pursuant to debt purchase agreements may require the consent of our vendors in order for us to assign or transfer our interests in them which we may not be able to obtain.

Certain of our debt purchase agreements may contain change of control provisions which require notice to be provided to the relevant vendor of any change in control of the purchaser, the Cabot Group or a relevant company within the Cabot Group. Such change of control provisions may give the relevant vendor a right of termination or repurchase upon receipt of such notice or upon the occurrence of such a change of control. The definition of change of control varies among our debt purchase agreements. In an enforcement scenario, where the enforcement process involves a sale of the Cabot Group or relevant companies within the Cabot Group, the Security Agent will be required to notify the relevant vendor of a potential change in control and may have to obtain the relevant vendor's consent prior to such sale. The Security Agent may then be required to sell the relevant receivables to the relevant vendor rather than any other third party or the relevant debt purchase agreement may be terminated by the vendor.

Investors may not be able to recover in civil proceedings for US securities law violations.

The Issuer, the Guarantors and their respective subsidiaries are organized outside the United States, and their business is conducted entirely outside the United States. The directors of the Issuer are professionally resident in Luxembourg. The directors and executive officers of the Guarantors (other than the Existing Cabot Notes Issuer) are resident in the United Kingdom; none of the directors or executive officers for the Issuer or the Guarantors are residents of the United States. Although the Issuer and the Guarantors will submit to the jurisdiction of certain New York courts in connection with any action under US securities laws or under the Indenture, you may be unable to effect service of process within the United States on the directors and executive officers of the Issuer and the Guarantors. In addition, because all the assets of the Issuer and the Guarantors and their respective subsidiaries and all or a majority of the assets of their directors and executive officers are located outside of the United States, you may be unable to enforce against them judgments obtained in the US courts. See "Enforcement of civil liabilities."

Luxembourg

The Issuer is incorporated under the laws of Luxembourg and all of the directors of the Issuer (or certain other persons named in this offering memorandum) are non-residents of the United States. Furthermore, the assets of the Issuer and a substantial portion of the assets of such persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon those persons, the Issuer, or to enforce against them judgments of US courts predicated upon the civil liability provisions of US federal or state securities laws.

The United States and Luxembourg are not currently bound by a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards rendered in civil and commercial matters. Holders may not be able to enforce judgments obtained in the United States against the Issuer outside of the United States. See "Enforcement of Civil Liabilities—Luxembourg."

England

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

- the US court having had, at the time when proceedings were served, jurisdiction over the original proceedings according to English rules of international law;

- the US judgment being final and conclusive on the merits in the sense of being final and unalterable in the court which pronounced it and being for a definite sum of money; and

- the US judgment not being for a sum payable in respect of taxes, or other charges of a like nature or in respect of a penalty or fine or otherwise based on a US law that an English court considers to relate to penal, revenue or other public law.

An English court may refuse to enforce such a judgment if the judgment debtor satisfies the court that:

- the US judgment contravenes English public policy;
- the US judgment has been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damages sustained, is otherwise specified in Section 5 of the Protection of Trading Interests Act 1980 or is based on measures designated by the Secretary of State under Section 1 of the Act;
- the US judgment has been obtained by fraud or in breach of English principles of natural or substantial justice;
- the US judgment is a judgment on a matter previously determined by an English court or another court whose judgment is entitled to recognition in England or conflicts with an earlier judgment of such court;
- the English enforcement proceedings were not commenced within the relevant limitation period; or
- the US judgment was obtained contrary to an agreement for the settlement of disputes under which the dispute in question was to be settled otherwise than by proceedings in a US court (to whose jurisdiction the judgment debtor did not submit).

Only subject to the foregoing may investors be able to enforce in England judgments that have been obtained from US federal or state courts. Notwithstanding the preceding, we cannot assure you that those judgments will be recognized or enforceable in England. In addition, we cannot assure you whether an English court would accept jurisdiction and impose civil liability if the original action was commenced in England, instead of the United States, and predicated solely upon US federal securities laws.

Ireland

As the United States is not a party to a convention with Ireland in respect of the enforcement of judgments, common law rules apply in order to determine whether a judgment of the courts of the State of New York is enforceable in Ireland. Judgments of US courts will not be directly enforceable in Ireland and any proceedings in respect of any action would need to be taken before the Irish courts. However, a judgment of a US court may be recognized and enforced in Ireland without retrial or examination of the merits of the case, provided that:

- the US court was a court of competent jurisdiction;
- the US judgment has not been obtained or alleged to have been obtained by fraud or trick;
- the decision of the US court and the enforcement thereof was not and would not be contrary to natural or constitutional justice under the laws of Ireland;
- the US judgment and the enforcement thereof would not be contrary to public policy as understood by the Irish courts or constitute the enforcement of a judgment of a penal or revenue (tax) nature;
- the US judgment is final and conclusive and is for a debt or definite sum of money;
- the procedural rules of the US courts and the Irish courts have been observed;
- the judgment is not inconsistent with a judgment of the Irish courts in respect of the same matter;
- the Irish enforcement proceedings being commenced within six years from the date of the U.S. judgment, or such other period as may be applicable pursuant to the Irish Statute of Limitations 1957 (as amended); and
- there is a practical benefit in the party in whose favor the US judgment is made in seeking to have that judgment enforced in Ireland.

Luxembourg, English and Irish insolvency laws and other jurisdictions may provide you with less protection than US bankruptcy law.

Luxembourg

In the event that the Issuer or the Existing Cabot Notes Issuer experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings.

Under Luxembourg law, certain types of proceedings may be initiated against a company incorporated in Luxembourg having its center of main interests (within the meaning of EU Council Regulation No. 1346/2000 of May 29, 2000 on insolvency proceedings, as amended (the "EUIR")) or an establishment in Luxembourg (in the latter case assuming that the center of main interests is located in a jurisdiction where the EUIR is applicable). Pursuant to Luxembourg insolvency laws, your ability to receive payment under the Notes may be more limited than would be the case under US bankruptcy laws. However, it should be noted that the concepts of a company's center of main interests and its other establishments are fluid and factual concepts that may change. To the extent the Issuer or the Existing Cabot Notes Issuer have a center of main interests or an establishment that is outside Luxembourg, other jurisdictions' insolvency laws may become relevant. See "Limitations on validity and enforceability of the guarantees and security interests."

England

Certain of the Guarantors are incorporated under the laws of England and Wales (the "English Guarantors") and will represent on closing that their centers of main interests are in this jurisdiction. Accordingly, and assuming that there is no change to the location of each English Guarantor's center of main interests (and assuming that their centers of main interests are located in a jurisdiction where the EUIR is applicable) and the English Guarantors have no "establishments" elsewhere an "establishment" being a place of operations in such other jurisdictions, where it carries out non-transitory economic activities with human means and assets or services), insolvency proceedings with respect to any of those entities would be likely to proceed under, and be governed by, English insolvency law. However, pursuant to the EUIR, where a company incorporated under English law has its center of main interests in a member state of the European Union other than England and Wales the main insolvency proceedings for that company must be opened in the EU Member State in which the company's center of main interests is located, resulting in such proceedings being subject to the laws of that EU Member State and in automatic recognition in all other EU Member States (other than Denmark). Similarly, the Cross-Border Insolvency Regulations 2006, which implement the UNCITRAL Model Law on Cross-Border Insolvency in Great Britain, provide that a foreign (i.e., non-European) court may have jurisdiction where any English-incorporated company has its centre of main interests or where it has an "establishment" (being a place of operations, where it carries out non-transitory economic activities with human means and assets or services) in such foreign jurisdictions. Therefore, to the extent any of the English Guarantors have a center of main interests or an establishment that is outside England and Wales, other jurisdictions' insolvency laws may become relevant.

English insolvency law may not be as favorable to investors as the laws of the United States or other jurisdictions with which investors may be familiar. In the event that any one or more of the English Guarantors experiences financial difficulty, it is not possible to predict with certainty the outcome of insolvency or similar proceedings. Formal insolvency proceedings under the laws of England and Wales may be initiated in a number of ways, as follows.

Assuming that the company's centre of main interests is in England and Wales, the company, its directors or the holder of a "qualifying floating charge" may appoint an administrator using an out of court route. Different procedures apply according to the identity of the appointer. In order to constitute a qualifying floating charge, the floating charge must be created by an instrument which (a) states that the relevant statutory provision applies to it; (b) purports to empower the holder to appoint an administrator of the company or (c) purports to empower the holder to appoint an administrative receiver within the meaning given by Section 29(2) of the Insolvency Act, as amended (the "Insolvency Act"). The holder of a qualifying floating charge may appoint an administrator if such floating charge security, together (if necessary) with other forms of security, relates to the whole or substantially the whole of the property of the relevant English company and at least one such security interest is a qualifying floating charge. An administrator can also be appointed by the English courts in respect of a company with its center of main interests in England in certain circumstances. An administration order can be made if the court is satisfied that the relevant company is or is likely to become "unable to pay its debts" and that the administration order is reasonably likely to achieve one of three statutory purposes. The court may, upon the petition of a creditor, place a company into liquidation, and the company and its directors may resolve to place the company into liquidation, if the company it unable to pay its debts.

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

There is a general prohibition against the appointment of an administrative receiver to an English company by the holder of a debenture or floating charge. Exceptions to that prohibition are if the qualifying floating charge is contained in a security document which pre-dates September 15, 2003 or falls within one of the exceptions in the Insolvency Act as amended by the Enterprise Act 2002 to the prohibition on the appointment of administrative receivers. The most relevant exception to the prohibition on the appointment of an administrative receiver is the exception relating to "capital market arrangements" (as defined in the Insolvency Act), which may apply if the issue of the Notes creates a debt of at least £50.0 million for the relevant company under the arrangement and the arrangement involves the issue of a "capital markets investment" (which is defined in the Insolvency Act, and is generally a rated, listed or traded debt instrument).

In addition, a secured creditor cannot appoint an administrative receiver while an administrator is in office although, in certain circumstances (principally where one of the exceptions to the general prohibition on the appointment of an administrative receiver applies as set out in the Insolvency Act, as amended, or pursuant to a debenture dated earlier than September 15, 2003), the holder of a floating charge can block the appointment of an administrator where it can appoint an administrative receiver.

If an administrative receiver has been appointed, an administrator can only be appointed by the court (and not by the company, its directors or the holder of a qualifying charge using the out of court procedure) and then only if the person who appointed the administrative receiver consents or the court considers that the security pursuant to which the administrative receiver was appointed is invalid. If an administrator is appointed, any administrative receiver will vacate office, and any receiver of part of the company's property must resign if required to do so by the administrator.

There are circumstances under English insolvency law in which the granting by an English company of security and guarantees can be challenged. During the administration of an English Guarantor, in general no proceedings or other legal process may be commenced or continued against such company, or security enforced over such company's property, except with the permission of the court or the consent of the administrator. An interim moratorium also exists in circumstances where an administration application has been made or a notice of intention to appoint administrators has been filed, and will remain in force until such time as the administration application has either been dismissed or an order appointing administrators takes effect or, in the case of a notice of intention to appoint, until the appointment of the administrator takes effect or the period of five business days beginning with the date of filing expires without an administrator having been appointed.

The moratorium does not, however, apply to a "security financial collateral arrangement" (such as a charge over cash or financial instruments, such as shares, bonds or tradable capital market debt instruments) under the Financial Collateral Arrangements (No. 2) Regulations 2003. During the administration of an English company, a creditor would not be able to enforce any security interest (other than valid security financial collateral arrangements) including in respect of a guarantee granted by it (although a demand for payment could be made under such guarantee) without the consent of the administrator or the permission of the court.

A moratorium is also available pursuant to Schedule A1 to the Insolvency Act for "small companies" that are proposing a company voluntary arrangement with creditors, which can be for a period of up to 28 days, with the option for creditors to extend this protection for up to a further two months (although the Secretary of State may, by order, extend or reduce the duration of either period). Small companies are those which meet eligibility criteria as regards the number of employees, turnover and balance sheet total as set out in section 382 of the Companies Act 2006. The position as to whether or not a company is a "small company" may change from financial period to financial period, depending on its financial position and average number of employees during that particular period. The Secretary of State may, by regulations, also modify the qualifications for eligibility of a company for a moratorium and may also modify the present definition of a "small company." Accordingly, the English Guarantors may, at any given time, come within the ambit of the "small companies" provisions, such that the English Guarantors may (subject to the exemptions referred to below) be eligible to seek a moratorium, in advance of a company voluntary arrangement. This moratorium is not available to companies which have entered into certain capital market arrangements (whereby the company has incurred or is expected to incur a debt of at least £10 million and the arrangement involves the issue of a capital market investment) as detailed in Schedule A1 to the Insolvency Act. The definitions of "capital market arrangement" and "capital market investment" are broad and are such that, in general terms, any company which is a party to an arrangement which involves at least £10 million of debt, the granting of security to a trustee, and the issue of a rated, listed or traded debt instrument, is excluded from being eligible for a moratorium. The Secretary of State may modify the criteria by reference to which a company otherwise eligible for a moratorium is excluded from being so eligible. Further, a company voluntary arrangement itself cannot bind secured creditors without their permission. However, if the small companies' moratorium were to apply to any of the English Guarantors, its effects would include prohibitions on enforcement of security that are similar to those that arise upon an administration moratorium. Therefore, to the extent the small companies' moratorium applies, there would be a moratorium on legal proceedings and execution or other legal process being commenced or continued and the levy of distress, against the company or its property (except with the permission of the court). No other steps may be taken to enforce any security over the company's property except with the permission of the court. The company may dispose of charged property if the holder of the security consents or the court gives leave. Further, the company may not make any payment or disposal of its own property unless there are reasonable grounds for believing that the disposal will benefit the company and the payment or disposal is approved by the committee (if established) or, where there is no such committee, by the nominee of the company voluntary arrangement.

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

Under English insolvency law, a liquidator has the power to disclaim any onerous property, which is any unprofitable contract and any other property of the company that cannot be sold, readily sold or may give rise to a liability to pay money or perform any other onerous act. A contract may be unprofitable if it gives rise to prospective liabilities and imposes continuing financial obligations on the company that may be detrimental to creditors. However, this power does not apply to a contract under which all the obligations have been performed nor can it be used to disturb accrued rights and liabilities.

An administrator, receiver (including an administrative receiver) or liquidator of the company will be required to ring fence a certain percentage of the proceeds of enforcement of floating charge security for the benefit of unsecured creditors. Under the Insolvency Act 1986 (Prescribed Part) Order 2003, this applies to 50% of the first £10,000 of floating charge realizations and 20% of the remainder over ring-fencing £10,000, with a maximum aggregate cap of £600,000. The obligation on such insolvency officeholder to set aside the prescribed part for unsecured parties does not apply if the net floating charge realizations are less than £10,000 and the officeholder is of the view that the costs of making a distribution to unsecured parties would be disproportionate to the benefits. The prescribed part will apply to all floating charges created on or after September 15, 2003 regardless of whether they fall within one of the exceptions in the Insolvency Act as amended by the Enterprise Act 2002 to the prohibition on the appointment of administrative receivers. The placing of the English Guarantors into (or any of them) liquidation or administration would also potentially lead to challenges against the granting of security and guarantees and limit the enforceability of security interests and Note Guarantees. Further, there is a possibility that a court could re-characterize as floating charges any security interests expressed to be created by a security document as fixed charges where the chargee does not have the requisite degree of control over the relevant chargor's ability to deal with the relevant assets and the proceeds thereof or does not exercise such control in practice, as the description given to the charges in the relevant security document as fixed charges is not determinative.

In general terms, in circumstances where a company has been placed into administration or liquidation, the administrator or liquidator, respectively, has the power to bring proceedings to challenge any grant of security or giving of any Note Guarantee (or transactions that might include the grant of security or Note Guarantees) as a result of it being considered to be a transaction at an undervalue, a preference, a transaction defrauding creditors pursuant to section 423 of the Insolvency Act or (in relation to any charge created or taking effect as a floating charge) a voidable floating charge. In such circumstances, the courts of England and Wales have the power to make void such transactions, or restore the position to what it would have been if such company had not entered into the transaction. As a result, or if the security or Note Guarantees are held to be unenforceable for any other reason, you would cease to have any security over the grantor or a claim against the relevant English Guarantor giving such Note Guarantee.

Notwithstanding the statements above on the potential jurisdiction of the English courts, in the event that any one or more of the English Guarantors, or any other of our subsidiaries experienced financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. The insolvency and other laws of different jurisdictions may be materially different from, or in conflict with, each other, including in the areas of rights of secured and other creditors, the ability to void preferences, transactions at an undervalue and transactions defrauding creditors, the validity of certain floating charges, priority of governmental and other creditors, ability to obtain or claim interest following the commencement of insolvency proceedings and the duration of the proceedings. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce your rights under the Note Guarantees or the Collateral in these jurisdictions and limit any amounts that you may receive. See "Limitations on validity and enforceability of the guarantees and security interests."

Ireland

Certain Guarantors are incorporated under the laws of Ireland. Consequently, in the event of a bankruptcy or insolvency of any of such Guarantors, insolvency proceedings with respect to such Guarantors would most likely be based on and governed by the insolvency laws of Ireland. The insolvency laws of Ireland may be less favorable to the interests of the Holders as creditors than the bankruptcy laws of the United States or another jurisdiction with which you may be familiar, in particular with respect to priority of creditors, ability to obtain post-petition interest and the duration of the insolvency proceedings. The application of these laws, and any conflict between them, may limit your ability to recover payments due on the Notes to an extent exceeding the limitations arising under other insolvency laws. See "Limitations on validity and enforceability of the guarantees and security interests."

The Notes and the Note Guarantees will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability.

Each Note Guarantee will provide the holders of the Notes with a direct claim against the relevant Guarantor. In addition, the Issuer and the Guarantors will secure the payment of the Notes by granting security under the relevant security documents. However, each security interest granted under a security document will be limited in scope to the value of the relevant assets expressed to be subject to that security interest and the Indenture will provide that each Note Guarantee will be limited to the maximum amount that can be guaranteed by the relevant Guarantor, without rendering the relevant Note Guarantee/security interest voidable or otherwise ineffective under Luxembourg, English, Irish or other applicable law or without resulting in a breach of any applicable law, and enforcement of each Note Guarantee and security document would be subject to certain generally available defenses. These laws and defenses include those that relate to corporate purpose or corporate benefit, fraudulent conveyance or transfer, voidable preference, transactions at an undervalue, transactions defrauding creditors, avoidance of floating charges pursuant to section 245 of the Insolvency Act 1986, insolvency or bankruptcy challenges, financial assistance, preservation of share capital, thin capitalization, capital maintenance or similar laws or regulations affecting the rights of creditors generally. Although laws differ among various jurisdictions, in general, under fraudulent conveyance and other laws, guarantees and security interests can be challenged (by the bankruptcy receiver or trustee, in case of bankruptcy of the relevant Guarantor, or by any of the creditors of such Guarantor outside bankruptcy), and a court could declare unenforceable against third parties (including the beneficiaries thereof) and/or void, any legal act performed by a Guarantor (including, without limitation, the granting by it of the Note Guarantees or the security interests granted under the security documents, see "*Limitations on validity and enforceability of the guarantees and security interests*") and, if payment had already been made under a Note Guarantee or enforcement proceeds applied under a security document, require that the recipient (and possibly, subsequent transferees thereof) return the payment to the relevant Guarantor, if the court found, *inter alia*, that:

- the amount paid or payable under the relevant Note Guarantee or the enforcement proceeds under the relevant security document was in excess of the maximum amount permitted under applicable law;

- we incurred the debt under the Notes or any of the Guarantors incurred a liability under a Note Guarantee or security interest under a security document with the actual intent to hinder, delay or defraud any present or future creditor or shareholder of the Guarantor, favored one or more creditors to the detriment of others when we contemplated filing for insolvency or we or the Guarantors subsequently entered an insolvency process (a "preference") and we or a Guarantor were insolvent or became insolvent as a result of issuing the Notes or entering into such Note Guarantee or, in certain jurisdictions, even when the recipient was simply aware that the Guarantor was insolvent when it granted the relevant Note Guarantee or security interest;

- under Luxembourg law, the relevant act was performed (*e.g.* the Note Guarantees and/or the security interests under the security documents were granted) with the intention to defraud the creditors of, and prejudice their means of recovery against, the Guarantor, and where the recipient/beneficiary and the Guarantor were aware or should have been aware (at the time of performance of the legal act in question) that the granting by the Guarantor of the relevant Note Guarantee or security interests would prejudice the means of recovery of one or more (present or future) creditors of the Guarantor, unless the act was entered into without any consideration, in which case knowledge by the counterparty is not necessary for a challenge on grounds of fraudulent conveyance;

- we or a Guarantor did not receive fair consideration or consideration of reasonably equivalent value in money or money's worth for issuing the Notes or granting the relevant Note Guarantee or security interests and, at the time we issued the Notes or a Guarantor issued a Note Guarantee or granted the security interests (an "undervalue") and we or a Guarantor were: (i) insolvent or rendered insolvent because of the relevant Note Guarantee or security interest; (ii) undercapitalized or became undercapitalized because of the relevant Note Guarantee or security document; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;

- the relevant Note Guarantees or security documents were held to exceed the corporate objects of the Guarantor or not to be in the best interests or for the corporate benefit of the Guarantor or security provider; and/or

- we or a Guarantor incur debts beyond our or its ability to pay those debts as they matured.

Jurisdictions may have different "hardening" or "claw back" periods, during which the issue of the Notes and the Note Guarantees can be challenged. Under English law, the relevant periods would be six months, in the case of a preference to an unconnected person; two years, in the case of an undervalue or a preference to a connected person; twelve months in the case of a voidable floating charge; and two years in the case of a voidable floating charge created in favor of a connected person. Under English law, there is no specific "hardening" period in respect of challenges to transactions defrauding creditors pursuant to section 423 of the Insolvency Act 1986.

In any such case, the court could void the payment obligations under the Notes or such Note Guarantees or subordinate the Notes or such Note Guarantees to presently existing and future indebtedness of ours or such Guarantor, or require the holders of the Notes to repay any amounts received with respect to the Notes or such Note Guarantees. As a result, you may not receive any repayment on the Notes. Furthermore, the voidance of the Notes could result in an event of default with respect to our other debt and that of the Guarantors that could result in acceleration of such debt.

Luxembourg insolvency laws may also affect transactions entered into or payments made by a Luxembourg company during the preference period (*période suspecte*) which is a maximum of six months plus ten days preceding the judgment declaring bankruptcy, except that in certain specific situations the court may set the start of the suspect period at an earlier date.

In principle, a bankruptcy order rendered by a Luxembourg court does not result in the automatic termination of contracts except for employment agreements and powers of attorney. The contracts, therefore, subsist after the bankruptcy order. However, the bankruptcy receiver may choose to terminate certain contracts so as to avoid worsening the financial situation of the company. As of the date of adjudication of bankruptcy, no interest on any unsecured claim will accrue *vis-à-vis* the bankruptcy estate. Insolvency proceedings may hence have a material adverse effect on the Issuer's business and assets and the Issuer's obligations under the Notes. See "Limitations on validity and enforceability of the guarantee and security interests."

Certain avoidance provisions under English law, including in respect of preferences and transactions at an undervalue, require the company entering into such transactions to either have been insolvent at the time or become insolvent as a result of the transaction. Generally, subject to ongoing interpretation by the courts of England and Wales, an entity would be considered insolvent under English law if at the time it incurred indebtedness (i) the value of its assets is less than the amount of its liabilities, taking into account contingent and prospective liabilities or (ii) the value of its assets was, on the balance of probabilities, insufficient to be able to meet its existing debts and liabilities, including prospective and contingent liabilities, as and when they eventually fall due, or (iii) it is unable to pay its debts as they become due. If the Note Guarantees were legally challenged, any Note Guarantees could also be subject to the claim that, since the Note Guarantees were incurred for our benefit, and only indirectly for the benefit of the Guarantor, the obligations of the applicable Guarantor were incurred for less than fair consideration. A court could thus render void the obligations under the Note Guarantees, subordinate them to the applicable Guarantor's other debt or take other action detrimental to the holders of the Notes. For a further discussion of relevant English insolvency law, see "Limitations on validity and enforceability of the guarantees and security interests."

There are circumstances under Irish insolvency law in which security interests and/or guarantees granted by an Irish company may be affected or successfully challenged. In most (but not all) cases this will arise if: (i) an examiner is appointed to the Irish company, or (ii) a liquidator is appointed to the Irish company within a specified period of the granting of the security or giving of the guarantee and the company was "unable to pay its debts" (within the meaning of the Irish Companies Act 2014) when the security interest was granted or when the guarantee was given or "unable to pay its debts" as a result. In addition, a guarantee or security interest which is given without any corporate benefit accruing to the Irish company or which is outside the Irish company's corporate powers may be subject to successful challenge by a liquidator.

There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Note Guarantees will be released automatically and under which the Note Guarantees will be released automatically, without your consent or any action on the part of the Trustee.

Under various circumstances, Collateral securing the Note Guarantees will be released automatically, including the following:

- upon release of a Note Guarantee (with respect to the lien securing such Note Guarantee granted by such Guarantor);
- subject to certain conditions, in connection with any disposition of Collateral, other than to the Company or any of its restricted subsidiaries, permitted by the Indenture;
- if the Company designates any Subsidiary Guarantor to be an unrestricted subsidiary in accordance with the applicable provisions of the Indenture, the release of the property, assets and capital stock of such unrestricted subsidiary;
- in order to effectuate a merger, consolidation, conveyance, transfer or lease of all or substantially all the assets of the Company, CCMG or the Issuer in compliance with the Indenture, subject to certain conditions described under "Description of the Notes—Security—Release of Liens;"
- in connection with certain enforcement actions taken by the creditors under certain of our secured indebtedness as provided under the Intercreditor Agreements; or
- as may be permitted by the covenant described under "Description of the Notes—Certain covenants—Impairment of security interest."

In addition, under various circumstances, the Note Guarantees will be released automatically, including the following:

- in the case of a Note Guarantee of a Subsidiary Guarantor, upon a sale or other disposition (including by way of consolidation or merger) of capital stock of the relevant Guarantor or of a parent thereof, such that such Guarantor ceases to be a restricted subsidiary, or the sale or disposition of all or substantially all the assets of the relevant Guarantor (other than to the Company or a restricted subsidiary), in each case in a transaction otherwise permitted by the Indenture;
- in the case of a Note Guarantee of a Subsidiary Guarantor, upon the designation in accordance with the Indenture of the relevant Guarantor as an unrestricted subsidiary;
- upon defeasance or discharge of the Notes, as provided in "Description of the Notes—Defesance" and "Description of the Notes—Satisfaction and discharge;"
- in the case of a Note Guarantee of an immaterial Subsidiary Guarantor (other than a Note Guarantee of a Subsidiary Guarantor issued on the Issue Date), in certain cases upon the release of certain other guarantees by, and discharge of certain other indebtedness of, such entity; or
- in connection with certain enforcement actions taken by the creditors under certain of our secured indebtedness as provided under the Intercreditor Agreements.

Investors may face foreign exchange risks by investing in the Notes.

The Notes will be denominated and payable in euro. If investors measure their investment returns by reference to a currency other than the currency in which the Notes are denominated, an investment in the Notes will entail foreign exchange related risks due to, among other factors, possible significant changes in the value of the currency in which the Notes are denominated relative to the currency by reference to which such investors measure the return on their investments. These changes may be due to economic, political and other factors over which we have no control. Depreciation of the currency in which the Notes are denominated against the currency by reference to which such investors measure the return on their investments could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to investors when the return on the Notes is translated into the currency by reference to which such investors measure the return on their investments. Investments in the Notes denominated in a currency other than US dollars by US investors may also have important tax consequences as a result of foreign exchange gains or losses, if any. See "Tax considerations—Material United States federal income tax consequences."

If certain changes to tax law were to occur, we would have the option to redeem the Notes.

If certain changes in the law of any Relevant Tax Jurisdiction, as defined under "Description of the Notes—Additional Amounts" become effective that would impose withholding taxes or other deductions on the payments on the Notes or the Note Guarantees, we may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and Additional Amounts, if any, to the date of redemption. We are unable to determine whether such a change to any tax laws will be enacted, but if such change does occur, the Notes will be redeemable at our option.

There may not be an active trading market for the Notes, in which case your ability to sell the Notes may be limited.

We cannot assure you as to:

- the liquidity of any market in the Notes;
- your ability to sell your Notes; or
- the prices at which you would be able to sell your Notes.

Future trading prices for the Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities and is subject to disruptions that may cause volatility in prices. The trading market for the Notes may attract different investors and this may affect the extent to which the Notes may trade. It is possible that the market for the Notes will be subject to disruptions. Any such disruption may have a negative effect on you, as a holder of the Notes, regardless of our prospects and financial performance. As a result, there is no assurance that there will be an active trading market for the Notes. If no active trading market develops, you may not be able to resell your holding of the Notes at a fair value, if at all.

Although an application will be made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange, we cannot assure you that the Notes will be or remain listed. Although no assurance is made as to the liquidity of the Notes as a result of the admission to trading on the Euro MTF market of the Luxembourg Stock Exchange, failure to be approved for listing or the delisting (whether or not for an alternative admission to listing on another stock exchange) of the Notes from the Official List of the Luxembourg Stock Exchange may have a material effect on a holder's ability to resell the Notes, as applicable, in the secondary market.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The credit ratings address our ability to perform our obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

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

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

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

In respect of the audit reports relating to the annual financial statements included in this offering memorandum, BDO LLP's, Whitley Stimpson Limited and Deloitte LLP's reports, in accordance with guidance issued by The Institute of Chartered Accountants in England and Wales, include the following limitations: "This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed."

Investors in the Notes should understand that these statements are intended to disclaim any liability to parties (such as purchasers of the Notes) other than to the Parent with respect to those reports. The SEC would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the US Securities Act, or in a report filed under the US Exchange Act. If a US court (or any other court) were to give effect to the language quoted above, the recourse that investors in the Notes may have against the independent auditors based on their reports or the consolidated financial statements to which they relate could be limited. The extent to which auditors have responsibility or liability to third parties is unclear under the laws of many jurisdictions, including the United Kingdom, and the legal effect of these statements in the audit reports is untested in the context of an offering of securities. The inclusion of the language referred to above, however, may limit the ability of holders of the Notes to bring any action against our auditors for damages arising out of an investment in the Notes.

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

The Notes will initially only be issued in global certificated form and held through Euroclear and Clearstream. Interests in the global notes representing the Notes will trade in book-entry form only, and Notes in definitive registered form, or definitive registered Notes, will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or holders of Notes. The common depositary, or its nominee, for Euroclear and Clearstream will be the sole registered holder of the global notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be made to the paying agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, the Issuer will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if investors own a book-entry interest, they must rely on the procedures of Euroclear and Clearstream, and if investors are not participants in Euroclear and Clearstream, they must rely on the procedures of the participant through which they own their interest, to exercise any rights and obligations of a holder of Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if an investor owns a book-entry interest, it will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable such investor to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered Notes are issued in respect of all book-entry interests, if investors own book-entry interests, they will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes. See "Book-entry, delivery and form."

Payments under the Notes may be subject to withholding tax under the EU Directive on the taxation of savings income.

Under EC Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the "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 paying agent (within the meaning of the Savings Directive) located within its jurisdiction to, or collected by such a paying agent (within the meaning of the Savings Directive) for, an individual resident or certain limited types of entities (the "Residual Entities" within the meaning of Article 4.2 of the Savings Directive) established in that other Member State; however, for a transitional period, Austria may (unless it otherwise elects) instead apply a withholding system in relation to such payments, deducting tax at a rate of 35% unless the relevant beneficial owner of such a payment elects otherwise and authorizes the paying agent to disclose the above information (see "Tax Considerations—EU Savings Directive"). 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.

A number of non-EU countries and territories 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 Residual Entities 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 Residual Entities established in one of those territories.

The Council of the European Union formally adopted a Council Directive amending the Savings Directive on March 24, 2014 (the "Amending Directive") which broadens the scope of the requirements described in above. Member States are required to adopt the national legislation necessary to comply with the Amending Directive by no later than January 1, 2016 and are required to apply these new requirements from January 1, 2017. The changes made under the Amending Directive include extending the scope of the Savings 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.

However, the European Commission has proposed the repeal of the Savings Directive from January 1, 2017 in the case of Austria and from January 1, 2016 in the case of all other Member States (subject to on-going requirements to fulfill administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

If a payment to an individual were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent with a specified office in an EU Member State that is not obliged to withhold or deduct tax pursuant to any law implementing the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000.

Transactions in the Notes could be subject to the Proposed Financial Transactions Tax

On February 14, 2013, the European Commission published a proposal (the "Commission's Proposal") for a directive for a common financial transactions tax (the "FTT") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "participating Member States").

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by participating Member States indicate an intention to implement the FTT by January 1, 2016. However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Use of proceeds

We intend to use the proceeds from this offering to (i) repay in full all amounts outstanding under the Bridge Facility, (ii) partially repay the Senior Facilities, and (iii) pay accrued interest and charges relating thereto, as well as to pay costs fees and expenses in relation to the foregoing and the offering of the Notes.

The following table sets forth the estimated sources and uses of the proceeds from this offering of the Notes. Actual amounts will vary from estimated amounts depending on several factors, including differences from the estimate of fees and expenses and outstanding amounts upon repayment.

Sources	£ in millions	Uses	£ in millions
Notes offered hereby[(1)]	219.2	Repayment of the Bridge Facility[(2)]	90.0
		Partial repayment of the Senior Facilities[(3)]	123.3
		Accrued interest and charges associated with the repayment of the Bridge Facility[(4)]	1.0
		Estimated commissions, fees, and other expenses[(5)]	4.9
Total sources	**219.2**	**Total uses**	**219.2**

(1) Reflects the gross proceeds from the issuance of €310 million aggregate principal amount of Notes at an issue price of 99%. The Notes have been converted at an exchange rate of £1.00 to €1.40.

(2) Reflects the repayment of all amounts outstanding under the Bridge Facility.

(3) Reflects a partial repayment of the Senior Facilities. Upon partial repayment of our Senior Facilities with the proceeds of the offering, we will have £142.0 million available for drawings thereunder.

(4) Includes estimated, accrued, but unpaid interest and fees on the Bridge Facility to the Issue Date.

(5) Reflects our estimate of fees and expenses associated with this offering, including discounts and other commissions, advisory and other professional fees and other transaction costs. A portion of the fees payable to the Initial Purchasers with respect to the offering of the Notes will be rebated against fees previously paid to the initial purchasers in their capacity as lenders under the Bridge Facility.

Capitalization

The following table sets forth the Company's unaudited consolidated capitalization as at June 30, 2015, on (i) an actual basis and (ii) as adjusted to give effect to this offering and the use of proceeds therefrom as described in "Use of proceeds." As adjusted information below is illustrative only and does not purport to be indicative of the Cabot Parent's capitalization following the completion of the offering.

You should read this table together with the sections of this offering memorandum entitled "Use of proceeds," "Selected historical consolidated financial data" and "Management's discussion and analysis of financial condition and results of operations" and the Financial Statements and related notes included elsewhere in this offering memorandum.

	As at June 30, 2015 (unaudited)	
£ in millions	**Actual**	**As adjusted(1)**
Cash at bank and in hand(2)	17.4	17.4
Debt:		
Senior Facilities(3)	146.6	23.3
Bridge Facility(4)	90.0	–
Existing 2019 Cabot Notes	265.0	265.0
Existing 2020 Cabot Notes	100.0	100.0
Existing 2021 Cabot Notes	175.0	175.0
Existing Marlin Notes	150.0	150.0
Fair value adjustment unwind (Existing Marlin Notes)(5)	18.3	18.3
Notes offered hereby(6)	–	221.4
Debt issuance costs(7)	(18.4)	(25.5)
Total third party debt less debt issuance costs(8)	**926.5**	**927.5**
Capital and reserves:		
Equity shareholders' funds	139.4	139.4
Total capitalization	**1,065.9**	**1,066.9**

(1) As adjusted to give effect to this offering and the use of proceeds therefrom, as described in "Use of proceeds."

(2) Cash at bank and in hand includes an amount of cash held on trust for third parties which is therefore restricted cash and unavailable for our use. Such cash amounted to £8.5 million in the "Actual" column and £8.5 million in the "As adjusted" column, of which £3.6 million are attributable to the DLC Group and £4.9 million are attributable to the Cabot Group.

(3) As of June 30, 2015, £146.6 million was drawn under the Senior Facilities, £86.5 million of which was used to finance a portion of the purchase price for the DLC Acquisition with a further £90 million drawn under the Bridge Facility. Subsequent to June 30, 2015, we borrowed an additional £10.0 million and €26.0 million under our Senior Facilities (net of repayments), including, without limitation, to finance the Spanish Acquisition. Upon partial repayment of our Senior Facilities with the proceeds of the offering, we will have £142.0 million available for drawings and £53.0 million outstanding under the Senior Facilities.

(4) As of June 30, 2015, £90.0 million was drawn under the Bridge Facility. The Bridge Facility will be repaid in full on closing of this offering.

(5) On February 10, 2014, we acquired 100% of the voting shares of Marlin Financial Group Limited. On acquisition, a fair value adjustment has been made to the Existing Marlin Notes. This is unwound over the term of the Existing Marlin Notes.

(6) Represents the aggregate principal amount of the Notes offered hereby. The Notes have been converted at an exchange rate of £1.00 to €1.40.

(7) The "Actual" column reflects unamortized debt issuance costs relating to the Existing Cabot Notes, the Existing Marlin Notes and the Senior Facilities in an amount of £18.4 million. The "As adjusted" column includes debt issuance costs of £4.9 million relating to the offering of the Notes.

(8) Excludes accrued interest as of June 30, 2015.

Selected historical consolidated financial data

Presentation of summary historical consolidated financial information

The Marlin Acquisition was consummated on February 10, 2014 and the DLC Acquisition was consummated on June 1, 2015. From the date of the Marlin Acquisition, the consolidated financial information of the Marlin Parent has been included in the consolidated financial statements of the Company. From the date of the DLC Acquisition, the financial information of DLC has been included in the consolidated financial statements of the Company. As a consequence of these consolidations, the results of operations of the Cabot Group for the periods presented may not be directly comparable.

We also present certain information on a combined basis. Information described as "combined," in relation to an operational measure of performance, means the simple aggregation of the relevant measures for the Cabot Group and DLC for the relevant period, and excludes any accounting or *pro forma* adjustments that may be required to present consolidated, *pro forma* or as adjusted *pro forma* information.

Cabot Group summary historical consolidated financial data

The following table summarizes our historical consolidated financial data as at the dates and for the periods indicated. The consolidated financial statements of the Company have been prepared in accordance with UK GAAP for the years ended December 31, 2014, 2013 and 2012. From January 1, 2015, we have begun to report under International Financial Reporting Standards as adopted by the European Union ("IFRS"). Accordingly, the unaudited condensed consolidated financial statements of the Company as at June 30, 2015 and for the six months ended June 30, 2015 and 2014, have been prepared in accordance with IFRS interim financial reporting (IAS 34), and we will prepare financial statements in accordance with IFRS going forward. UK GAAP differs in several respects from IFRS. The differences between UK GAAP and IFRS primarily relate to adjustments to profit and equity attributable to owners of the parent, the presentation of revenue net of unrealized current value movement on Loan Portfolios specific changes to the reversal of goodwill amortization, identification of separable intangible assets, expenditure of capitalized costs and certain reclassifications. For a discussion of our transition between UK GAAP and IFRS as applied by The Cabot Group, see Note 19 to the Cabot Group Interim Financial Statements. See "Presentation of financial and other information."

Financial information of the Cabot Group included in this section has been derived as follows:

- the UK GAAP financial information of the Cabot Group as at and for the year ended December 31, 2014 set out herein has been derived from the 2014 Cabot Group Consolidated Financial Statements;
- the UK GAAP financial information of the Cabot Group as at and for the year ended December 31, 2013 set out herein has been derived from the 2013 Cabot Group Consolidated Financial Statements;
- the UK GAAP financial information of the Cabot Group as at and for the year ended December 31, 2012 set out herein has been derived from the 2012 Cabot Group Consolidated Financial Statements;
- the IFRS financial information of the Cabot Group as at and for the year ended December 31, 2014 set out herein has been derived from Note 19 to the Cabot Group Interim Financial Statements; and
- the IFRS financial information of the Cabot Group as at June 30, 2015 and for the six months ended June 30, 2015 and 2014 set out herein has been derived from the Cabot Group Interim Financial Statements.

The 2013 Cabot Group Consolidated Financial Statements and 2012 Cabot Group Financial Statements do not include Marlin historical financial information, which is presented elsewhere in this Offering Memorandum. The Marlin Group Financial information is only included in the Cabot Group Consolidated Financial Statements from the date of the Marlin Acquisition.

The 2014 Cabot Group Financial Statements, 2013 Cabot Group Financial Statements and 2012 Cabot Group Financial Statements do not include DLC historical financial information, which is presented herein. The DLC Group Financial information is only included in the Cabot Group Consolidated Financial Statements from the date of the DLC Acquisition.

Our results of operations for prior periods are not necessarily indicative of the results to be expected for any future period. This summary historical consolidated financial data should be read in conjunction with the Cabot Group Consolidated Financial Statements and accompanying notes included elsewhere in this offering memorandum and discussed in "Presentation of financial and other information" and "Management's discussion and analysis of financial condition and results of operations."

(£ in millions)	UK GAAP Year ended December 31,[1] 2012	2013	2014
Consolidated profit and loss account data:			
Turnover	160.9	181.3	263.4
Existing operations	*160.9*	*181.3*	*199.5*
Acquisitions	–	–	*63.9*
Cost of sales	(57.0)	(68.3)	(110.1)
Gross profit	**103.9**	**113.1**	**153.3**
Administration expenses	(44.3)	(50.6)	(72.5)
Other operating income	0.1	–	–
Operating profit	**59.7**	**62.5**	**80.8**
Existing operations	*59.7*	*62.5*	*72.0*
Acquisitions	–	–	*8.8*
Interest receivable and similar income	–	0.6	0.2
Interest payable and similar charges	(25.7)	(34.6)	(63.5)
Profit on ordinary activities before taxation	**34.0**	**28.5**	**17.5**
Tax on profit on ordinary activities	(5.2)	(6.9)	(3.8)
Profit for the financial period	**28.8**	**21.6**	**13.7**

(£ in millions)	Year ended December 31, 2014	IFRS Six months ended June 30,[1] 2014	2015	Twelve months ended June 30, 2015
		Unaudited		
Consolidated income statement data:				
Revenue	186.9	76.4	132.7	243.2
Operating expenses	(33.6)	(10.7)	(24.9)	(47.8)
Gross profit	**153.3**	**65.7**	**107.8**	**195.4**
Administration expenses	(68.8)	(36.7)	(42.9)	(75.0)
Operating profit	**84.5**	**29.0**	**64.9**	**120.4**
Finance income	0.2	0.1	0.8	0.8
Finance costs	(64.6)	(31.1)	(34.9)	(68.4)
Profit/(loss) before tax	**20.1**	**(2.0)**	**30.8**	**52.8**
Tax(expense)/income	(3.5)	0.5	(6.2)	(10.2)
Profit/(loss) for the period	**16.5**	**(1.5)**	**24.6**	**42.6**

(£ in millions)	UK GAAP As at December 31,[1] 2012	2013	2014
			restated[*]
Consolidated balance sheet data:			
Goodwill	20.2	18.9	195.8
Intangible assets	–	–	1.6
Tangible assets	9.4	8.1	10.9
Fixed assets	**29.6**	**27.0**	**208.2**
Current assets			
Loan Portfolios	341.9	410.5	719.3
Debtors: amounts falling due within one year	12.8	11.2	17.1
Cash at bank and in hand	23.1	36.7	16.7
	377.8	**458.5**	**753.2**
Creditors: amounts falling due within one year	(42.1)	(33.7)	(95.7)
Creditors: amounts falling due after more than one year	(262.0)	(352.1)	(747.5)
Deferred tax liability	(0.7)	(0.5)	(5.4)
Net assets	**102.7**	**99.2**	**112.8**
Capital Reserves:			
Called up share capital	0.3	0.3	0.3
Capital contribution reserve	136.2	136.2	139.0
Profit and loss account	(33.7)	(37.2)	(26.5)
Equity shareholders' funds	**102.7**	**99.2**	**112.8**

(*) Subsequent to the year ended December 31, 2014 it was noted that an intercompany loan balance due to a parent undertaking of the Company had been waived during 2014, and therefore a prior year adjustment has been made to correct the position as at December 31, 2014.

	IFRS		
	As at December 31,	As at June 30,(1)	
(£ in millions)	2014	2014	2015
		Unaudited	
Consolidated balance sheet data:			
Goodwill	197.4	197.0	260.1
Other intangible assets	8.5	6.1	10.6
Property, plant and equipment	5.2	3.6	6.4
Purchased loan portfolios	642.1	580.9	765.9
Deferred tax asset	2.5	1.9	3.9
Non-current assets	**855.6**	**789.5**	**1,046.9**
Cash and cash equivalents	16.7	23.7	17.4
Purchased loan portfolios	77.2	70.0	104.2
Trade and other receivables	12.3	11.3	14.1
Current tax asset	2.6	2.5	–
Current assets	**108.8**	**107.5**	**135.7**
Total assets	**964.5**	**897.1**	**1,182.6**
Current liabilities	**(92.6)**	**(57.2)**	**(173.9)**
Non-current liabilities	**(756.3)**	**(745.1)**	**(869.3)**
Net assets	**115.6**	**94.8**	**139.4**
Equity			
Share capital	0.3	0.3	0.3
Capital contribution reserve	139.0	136.2	139.0
Retranslation reserve	(0.4)	(0.2)	(1.1)
Retained earnings/(accumulated losses)	(23.4)	(41.4)	1.2
Equity attributable to owners of the parent	**115.6**	**94.8**	**139.4**

	UK GAAP		
	Year ended December 31,(1)		
(£ in millions)	2012	2013	2014
Consolidated cash flow statement data:			
Net cash (outflow)/inflow from operating activities	18.9	(33.4)	(23.2)
Returns on investments and servicing of finance	(113.9)	(35.4)	(58.5)
Taxation	(13.1)	(5.9)	(1.7)
Capital expenditure and financial investment	(5.1)	(1.7)	(7.6)
Acquisitions and disposals	–	–	(159.3)
Cash outflow before use of financing	**(113.3)**	**(76.4)**	**(250.3)**
Financing	119.5	90.0	230.3
Increase/(decrease) in cash in the period	**6.2**	**13.6**	**(20.0)**

	IFRS		
	Year ended December 31,	Six months ended June 30,(1)	
(£ in millions)	2014	2014	2015
		Unaudited	
Consolidated cash flow statement data:			
Net cash generated from/(used in) operating activities	(25.0)	(51.8)	14.3
Net cash used in investing activities	(219.0)	(178.9)	(194.8)
Net cash from financing activities	224.0	217.8	180.7
(Decrease)/increase in cash	**20.0**	**(12.9)**	**0.2**

(1) Please see "Management's discussion and analysis of financial condition and results of operations—Significant factors affecting our results of operations," for a description of how certain profit and loss account and consolidated income statement line items (and corresponding balance sheet line items) may be impacted by movements in the value of more recently purchased portfolios over short periods of time.

DLC summary historical data

The following table summarizes the historical financial data of DLC as at the dates and for the periods indicated. The financial statements of Hillesden Securities Limited have been prepared in accordance with UK GAAP. See "Presentation of financial and other information."

DLC results of operations for prior periods are not necessarily indicative of the results to be expected for any future period. This summary historical financial data should be read in conjunction with the DLC Financial Statements and accompanying notes included elsewhere in this offering memorandum and discussed in "Presentation of financial and other information."

The 2015 DLC Financial Statements are not consolidated and do not include the results of the DLC's subsidiary Mercantile Data Bureau Limited. For the year ended April 30, 2015, Mercantile Data Bureau Limited reported Turnover of £141,119, Loss for the year of £1,689 and had shareholders' funds at April 30, 2015 of £1,127, all as reported under the UK GAAP accounting policies of that entity.

Financial information included in this section has been derived from the DLC Financial Statements.

	UK GAAP Year ended April 30,		
(£ in millions)	**2013**	**2014**	**2015**
Profit and loss account data:			
Turnover	**57.0**	**55.7**	**56.5**
Cost of sales	(28.3)	(25.1)	(30.1)
Gross profit	**28.7**	**30.6**	**26.4**
Administrative Expenses	(7.0)	(6.7)	(6.7)
Operating profit	**21.7**	**23.9**	**19.7**
Other interest receivable and similar income	0.01	0.13	(0.15)
Interest payable and similar charges	(0.3)	–	(0.9)
Profit on ordinary activities before taxation	**21.5**	**24.0**	**18.9**
Tax on profit on ordinary activities	(5.1)	(5.5)	(4.0)
Profit for the year	**16.3**	**18.6**	**15.0**

	UK GAAP As at April 30,		
(£ in millions)	**2013**	**2014**	**2015**
Balance sheet data:			
Fixed assets	0.9	1.0	0.8
Current assets	**32.0**	**51.1**	**57.4**
Creditors: amounts falling due within one year	(7.4)	(8.2)	(9.1)
Net current assets	**24.6**	**43.0**	**48.3**
Total assets less current liabilities	**25.4**	**44.0**	**49.1**
Called up share capital	0.01	0.01	0.01
Profit and loss account	25.4	44.0	49.1
Total shareholders' funds	**25.4**	**44.0**	**49.1**

Unaudited *pro forma* consolidated and combined financial information

The following unaudited *pro forma* consolidated and combined financial information has been derived from the application of *pro forma* adjustments to the consolidated statement of comprehensive income of the Company for the twelve months ended June 30, 2015, to illustrate the effect of the DLC Acquisition, including the borrowing of funds under the Bridge Facility and the Senior Facilities to finance the purchase price for the DLC Acquisition, and related costs, fees and expenses (the “Related Financings’), together with related deferred consideration (the “DLC Deferred Consideration”).

The unaudited pro forma consolidated and combined financial information does not give effect to this offering; see “Summary historical consolidated financial data and other financial data” for certain financial information presented on an as adjusted *pro forma* basis, to give effect to the DLC Acquisition, the offering of the Notes and the use of proceeds thereof.

The unaudited *pro forma* consolidated and combined financial information is presented to illustrate the effect of the DLC Acquisition on the consolidated statement of comprehensive income of the Company by giving effect to the DLC Acquisition including the Related Financings, together with the DLC Deferred Consideration, as if such events had occurred on July 1, 2014. The DLC Acquisition was completed on June 1, 2015 and since this date the financial results of the DLC Group have been included in the Company’s consolidated results.

The unaudited *pro forma* consolidated and combined financial information has been prepared from the following sources of information:

- financial information of the Company for the twelve months ended June 30, 2015 has been derived by adding the statement of comprehensive income data for the year ended December 31, 2014 to the statement of comprehensive income data for the six months ended June 30, 2015 and subtracting therefrom the statement of comprehensive income data for the six months ended June 30, 2014, all derived from Note 19 to the Cabot Group Interim Financial Statements included elsewhere in this offering memorandum. Such financial information has been prepared in accordance with IFRS;

- financial information of DLC for the one month ended June 30, 2015 has been derived from the accounting records of the Company. This information has been prepared in accordance with IFRS; and

- financial information of DLC for the year ended April 30, 2015 has been derived from the 2015 DLC Financial Statements included elsewhere in this offering memorandum. This financial information has been prepared in accordance with UK GAAP. For the purposes of the unaudited pro forma consolidated and combined statement of comprehensive income, this information has been adjusted for the adoption of IFRS (including the accounting policies of the Company) and certain reclassifications required to ensure consistency with the classification of equivalent transactions within the consolidated statement of comprehensive income of the Company. No adjustment has been made to reflect the results of DLC for the two months ended June 30, 2015 in the unaudited pro forma consolidated and combined financial information or to otherwise align the non-coterminous period ends of the Company and DLC.

The DLC Acquisition has been recorded using the acquisition accounting method. Under the acquisition accounting method, the aggregate consideration paid is allocated to the tangible and identifiable intangible assets acquired and liabilities assumed on the basis of their fair values on the transaction date. Any purchase price in excess of net assets acquired is recorded as goodwill.

In the preparation of the unaudited *pro forma* consolidated and combined financial information, no account has been taken of any future changes in accounting policies or anticipated synergies and efficiencies associated with the DLC Acquisition.

If such pro forma financial information was being presented in accordance with Article 11 of Regulation S-X as issued by the Securities and Exchange Commission, the Company would be required to present both a pro forma statement of comprehensive income for its last audited annual period to December 31, 2014 as well as the most recent unaudited interim period presented for the six months ended June 30, 2015. The Company has chosen to present a pro forma statement of comprehensive income for the twelve months ended June 30, 2015 as an alternative.

The 2015 DLC Financial Statements are not consolidated and do not include the results of DLC’s subsidiary Mercantile Data Bureau Limited. The unaudited *pro forma* consolidated and combined financial information does not give effect to the inclusion of the results of Mercantile Data Bureau Limited. For the year ended April 30, 2015, Mercantile Data Bureau Limited reported Turnover of £141,119, Loss for the year of £1,689 and had shareholders' funds at April 30, 2015 of £1,127, all as reported under the UK GAAP accounting policies of that entity.

The unaudited *pro forma* consolidated and combined financial information is being presented for informational purposes only and all *pro forma* adjustments reflect estimates and assumptions made by management of the Company that management considers reasonable.

The unaudited *pro forma* consolidated and combined financial information does not purport to represent what the combined results of operations of the Company actually would have been if the DLC Acquisition, including the Related Financings and DLC Deferred Consideration, had occurred on July 1, 2014, nor should it be used as the basis of projection of our results of operation for any future period.

The unaudited *pro forma* consolidated and combined financial information should be read in conjunction with:

- the Cabot Group Interim Financial Statements;
- the 2014 Cabot Group Consolidated Financial Statements; and
- the 2015 DLC Financial Statements.

Unaudited *pro forma* consolidated and combined statement of comprehensive income for the twelve months ended June 30, 2015

£ in thousands	Company twelve months ended June 30, 2015[1]	IFRS Elimination of DLC results for the one month ended June 30, 2015[2]	DLC year ended April 30, 2015[3]	Acquisition adjustments	Cabot *Pro Forma* Combined
Revenue	243,184	(3,143)	38,110	4,221[5]	282,372
Operating expenses	(47,786)	239	(3,103)	–	(50,650)
Gross profit	**195,398**	**(2,904)**	**35,007**	**4,221**	**231,722**
Administrative expenses	(75,034)	2,795	(13,833)	(2,237)[6][7]	(88,309)
Operating profit	**120,364**	**(109)**	**21,174**	**1,984**	**143,413**
Finance income	830	(43)	2	–	789
Finance costs	(68,390)	–	(892)	(10,593)[9]	(79,875)
Profit/(loss) before tax	**52,804**	**(152)**	**20,284**	**(8,609)**	**64,327**
Tax (expense)/income	(10,187)	(57)	(4,252)	1,374[10]	(13,122)
Profit/(loss) for the period	**42,617**	**(209)**	**16,032**	**(7,235)**	**51,205**

Notes to the unaudited *pro forma* consolidated and combined financial information

1. Company IFRS information for the twelve months ended June 30, 2015

£ in thousands	IFRS Year ended December 31, 2014[(a)]	Six months ended June 30, 2015[(a)]	Six months ended June 30, 2014[(a)]	Twelve months ended June 30, 2015[(b)]
Revenue	186,939	132,673	(76,428)	243,184
Operating expenses	(33,609)	(24,900)	10,723	(47,786)
Gross profit	**153,330**	**107,773**	**(65,705)**	**195,398**
Administrative expenses	(68,791)	(42,900)	36,657	(75,034)
Operating profit	84,539	64,873	(29,048)	120,364
Finance income	154	768	(92)	830
Finance costs	(64,638)	(34,865)	31,113	(68,390)
Profit/(loss) before tax	20,055	30,776	1,973	52,804
Tax (expense)/income	(3,535)	(6,186)	(466)	(10,187)
Profit/(loss) for the period	16,520	24,590	1,507	42,617

(a) The historical financial information presented for the year ended December 31, 2014, the six months ended June 30, 2015 and the six months ended June 30, 2014 are all prepared in accordance with IFRS. This information has been derived from Note 19 to the Cabot Group Interim Financial Statements included elsewhere in this offering memorandum.

(b) The information presented in the unaudited pro forma consolidated and combined statement of comprehensive income for the twelve months ended June 30, 2015 has been derived by adding the results of operations for the year ended December 31, 2014 to the results of operations for the six months ended June 30, 2015 and subtracting therefrom the results of operations for the six months ended June 30, 2014. The information for the twelve months ended June 30, 2015 data has been prepared solely for the purpose of this offering memorandum, is not prepared in the ordinary course of our financial reporting and has not been audited or reviewed. 2. Elimination of DLC results for the one month ended June 30, 2015 The Company's results for the six months ended June 30, 2015 include the results of DLC for the month ended June 30, 2015. In order to present *pro forma* adjustments for the twelve month period ended June 30, 2015 that give effect to the DLC Acquisition as if it had occurred on July 1, 2014, the results of DLC for the entire fiscal year ended April 30, 2015 have been included in the unaudited *pro forma* consolidated and combined financial information, as set out in (3) below, while the results of DLC for the month ended June 30, 2015 have been eliminated from the Company's results for the six months ended June 30, 2015. The results of DLC for this period have been prepared in accordance with the IFRS accounting policies of the Cabot Group and have been derived from the accounting records of the Cabot Group. 3. DLC IFRS Information for the year ended April 30, 2015

£ in thousands	UK GAAP Year ended April 30, 2015[(b)]	IFRS Adjustments[(c)]	Reclassifications[(d)]	IFRS Year ended April 30, 2015[(e)]
Revenue[(a)]	56,535	1,364[(c.i)]	(19,789)[(d.i)(d.ii)(d.iv)]	38,110
Operating expenses[(a)]	(30,149)	–	27,046[(d.i)(d.iii)(d.iv)]	(3,103)
Gross profit[(a)]	**26,386**	**1,364**	**7,257**	**35,007**
Administrative expenses[(a)]	(6,708)	(14)[(c.ii)]	(7,111)[(d.iii)]	(13,833)
Operating profit[(a)]	19,678	1,350	146	21,174
Finance income[(a)]	148	–	(146)[(d.ii)]	2
Finance costs[(a)]	(892)	–	–	(892)
Profit before tax[(a)]	18,934	1,350	–	20,284
Tax expense[(a)]	(3,982)	(270)[(c.iii)]	–	(4,252)
Profit for the period[(a)]	14,952	1,080	–	16,032

(a) The line item names reflected in the table above are those used in the Cabot Group Interim Financial Statements and certain of these differ from those used in the 2015 DLC Financial Statements. A comparison of the names of line items which differ between these two sources is set out below for ease of comparison:

2015 DLC Financial Statements	Cabot Group Interim Financial Statements
Turnover	Revenue
Cost of sales	Operating expenses
Administrative expenses	Administrative expenses
Interest receivable and similar income	Finance income

Interest payable and similar charges	Finance costs
Profit on ordinary activities before taxation	Profit/(loss) before tax
Tax on profit on ordinary activities	Tax (expense)/income

(b) The historical financial information presented for the year ended April 30, 2015 has been derived from 2015 DLC Financial Statements included elsewhere in this offering memorandum. These financial statements have been prepared in accordance with UK GAAP which differs in certain significant respects from IFRS.

(c) IFRS Adjustments reflect the adjustments required to reconcile the historical profit and loss account of DLC for the year ended April 30, 2015 prepared in accordance with UK GAAP to the statement of comprehensive income of DLC for the year ended April 30, 2015 prepared in accordance with IFRS (including the accounting policies of the Company) included in the unaudited pro forma consolidated and combined statement of comprehensive income.

(i) Pursuant to the Company's IFRS accounting policies, loan portfolios are recognised at their current value in the balance sheet as "Loan portfolios" and Revenue is recognised as receipts that relate to the current reporting period, adjusted for changes in the current values of the loan portfolios. The current value is determined as the amount at which the Loan portfolios were initially recognised, minus any repayments, less any reduction for impairment or uncollectibility. DLC's UK GAAP accounting policy for loan portfolios was to carry the loan portfolios under a methodology whereby Turnover was recognised when cumulative cash receipts exceeded the debtor balance. An adjustment has been recorded representing the impact on Revenue for the year ended April 30, 2015 of the alignment of DLC's accounting policy to that of the Company, resulting in an increase in Revenue of £1.3 million. This represents the difference between the £20.1 million of loan portfolio amortization historically recorded under the DLC accounting policy and £18.8 million that would result from the application of the Company's accounting policy.

(ii) This adjustment relates to the recognition of the movement in Asset Retirement Obligations of DLC during the year ended April 30, 2015. Asset Retirement Obligations were not previously recognised by DLC under UK GAAP but were recorded as part of the Company's acquisition accounting under IFRS.

(iii) This adjustment represents the tax effect of the IFRS Adoption Adjustments detailed at (c.i) and (c.ii), calculated by applying the weighted average UK Corporation Tax statutory rate for the year ended April 30, 2015 of 20% to those adjustments.

For purposes of the presentation of these IFRS Adjustments, a transition date to IFRS of May 1, 2014 has been assumed. In considering the opening position of shareholders' equity as of May 1, 2014 under IFRS, we have taken advantage of the relevant mandatory exceptions and certain optional exemptions to the retroactive application of IFRS, as provided by IFRS 1, First-Time Adoption of International Financial Reporting Standards.

DLC has not made an explicit and unreserved statement of compliance with IFRS as is required when applying IFRS 1, when using the relevant mandatory exceptions and the optional exemption mentioned below to the retroactive application of IFRS, as an explicit and unreserved statement of compliance cannot be made as a first set of financial statements in accordance with IFRS has not been prepared.

Optional exemptions taken: The "deemed cost" exemption has been applied; therefore, the amounts recorded under UK GAAP as of the date of transition have been used as deemed cost for property, plant and equipment.

The principal item required to reconcile the opening position of shareholders' equity as of May 1, 2014 from UK GAAP to IFRS was an adjustment to record purchased loan portfolios at current value under the Company's IFRS accounting policy.

(d) For the purposes of the unaudited pro forma consolidated financial information, the following transactions were reclassified from the profit and loss account of DLC to ensure consistency with the classification of equivalent transactions within the consolidated statement of comprehensive income of the Company:

(i) Amortisation of loan portfolios of £20,188,000 was included within Cost of sales in the 2015 DLC Financial Statements. This has been reclassified as Revenue for the purposes of the unaudited pro forma consolidated and combined statement of comprehensive income in accordance with the presentation adopted by the Company;

(ii) Interest on loan portfolios of £146,000 was included within Interest receivable and similar income in the 2015 DLC Financial Statements. This has been reclassified as Revenue for the purposes of the unaudited pro forma consolidated and combined statement of comprehensive income in accordance with the presentation adopted by the Company;

(iii) Salary costs of £7,111,000 were included within Cost of sales in the 2015 DLC Financial Statements. These have been reclassified as Administrative expenses for the purposes of the unaudited pro forma consolidated and combined statement of comprehensive income in accordance with the presentation of salary costs adopted by the Company; and

(iv) Other income of £253,000 was included within Cost of sales in the 2015 DLC Financial Statements. This has been reclassified as Revenue for the purposes of the unaudited pro forma consolidated and combined statement of comprehensive income in accordance with the presentation adopted by the Company.

(e) The information presented in the unaudited pro forma consolidated and combined statement of comprehensive income relating to DLC has been derived by applying the IFRS Adoption Adjustments and the Reclassifications to the results of operations for the year ended April 30, 2015. 4. Acquisition Accounting As set forth elsewhere in this offering memorandum, on June 1, 2015, the Group acquired DLC. Under the acquisition method of accounting, the total estimated cost of acquisition is allocated to DLC’s net tangible and intangible assets based on their provisional fair values as of the date of completion of the acquisition.

Details of the adjusted fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

£ in thousands	DLC book values as at June 1, 2015[(a)]	Acquisition adjustments	Provisional fair values[(j)]
Assets			
Intangible assets	–	2,492[(c)]	2,492
Property, plant and equipment	748	124[(d)]	872
Deferred tax asset	378	(378)[(e)]	–
Purchased loan portfolios	34,240	83,889[(f)]	118,129
Trade and other receivables	1,537	31[(g)]	1,568
Cash	20,068	–	20,068
	56,971		143,129
Liabilities			
Trade and other payables	(5,567)	(1,719)[(h)]	(7,286)
Deferred tax liability	–	(15,862)[(e)]	(15,862)
Provisions	–	(1,124)[(d),(i)]	(1,124)
	(5,567)		**(24,272)**
Total identifiable net assets at book value / fair value	**51,404**		**118,857**
Cash paid			176,492
Deferred consideration liability[(b)].			5,117
Total consideration			**181,609**
Goodwill arising on acquisition			**62,754**

(a) In the 2015 DLC Financial Statements: Property, plant and equipment is referred to under UK GAAP as Tangible assets; Deferred tax asset, Purchased loan portfolios and Trade and other receivables are referred to collectively as Debtors; and Trade and other payables are referred to as Creditors.

(b) The DLC Deferred Consideration of £7.8 million is payable on the tenth anniversary of the DLC Acquisition. The £5.1m figure included above represents the present value of the DLC Deferred Consideration at the date of the DLC Acquisition, discounted at a rate of 4.25%.

(c) Represents the recognition at fair value of previously unrecognised intangible assets relating to forward flow contracts, customer contracts, scorecard, pricing model, collections system and speech analytics model.

(d) Represents the recognition of certain dilapidation provision relating to property, plant and equipment. A corresponding liability is recorded within provisions.

(e) Represents the recognition of a deferred tax liability, and elimination of the existing deferred tax asset, as a consequence of the other acquisition adjustments, calculated at a rate of 20%, the UK Corporation Tax statutory rate.

(f) Represents an adjustment to the carrying value of loan portfolios to record them at their current value under the Company's IFRS accounting policies.

(g) Represents the estimates of net cash flow (collections less costs incurred) on forward flow contracts (as noted in (c) above) that the Company is contractually obligated to purchase.

(h) Represents estimates for completion bonuses, disaster recovery, software licensing costs and the cost of unused employee holidays.

(i) Represents a provision for compliance with the regulatory environment along with the liability related to dilapidation provision described at (d) above.

(j) The Provisional Fair Values presented here have been extracted from the Cabot Group Interim Financial Statements included elsewhere in this offering memorandum which were authorised for issue on October 19, 2015. 5. Revenue recognition This adjustment gives effect to the calculation of revenue for DLC based on the Company's cash flow and discount rate assumptions used to determine the fair value of DLC's purchased loan portfolios as of the date of the DLC Acquisition. 6. Amortization of intangible assets This adjustment gives effect to the amortization of intangible assets recognised as part of the DLC Acquisition as if the DLC Acquisition occurred on July 1, 2014 (refer to Note 4 for the preliminary purchase price allocation):

£ in thousands	Fair value at acquisition	Expected life in years	Annual amortization expense
Intangible assets recognised as part of the DLC Acquisition[a]......	2,492	5	
Net adjustment in respect of intangible asset amortization[a] ..			**498**[b]

(a) Upon completion of the DLC Acquisition, the Company recognized intangible assets of £2.5 million including forward flow contracts, customer contracts, scorecard, pricing model, collections system and speech analytics model. Had the DLC Acquisition occurred on July 1, 2014, amortization of £0.5 million would have been recognised during the twelve months ended June 30, 2015, reflecting a useful life of 5 years on the acquired intangible assets.

(b) In the pro forma consolidated and combined statement of comprehensive income, amortization of intangible assets is included in Administrative expenses. 7. Non-recurring costs Direct, incremental costs relating to the DLC Acquisition totalling £1.7 million were recorded in the Cabot Group Interim Financial Statements (included elsewhere in this offering memorandum) as a component of Administrative expenses. These costs have been removed from the *pro forma* statement of comprehensive income for the twelve months ended June 30, 2015 as they reflect non-recurring charges directly related to the DLC Acquisition. No costs related to the DLC Acquisition were recorded by DLC for the year ended April 30, 2015 as they were incurred and settled by DLC's former parent company, Faccenda Investments.

This included bonuses paid to certain directors of DLC to the value of £0.4 million in connection with the DLC Acquisition. 8. Financing The following table sets forth the sources and uses of the proceeds in respect of the DLC Acquisition.

Sources	£ in thousands	Uses	£ in thousands
Bridge Facility[a]	90.0	Purchase Consideration[c]........	176.5
Drawdown on Senior Facilities[b]...........................	86.5		
Total Sources.........................	176.5	**Total Uses**	176.5

(a) Funds drawn under the Bridge Facility Agreement were net of £0.9 million of debt issue costs which were expensed in full in the six months ended June 30, 2015. For purposes of the pro forma adjustments, it has been assumed that such Bridge Facility is in place for the entire twelve months and will be replaced in its entirety on October 31, 2015, 16 months after its drawn date, assumed to be July 1, 2014 for pro forma purposes.

(b) Of the £146.6 million of Senior Facilities drawn at June 30, 2015, £86.5 million was used to partially finance the DLC Acquisition.

(c) The purchase consideration presented here represents cash consideration and does not include the DLC Deferred Consideration. Further details of the DLC Deferred Consideration are included in Note 4(b) above. 9. Finance costs The detail below represents the adjustment to record (i) estimated interest expense related to the incurrence of indebtedness under the Related Financings and (ii) the unwind of the discount on the DLC Deferred Consideration.

£ in thousands	Twelve months ended June 30, 2015
Pro forma cash interest expense[a]	11,378
Add: *Pro forma* amortisation of Bridge Facility debt issue costs[b]	675
Add: *Pro forma* unwinding of discount on DLC Deferred Consideration[c]	264
Total *pro forma* interest expense	12,317
Less: Historic interest charge[d]..	(1,724)
Net *pro forma* adjustment to Finance costs..	**10,593**

(a) Represents the estimated cash interest expense related to the incurrence of indebtedness under the Related Financings as if the Related Financings had been drawn down on July 1, 2014, excluding the impact of amortisation of debt issue costs related to the Bridge Facility. The estimated cash interest expense related to the Bridge Facility has been calculated based on the rates applicable during the first twelve months of the Bridge Facility of 7.0%-8.0% applied to the principal amount of £90 million together with structuring and funding fees payable during the term of the Bridge Facility of £1.1 million. The estimated cash interest expense related to the Senior Facilities has been calculated based on the rates of 4.0%-4.5% applicable during the twelve months ended June 30, 2015 applied to the amount of £86.5 million which was drawn to finance in part the DLC Acquisition. No account has been taken of any changes to utilisation fees or penalties applicable under the

Senior Facilities that may have occurred had the Senior Facilities been so drawn during the twelve months ended June 30, 2015.

(b) Represents the amortisation of debt issue costs related to the Bridge Facility. See Note 8(a) for further details.

(c) Represents the unwinding of the discount on the DLC Deferred Consideration pursuant to Note 8(c) as if the DLC Deferred Consideration had been in existence from July 1, 2014.

(d) Represents the historic interest charges arising from the Related Financings, including amortisation of debt issue costs related to the Bridge Facility, and the unwind of the discount on the DLC Deferred Consideration that were recorded by the Company in the month ended June 30, 2015. 10. Tax expense This adjustment represents the tax effect of the Acquisition Accounting *pro forma* adjustments, other than acquisition costs related to the DLC Acquisition which have been treated as non-taxable, calculated by applying the UK Corporation Tax statutory rate for the twelve months ended June 30, 2015 of 20% to those adjustments.

Management's discussion and analysis of financial condition and results of operations

The following information should be read together with the selected consolidated financial and operating data and the Financial Statements and the notes thereto included elsewhere in this offering memorandum. The following discussion contains forward looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in these forward looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this offering memorandum particularly in the sections entitled "Risk factors" and "Forward-looking statements."

The consolidated financial statements of the Company for the year ended December 31, 2014, 2013 and 2012 have been prepared in accordance with UK GAAP. From January 1, 2015, we have begun to report under IFRS, with a transition date of January 1, 2014. Accordingly, the unaudited condensed consolidated financial statements of the Company as at June 30, 2015 and for the six months ended June 30, 2015 and 2014, have been prepared in accordance with IFRS on interim financial reporting (IAS 34), and we will prepare financial statements in accordance with IFRS going forward. UK GAAP differs in several respects from IFRS. The differences between UK GAAP and IFRS primarily relate to adjustments to profit and equity attributable to owners of the parent, the presentation of revenue net of unrealized current value movement on Loan Portfolios specific changes to the reversal of goodwill amortization, identification of separable intangible assets, expenditure of capitalized costs and certain reclassifications. For a discussion of our transition between UK GAAP and IFRS as applied by the Cabot Group, see Note 19 to the Cabot Group Interim Financial Statements. The Company's consolidated financial statements include the results of the DLC Group and the Marlin Group from the respective dates of the DLC Acquisition and Marlin Acquisition. The results of operations of the DLC Group and the Marlin Group were consolidated from June 1, 2015 and February 10, 2014, respectively.

Certain of the financial measures described below, such as Adjusted EBITDA and 84-Month ERC and 120-Month ERC, are not financial measures calculated in accordance with UK GAAP or IFRS. Accordingly, they should not be considered as alternatives to UK GAAP or IFRS financial measures as indicators of our performance. Our management uses these financial measures to assess our operating performance. In addition, we believe that certain of these financial measures are commonly used by investors. However, the financial measures may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated. Further, 84-Month ERC and 120-Month ERC are only projections and are based on historical and current data, trends and assumptions, and we cannot guarantee that we will achieve such results. See "Presentation of financial and non-GAAP measures."

The historical data below is not necessarily indicative of results of future operations and should be read in conjunction with "Use of proceeds," "Capitalization," "Selected historical consolidated financial data," and the Financial Statements which are included elsewhere in this offering memorandum.

Overview

We believe we are the largest credit management services company in the United Kingdom based on the value of debt portfolios on our consolidated balance sheet and our combined 120-Month ERC at June 30, 2015. We operate a debt purchase ("DP") business, through which we acquire defaulted consumer debt, alongside a debt collection agency ("DCA") business, through which we collect receivables on behalf of third parties for a commission. Our DP business, from our inception in 1998 to June 30, 2015, the Cabot Group, together with the Marlin Group (from its inception in 2002 to December 31, 2013) and the DLC Group (since DLC completed its first Loan Portfolio purchase in June 1994 to May 30, 2015), has invested a combined total of £1.7 billion in the acquisition of 1,277 Loan Portfolios with an aggregate face value of £16.0 billion, comprising over 7.0 million customer accounts and generating a combined 84-Month ERC of £1.54 billion, and a combined 120-Month ERC of £1.92 billion as at June 30, 2015. Our combined total Loan Portfolio acquisitions (based on the face value of Loan Portfolios acquired) since our inception are split between primary (29%), secondary and tertiary (24%), semi-performing (46%) and non-standard (1%). We believe we are a leader in financial services debt purchases, with 98% of our £1.7 billion combined total purchases coming from financial services firms.

In our DCA business, we operate a servicing platform through which, during the twelve months ended June 30, 2015, we collected approximately £10 million per month of cash on behalf of our clients. During the same period, 27.7% of our gross collections were on behalf of third party partners. We have a history and ability to provide credit management services to a broad range of clients. We have a proven track record of successfully acquiring and integrating businesses, aligning policies, processes and realizing cost efficiencies. Through our recent acquisitions of the Marlin Group and the DLC Group, we were able to gain new expertise, apply new analytical models and collection strategies to our Backbook. We consider that our integration program for Marlin Group is now substantially complete. In addition, we believe there is a near term opportunity to realize cost savings through site consolidation following the DLC Acquisition.

We were one of the first companies to engage in the credit management services market in the United Kingdom, with over 21 years of DP and DCA experience, and we believe that we are among the few players in the industry that purchased debt portfolios both during and immediately after the 2008 global financial crisis.

We believe that one of our key advantages is our ability to service and price a wider range of assets than our competitors. Our leadership in high-balance financial services debt, both paying and non-paying, allows us to apply tailored collections strategies and optimize the liquidation potential from the accounts in our Loan Portfolios, while still treating our customers fairly. As a result of Cabot acquiring new skills in the Marlin Acquisition, we altered treatment strategies applied to approximately 180,000 previously non-paying accounts subsequent to the Marlin Acquisition, which resulted in over £2.0 million of incremental additional collections per month. Our proprietary valuation model and scorecard ("VMS") has been developed using over ten years of proprietary data and continues to be refreshed based on actual collections outcomes on an individual account level, allowing us to be increasingly more precise on our future collections. The VMS informs all of our investment and pricing decisions and has allowed us to identify embedded value in our Backbook.

The focus of our operating model is to generate cash flow by maximizing cash collections over the life of our Loan Portfolios. Over 20% of total collections for a portfolio are typically generated once the portfolio has reached a maturity of over 84 months. Our combined 84-Month ERC has grown to £1.54 billion as at June 30, 2015, from a combined £394 million as at October 31, 2009, and our combined 120-Month ERC grew from £474 million to £1.92 billion over the same period. Our collections strategy focuses on setting up long-term payment plans, known as "set up" arrangements, with our customers, which is another way in which we increase the predictability of our future cash flows and create long-term annuity income streams that form the backbone of our estimated future cash collections from existing Loan Portfolios. The long-tail nature of our set-up arrangements has also resulted in our ability to generate strong gross cash-on-cash multiples. The combined (including DLC Group) average individual account balance for our financial services Loan Portfolios was approximately £3,000 as at June 30, 2015. We believe that our Loan Portfolios have provided us with a stable, long-term cash flow generation profile. Our long-term and ethical approach not only seeks to maximize overall collections but also to ensure customers are treated fairly and make payments that are affordable and therefore sustainable.

Customer conduct and compliance is at the core of our business and our culture and is implemented through our ethical collections strategy. We seek to treat our customers fairly and offer affordable payment solutions, mainly through long-term set-up arrangements with lower payment rates. We have customer satisfaction scores in excess of banking and building society benchmarks and in excess of all main high street banks and believe we have one of the lowest rates of complaints in the debt collection industry referred to the Financial Omsbudman Services ("FOS"). We have won numerous industry accolades, including the CCR Credit Excellence Awards 2015 for Compliance and the Legal and Enforcement Profession as well as the Credit Today Award 2015 for Treating Customers Fairly.

Our business is currently focused on the UK market, although more recently we have expanded our operations in Ireland based on our proven model and collections expertise in the United Kingdom, and on October 23, 2015, we completed the acquisition of a Spanish credit management services business, Gesif S.A.U. In Ireland, we have been able to grow both in DP as well as DCA operations, with a particular focus on DCA operations, which are generally less capital- and asset-intensive. In Ireland, we have applied our years of expertise to better understand the market and then purchase Loan Portfolios, which has resulted in our strong position in the consumer debt purchase market in Ireland. Revenue from our Irish operations has increased from £6.1 million for the 14 months ended December 31, 2011 to £17.9 million for the year ended December 31, 2014. In the United Kingdom, we have operations located in Kent, Stratford-upon-Avon (scheduled for consolidation with our Brackley site), Worthing and Brackley as well as administrative offices in London. In addition, we have a fully operational office in Dublin, Ireland, offering call center services as well as a full range of business services. Since 2014, some of our call center and administrative activities (where we have client permissions) are handled in New Delhi, India under an outsourcing arrangement with a subsidiary of Encore. As at June 30, 2015, we employed a total of approximately 1,270 employees and more than 50 employees in India employed pursuant to the India Outsourcing Arrangement.

In the six months ended June 30, 2015, we recorded combined collections of £141.6 million on Loan Portfolios, combined collections on serviced portfolios of £55.1 million and a combined commission of £8.6 million on serviced portfolios, generating *pro forma* revenue of £282.4 million and *pro forma* Adjusted EBITDA of £219.7 million.

Recent Developments

The Mortimer Clarke Solicitors Acquisition

On July 1, 2015, we completed the acquisition of Mortimer Clarke Solicitors following the grant of alternative business structure status to it by the Solicitors Regulation Authority. Mortimer Clarke was founded in 2007 and now has a team of three solicitors, two legal executives and over 60 staff specializing in credit litigation. We believe that the acquisition provides us with an integrated and flexible operating model and strengthens our position as a market leader in the field of consumer debt management. A significant part of our litigation work is being handled by Mortimer Clarke Solicitors, and we believe that Mortimer Clarke Solicitors will be able to expand by providing its legal services to third parties.

Mortimer Clarke Solicitors received the first place award for Legal and Enforcement Profession at the Credit Excellence awards hosted by Credit, Collections and Risk on October 1, 2015.

Acquisition of Spanish business and Spanish Loan Portfolio purchases

On October 23, 2015, we completed the acquisition of a Spanish credit management services business, Gesif S.A.U ("Gesif"). In addition, at the same time we acquired the beneficial title to a number of unsecured portfolios currently being serviced by Gesif, from funds managed by a global investment vehicle (the "Spanish Acquisition"). The enterprise value for the business was €12.5 million, with an additional payment to be made contingent on future performance, and the purchase price for the portfolios was €14.6 million. The Spanish Acquisition was financed with a combination of cash and drawings under the Senior Facilities in an amount of €24.0 million. Gesif has more than 20 years' experience in the Spanish market and engages in two main activities: Credit management services including collections management for clients and debt portfolio valuation services for third parties. Gesif services a wide range of non-performing Loan Portfolios from multiple sectors (including consumer goods, credit cards, utilities, and telecommunications providers) for clients ranging from Spanish banks to global investment vehicles. We believe that the acquisition will augment our 120-Month ERC by €24.6 million, give us a foothold in a strategically important geography and allow us to leverage our operating platform to originate and capitalize on further growth opportunities in the region.

Portfolio Acquisitions

Acquisition of UK consumer finance portfolios

Since June 30, 2015, we have purchased 19 consumer finance portfolios, primarily from large financial institutions, comprising approximately 276,000 customer accounts with an aggregate face value of approximately £325 million. We may acquire additional portfolios during the period from the date of this offering memorandum to the closing of this offering.

Presentation of financial information

We completed the Marlin Acquisition on February 10, 2014 and the DLC Acquisition on June 1, 2015. See "Summary—Our history." From the respective dates of the Marlin Acquisition and DLC Acquisition, the consolidated financial information of the Marlin Group and the DLC Group has been included in the consolidated financial statements of the Company. The sections below entitled "—Illustrative economics," "—Significant factors affecting our results of operations," "—Significant factors affecting interim results of operations," and "—Asset base, return on portfolios purchased and operating cash generation," "Liquidity and capital resources," "Critical accounting estimates and policies," and "Recent accounting pronouncements" is presented on a combined basis for the Cabot Group, the Marlin Group and DLC, except where indicated in a subsection thereof. The sections below entitled "—Cabot Group historical information" and "—Marlin Group historical information" are presented on a standalone historical basis for each of the Cabot Group and Marlin Group, not including, in either case, either the effect of the Marlin Acquisition or the offering of Notes being made hereby.

Transition to IFRS

The 2014 Cabot Group Consolidated Financial Statements and the 2014 DLC Financial Statements have been prepared on the basis of UK GAAP, which differs in certain significant respects from IFRS and US GAAP. We adopted IFRS from January 1, 2015, with a transition date of January 1, 2014. The Cabot Group Interim Financial Statements have been prepared in accordance with IFRS on interim financial reporting (IAS 34) and represent our initial presentation of our financial position, financial performance and cash flows under IFRS. We have presented a reconciliation of our income statement and shareholder's equity from UK GAAP to IFRS as at and for the year ended December 31, 2014, and as at and for the period ended June 30, 2014, in Note 19 to the Cabot Group Interim Financial Statements, along with additional required disclosures for other reconciled periods, as we have begun to report under IFRS from January 1, 2015, with a transition date of January 1, 2014. We previously prepared consolidated financial statements in accordance with UK GAAP. For a quantitative reconciliation of how the transition from UK GAAP to IFRS has affected our financial position, financial performance and cash flows, see Note 19 to the Cabot Group Interim Financial Statements. The differences between UK GAAP and IFRS primarily relate to adjustments to profit and equity attributable to owners of the parent, the presentation of revenue net of unrealized current value movement on Loan Portfolios specific changes to the reversal of goodwill amortization, identification of separable intangible assets, expenditure of capitalized costs and certain reclassifications. These reconciliations have not been audited.

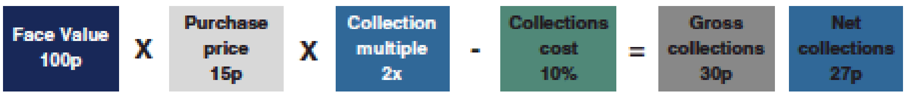
We have applied International Financial Reporting Standard 1, First-time Adoption of International Financial Reporting Standard ("IFRS 1"), in the preparation of the Cabot Group Interim Financial Statements, including certain exceptions required or permitted by IFRS 1, as discussed in Note 19 to the Cabot Group Interim Financial Statements. Under IFRS 1, as a first time adopter of IFRS, we are entitled to certain exemptions from the retrospective application of certain IFRS on transition. In particular, we elected not to apply International Financial Reporting Standard 3 (Revised), Business Combinations ("IFRS 3R"), to business combinations that occurred before January 1, 2014 (the date of our transition to IFRS). IFRS 1 provides an exception for a first-time adopter not to apply IFRS 3R prior to the date of transition, or an earlier date as specified by us, which allows an entity to carry forward its previous GAAP determination of assets and liabilities from historic business combinations except certain financial assets and liabilities derecognized under previous GAAP and to certain assets and liabilities whose recognition is not permitted by IFRS. We had no such items and recognized all assets and liabilities under UK GAAP at deemed cost, or fair value where applicable, on the date of transition to IFRS. In preparing the financial information for the year ended December 31, 2014 and the six months ended June 30, 2014 under IFRS, we have reversed goodwill amortization through reserves as goodwill is not amortized under IFRS but tested for impairment on at least an annual basis. However, had we elected to apply IFRS 3R to all of our prior business combinations, goodwill would have been reduced under IFRS and separate definite lived intangibles and possibly some indefinite lived intangibles may have been separately identified, with related deferred taxes being recognized due to the creation of definite lived intangibles, and this would also have had a decreasing effect on our net profit under IFRS due to amortization, net, of definite lived intangibles.

As there are significant differences between UK GAAP, IFRS and US GAAP, there may be substantial differences in our results of operations, cash flows and financial condition if the historical financial statements through December 31, 2014 for the Cabot Group and April 30, 2015 for DLC, had been prepared in accordance with US GAAP. For the same reason our financial results for periods ended prior to December 31, 2014 may not be comparable to our financial results for periods commencing after December 31, 2014. See "Risk factors—Risks related to our business—Certain of our financial information included in this offering memorandum is not directly comparable to other financial information presented therein and needs to be considered carefully" and the Financial Statements and related notes included elsewhere in this offering memorandum.

Illustrative economics

The business model described below is the model we use to discuss our returns on a hypothetical portfolio purchase. As we continue to integrate the operations of the DLC Group with ours, the illustrative economics as set forth below may change, and therefore the model described below is not necessarily indicative of our business model for future periods.

The following is an example of the return dynamics of a hypothetical loan portfolio, which has been provided for illustrative purposes only and does not purport to represent what our portfolio returns have been in the past, nor does it purport to represent our portfolio returns for any future date.



The analysis below illustrates our cash generation for the twelve months ended June 30, 2015 on a *pro forma* basis, after giving effect to (i) the DLC Acquisition as if the DLC Acquisition had been consummated on July 1, 2014 and (ii) the offering of the Notes and the use of proceeds therefrom as if the Notes offered hereby, had been issued on July 1, 2014. We believe this is representative of our business model under a normalized scenario and demonstrates the high cash conversion of collections for our business in aggregate. The analysis makes several assumptions regarding normalized line-items, for illustrative purposes, to derive a normalized figure for cash generation.

In aggregate our business model is demonstrated by the analysis below.

Cash conversion (in £ millions)	**Twelve months ended June 30, 2015**
Pro forma Adjusted EBITDA[1]	219.7
Pro forma Normalized Interest Payments[2]	(78.4)
Pro forma Normalized Tax Payments[3]	(16.1)
Pro forma Normalized Long Term Capital Expenditure[4]	(2.2)
Pro forma Interest, Tax, and Capital Expenditure	(96.6)
Pro forma Surplus cash generation before portfolio purchases	123.1
Portfolio purchases to maintain combined 84-Month ERC[5]	(111.7)
Surplus cash generation to grow business without use of Senior Facilities or further debt	11.4

(1) See "Summary historical consolidated financial data and other financial data—Unaudited consolidated as adjusted pro forma financial information" for a reconciliation of *pro forma* profit or loss for the financial period to *pro forma* Adjusted EBITDA.

(2) This represents the annual interest on the Existing Cabot Notes, the Existing Marlin Notes and the Notes offered hereby at an interest rate of 5.875% per annum (assuming a three-month EURIBOR of 0%) and assumes that the Senior Facilities were undrawn but includes the annualized commitment fee payable under the Senior Facilities.

(3) Assumes that the interest on the Existing Cabot Notes, the Existing Marlin Notes and the Notes offered hereby is fully tax deductible. We also assume a tax rate of 21%.

(4) The above illustration represents our typical long-term average capital expenditure costs going-forward, excluding any Marlin and DLC Group integration costs. See "—Liquidity and Capital Resources—Liquidity and capital resources of the Cabot Group—Capital expenditure and financial investment."

(5) Approximate value dependent on phasing and mix of portfolios acquired.

We are highly cash generative, with relatively small investment required to maintain our existing asset base and with surplus cash available to grow and reinvest in our business. In the twelve months ended June 30, 2015, we would have achieved £219.7 million of *pro forma* Adjusted EBITDA (which we regard as our best measure of cash generation). After deduction of normalized tax and capital expenditure and annualized interest payments as shown above, we would have generated £123.1 million of surplus cash before portfolio purchases in the twelve months ended June 30, 2015 on a *pro forma* basis. Loan Portfolio purchases to maintain combined 84-month ERC during the twelve months ended June 30, 2015 were £111.7 million on a *pro forma* basis, is typically dependent on mix, collections, performance of our existing book of portfolios, and the return characteristics of new portfolio acquisitions. Net of purchases required to maintain the level of our combined 84-Month ERC, the surplus cash generation of our business in the illustrations shown above amounts to £11.4 million for a given twelve-month period, which can be used to grow and reinvest in our business on a *pro forma* basis. Our future results of operations and cash generation may vary significantly from the illustrations shown above.

Significant factors affecting our results of operations

Below are certain key factors that have historically affected our results of operations, and which may impact our results of operations in the future. Portfolio purchases From our inception in 1998 to June 30, 2015, the Cabot Group, together with the Marlin Group (from its inception in 2002 to December 31, 2013) and the DLC Group (since DLC completed its first Loan Portfolio purchase in June 1994 to May 30, 2015), has invested a combined total of £1.7 billion in the acquisition of 1,277 Loan Portfolios with an aggregate face value of £16.0 billion, comprising over 7.0 million customer accounts and generating a combined 84-Month ERC of £1.54 billion and a combined 120-Month ERC of £1.92 billion as at June 30, 2015. Over 97.9% of these Loan Portfolios (as measured by purchase price) were acquired from financial institutions. We acquired Loan Portfolios from 62 financial institutions during the three-year period ending on June 30, 2015.

In any period, we purchase loan portfolios that can vary in age, type and ultimate collectability, which explains the year-on-year variation in average prices paid and account balance. The table below summarizes our Loan Portfolio purchasing activity by setting out our key purchasing metrics by vintage beginning with the 2007 annual period. In the tables below, purchases of Loan Portfolios by the Marlin Group and the DLC Group are presented on a separate basis for the periods though to December 31, 2013 and December 31, 2014, respectively, and combined in the purchases of Loan Portfolios by the Cabot Group for any period beginning thereafter.

Cabot Group Loan Portfolio Purchases

	Year ended October 31,				Fourteen months ended December 31,	Year ended December 31,			Six months ended June 30,		
	2007	2008	2009	2010	2011	2012	2013	2014[(1)]	2014[(1)]	2015[(1)(2)]	Total since inception[(3)]
Cabot Group Loan Portfolio purchases—cost (in £ thousands)[(1)(2)]	60,191	64,528	57,351	50,060	128,634	98,556	124,076	227,384	124,456	57,679	1,676,215
Cabot Group average price paid (p/£)	0.13	0.10	0.08	0.08	0.11	0.10	0.11	0.17	0.17	0.12	0.10
Cabot Group number of portfolios purchased in the period[(4)]	101	110	122	45	62	41	51	77	21	19	1,277

Marlin Group Loan Portfolio Purchases

	Year ended December 31,						
	2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Marlin Group Loan Portfolio purchases—cost (in £ thousands)(5)	8,359	18,110	17,135	19,215	54,417	50,194	64,479
Marlin Group average price paid (p/£)	0.08	0.11	0.09	0.15	0.20	0.12	0.09
Marlin Group number of portfolios purchased in the period	11	9	1	1	4	6	5

DLC Group Loan Portfolio Purchases

	Year ended April 30,							
	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
DLC Group Loan Portfolio purchases—cost (in £ thousands)(6)	42,659	32,738	24,562	20,639	25,433	3,757	32,820	24,477
DLC Group average price paid (p/£)	0.11	0.12	0.08	0.05	0.09	0.04	0.27	0.36
DLC Group number of portfolios purchased in the period	14	20	27	11	6	5	9	14

(1) For the year ended December 31, 2014 and the six month periods ended June 30, 2014 and June 30, 2015, Marlin Group data is included in the Cabot Group data.

(2) For the month of June 2015, Cabot Group data included DLC data.

(3) Total since inception covers the period from 1998 to June 30, 2015 for the Cabot Group, the period from 2000 to March 31, 2011 for Apex, periods from 2006 to February 2014 for the Marlin Group and periods from 1994 to June 2015 for the DLC Group.

(4) Historically, on occasion, the Cabot Group has split individual purchase contracts into multiple portfolios if there were distinct account types within such contracts.

(5) The Marlin Group completed its first Loan Portfolio purchase in 2006.

(6) The DLC Group completed its first Loan Portfolio purchase in June 1994. In aggregate, the DLC Group acquired a total of 82 portfolios with an aggregate purchase cost of approximately £147.5 million for the periods prior to April 30, 2007.

Availability of Loan Portfolios

Our performance has historically been dependent on our ability to purchase loan portfolios that meet our purchase criteria, which in turn is driven by the volume of debt made available for sale by originators and vendors, competitive dynamics and our ability to price portfolios accurately.

The volume of loan portfolios sold each year has historically come from (i) the defaulted debt held by originators of the debt and (ii) the debt defaulted in the year. The volume of loan portfolios sold is driven by the strategies of the originating institutions. The pricing of loan portfolios also affects the volume of loan portfolios sold each year, as it determines whether it is more economically attractive for a vendor to sell the debt or to warehouse it for further in-house or outsourced collections. The average price that we have historically paid for portfolios has also fluctuated depending on the type of debt contained in the purchased portfolios; for example, the average price paid for our portfolios (including the Marlin Group) in the six months ended June 30, 2015 was 12.2 pence per pound, whereas it was 16.9 pence per pound in the six months ended June 30, 2014. For the DLC Group, the average price paid for their portfolios for the year ended April 30, 2015 was 36 pence per pound and 27 pence per pound for the year ended April 30, 2014.

The volume of loan portfolios available for purchase can also decrease due to a number of external factors. See "Risk factors—Risks related to our business—There may not be a sufficient supply of debt, or appropriately priced debt, available for purchase." For example, in 2009, the market for defaulted debt sales (by face value) decreased significantly to approximately £3.9 billion from a height of £8.7 billion in 2008, though it has since rebounded to approximately £7.4 billion in the year ended December 31, 2014. The decline in the market was primarily due to restrictions on the availability of funding for debt purchases and the general contraction of credit during the ensuing recession, lower collections of payments from debt portfolios and lower volumes of debt being offered by vendors as a result of decreased demand and lower spot prices. In addition, vendors altered their debt management practices, in response to lower prices, by warehousing their fresh and semi-performing debt in anticipation of better prices and directing the collection of such debt to DCAs, while offering older, often Tertiary debt, to the debt purchase market. We were able to continue purchasing portfolios during the crisis (purchasing portfolios with combined face values of approximately £738 million, £685 million and £570 million in the 2008, 2009 and 2010 financial years, respectively), except for a period of four months in 2009 when we were unable to complete any purchases during the renegotiation of our then existing senior credit facilities. In the calendar year 2011, as a result of loan portfolio prices stabilizing and increasing capital constraints on banks, supply of loan portfolios for sale in the financial services sector increased and continued to rise in 2012 and 2013 (although it still remained below pre-2008 levels).

Competition has also affected our ability to purchase portfolios. Our strong vendor relationships ensure that we have historically participated in what we believe are the large majority of open tenders for UK financial services consumer debt since 1999. In recent years, we believe that there has been a trend towards the increased concentration of the debt purchase industry around a small core group of purchasers, although it is possible that there will be new entrants or companies re-entering the debt purchase market. See "Risk factors—Risks related to our business—We operate in markets that are competitive. We may be unable to compete with businesses that offer higher prices than us for the purchase of debt portfolios, and our competitors may develop competitive strengths that we cannot match." We have typically competed with one or two of these debt purchasers in the last stages of debt auctions. We compete mainly on the basis of our reputation and price.

While most loan portfolios are sold through competitive tender processes, we have had many long-standing relationships which have helped improve our portfolio purchasing ability. With our 15 years of debt purchasing experience, we have established long-standing relationships with over 40 financial services firms and other vendors. We have also historically purchased a small number of portfolios by entering into forward flow agreements, whereby we agreed to purchase all or substantially all the vendor's debt sales, subject to the vendor's compliance with pre-agreed criteria. See "Risk factors—Risks relating to our business—Forward flow agreements may contractually require us to purchase debt portfolios at a higher price than desired."

The ability to purchase loan portfolios is also dependent on access to financing. Should we lose such access to financing, we may not be able to make new acquisitions of loan portfolios. See "Risk factors—Risks related to our financial profile—Any impairment of our ability to draw funds under our Senior Facilities Agreement could adversely and negatively impact our business operations" and "—Our Liquidity."

Certain items in our income statement or condensed statement of comprehensive income, such as revenue, gross profit, operating profit/(loss) and profit/(loss) before tax, and profit/(loss) and total comprehensive income for the period, can be impacted, positively or negatively, by short term, non-cash movements in the value of portfolios. This can affect comparability between short measurement periods disproportionately because current value movements on our Loan Portfolios are deducted from a smaller cumulative collections base in shorter periods.

The uneven phasing of portfolio purchases can drive movements in the Loan Portfolios shown on our balance sheet, as well as 84-Month ERC and 120-Month ERC, which are not reflective of their long-term trends. This can affect the comparability of balance sheet items over short periods. Collections Our primary source of revenue is the cash proceeds received from our collection efforts on the customer accounts in our Loan Portfolios. See "Business—Operations, product and service offerings—Contact and collection process." Certain of our customers repay all or a portion of the balance they owe through long-term installment or "set-up" arrangements. Customers make payments on the installment plans using a variety of methods, mostly through repeat payment methods such as direct debit.

The amount a particular customer pays generally varies depending on the portion of such customer's disposable income available to service defaulted debts. We believe that in more difficult economic times, customers have less ability to repay their outstanding balances over a shorter period of time, resulting in lower average monthly installments and fewer one-off settlements. Our collections performance has therefore been assisted by our ability to build, using our internal data intelligence systems, a detailed and dynamic understanding of our customers' circumstances.

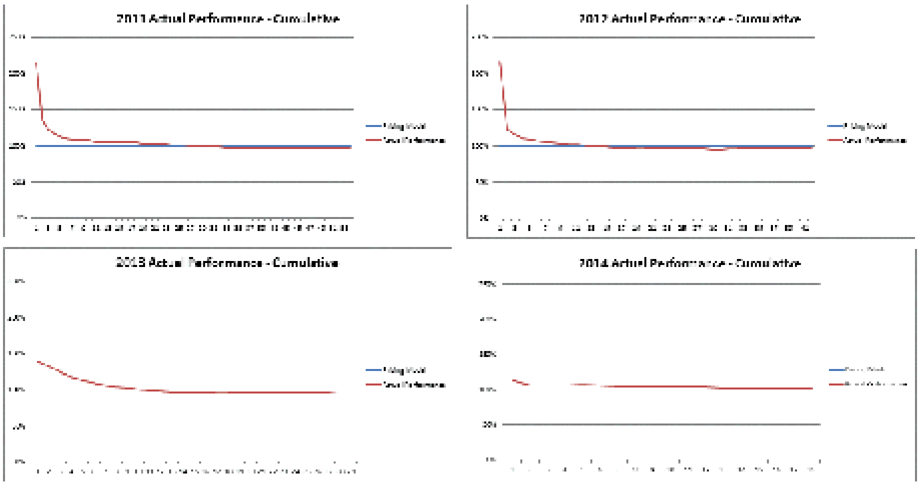
Because the recoveries forecasted by our models depend partly on historical collection experience, such forecasts may not adequately reflect current or future circumstances. For example, collection multiples on our debt portfolios from 2005 to 2007 did not meet collections expectations and actual collections deviated from the pricing model's collection estimates. This was partly due to the assumptions made at the time of pricing about the likelihood and size of settlements, based on past experience, proving not to be accurate in light of the factors affecting portfolio collections after the purchase of the portfolios, partly as a result of the economic downturn and the lack of availability of credit to our customers. See "Risk factors—Risks related to our business—The statistical models and analytical tools we use in our business may prove to be inaccurate and we may not achieve the recoveries anticipated."

Our ability to collect has historically been based on certain attributes of our customers, which can be influenced by macroeconomic factors. For example, in times of economic distress, governments may decide to initiate austerity measures. A reduction in the number of public sector employees or a reduction in unemployment benefits or other public benefits would reduce the ability of public sector employees and the unemployed, respectively, to meet their payment obligations. Also, rising interest rates can impair the financial viability of customers who have variable interest rate home mortgages or other significant debt balances bearing floating rates. See "Risk factors—Risks related to our business—Deterioration of the economic environment in our markets may negatively impact our performance."

Cabot Group

During the period from January 1, 2011 to December 31, 2014 the Cabot Group grew its collections on Loan Portfolios from £135.6 million to £247.1 million.

The below charts set forth our actual collections as compared to our pricing model projected collections for the years indicated:



The underperformance on the 2013 vintage is primarily driven by the acquisition of several large debt portfolios in the early part of the year when competition was strengthening and price levels increased. Both of the vendors were institutions from which we had not purchased significant amounts in recent years which may have affected our ability to price these portfolios adequately. We believe the benefit of the combination of the Cabot and Marlin pricing capability is shown in the performance for the 2014 vintage. Servicing revenue Servicing revenue represents commissions charged on cash collected on behalf of clients. The level of servicing revenue is driven by the number of accounts released to us by our clients, which is dependent largely on the levels of our historic performance. Our servicing clients actively manage the outsourcing process by measuring our collections performance against that of our competitors on a regular basis. Depending on the outcome of such performance testing, our clients may release more accounts to us or, conversely, if we have performed poorly compared to our peer group, reduce the number of accounts we handle. Servicing costs Our collections strategy has focused on maximizing customer contact at each stage of the collections life cycle, with the aim of maximizing the total collected income over the life of the debt, rather than short-term collections potential.

Servicing costs in a period have been primarily driven by the size of our Backbook at the beginning of a period and number of customer accounts we purchased and serviced in a period. Our combined cost/income ratio (defined as the ratio of servicing costs as a percentage of contingent turnover plus owned portfolio collections) increased from 30.1% for the year ended December 31, 2013 to 34.6% for the year ended December 31, 2014. Year-on-year trends in our servicing cost ratio are not necessarily indicative of our operational efficiency and the return on capital we can achieve on portfolio purchases, as they are impacted by the varying characteristics of the portfolios we purchase in different years and differences in the phasing of portfolio purchases during the year. Specifically, we believe that recent trends in our servicing cost ratio and servicing costs on Loan Portfolios have been driven by (a) significant investment in litigation in an effort to increase collections, and (b) changes in the volume, mix (as semi-performing loans are already paying accounts and cost less to service than non-paying accounts) and the phasing of portfolio purchases in each year. ***Operational efficiency Operational efficiency is key to our business model and we use collection strategies to decide the level of resources to deploy on each account. Our use of the extensive analysis of customer information and empirical collection data (utilizing our partnerships with data providers, credit reporting agencies, and existing accounts to retrieve existing details on individual customers), as well as our use of the Cabot VMS, allows us to target the most appropriate collection strategy for each customer and therefore optimize servicing efficiency over the lifetime of the debt. Volume and phasing of new portfolio purchases in the period Substantial costs to service a portfolio are***

incurred at the beginning of our ownership of the portfolio, mainly driven by the time and cost of collecting third-party data and attempting to make contact with our customers. This also includes the cost of printing and postage associated with sending letters to customers, telephone outreach efforts and related staff costs. The front-loaded nature of the servicing costs combined with the volume of portfolios purchased in a period therefore has an impact on the servicing cost ratio of our business in any particular period. In a year of significant portfolio purchase activity, or where a large proportion of portfolios were purchased late in the year, we would have seen an increase in the average ratio of servicing costs to gross collections on our entire portfolio asset base. Regulatory considerations Our results of operations have historically been affected by a number of laws and regulations. The regulatory environment for debt collection in the United Kingdom requires considerable investment in processes, know-how and management. See "Regulation and compliance." We have invested, and we intend to continue to invest, in a significant amount of financial and technical resources in order to achieve and maintain compliance with these requirements. Seasonality Collections are affected by seasonal factors, including the number of work days, the propensity of debtors to take holidays at particular times of the year, inclement weather (which could cause call centers to shut down, thus reducing collections for the period of closure, as occurred with the closing of the Cabot Group's Kent call centers for three days due to a snow storm in the winter of 2010), and annual cycles in disposable income.

Significant factors affecting interim results of operations

Certain items in our consolidated income statement, such as gross profit, operating profit/(loss), profit/(loss) before taxation, and profit/(loss) for the financial period, can be impacted, positively or negatively, by short term, non-cash movements in the current value of Loan Portfolios. Movements in these items may not be reflective of their long-term trends. In addition, these items may be impacted by the timing of our purchase of loan portfolios. This is due to the fact that, when estimating the current value of loan portfolios at each date, a loan portfolio will not be re-valued above its purchase price until sufficient collection experience is obtained, generally twelve months from the date of purchase. Until such a time, the expected cash flow is generally the cash flow forecast determined by us at the time of purchase. Subsequently, our revaluation model projects expected future gross collections based on the actual gross collections achieved to date. These individual portfolio projections are aggregated on a vintage basis once we have twelve months of collections experience on every portfolio within a vintage. At this point the weighted yield and forecast period of the vintage is also calculated by weighting the initial yields and forecast periods calculated at the point of purchase and the balance sheet value is calculated with reference to these aggregated vintage forecasts. As a result, positive revaluation of portfolios which outperform collection forecasts in the first year after purchase can impact the items in our consolidated income statement or statement of comprehensive income, as the case may be, to a different degree in each period. If our collections experience over a shorter period provides clear evidence of impairment in value of a loan portfolio, the value of the Loan Portfolio will be assessed by reference to collections experience for that portfolio and vintage in that shorter period and the current value will be reduced as appropriate. Additionally, until an aggregated vintage curve has been established minor changes in collections performance can cause material adjustments in current values of Loan Portfolios as the collections forecast produced by the revaluation model is sensitive to small movements in collections within a specific month. These factors can affect comparability between short measurement periods disproportionately because current value movements on our Loan Portfolios are deducted from a smaller collection base in shorter periods. See "—Critical accounting estimates and policies." Asset base, return on portfolios purchased and operating cash generation From 2012 to date, we have experienced significant growth in our asset base and cash flow generation, which we believe is the result of (i) the growing volume of portfolios we have been able to purchase, (ii) the Apex Acquisition, (iii) the Marlin Acquisition, (iv) the DLC Acquisition and (v) the strong and stable return on capital we have delivered, which we attribute to our pricing discipline and the sophistication of our collections operations. Following the DLC Acquisition, we will apply our scorecards and models to the Loan Portfolio we acquired with the DLC Group. Our expertise on paying and non-paying accounts means that our models and scorecards will be applied to the historic DLC Group paying portfolios therefore improving the level of uplift achieved on these portfolios.

As illustrated in the table below, from December 31, 2012 to June 30, 2015, combined 84-Month ERC on our owned portfolios grew from £727.7 million to £1,541.9 million and combined 120-Month ERC on our owned portfolios grew from £908.0 million to £1,918.8 million.

	As at December 31,			As at June 30,
(£ in millions)	**2012**	**2013**	**2014**	**2015**
Combined 84-Month ERC(1)	727.7	832.4	1,299.7	1,541.9
Combined 120-Month ERC(2)	908.0	1,052.0	1,601.0	1,918.8

(1) Reflects combined 84-Month ERC for the Cabot Group and includes the Marlin Group and the DLC Group 84-Month ERC only for periods ending after their respective acquisition dates.

(2) Reflects combined 120-Month ERC for the Cabot Group and includes the Marlin Group and the DLC Group120-Month ERC only for periods ending after their respective acquisition dates.

Based on our models as at June 30, 2015, we expect that the aggregate face value, as at the time of purchase, of our combined owned portfolios of £16.0 billion will generate approximately £1.5 billion in combined gross collections over the next 84 months and approximately £1.9 billion in combined gross collections over the next 120 months. We expect to receive approximately 8% of these collections by the end of 2015 and 24% of these collections by the end of 2016. These expectations are based on historical data as well as assumptions about future collection rates. We cannot guarantee that we will achieve such collections within the specified times discussed or at all. Combined 120-Month ERC on Loan Portfolios as at June 30, 2015 by year of purchase The table below sets out our combined 120-Month ERC on Loan Portfolios as at June 30, 2015 by year of purchase.[1]

(£ in thousands) Year of purchase	0-12 Months	13-24 Months	25-36 Months	37-48 Months	49-60 Months	61-72 Months	73-84 Months	85-96 Months	97-108 Months	109-120 Months	Total
Pre 2003	1,413	928	514	165	69	37	24	17	11	6	3,184
2003	462	271	157	112	88	68	53	42	32	25	1,310
2004	1,019	839	708	606	530	468	415	369	329	292	5,575
2005	1,892	1,588	1,370	1,185	1,031	923	831	749	677	611	10,857
2006	3,688	3,166	2,797	2,494	2,236	2,034	1,857	1,696	1,550	1,414	22,932
2007	4,611	3,906	3,349	2,919	2,584	2,337	2,135	1,955	1,795	1,648	27,239
2008	10,006	9,357	8,780	8,245	7,736	7,257	6,813	6,400	6,017	5,655	76,266
2009	6,911	6,232	5,634	5,112	4,699	4,359	4,052	3,770	3,511	3,269	47,549
2010	7,873	6,683	5,660	4,770	4,001	3,545	3,157	2,806	2,496	2,213	43,204
2011[2]	38,419	35,039	31,886	29,320	26,989	24,877	23,007	21,212	19,459	17,706	267,914
2012	22,910	19,027	17,416	16,316	15,500	14,735	14,007	13,348	12,713	12,080	158,052
2013	29,042	27,479	25,768	23,790	21,642	19,715	18,040	16,564	11,028	9,956	203,024
2014	39,967	35,077	31,291	28,458	26,513	25,060	23,654	22,256	21,091	16,458	269,825
Six months ended June 30, 2015	7,275	4,359	2,366	1,791	1,293	938	718	579	460	339	20,118
Ireland	15,918	10,921	7,868	5,758	4,358	3,318	2,572	2,050	1,490	565	54,818
Apex[3]	2,396	2,038	1,745	1,423	1,185	961	769	616	494	392	12,019
Marlin[4]	69,492	60,838	53,573	46,833	41,667	37,450	33,924	30,287	26,935	24,171	425,170
DLC	50,387	42,555	35,267	29,842	25,347	21,905	19,180	16,974	14,889	13,368	269,714
Total	313,681	270,303	236,149	209,139	187,468	169,987	155,208	141,690	124,977	110,168	1,918,770
Percent	16%	14%	12%	11%	10%	9%	8%	7%	7%	6%	100%

(1) This chart reflects 120-Month ERC on Loan Portfolios for the United Kingdom only, except where otherwise indicated.

(2) This includes seven portfolios originally purchased by Apex which were transferred to Cabot's ownership as part of the Apex Acquisition.

(3) These are the residual portfolios originally purchased by Apex. We consider the portfolios acquired in the Apex Acquisition a separate portfolio vintage, and therefore calculate the corresponding 120-Month ERC based on the attributes of the acquired Apex Loan Portfolios.

(4) This chart includes all portfolios purchased by the Marlin Group from 2006, the year in which it made its first loan portfolio purchase.

For a description of our portfolio valuation methods, see "—Critical accounting estimates and policies."

120-Month ERC means our estimated remaining collections on Loan Portfolios (as defined in this offering memorandum) over a 120-month period, which represents the expected future gross cash collections of our Loan Portfolios over a 120-month period (calculated at the end of each month, based on our proprietary revaluation model, as amended from time to time). We do not deduct future servicing costs in calculating 120-Month ERC. 120-Month ERC is calculated as of a point in time assuming no additional purchases are made thereafter.

120-Month ERC and 84-Month ERC are metrics that are also often used by other companies in our industry. We present 120-Month ERC and 84-Month ERC because they represent an estimate of the undiscounted cash value of our Loan Portfolios at any point in time which is an important supplemental metric for our board of directors and management to assess our performance, and underscores the cash generation capacity of the assets backing our business.

Each of the Senior Credit Facilities, the Existing Notes Indentures and the Indenture use a measure similar to 84-Month ERC to measure our compliance with certain covenants and, in certain circumstances, our ability to incur indebtedness.

We use 120-Month ERC in addition to 84-Month ERC to reflect the longer-term value of our core collections because a substantial portion of collections occur after 84 months and many of these accounts are on long term repayment plans. 120-Month ERC and 84-Month ERC are projections of our estimated remaining collections, calculated by our proprietary analytical models from time to time, which use our historical portfolio collection performance data, and we cannot guarantee that we will achieve such collections. Further, we constantly refine our methods for calculating

120-Month ERC and 84-Month ERC. See "Presentation of financial and other information." Returns on portfolio purchases While returns achieved on an individual portfolio can vary, we have a record of generating strong and consistent unlevered returns on our aggregate purchased portfolios. Based on historical collections and expected collections and after giving effect to the DLC Acquisition, as at June 30, 2015, we estimate that our combined 84-Month ERC was £1.54 billion and our combined 120-Month ERC was £1.92 billion.

Cabot Group The following table shows certain data related to the Cabot Group's Loan Portfolios (excluding Apex purchases) by vintage, such as purchase price, collections and related gross returns.

(in £ thousands, except for percentages and multiples) Vintage	Purchase price(1)	Actual collections to June 30, 2015	120-Month ERC	Total estimated collection(2)	Gross cash-on-cash multiple(3)
Year to October 31, 2008(4)............	57,670	108,037	76,267	184,303	3.20x
Year to October 31, 2009(4)............	27,292	65,104	47,550	112,653	4.13x
Year to October 31, 2010(4)............	37,784	63,299	43,203	106,502	2.82x
Fourteen months to December 31, 2011(4)	101,378	135,166	192,966	328,132	3.24x
Year to December 31, 2012(5)	148,750	138,957	249,396	388,353	2.61x
Year to December 31, 2013(5)	187,937	131,377	341,446	472,823	2.52x
Year to December 31, 2014(5)	227,384	78,396	367,716	446,112	1.96x
Six months to June 30, 2015(5)........	57,679	1,881	98,468	100,349	1.74x

(1) Purchase price represents the aggregate amount paid for all portfolio purchases in a particular period.

(2) Total estimated collection represents actual collection to date plus 120-Month ERC, meaning actual collections to June 30, 2015, plus forecasted collections for the following 120 months.

(3) See "Certain definitions—Business and industry-specific terms." By definition, the gross cash-on-cash multiple presented in this offering memorandum only includes actual collections plus 120-Month ERC, although collections can extend past that period. 120-Month ERC shows estimated collections for the 120 months following June 30, 2015.

(4) Data represents Cabot Group's UK Loan Portfolios only.

(5) Data includes the Cabot Group's UK and Irish Loan Portfolios, Marlin Group Loan Portfolios and DLC Group Loan Portfolios (only for the month of June 2015 with regard to the DLC Group). Operating cash flow generation We define Adjusted EBITDA as net cash outflow or inflow from operating activities adjusted to exclude the effects of, as relevant, working capital increase or decrease in the period, Apex integration costs, Encore/JCF Acquisition costs, Marlin Acquisition costs, DLC Acquisition costs, exceptional costs and Loan Portfolio acquisitions.

Adjusted EBITDA should not be considered as an alternative to "net cash outflow or inflow from operating activities," "profit or loss for the financial period," "operating profit or loss" or any other performance measures derived in accordance with UK GAAP or IFRS. We present Adjusted EBITDA because we believe it may enhance an investor's understanding of our cash flow generation that could be used to service or pay down debt, pay income taxes, purchase new debt portfolios and for other uses, and the liquidity of our business and because it is frequently used by securities analysts, investors and other interested parties in the evaluation of debt purchasing companies. See "Presentation of financial and other information."

The following table sets forth a reconciliation of the Cabot Group's net cash inflow from operating activities to Adjusted EBITDA for the periods indicated.

	UK GAAP		
	Year ended December 31,		
(£ in millions)	2012	2013	2014
		Unaudited	
Net cash (outflow)/inflow from operating activities(a)	18.9	(33.4)	(23.2)
Working capital (increase)/decrease in the period(b)	(7.1)	31.4	(33.4)
Apex integration costs(c)..	1.7	–	–
Encore/JCF Acquisition costs(d)	–	4.8	–
Marlin Acquisition costs(e)	–	–	1.9
Loan Portfolio acquisitions(g)	98.6	124.1	227.4
Adjusted EBITDA	**112.1**	**126.9**	**172.7**

(£ in millions)	Year ended December 31, 2014	IFRS Six months ended June 30, 2014	IFRS Six months ended June 30, 2015	Twelve months ended June 30, 2015
		Unaudited		
Net cash (outflow)/inflow from operating activities[(a)]	(24.9)	(50.1)	9.8	35.0
Working capital (increase)/decrease in the period[(b)]	(36.7)	0.4	21.9	(15.2)
Marlin Acquisition costs[(e)]	7.4	5.2	–	2.2
DLC Acquisition costs[(f)]	–	–	1.7	1.7
Loan Portfolio acquisitions[(g)]	227.4	124.5	57.7	160.6
Adjusted EBITDA	**173.2**	**80.0**	**91.1**	**184.3**

(a) Net cash (outflow)/inflow from operating activities includes cash outflows relating to portfolio acquisitions which represent the cost of all Loan Portfolios purchased in the period.

(b) Working capital adjustments is the net movement on debtors and creditors, excluding Facilities and related unamortized issue costs, corporation tax debtors and creditors, and creditors or accruals arising from the purchase of tangible fixed assets.

(c) Apex integration costs reflect costs we incurred in order to effect the Apex Acquisition and integrate our business and the Apex business subsequent to the Apex Acquisition. We incurred £1.7 million of costs in the year ended December 31, 2012 related to restructuring and reorganization.

(d) Encore/JCF Acquisition costs reflect the costs incurred in order to effect the Encore Acquisition and the J.C. Flowers Acquisition.

(e) Marlin Acquisition costs reflect the costs incurred in order to effect the Marlin Acquisition.

(f) DLC Acquisition costs reflect the costs incurred in order to effect the DLC Acquisition.

(g) Loan Portfolio acquisitions represent the cost of all Loan Portfolios purchased in the period. We adjust for portfolio acquisitions, which are discretionary, in order to analyze the cash flow generation of our business.

For supplemental purposes, we have also included a reconciliation of Adjusted EBITDA to profit or loss for the financial period. Under UK GAAP, Adjusted EBITDA represents profit or loss for the financial period adjusted to exclude the effects of, as relevant, tax on profit or loss on ordinary activities, interest receivable and similar income, interest payable and similar charges, depreciation and goodwill amortization, fair value movements on Loan Portfolios, Encore/JCF Acquisition costs, Marlin Acquisition costs and Apex integration costs. Under IFRS, Adjusted EBITDA represents profit or loss for the financial period adjusted to exclude the effects of, as relevant, tax expense or income, finance income, finance costs, depreciation on property, plant and equipment, amortization of intangible assets, current value movements on Loan Portfolios, Marlin Acquisition costs, DLC Acquisition costs and exceptional costs.

The following table provides a reconciliation of the Cabot Group's profit for the financial period to Adjusted EBITDA:

(£ in millions)	UK GAAP Year ended December 31, 2012	2013	2014
		Unaudited	
Profit for the financial period	28.8	21.6	13.7
Tax on profit on ordinary activities	5.2	6.9	3.8
Interest receivable and similar income	–	(0.6)	0.2
Interest payable and similar charges	25.7	34.6	63.4
Depreciation and goodwill amortization	3.7	4.4	13.5
Fair value movements on Loan Portfolios[(h)]	47.0	55.3	76.5
Encore/JCF Acquisition costs[(d)]	–	4.8	–
Marlin Acquisition costs[(e)]	–	–	1.9
Apex integration costs[(c)]	1.7	–	–
Adjusted EBITDA	**112.1**	**126.9**	**172.7**

(£ in millions)	Year ended December 31, 2014	IFRS Six months ended June 30, 2014	2015	Twelve months ended June 30, 2015
		Unaudited		
Profit for the financial period	16.5	(1.5)	24.6	42.6
Tax expense/(income)	3.5	(0.5)	6.2	10.2
Finance income	(0.2)	(0.1)	(0.8)	(0.9)
Finance costs	64.6	31.1	34.9	68.4
Depreciation and intangible assets amortization	4.1	2.0	3.0	5.1
Unrealized current value movements on Loan Portfolios[h]	76.5	42.3	17.5	51.7
Marlin Acquisition costs[e]	5.6	5.2	–	0.4
DLC Acquisition costs[f]	–	–	1.7	1.7
Exceptional Costs[i]	2.5	1.5	4.0	5.0
Adjusted EBITDA	**173.2**	**80.0**	**91.1**	**184.3**

(h) This amount reflects the change in value of Loan Portfolios.

(i) Exceptional costs include items that are identified internally for management reporting purposes that by virtue of their nature, are not considered representative of the performance at the business and may impact year-on comparability. Exceptional costs primarily relate to restructuring costs, abandoned acquisition costs and one-off financing fees.

Comparability of certain accounting standards used by us

The consolidated financial statements of the Company for the year ended December 31, 2014, 2013 and 2012 have been prepared in accordance with UK GAAP. From January 1, 2015, we have begun to report under IFRS, with a transition date of January 1, 2014. Accordingly, the unaudited condensed consolidated financial statements of the Company as at June 30, 2015 and for the six months ended June 30, 2015 and 2014, have been prepared in accordance with IFRS on interim financial reporting (IAS 34), and we will prepare financial statements in accordance with IFRS going forward. UK GAAP differs in several respects from IFRS. The differences between UK GAAP and IFRS primarily relate to adjustments to profit and equity attributable to owners of the parent, the presentation of revenue net of unrealized current value movement on Loan Portfolios specific changes to the reversal of goodwill amortization, identification of separable intangible assets, expenditure of capitalized costs and certain reclassifications. For a discussion of our transition between UK GAAP and IFRS as applied by The Cabot Group, see Note 19 to the Cabot Group Financial Statements.

Cabot Group historical information

Description of principal balance sheet items of the Cabot Group

Loan portfolios

IFRS

Purchased loan portfolios comprise financial assets which have been acquired at a significant discount from their face value, which reflects incurred credit losses.

Under the accounting approach followed by the Group, as outlined in more detail below, an initial yield is established on initial recognition for each purchased loan portfolio based on its purchase price and the estimated future cash receipts. Subsequently, the carrying amount of the portfolio is adjusted to its current value by updating expected future cash receipts and discounting them using the initial yield. The current value of the Group's loan portfolios is therefore dependent on a number of factors, including in particular the estimates on initial recognition (as these determine the initial yield) which include consideration of historic collections achieved on loan portfolios, and the gradient used to project the decay of forecast collections.

On initial recognition, purchased loan portfolios (comprising loans and receivables) are recognised at fair value, being the fair value of the consideration paid or payable. The initial yield is derived by establishing the rate that discounts expected future cash receipts from the portfolio to its carrying amount on initial recognition.

During a period of between 12 and 24 months after initial recognition, the current value is calculated on the basis of expected future cash receipts. These are as established on initial recognition (unless there is evidence of a material change in expectations, in which case the expected cash flows are revisited), less cash payments subsequently received, discounted at the initial yield established on initial recognition.

After a loan portfolio has been held for a period of between 12 and 24 months, it is added to a consolidated portfolio. Consolidated portfolios are comprised of multiple individual loan portfolios which are grouped on the basis of their financial year of purchase. A weighted average discount rate (based on the initial yields established at initial recognition) and the forecast period is calculated based on all of the individual portfolios which are included in the consolidated portfolio.

At each reporting date, expected cash receipts are revisited and updated if appropriate. The revised expected cash receipts are then discounted at the initial yield established on initial recognition, with any difference in the calculated current value and the existing carrying amount being recognised as part of revenue in profit or loss.

Expected cash receipts comprise amounts that the Cabot Group anticipates recovering from its purchased loan portfolios on their initial recognition and at each reporting date. They include the effect of incurred credit losses, which are therefore included in the initial yield established on the initial recognition of the financial assets.

The Cabot Group uses collections experience when updating its expected cash receipts, with forecasts being generated using a combination of the actual collections seen over the immediately preceding months and a long term trend analysis of how collections on the Cabot Group's loan portfolios decay on a monthly basis, projected forward over a period of years that is linked to the maturities of the underlying portfolios.

UK GAAP

Under FRS 26 (Financial instruments: Recognition and measurement), loan portfolios represent the fair market value of our Loan Portfolios on our balance sheet. When estimating the fair value of loan portfolios at each date, a loan portfolio will not be re-valued above its purchase price until sufficient collection experience is obtained, generally twelve months from the date of purchase. Until such a time, the expected cash flow is generally the cash flow forecast determined by us at the point of purchase unless collections experience over a shorter period provides clear evidence of impairment in value of a loan portfolio, in which case the value of the loan portfolio will be assessed by reference to collections experience for that portfolio and vintage in that shorter period and the fair value reduced as appropriate. Subsequently, our revaluation model projects expected future gross collections based on the actual gross collections achieved to date. These individual portfolio projections are aggregated on a vintage basis once we have twelve months of collections experience on every portfolio within a vintage. At this point the weighted yield and forecast period of the vintage is also calculated by weighting the initial yields and forecast periods calculated at the point of purchase and the balance sheet value is calculated with reference to these aggregated vintage forecasts. Goodwill

IFRS

Goodwill arising on the acquisition of subsidiary undertakings, representing any excess of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) over the fair value of the identifiable assets acquired and liabilities assumed, is initially recognised at cost. If, after reassessment, the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the Cabot Group's cash-generating units ("CGUs") expected to benefit from synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the CGU may be impaired.

If the recoverable amount of the CGU is less that its carrying amount, an impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

UK GAAP

Goodwill arising on the acquisition of subsidiary undertakings and business assets, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalized and amortized on a straight line basis over its 20 year economic useful life.

At each balance sheet date we consider whether events and changes in circumstances that indicate an impairment may have occurred. Where in such a circumstance or event arises, the recoverable amount of goodwill is estimated in order to determine the extent of the impairment loss.

Recoverable amount is the higher value in use and fair value less costs to sell. Value in use is determined using estimated future cash flows discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of goodwill is estimated to be less than its carrying amount, goodwill is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Description of principal IFRS income statement items of the Cabot Group

From the date of the Marlin Acquisition, the consolidated financial information of the Marlin Parent has been included in the consolidated financial statements of the Cabot Parent. As such, the accounting policies of the Cabot Group apply to the Marlin Group for accounting periods following the Marlin Acquisition. Likewise, from the date of the DLC Acquisition, the consolidated financial information of Hillesden Securities Limited has been included in the financial statements of the Company and as such the accounting policies of the Cabot Group apply to the DLC Group for accounting periods following the DLC Acquisition. Revenue Revenue represents income derived from purchased loan portfolios and fees receivable from the servicing of loans on behalf of third parties. Income derived from purchased loan portfolios comprises receipts that relate to the current reporting period, adjusted for changes in the current values of the loan portfolios arising from periodic changes in estimates of future cash flows. Servicing fees from the servicing of third party loans by the Group are recognised when the services are provided. Operating expenses Our operating expenses represent the direct costs of external collections related to our Loan Portfolios (such as commissions paid to third-party outsourced providers and court costs relating to litigation activity). Administrative expenses Administrative expenses consist primarily of staff salaries and benefits costs, communication costs (including the cost of collection letters sent to our customers, such as printing and postage costs), property costs, credit bureau data costs and legal costs associated with collecting. The remainder of the administrative expenses predominantly relate to information technology, data, professional services costs, depreciation of property, plant and equipment and amortization of intangible assets. Finance income and costs Finance income and costs include payments under our Senior Facilities Agreement, the Bridge Facility, and the Existing Notes. Tax (expense)/income Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is recognized in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between our taxable profits and our results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognized in the financial statements. Profit/(loss) and total comprehensive income for the period Profit/(loss) and total comprehensive income for the period represents the net result of consolidated profit.

Description of principal UK GAAP profit and loss account items of the Cabot Group

From the date of the Marlin Acquisition, the consolidated financial information of the Marlin Parent has been included in the consolidated financial statements of the Cabot Parent. As such, the accounting policies of the Cabot Group will apply to the Marlin Group for accounting periods following the Marlin Acquisition. Turnover Turnover represents amounts collected from customers and fees receivable from the servicing of loans on behalf of third parties. Collections from customers are recognized on receipt by us or our agents. Fees are recognized when the services are provided.

Purchases of new portfolios increase our collections, although there may be a time lag between the date of purchase of the portfolio and the increase in collections due to the acquisition of such portfolio, causing turnover to be recognized in a period subsequent to which a portfolio is acquired. Collections on our existing portfolios tend to decrease as the portfolios age. Cost of sales Our cost of sales represents the direct costs of external collections related to our Loan Portfolios (such as commissions paid to third-party outsourced providers and court costs relating to litigation activity) and movements in the fair value of Loan Portfolios.

The majority of the movement in our cost of sales from period to period relates to changes in the fair value of our Loan Portfolios. Collections on our existing portfolios tend to decrease as the portfolios age. Lower collections increase the level of negative current value adjustment charged as cost of sales; conversely, higher collections reduce the level of negative current value adjustment charged as cost of sales. Administration expenses Administration expenses consist primarily of staff salaries and benefits costs, communication costs (including the cost of collection letters sent to our customers, such as printing and postage costs), property costs, credit bureau data costs and legal costs associated with collecting. The remainder of the administrative expenses predominantly relate to information technology, data, professional services costs, depreciation of fixed assets and amortization of goodwill. Interest payable and similar charges Interest payable and similar charges includes payments under our Senior Facilities Agreement, the Bridge Facility and the Existing Notes. Tax on profit on ordinary activities Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is recognized in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between our taxable profits and our results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognized in the financial statements.

Results of operations of the Cabot Group

The financial information included below has been derived from the Cabot Group Consolidated Financial Statements.

Six months ended June 30, 2015 compared to the six months ended June 30, 2014

Consolidated income statement (£ in million)

	IFRS Six months ended June 30,	
(£ in millions)	**2014**	**2015**
	Unaudited	
Consolidated income statement data:		
Revenue	**76.4**	**132.7**
Operating expenses	(10.7)	(24.9)
Gross profit	**65.7**	**107.8**
Administration expenses	(36.7)	(42.9)
Operating profit	**29.0**	**64.9**
Finance income	0.01	0.8
Finance costs	(31.1)	(34.9)
Profit/(loss) before tax	**(2.0)**	**30.8**
Tax(expense)/income	0.5	(6.2)
Profit/(loss) for the period	**(1.5)**	**24.6**

Revenue

Revenue increased by £56.3 million, or 73.6%, to £132.7 million for the six months ended June 30, 2015 from £76.4 million for the six months ended June 30, 2014. This increase in revenue was primarily due to an increase in collections on owned loan portfolios by £31.1 million, or 28.1%, to £141.6 million for the six months ended June 30, 2015 from £110.5 million for the six months ended June 30, 2014, of which £4.4 million related to the inclusion of the June 2015 collections for the DLC Group. In addition there has been a change in the decrease in the current value movement on Loan Portfolios of £24.8 million, or 58.6%, to £17.5 million for the six months ended June 30, 2015 from £42.3 million for the six months ended June 30, 2014 which was primarily a result of applying the Marlin litigation forecasting model to the Cabot Backbook. Servicing fees remained relatively constant, only increasing by £0.4 million, or 4.7%, to £8.6 million for the six months ended June 30, 2015 as compared to £8.2 million for the six months ended June 30, 2014.

Operating expenses

Operating expenses increased by £14.2 million, or 132.2%, to £24.9 million for the six months ended June 30, 2015 from £10.7 million for the six months ended June 30, 2014. This increase was primarily due to an increase in litigation costs of £10.9 million (due to the application of litigation strategies across the Cabot Group following the Marlin Acquisition), plus an increase of £2.9 million in fees paid to third party collection agencies reflecting the increase in the amount of accounts purchased in the six months ended June 30, 2015, where the account initially continues to be serviced by the existing agent.

Administrative expenses

Administrative expenses increased by £6.2 million, or 17.0%, to £42.9 million for the six months ended June 30, 2015 from £36.7 million for the six months ended June 30, 2014. This increase was primarily due to an increase in staff costs of £3.4 million reflecting the inclusion of a full six months of Marlin Group costs plus one month of DLC Group costs, an increase in IT and communications costs of £1.2 million and an increase in depreciation of £0.8 million, reflecting the effect of the growth in the number of accounts serviced and upgrades to IT systems.

As a percentage of revenue, administrative expenses represented 32.3% for the six months ended June 30, 2015 compared to 48.0% for the six months ended June 30, 2014, driven by both the reduction in the negative current value movement on our Loan Portfolios, which is included within revenue under the requirements of IFRS, and improved efficiencies within the business to service larger volumes of portfolios.

Finance Costs

Finance costs increased by £3.8 million, or 12.1%, to £34.9 million for the six months ended June 30, 2015 from £31.1 million for the six months ended June 30, 2014. This is primarily due to a full six months interest on the Existing 2021 Cabot Notes that was incurred in the six months ended June 30, 2015 compared to the three months of accrued interest incurred in the six months ended June 30, 2014 plus a full six months interest on the Existing Marlin Notes that was incurred in the six months ended June 30, 2015 compared to the four and a half months of accrued interest incurred in the six months ended June 30, 2014 plus the interest costs on the Bridge Facility for the month of June 2015 and additional amounts due under the Senior Facilities because of additional amounts being drawn thereunder in connection with the DLC Acquisition.

Tax expense

Tax increased by £6.7 million to a tax expense of £6.2 million for the six months ended June 30, 2015 from a tax credit of £0.5 million for the six months ended June 30, 2014 due to an increase in the level of taxable profits for the period.

Profit/loss for the financial period

Profit for the financial period increased by £26.1 million to a profit of £24.6 million for the six months ended June 30, 2015 from a loss of £1.5 million for the six months ended June 30, 2014, as a result of the factors described above. As at June 30, 2015 compared to December 31, 2014 Balance sheet

Loan Portfolios

Loan Portfolios increased by £150.8 million, or 21.0%, to £870.1 million for June 30, 2015 from £719.3 million for December 31, 2014. This increase was primarily due to the acquisition of £118.1 million of portfolios as a result of the DLC Acquisition and the acquisition of £57.7 million of additional portfolios during the six months ended June 30, 2015, which was partially offset by a reduction in the current value of the Loan Portfolios of £17.5 million.

Year ended December 31, 2014 compared to the year ended December 31, 2013

Consolidated profit and loss account

	UK GAAP Year ended December 31,	
(£ in millions)	**2013**	**2014**
Consolidated profit and loss account:		
Turnover	**181.3**	**263.4**
Cost of sales	(68.3)	(110.1)
Gross profit	**113.1**	**153.3**
Administration expenses	(50.6)	(72.5)
Operating profit	**62.5**	**80.8**
Interest receivable and similar income	0.6	0.2
Interest payable and similar charges	(34.6)	(63.4)
Profit on ordinary activities before taxation	**28.5**	**17.5**
Tax on profit on ordinary activities	(6.9)	(3.8)
Profit for the financial period	**21.6**	**13.7**

Turnover

Turnover increased by £82.1 million, or 45.3%, to £263.4 million for the year ended December 31, 2014 from £181.3 million for the year ended December 31, 2013.

Within turnover, collections on owned loan portfolios increased by £80.9 million, or 48.6%, to £247.1 million for the year ended December 31, 2014 from £166.2 million for the year ended December 31, 2013. Of this increase, £61.4 million relates to the increase in portfolios following the Marlin Acquisition, a further £38.7 million increase reflects the amount collected from assets purchased after December 31, 2012, which was partially offset by a reduction of £20.1 million in the amount collected on portfolios purchased prior to December 31, 2012 as those portfolios aged. Servicing fees increased by £1.2 million, or 8.2%, to £16.3 million for the year ended December 31, 2014 from £15.1 million for the year ended December 31, 2013, primarily due to the addition of new Ireland-based contingent clients.

Cost of sales

Cost of sales increased by £41.8 million, or 61.2%, to £110.1 million for the year ended December 31, 2014 from £68.3 million in the year ended December 31, 2013. This increase was primarily due to an increase in the negative fair value movement on Loan Portfolios of £21.2 million, driven by the inclusion of the Marlin loan portfolios, litigation costs following the Marlin Acquisition of £17.7 million, plus an increase of £2.3 million in fees paid to third party collection agencies reflecting the increase in the amount of accounts purchased in the year ended December 31, 2014, where the account initially continues to be serviced by the existing agent.

Administration expenses

Administration expenses increased by £21.9 million, or 43.3%, to £72.5 million for the year ended December 31, 2014 from £50.6 million for the year ended December 31, 2013. This increase was primarily due to the increase in costs following the Marlin Acquisition of £10.6 million including £5.7 million of staff costs. Further to this staff costs increased by a further £2.7 million, reflecting the increase in the amount of accounts purchased in the year ended December 31, 2014.

Non-recurring costs decreased by £2.3 million, or 48.4%, to £2.5 million for the year ended December 31, 2014 compared to £4.8 million for the year ended December 31, 2013. Non-recurring costs for the year ended December 31, 2014 were primarily due to the Marlin Acquisition.

As a percentage of turnover, administration expenses remained relatively flat, representing 27.5% for the year ended December 31, 2014 compared to 27.9% for the year ended December 31, 2013, reflecting improved efficiencies within the business to service larger volumes of portfolios.

Net interest payable and similar charges

Net interest payable and similar charges increased by £28.8 million to £63.4 million for the year ended December 31, 2014 from £34.6 million for the year ended December 31, 2013. This is primarily due to the payment of interest on the Existing 2020 Cabot Notes which commenced in February 2014, payment of interest on the Existing 2021 Cabot Notes which commenced in October 2014 and payment of interest on the Existing Marlin Notes which commenced in February 2014.

Tax on profit on ordinary activities

Tax on profit on ordinary activities decreased by £3.1 million to £3.8 million for the year ended December 31, 2014 from £6.9 million for the year ended December 31, 2013 due to a decrease in the level of taxable profits for the period.

Profit for the financial period

Profit on ordinary activities after taxation decreased by £7.9 million, to a profit of £13.7 million for the year ended December 31, 2014 from a profit of £21.6 million for the year ended December 31, 2013, as a result of the factors described above. As at December 31, 2014 compared to December 31, 2013 Balance sheet

Loan Portfolios

Loan Portfolios increased by £308.8 million to £719.3 million for the year ended December 31, 2014 from £410.5 million for the year ended December 31, 2013. This increase was primarily due to acquisition of £160.6 million of portfolios as a result of the Marlin Acquisition and the acquisition of £227.4 million of additional portfolios during the year ended December 31, 2014, which was partially offset by a reduction in the current value of the Loan Portfolios of £76.5 million. Year ended December 31, 2013 compared to the year ended December 31, 2012 Consolidated profit and loss account

	UK GAAP Year ended December 31,	
(£ in millions)	**2012**	**2013**
Consolidated profit and loss account:		
Turnover	**160.9**	**181.3**
Cost of sales	(57.0)	(68.3)
Gross profit	**103.9**	**113.1**
Administration expenses	(44.3)	(50.6)
Other operating income	0.1	–
Operating profit	**59.7**	**62.5**
Interest receivable and similar income	–	0.6
Gain on settlement of loan notes and related interest liability	–	–
Interest payable and similar charges	(25.7)	(34.6)
Profit on ordinary activities before taxation	**35.0**	**28.5**
Tax on profit on ordinary activities	(5.2)	(6.9)
Profit for the financial period	**28.8**	**21.6**

Turnover

Turnover for the year ended December 31, 2013 increased by £20.4 million, or 12.7%, to £181.3 million for the year ended December 31, 2013 from £160.9 million for the year ended December 31, 2012.

Within turnover, collections revenue increased by £19.4 million, or 13.2%, to £166.3 million for the year ended December 31, 2013 from £146.8 million for the year ended December 31, 2012, primarily due to collections of £27.9 million on Loan Portfolios purchased in the period from December 31, 2012 to December 31, 2013, which outweighed a decrease of £8.5 million in collections on Loan Portfolios purchased prior to December 31, 2012. Servicing fees increased by £1.0 million, or 7.2%, to £15.1 million for the year ended December 31, 2013 from £14.0 million for the year ended December 31, 2012, primarily due to the addition of new Ireland-based contingent clients, and an increase in collections from new public-sector clients.

Cost of sales

Cost of sales increased by £11.3 million, or 19.8%, to £68.3 million for the year ended December 31, 2013 from £57.0 million in the year ended December 31, 2012. This increase was primarily due to an increase in the fair value movement on Loan Portfolios of £8.3 million, plus an increase of £3.0 million in fees paid to third party collection agencies reflecting the increase in the amount of accounts purchased in the year ended December 31, 2013, where the account initially continues to be serviced by the existing agent.

Administration expenses

Administration expenses increased by £6.3 million, or 14.2%, to £50.6 million for the year ended December 31, 2013 from £44.3 million for the year ended December 31, 2012. £2.2 million of this variance related to costs incurred in relation to the J.C. Flowers Acquisition, the Encore Acquisition and the Marlin Acquisition. A further £1.4 million related to purchase accounting adjustments made following the J.C. Flowers Acquisition and Encore Acquisition. Administrative expenses for the year ended December 31, 2013 also include £0.5 million of start-up costs in relation to the India Outsourcing Arrangement.

As a percentage of turnover, administration expenses represented 27.9% for the year ended December 31, 2013 compared to 27.5% for the year ended December 31, 2012, reflecting the additional one off expenditures incurred during 2013 which arose from the J.C. Flowers Acquisition and the Encore Acquisition.

Net interest payable and similar charges

Net interest payable and similar charges increased by £8.9 million, or 34.6%, to £34.6 million for the year ended December 31, 2013 from £25.7 million for the year ended December 31, 2012. This is primarily due to the refinancing of the former senior credit facilities in 2012 and repayment of the outstanding amount of Former Cabot Shareholder Loan Notes in 2013 at the time of the J.C. Flowers Acquisition.

Tax on profit on ordinary activities

Tax on profit on ordinary activities increased by £1.7 million, or 33.3%, to £6.9 million for the year ended December 31, 2013 from £5.2 million for the year ended December 31, 2012 due to an increase in the level of taxable profits for the period.

Profit for the financial period

Profit on ordinary activities after taxation decreased by £7.2 million, or 25.0%, to a profit of £21.6 million for the year ended December 31, 2013, from a profit of £28.8 million for the year ended December 31, 2012, as a result of the factors described above. As at December 31, 2013 compared to December 31, 2012 Balance sheet

Loan Portfolios

Loan Portfolios for the year ended December 31, 2013 increased by £68.6 million to £410.5 million from £341.9 million for the year ended December 31, 2012. This increase was primarily due to the acquisition of £124.1 million of additional portfolios during the year ended December 31, 2013, which was partially offset by a reduction in the fair value of the Loan Portfolios of £55.3 million.

Liquidity and capital resources

Liquidity and capital resources of the Cabot Group For the periods under review, management believes that Adjusted EBITDA and 84-Month ERC and 120-Month ERC provide the most relevant measures of our operating cash flow generation and liquidity of our business. See "Presentation of financial and other information." Therefore, the commentary below provides a description of movements in Adjusted EBITDA from period to period. The commentary below also provides a description of movements in the key lines of the consolidated cash flow statement, which is presented at the beginning of the "Summary historical consolidated financial data and other financial data—Cabot Group summary historical consolidated financial data." Adjusted EBITDA

Six months ended June 30, 2015 compared to the six months ended June 30, 2014

Adjusted EBITDA increased by £11.1 million, or 13.9%, to £91.1 million for the six months ended June 30, 2015 from £80.0 million for the six months ended June 30, 2014. This increase primarily reflects an increase of £3.5 million due to the DLC Acquisition and to additional purchased debt portfolios acquired during the year ended December 31, 2014, as explained in the revenue analysis above.

Year ended December 31, 2014 compared to the year ended December 31, 2013

Adjusted EBITDA increased by £45.8 million, or 36.1%, to £172.7 million for the year ended December 31, 2014 from £126.9 million for the year ended December 31, 2013. This increase primarily reflects the increase in collections related to additional purchased debt portfolios acquired during the year ended December 31, 2014 (in particular as a result of the Marlin Acquisition), as explained in the turnover analysis above.

Year ended December 31, 2013 compared to the year ended December 31, 2012

Adjusted EBITDA increased by £14.8 million, or 13.2%, to £126.9 million for the year ended December 31, 2013 from £112.1 million for the year ended December 31, 2012. This primarily resulted from an increase in collections on Loan Portfolios of £19.4 million. Cash flow The following table sets forth our consolidated statement of cash flows for the periods indicated.

	IFRS Six months ended June 30,	
(£ in millions)	**2014**	**2015**
		Unaudited
Consolidated cash flow statement data:		
Net cash generated from/(used in) operating activities	(51.8)	14.3
Net cash used in investing activities	(178.9)	(194.8)
Net cash from financing activities	217.8	180.7
(Decrease)/increase in cash	**(12.9)**	**0.2**

As shown in the table above, our cash inflow and outflow can vary significantly from period to period due to the effect of portfolio purchases in a given period; increased portfolio purchases reduce cash inflow, whereas reduced portfolio purchases have the opposite effect.

Six months ended June 30, 2015 compared to the six months ended June 30, 2014

Net cash generated from/(used in) operating activities We generated an inflow of £14.3 million net cash from operating activities for the six months ended June 30, 2015, compared to an outflow of £51.8 million for the six months ended June 30, 2014. This increase in cash generation was primarily due to increased revenue from collections of £56.3 million and reduced loan portfolio purchases of £66.8 million for the period. This was partially offset by an increase of £14.2 million in operating expenses and a decrease in working capital of £21.4 million. Net cash used in investing activities Net cash used in investing activities represents cash payments made to service our debt facilities, principally the Senior Facilities Agreement and the Existing Cabot Notes. Net cash used in investing activities increased by £15.9 million, or 8.9%, from £178.9 million for the six months ended June 30, 2014 to £194.8 million for the six months ended June 30, 2015. This reflects the interest payment on the Existing 2019 Cabot Notes and the interest costs on the Bridge Facility following the DLC Acquisition.

Net cash from financing activities Net cash from financing activities represents cash inflows from our debt facilities. For the six months ended June 30, 2015, net cash from financing activities was £180.7 million, compared to £217.8 million for the six months ended June 30, 2014. This reflects the issuance of the Existing 2021 Cabot Notes in March 2014, the repayment of the existing bridge facility outstanding at that time in connection with the Marlin Acquisition and the Bridge Facility.

Year ended December 31, 2014 compared to the year ended December 31, 2013

	UK GAAP		
	Year ended December 31,		
(£ in millions)	**2012**	**2013**	**2014**
Consolidated cash flow statement:			
Net cash inflow/(outflow) from operating activities	18.9	(33.4)	(23.2)
Returns on investments and servicing of finance	(113.9)	(35.4)	(58.5)
Taxation	(13.1)	(5.9)	(1.7)
Capital expenditure and financial investment	(5.1)	(1.7)	(7.6)
Acquisitions and disposals	–	–	(159.3)
Cash inflow/(outflow) before use of financing	**(113.3)**	**(76.4)**	**(250.3)**
Financing	119.5	90.0	230.3
Increase/(decrease) in cash in the period	**6.2**	**13.6**	**(20.0)**

Net cash (outflow)/inflow from operating activities We generated an outflow of £23.2 million net cash from operating activities for the year ended December 31, 2014, compared to an outflow of £33.4 million for the year ended December 31, 2013. This decrease in cash generation was primarily due to increased Loan Portfolio purchases of £103.3 million for the period, partially offset by increased revenue from collections of £60.9 million and a decrease in working capital of £64.8 million. Returns on investments and servicing of finance Returns on investments and servicing of finance represents cash payments made to service our debt facilities, principally the Senior Facilities Agreement and the Cabot Notes.

For the year ended December 31, 2014, returns on investments and servicing of finance was negative £58.5 million, compared to negative £35.4 million for the year ended December 31, 2013. This reflects the first two payments of interest on the Existing 2020 Cabot Notes issued in August 2013 and the first payment of interest on the Existing 2021 Cabot Notes issued in March 2014, partially offset by the corresponding decrease in the Senior Facilities interest costs. Taxation Historically, taxation has represented cash taxes paid and reflects a different amount than profit and loss taxation principally due to tax being paid quarterly, with 50% being due in the reporting year and the remaining 50% in the following year.

For the year ended December 31, 2014, taxation was an outflow of £1.7 million, compared to an outflow of £5.9 million for the year ended December 31, 2013. This decrease was primarily due to lower taxable profits. Capital expenditure and financial investment Our capital expenditures comprised (i) IT hardware; (ii) IT software and development; and (iii) fixtures and fittings.

Capital expenditures increased to £7.6 million for the year ended December 31, 2014 compared to £1.7 million for the year ended December 31, 2013 reflecting the level of expenditure in the year to ended December 31, 2014 related to the integration of the IT infrastructures of the historical Marlin Group and Cabot Group businesses.

The substantial majority of capital expenditure increases for the period in which the Marlin Acquisition took place (for the year ended December 31, 2014) related to the integration of the IT infrastructures of the historical Marlin Group and Cabot Group businesses. The committed capital expenditures as at December 31, 2014 were £764,423. See "Risk factors—Risks related to our business—We may make further acquisitions or pursue business combinations that prove unsuccessful or strain or divert our resources." Acquisitions and disposals Acquisitions and disposals for the year ended December 31, 2014 represent the cash acquired from the Marlin Acquisition. On February 10, 2014, the Cabot Parent acquired the Marlin Group for a purchase price of £171.8 million (which was paid for by a funds drawn under a bridge facility (which was paid back in full with the proceeds of the Existing 2021 Cabot Notes) and drawings under the Senior Facilities) (including cash acquired of £18.8 million). There were no other acquisitions in the two preceding periods. Financing Financing represents the net drawdown (inflow) or repayment (outflow) on our external financings, including the Senior Facilities and the Existing Cabot Notes.

For the year ended December 31, 2014, financing was a net inflow of £230.3 million compared to an inflow of £90 million for the year ended December 31, 2013. The variance between the periods is a reflection of the following key transactions:

- The issue of £175 million of the Existing 2021 Cabot Notes in March 2014, with the subsequent repayment of the £105 million of existing bridge facility, £67 million of amounts drawn under the Senior Facilities and payment of commissions, fees and other expenses in connection with the issuance of £3 million giving a net cash inflow of £0 million;

- The issue of £100 million of the Existing 2020 Cabot Notes in August 2013, with the subsequent repayment of £75 million of borrowings under the Senior Facilities giving a net cash inflow of £25 million; and

- An increase of £48 million in the amount drawn under the Senior Facilities in the year ended December 31, 2014 compared to the year ended December 31, 2013.

Year ended December 31, 2013 compared to the year ended December 31, 2012

Net cash (outflow)/inflow from operating activities We generated an outflow of £33.4 million net cash from operating activities for the year ended December 31, 2013, compared to an inflow of £18.9 million for the year ended December 31, 2012. This decrease, in cash generation was primarily due to, the intercompany finance provided to repay the Former Cabot Shareholder Loan Notes at the time of the J.C. Flowers Acquisition partially offset by an increase of £25.5 million in purchases of Loan Portfolios. Returns on investments and servicing of finance Returns on investments and servicing of finance represents cash payments made to service our debt facilities, principally the Senior Facilities Agreement and the Cabot Notes.

For the year ended December 31, 2013, returns on investments and servicing of finance was negative £35.4 million, compared to negative £113.9 million for the year ended December 31, 2012. This reflects the first two payments of interest on the Existing 2019 Cabot Notes issued in September 2012 partially offset by the corresponding decrease in the Senior Facilities interest costs. Taxation Historically, taxation has represented cash taxes paid and reflects a different amount than profit and loss taxation principally due to tax being paid quarterly, with 50% being due in the reporting year and the remaining 50% in the following year.

For the year ended December 31, 2013, taxation was an outflow of £5.9 million, compared to an outflow of £13.1 million for the year ended December 31, 2012. This decrease was primarily due to us becoming eligible to make quarterly payments in 2012 which means that the year to December 31 2012 includes the full payment for the tax liability for the 14 months to December 31, 2011 plus the quarterly payments made in advance of the tax liability for the 12 months to December 31, 2012. Capital expenditure and financial investment Our capital expenditures comprised (i) IT hardware; (ii) IT software and development; and (iii) fixtures and fittings.

Capital expenditures decreased to £1.7 million for the year ended December 31, 2013 compared to £5.1 million for the year ended December 31, 2012 reflecting the level of expenditure in the year to ended December 31, 2012 related to the integration of the IT infrastructures of the historical Apex and Cabot Group businesses. Financing Financing represents the net drawdown (inflow) or repayment (outflow) on our external financings, including the Senior Facilities and the Existing Cabot Notes.

For the year ended December 31, 2013, financing was a net inflow of £90.0 million compared to an inflow of £119.5 million for the year ended December 31, 2012. The variance between the periods is a reflection of the following key transactions:

- The issue of £265 million of the Existing 2019 Cabot Notes in September 2012, with the subsequent repayment of the £156 million of existing loan facilities and £76 million of shareholder loans giving a net cash inflow of £33 million;

- The issue of £100 million of the Existing 2020 Cabot Notes in August 2013, with the subsequent repayment of £75 million of borrowings under the Senior Facilities giving a net cash inflow of £25 million;

- An increase of £10 million in the amount drawn under the Senior Facilities in the year ended December 31, 2013 compared to the year ended December 31, 2012.

Our Liquidity

Our historical liquidity requirements have arisen primarily from the need for us to meet our debt and tax servicing requirements, to fund debt purchases and capital expenditures, and to fund our working capital requirements.

While our collections have historically been predictable throughout the year, our debt purchase activity can vary greatly from one quarter to the next. This is driven by the timing of one off debt sales by our vendors during the year, the timing of which we do not control, along with our own desire to purchase a portfolio at a given point in time. This could lead to volatility in our cash balances quarter on quarter.

Our ability to generate cash from our operations depends on our future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control, as well as other factors discussed in the section entitled "Risk Factors."

We believe that our operating cash flow, together with the cash resources and under the Senior Facilities, will be sufficient to fund our debt and tax servicing requirements as they become due, working capital requirements and anticipated debt purchases for the next twelve months. Future drawings under the Senior Facilities will only be available if, among other things, we meet the financial covenants included in the Senior Facilities Agreement. Upon partial repayment of our Senior Facilities with the proceeds of the offering of the Notes, we will have £142.0 million available for drawings. See "Description of other indebtedness—Senior Facilities."

Our contractual obligations and commercial commitments

Below is a summary of our contractual obligations and commercial commitments as at June 30, 2015 on a *pro forma* basis, after giving *pro forma* effect to the issuance of the Notes and use of proceeds therefrom, as if such events had occurred on June 30, 2015. The table below does not include any interest charges on our outstanding indebtedness.

We are continuously assessing options to refinance our outstanding indebtedness at lower costs or more favorable terms. The timing of any refinancing transaction will depend on market conditions and other factors.

	Payments due by period				
(in £ millions)	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Bank loans and overdrafts(1)	—	—	—	—	—
Senior Secured Loan Notes due 2019(2)	265	—	—	265.0	—
Senior Secured Loan Notes due 2020(3)	100.0	—	—	—	100.0
Senior Secured Loan Notes due 2021(4)	175.0	—	—	—	175.0
Senior Secured Notes(5)	150.0	—	—	—	150.0
Notes offered hereby(6)	221.4	—	—	—	221.4
Consideration payable to Faccenda Investments Limited	7.8	—	—	—	7.8
Operating lease obligations	12.2	2.4	5.9	2.2	1.7
Total contractual obligations	**931.4**	**2.4**	**5.9**	**267.2**	**655.9**

(1) Bank Loans and overdrafts refer to our Senior Facilities. As at December 31, 2014 our Senior Facilities were undrawn. As of June 30, 2015, we had £146.6 million outstanding under our Senior Facilities. Upon partial repayment of our Senior Facilities with the proceeds of the offering, we will have £142.0 million available for drawings.

(2) Senior Secured Loan Notes due 2019 refer to the Existing 2019 Cabot Notes.

(3) Senior Secured Loan Notes due 2020 refer to the Existing 2020 Cabot Notes.

(4) Senior Secured Loan Notes due 2021 refer to the Existing 2021 Cabot Notes.

(5) Senior Secured Notes refer to the Existing Marlin Notes.

(6) Represents the aggregate principal amount of the Notes offered hereby. The Notes have been converted at an exchange rate of £1.00 to €1.40. Off-balance sheet arrangements In the past, we have purchased debt portfolios by way of forward flow agreements whereby we have purchased non-performing debt based upon contracts that require us to make multiple purchases from a vendor at a fixed price. We currently have four forward flow agreements and 4.0% of the loan portfolios we purchased in the six months ended June 30, 2015 involved these agreements. See "Risk factors—Risks relating to our business—Forward flow agreements may contractually require us to purchase debt portfolios at a higher price than desired." Qualitative and quantitative disclosures about foreign exchange rate risk, interest rate risk, market risk and credit risk We have historically had no significant exposures to foreign exchange rate risk. We are exposed to changes in interest rates because we finance certain operations through fixed and variable rate debt instruments. Changes in these rates may have an impact on future cash flow and earnings. We manage these risks through normal operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. We do not enter into financial instruments for trading or speculative purposes.

We use derivative instruments to cap interest rate risk in connection with the Senior Facilities at a specified level.

Because we use derivative instruments, we are subject to credit and market risk. The fair market value of the derivative instruments is determined by using valuation models whose inputs are derived using market observable inputs, including interest rate yield curves, and reflects the asset or liability position as of the end of each reporting period. We are exposed to counterparty credit risk in the event of non-performance by counterparties to our derivative agreements. We seek to minimize counterparty credit (or repayment) risk by entering into transactions with major financial institutions. Our exposure to market risk is not hedged in a manner that completely eliminates the effects of changing market conditions on earnings or cash flow. Credit risk Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual payment obligations. As our business is the purchase and recovery of defaulted consumer debt, we are exposed to a significant credit risk and so, we continue to develop, and continue to refine, detailed management reporting on individual portfolio performance and re-forecast future collections on each portfolio on a monthly basis. Pricing models are used to assess the purchase price of each portfolio. Underpinning the amount included in Loan Portfolios in the balance sheet are the underlying receivables from our customers who, although all have suffered issues with personal credit, are highly diverse in nature, spread across all of the geographical regions of the United Kingdom (with a small proportion, amounting to less than 5%, as at December 31, 2014, of our customer base across Spain and Ireland) and from all socio-economic groups. We do not therefore believe that we have a significant risk to any single counterparty. See "Risk factors—Risks related to our business—The value of our Backbook may deteriorate, or we may not be able to collect sufficient amounts on our debt portfolios to fund our operations" and "Risk factors—Risks related to our business—Our collections may decrease if the number of consumers becoming subject to personal insolvency or bankruptcy procedures increases." Interest rate risk The Cabot Group's long term debt financing at June 30, 2015 comprised the Existing Notes and the Senior Facilities. The Senior Facilities are linked to the monthly LIBOR during the year so the balance sheet value is the fair value. Following the 2014 year end, the facility was amended to a flat rate over LIBOR (or EURIBOR, for any loan drawn in Euro).

Following this offering, our indebtedness and other debt arrangements will include the Notes (which borrowing will have an interest rate based on EURIBOR). The Notes will expose us to interest rate risks relating to fluctuations in EURIBOR. Our Existing Notes bear interest at a fixed rate. For fixed rate debt, interest rate changes affect the fair market value of such debt, but do not impact earnings or cash flow.

All decisions in relation to the hedging of interest rate risk are made by the Board of Directors of the Company on behalf of the Cabot Group.

The Cabot Group acquired defaulted loan portfolios and does not apply interest on unsecured debt.

Critical accounting estimates and policies

The preceding discussion of past performance is based upon the consolidated financial statements of the Cabot Group, which, for the year ended December 31, 2014, 2013 and 2012 have been prepared in accordance with UK GAAP. From January 1, 2015, we have begun to report under IFRS, with a transition date of January 1, 2014. Accordingly, the unaudited condensed consolidated financial statements of the Company as at June 30, 2015 and for the six months ended June 30, 2015 and 2014, have been prepared in accordance with IFRS.

Our significant accounting policies are described in note 1 to each of the Cabot Group Consolidated Financial Statements. The application of these accounting policies requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for turnover and expenses during the period. The nature of estimation means that actual outcomes could differ from those estimates. On an ongoing basis, we evaluate our estimates, which are based on historical experience and market and other conditions, and on assumptions that we believe to be reasonable. We have chosen to highlight certain policies that we consider critical to the operations of our business and understanding our consolidated financial information. The following areas are considered to involve a significant degree of judgment or estimation (this section should be read in conjunction with the notes to the consolidated financial statements included elsewhere in this offering memorandum). Loan Portfolios Under FRS 26 or IAS 39, financial instruments: recognition and measurement, loan portfolios represent fair value or current value, as applicable, of our Loan Portfolios on our statement of financial position. When estimating the fair value or current value as applicable of loan portfolios at each date, a loan portfolio will not be re valued above its purchase price until sufficient collection experience is obtained, generally twelve months from the date of purchase. Until such a time, the expected cash flow is generally the cash flow forecast determined by us at the point of purchase unless collections experience over a shorter period provides clear evidence of impairment in value of a loan portfolio, in which case the value of the loan portfolio will be assessed by reference to collections experience for that portfolio and vintage in that shorter period and the current value reduced as appropriate. Subsequently, our revaluation model projects expected future gross collections based on the actual gross collections achieved to date. These individual portfolio projections are aggregated on a vintage basis once we have twelve months of collections experience on every portfolio within a vintage. At this point the weighted yield and forecast period of the vintage is also calculated by weighting the initial yields and forecast periods calculated at the point of purchase and the balance sheet value is calculated with reference to these aggregated vintage forecasts.

Management therefore exercises judgment in determining the appropriate mechanism for producing a collections forecast and the application of forecast periods and initial yields, all of which have a significant impact on the amounts recognized in our financial statements. Cash flow forecasts The Cabot Parent uses an aggregated forecast for each vintage of Loan Portfolios as a method of calculating the cash flow forecasts that drive the fair value (UK GAAP) or current value (IFRS), respectively, of the portfolios. Once all portfolios acquired in a financial year are twelve months old, the forecast period is calculated for portfolios acquired in that year; this is used for each vintage. The revaluation model is updated with the collections experience on a monthly basis and a new collections forecast is generated by a proprietary mathematical model using a combination of the actual collections seen over the immediately preceding months and long term trend analysis of how collections on the group's Loan Portfolios decay on a monthly basis over several years. The weighted average forecast period used in the revaluation model as at December 31, 2014 was 78 months compared to 76 months as at December 31, 2013.

The following table summarizes the impact of a 10% change in the core assumptions used in the forecasting process on the Cabot Group's profit and loss account.

	Movement in profit and loss through cost of sales		
	Year ended December 31,		
(£ in millions)	**2012**	**2013**	**2014**
Reduction in cash collections experience used in forecast by 10%(1)	(0.7)	(0.5)	41.8
Reduction in the long term gradient used in the forecast by 10%(2)	(2.9)	(3.2)	2.6

(1) Figures calculated assume reductions.

(2) Forecasts are applied consistently for both periods. Yield assumptions The initial yield is calculated at the time of purchase and subsequently compared with yields observed in current market transactions in similar Loan Portfolios and adjusted if necessary. Once all portfolios acquired in a financial year are twelve months old, the weighted average yield and the forecast period are calculated for portfolios acquired in that year; this is used for each vintage. The weighted average yields used for discounting cash flows were 28.33%, 32.75% and 34.3% for the years ended December 31, 2014, 2013 and 2012, respectively. Goodwill Goodwill arising on the acquisition of subsidiary undertakings, representing any excess of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) over the fair value of the identifiable assets acquired and liabilities assumed, is initially recognised at cost. If, after reassessment, the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the Cabot Group's cash-generating units (CGUs) expected to benefit from synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the CGU may be impaired.

If the recoverable amount of the CGU is less that its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods. Basis of consolidation The Cabot Financial Limited Group financial statements of the Cabot Group consolidate the financial statements of the Company and its subsidiaries and associated undertakings drawn up to 31 December each year. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The results of subsidiaries acquired or sold are consolidated for the periods from or to the date of which control passed. When necessary, adjustments are made to bring subsidiaries accounting policies into line with the Group's accounting policies. All intra-group transactions, balances, income and expenses are eliminated on consolidation. Business of combinations Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value. Acquisition-related costs are expensed as incurred and included in administrative expenses. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognised at their fair value at the acquisition date, except that of deferred tax assets and liabilities and liabilities or assets related to employee benefit arrangements.

Recent accounting pronouncements

The standards and interpretations that are issued, but not yet effective are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective. IFRS 9 ***Financial Instruments In July 2014, the IASB issued the final version of IFRS 9*** *Financial Instruments* that replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date. During 2015, the Group begun performed a high-level impact assessment of IFRS 9 and is currently determining the potential impact. IFRS 15 ***Revenue from Contracts with Customers IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.***

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, when the IASB finalises their amendments to defer the effective date of IFRS 15 by one year. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date. Annual Improvements ***2012-2014 Cycle These improvements are effective for annual periods beginning on or after January 1, 2016. They include: IFRS 7 Financial Instruments: Disclosures (i) Servicing contracts The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments. (ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively. IAS 34 Interim Financial Reporting The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively. These amendments are not expected to have any impact on the Group. Amendments to IAS 1 Disclosure Initiative The amendments to IAS 1*** *Presentation of Financial Statements* clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated

- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

Marlin Group historical information

Description of principal balance sheet items of the Marlin Group

From the date of the Marlin Acquisition, the consolidated financial information of the Marlin Parent has been included in the consolidated financial statements of the Cabot Parent. As such, the accounting policies of the Cabot Group apply to the Marlin Group for accounting periods following the Marlin Acquisition. For a description of the principal balance sheet items that will apply to us going-forward, please see "—Cabot Group historical information—Description of principal balance sheet items of the Cabot Group." Purchased debt portfolios The Marlin Group has used the amortized cost method to record the carrying value of purchased debt portfolios. Under the amortized cost method, the value of purchased debt portfolios is recorded at purchase cost at the date of purchase and then the purchased debt portfolio is amortized over its expected useful life. The amortization is calculated based on the expected cash collections from the purchased debt portfolio to provide a constant yield over its life. As part of the Marlin Group's impairment review, the amortization rate is recalculated every six months, based upon revised collections forecasts over the amortized period of 84 or 120 months. In the event that the total expected collections for a debt portfolio over the amortized period is lower than the carrying value of that debt portfolio on the Marlin Group's balance sheet, the debt portfolio is written down accordingly.

Description of principal profit and loss account items of the Marlin Group

From the date of the Marlin Acquisition, the consolidated financial information of the Marlin Parent has been included in the consolidated financial statements of the Cabot Parent. As such, the accounting policies of the Cabot Group apply to the Marlin Group for accounting periods following the Marlin Acquisition. For a description of the principal profit and loss account items that will apply to us going-forward, please see "—Cabot Group historical information—Description of principal profit and loss account items of the Cabot Group." Turnover Turnover from collections on purchased debt portfolios is recognized at the point of receipt, by the Marlin Group or its agent, of the gross collection monies received. The commission receivable net of VAT from debt servicing for third parties is recognized as turnover at the point when the underlying collections are received. The Marlin Group has also recognized as turnover collections generated between the date a debt portfolio purchase is agreed and the date such purchase is completed. Cost of sales Cost of sales represents the direct costs of collections related to the Marlin Group's purchased debt portfolios, such as tracing and other third-party service provider costs (including commissions paid to external DCAs), costs of collection letters and costs incurred in obtaining court orders and pursuing legal action. Cost of sales includes the amortization of the purchase price of debt portfolios, over an 84- or 120-month period. The amortization rate has been reviewed every six months to reflect changes in estimated remaining collections over the amortization period. Operating expenses (net) Operating expenses comprise administrative expenses, such as staff salaries and benefit costs, property costs, outsourced information technology, data and other professional services costs, as well as depreciation of tangible fixed assets and amortization of intangible assets (other than debt portfolios). Finance charges (net) Finance charges comprise interest payable and similar charges, interest receivable and similar income, and other finance income. Interest payable and similar charges is comprised of finance lease interest, other loans interest, other interest, amortization of loan issue costs, bank overdrafts and interest on corporation tax liability. Tax on loss on ordinary activities Tax on profit/(loss) on ordinary activities comprises the Marlin Group's current UK corporation tax and deferred tax.

Results of operations of the Marlin Group

The financial information included below has been derived from the Marlin Group Consolidated Financial Statements. Year ended December 31, 2013 compared to the year ended December 31, 2012 Consolidated profit and loss account

	UK GAAP Year ended December 31,

(£ in millions)	2012	2013
Turnover	42.8	58.8
Exceptional write back of accrued management fees	–	–
Cost of sales	(23.8)	(32.5)
Gross profit	**19.0**	**26.3**
Operating expenses (net)	(11.9)	(14.8)
Operating profit	**7.1**	**11.5**
Finance charges (net)	(20.1)	(32.0)
Loss on ordinary activities before taxation	**(13.0)**	**(20.5)**
Tax on loss on ordinary activities	0.2	1.4
Loss for the financial year	**(12.8)**	**(19.1)**

Turnover

Turnover increased by £16.0 million, or 37.4%, to £58.8 million for the year ended December 31, 2013 from £42.8 million for the year ended December 31, 2012 due to an increase of £11.8 million of collections from additional purchased debt portfolios acquired during the year ended December 31, 2013, £3.6 million of additional revenue from portfolios acquired during the year ended December 31, 2012 and £1.2 million additional revenue primarily relating to an increase in commission on serviced portfolios. This increase was offset by a £0.6 million decrease in collections on older debt portfolios that had been acquired in prior periods.

Cost of sales

Cost of sales increased by £8.7 million, or 36.5%, to £32.5 million for the year ended to December 31, 2013 from £23.8 million for the year ended December 31, 2012, principally due to £5.0 million additional amortization of purchased debt portfolios. Additionally, commissions paid to external servicing fees increased by £2.7 million, litigation costs increased by £0.9 million and other collection costs increased by £0.1 million as a result of the increase in purchased debt portfolios during the year.

Operating expenses (net)

Operating expenses increased by £2.9 million, or 24.4%, to £14.8 million for the year ended December 31, 2013 from £11.9 million for the year ended December 31, 2012, principally due to additional purchases of data to support our operational activities, additional recruitment in the management team and an increase in expenses for back office infrastructure. As a percentage of turnover, administrative expenses represented 25.2% for the year ended December 31, 2013 compared to 27.8% for the year ended December 31, 2012 reflecting the inherent economies of scale within the business.

Finance charges (net)

Finance charges (net) increased by £11.9 million, or 59.2%, to £32.0 million for the year ended December 31, 2013 from £20.1 million for the year ended December 31, 2012. The increase was principally due to the refinancing of the Marlin Group's existing credit facilities during 2013, following the issue of the Existing Marlin Notes in July 2013. An additional third party Marlin PIK Facility provider was introduced during February 2013, but repaid early, resulting in the incurrence of £7.9 million interest expense and an acceleration of amortized facility costs related to the new facility in the year. Additionally, there was an increase in interest expense on the Marlin Shareholder Funding of £1.0 million and additional interest expense and related amortized fees from the issue of the Existing Marlin Notes of £7.9 million. These increases were partially offset by a £2.8 million decrease in interest charges as a result of repayment of third party financing, and a reduction of £2.1 million of facility fees written off due to refinancing arrangements during the year.

Loss on ordinary activities before taxation

Loss on ordinary activities before taxation increased by £7.5 million, or 57.7%, from £13.0 million for the year ended December 31, 2012 to £20.5 million for the year ended December 31, 2013. This increase primarily reflects the higher finance charges (net) described above, the impact of which is partly offset by the improved operating performance also discussed above.

Tax on loss on ordinary activities

The tax credit increased by £1.2 million from £0.2 million for the year ended December 31, 2012 to £1.4 million for the year ended December 31, 2013. Since the acquisition of the Marlin Group by Duke Street in April 2010 it has primarily been funded by a mix of debt including bridging loans and PIK loans from Duke Street. At December 31, 2012 it was unclear the extent to which the interest on this debt would be deductible for tax purposes. As a result, on

December 31, 2012 the group recorded a provision of £0.7 million for the likelihood that HMRC would successfully require it to treat more of the interest as non-tax deductible than it had done in its filed tax returns.

The Marlin Group has applied for an Advanced Thin Capitalization Agreement ("ATCA") with HMRC to agree on the treatment of interest deductions derived from related party debt. Agreement has been reached with HMRC up to the date of the Marlin Acquisition.

Furthermore £0.4 million of corporation tax is due back in respect of the 2010 and 2011 accounting period and the remaining balance of £0.3 million represents the movement in the deferred tax liability.

Balance sheet

Purchased debt portfolios

Purchased debt portfolios increased by £38.7 million, or 36.7%, from £105.4 million as at December 31, 2012 to £144.1 million as at December 31, 2013. This increase primarily represents further investments of £64.5 million of new purchased debt portfolios during 2013, partly offset by amortization of purchased debt portfolios of £25.8 million. Liquidity and capital resources of the Marlin Group For the periods under review, management believes that the Marlin Group Adjusted EBITDA and ERC provide the most relevant measures of our operating cash flow generation and liquidity of its business. See "Presentation of financial and other information." Therefore, the commentary below provides a description of movements in Adjusted EBITDA from period to period. The commentary below also provides a description of movements in the key lines of the consolidated cash flow statement, which is presented at the beginning of the "Summary historical consolidated financial data and other financial data—Marlin Group summary historical consolidated financial data."

Adjusted EBITDA

Year ended December 31, 2013 compared to the year ended December 31, 2012

The following table sets forth a reconciliation of the Marlin Group's net cash outflow from operating activities to Adjusted EBITDA for the periods indicated.

	UK GAAP Year ended December 31,	
(£ in millions)	**2012**	**2013**
Net cash outflow from operating activities[(a)]	(12.5)	(29.0)
Working capital (increase)/decrease	(2.6)	(3.0)
Exceptional costs[(b)]	0.9	2.1
Loan Portfolio acquisitions[(c)]	43.6	70.0
Adjusted EBITDA	29.4	40.1

(a) Net cash outflow from operating activities includes cash outflows relating to portfolio acquisitions which represent the cost of all Loan Portfolios purchased in the period.

(b) Exceptional costs include items that are identified internally for management reporting purposes that by virtue of their nature, are not considered to be representative of the performance of the business and may impact year-on-year comparability. We believe these amounts should be disclosed separately to assist in the understanding of the Marlin Group's liquidity and performance. Exceptional costs in the year ended December 31, 2013 relate primarily to the acquisition of the Marlin Group by the Cabot Group. Exceptional costs in prior periods relate primarily to restructuring costs in connection with a proposed organizational restructuring which the Marlin Group has not implemented. Items included within exceptional costs have occurred in prior periods, and may occur in the future.

(c) Loan Portfolio acquisitions represent the cost of all Loan Portfolios purchased in the period. We adjust for portfolio acquisitions, which are discretionary, in order to analyze the cash flow generation of the Marlin Group's business.

Adjusted EBITDA increased by £10.7 million, or 36.4%, from £29.4 million for the year ended December 31, 2012 to £40.1 million for the year ended December 31, 2013. This increase primarily reflects the increase in collections related to additional purchased debt portfolios acquired during the year ended December 31, 2013, as explained in the turnover analysis above. Cash flow The following table sets forth the Marlin Group's consolidated statement of cash flows for the periods indicated.

	UK GAAP Year ended December 31,	
(£ in millions)	**2012**	**2013**
Net cash outflow from operating activities	(12.5)	(29.0)

Net cash outflow from returns on investments and servicing of finance	(7.8)	(9.1)
Taxation	(0.6)	(0.6)
Capital expenditure	(0.5)	(0.6)
Acquisitions and disposals	–	–
Management of liquid resources	(0.2)	1.8
Net cash inflow from financing	21.9	52.5
(Decrease)/Increase in cash	**0.3**	**15.0**

Net cash outflow from operating activities

Net cash outflow from operating activities increased by £16.5 million, from an outflow of £12.5 million for the year ended December 31, 2012 to an outflow of £29.0 million for the year ended December 31, 2013. This increase is primarily due to an increase of £14.3 million in the amount of Loan Portfolios purchased during the year ended December 31, 2013 compared to the year ended December 31, 2012. This has been partially offset by the increase in operating profit from collection activities as a result of the increased portfolios acquired by the Marlin Group.

Net cash outflow from returns on investments and servicing of finance

Net cash outflow from returns on investments and servicing of finance increased by £1.3 million, from an outflow of £7.8 million for the year ended December 31, 2012 to an outflow of £9.1 million for the year ended December 31, 2013. This increase was primarily due to increased borrowings to fund debt portfolio purchases during the year. While there was a reduction in repayments of interest on portfolio funding on previous credit facilities, this has been offset by short term financing repaid when the Existing Marlin Notes were issued in July 2013. There was no interest payable on the Existing Marlin Notes during 2013, as the first interest installment was due and paid in January 2014. As a consequence the interest paid in the year ended December 31, 2013 has not increased in the same proportion year on year as the increase in financing. Taxation Taxation remained static at £0.6 million for the year ended December 31, 2013 compared to the year ended December 31, 2012. Whilst the operating profit before financing has increased year on year, there has been an increase in finance charges available for deduction for tax purposes due to the refinancing of funding facilities that caused an increase in accelerated interest and facility fees, following the Existing Marlin Notes issue in July 2013. Capital expenditure Capital expenditures include expenditure on IT hardware, IT software and fixtures and fittings. Capital expenditure increased by £0.1 million, from £0.5 million for the year ended December 31, 2012 to £0.6 million for the year ended December 31, 2013. This increase primarily reflects continued investment in a new front end collections software system, FICO® Debt Manager™ 9 (formerly CRS Titanium), which went live in April 2013. Acquisitions and disposals There were no additional acquisitions or disposals during the years ended December 31, 2012 or 2013. Financing Net cash inflow from financing increased by £30.7 million, from an inflow of £21.9 million for the year ended December 31, 2012 to an inflow of £52.6 million for the year ended December 31, 2013. This increase is primarily due to the issuance of the Existing Marlin Notes in July 2013 and the subsequent increase in repayments to settle the then senior and other third party credit facilities totaling £85.4 million. Also there was an increase in repayments of Marlin Shareholder Funding during the year ended December 31, 2013 compared to the year ended December 31, 2012 of £29.8 million. The remaining £4.1 million increase in cash outflow was due to the repayment of facility fees increasing from £6.6 million, repaid in the year December 31, 2012 to £10.7 million repaid in the year ending December 31, 2013.

Industry

Introduction

The debt purchase market, which is a subset of the much larger debt management sector, began in the United Kingdom in the late 1990s following the success of more established markets in the United States and Scandinavia. Debt sale developed as a method for debt originators to manage defaulted loans and to accelerate capital release for debts that were already fully or heavily provisioned. The market commenced with a number of sales to dedicated debt buyers, such as Cabot (our first acquisition from Barclaycard was in August 1998), followed by some small scale transactions by DCAs that generally obtained small funding lines to acquire small debt portfolios from their clients. The UK debt management industry has expanded rapidly since its inception, fueled by the increased outsourcing of defaulted consumer debt in the financial services sector.

Today, the debt purchase industry has become a structural component of the debt recovery process in many markets and provides a sustainable solution for debt originators facing increasing capital and liquidity regulatory requirements to manage the asset quality in their Loan Portfolios. More recently, it has also become an important tool for non-financial debt originators, such as telecommunications, home retail credit, utility companies and government sectors, to outsource the management of their bad debts and focus on their core businesses.

The sale of defaulted debts to debt purchasers reduces the operational and financial burdens associated with defaulted debt collection. The effectiveness of the debt recovery process is in the ability to “repair” missing and erroneous customer data to find customers, accurately assess their circumstances and offer a sustainable and affordable repayment solution, as well as determine an economic servicing strategy for a variety of defaulted debts. The scale, flexibility, and long-term focus of debt purchasers typically makes them better placed than debt originators’ in-house collection teams or DCAs acting for debt originators to perform this role. Debt purchasers typically have more flexibility than debt originators in setting a strategy to maximize collections overtime (e.g. long-term repayment plans, settlement at a discount to nominal and others). In this context, many debt originators consider debt sale to be a core component of their collection strategy and accounting considerations.

Overview of the credit lifecycle

Customer defaults and debt losses are an inherent component of unsecured lending activity and accordingly, debt management is an established part of the credit lifecycle. Debt losses and defaults generally encompass non-paying debts, insolvencies and paying debts where the customer’s payments are below contractual terms. The typical lifecycle of debt portfolios that are transferred from a debt originator to a DCA or DP is as follows:

- **Origination of debt.** A customer obtains credit from a debt originator. The financial services industry has historically been the largest source of credit for consumers, but short or long-term consumer credit has also become a core component of business models across other sectors, including telecommunications, home retail credit, utility companies and, more recently, HMRC and other public sector entities.

- **Default.** A customer defaults entirely on his or her payment obligations or fails to maintain a series of scheduled payments. This can happen either because of a change in circumstances, such as the loss of a job, or because the customer entered into excessive debt arrangements that he or she could not manage. Debt originators often expect that a proportion of customers will, at some point, default on their debt. Thus, as consumer credit is extended, the pricing on credit products reflects the credit providers’ assumptions regarding expected default levels.

- **Recovery.** The credit provider attempts to recover the obligation through its internal resources. Credit providers typically have standard procedures governing recovery when a customer account falls into arrears, including the use of internal recovery strategies and in-house debt collection activities designed to rehabilitate customer accounts. Credit providers may, however, fail to make contact with the customer or be unable to reach an acceptable agreement on payment.

- **Engagement of DCAs.** As accounts fall further into financial difficulty and the debt ages, contact with customers typically becomes more difficult, especially where the customer has changed addresses. Once the debt has fallen more than 180 days past due, credit providers typically commence an external recovery process by passing on the customer’s details to a DCA. DCAs tend to collect using their expertise in certain segments of the market (e.g., customers with specific demographic attributes) and/or types of debts and generally try to collect defaulted debts from customers through a mixture of letters and phone calls. The recovery process is typically supplemented by data gathering and tracing activities to locate customers and direct discussions with customers to define an appropriate repayment solution. Ultimately, some customers are pursued via litigation, which is a possible route when a customer is unwilling to pay despite his or her personal circumstances indicating an ability to pay. DCAs are paid commissions based on amounts collected and have a limited period of time to make contact and reach an agreement with customers, often only three to six months without a payment being received, before accounts are recalled by the originator. The external recovery process may encompass the use of two, three or more cycles of placements with DCAs.

- **Debt sale.** If one or more DCAs are unable to recover amounts due, originators often sell off portfolios of such non-performing debt to DPs. Large debt purchasers typically have a much greater scale of defaulted consumer debt collections compared to debt originators, and therefore their expertise, specialization and data capabilities can make debt sale an attractive strategy for a debt originator. The decision of the debt originator to sell defaulted consumer debt to a debt purchaser can occur at various stages of the cycle. Increasingly debt originators are looking to maximize cashflows and manage balance sheet exposures through the earlier disposal of assets. As such, debt sales can happen prior to DCA placement (with the originator choosing to simply sell after in-house recovery attempts fail) or after one or more DCA cycles.

Overview of the DP business model

Comparison of the DP and DCA models A DP attempts to collect cash on the debt portfolio acquired, which is similar to the way in which a DCA collects cash on behalf of third parties who are its clients. However, the DP will retain the cash collected on the portfolios acquired, net of collection costs, and look to reinvest this cash in acquisitions of new portfolios. In contrast, the DCA will only retain a percentage margin or servicing charge on the amounts collected, net of the cost it has incurred to collect on behalf of the third party.

Some companies, such as Cabot, have chosen to operate a specialist DCA/DP model, where the DCA business utilizes the relationships, technology and sophisticated collections methodology of the DP. The specialist DCA/DP model allows such businesses to use trend information apparent during the DCA stage to price debt portfolios more accurately or collect on debt portfolios more effectively. Furthermore, there is a benefit to balancing a portion of collections in-house (control environment) and outsource a portion to specialist DCAs that have specific skills in collecting certain types of debt. Rationale for employing a DCA and/or selling a debt portfolio to a DP Potential debt collections are determined not only by the ability or willingness of the customer to repay the defaulted debt, but also by the ability of DCAs and DPs to identify and locate that individual, accurately assess his or her personal circumstances using data analytics and offer a suitable repayment solution. This is often hindered by gaps or flaws in the customer's information caused by a customer's mobility, flawed or incomplete information gathering and storage, as well as, in the case of the United Kingdom, the absence of a national identity system that can be used by creditors, all of which impairs the ability to trace non-paying customers effectively.

We believe that the use of a DCA or selling debt portfolios to a DP is underpinned by the following operational and economic rationale:

- **Operational rationale for originators to employ a DCA.** We believe that originators outsource debt recovery to DCAs for a number of reasons, including: (i) internal resources being insufficient to manage increases of non-performing debt that accumulate with time; (ii) lack of experience, specialist tools and operational controls and capabilities necessary to collect aged debt effectively; and (iii) a desire to benchmark their internal debt recovery performance against that of a third party.

- **Operational rationale for originators to sell debt.** The efficient collection of defaulted consumer debt requires a very specific set of skills that DPs have built up over time. Many originators have constraints with their IT systems and operational capabilities to repair data and collect non performing debt effectively. They often lack sophisticated databases and the tracing skills to contact customers or do not have the late stage debt collection strategies that are necessary to optimize collections from customers who face financial difficulties. Many originators, such as banks, or DCAs acting on their behalf, generally do not adopt flexible payment plans due to their desire to adhere to the original terms and conditions of their credit product or the length of time in which they expect balances to be cleared. On the other hand, the efficient collection of defaulted consumer debt requires a very specific set of skills that DPs have built up over time. Operational and accounting drivers enable DPs to typically use recovery strategies which have longer collection time frames than recovery strategies used by debt originators and DCAs. These longer-term recovery strategies justify DPs' investment in data analytics to enhance data quality and maximize lifetime collections value while ensuring an effective and compliant customer experience. Larger DPs typically have greater scale, better developed relationships with relevant credit bureau and access to data sharing, all of which allow them to be effective collectors of consumer debts relative to debt originators and DCAs.

- **Economic rationale for originators to sell debt.** A greater ability to locate customers and assess their financial circumstances to make appropriate payment requests leads to an increased ability to price debt portfolios appropriately pre-purchase and collect successfully on debt portfolios post-purchase. Therefore, DP firms can share the benefits of their specialist skills and infrastructure by offering a higher value on the debt than an originator would be able to recognize using its in-house or outsourced collection efforts. By selling the debt, originators are also able to forgo the requirements and costs associated with establishing and maintaining specialist tracing and in-house collection infrastructure as well as auditing, thereby generating greater net returns and certainty of cash flows. The sale of non-performing debt may improve originators' long-term visibility on write-offs and recovery, allowing for better financial forecasting and business planning. In addition, there is a significant cost associated with the regular auditing of DCAs, therefore the more placements with DCAs the higher the cost of collection and recovery for the originator. Rationale for debt repayment by customers Customers have many incentives to repay their debts. Credit reports are an increasingly important component of daily life. Banks, telecommunications providers, utility companies, insurance companies, retailers and landlords use consumer credit reports extensively before entering into a contract with a customer. A poor credit score or unpaid debt can significantly restrict a customer's access to such services at an affordable rate. An improved credit score, which may be available to a customer through the repayment of outstanding debt, can therefore provide a powerful incentive. Furthermore, repayment amounts established through set-up plans tend to be small, which makes such repayment plans more affordable and manageable.

Overview of Defaulted Debt Sale Market

Sales in the debt purchase market

The total volume of sales in the debt purchase market is principally defined by the amount of defaulted unsecured consumer debt available and debt originators' propensity to sell. The amount of the defaulted unsecured consumer debt available, in turn, is defined by (1) the existing originator stock of defaulted unsecured consumer debts and (2) the amount of new defaulted debt generated from the stock of unsecured consumer lending. Debt originators tend to design their loan pricing models and underwriting criteria assuming a level of default.

Sale pricing

In general, "fresh" debt or accounts that are currently making regular payments (often below contractual terms) command a higher sale price. Prices are generally lower for accounts that have been in default for extended periods or have passed through several DCA placement cycles, because of lower expected recovery rates. Generally, a DP will acquire non-performing debt (in various states of delinquency) at a price heavily discounted from the face value of the debt (typically ranging from 1% to 25% of face value, although the amounts may exceed this percentage depending on the type and age of debt purchased, among other factors).

Methods of debt sale

There are two main methods used by creditors when structuring a debt sale. Spot sale Spot sales involve the sale of one or more portfolios at a particular point in time. Spot sales are the most common method, since purchasers avoid commitment to fixed prices and sellers can establish a benchmark price without committing to a long-term forward flow arrangement. Spot sales can be undertaken in one or more of the following ways:

- **Auctions.** DPs comprising a panel are invited to submit bids for portfolios. An auction process can take various forms, including sealed bids or more competitive online procedures, and can be facilitated by a broker or the seller's management team (typically the latter).

- **Bilateral sale.** Debt sellers engage in discussions with one selected party (or sometimes several parties) and negotiate the sale. In these transactions, sellers target DPs with particular competencies or differentiated abilities to take on a given debt portfolio.

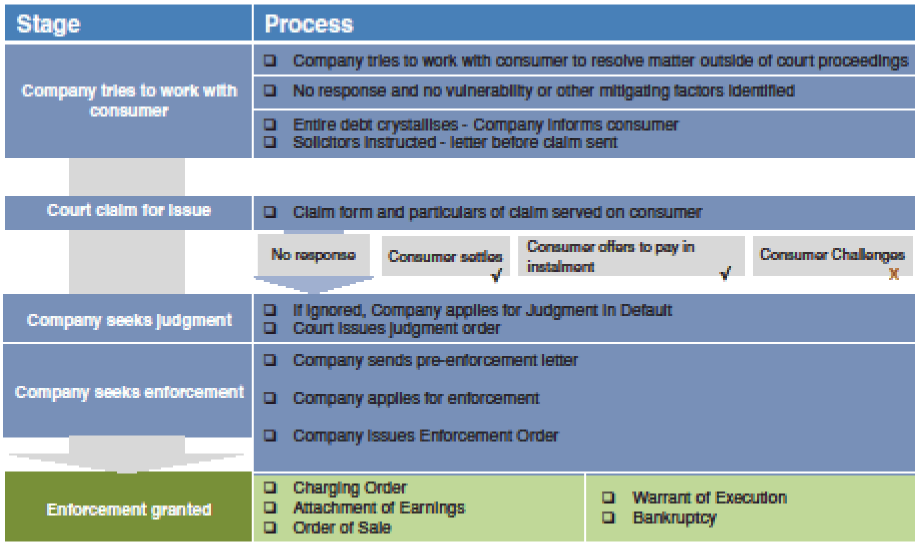
- **In situ sale.** Sale of debt portfolios with the agreement or obligation from a DP that debt portfolios which are currently serviced by particular agencies or law firms remain with those agencies or law firms for a certain period of time post acquisition. In situ sales can either be bilateral or auction based.

- **Secondary/tertiary sale.** Sale of accounts from a DP or financial buyer to another DP either after a limited period of trial collections activity to establish value or after dividing a debt portfolio into smaller components. Secondary/tertiary sales generate additional liquidity by facilitating the release of capital earlier and provide debt sellers with opportunities to sell increasingly larger debt portfolios to well-funded purchasers that can sell on to other DPs parts of the debt portfolios that are less in line with their investment strategy and more suited for specialist collection activity. Forward flow agreements Forward flow agreements involve an agreement to sell several similar debt portfolios over a period of time at a predetermined price and specified quality of debt, avoiding fluctuations caused by changes in macroeconomic conditions and outcomes of precedent auctions. Overview of legal process for collections via litigation DPs sometimes attempt traditional engagement methods (i.e. calls, letters) repeatedly without success, or may encounter customers that are attempting to avoid communication even when they have the ability to pay. In these cases, DPs may resort to litigation with the hope of engaging in dialogue prior to judgment, or if necessary securing a judgment as a method to secure the interest and ultimately enforcing the judgement to collect. Due to the inherent sensitivities of fair customer treatment and high cost of the process, DPs are required to invest significantly in oversight, controls, data analysis and modelling in order to select the right customers that yield additional returns without compromising fair treatment principles.

Specialism in litigious debt is a niche qualification given the complexity of the activity.

Certain vendors seek to include covenants in the debt purchase agreements that restrict the volume of accounts that may be litigated against, and, in some cases require consent from the vendor prior to instituting litigation proceedings against a non-paying accountholder. These covenants, if included in the debt purchase agreement applicable to a portfolio, limit the DP's ability to initiate litigation relating to the accounts in the portfolio.

The chart below shows a typical litigation process and assumes a straightforward claim under a typical consumer credit agreement in England and Wales. Any actual litigation is subject to numerous potential limitations, including as a result of responses from the customer, the complexity of the underlying contract, the claim amount and the assets over which enforcement may be sought, and such variations may significantly affect the timing, process, and costs of the proceedings.



Throughout the process a customer has the opportunity to engage with the creditor and negotiate an affordable payment plan or settlement. In general, most customers choose to engage with the creditor early in the process and as a result, few cases result in enforcement being sought or granted. There are significant processing efficiencies in the English and Welsh court system (*e.g.,* facilitation of bulk handling of claims and charging orders and an automated process for obtaining a Warrant of Execution) minimizing the court time and speeding up the recovery of debt. Before pursuing an account for litigation, a creditor would typically adopt a letter and phone strategy with the aim of agreeing settlement before seeking judgment. If the account should proceed to judgment, and the customer fails to make payment as ordered in the judgment, or otherwise fails to demonstrate extenuating circumstances, enforcement of the judgment may be sought by applying for an enforcement order (or, if a charging order is sought first, one or more enforcement orders). In all circumstances it is in the interests of the creditor to engage customers to establish repayment plans that remove the need to expend further costs on litigation and recognize those customers who are seeking to address their debt problems.

The approach may be one of following types:

- **Charging order.** A secured charge over the customer's property (such as land, securities, funds in court, dividends and interest, and interest in a trust) which, in the case of a charge over land, is registered with the Land Registry;

- **Warrant of Execution.** An application to seize or levy customer assets to the value of the judgment. This is generally executed by County Court bailiffs;

- **Attachment of earnings.** An order to have the debt paid directly from a customer's earnings;

- **Information order.** An application for the customer to be ordered to attend court to answer questions on oath about their finances and assets. This is generally used to ascertain what other enforcement options are available to the creditor; and

- **Third-party debt order.** An application to court to freeze monies held in a bank account of the customer and pay them to the creditor to repay all or part of the judgment.

In some circumstances, it may be appropriate and necessary to seek to bankrupt the customer:

- **Bankruptcy.** A statutory demand is served on the customer giving them a period in which to agree a payment arrangement, failing which, a bankruptcy petition may be served on them. If the bankruptcy petition is granted, the customer's estate is passed to a trustee to manage and sell off assets to pay creditors. Sometimes (and often by mutual consent) it is appropriate to consider approaching the courts for an order for sale which seeks to realize equity in the property for the benefit of creditors. The courts are mindful of the detriment to customers if this process is applied unfairly.

Overview of the UK defaulted consumer debt purchase and collections market

UK debt collection market The debt collection market in the United Kingdom experienced growth from 2000 to 2014, despite slight declines in the volume of unsecured consumer debt originated from 2008 to 2012. Outsourced debt collection volumes continued to increase both through the financial crisis of 2008 and thereafter. We believe that this trend reflects vendor recognition of the ongoing success of specialist capabilities employed by professional debt collectors and the increase in outsourcing of non-financial consumer debt by telecommunications providers, utility companies, motor finance, store credit and home retail credit originators and, most recently, HMRC and other public sector entities. UK debt purchase market The UK debt purchase market underwent significant growth from 2000 to 2008, fueled by a rapid rise in outstanding consumer debt together with increasing default rates. Ease of access to funding led to more competitive purchasing behavior from market participants, who engaged in transactions at increasingly higher prices between 2002 and 2007. In order to be able to finance new debt portfolio purchases at higher prices, many DPs during this period were focused on short-tail settlement collections that focused on collecting as much of the original funds as possible up-front on initial contact with customers, as opposed to longer term set-up repayment plans.

The onset of the financial crisis in 2008 resulted in a substantial withdrawal of funding supply from the DPs operating in the sector and an increased cost of funding for those DPs that remained active. Reduced funding supply, coupled with a difficult collections environment in which DPs were no longer able to agree up-front on settlements with borrowers, resulted in the exit of many DPs from the market. The sector went through a period of reduced activity, from 2008 to 2010. This period of reduced activity also saw market practices changing as customers, who were no longer able to access further debt as easily as they had done prior to the financial crisis, were unable to raise the funds for lump sum settlement payments. These remaining DPs, such as Cabot, Apex and Marlin (now a subsidiary of Cabot), began to increasingly focus on the use of longer term set-up arrangements in order to increase the reliability and predictability of their cash generation profiles. As competition waned and short-term liquidation of the debt portfolios declined, transaction values also decreased significantly. This led to cautious behavior from debt originators, who often delayed sales of their portfolios in favor of first outsourcing debt-collection, selling debt at a later date in anticipation of a recovery or an increase in market prices. During this period of retrenchment, transaction prices fell and market volumes significantly decreased from their peak of £8.7 billion in 2008 to £3.9 billion in 2009 (by face value).

We believe that since 2010, however, the UK debt purchase market has experience a recovery and is now one of the largest defaulted consumer debt markets is Europe. This is illustrated by the following key growth drivers:

- **One of the largest consumer credit markets in Europe.** Unsecured consumer debt is a structural feature of the UK economy and we believe the level of unsecured consumer lending in the United Kingdom has grown from approximately £185 billion in 2012 to approximately £217 billion at the end of 2014, which equates to a compounded annual growth rate of approximately 8%.

- **Large volumes of defaulted debt and improving debt purchase market.** Despite a recent decrease in the volume of total non-performing loans in the United Kingdom, we believe that the United Kingdom is still one of the five biggest markets in Europe by level of non-performing loans as of December 31, 2014, with a volume of approximately £107 billion.

- **Attractive returns in the debt purchasing market.** We estimate that prices paid for portfolio purchases peaked in 2007 due to the availability of cheap funding combined with greater competition between DPs. However, price levels decreased overall during the market dislocation in 2009, 2010 and 2011 as a result of lower capital availability among DPs. Following the market dislocation, there has been heightened competition in the debt purchase market, leading to increased prices. We believe that competitive pricing tends to encourage market growth by increasing the demand for collection services and the supply of debt for sale. Moreover, we believe that receivables management companies that benefit from economies of scale tend to be able to compete more effectively on pricing, which gives them an advantage when price competition increases.

These features of the UK consumer credit market create a large and mature market for debt purchase, which, since the beginning of 2010, returned to growth, driven by availability of funding and the increasing willingness of debt originators to sell debt given increasing pressure to reduce the costs of holding and managing defaulted debt. In addition, the industry has also come under increased scrutiny from regulators, primarily as a result of the levels of indebtedness which exist in the United Kingdom and affect many individuals. Despite observed volume increases across the sector, we do not expect the number of market participants to return to the high levels we saw in 2006 and 2007, as the nature of sales are larger and sellers increasingly tend to prefer focusing on a smaller group of purchasers. Overview of the Irish defaulted consumer debt loan purchase and collection market The debt purchase market in Ireland is still in its early stages, with sales typically conducted by non-Irish specialist lenders rather than Irish banks and credit unions. Debt collection and purchasing was not a key area of focus before the economic downturn in Ireland as the economy and lending grew. Following the downturn and the sharp rise in bad debts, however, financial services providers have increased their focus and efforts in this area, although we believe that the government ownership of major Irish banks, uncertainty around appropriate pricing and the lack of funding of potential DPs may continue to inhibit the development of a debt purchase market in Ireland. The use of DCAs and solicitors is widespread in the Irish market to collect financial services debt. The Irish debt collection process is not considered to be very sophisticated in terms of systems and processes and the legal collection of debts that reach the litigation stage is more widespread than in the United Kingdom as it is generally cheaper and quicker to litigate in Ireland. Overview of key market sectors There are many different types of debt available for purchase. Key drivers of the quality and price of debt include its age, average account balance, the nature of recoveries and DCA placement work already undertaken, the quality of account data and whether the debt being sold is semi-performing. Debt purchasing firms and DCAs sometimes focus on distinct stages or classes of non-performing portfolios. Credit card asset classes, for example, typically vary from write-offs of primary debt to accounts that have been placed with several agencies prior to the time of sale, and debt purchase firms may focus on one or more such classes. There are also active debt purchase markets for other consumer debt portfolios, including portfolios in the telecommunications and home retail credit markets, which tend to consist of smaller average account balances than balances associated with credit card portfolios.

While we have purchased debt portfolios across a wide range of classes and asset delinquencies based on value, our focus in recent years has predominantly been on semi-performing and high-balance non-performing portfolios in the financial services sector and, to a smaller extent, in the home retail sector in the United Kingdom. Overview of debt portfolio sales in the UK financial services sector The market for sales of debt portfolios in the United Kingdom is highly diversified by product type, placement value and underlying value size. Debt purchases in this sector include, for example, balances outstanding on credit cards, unsecured loans and overdrafts, and affinity cards or other cards issued by financial institutions or other initial suppliers of credit to consumers to enhance the loyalty of their customer base.

The volume of debt portfolios sold by originators each year comes from the book of semi-performing and non-performing debts defaulted in that year and the backlog of unsold semi-performing and non-performing debts from prior years. The prevailing price of such portfolios typically affects the vendor's decision to sell the debt or warehouse it for further in-house or outsourced collections, which in turn affects market supply. The value of debt purchases is a function of the volume of debt sold and the price of that debt is expressed as a percentage of its face value. Price is linked to many factors determining the quality of the underlying debt, including its age and the traceability and financial profile of the underlying debtors.

From the summer of 2008 to the summer of 2010, the volume of debt portfolios sold decreased due to the disruption in the financial markets beginning in 2008. Because of the economic downturn and the corresponding adverse effect on collections, prices for debt portfolios generally declined, prompting certain financial services institutions to temporarily reduce their debt sale activity and either warehouse debt for sale at a later date or outsource debt portfolios for further third-party collection. Over the same period, the inventory of debt for sale grew as originators realigned provisioning levels to the prices being offered and consumer credit write-off rates rose. This process has increased the backlog of unsold semi-performing and non-performing financial services portfolios.

The sale of these accumulated debt portfolios accelerated starting from the second half of 2010, with major UK banks undertaking large one-off sales or regular quarterly disposal programs. As a result, we believe that backlog began to stabilize at the end of 2010, as certain banks accelerated their debt portfolio sale programs, thereby increasing the amount of debt for sale. As the backlog of semi-performing and non-performing portfolios becomes older and more difficult to collect without a specialist infrastructure, banks will have a further increased incentive to sell. Banks also face a time limit as to when they can sell their debt due to the statute of limitations applicable in the United Kingdom, which does not allow a creditor to legally enforce collections on debt six years (in England, Wales and Northern Ireland and five years in Scotland) after the last non-verbal acknowledgment of the debt such as the last payment made on the account.

We believe that the most significant catalyst for growth in debt sale in the financial services sector is the ongoing regulation in the banking sector and the implications that the implementation of Basel III will have on UK financial institutions. Although the full implementation of Basel III does not come into effect until 2019, the regulatory framework as currently drafted is expected to negatively impact many credit institutions through the increase in capital requirements and liquidity, as well as proposed reductions in leverage limits. Banks will be required to operate with less leverage on their balance sheets in order to minimize their capital requirements and we expect that there will be increased and ongoing pressure to sell down portfolios of assets attracting higher capital requirements.

We believe that in the context of expected rises in outsourcing volumes, banks will increasingly want to develop strategic partnerships with DPs and DCAs with the scale and financial ability to acquire, integrate and manage large portfolios. Overview of debt portfolio sales in the Irish financial services sector In Ireland, the debt sale market is still in its early stages, with sales typically conducted by non-Irish specialist lenders rather than Irish banks and credit unions. However, we believe that if the ownership and capital structures of the Irish banks and financial institutions returns to a status similar to the position prior to the state intervention in the financial services sector, debt purchase will eventually become a core strategy for Irish banks. We expect that this process will take several years.

In 2012, the Department of Finance in Ireland published a proposed Credit Reporting Bill in order to establish a Central Credit Register, in accordance with the commitment given by Ireland to the European Union, the European Central Bank and International Monetary Fund. The legislation, which was enacted on December 23, 2013 and came into force on January 27, 2014, is intended to support more informed lending decisions and the development of improved insolvency procedures, while also providing an important tool for regulatory supervision. Cabot Financial (Ireland) Limited is expected to benefit from being able to access the Central Credit Register for the debts that have been purchased by Cabot Asset Purchases (Ireland) Limited in order to make more informed decisions about the lifecycle of the purchased debts and the consumer. Similarly, where Cabot Financial (Ireland) Limited undertakes servicing on behalf of a third party creditor, subject to the relevant approvals and consents from the third party creditor and Central Credit Register, Cabot Financial (Ireland) Limited is expected to be able to access the Central Credit Register to make informed decisions on behalf of the third party creditor about the servicing of the debt. The initial phase of the Central Credit Register is expected to focus on lending to individuals and to become operational by mid-2016. A later phase is expected to address lending to incorporated entities and to be operational by end-2017.

Credit servicing firms in Ireland are now regulated by the Central Bank of Ireland following the entry into effect of the Irish Credit Servicing Act 2015 on July 8, 2015. Over the past years, concerns had arisen in Ireland regarding the effect of Loan Portfolio sales on borrowers. Specifically, individuals and small and medium enterprises (“SMEs”) whose loans were sold by a regulated entity to an unregulated one lost their regulatory protections following that sale. The Irish Credit Servicing Act 2015 defines credit servicing as managing or administering a credit agreement in respect of a cash loan entered into between, on the one hand, a creditor and on the other, a “relevant borrower”, a term which covers both individuals and certain SMEs. Credit servicing encompasses a range of activities including taking any necessary steps for the purposes of collecting or recovering payments due under the credit agreement from the relevant borrower and managing or administering a number of matters under or in relation to the credit agreement, including repayments, charges, errors, complaints, information and records, restructuring and assessing the relevant borrower’s ability to repay. It also includes communicating with the relevant borrower in respect of these matters. An entity that carries out the activity of credit servicing will fall within the scope of the Irish Credit Servicing Act 2015 where it does so either: (i) on behalf of an unregulated entity which is not authorized to provide credit in Ireland; or (ii) on its own behalf, in circumstances where it holds the legal title to credit granted under a credit agreement in respect of which credit servicing is not being undertaken by an authorized credit servicing firm. The Irish Credit Servicing Act 2015 provides for ‘grandfathering’ so that an entity which was carrying on credit servicing activities immediately prior to July 8, 2015 is automatically deemed to be authorized on a transitional basis, provided that the entity has applied to the Central Bank of Ireland for confirmation of that authorization by October 8, 2015. Cabot Financial (Ireland) Limited benefits from such a transitional authorization as a credit servicing firm and has applied to the Central Bank of Ireland prior to October 8, 2015 for confirmation of that authorization. The Central Bank of Ireland has undertaken a public consultation (which closed on September 30, 2015) on the authorization requirements and standards for credit servicing firms and the consequential amendments that will be necessary to certain regulatory codes in Ireland, including the Consumer Protection Code 2012. As a credit servicing firm, Cabot Financial (Ireland) Limited is required to comply with Irish financial services legislation, including the Central Bank of Ireland’s regulatory codes. Debt purchasing opportunities in the United Kingdom outside of the financial services market We believe that there are significant opportunities to acquire debt portfolios from the telecommunications (mostly comprise balances outstanding on unpaid mobile phone bills or mobile phone contracts set up to provide a discount on a mobile device that were terminated prior to their agreed maturity), home retail credit (short-term credit offered by catalogue, phone or online shopping companies as part of their sales growth strategy), utility companies (water, power, gas) and, in the future, government sectors who are now actively evaluating the way that they deal with collections and recoveries of Crown and other central debt.

Competitive environment

Importance of vendor relationships, compliance and reputation Originators are sensitive to the reputational risks involved in the collection and sale of non-performing consumer debt portfolios. Accordingly, a track record of compliant credit management and a reputation for treating customers fairly are critical criteria for a DP to be included on any vendor panel in the United Kingdom. Originators typically conduct due diligence prior to entering into a debt sale relationship, and previous mishandling of account holders adversely affects a DP's likelihood of selection. Reputational concerns impact not only inclusion into a vendor panel, but also the selection of the final bidder.

We believe that originators are seeking strategic relationships with a smaller number of DPs and DCAs. Trusted relationships are therefore very important in the debt purchase industry.

We also believe that the regulatory supervision by the FCA is positive for the industry and compliance with the new rules has become critical for debt sellers. It is our view that the new regulatory regime favors the strong market participants which have the scale and experience to comply with the new rules and therefore be more competitive in debt sale processes. Competitive dynamics In recent years, we believe that there has been a trend towards increased concentration of the debt purchase industry around a small core group of DPs in the United Kingdom which is now substantially completed. We believe that the trend towards greater concentration has resulted from the competitive business models of these purchasers, combined with their scale advantages and growing barriers to entry in the sector, as outlined below. This industry consolidation has been further supported by the tightening supply of funding globally during the financial crisis, with only experienced and high quality DPs in the market being able to secure financing to support an active debt acquisition program during such period.

We believe that many of our current competitors have evolved with a specific investment focus and associated operational infrastructure, which may make them more or less suited for particular segments of the market. For example, some DPs have focused on developing litigation infrastructures, which may be more effective for certain segments of non-performing debt portfolios. Some DPs are more focused on lower balance debt that is in a secondary and tertiary stage of the debt lifecycle, and which can require significant investment in and focus on tracing capability and automated portfolio segmentation. The importance of historical benchmark data to guide prices on new debt portfolios means that market participants may also gravitate towards specialty niches in which they have been more active in the past. Large and established foreign DPs, such as Hoist, Encore and Lindorff, among others, have become active in the UK debt purchase market and compete for the acquisition of debt portfolios in the United Kingdom. As a result, current competitive dynamics primarily reflect the ability of each DP to position itself to generate appropriate returns on investment, based on their cost structure, operational capabilities and the composition of their Backbooks. See "Risk factors—Risks related to our business—We operate in markets that are competitive. We may be unable to compete with businesses that offer higher prices than us for the purchase of debt portfolios, and our competitors may develop competitive strengths that we cannot match." Barriers to entry The concentration in the UK debt purchase market over the last couple of years has resulted in a maturing of the industry, with the key participants becoming of increasing scale and operational sophistication. We believe this has increased the barriers to entry for a new entrant to create a sustainable business. We believe the following significant barriers to entry exist in our industry:

- **Regulatory environment and compliance.** The industry is subject to increasing levels of legal and regulatory oversight. For example, following the transfer of responsibility for consumer credit regulation from the OFT to the FCA on April 1, 2014, the FCA is undertaking, and plans to undertake in future, a variety of investigatory work in the consumer credit market, which may result in new regulatory obligations being imposed and increase the regulatory burden for specific sub-sectors, or the industry as a whole, according to its website. The FCA is already showing a desire to stamp out what it perceives to be poor conduct. For example, the FCA has taken action against a high profile "pay-day lender" and a number of debt management firms. The trend in recent years has been to make debt collection activity a mainstream financial services activity subject to a comparable level of regulatory scrutiny as the activities of the original debt originators in the financial services sector, which is reflected in the fact that debt collecting is categorized by the FCA as a "higher-risk" consumer credit activity. In this context, compliance track record and reputation are key to developing strong relationships with debt originators. As a result, considerable investment in processes, know-how and management is an absolute requirement, making it potentially difficult for a new entrant to be competitive.

- **Data and pricing models.** A new entrant would be unlikely to have either an established model with which to price debt portfolios or immediate access to the large historical data sets that are required to substantiate and benchmark collection curves and resulting prices across varying debt types and customer characteristics.

- **Trace and collections platform.** The ability to determine the financial circumstances of account holders and recoverability of their debt is fundamental to collect in a cost-effective manner and to generate an appropriate return on investment. The systems of a DP such as Cabot have been developed over an extensive period of time, requiring substantial investment and expertise.

- **Funding.** The UK debt purchase market has historically been funded through revolving credit facilities provided by major UK and European banks. The tightening of credit worldwide since 2008 means that generally only high quality names, have had access to these funding lines or other financing. Since 2012, however, several leading UK DPs such as Cabot, Marlin, Lowell and Arrow have issued high-yield bonds, which provide more stable medium-term financing. Without a successful track record and verifiable projections supported by reliable pricing models, it could be difficult for a new entrant to obtain cost-effective debt funding to purchase debt portfolios. Purchasers with a known financial capacity are more likely to be invited to bid for portfolios in sales processes.

- **Economies of scale.** As debt originators tend to sell larger, more complex portfolios (compared to the previous trend of segmenting portfolios), there are few purchasers with sufficient scale to acquire and on-board large mixed portfolios. In addition, the scale of larger, established debt purchasers provides a cost advantage when pricing and collecting on new debt portfolios, as they can spread their fixed costs across their book of existing debt portfolios. This scale provides a cost advantage to an established DP when pricing new debt portfolios.

- **Vendor relationships.** Most key debt originators in the United Kingdom have established relationships with the leading DPs. Increasingly, such vendors are seeking to maintain relationships with a smaller number of DPs. Over the past year, many vendors have reduced the size of their panels, which we currently estimate to be averaging three to five purchasers each. We believe this trend means that it is increasingly important for DPs to be present on panels. Having a reputation for being able to transact purchases on a sustainable basis and a track record of regulatory compliance is a key consideration for certain vendors and may represent a considerable challenge for new entrants.

- **Management expertise.** The debt purchase market in the United Kingdom is relatively concentrated and experienced, so proven management with deep industry knowledge may prove difficult to source.

Business

Overview

We believe we are the largest credit management services company in the United Kingdom based on the value of debt portfolios on our consolidated balance sheet and our combined 120-Month ERC at June 30, 2015. We operate a debt purchase ("DP") business, through which we acquire defaulted consumer debt, alongside a debt collection agency ("DCA") business, through which we collect receivables on behalf of third parties for a commission. Our DP business, from our inception in 1998 to June 30, 2015, the Cabot Group, together with the Marlin Group (from its inception in 2002 to December 31, 2013) and the DLC Group (since DLC completed its first Loan Portfolio purchase in June 1994 to May 30, 2015), has invested a combined total of £1.7 billion in the acquisition of 1,277 Loan Portfolios with an aggregate face value of £16.0 billion, comprising over 7.0 million customer accounts and generating a combined 84-Month ERC of £1.54 billion, and a combined 120-Month ERC of £1.92 billion as at June 30, 2015. Our combined total Loan Portfolio acquisitions (based on the face value of Loan Portfolios acquired) since our inception are split between primary (29%), secondary and tertiary (24%), semi-performing (46%) and non-standard (1%). We believe we are a leader in financial services debt purchases, with 98% of our £1.7 billion combined total purchases coming from financial services firms.

In our DCA business, we operate a servicing platform through which, during the twelve months ended June 30, 2015, we collected approximately £10 million per month of cash on behalf of our clients. During the same period, 27.7% of our gross collections were on behalf of third party partners. We have a history and ability to provide credit management services to a broad range of clients. We have a proven track record of successfully acquiring and integrating businesses, aligning policies, processes and realizing cost efficiencies. Through our recent acquisitions of the Marlin Group and the DLC Group, we were able to gain new expertise, apply new analytical models and collection strategies to our Backbook. We consider that our integration program for Marlin Group is now substantially complete. In addition, we believe there is a near term opportunity to realize cost savings through site consolidation following the DLC Acquisition.

We were one of the first companies to engage in the credit management services market in the United Kingdom, with over 21 years of DP and DCA experience, and we believe that we are among the few players in the industry that purchased debt portfolios both during and immediately after the 2008 global financial crisis.

We believe that one of our key advantages is our ability to service and price a wider range of assets than our competitors. Our leadership in high-balance financial services debt, both paying and non-paying, allows us to apply tailored collections strategies and optimize the liquidation potential from the accounts in our Loan Portfolios, while still treating our customers fairly. As a result of Cabot acquiring new skills in the Marlin Acquisition, we altered treatment strategies applied to approximately 180,000 previously non-paying accounts subsequent to the Marlin Acquisition, which resulted in over £2.0 million of incremental additional collections per month. Our proprietary valuation model and scorecard ("VMS") has been developed using over ten years of proprietary data and continues to be refreshed based on actual collections outcomes on an individual account level, allowing us to be increasingly more precise on our future collections. The VMS informs all of our investment and pricing decisions and has allowed us to identify embedded value in our Backbook.

The focus of our operating model is to generate cash flow by maximizing cash collections over the life of our Loan Portfolios. Over 20% of total collections for a portfolio are typically generated once the portfolio has reached a maturity of over 84 months. Our combined 84-Month ERC has grown to £1.54 billion as at June 30, 2015, from a combined £394 million as at October 31, 2009, and our combined 120-Month ERC grew from £474 million to £1.92 billion over the same period. Our collections strategy focuses on setting up long-term payment plans, known as "set up" arrangements, with our customers, which is another way in which we increase the predictability of our future cash flows and create long-term annuity income streams that form the backbone of our estimated future cash collections from existing Loan Portfolios. The long-tail nature of our set-up arrangements has also resulted in our ability to generate strong gross cash-on-cash multiples. The combined (including DLC Group) average individual account balance for our financial services Loan Portfolios was approximately £3,000 as at June 30, 2015. We believe that our Loan Portfolios have provided us with a stable, long-term cash flow generation profile. Our long-term and ethical approach not only seeks to maximize overall collections but also to ensure customers are treated fairly and make payments that are affordable and therefore sustainable.

Customer conduct and compliance is at the core of our business and our culture and is implemented through our ethical collections strategy. We seek to treat our customers fairly and offer affordable payment solutions, mainly through long-term set-up arrangements with lower payment rates. We have customer satisfaction scores in excess of banking and building society benchmarks and in excess of all main high street banks and believe we have one of the lowest rates of complaints in the debt collection industry referred to the Financial Omsbudman Services ("FOS"). We have won numerous industry accolades, including the CCR Credit Excellence Awards 2015 for Compliance and the Legal and Enforcement Profession as well as the Credit Today Award 2015 for Treating Customers Fairly.

Our business is currently focused on the UK market, although more recently we have expanded our operations in Ireland based on our proven model and collections expertise in the United Kingdom, and on October 23, 2015, we completed the acquisition of a Spanish credit management services business, Gesif S.A.U. In Ireland, we have been able to grow both in DP as well as DCA operations, with a particular focus on DCA operations, which are generally less capital- and asset-intensive. In Ireland, we have applied our years of expertise to better understand the market and then purchase Loan Portfolios, which has resulted in our strong position in the consumer debt purchase market in Ireland. Revenue from our Irish operations has increased from £6.1 million for the 14 months ended December 31, 2011 to £17.9 million for the year ended December 31, 2014. In the United Kingdom, we have operations located in Kent, Stratford-upon-Avon (scheduled for consolidation with our Brackley site), Worthing and Brackley as well as administrative offices in London. In addition, we have a fully operational office in Dublin, Ireland, offering call center services as well as a full range of business services. Since 2014, some of our call center and administrative activities (where we have client permissions) are handled in New Delhi, India under an outsourcing arrangement with a subsidiary of Encore. As at June 30, 2015, we employed a total of approximately 1,270 employees and more than 50 employees in India employed pursuant to the India Outsourcing Arrangement.

In the six months ended June 30, 2015, we recorded combined collections of £141.6 million on Loan Portfolios, combined collections on serviced portfolios of £55.1 million and a combined commission of £8.6 million on serviced portfolios, generating *pro forma* revenue of £282.4 million and *pro forma* Adjusted EBITDA of £219.7 million.

Our strengths

We believe that we benefit from the following key strengths:

- ***UK's largest credit management services business.*** We believe we are the largest credit management services company in the United Kingdom based on the value of debt portfolios on our consolidated balance sheet and our combined 120-Month ERC at June 30, 2015. We generated a combined 84-Month ERC of £1.54 billion, a combined 120-Month ERC of £1.92 billion as at June 30, 2015, as large as the next two largest acquirers and managers of defaulted consumer debt in the UK combined, based on reported 120-Month ERC. We have strengthened our leading market position through growing organically, acquiring leading industry players as well as by opportunistically expanding into growing markets, such as Ireland. Our specialist expertise in high balance financial services debt, including litigation-enhanced strategies, allows us to apply tailored collections strategies and optimize the liquidation potential from the accounts in our Loan Portfolios, particularly with low-willingness/high ability to pay accounts.

- ***Scale of operating platform driving competitive advantages.*** We had approximately 1,270 employees as of June 30, 2015 across six sites and more than 50 employees in India pursuant to the India Outsourcing Arrangement. Alongside our DP operations, our DCA capabilities (acting as agents for third parties, which accounted for 27.7% of our collections during the twelve months ended June 30, 2015) helps us to learn from broader data sets and to maintain low costs to collect for each asset class, as well as providing our customers with a broader suite of credit management solutions. Our expertise in litigation enhanced strategies allows us to maximize collections from our Backbook. We also have long-standing relationships with vendors, acquiring debt portfolios from over 60 financial institutions during the three-year period ending on June 30, 2015 on a combined basis. The length of our Backbook has given us flexibility as to how and when we deploy capital and which accounts to acquire, allowing us to promote pricing discipline over quantity of business. In recent years we have made substantial investments in further improving the efficiency of our collections, for example, moving one of our call centers to India via an arrangement with a subsidiary of Encore, which we believe may lead to efficiency improvement in the medium term. Our scale has also allowed us to invest in recruitment processes, training programs, staff retention efforts and quality of systems, resulting in strong operations and technology analytics and a strong compliance track record.

- ***Highly diversified, with ability to compete across asset classes.*** Our Loan Portfolios are highly diversified across vendors, geography and asset classes. With over 21 years of debt purchasing experience, we have long-standing relationships with vendors across all current market segments, including with over 60 financial services firms and other vendors, allowing us to participate in the vast majority of open tenders for defaulted consumer debt from financial services firms and other vendors in the United Kingdom since 1994, even through adverse market conditions. Recently, the DLC Acquisition has allowed us to acquire debt portfolios from the secondary market rather than buying directly from debt originators, providing further diversification in our debt portfolio providers. Through our litigation capability we are able to address a wide portion of the market and price a wide range of assets (both semi-performing and non-paying, as well as mixed portfolios); further, VMS, our proprietary valuation model and scorecard system, has allowed us to use our data across low-high balance, low-high ability to pay, and low-high willingness to pay debts customers and apply the appropriate strategies for each. Our combined DP and DCA business model allows us to collect through various stages of the debt cycle and continually increase the data we collect on accounts, making our models more and more rich as our data improves. We believe that our business process outsourcing ("BPO") offering, whereby we offer "white label" debt collection services to clients, which we acquired through the DLC Acquisition, will allow us to buildout a full service business in that area, achieving growth with an efficient outlay of capital.

- ***Strong and predictable cash generation from high visibility, long duration assets.*** Our history of focusing on purchases of semi-performing portfolio and converting non-paying into paying portfolios has enhanced the "portfolio layering" effect, meaning that our Backbook becomes stronger over time, as each incremental portfolio acquired adds its longer-term payment plans to those of the rest of our Backbook. Semi-performing portfolios have a higher probability of generating long-term annuity streams, because these customers have already demonstrated an ability to make some payments; such customers typically make payments pursuant to set-up arrangements which create sustainable and affordable solutions, rather than lump sum settlements. We believe that, in particular, our expertise with managing the yield on semi-performing portfolios, which typically generate cash flow immediately upon acquisition, has provided us with steady cash flows, and will support our continued growth. We also estimate that we already have an interaction with approximately 10% to 25% of customers in new debt portfolios that we acquire, which enhances our ability to predict cash flows for the portfolios we buy. The combined (including DLC Group) average individual account balance for our financial services Loan Portfolios was approximately £3,000 as at June 30, 2015, further providing us with good visibility over collections, as higher-balance portfolios tend to be on set-up arrangements. Twenty percent of our combined 120-Month ERC as at June 30, 2015, is forecast to be collected between months 84 and 120, further demonstrating the long-tail nature of our collections, with significant embedded value after 120 months. We have also increased visibility in expected cash flows by increasing our secured collections and collecting a higher proportion of the outstanding balance on our accounts by deploying litigation-enhanced strategies. Our Backbook generates significant cash collections (£236 million for the twelve months ended June 30, 2015), with servicing costs that have remained relatively stable over time, only increasing slightly as a result of increased litigation activity (we had a combined servicing cost ratio of 38.3% for the twelve months ended June 30, 2015 compared with a combined servicing cost ratio of 35.2% for the year ended December 31, 2014). This has resulted in a 77.8% *pro forma* Adjusted EBITDA margin for the twelve months ended June 30, 2015 and a 91% average conversion during the years ended December 31, 2013 and 2014.

- ***Strong platform for further geographic and product diversification.*** Through investments in infrastructure and a growing management team, we have been able to realize EBITDA growth and establish a strong platform for further expansion. We have successfully expanded our operation in the growing Irish market, demonstrating our ability to deliver profitable overseas expansion in both our DP and DCA business lines. We applied our years of expertise to better understand the Irish consumer debt purchase markets and then purchase Loan Portfolios, which has given us a strong competitive position. Revenue from our Irish operations has increased from £6.1 million for the 14 months ended December 31, 2011 to £17.9 million for the year ended December 31, 2014. Our DCA and BPO capabilities allow for entry into diversified asset classes (for example, from telecommunications companies, utility companies and, in the future, government sectors) which we believe will result in lower aggregate portfolio risk and increased amounts of data that we can add to our models going forward. We believe that our India Outsourcing Arrangement will offer significant servicing cost benefits in the future and we may enter into other arrangements involving alternative low-cost jurisdictions with the benefit of Encore's experience and expertise. Our experience in the Irish market has helped us formulate our plans with respect to our expansion in other international markets, such as our acquisition of Gesif S.A.U, a Spanish credit management services business, which we completed on October 23, 2015.

- ***Track record of integrating and creating value from strategic transactions.*** We have a proven record of successful integration and consolidation, including Apex, Marlin and DLC, which have significantly benefited our Backbook, data history, front book pricing accuracy, product offerings, infrastructure and leadership. For example, as a result of Cabot acquiring new skills in the Marlin Acquisition, we altered treatment strategies applied to approximately 180,000 accounts, resulting in over £2.0 million of incremental additional collections per month. In 2015, we fully migrated all of the accounts acquired through the Marlin Acquisition to a single, integrated platform. With the DLC Acquisition, we have access to new Loan Portfolios and BPO capabilities which we believe will allow us to address a broader section of the market in fresh, litigation-eligible accounts and larger accounts. The DLC Backbook has also added value to our Group by enhancing and strengthening the data that underlies our proprietary models, and we believe there is an opportunity to realize cost savings through site consolidation.

- ***Highly experienced management team and strong support from shareholders experienced in the sector.*** We are led by a knowledgeable team of executive directors who combine over 75 years of financial services experience, providing leadership across all functional areas of the business to support our business and its growth. Our management team is led by Chief Executive Officer, Kenneth Stannard and Christopher Ross-Roberts, our Chief Financial Officer, supported by a strong management team of six other executives. We have an active management equity program, demonstrating the strong commitment of our management to the success and growth of our business. The executive team is supported by a broader management team of individuals drawn from the wider financial services industry and other large corporate entities with a consumer focus. Our shareholders, Encore and J.C. Flowers, also actively participate in pricing decisions and bring specialized expertise in the defaulted consumer debt and financial services sectors. Our indirect controlling shareholder, Encore, is an international specialty finance company providing debt recovery solutions for consumers and property owners across a broad range of assets, and is a substantial player in the mature US debt purchasing and collections market: for the year ended December 31, 2014 Encore made total collections of $1.6 billion and generated total revenues of $1.1 billion and 120-Month ERC of $5.2 billion. We share best practices and involve Encore in pricing decisions and intend to continue to utilize Encore's extensive knowledge of the debt purchasing market to continue improving our own internal data and, if appropriate, to consider growing our investments in other asset classes, as well as their experience in offshoring (such as our offshoring of some of our call center operations to India under an outsourcing arrangement with a subsidiary of Encore).

Our strategy

We seek to use our scale and experience in the financial services segment to serve customers, vendors and employees through an established, focused and differentiated business model.

- ***Continue to compete effectively across all UK and Ireland asset types.*** We believe that our size and scale gives us a number of advantages: flexibility when considering funding additional purchases, so that we may react quickly to opportunities and make investments; status as debt purchaser of choice for vendors who are looking for large players with established compliance processes who are able to bid for mixed as well as segmented portfolios; the ability to acquire larger portfolios than our competitors; and infrastructure that enables us to react to any changes in the regulatory environment. Our size similarly allows for opportunistic targeting of legacy portfolios held by smaller businesses, as well as further acquisitions should the opportunities arise. We have achieved significant revenue through the acquisitions we have made and believe there are further opportunities for efficiency improvement to optimize our collections process through using trace and litigation initiatives and increasing the number of customers handled by our Indian call center to reduce collections costs.

- ***Offer vendors a broad range of credit management services.*** Vendors have increasingly adopted segmentation for debt portfolio sales to match buyer expertise with debt types (such as semi-performing accounts or non-paying, high-balance accounts). The combination of our experience with semi-performing debt and expertise in litigation-enhanced collections of non-paying debt allows us to offer vendors a broad range of debt solutions for both mixed and segmented portfolios, an offering which we believe is not matched by any other debt purchaser in the UK market. We also believe we will be able to develop the DLC Group's BPO "white label" service offering for new and existing clients, which we see as a new revenue stream. Similarly, we believe our acquisition of Mortimer Clarke Solicitors will allow us to begin offering legal services to other market participants, further expanding our range of credit management services.

- ***Utilize experience in pricing portfolios to maximize returns on recent acquisitions, backbook and new portfolios.*** Through the application of our scorecard modelling to the DLC backbook, we expect to be able to unlock embedded ERC. The DLC Acquisition has given us access to a large number of Loan Portfolios which are fresh and litigation-eligible. We plan to apply our established collections strategies, account evaluation and accounts experience to DLC's backbook, with the aim of increasing monthly payments and decreasing the payment horizon on these accounts, while increasing secured collections. Our integrated pricing model consists of three core models: (1) a paying model (used for pricing portfolios that include accounts that are paying), (2) a non-paying model (used for non-paying accounts) and (3) a litigation model (used to identify litigation activity on non-paying accounts). We developed the pricing model based on our substantial experience in pricing and observing the behavior of paying debt, and combining it with statistical methodologies drawing on Encore's expertise in pricing non-paying debt and the litigation models underpinning the pricing expertise of Marlin. A key feature of our pricing model is its related asset model, which analyzes data from the individual accounts in our existing debt portfolios and our customer database of over 7.0 million accounts, and allows individual models to be created by mining this data for specific customer attributes. We believe these models will continue to give us a competitive advantage in purchasing portfolios.

- ***Continue to generate high, stable and sustainable collections over time.*** Our history of focusing on purchasing semi-performing portfolios has enhanced the "portfolio layering" effect, meaning that our Backbook becomes stronger over time, as each incremental portfolio acquired adds its longer-term payment plans to those of the rest of our Backbook. We intend to continue to invest in better customer contact initiation capabilities, new data sources, more powerful pricing models and innovative processes with a goal of better targeting of treatments and greater effectiveness of collections. We believe that our strategy and expertise with managing the yield on semi-performing portfolios, which typically generate cash flow immediately upon acquisition, has provided us with secure and steady cash flows, and will support our continued growth. Applying our litigation-enhanced collections strategy and scorecard to portfolios in our existing Backbook, we will seek to continue to increase the percentage of our Backbook that is secured by asset collateral in the form of charging orders, which we believe will enhance our level of visibility and confidence in our expected cash flows going forward.

- ***Maintain our disciplined acquisition process to generate the required returns on capital.*** We use a highly quantitative approach to pricing based on expected collections and required returns. We view our pricing models as tools to assist in commercial pricing decisions. Pricing decisions are made by a pricing committee, which includes our Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Operations Director, Commercial Director and Chief Investment Officer, who review the outputs of detailed return analysis, any previous experience with a particular lender, the strategic significance of a transaction, the results of due diligence, the terms of the sale contract and the likely pricing necessary to win the portfolio. For material purchases, the approval of a representative of each of our principal shareholders, J.C. Flowers and Encore, is required. A meeting of the pricing committee is held for every debt purchase, regardless of the size of the portfolio being acquired. We believe that our significant industry and management experience enable us to make informed decisions about the portfolios we acquire. Through our constantly updated information on portfolio performance, we are able to update our pricing models on an ongoing basis.

- ***Evaluate expansion opportunities, including new asset classes and new geographies.*** After our successful expansion in the Irish market, we intend to continue expanding and growing our business in selected international markets and new asset classes. We believe that further building on our market leading position in the United Kingdom, using our knowledge of the UK and Irish debt purchasing markets and strong management will be key in our further expansion into other markets. We believe there are significant opportunities in being able to offer debt originators a full suite of receivables management products from debt purchase to servicing to meet customers' evolving needs and are planning to widen the scope of DCA and BPO services we can offer to our customers. We also plan to increase our exposure to debt portfolios originated by vendors outside of the financial services sector (for example, from telecommunications companies, utility companies and, in the future, government sectors). Industry consolidation in Europe continues to be one of the largest factors of growth and has allowed for opportunistic acquisitions such as Marlin and DLC, which have contributed significantly to our revenue growth. We aim to expand both domestically and internationally by buying more mid-sized assets which allow us to use capital efficiently to establish strong and diversified platforms to promote growth. When evaluating international opportunities, we intend to consider market scale, the potential level of return, the legal and regulatory environment and the availability of Loan Portfolios for purchase and make investments carefully.

Recent developments

The Mortimer Clarke Solicitors Acquisition

On July 1, 2015, we completed the acquisition of Mortimer Clarke Solicitors following the grant of alternative business structure status to it by the Solicitors Regulation Authority. Mortimer Clarke was founded in 2007 and now has a team of three solicitors, two legal executives and over 60 staff specializing in credit litigation. We believe that the acquisition provides us with an integrated and flexible operating model and strengthens our position as a market leader in the field of consumer debt management. A significant part of our litigation work is being handled by Mortimer Clarke Solicitors, and we believe that Mortimer Clarke Solicitors will be able to expand by providing its legal services to third parties.

Mortimer Clarke Solicitors received the first place award for Legal and Enforcement Profession at the Credit Excellence awards hosted by Credit, Collections and Risk on October 1, 2015.

Acquisition of Spanish business and Spanish Loan Portfolio purchases

On October 23, 2015, we completed the acquisition of a Spanish credit management services business, Gesif S.A.U ("Gesif"). In addition, at the same time we acquired the beneficial title to a number of unsecured portfolios currently being serviced by Gesif, from funds managed by a global investment vehicle (the "Spanish Acquisition"). The enterprise value for the business was €12.5 million, with an additional payment to be made contingent on future performance, and the purchase price for the portfolios was €14.6 million. The Spanish Acquisition was financed with a combination of cash and drawings under the Senior Facilities in an amount of €24.0 million. Gesif has more than 20 years' experience in the Spanish market and engages in two main activities: Credit management services including collections management for clients and debt portfolio valuation services for third parties. Gesif services a wide range of non-performing Loan Portfolios from multiple sectors (including consumer goods, credit cards, utilities, and telecommunications providers) for clients ranging from Spanish banks to global investment vehicles. We believe that the acquisition will augment our 120-Month ERC by €24.6 million, give us a foothold in a strategically important geography and allow us to leverage our operating platform to originate and capitalize on further growth opportunities in the region.

Portfolio Acquisitions

Acquisition of UK consumer finance portfolios

Since June 30, 2015, we have purchased 19 consumer finance portfolios, primarily from large financial institutions, comprising approximately 276,000 customer accounts with an aggregate face value of approximately £325 million. We may acquire additional portfolios during the period from the date of this offering memorandum to the closing of this offering.

Our history

We were founded in 1998 as one of the first entrants into the UK debt purchase market. In 2004, we completed our first management buyout, backed by Barclays Private Equity and Vision Capital. We completed a second management buyout in 2006, this time backed by Nikko Principal Investments (ultimately owned by Nikko Cordial Corporation, which was acquired by Citigroup, Inc. in May 2007) with a minority investment by Barclays Private Equity. In 2007, we purchased an Irish DCA business (now called Cabot Financial (Ireland) Limited). In April 2011, we acquired Apex, which was established in 2000 as a specialist UK-based consumer DCA which also conducted debt purchase operations, from our former controlling shareholder. We believe that our acquisition of Apex created the largest acquirer and manager of defaulted consumer debt from financial services firms in the UK.

In 2013, we were acquired by J.C. Flowers and Encore from our former controlling shareholder, Anacap. 86.0% of the weighted equity (and 61.6% of the voting stock) of Cabot Holdings is now controlled by Janus Holdings (Luxembourg) S.à r.l. Encore controls 50.1% and J.C. Flowers 49.9% of the voting stock in Janus Holdings (Luxembourg) S.à r.l. Encore and J.C. Flowers sought to acquire Cabot Holdings to gain a strong platform in the UK DP and DCA markets. As part of their strategic rationale for the investment, the shareholders expect to use their experience to support our executive management in its strategic focus, while aiding in the continued improvement of servicing costs efficiencies and pricing strategies across its breadth of current debt classes. Both shareholders also enjoy broad access to global networks for talent and capital, and maintain strong institutional ties with a number of our key stakeholders, including customers, regulators, and financiers.

In February 2014, we acquired (a) the entire issued share capital of the Marlin Parent and (b) certain subordinated fixed rate loan notes of Marlin Financial Intermediate Limited, from funds managed by Duke Street and certain individuals, including certain members of executive management of Marlin, for an aggregate enterprise value of approximately £172 million, including the assumption of certain debt of the Marlin Group (including the Existing Marlin Notes). Upon the consummation of the Marlin Acquisition, certain members of executive management of Marlin invested a proportion of their purchase price proceeds into various securities in Cabot Holdings S.à r.l.

On June 1, 2015, we acquired the DLC Group from its parent company Faccenda Investments for a cash consideration of £156.4 million (net of acquired cash) (the "DLC Acquisition"). Under the terms of the acquisition agreement, a deferred consideration amount of £7.8 million (the "Deferred Payment") will be payable to Faccenda Investments on June 1, 2025. Faccenda Investments is however entitled to demand immediate payment if certain insolvency related events in relation to the purchaser occur. In addition, Faccenda Investments may accelerate the payment of the Deferred Payment by giving three months' prior notice. In such case, the Deferred Payment would be reduced pro rata for the remaining time until its scheduled payment date.

The DLC Group is a UK based acquirer and collector of non-performing unsecured consumer debt. The DLC Group has purchased portfolios since 1994, and is the oldest debt purchaser in the United Kingdom, with experience in both financial and non-financial services assets. As of June 30, 2015, the DLC Group held £3.3 billion in face value of debt across 187 portfolios and one million customer accounts, each with an average balance of £3,353. The DLC Group portfolios represented £270 million of our 120-Month ERC as of June 30, 2015, taking our 120-Month ERC £1.92 billion as of June 30, 2015. Alongside the portfolios, we acquired approximately 275 employees based in Brackley as well as a small but growing business outsourcing platform.

In addition to the one million customer accounts and sizeable number of Loan Portfolios, the DLC Acquisition presented us with the opportunity to (i) deploy capital at attractive return rates; (ii) acquire a strongly-performing Backbook and key customer relationships; (iii) incorporate a "white label" business whereby DLC serves as an outsourced collections agency for large third-party institutions, which we believe represents a nascent (but potentially high-growth) revenue stream going forward; (iv) participate in the continued consolidation trend in the sector and to further re-enforce the benefits of scale; and (v) achieve cost synergies through, among other things, site consolidation.

About Encore

Encore is an international specialty finance company providing debt recovery solutions for consumers and property owners across a broad range of assets. For the year ended December 31, 2014 Encore made total collections of \$1.6 billion and generated total revenues of \$1.1 billion (each as reported under US GAAP) and ERC of \$5.2 billion. Through its subsidiaries, Encore purchases portfolios of consumer receivables from banks, credit unions, consumer finance companies, commercial retailers and telecommunication companies and works with individuals as they repay their obligations and work toward financial recovery. Through its Propel Financial Services subsidiary, Encore assists property owners who are delinquent on their property taxes by structuring affordable monthly payment plans and purchases delinquent tax liens directly from select taxing authorities. Headquartered in San Diego, California, Encore is a publicly traded NASDAQ Global Select company (ticker symbol: ECPG) and a component stock of the Russell 2000, the S&P SmallCap 600, and the Wilshire 4500.

About J.C. Flowers

J.C. Flowers is a global private equity firm based in New York and London and focused solely on investments in the financial services sector. Since its inception, J.C. Flowers has invested over \$14 billion in 32 companies across 14 different countries, and the acquisition of Cabot Holdings marked its fourth current investment in the UK. J.C. Flowers also has a long history of collaboration with Encore. J.C. Flowers served as a key investor in Encore from 2008 until 2011, owning 25% of the common equity in Encore and serving on its Board of Directors. In addition to its investments in the debt purchase market, J.C. Flowers has made a number of investments in the regulated credit and banking sectors, including its investment in OneSavings Bank in the UK, OneWest Bank in the United States, NIBC Bank in the Netherlands and Shinsei Bank in Japan. J.C. Flowers was also a lead founding investor in each of Pension Insurance Corporation, an insurer of UK pension plans, and Castle Trust, a specialist mortgage originator.

Operations, product and service offerings

Our operations, product and service offerings are comprised of two components: the purchase of underperforming debt portfolios (Debt Purchase Operations) and the collection or management of underperforming debts on behalf of creditors for a transaction fee or a percentage of the amount collected (DCA Operations).

Debt Purchase Operations

Our process for Debt Purchase Operations has four key components: (1) Customer Account Acquisition; (2) Customer Management; (3) Customer Connection; and (4) Customer Engagement.

Customer account acquisition

We believe that we participate in the vast majority of all key debt purchaser panels within the UK financial institutions sector during the twelve months ended June 30, 2015 and that we have strong relationships with senior executives at many financial institutions. We primarily acquire debt portfolios in spot transactions, which are one-off purchases ordinarily executed on a negotiated basis, but we may also participate in auctions. We have also previously acquired debt portfolios through forward flow arrangements with lenders, although we have substantially moved away from these arrangements. See “Risk factors—Risks relating to our business—Forward flow agreements may contractually require us to purchase debt portfolios at a higher price than desired.”

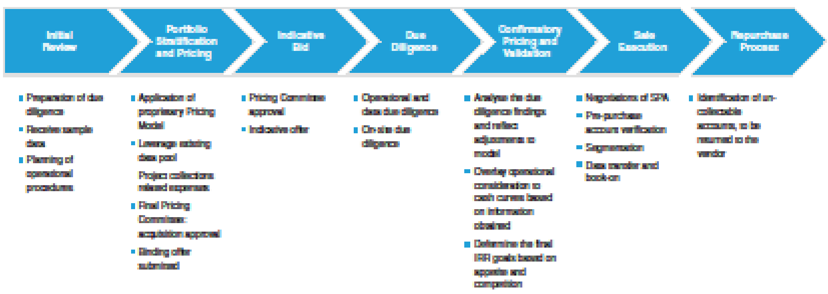
We believe that we have a strong reputation with vendors, built upon our successful collections experience, disciplined approach to debt portfolio pricing and a strong compliance culture. As vendors are increasingly limiting the size of their debt buying panels, we believe that a good collections reputation (in particular with respect to collections performance and customer treatment) and strong compliance culture and systems are prerequisites for a debt purchaser to be on a financial institution’s debt purchaser panel. However, strategic relationships are also increasingly important. We also believe that vendors favor purchasers with whom they have completed previous transactions and with whom they are comfortable with respect to delivery of the transaction.

From our inception in 1998 to June 30, 2015, the Cabot Group, together with the Marlin Group (from its inception in 2002 to December 31, 2013) and the DLC Group (since DLC completed its first Loan Portfolio purchase in June 1994 to May 30, 2015), has invested a combined total of £1.7 billion in the acquisition of 1,277 Loan Portfolios with an aggregate face value of £16.0 billion, comprising over 7.0 million customer accounts and generating a combined 84-Month ERC of £1.54 billion and a combined 120-Month ERC of £1.92 billion as at June 30, 2015. Over 97.9% of these Loan Portfolios (as measured by purchase price) were acquired from financial institutions. We acquired Loan Portfolios from over 62 financial institutions during the three-year period ending on June 30, 2015.

The majority of debt portfolios are currently offered to the market through a competitive tender process. Other sales channels include online auctions managed by the vendor, auctions facilitated through an intermediary, and bilateral processes whereby a debt portfolio is offered to a single purchaser on an exclusive basis. We have substantially moved away from forward flow agreements. We believe that forward flow arrangements limit our flexibility and visibility on the collectability of such debt portfolios in certain circumstances and tie us into a price that makes visibility difficult. We generally only purchase forward flow portfolios if they are for a short duration, we believe they offer commercial value, provide a test and learn framework or if we are not bound to pricing terms. Our sales team maintains a comprehensive market database with up to twelve months of forecast debt portfolio sales in the UK market, including an estimate of face value, debt type, pricing and the timing of individual acquisition opportunities. This enables our executive team to actively develop and pursue opportunities and customize our strategy accordingly. Our pricing committee reviews this 12-month forecast on a regular basis, enabling us to monitor the progress of our debt portfolio purchases throughout the financial year.

Debt portfolio purchase

Below is a chart setting forth the typical steps in the debt portfolio purchase process:



To commence a debt sale through a tender process, a vendor typically supplies interested parties with a tender document that includes debt portfolio information at an account level. We undertake a risk assessment of the portfolio and the vendor to determine our level of diligence requirements. We then perform due diligence and evaluate certain features of the portfolios (such as time since default and write- off, and date of last payment for the accounts included in the portfolio) and apply our proprietary portfolio pricing models to further evaluate the portfolio. Using our substantial database of account holder information, we carry out statistical analysis that are customized to evaluate specific repayment characteristics to further evaluate the accounts. We are able to benchmark the output of the pricing models against actual customer performance on other accounts, as well as the characteristics of a particular debt portfolio against other such similar characteristics, due to our large customer account database. The output of the risk matrix, the results of due diligence and the outputs of our proprietary models and data analysis is presented to our pricing committee, which then decides whether to make an indicative bid for the portfolio. If, following the indicative bid, we are short-listed by the vendor, we then conduct further due diligence on the portfolio and refine our analysis. Following this additional due diligence, a final pricing committee meeting is convened and a decision is made whether to submit a final binding offer for the portfolio. If we are successful, we execute a sale and purchase agreement with the vendor and proceed with the account verification and "book-on" process, whereby we verify that the portfolio contains the agreed assets. Following the purchase, any ineligible accounts are returned to the vendor in exchange for reimbursement of the relevant purchase price.

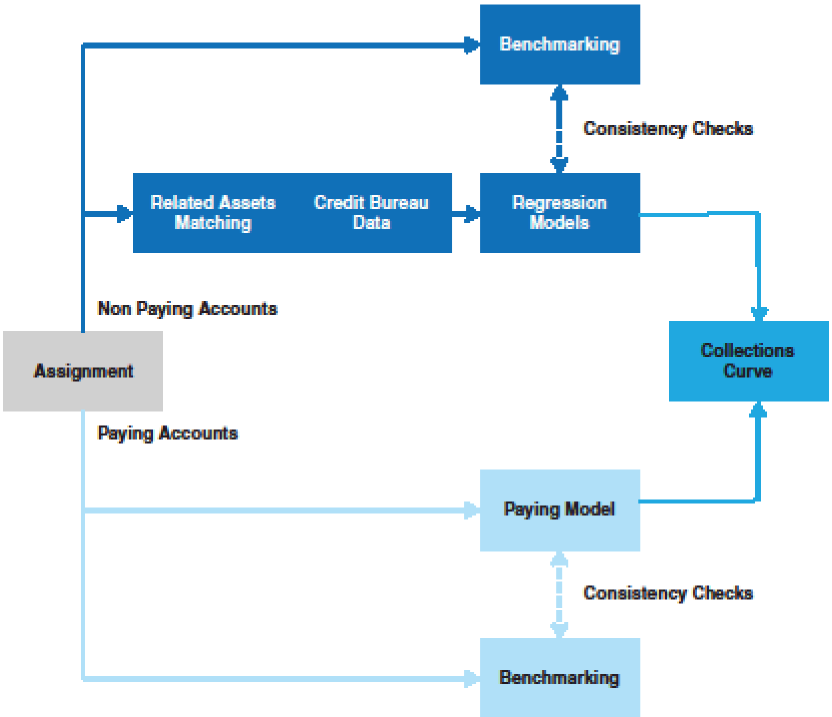
Portfolio Pricing Committee. Alongside the performance of our models is the significant depth in organization and experience of our portfolio pricing committee. The voting members of the committee are the Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Chief Investment Officer, Commercial Director and other key members of the pricing team, each of whom has significant experience in the financial services sector, and other members of the pricing team who are professionals in the fields of origination and pricing. Additionally, representatives from J.C. Flowers and Encore participate in all material pricing decisions. All purchases require approval by the pricing committee and by the investment committee where the purchase value exceeds £10 million.

Use of pricing and analytical models. Our analytical model, combined with our 21 years of debt purchasing experience, underpins our pricing practices. We have a highly automated pricing suite with separate models depending on the type of account: a paying model for semi-performing accounts and two regression models, one for non-paying litigation accounts and one for non-performing accounts. Individual customer account level pricing drives these core models. The models are highly automated and easy to use so that our key employee resources are spent understanding their outputs rather than revising inputs to the models. Our latest pricing model suite was validated and tested in March 2015, replacing the previous generation model that was implemented in 2014. The data in the paying model is updated on a monthly basis to incorporate additional portfolios and performance data.

This pricing analysis is critical to the performance of the business as it directly informs customer management strategies, investment strategy, operational decisions/management and financial business planning. The analytical review undertaken in pricing assesses the portfolio of customers against relevant benchmark portfolios within the existing Cabot database and strategies are derived as to the operational resource and cost required to effectively manage the portfolio under pricing review and the allocation of resources through customer inventory management strategies. Therefore, Cabot invests significantly in customer analytics. Our Chief Investment Officer is responsible for the customer account analysis, management information, customer account strategy management and the development of models and scorecards (Decision Science) which seek to assess and predict customer repayment patterns.

Our single integrated pricing model is in a common statistical programming language (SAS) and is used to analyze and price our debt portfolios.

The following chart reflects the components of our proprietary pricing model suite, as further described below.



The paying empirical model and the non-paying regression models form the core of the pricing model suite, with additional components incorporating related asset matching and benchmarking. We believe that our related asset algorithms gives us a significant competitive advantage, as typically between 10% and 25% of customers in a new debt portfolio will already be a customer with an account in our existing debt portfolios. Our benchmarking process provides further validation to our core models by analyzing historical collection outcomes of similar portfolios. Further, individual models can be created by data mining our entire inventory of debt portfolios for a specific attribute as necessary.

Paying model. Our paying model has three nodes of portfolio segmentation based on performance by aggregate paying patterns. The model segments the accounts into 55 segments, by the payment source, outstanding balance and size of monthly installment. The model then generates segment level forecasts based on observation of payment characteristics, including defaults, amortization rates, uplifts in set-up payments and settlement rates.

Non-paying regression model. Our non-paying model consists of five regression models configured in a bespoke methodology. The regression models were built after analyzing the statistical significance of some 500 “credit bureau”, “raw” and “derived” variables. In total 29 variables were selected using statistical techniques and empirically validated knowledge on willingness and ability to pay. “Credit Bureau” variables could include, for example, publically available electoral roll and credit searches data. “Raw” variables could include, for example, account balances and customer dates of birth or postcodes. “Derived” variables could include, for example, customer geodemographics (derived from their post code), aggregate customer balances (derived from the balance being priced and the existing related asset balances in our database) or customer ages at account opening (derived from customer date of birth and date of account opening). For long term payment trends, the model then segments the accounts into 52 segments, by the product, outstanding balance and related assets. The model then generates an account level forecast of monthly set up and settlement collections.

Non-paying litigation model. The litigation model consists of three regression models comprising multiple variables such as vendor and externally sourced public data. Key inputs include multiple house price to ensure that property is accurately valued and that general economic trends are built into our forecasting. Based on this analysis, we determine whether legal collections are appropriate at a customer level and if so, propose the suitable enforcement channel. The customer data is sourced from, among others, Tracesmart, Zoopla, the Land Registry, Fraud Screen and Equifax. Furthermore the data includes legal history, residency, mortality, shareholdings, home ownership, automated valuation models, demographics and non-credit scores. The accounts are then assessed against similar accounts in our historical data warehouse to produce forecasts.

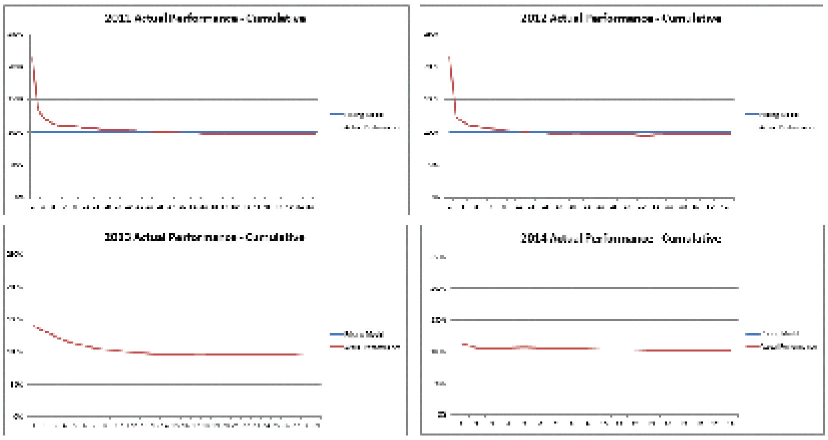
Revaluation model (“RVM”). Our RVM is used after we purchase a portfolio and allows us to track and modify our collection projections split between set up and settlement going forward. An average of recent collections experience sets the starting point for both projections. Forecasted cash flows by type are generated by a linear decay algorithm. The forecast is dependent on the portfolio type and average balance size, as the model has fixed decay rates for a given portfolio type and balance size. The division of portfolios by portfolio type and balance size allows the fixed decay rates to be applied to individual portfolios, generating forecasts specific to each. The two forecasts generated for set-up and settlement customers are aggregated to give a total collections forecast by portfolio which are aggregated into vintages for financial reporting purposes.

Cabot VMS. Following the Marlin Acquisition we have also gained access to the Marlin Group’s sophisticated proprietary suite used to analyze, price and manage debt portfolios, which has now been fully integrated into the Cabot VMS. The Cabot VMS comprises several macroeconomic inputs including multiple house price and consumer price indices to ensure that property is accurately valued and that general economic pressures are built into our forecasting. Data is refreshed on a daily and monthly basis so that the latest customer data is utilized in our account-level strategy selection. Based on this analysis, we determine the best approach for each customer, including whether to move an account into or from our legal collections process. We also adapt to our customers’ current circumstances as additional data is collected (both from external sources and from engaging with our customers personally). The Cabot VMS takes into account customer and account details provided by the vendor and externally-sourced public data. The data is sourced from, among others, Tracesmart, Zoopla, the Land Registry, Fraud Screen and Equifax. Furthermore the data includes legal history, residency, mortality, shareholdings, home ownership, automated valuation models, demographics, CUGs and non-credit scores. Paying and non-paying accounts are then assessed against similar accounts in our historical data warehouse to produce forecasts.

In the twelve months ended June 30, 2015, we acquired 221 Loan Portfolios for £513 million with a face value of £4.2 billion. Cumulative actual collections on such portfolios in the twelve months ended June 30, 2015 in respect of the acquired portfolios were £44 million.

Accuracy of pricing models

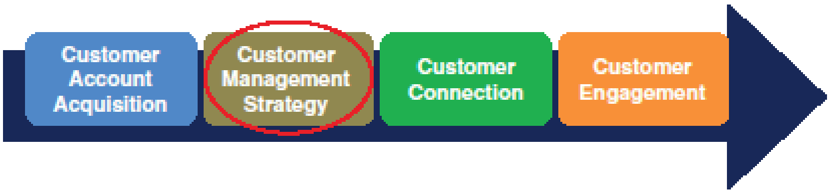
The below charts set forth our actual collections as compared to our pricing model projected collections for the years indicated, excluding the DLC Group:



The underperformance on the 2013 vintage is primarily driven by a couple of large portfolios purchased in the early part of the year when competition was strengthening. Both of the vendors were institutions from which the Group had not purchased significant amounts in recent years. We believe that the benefit of the combined Cabot and Marlin pricing capability is shown in the stronger performance for the 2014 vintage.

Because the recoveries forecasted by our models depend partly on historical collections experience, such forecasts may not adequately reflect current or future circumstances. For example, collection multiples on our debt portfolios from 2005 to 2007 and 2013 did not meet collections expectations and actual collections deviated from the pricing model's collection estimates, partly because the assumptions made at the time of pricing about the likelihood and size of settlements, based on past experience, proved not to be accurate in light of the factors affecting portfolio collections after the purchase of the portfolios, partly as a result of the economic downturn and the lack of availability of credit to our customers. See "Risk factors—Risks related to our business—The statistical models and analytical tools we use in our business may prove to be inaccurate and we may not achieve the recoveries anticipated."

Customer management strategy

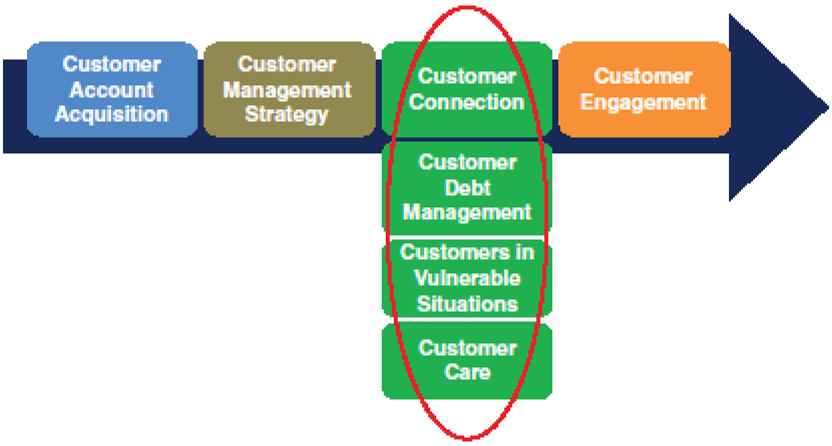


The initial stage of our customer management strategy is to assign individual customer accounts within a debt portfolio to the appropriate customer strategy path. This is a forensic process, which brings together automated statistical models, originator and third-party data (e.g. credit bureau and insolvency information) under controlled auditing oversight. Individual customer contact details are verified by performing numerous database checks. Where we find that the customer's contact information is out of date we initiate a customer locate process, to establish new contact details.

Maximizing customer contact at each stage of the collections lifecycle is key to our collections strategy. We initiate contact with customers by sending a "hello letter," together with a "goodbye letter" from the client with the objective of establishing contact and a relationship with the customer. If the customer has not made contact with us, we attempt to contact the customer with additional letters, by phone utilizing predictive and manual dialing, and by text messaging or email to initiate contact with our customers.

Our approach to managing our customers involves high volumes of customer contacts, with over 50,000 right party contacts made per month and over 400,000 customer letters (including statements) sent each month. We internally monitor these processes to assess both the efficiency of our operations, compliance with our ethical standards fair customer outcomes and positive customer experiences.

Customer connection



If contact is established with a customer, we seek to determine the customer's individual circumstances and its ability to repay its debt, with affordability checks being conducted through an income and expenditure review.

Where a customer is able and willing to pay the debt, we seek repayment through a "settlement" (full agreed payment to be made within 90 days) or "set-up" or other arrangements (including instalment payments over a longer period of time). If a repayment schedule is already in place at the time of purchase we review the payment plan to ensure that it meets our affordability criteria.

Set-up arrangements and similar payment plans are reviewed every 6 to 12 months against our affordability criteria and payments adjusted upwards or downwards to reflect the customer's circumstances at that time.

Where we determine that a customer is experiencing financial hardship which is impacting its ability to repay its debts, we put the account on hold and signpost free debt advice. If a customer has chosen to be represented by a debt management company it will be transferred to the specialized debt management team.

Where we determine that a customer is in a particularly vulnerable situation, which is impacting their ability to repay their debt, we put the account on hold, and in some situations signpost specialized help and guidance from third party charities and organizations and transfer the customer, to be supported by dedicated specialized customer consultants.

Where we cannot establish contact with the customer through traditional contact strategies, or if the customer is unwilling to engage with us, we utilize our customer engagement strategies by enhancing our data records by leveraging external data sources to quality cleanse our information, we also use specialized third parties to manage the customer relationship such as trace agents, litigation solicitors or DCA firms.

Customer debt management

Through the excellent relationships established with professional debt management companies, we have developed specific processes to manage accounts of customers who choose to appoint a debt management company to manage their debts on their behalf. Customers who engage reputable organizations to manage the repayment of their debts are moved to a specialist team, where their accounts are managed and monitored.

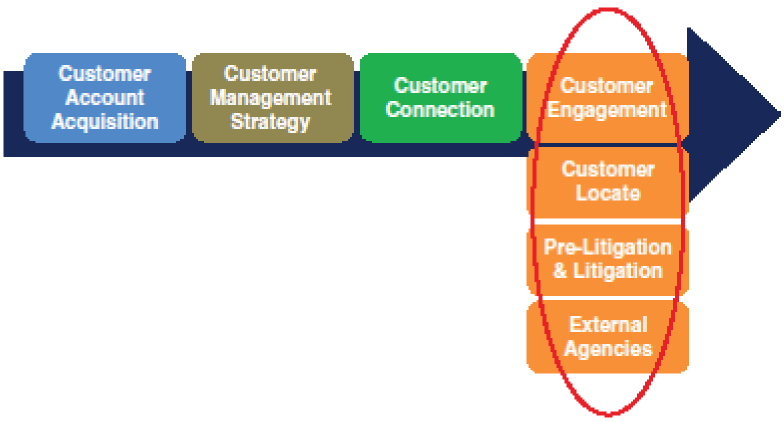
Customers in vulnerable situations

We have invested significantly in training and capabilities to identify and support customers in vulnerable situations (e.g., consumers who are experiencing challenging circumstances or personal characteristics, divorce, bereavement, long term illness, mental health) through specialized teams. We seek to identify vulnerable customers and have invested significantly in training and capabilities to identify these customers. Once identified, vulnerable customers are transferred to a dedicated collections team which seeks to manage the customer in accordance with the specific circumstances of each vulnerable customer.

Customer care (customer disputes and complaints)

Customer complaints that cannot be resolved by our collections team are handled by the customer care team. A platform enables us to track complaints at a detailed level and undertake analysis to determine the root cause of complaints and provide feedback to operations. We believe that this focus on customer care contributes to one of the lowest rates of complaints in the debt collection industry referred to the Financial Omsbudman Services ("FOS").

Customer engagement



Where we cannot establish contact with the customer, and we have reason to believe we may not have current contact information, we will use strategies for identifying new phone numbers and addresses for those customers. In addition, for customers that have not been willing to engage with us, we may consider outsourcing the recovery of debt through third party agencies or litigation processes.

Customer locate (Trace)

Our trace department is responsible for establishing the current address and contact details of our customers. Tracing information is sourced use our significant internal database of customer contact information and external databases by credit reporting agencies and other information providers. In recent years, we have made significant investments in our abilities to trace our customers. We have established new contracts and relationships with data providers and credit reporting agencies that give us access to what we believe is the most current external customer contact information available. In addition to these databases we use a dedicated manual trace department that follows-up on uncertain information, establishing contact that may otherwise not occur through the automated process, and reducing risk that a miss-trace will occur.

Pre litigation & litigation

If attempts to contact and reach an agreement with the customer have been unsuccessful, we assess the relevant customer accounts through our scorecard models to determine the appropriateness of recovering an outstanding debt through legal proceedings. During this process we seek to confirm the each customer's financial circumstances, e.g. through establishing homeownership. Customers are then notified of our intent to commence litigation proceedings and assigned to a solicitor on our panel of litigation service providers or Mortimer Clarke Solicitors, which we acquired on July 1, 2015.

We believe that the acquisition of the Marlin Group has significantly increased our ability to select and manage the accounts that are appropriate for litigation. Prior to the Marlin Acquisition we litigated approximately 1% of our accounts, following the Marlin Acquisition there are approximately 10% of accounts sent for litigation. We are also benefitting from Marin's large network of external solicitors.

External agencies and specialist service providers

Customers who have not engaged with us and who are not deemed appropriate for litigation may be placed with a third party DCA from our pre-approved panel. We currently operate a panel of 28 outside service providers who support our in-house teams with debt collection, legal and tracing services, which includes insolvency and deceased; recovery-connect and field-based recovery. We also have third party relationships with external providers to manage customers, who have chosen IVAs or Bankruptcy as a debt solution process. The provider manages the relationship with insolvency practitioners and the distribution of any funds which become available. In addition we have a third party relationship with a probate debt recovery specialist, which uses its expertise to determine if there is equity within each estate that is distributable in order to repay the customer's outstanding debt.

DCA operations

Within our Group, Apex and the DLC Group operate as DCAs collecting on behalf of a number of creditor clients. We believe this provides a significant competitive advantage, including exposure to the oversight requirements of such banking clients that drive a continually evolving compliance agenda; a level of understanding of current DCA trends and performance, both of competitors and of the performance of particular debt types; access to proprietary debt purchase opportunities; and an opportunity to support our clients across the collections and recoveries lifecycle, thereby allowing us to remain close to evolving trends.

Apex

Apex receives accounts at various stages of delinquency including first placement, i.e. dealing with debt that is being managed outside of the creditor clients for the first time. This primary debt tends to exhibit higher recovery rates than other debt types that are purchased the collections and recoveries lifecycle. Apex also undertakes a smaller element of secondary placement work and undertakes certain trace activities on a fee based arrangement for a small number of clients. Our Apex operation is based in Stratford upon Avon, with 179 full time employees as at June 30, 2015, utilizing the Collex collections platform developed internally over a number of years. In the twelve months ended June 30, 2015, Apex loaded 268,850 new account instructions and collected £60.7 million on behalf of its clients. As part of the DLC integration, we are planning to consolidate the Apex and DLC operations in DLC's Brackley office and close the Apex Stratford office during 2016.

DLC Group

DLC is one of the oldest and established credit management businesses in the United Kingdom having operated under family ownership since 1974 until its acquisition by us in June 2015. It services both DCA and BPO clients, offering a range of products, ranging from 'white labelling' through to mainstream third party debt collections services. The DLC office located in Brackley employs 290 staff, with capacity to integrate Apex business. The DLC's investment in staff was recognized in August 2014, with the accreditation of IIP gold, and in February 2015, as an associate subscriber of the LSB.

In the twelve months ended June 30, 2015, the DLC opened 300,000 new account instructions per month and collected £91.6 million on behalf of clients, and its own portfolios.

Outsourcing Arrangement with Midland Credit Management India Private Limited ("Midland")

Midland operates as a debt purchase recovery service provider on behalf of the Group.

In January 2014, Cabot commenced a trial to offshore some of its Customer Contact (call center) Operations, where clients have provided approval, to a wholly owned subsidiary of Encore Capital Inc. Midland, which is based in New Delhi, India, has a FCA interim permission and is an international member of the CSA.

Encore Capital Inc. has moved offshore some of its recovery and administration operations to Midland since 2005. As of June 30, 2015 Midland had over 50 employees dedicated to us, supporting customer facing and back office functions.

The governance, assurance and reporting of our part of Midland's operation is consistent with that of our operations in the United Kingdom. All key performance indicators appear within our standard reporting. Weekly reviews are conducted between functional managers in the United Kingdom and India to review performance including call quality. The levels of complaints and root cause analysis are also reviewed to ensure they are minimized and remediated appropriately.

Technology Infrastructure

Our technology platform supports our contact collections and processes as well as the litigation processes, as follows:

FICO® Debt Manager™ 9 collections system. We (other than DLC) use FICO® Debt Manager™ 9 as the collections management system for Debt Purchase. This system enables the collections team to set-up payment plans, monitor customer compliance with the terms of such plans and generally update customer account information. Customers can access the system through a web-based portal to make individual payments or to set up recurring payments, or otherwise communicate with our collections team. Data from the collections system feeds into our data warehouse in real time and therefore continuously updates the information we have concerning our collections and recovery rates.

Proprietary collections platform. We have developed a proprietary system for DCA collections processes. Our graphical user interface is layered over a Microsoft SQL Server database engine which enables us to fully integrate our various communications technologies in to such contact and collection processes. Data from the collections system feeds into our data warehouse overnight continuously updates the information we have concerning our collections and recovery rates.

SAS Analytics. Our SAS platform supports predictive modeling, data mining, text analytics and forecasting. These tools allow us to deploy significant operational advantages in support of pricing, effective low cost collections strategies, improved productivity and deliver return on investment.

Integrated telephony platform and speech analytics. We believe that we were the first operator to use speech analytics software in the UK debt collection market. All incoming and outgoing calls are recorded and the phonetic sounds within human conversation are indexed by our speech analytics software. The speech analytics software dynamically interrogates calls, allowing us to assess all of our customer service agents' activity, instead of call sampling in line with conventional practice. In particular, we believe that our speech analytics system has had a positive impact on complaint identification and rectification.

Nexum legal system. Mortimer Clarke Solicitors uses Nexum as legal collections management system. Once an account is moved to a legal collections process, Nexum tracks the workflow for that account and provides for automatic reminders and alerts. The legal collections team uses Nexum to manage and update accounts at each stage. Nexum integrates with Mortimer Clarke Solicitors our in-house solicitors, our panel law firms and the courts, enabling case tracking and implementation of timekeeping measures to minimize delays in processing each case. Data from Nexum feeds into our data warehouse on a daily basis and therefore continuously helps to inform each customer's debt recovery strategy.

ICS System. DLC uses ICS as its collections management system for debt purchase, contingency and its business process outsourcing business. This system was historically used by Cabot, before it moved onto Covex, and enables the collections team to set up payment plans, monitor customer compliance with the terms of the plans and update customer information.

Litigation

In relation to certain loans we use litigation as a collection strategy. Approximately half of our litigation work is done by Mortimer Clarke Solicitors, which we acquired in July 2015. See "Summary—Recent Developments—The Mortimer Clarke Solicitors Acquisition." As a result we may become party to counterclaims and defenses in the ordinary course of our business.

We are not currently involved in any legal or arbitration proceedings that are expected to have a material effect on our financial position and, to our knowledge, no such legal or arbitration proceedings are currently threatened.

Employees

As at June 30, 2015, we, including the DLC Group, had approximately 1,270 employees.

The quality of our customer-facing staff is critical to our success. We have a rigorous and selective recruitment, training and retention strategy in order to maintain our high standard. All of our employees undergo comprehensive training on legal and regulatory compliance, which includes regular interactive training sessions. The training sessions aim to provide insight to, and understanding of, our employees' obligations to ensure legal and regulatory compliance. The sessions cover topics such as anti-money laundering, the FCA Handbook's specialist consumer credit sourcebook, unfair business practices, data protection, the Lending Code, litigation and bankruptcy. Following successful training, all employees are required to complete a test that has a set pass mark. We are also committed to training employees on a continuing basis to ensure that our standards are maintained.

The Cabot Parent is an accredited member of the CSA Collector Accreditation Initiative ("CAI"), which is an independent test for individual account negotiators. This test assesses knowledge of compliance rules and processes. All of our agents are required to sit this test annually.

Properties

We lease our executive offices, which are located at 1 Kings Hill Avenue, Kings Hill, West Malling, Kent ME19 4UA, United Kingdom and 10-15 Queen Street, London EC4N 1TX. Our Kings Hill's office is also where our largest UK call center is located. We lease two other properties for call center operations in Stratford-upon-Avon, United Kingdom, and Dublin, Ireland.

As a result of the Marlin Acquisition, we acquired leases of offices in London and Worthing in the United Kingdom, where the Marlin Group's call center operations are located. As a result of the DLC Acquisition, we acquired a lease in Brackley in the United Kingdom where the DLC Group's main offices are located. Following the DLC Acquisition, we entered into a 15 year replacement lease, expiring in April 2030. As part of the integration of the DLC Group with our operations, we are planning to consolidate the Apex and DLC operations in DLC's Brackley office and closing the Apex Stratford office. We expect costs associated with this consolidation to be in the region of £4.3 million. Our property portfolio is managed internally by our facilities team, which is supported by external specialists where appropriate. This team is responsible for ensuring that each site is in compliance with statutory requirements, including health and safety requirements.

Environmental matters

We do not have any material environmental compliance costs or material environmental liabilities.

Regulation and compliance

Our industry is highly regulated. The regulatory environment for debt collection and debt purchase in the United Kingdom requires considerable investment in processes, know-how and management. Our management believes that the regulatory environment creates strong barriers to entry. Debt originators are increasingly careful in their selection of their debt collector and debt purchaser partners, and those who can demonstrate robust compliance processes are favored.

Regulatory framework in the United Kingdom

The debt collection and debt purchase industries in the United Kingdom are highly regulated by a number of different governmental bodies. The key entities and laws that govern our business are set out below, following our summary of the recent key changes or proposals to the regulatory regime in the United Kingdom which may affect our business.

During the course of September 2014, the Civil Procedure Rules Committee ("CPRC"), a subcommittee to the MOJ, issued a consultation on proposals to introduce a designated pre-action protocol for claims submitted to court for the recovery of a debt that would, if adopted in its current proposed form, require all debt collection entities to make significant changes to their court and litigation processes. The objectives of the debt pre-action protocol are, among others, to encourage parties to use alternative dispute resolution procedures (such as mediation or by making a formal complaint to the FOS) and to encourage the full exchange of information between parties at an early stage in proceedings. It would require a significant amount of information, if requested, to be disclosed to customers, including copies of credit agreements where any aspect of the debt is disputed between the parties (including, but not limited to, the debt's existence, enforceability and amount). It is our expectation currently that if the MOJ concludes that a dedicated debt pre-action protocol is necessary, it would be issued in or after the first quarter of 2016.

From July to September 2015, the MOJ conducted a consultation on a proposal to increase court fees. If the proposal is adopted and implemented, enforcement fees may increase by 10%. Therefore the cost of applying for a charging order, for instance, may increase from £100 to £110. The effect on our business may be that the cost of enforcement rises which could affect our future profitability. The MOJ consultation is ongoing and the proposed timescale for the implementation of the MOJ's proposal was not revealed in the consultation.

The regulatory regime in the United Kingdom relating to the protection of consumers from unfair terms and practices changed at the end of September 2015 as part of the largest consolidation and overhaul of UK's consumer protection law and was largely driven by the EC Directive for Consumer Rights. Significant changes brought in by the UK's Consumer Rights Act 2015 include a wide definition of "consumer" to include individuals acting for purposes which are 'wholly or mainly' outside of that individual's trade, business, craft or profession. The UK's Consumer Rights Act 2015 also introduces new rights and remedies for digital content, broadly aligning its treatment to that of physical goods. The main provisions of the UK's Consumer Rights Act 2015 came into force on 1 October 2015. Any failure to comply with applicable consumer protection laws could lead to redress measures, including compensation being paid to customers or certain debts being written off where the terms of such debts were potentially unfair in nature.

Financial Conduct Authority ("FCA") Regulation

- Our UK debt collection business is regulated by the FCA through an interim permissions regime, pending full FCA authorization being granted to CCMG, whose application for such authorization was made in March 2015. On April 1, 2014, the FCA took over regulation of consumer credit (including debt collection) from the OFT. Businesses that perform debt collection and other consumer credit regulated activities, and which held a valid CCA license from the OFT as at March 31, 2014 were able to register with the FCA for an "interim permission" before that date, allowing them to carry on the regulated credit activities which were covered by their CCA license without immediately having to apply for authorization by the FCA. Such firms will, nevertheless, need to have completed the full authorization process and be fully authorized by the FCA by April 1, 2016, to the extent they wish to carry on regulated consumer credit activities.

- Our debt collection business is conducted through a number of subsidiaries, primarily Cabot Financial (Europe) Limited ("CFE") (which acts as master servicer for debts bought by Cabot Financial (UK) Limited); Apex Credit Management Limited; Cabot Financial (Marlin) Limited ("CFM"), and Hillesden Securities Limited. The servicing of all such debts includes all the administration associated with recovering debts from customers, as well as managing any litigation process.

- Each of the above-named subsidiaries of the Cabot Group that conducts debt collection activities holds interim permission from the FCA to conduct debt collection and debt administration activities. A firm with interim permission will ultimately have to apply for full authorization to continue to carry out consumer credit activities. Our debt purchasing business is conducted through Cabot Financial (UK) Limited and through Portfolio SPVs, which become the owner of the debt portfolios. However, we have taken the view based on external legal advice that our debt purchase SPVs do not require separate authorizations if CCMG successfully obtains full authorization for consumer credit regulated activities.

- DLC Group holds interim permissions for debt administration and debt collecting, through its constituent entity—Hillesden Securities Limited. Mortimer Clarke Solicitors Limited did have interim permission for debt collecting but applied to cancel that permission in September 2015 as it is taking advantage of the exemption set out in Article 39K of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (as amended) in connection with activities carried on by members of the legal profession.

On March 19, 2015 CCMG applied for full authorization with the FCA to conduct consumer credit activities and for principal status with a view to appointing Appointed Representatives for such firms within the Cabot Group which currently hold interim permission. We are awaiting the FCA's decision on this application and are currently in the process of responding to information requests from them. They have confirmed a pre-authorization visit to our offices on Tuesday November 9, 2015. The interim permissions of the operating entities in the Cabot Group have been aligned and extended to December 31, 2016 to ensure that we can appropriately perform our regulated activities without committing any offence.

The FCA regards debt collection as a "high risk" activity and therefore dedicates special resources to more intensive monitoring of businesses in this sector. The FCA Handbook has a specialist consumer credit sourcebook ("CONC") for the consumer credit sector, which includes rules and guidance in relation to, inter alia, the handling of vulnerable customers; communications with customers; arrears, default and recovery of debt; debt advice and statute barred debt. According to CONC, a firm which undertakes consumer credit regulated activities would, for example, be required to treat a customer in default or arrears difficulties with forbearance and consideration and may consider suspending, reducing or waiving any further interest payments or charges from that customer or accepting token payments from the customer for a reasonable period. Regarding statute barred debt, a firm which undertakes consumer credit regulated activities must not mislead a customer by suggesting that said customer could be subject to court action for the sum of the statute barred debt, when that firm knows, or reasonably ought to know, that the relevant limitation period has expired.

Firms authorized by the FCA must be able to demonstrate that they meet the threshold conditions for authorization and comply on an ongoing basis with the FCA's high level standards for authorized firms, such as its Principles for Business (including the principle of "treating customers fairly"), and rules and guidance on Systems and Controls. In addition, certain individuals within an FCA-authorized firm who exercise a "significant influence" over the business of the firm, must be approved by the FCA and these individuals have to demonstrate that they are "fit and proper" and competent to hold the position of an "approved person."

On October 15, 2015, the Treasury published the Bank of England and Financial Services Bill, one effect of which may be to extend the FCA's Senior Managers and Certification Regime to all sectors of the financial services industry—including, potentially, a firm such as CCMG. If implemented in the manner currently proposed, the Senior Managers and Certification Regime would replace the Approved Persons Regime for persons performing senior roles in a firm and would impose a statutory duty of responsibility on senior managers for the area of the firm for which they are responsible. The majority of other Approved Persons below senior management level are expected to become certified persons, which could incur some costs for CCMG. This regime may also allow the regulators to make Rules of Conduct to apply to senior managers, certified persons and other employees. One result of this may be that CCMG incurs additional costs from putting in place systems to ensure all employees are appropriately notified of, and receive suitable training in, the Rules of Conduct which will apply to them. This extended Senior Managers and Certification Regime is currently expected to come into operation during 2018.

Failure to comply with any rules of guidance issued by the FCA is likely to have serious consequences, for example:

- The FCA may take enforcement action against a firm which could result in fines and/or remediation action for consumers. Any such enforcement action would be publicly known and would involve severe reputational damage, with vendors of debt portfolios and creditors outsourcing collection activity likely to remove their business from a debt collector that is the subject of such enforcement action;

- Firms can be subject to a section 166 notice by the FCA, which may ensue where the FCA has identified issues within the firm regarding compliance with the FCA rules and guidance and commissions a "skilled persons" report. A "skilled persons" report is performed by an independent firm, usually one of the five large accountancy firms or a law firm that is deemed by the FCA to have the necessary skills and expertise to review the areas of concern. The report is shared with the firm being reviewed and the FCA. Remedial action highlighted is tracked by the FCA through close liaison with the firm. Failure to remedy points raised and/or do so in sufficient time can lead to further enforcement action, including fines. The cost of such a review is borne by the firm. A section 166 notice is publicly available, and if we become subject to such a notice, originators that currently do business with us may cease to do so, and our ability to purchase debt or collect debt through our UK operations, along with our reputation, and consequently, our ability to win future business may be adversely affected. We might also have to introduce changes to our business practices in the United Kingdom in response to enforcement action taken against some of our competitors.

Data protection

As a debt collection and purchasing business, we must comply with the requirements established by the Data Protection Act 1998 (as amended) in relation to processing the personal data of our customers. Any business controlling the processing of personal data (that is, determining the purposes of the processing and the manner in which it is carried out), such as DP firms or debt collection firms, must in particular maintain a data protection registration with the Information Commissioner's Office (the "ICO") for each of its companies. The ICO is an independent governmental authority responsible for maintaining, upholding and promoting the best business practices and legislative requirements for processing personal data and safeguarding the information rights of individuals and their rights to access their personal data.

We control the processing of significant amounts of personal data; therefore, we have a data protection registration for each relevant subsidiary which controls the processing of personal data, and a data protection policy, and have established data protection processes to comply with the requirements of the Data Protection Act 1998 and the applicable guidance issued from time to time by the ICO, such as the handling of Data Subject Access requests from individuals. The ICO is empowered to impose requirements through enforcement notices (in effect, stop orders), issue monetary fines and prosecute criminal offences under the Data Protection Act 1998. As at the date of this offering memorandum we have not received any such notices from the ICO.

On January 25, 2012, the European Commission published its draft EU Data Protection Regulation. The current form of the draft regulation proposes substantial changes to the EU data protection regime, involving replacement of the current UK data protection laws by a directly effective EU regulation. If this draft regulation became law in its currently proposed form, it would impose a substantially higher compliance burden on us, including expanding the requirement for informed opt-in consent by customers to processing of personal data and granting customers a "right to be forgotten," restrictions on the use of personal data for profiling purposes, disclosure requirements of data sources to customers and increasing the maximum level of fine for the most serious compliance failures from its current level in the United Kingdom of £500,000 to €1 million or, in the case of a business, up to 2% of annual worldwide turnover, among other requirements. The proposed EU regulation is still under debate and may be modified prior to its adoption.

Lending Standards Board's Lending Code

We also operate in accordance with the provisions of the Lending Code (a voluntary, but widely adhered to, code of practice applicable to banks and building societies in the United Kingdom issued by the Lending Standards Board) that are relevant to lending and debt collection activities. We are currently a subscriber to the Lending Code having received the accreditation on November 1, 2014. Our adherence enables us to do business with a greater number of Lending Code-subscriber clients who, since recent amendments to the Lending Code, are required to ensure that third parties they use offer standards that meet the requirements of the Lending Code.

Other regulatory bodies

We are also regulated by a number of other government bodies, including the Office of Communications Services ("OFCOM"), the independent regulator and competition authority for the UK communications industries. All telephone calls made to and received from account holders are recorded, and OFCOM monitors, for example, the number of silent calls made by businesses to ensure that any business does not have 3% or more in any one campaign over a 24 hour period.

We use automated dialing equipment and other communications tools in our business, and our telephone activities must comply with OFCOM's regulations.

Ireland

Credit servicing firms in Ireland are now regulated by the Central Bank of Ireland following the entry into effect of the Irish Credit Servicing Act 2015 on July 8, 2015. The Irish Credit Servicing Act 2015 defines credit servicing as managing or administering a credit agreement in respect of a cash loan entered into between, on the one hand, a creditor and on the other, a "relevant borrower", a term which covers both individuals and certain SMEs. Credit servicing encompasses a range of activities including taking any necessary steps for the purposes of collecting or recovering payments due under the credit agreement from the relevant borrower and managing or administering a number of matters under or in relation to the credit agreement, including repayments, charges, errors, complaints, information and records, restructuring and assessing the relevant borrower's ability to repay. It also includes communicating with the relevant borrower in respect of these matters. Authorization as a credit servicing firm is critical for Cabot Financial (Ireland) Limited's ability to continue carrying on its business in Ireland. As credit servicing is a newly regulated activity in Ireland, transitional arrangements are in place for existing entities such as Cabot Financial (Ireland) Limited which were carrying on credit servicing activities immediately prior to the coming into force of the Irish Credit Servicing Act 2015 on July 8, 2015. Cabot Financial (Ireland) Limited has applied to the Central Bank of Ireland for confirmation of its authorization as a credit servicing firm and is currently awaiting a decision by the Central Bank of Ireland. On October 22, 2015, it received Stage 1 approval and confirmation that its application will progress to Stage 2. As part of the authorization process the Central Bank of Ireland may request further information to satisfy itself that Cabot Financial (Ireland) Limited has the appropriate governance structures, systems and controls to protect consumers in accordance with applicable regulatory codes and applicable law.

As a credit servicing firm, Cabot Financial (Ireland) Limited is required to comply with Irish financial services legislation, including the Central Bank of Ireland's regulatory codes. For the purposes of Irish consumer protection legislation, there are three key categories of customers. A 'Personal Consumer' is an individual acting outside of his or her business, trade or profession, a 'CPC Consumer' is any natural or legal person (or any group of such persons, such as partnerships) except incorporated bodies with an annual turnover in excess of €3 million in the previous financial year and an 'SME' is a small or medium enterprise which employs fewer than 250 persons and which has an annual turnover not exceeding €50 million and/or an annual balance sheet total not exceeding €43 million. Consumers and SMEs who borrow from regulated financial services institutions in Ireland enjoy a number of regulatory protections including protections under the Central Bank of Ireland's Code of Conduct on Mortgage Arrears ("CCMA"), the Consumer Protection Code ("CPC") and the Code of Conduct for Business Lending to SMEs (the "SME Code"). In addition, eligible customers of regulated entities have the right to complain to the Financial Services Ombudsman about a regulated entity's conduct.

The CPC is of particular relevance in the context of Cabot Financial (Ireland) Limited's business. It sets out twelve general principles followed by a number of specific rules. There is an overarching requirement to treat customers fairly and there are a number of consumer protection requirements that apply to Cabot Financial (Ireland) Limited as a credit servicing firm. These include obligations to provide certain key information to customers, knowing the customer and suitability rules, minimum notice requirements, restrictions on the timing and frequency of personal visits and contact with customers, requirements in relation to the method, form and content of such communications and contact with customers. There are also requirements in relation to error and complaint resolution and record keeping obligations. Additional protections are afforded to Personal Consumers and a sub-set of Personal Consumers who are vulnerable (as defined in the CPC).

The SME Code applies to regulated entities when lending to SME borrowers and includes requirements for lenders when dealing with SMEs in, or facing, financial difficulties. The SME Code sets out twelve general principles which include a requirement to treat SME borrowers fairly. The SME Code includes rules in relation to accepting or declining applications for credit, establishing a process for dealing with SME borrowers facing financial difficulties and making arrangements for such borrowers, requirements in relation to contact with SME borrowers which must be proportionate and not excessive and obligations in relation to the information that must be provided to SME borrowers which includes providing statements, an information booklet and other key information as prescribed by the SME Code.

There are also specific rules for debt collection in relation to agreements covered by the Consumer Credit Act 1995 (the "Irish CCA") including requirements in relation to secured and unsecured loans advanced to Personal Consumers. There are also specific rules that relate to 'housing loans' (broadly, loans to consumers secured by a house). The Irish CCA includes requirements in relation to enforcement of those loans. A creditor may only enforce a non-housing loan provided the creditor serves on the consumer a notice with prescribed information at least 10 days before the creditor proposes to take any action. While this notice requirement does not apply to the enforcement of housing loans, the Irish CCA requires a creditor to include certain prescribed warnings in communications with borrowers and, where those communications refers to the possibility of possession proceedings being taken under the mortgage, an estimate of the cost to the borrower of such proceedings must be given to the borrower.

The CCMA requires mortgage lenders to develop a mortgage arrears process with specific procedures when dealing with borrowers experiencing arrears and financial difficulties. It applies only to mortgages on primary residences. The CCMA requires a lender to wait at least eight months from the date the arrears arose before commencing legal action against a co-operating borrower. Separately, a lender is required to give three months' notice to the borrower before it may commence legal proceedings where the lender is unwilling to offer an alternative repayment arrangement or the borrower is unwilling to accept an alternative repayment arrangement offered by the mortgage lender. Accordingly, under the CCMA, a lender is not permitted to commence legal proceedings until three months have passed from the date that such notice is issued (where the lender declines to offer an arrangement or where the borrower does not accept an arrangement offered) or eight months from the date the arrears arose, whichever date is later.

The Personal Insolvency Act 2012 (the "Personal Insolvency Act") introduced a personal insolvency arrangement for the agreed settlement of secured debt up to an amount of €3 million (subject to extension by agreement of all of the debtor's secured creditors) and for unsecured debt, with no limit. The Personal Insolvency Act also introduced an automatic discharge from bankruptcy, subject to certain conditions, after three years instead of 12 years, as had previously been the case. The inclusion of secured debt in the personal insolvency process was a new provision in the Irish personal insolvency regime. Legislation has been enacted (but is currently not in force and is expected to be in force by the end of 2015) to amend the Personal Insolvency Act so as to give the courts the power to review and, where appropriate, to approve personal insolvency arrangements which have been rejected by banks or other secured creditors.

The European Communities (Consumer Credit Agreements) Regulations 2010 (the "CCA Regulations") apply to unsecured credit of €75,000 or less. The European Communities (Consumer Credit Agreements) Regulations 2010 provide for matters such as advertising to consumers, consumer rights of withdrawal from credit agreements and information to borrowers including interest rates and charges, pre-financing credit checks and consumers' rights to prepay loans.

In addition, it is an offence under the Non-Fatal Offences against the Person Act 1997 to demand payment of a debt in a way that is designed to cause alarm, distress or humiliation.

Our compliance and quality control

Debt vendors regard strict compliance with laws and regulations as essential for debt buyers to succeed in an increasingly regulated market and, in accordance with market practice, debt sale agreements usually contain warranties and other obligations given by the DP that it shall comply with such laws and regulations. Failure to comply with laws and regulations or revocation of a license, or other actions by us that may damage the reputation of a vendor, may entitle a vendor to terminate the debt purchase agreement or entitle it to repurchase portfolios we previously acquired from it. Our management team considers compliance and quality control to be of the utmost importance, and we believe our compliance and quality control record is a competitive advantage.

The laws and regulations under which we operate have at their core the fair treatment of all customers, which we have sought to embed within our day-to-day processes and culture. We seek to provide realistic repayment options to consumers in financial difficulty. By offering these customers flexible and sustainable payment plans tailor-made to their individual needs and affordability requirements, we help customers pay down their debt and improve their credit histories on a consensual basis. As a general policy, we have historically not added any charges, penalties or fees to the debt that we collect. We have dedicated policies and processes to deal with customers, which are periodically reviewed and enhanced where necessary, and we actively liaise and engage with external bodies such as the Credit Services Association, Credit Action, the Lending Standards Board, the Finance and Leasing Association and the Money Advice Liaison Group (which multiple regulators are part of) to promote best practices.

We have a clear governance structure and experienced senior management talent across all parts of our organization so that all key components of the business receive appropriate focus. The Executive Committee has established a compliance framework, operational procedures and governance structures, supported by a number of proprietary systems, to enable us to conduct business in accordance with applicable rules, regulations and guidance. Each member of the Board and Executive Committee has ultimate responsibility for regulatory compliance, as well as each member of the Executive Committee being responsible for compliance within its particular organizational function. The Executive Committee is supported by our Legal and Compliance Department with extensive experience in the financial services industry, most having worked in compliance roles within previously FSA and now FCA-regulated companies or legal firms. The compliance team's responsibilities include setting compliance policy, effecting compliance monitoring, providing operational compliance advice, maintaining proactive regulator relationships, managing and responding to complaints, responding to audits, setting up training programs, and management reporting.

We have an internal policy regarding the handling of vulnerable consumers (*e.g.*, consumers who are seriously or mentally ill), which has been developed in consultation with the Royal College of Psychiatrists, as well as in accordance with what we believe is regulatory best practice. Based on individual case assessment, the debt is written off or reduced, payment terms are reset, or a payment holiday is granted. We have a comprehensive compliance analytics function in place that includes regular call monitoring checks, data checks, performance reviews and other operational reviews to ensure that collectors are operating within our guidelines and vulnerability is being appropriately identified and managed on an individual basis.

We have invested heavily in our compliance systems and controls as well as the training of our employees to increase awareness of our regulatory requirements and our policies. All of the individuals that we employ undergo comprehensive training on legal and regulatory compliance. Training sessions offered to employees aim to provide an insight into, and gain understanding of, the employees' obligations in ensuring good customer outcomes and compliance with requirements relevant to their roles. There is a monthly core reading requirement, which is accompanied by a compulsory test, the results of which are monitored and covers topics such as anti-money laundering and other financial crime, the Treating Customers Fairly Principles, data protection, the Lending Code, litigation and complaints. We also require our employees to complete a designated compliance module and complete regular interactive refreshers and tests.

Industry engagement

We are actively engaged in setting compliance policies within the industry. We have established relationships with governmental bodies, including the ICO, the FOS and the FCA, as well as trade organizations relevant to our industry, such as the Credit Services Association ("CSA"), the Consumer Credit Trade Association ("CCTA"), and Civil Courts Users Association ("CCUA") so that we may make use of best practices.

We have promoted a collaborative approach to regulation within the debt purchase industry. Industry groups such as the CSA, which, as the United Kingdom's only national association for companies providing debt collection services, acts as a trade body promoting professional industry standards, publishes codes of conduct and receives complaints regarding improper behavior. While we are in direct contact with regulators because of our scale and market position, we also take an active part in the trade associations that represent the industry's interests.

Through our participation in these organizations, we actively promote best practices by contributing resources when needed to debate or campaign for wider industry initiatives and by leading by example within the membership base. We are a full member of the CSA, and therefore must abide by its Code of Practice. Our management contributes to the CSA compliance working party. Our Senior Legal Counsel was appointed special advisor to the Board of the CSA in relation to technical legal and compliance advice, and the General Counsel was appointed a board member to the CSA in February 2015. We are also actively engaged with the Finance Leasing Association and regularly participate in their regulatory round tables.

In connection with the proposed pre-action protocol for claims to be submitted to court for the recovery of debt, the Civil Procedure Rules Committee has constituted a dedicated working party to consider the impact of the proposed pre-action protocol and the working party includes members of the credit industry and trade bodies to represent its best interests. We are actively engaged in responding to the working parties through our membership in the relevant trade associations.

Customer complaints

76 new FOS investigations of Cabot Group (excluding the DLC Group and the Marlin Group) were initiated in the twelve months ended June 30, 2015. Of these, approximately 41% of cases were resolved adversely to Cabot. Through the design of our collection processes and communications strategies, including letters, telephone calls, and, increasingly, e-mails and text messages and websites, we seek to ensure that the number of complaints is as low as possible. When complaints do arise, we have a documented handling procedure which seeks to ensure that complaints are dealt with and resolved promptly, fairly and sensitively. When disputes cannot be resolved internally, the customer has the right to refer the problem to the FOS or the CSA. We also have invested significant resources and time in implementing a complaint and feedback management software to enhance our complaint handling experience and enable us to undertake sophisticated analysis to determine the cause of any complaints.

If the FOS finds in favor of a customer, we are required to pay the customer whatever sum the FOS determines is appropriate, unless an appeal is lodged to the independent ombudsman, but no fine or other penalty can be imposed by the FOS, although cases that reveal systemic problems with a business could be investigated by the FCA. There is a memorandum of understanding in place between the FOS and the FCA which (among other things) provides for information sharing between the two bodies.

Solicitors Regulation Authority ("SRA")

Following the Mortimer Clarke Acquisition, we fall within the purview of the SRA's power to license and regulate firms. The SRA's key purpose is to protect the public, ensuring solicitors maintain high standards of professional conduct and ensure solicitors, both in-house and in firms, act in the best interest of their clients when risks are identified.

The SRA Code of Conduct implements certain mandatory principles, such as upholding the rule of law and the proper administration of justice; acting with integrity; not allowing independence to be compromised; acting in the best interests of each client; and providing a proper standard of service to one's clients. These principles must be complied with at all times and steps taken to assure we remain compliant.

Management

Management of Cabot Financial (Luxembourg) II S.A. (the "Issuer")

The Issuer was incorporated on October 26, 2015, under the laws of the Grand Duchy of Luxembourg and registered with the Luxembourg trade and companies register under the number B 201268. The board of directors of the Issuer is composed of the following members:

Name	Age	Title
Audrey Lewis	47	Director
Duncan Smith	52	Director
Hugo Neuman	55	Director

Management of Cabot Financial Limited (the "Company")

The Company was incorporated on February 20, 2006, under the laws of England and Wales. The board of directors of the Company is composed of the following members:

Name	Age	Title
Kenneth Stannard	49	Director
Christopher Ross-Roberts	52	Director

Management of Cabot Credit Management Limited (the "Cabot Parent")

The Cabot Parent was incorporated on March 24, 2006, under the laws of England and Wales. The Cabot Parent's board of directors is composed of the following members:

Name	Age	Title
Kenneth Stannard	49	Director
Christopher Ross-Roberts	52	Director

Management of Cabot (Group Holdings) Limited ("Group Holdings")

Board of directors and senior management team

Group Holdings was incorporated on April 2, 2013, under the laws of England and Wales. Operating and corporate decisions for the consolidated group are generally made by the board of directors of Group Holdings. Group Holding's board of directors and senior management team is composed of the following members:

Name	Age	Title
Kenneth Stannard	49	Executive Director and Chief Executive Officer
Christopher Ross-Roberts	52	Executive Director and Chief Financial Officer
Willem Mesdag	62	Non Executive Director
Kenneth Vecchione	61	Non Executive Director
Paul Grinberg	54	Non Executive Director
Tim Hanford	51	Non Executive Director
John Oros	69	Non Executive Director
Peter Crook	52	Independent Director
Norman R. Sorenson	70	Independent Director

Summarized below is a brief description of the experience of the individuals who serve as members of the board of directors and senior management team of Group Holdings.

Kenneth John Stannard. Mr. Stannard joined the Marlin Group in 2012 and was named the Chief Executive Officer of the Cabot Group on February 13, 2014. Previously, he was Director, Credit Cards, at Lloyds Banking Group, Managing Director at Capital One UK, CEO of Nedcor/CO and Head of European Operations at American Express. He holds an MBA from INSEAD and both an MA and BA in Engineering Science from Oxford University.

Christopher Ross-Roberts. Mr. Ross-Roberts joined the Cabot Group as Chief Financial Officer on July 2, 2012. Mr. Ross-Roberts previously worked as the group finance director of BPP Holdings PLC (included in the FTSE 250 Index), which was sold to Apollo Global, Inc. in 2009, following which he assisted with the integration of BPP Holdings PLC into Apollo Global, Inc. He has over 18 years of board level experience in the business services, including as chief executive officer. Mr. Ross-Roberts has strong experience in acquisitions and disposals, including two public- to-private transactions. Mr. Ross-Roberts holds a BSC in Accounting and Finance from Loughborough University.

Willem Mesdag. Mr. Mesdag was appointed as a Non-Executive Director in May 2013. On February 20, 2014, he was appointed as non- executive Chairman of the board of directors of Encore and has also served as Independent Director of Encore since May 2007. He is the Managing Partner of Red Mountain Capital Partners LLC, an investment advisor, which he has held since January 2005, and is President of Red Mountain Capital Management, Inc., its Managing Member. Prior to founding Red Mountain, he was an investment banker at Goldman, Sachs & Co. and a securities lawyer at Ballard, Spahr, Andrews & Ingersoll. He joined Goldman, Sachs & Co. in 1981 and was made a General Partner in 1990. Mr. Mesdag holds a bachelor's degree from Northwestern University and a Juris Doctor degree from Cornell Law School. He serves as a director of Davis Petroleum Acquisition Corp., Destination XL Group, Inc. and Nature's Sunshine Products, Inc.. Mr. Mesdag also served on the Boards of 3i Group plc, Cost Plus, Inc. and Skandia Group AB, all of which were public companies.

Kenneth Vecchione. Mr. Vecchione was appointed as a Non-Executive Director in May 2013 and is President, Chief Executive Officer, and Director of Encore. Prior to joining Encore, Mr. Vecchione was the President and Chief Operating Officer of Western Alliance Bancorporation, a three state banking organization based in Phoenix, Arizona, having served in such capacity beginning in 2010. From 2007 to 2010, Mr. Vecchione was the Chief Financial Officer of private equity firm Apollo Global Management, LLC and serves on the Board of Directors of Western Alliance Bancorporation, and as Chairman of Western Alliance Bank, its wholly-owned subsidiary. From 1998 to 2006, Mr. Vecchione held a number of positions at MBNA Corporation, a bank holding company, including that of Vice Chairman and Chief Financial Officer from 2004 to 2006. Mr. Vecchione holds a bachelor's degree in Accounting from the State University of New York in Albany.

Paul Grinberg. Mr. Grinberg was appointed as a Non-Executive Director in May 2013 and has been the Group Executive, International and Corporate Development of Encore since February 2015. He served as Chief Financial Officer, Executive Vice President, and Treasurer of Encore from May 2005 until February 2015. He served as Secretary of Encore from June 2008 until January 2010, and from September 2004 until May 2005, he served as Encore's Senior Vice President of Finance. Prior to joining Encore, Mr. Grinberg was the founder and President of Brio Consulting Group, a company that helped venture and private equity backed companies with financial strategy, M&A and related services. From May 2000 until April 2003, Mr. Grinberg served as Chief Financial Officer of Stellcom, Inc., a systems integration firm focused on providing mobile and wireless engineering solutions to Fortune 1000 companies. From February 1997 until April 2000, Mr. Grinberg served as Executive Vice President and Chief Financial Officer of TeleSpectrum Worldwide, Inc., a publicly traded company that provided outsourced call center solutions to Fortune 500 companies. From September 1983 until January 1997, Mr. Grinberg was employed at Deloitte & Touche LLP, where he served in several capacities, including as a partner in the firm's Merger and Acquisition Services Group. Mr. Grinberg also serves as a director, Chairman of the audit committee, Chairman of the compensation committee and member of the nominating committee of Bank of Internet USA, an FDIC insured branchless bank. Mr. Grinberg received his bachelor's degree in accounting from Yeshiva University in 1983 and his MBA from Columbia University in 1989.

Tim Hanford. Mr. Hanford was appointed as a Non-Executive Director in May 2013 and has been a Managing Director of J.C. Flowers & Co. UK LLP, an affiliate of investment advisor J.C. Flowers & Co. LLC, since January 2009. From 2009 to 2011 he also served on the board of Encore Capital Group Inc. From July 2006 to December 2008, he served as Co-Head of FPK Capital. Prior to his role at FPK Capital, he was Head of Private Equity at Dresdner Bank from January 2003 to June 2006 and was a member of the Institutional Restructuring Unit's Executive Committee. Mr. Hanford's other previous experience includes private equity investing with Charlemagne Capital and serving as a director of Schroders, where he was responsible for structured finance. Mr. Hanford holds an MS degree from Stanford University's Graduate School of Business, where he was a Sloan Fellow, and a BSc degree in Chemical Engineering from Birmingham University.

John Oros. Mr. Oros was appointed as a Non-Executive Director in May 2013 and has served as a Managing Director of J.C. Flowers, since February 2006 and as Chairman and CEO of Financial Guarantee Advisors since August 2010. Mr. Oros also served as the Executive Chairman of Enstar Group Limited from January 2007 to August 2010 and as a director from November 2001 to August 2010. Mr. Oros has served as a Director of OneWest Bank since March 2009, and is a director of Flowers National Bank. From 2007 to 2012 he also served on the board of Encore Capital Group Inc. Mr. Oros has been a director of SRV Bank since October 2010. Mr. Oros has served in various positions for The Enstar Group, Inc. and its successor entity Enstar USA, Inc., including President from January 2007 to August 2010, President and Chief Operating Officer from June 2001 to January 2007, Executive Vice President from March 2000 to June 2001, and director from 2000 to January 2007. Before joining The Enstar Group, Inc., Mr. Oros was an investment banker at Goldman, Sachs & Co. in the Financial Institutions Group. Mr. Oros joined Goldman, Sachs & Co. in 1980 and was made a General Partner in 1986. Mr. Oros holds a bachelor's degree in business administration from the University of Wisconsin.

Peter Crook. Mr. Crook was appointed as an Independent Director on September 1, 2013. Mr. Crook held a number of senior management roles at Halifax plc between 1990 and 1997 before moving to Barclays Bank plc, where he became Managing Director of UK Consumer Finance in 2004. Mr. Crook joined Provident Financial plc in September 2005 as Managing Director of UK Home Credit, was appointed to the board in March 2006 and subsequently appointed Chief Executive of Provident Financial plc in July 2007. Mr. Crook has, since February 2006, served as Chairman of Vanquis Bank Limited which forms part of Provident Financial plc. In January 2014, Mr. Crook was appointed to the Practitioners Panel of the UK's financial regulator, the Financial Conduct Authority, for a period of three years, representing the consumer credit sector. Mr. Crook holds a bachelor's degree in economics from Loughborough University and gained an MBA from Cranfield School of Management in 1996.

Norman R. Sorenson. Mr. Sorenson was appointed as Independent Non-Executive Director in March 2014. He has served as an Independent Director of Encore since December 2011. Mr. Sorenson is the former Chairman of the International Insurance Society. Previously, he was Chairman of the International Advisory Council of Principal Financial Group. He was Chairman of Principal International, serving from 2011 to 2012, and President and Chief Executive Officer of International Asset Management and Accumulation of the Principal Financial Group, serving from 2001 to 2011. He also served as Executive Vice President of both Principal Financial Group, Inc. and Principal Life Insurance Company from 2007 to 2012, and he held a number of other senior management positions dating back to 1998. Mr. Sorenson served as a senior executive of American International Group, Inc. (insurance services) from 1989 to 1997. He is also a former Chairman of DE Master Blenders, a senior advisor to Deloitte LLP and a senior advisor to Prudential PLC. Mr. Sorensen also serves on the board of Insperity, Inc.

Board Practices

We are managed by the board of directors of Group Holdings, which is made up of nine members, two of the Non-Executive Directors are also Independent Non-Executive Directors for each of Encore and J.C Flowers & Co respectively, two of members are also Executive Directors (defined herein). A further Independent Non-Executive Director, Peter Crook, sits on the board and has extensive experience of the UK regulatory environment. The board of directors is responsible for setting our direction through the establishment of strategies, key policies and the approval of financial objectives and targets. The board of directors monitors the implementation of strategies and policies through a structured approach of reporting by senior management and recognizes the importance of managing relationships with various stakeholders. The Executive Directors are involved in our day-to-day business activities.

The board of directors meets at least four times per year, but usually six times per year with additional board meetings held as required, and reviews strategy, operating and capital budgets, operating results and obtains reports out from the Audit & Risk and Customer & Conduct Committees, providing appropriate oversight, challenge and governance as appropriate, as well as oversight of other matters relating to our overall objectives. Additional board meetings are held during the year if required.

Committees of the Board

Our governance framework is designed to provide strong oversight across the business while supporting an exceptional growth trajectory.

Audit & Risk Committee

Our Audit & Risk Committee consists of three Non-Executive Directors, one of whom serves as Chairman, and two Executive Directors. BDO LLP is also invited to attend meetings along with the Internal Audit Manager and the Chief Conduct and Risk Officer. The committee meets at least four times per year, generally every quarter and is responsible for reviewing reports from management and the external auditors on accounting, internal controls and enterprise risk matters, including the group's quarterly and annual financial statements, whistleblowing report, internal audit, external audit, internal controls and enterprise risk management and legal risk and corporate governance before submission to the board of directors for approval.

Investment Committee

Our Investment Committee consists of three Non-Executive directors, and two Executive Directors. The Commercial Director, Chief Investment Officer and Operations Director are also invited to attend.

The committee meets at least quarterly, but additional meetings are held as required. The committee is responsible for assessing the viability of investment opportunities, including, but not limited to, debt purchase opportunities.

Customer and Conduct Committee

Our Customer and Conduct Committee consist of three Non-Executive Directors and one Executive Director. Other attendees include the Head of Customer Journey Management, Chief Conduct and Risk Officer, the Operations Director and the Head of Conduct and Compliance.

The committee meets at least four times per year and is responsible for the culture, business model and customer strategy as well as structure, roles, reward and Treating Customers Fairly, Customer Experience, Customer Insight and Regulatory and Operational Compliance and Risk Management.

Remuneration and Nomination Committee

Our Remuneration and Nomination Committee consists of three Non-Executive Directors and one Executive Director. Additional attendees include the Chief Conduct and Risk Officer.

The committee meets at least twice per annum but is responsible for setting the remuneration of the Executive Directors in addition to the remuneration policies of Cabot, including reviewing and proposing changes to bonus, share and commission schemes, and any succession planning.

Other Executive Controls

Executive Committee

Our Executive Committee consists of the Chief Executive Officer and Chief Financial Officer of Group Holdings (the "Executive Directors") as well as all directors of the Senior Management team. The Committee meets weekly and once per month and, is responsible for setting corporate strategy and managing the conduct of the business and the day to day operation of the business.

Executive Risk Committee

The Executive Risk Committee members are the same as the Executive Committee. It is responsible for reviewing and monitoring the risks reported by the Risk Management Groups around the business to the Group Risk Manager. The Committee meets monthly to undertake a detailed analysis of new and emerging risks.

Pricing Committee

Our Pricing Committee consists of the Chief Executive Officer, Chief Financial Officer, Chief Risk Officer Chief Investment Officer, Commercial Director and other attendees, including stakeholders from the business involved in the due diligence process such as compliance, risk and legal. It is responsible for (1) using all available information and commercial experience in order to reach agreement on the optimal bid for portfolios that have come to the debt purchase market, (2) ensuring that regulatory and reputational risks are taken into account in every pricing decision, and (3) confirming that information learned from due diligence is considered in final bid submission. All purchases are approved by the Pricing Committee.

Conflicts of interest

We believe that there are currently no conflicts of interest between the duties owed by executive management to us and their private interests. Certain of the members of the board of directors are representatives of Encore and J.C. Flowers, our shareholders. In certain situations, the interests of Encore and J.C. Flowers, as our controlling shareholders, may differ from the interests of our other shareholders and the holders of our indebtedness. See "Risk factors—Risks related to our structure—The interests of our controlling shareholders may differ from the interests of the holders of the Notes."

Compensation

The aggregate compensation paid by us to the members of the board of directors of Group Holdings for the year ended December 31, 2014 was £2.7 million.

Key employees participate in incentive programs to reward superior performance, encourage professional development, and help us meet our strategic objectives. Incentives include a share-based compensation scheme (for management) as well as an annual cash bonus program linked to our financial performance.

Share ownership

Certain members of the board of directors and senior management have a beneficial ownership interest in Cabot Holdings. See “Principal shareholders.”

Principal shareholders

All the outstanding shares of the Issuer are held by Cabot Credit Management Group Limited. Cabot Credit Management Group Limited is an indirect wholly-owned subsidiary of Cabot Holdings S.à r.l.

The beneficial owners of Cabot Holdings S.à r.l are set forth below:

Name of Beneficial Owner	% of total weighted equity	% of voting power
Janus Holdings (Luxembourg) S.à r.l.[1]	86.0	61.6
Management	14.0	38.4
Total	**100**	**100**

(1) Encore controls 50.1%, and J.C. Flowers 49.9%, of the voting shares in Janus Holdings (Luxembourg) S.à r.l.

(2) A management employee benefit trust holds a percentage of the class C shareholding.

The beneficial interests of Janus Holdings (Luxembourg) S.à r.l. in Cabot Holdings S.à r.l are set forth below:

Name of Beneficial Owner	% of total weighted equity	% of voting power
Encore	43.1	30.9
J.C. Flowers	42.9	30.7
Total	**86.0**	**61.6**

Certain relationships and related party transactions

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

Transaction with our former controlling shareholder

Subscription and shareholders' agreement

A subscription and shareholders' agreement relating to the Cabot Parent and its subsidiaries was entered into by Calcium Holdings S.à r.l., AnaCap Calcium L.P., its parent, and members of the management team of Cabot on April 6, 2011 and amended on June 3, 2011. The agreement governed various rights of the shareholders of the Cabot Parent and further specified that AnaCap was entitled to be paid by the Cabot Parent an annual management or monitoring fee of £175,000 per annum, payable quarterly in arrears. This agreement was terminated on the completion of the J.C. Flowers Acquisition.

Former Cabot Shareholder Loan Notes

The Cabot Parent was the obligor under certain subordinated loans to its shareholders, comprised of:

(a) 12.0 per cent "series A" fixed-rate unsecured loan notes due 2021 (the "A Notes"); and

(b) 12.0 per cent "series B" fixed-rate unsecured loan notes due 2021 (the "B Notes" and, together with the A Notes, the "Former Cabot Shareholder Loan Notes").

The (a) A Notes were held by certain of the Cabot Group's management and (b) B Notes were held by Calcium Holdings S.à r.l., the immediate holding company of the Cabot Parent. Interest on the Former Cabot Shareholder Loan Notes accrued at a fixed rate of 12.0% annually and such accrued interest was added to the principal amount of the Former Cabot Shareholder Loan Notes.

The Former Cabot Shareholder Loan Notes, together with all accrued interest thereon, were redeemed in full on the completion of the J.C. Flowers Acquisition.

Transactions with Encore and J.C. Flowers

Investment agreement

An investment agreement relating to the shares in holding companies of the Cabot Parent (the "Investment Agreement") was entered into by entities controlled by Encore, affiliated companies of J.C. Flowers, and certain members of the management team, among others, on the closing date of the J.C. Flowers Acquisition, May 15, 2013, and amended and restated on July 1, 2013, for the purposes of reflecting the Encore Acquisition, at which point Encore acceded to the Investment Agreement. The Investment Agreement governs various rights of the ultimate shareholders of the Cabot Parent.

Pursuant to the Investment Agreement, the Investor Majority (defined as the holders of more than 75% of the A shares of Cabot Holdings S.à r.l.) are entitled from time to time to appoint any number of directors to the board of directors of Group Holdings. The Investment Agreement also requires that certain specified actions in relation to the Cabot Group not take place without the consent of the Investor Majority. These include, among other things, variation or transfer of the share capital of any member of the Cabot Group of companies, the acquisition of debt portfolios where the purchase price is in excess of £10 million (and other major acquisitions and disposals), or material changes in the nature of the Cabot business.

Outsourcing agreement

An outsourcing agreement relating to servicing of debts (the "Outsourcing Agreement") was entered into by Midland Credit Management India Private Limited ("Midland"), a subsidiary ultimately controlled by Encore, and Cabot Financial (Europe) Limited, an indirect subsidiary of the Company, on January 17, 2014. Midland acts as sub-servicer on behalf of Cabot Financial (Europe) Limited and has the authority to use the main trading styles the Cabot Parent adopts for the servicing of debt portfolios acquired by the Cabot Parent's subsidiaries. Midland operates from a dedicated call center and support office based in Gurgaon, India and has obtained all the relevant licenses, permissions and registrations from UK regulators in order to perform the services under the Outsourcing Agreement. We believe that the Outsourcing

Agreement represents a key strategic step for us in building on Encore's strong call center capabilities and scale allowing for our continued growth.

The fees payable by us under the Outsourcing Agreement amounted to £0.7 million in the year ended December 31, 2014 and £0.2 million in the year ended December 31, 2013.

Shareholder funds

See "Description of other indebtedness—Cabot Parent Loan Note" for a description of our current shareholder funding arrangements.

Description of other indebtedness

Senior Secured Notes due 2021

Overview

On March 27, 2014, the Existing Cabot Notes Issuer issued £175 million aggregate principal amount of Senior Secured Notes due 2021 (the "Existing 2021 Cabot Notes") under an indenture dated March 27, 2014, as amended, supplemented or modified from time to time, among the Existing Cabot Notes Issuer, each of the guarantors named therein, Citibank, N.A., London Branch, as trustee, principal paying agent and transfer agent, Citigroup Global Markets Deutschland AG, as registrar, and J.P. Morgan Europe Limited, as security agent (the "Existing 2021 Cabot Notes Indenture").

Ranking

The Existing 2021 Cabot Notes are the general, senior secured obligations of the Existing Cabot Notes Issuer and rank equally in right of payment with the Existing Cabot Notes Issuer's existing and future indebtedness that is not subordinated in right of payment to the Existing 2021 Cabot Notes (including, without limitation, the Existing 2019 Cabot Notes, the Existing 2020 Cabot Notes and its guarantee of the Notes and the Existing Marlin Notes), are guaranteed on a senior secured basis by the Existing 2021 Cabot Notes Guarantors (as defined below), rank effectively senior to all existing and future indebtedness of the Existing Cabot Notes Issuer that is unsecured or secured by liens second to the liens securing the Existing 2021 Cabot Notes to the extent of the value of the property securing the Existing 2021 Cabot Notes and rank senior in right of payment to all existing and future obligations of the Existing Cabot Notes Issuer subordinated in right of payment to the Existing 2021 Cabot Notes. In addition, the Existing 2021 Cabot Notes are structurally subordinated in right of payment to all existing and future indebtedness and other liabilities of the Existing Cabot Notes Issuer's non-guarantor subsidiaries and effectively subordinated to all of the Existing Cabot Notes Issuer's existing and future secured indebtedness that is secured by property or assets that do not secure the Existing 2021 Cabot Notes to the extent of the value of the property or assets securing such indebtedness.

Interest rate, payment dates and maturity

The Existing 2021 Cabot Notes bear interest at a rate of 6.500% per annum. Interest on the Existing 2021 Cabot Notes is payable semi-annually in arrears on April 1 and October 1 of each year. The Existing 2021 Cabot Notes will mature on April 1, 2021.

Security and guarantees

The Existing 2021 Cabot Notes are jointly and severally guaranteed on a senior secured basis by the Guarantors (other than the Existing Cabot Notes Issuer) (the "Existing 2021 Cabot Notes Guarantors"). On or around the Issue Date the Issuer provided a guarantee in respect of the Existing 2021 Cabot Notes.

The Existing 2021 Cabot Notes and the related guarantees are secured by first ranking liens on the same assets that secure the Notes.

The guarantee of each Existing 2021 Cabot Notes Guarantor is its general, senior secured obligation and (i) ranks equally in right of payment with all existing and future indebtedness of such Existing 2021 Cabot Notes Guarantor that is not subordinated in right of payment to such guarantee, including, with respect to the guarantee of the Existing 2021 Cabot Notes by each Existing 2021 Cabot Notes Guarantor, indebtedness under the Existing 2019 Cabot Notes, the Existing 2020 Cabot Notes, the Existing Marlin Notes, the Senior Facilities, the Bridge Facility and the Notes, (ii) ranks effectively senior to all existing and future indebtedness of such Existing 2021 Cabot Notes Guarantor that is unsecured or secured by liens second to the liens securing the Existing 2021 Cabot Notes to the extent of the value of the property securing the Existing 2021 Cabot Notes, (iii) ranks senior in right of payment to all existing and future indebtedness of such Existing 2021 Cabot Notes Guarantor that is subordinated in right of payment to such guarantee and (iv) is effectively subordinated to any existing and future indebtedness and other liabilities of such Existing 2021 Cabot Notes Guarantor that are secured by liens senior to the liens securing such guarantee, or secured by property and assets that do not secure such guarantee, to the extent of the value of the property and assets securing such indebtedness and other liabilities.

Optional redemption and change of control

At any time prior to April 1, 2017, the Existing Cabot Notes Issuer may redeem all or part of the Existing 2021 Cabot Notes at a redemption price equal to 100% of the principal amount of the Existing 2021 Cabot Notes redeemed plus (i) the greater of (a) 1.0% of the principal amount of such Existing 2021 Cabot Notes and (b) the excess of (1) the present value at the redemption date of the redemption price of such Existing 2021 Cabot Notes at April 1, 2017, plus all required interest payments that would otherwise be due to be paid on the Existing 2021 Cabot Notes during the period between the redemption date and April 1, 2017, excluding accrued but unpaid interest, computed using a discount rate equal to the Gilt rate at such redemption date plus 50 basis points over (2) the principal amount of such Existing 2021 Cabot Notes, together with (ii) accrued and unpaid interest on such Existing 2021 Cabot Notes and additional amounts, if any, to the redemption date.

In addition, at any time prior to April 1, 2017, the Existing Cabot Notes Issuer may redeem up to 40% of the original aggregate principal amount of the Existing 2021 Cabot Notes and any additional notes issued under the Existing 2021 Cabot Notes Indenture with the net cash proceeds of certain equity offerings at a redemption price equal to 106.500% of the principal amount of such Existing 2021 Cabot Notes, together with accrued and unpaid interest on such Existing 2021 Cabot Notes and additional amounts, if any, to the redemption date.

From and after April 1, 2017, the Existing Cabot Notes Issuer may redeem all or part of the Existing 2021 Cabot Notes at the following redemption prices, if redeemed during the 12-month period beginning on April 1 of the years indicated below:

Year	Redemption price
2017	103.250%
2018	101.625%
2019 and thereafter	100.000%

together with accrued and unpaid interest on such Existing 2021 Cabot Notes and additional amounts, if any, to the redemption date.

Upon the occurrence of certain change of control events, each holder of Existing 2021 Cabot Notes may require the Existing Cabot Notes Issuer to repurchase all or a portion of its Existing 2021 Cabot Notes at a purchase price equal to 101% of the principal amount of such Existing 2021 Cabot Notes, plus accrued and unpaid interest and additional amounts, if any, to the date of purchase.

If the Company or its subsidiaries sell assets under certain circumstances, the Existing Cabot Notes Issuer is required to make an offer to purchase the Existing 2021 Cabot Notes at 100% of the principal amount of the Existing 2021 Cabot Notes, plus accrued and unpaid interest and additional amounts, if any, to the date of purchase, with the excess proceeds from the sale of the assets, if the excess proceeds exceed £10.0 million.

In addition, in the event that the Existing Cabot Notes Issuer becomes obligated to pay Additional Amounts (as defined in the Existing 2021 Cabot Notes Indenture) to holders of the Existing 2021 Cabot Notes as a result of changes affecting taxes applicable to payments on the Existing 2021 Cabot Notes, the Existing Cabot Notes Issuer may redeem the Existing 2021 Cabot Notes in whole but not in part at any time at 100% of the principal amount of the Existing 2021 Cabot Notes plus accrued and unpaid interest to the redemption date and all additional amounts then due and which will become due on the redemption date as a result of the redemption or otherwise.

Covenants

The Existing 2021 Cabot Notes Indenture contains covenants that, among other things, limit the ability of the Company and its subsidiaries to:

- make investments or other restricted payments;
- incur or guarantee additional indebtedness or create liens on assets to secure indebtedness;
- transfer, lease or sell certain assets;
- engage in certain transactions with affiliates;
- engage in certain business activities;
- consolidate, merge or transfer all or substantially all of the assets of Cabot Credit Management Group Limited, the Company or the Existing Cabot Notes Issuer and the assets of such entities' subsidiaries on a consolidated basis; and
- impair the security interests for the benefit of the holders of the Existing 2021 Cabot Notes.

These covenants are subject to a number of important limitations and exceptions.

Events of default

The Existing 2021 Cabot Notes Indenture contains customary events of default, including, among others, the non-payment of principal or interest on the Existing 2021 Cabot Notes, certain failures to perform or observe any other obligation under the Existing 2021 Cabot Notes Indenture or security documents, the failure to pay certain indebtedness or judgments and the bankruptcy or insolvency of Cabot Credit Management Group Limited, the Company, the Existing Cabot Notes Issuer, any Significant Subsidiary (as defined in the Existing 2021 Cabot Notes Indenture) or any group of subsidiaries that, taken together, would constitute a Significant Subsidiary. The on- going occurrence of any of the events of default would permit or require the acceleration of all obligations outstanding under the Existing 2021 Cabot Notes.

Senior Secured Notes due 2020

Overview

On August 2, 2013, the Existing Cabot Notes Issuer issued £100 million aggregate principal amount of Senior Secured Notes due 2020 (the "Existing 2020 Cabot Notes") under an indenture dated August 2, 2013, as supplemented on March 14, 2014, on May 19, 2014, on May 28, 2015 and on July 28, 2015, and as otherwise amended, supplemented or modified from time to time, among the Existing Cabot Notes Issuer, each of the guarantors named therein, Citibank, N.A., London Branch, as trustee, principal paying agent and transfer agent, Citigroup Global Markets Deutschland AG, as registrar, and J.P. Morgan Europe Limited, as security agent (the "Existing 2020 Cabot Notes Indenture").

Ranking

The Existing 2020 Cabot Notes are the general, senior secured obligations of the Existing Cabot Notes Issuer and rank equally in right of payment with the Existing Cabot Notes Issuer's existing and future indebtedness that is not subordinated in right of payment to the Existing 2020 Cabot Notes (including, without limitation, the Existing 2019 Cabot Notes, the Existing 2021 Cabot Notes and its guarantee of the Notes and the Existing Marlin Notes), are guaranteed on a senior secured basis by the Existing 2020 Cabot Notes Guarantors (as defined below), rank effectively senior to all existing and future indebtedness of the Existing Cabot Notes Issuer that is unsecured or secured by liens second to the liens securing the Existing 2020 Cabot Notes to the extent of the value of the property securing the Existing 2020 Cabot Notes and rank senior in right of payment to all existing and future obligations of the Existing Cabot Notes Issuer subordinated in right of payment to the Existing 2020 Cabot Notes. In addition, the Existing 2020 Cabot Notes are structurally subordinated in right of payment to all existing and future indebtedness and other liabilities of the Existing Cabot Notes Issuer's non-guarantor subsidiaries and effectively subordinated to all of the Existing Cabot Notes Issuer's existing and future secured indebtedness that is secured by property or assets that do not secure the Existing 2020 Cabot Notes to the extent of the value of the property or assets securing such indebtedness.

Interest rate, payment dates and maturity

The Existing 2020 Cabot Notes bear interest at a rate of 8.375% per annum. Interest on the Existing 2020 Cabot Notes is payable semi-annually in arrears on February 1 and August 1 of each year. The Existing 2020 Cabot Notes will mature on August 1, 2020.

Security and guarantees

The Existing 2020 Cabot Notes are jointly and severally guaranteed on a senior secured basis by the Guarantors (other than the Existing Cabot Notes Issuer) (the "Existing 2020 Cabot Notes Guarantors"). On or around the Issue Date the Issuer provided a guarantee in respect of the Existing 2020 Cabot Notes.

The Existing 2020 Cabot Notes and the related guarantees are secured by first ranking liens on the same assets that secure the Notes.

The guarantee of each Existing 2020 Cabot Notes Guarantor is its general, senior secured obligation and (i) ranks equally in right of payment with all existing and future indebtedness of such Existing 2020 Cabot Notes Guarantor that is not subordinated in right of payment to such guarantee, including, with respect to the guarantee of the Existing 2020 Cabot Notes by each Existing 2020 Cabot Notes Guarantor, indebtedness under the Existing 2019 Cabot Notes, the Existing 2021 Cabot Notes, the Existing Marlin Notes, the Senior Facilities, the Bridge Facility and the Notes, (ii) ranks effectively senior to all existing and future indebtedness of such Existing 2020 Cabot Notes Guarantor that is unsecured or secured by liens second to the liens securing the Existing 2020 Cabot Notes to the extent of the value of the property securing the Existing 2020 Cabot Notes, (iii) ranks senior in right of payment to all existing and future indebtedness of such Existing 2020 Cabot Notes Guarantor that is subordinated in right of payment to such guarantee and

(iv) is effectively subordinated to any existing and future indebtedness and other liabilities of such Existing 2020 Cabot Notes Guarantor that are secured by liens senior to the liens securing such guarantee, or secured by property and assets that do not secure such guarantee, to the extent of the value of the property and assets securing such indebtedness and other liabilities.

Optional redemption and change of control

At any time prior to August 1, 2016, the Existing Cabot Notes Issuer may redeem all or part of the Existing 2020 Cabot Notes at a redemption price equal to 100% of the principal amount of the Existing 2020 Cabot Notes redeemed plus (i) the greater of (a) 1.0% of the principal amount of such Existing 2020 Cabot Notes and (b) the excess of (1) the present value at the redemption date of the redemption price of such Existing 2020 Cabot Notes at August 1, 2016, plus all required interest payments that would otherwise be due to be paid on the Existing 2020 Cabot Notes during the period between the redemption date and August 1, 2016, excluding accrued but unpaid interest, computed using a discount rate equal to the Gilt rate at such redemption date plus 50 basis points over (2) the principal amount of such Existing 2020 Cabot Notes, together with (ii) accrued and unpaid interest on such Existing 2020 Cabot Notes and additional amounts, if any, to the redemption date.

In addition, at any time prior to August 1, 2016, the Existing Cabot Notes Issuer may redeem up to 35% of the original aggregate principal amount of the Existing 2020 Cabot Notes and any additional notes issued under the Existing 2020 Cabot Notes Indenture with the net cash proceeds of certain equity offerings at a redemption price equal to 108.375% of the principal amount of such Existing 2020 Cabot Notes, together with accrued and unpaid interest on such Existing 2020 Cabot Notes and additional amounts, if any, to the redemption date.

From and after August 1, 2016, the Existing Cabot Notes Issuer may redeem all or part of the Existing 2020 Cabot Notes at the following redemption prices, if redeemed during the 12-month period beginning on August 1 of the years indicated below:

Year	Redemption price
2016	106.281%
2017	104.188%
2018	102.094%
2019 and thereafter	100.000%

together with accrued and unpaid interest on such Existing 2020 Cabot Notes and additional amounts, if any, to the redemption date.

Upon the occurrence of certain change of control events, each holder of Existing 2020 Cabot Notes may require the Existing Cabot Notes Issuer to repurchase all or a portion of its Existing 2020 Cabot Notes at a purchase price equal to 101% of the principal amount of such Existing 2020 Cabot Notes, plus accrued and unpaid interest and additional amounts, if any, to the date of purchase.

If the Company or its subsidiaries sell assets under certain circumstances, the Existing Cabot Notes Issuer is required to make an offer to purchase the Existing 2020 Cabot Notes at 100% of the principal amount of the Existing 2020 Cabot Notes, plus accrued and unpaid interest and additional amounts, if any, to the date of purchase, with the excess proceeds from the sale of the assets, if the excess proceeds exceed £10.0 million.

In addition, in the event that the Existing Cabot Notes Issuer becomes obligated to pay Additional Amounts (as defined in the Existing 2020 Cabot Notes Indenture) to holders of the Existing 2020 Cabot Notes as a result of changes affecting taxes applicable to payments on the Existing 2020 Cabot Notes, the Existing Cabot Notes Issuer may redeem the Existing 2020 Cabot Notes in whole but not in part at any time at 100% of the principal amount of the Existing 2020 Cabot Notes plus accrued and unpaid interest to the redemption date and all additional amounts then due and which will become due on the redemption date as a result of the redemption or otherwise.

Covenants

The Existing 2020 Cabot Notes Indenture contains covenants that, among other things, limit the ability of the Company and its subsidiaries to:

- make investments or other restricted payments;
- incur or guarantee additional indebtedness or create liens on assets to secure indebtedness;
- transfer, lease or sell certain assets;

- engage in certain transactions with affiliates;

- engage in certain business activities;

- consolidate, merge or transfer all or substantially all of the assets of Cabot Credit Management Group Limited, the Company or the Existing Cabot Notes Issuer and the assets of such entities' subsidiaries on a consolidated basis; and

- impair the security interests for the benefit of the holders of the Existing 2020 Cabot Notes.

These covenants are subject to a number of important limitations and exceptions.

Events of default

The Existing 2020 Cabot Notes Indenture contains customary events of default, including, among others, the non-payment of principal or interest on the Existing 2020 Cabot Notes, certain failures to perform or observe any other obligation under the Existing 2020 Cabot Notes Indenture or security documents, the failure to pay certain indebtedness or judgments and the bankruptcy or insolvency of Cabot Credit Management Group Limited, the Company, the Existing Cabot Notes Issuer, any Significant Subsidiary (as defined in the Existing 2020 Cabot Notes Indenture) or any group of subsidiaries that, taken together, would constitute a Significant Subsidiary. The on- going occurrence of any of the events of default would permit or require the acceleration of all obligations outstanding under the Existing 2020 Cabot Notes.

Marlin Senior Secured Notes due 2020

Overview

On July 25, 2013, Marlin Intermediate Holdings plc (the "Marlin Issuer") issued £150 million aggregate principal amount of Senior Secured Notes due 2020 (the "Existing Marlin Notes") under an indenture dated July 25, 2013, as supplemented on February 19, 2014, March 14, 2014, May 19, 2014, May 28, 2015 and July 28, 2015, and as otherwise amended, supplemented or modified from time to time, among the Marlin Issuer, each of the guarantors named therein, The Bank of New York Mellon, London Branch, as trustee (the "Marlin Notes Trustee") and as principal paying agent and transfer agent, The Bank of New York Mellon (Luxembourg) S.A., as registrar, and J.P. Morgan Europe Limited, as security agent (the "Existing Marlin Notes Indenture").

Ranking

The Existing Marlin Notes are the general, senior secured obligations of the Marlin Issuer and rank equally in right of payment with the Marlin Issuer's existing and future indebtedness that is not subordinated in right of payment to the Existing Marlin Notes, are guaranteed on a senior secured basis by the Existing Marlin Notes Guarantors (as defined below), rank effectively senior to all existing and future indebtedness of the Marlin Issuer that is unsecured or secured by liens second to the liens securing the Existing Marlin Notes to the extent of the value of the property securing the Existing Marlin Notes and rank senior in right of payment to all existing and future obligations of the Marlin Issuer subordinated in right of payment to the Existing Marlin Notes. In addition, the Existing Marlin Notes are structurally subordinated in right of payment to all existing and future indebtedness and other liabilities of the Marlin Issuer's non-guarantor subsidiaries and effectively subordinated to all of the Marlin Issuer's existing and future secured indebtedness that is secured by property or assets that do not secure the Existing Marlin Notes to the extent of the value of the property or assets securing such indebtedness.

Interest rate, payment dates and maturity

The Existing Marlin Notes bear interest at a rate of 10.50% per annum. Interest on the Existing Marlin Notes is payable semi-annually in arrears on February 1 and August 1 of each year. The Existing Marlin Notes will mature on August 1, 2020.

Security and guarantees

The Existing Marlin Notes are jointly and severally guaranteed on a senior secured basis by the Guarantors (the "Existing Marlin Notes Guarantors"). On or around the Issue Date the Issuer provided a guarantee in respect of the Existing Marlin Notes.

The Existing Marlin Notes and the related guarantees are secured by first ranking liens on the assets that secure the Notes and certain assets of the Marlin Issuer.

The guarantee of each Existing Marlin Notes Guarantor is its general, senior secured obligation and (i) ranks equally in right of payment with all existing and future indebtedness of such Existing Marlin Notes Guarantor that is not subordinated in right of payment to such guarantee, including, with respect to the guarantee of the Existing Marlin Notes by each Existing Marlin Notes Guarantor, indebtedness under the Existing Cabot Notes, the Senior Facilities, the Bridge Facility and the Notes, (ii) ranks effectively senior to all existing and future indebtedness of such Existing Marlin Notes Guarantor that is unsecured or secured by liens second to the liens securing the Existing Marlin Notes to the extent of the value of the property securing the Existing Marlin Notes, (iii) ranks senior in right of payment to all existing and future indebtedness of such Existing Marlin Notes Guarantor that is subordinated in right of payment to such guarantee and (iv) is effectively subordinated to any existing and future indebtedness and other liabilities of such Existing Marlin Notes Guarantor that are secured by liens senior to the liens securing such guarantee, or secured by property and assets that do not secure such guarantee, to the extent of the value of the property and assets securing such indebtedness and other liabilities.

Optional redemption and change of control

At any time prior to August 1, 2016, the Marlin Issuer may redeem all or part of the Existing Marlin Notes at a redemption price equal to 100% of the principal amount of the Existing Marlin Notes redeemed plus (i) the greater of (a) 1.0% of the principal amount of such Existing Marlin Notes and (b) the excess of (1) the present value at the redemption date of the redemption price of such Existing Marlin Notes at August 1, 2016, plus all required interest payments that would otherwise be due to be paid on the Existing Marlin Notes during the period between the redemption date and August 1, 2016, excluding accrued but unpaid interest, computed using a discount rate equal to the Gilt rate at such redemption date plus 50 basis points over (2) the principal amount of such Existing Marlin Notes, together with (ii) accrued and unpaid interest on such Existing Marlin Notes and additional amounts, if any, to the redemption date.

In addition, at any time prior to August 1, 2016, the Marlin Issuer may redeem up to 35% of the original aggregate principal amount of the Existing Marlin Notes and any additional notes issued under the Existing Marlin Notes Indenture with the net cash proceeds of certain equity offerings at a redemption price equal to 110.5% of the principal amount of such Existing Marlin Notes, together with accrued and unpaid interest on such Existing Marlin Notes and additional amounts, if any, to the redemption date.

From and after August 1, 2016, the Marlin Issuer may redeem all or part of the Existing Marlin Notes at the following redemption prices, if redeemed during the 12-month period beginning on August 1 of the years indicated below:

Year	Redemption price
2016	107.875%
2017	105.250%
2018	102.625%
2019 and thereafter	100.000%

together with accrued and unpaid interest on such Existing Marlin Notes and additional amounts, if any, to the redemption date.

Upon the occurrence of certain change of control events, each holder of Existing Marlin Notes may require the Marlin Issuer to repurchase all or a portion of its Existing Marlin Notes at a purchase price equal to 101% of the principal amount of such Existing Marlin Notes, plus accrued and unpaid interest and additional amounts, if any, to the date of purchase.

If the Company or its subsidiaries sell assets under certain circumstances, the Marlin Issuer is required to make an offer to purchase the Existing Marlin Notes at 100% of the principal amount of the Existing Marlin Notes, plus accrued and unpaid interest and additional amounts, if any, to the date of purchase, with the excess proceeds from the sale of the assets, if the excess proceeds exceed £10.0 million.

In addition, in the event that the Marlin Issuer becomes obligated to pay Additional Amounts (as defined in the Existing Marlin Notes Indenture) to holders of the Existing Marlin Notes as a result of changes affecting taxes applicable to payments on the Existing Marlin Notes, the Marlin Issuer may redeem the Existing Marlin Notes in whole but not in part at any time at 100% of the principal amount of the Existing Marlin Notes plus accrued and unpaid interest to the redemption date and all additional amounts then due and which will become due on the redemption date as a result of the redemption or otherwise.

Covenants

The Existing Marlin Notes Indenture contains covenants that, among other things, limit the ability of the Company and its subsidiaries to:

- make investments or other restricted payments;
- incur or guarantee additional indebtedness or create liens on assets to secure indebtedness;
- transfer, lease or sell certain assets;
- engage in certain transactions with affiliates;
- engage in certain business activities;
- consolidate, merge or transfer all or substantially all of the assets of the Company or the Marlin Issuer and the assets of such entities' subsidiaries on a consolidated basis; and
- impair the security interests for the benefit of the holders of the Existing Marlin Notes.

These covenants are subject to a number of important limitations and exceptions.

Events of default

The Existing Marlin Notes Indenture contains customary events of default, including, among others, the non-payment of principal or interest on the Existing Marlin Notes, certain failures to perform or observe any other obligation under the Existing Marlin Notes Indenture or security documents, the failure to pay certain indebtedness or judgments and the bankruptcy or insolvency of the Company, the Marlin Issuer, any Significant Subsidiary (as defined in the Existing Marlin Notes Indenture) or any group of subsidiaries that, taken together, would constitute a Significant Subsidiary. The on-going occurrence of any of the events of default would permit or require the acceleration of all obligations outstanding under the Existing Marlin Notes.

Senior Secured Notes due 2019

Overview

On September 20, 2012, the Existing Cabot Notes Issuer issued £265 million aggregate principal amount of Senior Secured Notes due 2019 (the "Existing 2019 Cabot Notes", and together with the Existing 2020 Cabot Notes and the Existing 2021 Cabot Notes, the "Existing Cabot Notes") under an indenture dated September 20, 2012, as supplemented on June 13, 2013, March 14, 2014, May 28, 2015 and July 28, 2015 and as otherwise amended, supplemented or modified from time to time, among the Existing Cabot Notes Issuer, each of the guarantors named therein, Citibank, N.A., London Branch, as trustee, principal paying agent and transfer agent, Citigroup Global Markets Deutschland AG, as registrar, and J.P. Morgan Europe Limited, as security agent (the "Existing 2019 Cabot Notes Indenture").

Ranking

The Existing 2019 Cabot Notes are the general, senior secured obligations of the Existing Cabot Notes Issuer and rank equally in right of payment with the Existing Cabot Notes Issuer's existing and future indebtedness that is not subordinated in right of payment to the Existing 2019 Cabot Notes (including, without limitation, the Existing 2020 Cabot Notes, the Existing 2021 Cabot Notes, the Existing Marlin Notes and the Notes), are guaranteed on a senior secured basis by the Existing 2019 Cabot Notes Guarantors (as defined below), rank effectively senior to all existing and future indebtedness of the Existing Cabot Notes Issuer that is unsecured or secured by liens second to the liens securing the Existing 2019 Cabot Notes to the extent of the value of the property securing the Existing 2019 Cabot Notes and rank senior in right of payment to all existing and future obligations of the Existing Cabot Notes Issuer subordinated in right of payment to the Existing 2019 Cabot Notes. In addition, the Existing 2019 Cabot Notes are structurally subordinated in right of payment to all existing and future indebtedness and other liabilities of the Existing Cabot Notes Issuer's non-guarantor subsidiaries and effectively subordinated to all of the Existing Cabot Notes Issuer's existing and future secured indebtedness that is secured by property or assets that do not secure the Existing 2019 Cabot Notes to the extent of the value of the property or assets securing such indebtedness.

Interest rate, payment dates and maturity

The Existing 2019 Cabot Notes bear interest at a rate of 10.375% per annum. Interest on the Existing 2019 Cabot Notes is payable semi-annually in arrears on April 1 and October 1 of each year. The Existing 2019 Cabot Notes will mature on October 1, 2019.

Security and guarantees

The Existing 2019 Cabot Notes are jointly and severally guaranteed on a senior secured basis by the Guarantors (the "Existing 2019 Cabot Notes Guarantors"). On or around the Issue Date, the Issuer provided a guarantee in respect of the Existing 2019 Cabot Notes.

The Existing 2019 Cabot Notes and the related guarantees are secured by first ranking liens on the same assets that secure the Notes.

The guarantee of each Existing 2019 Cabot Notes Guarantor is its general, senior secured obligation and (i) ranks equally in right of payment with all existing and future indebtedness of such Existing 2019 Cabot Notes Guarantor that is not subordinated in right of payment to such guarantee, including, with respect to the guarantee of the Existing 2019 Cabot Notes by each Existing 2019 Cabot Notes Guarantor, indebtedness under the Existing 2020 Cabot Notes, the Existing 2021 Cabot Notes, the Existing Marlin Notes, the Senior Facilities, the Bridge Facility and the Notes, (ii) ranks effectively senior to all existing and future indebtedness of such Existing 2019 Cabot Notes Guarantor that is unsecured or secured by liens second to the liens securing the Existing 2019 Cabot Notes to the extent of the value of the property securing the Existing 2019 Cabot Notes, (iii) ranks senior in right of payment to all existing and future indebtedness of such Existing 2019 Cabot Notes Guarantor that is subordinated in right of payment to such guarantee and (iv) is effectively subordinated to any existing and future indebtedness and other liabilities of such Existing 2019 Cabot Notes Guarantor that are secured by liens senior to the liens securing such guarantee, or secured by property and assets that do not secure such guarantee, to the extent of the value of the property and assets securing such indebtedness and other liabilities.

Optional redemption and change of control

At any time prior to October 1, 2015, the Existing Cabot Notes Issuer may redeem all or part of the Existing 2019 Cabot Notes at a redemption price equal to 100% of the principal amount of the Existing 2019 Cabot Notes redeemed plus (i) the greater of (a) 1.0% of the principal amount of such Existing 2019 Cabot Notes and (b) the excess of (1) the present value at the redemption date of the redemption price of such Existing 2019 Cabot Notes at October 1, 2015, plus all required interest payments that would otherwise be due to be paid on the Existing 2019 Cabot Notes during the period between the redemption date and October 1, 2015, excluding accrued but unpaid interest, computed using a discount rate equal to the Gilt rate at such redemption date plus 50 basis points over (2) the principal amount of such Existing 2019 Cabot Notes, together with (ii) accrued and unpaid interest on such Existing 2019 Cabot Notes and additional amounts, if any, to the redemption date.

In addition, at any time prior to October 1, 2015, the Existing Cabot Notes Issuer may redeem up to 35% of the original aggregate principal amount of the Existing 2019 Cabot Notes and any additional notes issued under the Existing 2019 Cabot Notes Indenture with the net cash proceeds of certain equity offerings at a redemption price equal to 110.375% of the principal amount of such Existing 2019 Cabot Notes, together with accrued and unpaid interest on such Existing 2019 Cabot Notes and additional amounts, if any, to the redemption date.

From and after October 1, 2015, the Existing Cabot Notes Issuer may redeem all or part of the Existing 2019 Cabot Notes at the following redemption prices:

Period Commencing	**Redemption price**
October 1, 2015	107.781%
October 1, 2016	105.188%
October 1, 2017	102.594%
October 1, 2018 and thereafter	100.000%

together with accrued and unpaid interest on such Existing 2019 Cabot Notes and additional amounts, if any, to the redemption date.

Upon the occurrence of certain change of control events, each holder of Existing 2019 Cabot Notes may require the Existing Cabot Notes Issuer to repurchase all or a portion of its Existing 2019 Cabot Notes at a purchase price equal to 101% of the principal amount of such Existing 2019 Cabot Notes, plus accrued and unpaid interest and additional amounts, if any, to the date of purchase.

If the Company or its subsidiaries sell assets under certain circumstances, the Existing Cabot Notes Issuer is required to make an offer to purchase the Existing 2019 Cabot Notes at 100% of the principal amount of the Existing 2019 Cabot Notes, plus accrued and unpaid interest and additional amounts, if any, to the date of purchase, with the excess proceeds from the sale of the assets, if the excess proceeds exceed £10.0 million.

In addition, in the event that the Existing Cabot Notes Issuer becomes obligated to pay Additional Amounts (as defined in the Existing 2019 Cabot Notes Indenture) to holders of the Existing 2019 Cabot Notes as a result of changes affecting taxes applicable to payments on the Existing 2019 Cabot Notes, the Existing Cabot Notes Issuer may redeem the Existing 2019 Cabot Notes in whole but not in part at any time at 100% of the principal amount of the Existing 2019 Cabot Notes plus accrued and unpaid interest to the redemption date and all additional amounts then due and which will become due on the redemption date as a result of the redemption or otherwise.

Covenants

The Existing 2019 Cabot Notes Indenture contains covenants that, among other things, limit the ability of the Company and its subsidiaries to:

- make investments or other restricted payments;
- incur or guarantee additional indebtedness or create liens on assets to secure indebtedness;
- transfer, lease or sell certain assets;
- engage in certain transactions with affiliates;
- engage in certain business activities;
- consolidate, merge or transfer all or substantially all of the assets of Cabot Credit Management Group Limited, the Company or the Existing Cabot Notes Issuer and the assets of such entities' subsidiaries on a consolidated basis; and
- impair the security interests for the benefit of the holders of the Existing 2019 Cabot Notes.

These covenants are subject to a number of important limitations and exceptions.

Events of default

The Existing 2019 Cabot Notes Indenture contains customary events of default, including, among others, the non-payment of principal or interest on the Existing 2019 Cabot Notes, certain failures to perform or observe any other obligation under the Existing 2019 Cabot Notes Indenture or security documents, the failure to pay certain indebtedness or judgments and the bankruptcy or insolvency of Cabot Credit Management Group Limited, the Company, the Existing Cabot Notes Issuer, any Significant Subsidiary (as defined in the Existing 2019 Cabot Notes Indenture) or any group of subsidiaries that, taken together, would constitute a Significant Subsidiary. The on-going occurrence of any of the events of default would permit or require the acceleration of all obligations outstanding under the Existing 2019 Cabot Notes.

Senior Facilities

Overview

On September 20, 2012, Cabot Financial (UK) Limited ("Cabot UK Financial") and other parties entered into the Senior Facilities Agreement providing for a £50 million senior revolving credit facility. Since such date there have been a number of amendments made, including, but not limited to, increases in the lenders' total commitments thereunder. The current committed amount under the Senior Facilities is £195 million, with an uncommitted accordion feature of £55 million. We are currently in discussions with the Lenders under our Senior Facilities regarding amendments to the Senior Facilities that would, among other things, increase the total committed amount of the Senior Facilities to £200 million, extend the termination date of the Senior Facilities to 2018 and increase the amount of ERC accounted for by debt portfolios outside the United Kingdom (in specific jurisdictions in Europe). Any amendment agreement reflecting any agreed amendments may be signed after the closing of this offering or not at all.

The Senior Facilities provide for committed financing, which is available for utilization by way of revolving loans and letters of credit. The borrower under the Senior Facilities is Cabot UK Financial. Borrowings under the Senior Facilities are being used to finance or refinance the general corporate and working capital purposes of the "restricted group" (as defined in the Senior Facilities Agreement) subject to certain prohibitions, such as repayment of certain other indebtedness and future payments of dividends. The facility agent (the “Agent”) under the Senior Facilities is J.P. Morgan Europe Limited.

Ancillary facilities

Subject to a limit of 50% of the total commitments (as defined in the Senior Facilities Agreement) for the use of letters of credit and ancillary facilities under the Senior Facilities Agreement, a lender may make available to a borrower under the Senior Facilities all or part of that lender’s undrawn commitment in the Senior Facilities by way of ancillary facilities such as overdrafts, guarantees, short-term loan facilities, derivatives and foreign exchange facilities, subject to the satisfaction of certain conditions precedent.

Interest rate and fees

The Senior Facilities bear interest at a rate per annum equal to LIBOR or EURIBOR, as applicable, plus a margin of 3.5% per annum. The Company is also required to pay a commitment fee, in arrears on the last day of each financial quarter during the availability period, on available but unused commitments under the Senior Facilities at a rate of 35% of the applicable margin under the Senior Facilities Agreement.

The Company may also be required to pay fees related to the issuance of ancillary facilities and letters of credit and is required to pay certain fees to the Agent and the Security Agent in connection with those roles under the Senior Facilities.

Maturity

The Senior Facilities terminate on September 20, 2017 (unless the borrower exercises an option to request the lenders to extend the term of the Senior Facilities for an additional period of 364 days, in which case the part of the facility made available by each lender may, if such lender agrees, be extended) and any amount still outstanding at the original termination date, or in relation to any part of the facility which is extended, at the extended termination date, will be immediately due and payable.

Security and guarantees

The Senior Facilities are jointly and severally guaranteed on a senior secured basis by the Guarantors (the “Senior Facilities Guarantors”). On or around the Issue Date the Issuer will provide a guarantee in respect of the Senior Facilities.

The Senior Facilities Agreement also provides that the gross assets and earnings before interest, tax, depreciation and amortization of the guarantors is required to represent not less than 85% of the restricted group’s consolidated gross assets and 85% of the restricted group’s Consolidated EBITDA (as defined in the Senior Facilities Agreement).

Borrowings under the Senior Facilities and the related guarantees are secured by first ranking liens on the same assets that will secure the Notes.

Repayments and prepayments

Subject to certain conditions, Cabot UK Financial may voluntarily prepay utilizations and/or permanently cancel all or part of the available commitments under the Senior Facilities by giving five business days’ prior notice to the Agent. Amounts repaid may be reborrowed, subject to the terms of the Senior Facilities Agreement and *provided that* the relevant part of the available commitments are not also cancelled.

In addition to voluntary prepayments, the Senior Facilities Agreement requires mandatory cancellation and, if applicable, prepayment in full or in part in certain circumstances, including (i) with respect to any lender, if it becomes unlawful for such lender to perform any of its obligations under the Senior Facilities Agreement and (ii) prepayment from the proceeds of certain asset dispositions and certain net insurance proceeds.

Upon the occurrence of certain change of control events or the sale of all or substantially all of the assets of the restricted group whether in a single transaction or a series of related transactions, each lender under the Senior Facilities Agreement will be entitled, *provided that* it has notified the Agent within 60 days of the occurrence of such event, to cancel its participation in the Senior Facilities, in which case all outstanding amounts accrued to that lender will become immediately due and payable and that lender will not be obligated to fund any utilizations under the Senior Facilities Agreement, subject to certain exceptions.

In addition, the lenders have agreed that if they are given advance notice of a change of control event they will consult with the Company's significant shareholders before giving notice as to whether they consent to the waiver of their rights as described above. If any lender decides not to waive its rights that lender will not be obliged to fund further utilizations of the Senior Facilities and if the lender exercises its right to prepayment, Cabot UK Financial will be obliged to repay amounts lent by such lender on or before the date falling 75 days after the change of control occurs. Failure to pay that amount will constitute an event of default and, if the lenders as a group do not decide to demand repayment of all amounts outstanding under the Senior Facilities (or take other acceleration steps, including giving instructions to the Security Agent to enforce the collateral securing the Senior Facilities) the relevant lender may demand repayment of all amounts outstanding to it under the facilities.

The Senior Facilities Agreement also contains an annual minimum three business day net clean down of utilizations to 90% of the total commitments under the Senior Facilities.

Covenants

The Senior Facilities Agreement contains customary information and negative covenants (including restrictive covenants that largely replicate those contained in the Existing 2021 Cabot Notes Indenture), subject to certain agreed exceptions. The Senior Facilities Agreement also requires the Issuer, Cabot UK Financial and the Senior Facilities Guarantors to observe certain customary affirmative covenants. In this respect, the Company's financial and operating performance will be monitored by two financial covenants, which require the Company to ensure that the "LTV Ratio," which is tested by reference to all of the indebtedness of the restricted group, does not exceed 0.75, and the "SSRCF LTV Ratio," which is tested by reference to the amount of the indebtedness of the restricted group under the Senior Facilities Agreement and Priority Hedging, does not exceed 0.25. "SSRCF LTV Ratio" means, in respect of any date of calculation, the aggregate amount borrowed under the Senior Facilities, together with Priority Hedging, less cash and cash equivalents held by the restricted group (excluding cash and cash equivalents held by the restricted group on behalf of third-party clients), divided by ERC (as defined in the Senior Facilities Agreement). These financial covenants are tested quarterly. Subject to certain restrictions, the Company has certain rights to cure any breach of these financial covenants. In addition, each set of annual, quarterly and monthly financial statements provided by the Company under the Senior Facilities Agreement must include a consolidated balance sheet, profit and loss account, cash flow statement, ERC (as defined in the Senior Facilities Agreement) and financial covenant calculations.

The Senior Facilities Agreement allows members of the restricted group under the Senior Facilities Agreement to repurchase refinancing debt permitted under the Senior Facilities Agreement ("Replacement Debt") and debt (including the Existing 2021 Cabot Notes, the Existing 2020 Cabot Notes, the Existing Marlin Notes and the Notes) with a maturity of more than one year ("Term Debt"), subject to (i) the aggregate principal amount of all the Existing Cabot 2019 Cabot Notes Replacement Debt and Term Debt repurchased since the closing date for the Existing 2019 Cabot Notes not exceeding 35% of the total principal amount of the Existing 2019 Cabot Notes, Replacement Debt and Term Debt issued on closing date for the Existing 2019 Cabot Notes and (ii) no event of default or non-compliance with financial covenants. To the extent that members of the restricted group make repurchases that in aggregate exceed the 35% threshold but in aggregate are no greater than a 50% threshold, the Company is obliged to match the repurchase by a simultaneous cancellation and, if necessary, repayment of an amount under the Senior Facilities Agreement in order that the Senior Facilities are reduced by the same proportion as the debt so repurchased relative to the aggregate amount of all such debt issued on the closing date of the Existing 2019 Cabot Notes. To the extent that members of the restricted group make repurchases that in aggregate exceed the 50% threshold, the Company is obliged to match the repurchase by a simultaneous cancellation and, if necessary, repayment of an equal amount under the Senior Facilities Agreement in order that the Senior Facilities are reduced by the same amount as the debt so repurchased. A repurchase of the Existing 2019 Cabot Notes, Replacement Debt or Term Debt (including the Existing 2021 Cabot Notes, the Existing 2020 Cabot Notes, the Existing Marlin Notes and the Notes) made solely with the proceeds of Additional Indebtedness (as defined in the Cabot Intercreditor Agreement) and permitted under the Cabot Intercreditor Agreement will not be treated as a repurchase under this provision.

Purchases of debt portfolios will be prohibited under the Senior Facilities Agreement to the extent any Event of Default (as defined in the Senior Facilities Agreement), including any cross-default as described below under "Events of default" or a violation of the LTV Ratio or SSRCF LTV Ratio, as described above under "Covenants," has occurred and is continuing. In addition, the Company is required to obtain the prior written consent of 75% of the lenders under the Senior Facilities by commitment value for any single transaction to acquire debt portfolios for which the relevant drawing would constitute more than 10% of ERC (as defined under the Senior Facilities Agreement), *pro forma* for such acquisition, to the extent such portfolio purchase is funded by proceeds received from any amounts borrowed under the Senior Facilities.

Purchases of shares or other ownership interests in a company will be prohibited under the Senior Facilities Agreement if less than 50.1% of the issued share capital or other ownership interests of such company or business or undertaking carried on as a going concern are acquired or to the extent that any Event of Default (as defined in the Senior

Facilities Agreement), including any cross-default as described below under "Events of default," has occurred and is continuing. In addition, any acquired entity must be established or incorporated in the UK, a member state of the European Union, the United States or Canada and must be engaged in a business substantially similar to or complementary to that carried out by the Company and its subsidiaries in the debt purchase and debt collection market and, the acquired entity may be required to become a guarantor and grant security under the Senior Facilities Agreement. In addition, the acquisition shall be in the reasonable opinion of the Company directly or indirectly EBITDA enhancing over the next three financial years after the completion of the acquisition and the Company must deliver a compliance certificate demonstrating that it will remain in compliance with the LTV Ratio as described above, on a *pro forma* basis immediately following the acquisition.

For so long as the Notes have Investment Grade Status (as such term is defined in "Description of the Notes—Certain definitions—Investment Grade Status") certain of the information and negative covenants and certain additional covenants related to the maintenance of insurance and pension funding and restrictions on the issuance of share capital, in each case applicable to the Company and the restricted group, will not apply.

Events of default

The Senior Facilities Agreement contains customary events of default (subject in certain cases to agreed grace periods, thresholds and other qualifications), including a cross-default with respect to an event of default under the Existing Notes Indentures or the Indenture, the occurrence of which would allow the lenders to accelerate all or part of the outstanding utilizations and/or terminate their commitments and/or declare all or part of their utilizations payable on demand and/or declare that cash cover in respect of letters of credit and ancillary facilities is immediately due and payable.

Governing law

The Senior Facilities Agreement and any non-contractual obligation arising out of or in connection with it is governed by and construed and enforced in accordance with English law, although the restrictive covenants, which are included in the Senior Facilities Agreement and largely replicate those contained in the Existing 2021 Cabot Notes Indenture, will be interpreted in accordance with New York law (without prejudice to the fact that the Senior Facilities Agreement is governed by English law).

Bridge Facility

On June 1, 2015, in connection with the DLC Acquisition, Cabot Credit Management Group Limited and other parties entered into the Bridge Facility Agreement providing for a senior secured bridge facility in an aggregate principal amount of up to £90 million.

Cabot Credit Management Group Limited borrowed £90 million under the Bridge Facility on June 1, 2015 to finance a portion of the purchase price for the DLC Acquisition and to finance costs, fees and expenses related to the DLC Acquisition. The Bridge Facility will be repaid in full with a portion of the proceeds from the offering of the Notes and no amounts repaid may be reborrowed under the Bridge Facility.

Intercreditor Agreements

Overview

On September 20, 2012, the Company, the Existing Cabot Notes Issuer, the other original guarantors of the Senior Facilities Agreement, the Trustee, the Security Agent, the lenders under the Senior Facilities Agreement (the "Senior Facilities Lenders") and others entered into an intercreditor agreement (as amended, supplemented or modified from time to time, the "Cabot Intercreditor Agreement") and on July 25, 2013, Marlin Financial Intermediate II Limited, the Marlin Issuer, the other original guarantors of the Existing Marlin Notes, the Marlin Notes Trustee, the security agent for the Existing Marlin Notes and others entered into an intercreditor agreement (as amended and restated on February 19, 2014 and as otherwise amended, supplemented or modified from time to time, the "Marlin Intercreditor Agreement," and together with the Cabot Intercreditor Agreement, the "Intercreditor Agreements").

On March 14, 2014, each of the Senior Facilities Lenders, the Trustee, on behalf of the holders of the Existing Cabot Notes, the Marlin Notes Trustee, on behalf of the holders of the Existing Marlin Notes, and the lenders under the bridge facility in connection with the Marlin Acquisition acceded to each of the Intercreditor Agreements to the extent they were not already party to the Intercreditor Agreements prior to the Marlin Acquisition. In addition, on March 14, 2014, (i) Marlin Financial Group Limited and the other original guarantors of the Existing Marlin Notes acceded as debtors to the Cabot Intercreditor Agreement and as guarantors of the Senior Facilities, the bridge facility in connection with the Marlin Acquisition and the Existing Cabot Notes and (ii) Marlin Financial Group Limited, Marlin Financial

Intermediate Limited, the Company, the Existing Cabot Notes Issuer and the other original guarantors of the Senior Facilities Agreement acceded as debtors to the Marlin Intercreditor Agreement and as guarantors of the Marlin Notes. On May 28, 2015 Cabot Asset Purchases (Ireland) Limited and Cabot Financial (Ireland) Limited acceded to the Cabot Intercreditor Agreement as additional debtors and on July 28, 2015 Hillsden Securities Limited acceded to the Cabot Intercreditor Agreement as additional debtor. As a result of these accessions, the Cabot Intercreditor Agreement governs, among other things, the security interests granted, or to be granted, by the Existing Cabot Notes Issuer Cabot Asset Purchases (Ireland) Limited, Cabot Financial (Ireland) Limited, Hillesden Securities Limited, and the original guarantors of the Senior Facilities Agreement securing the obligations of the Issuer and the Guarantors under the Senior Facilities, the Existing Notes and the guarantees in respect thereof (the "Cabot Transaction Security") and the Marlin Intercreditor Agreement governs, among other things, the security interests granted by the Marlin Issuer and the original guarantors of the Existing Marlin Notes securing the obligations of the Existing Cabot Notes Issuer and the Guarantors under the Senior Facilities, the Existing Notes and the guarantees in respect thereof (except in respect of the security interests granted by the Marlin Issuer, which is only to secure the obligations of the Marlin Issuer under the Existing Marlin Notes) (the "Marlin Transaction Security"). The Cabot Transaction Security and the Marlin Transaction Security (save for the security interests granted by the Marlin Issuer) will also secure the obligations of the Issuer and the Guarantors under the Notes and the Note Guarantees.

The Company and each of its affiliates that incurs any liability or provides any guarantee under the Senior Facilities, the Existing Notes Indentures, the Bridge Facility or the Indenture, or other *pari passu* debt documentation, are referred to in this description as "Debtors."

On the Issue Date, the Trustee will accede to both of the Intercreditor Agreements on behalf of the holders of the Notes, and the Issuer and each of the Guarantors will accede to both of the Intercreditor Agreements as Issuer or Guarantor (as applicable) under the Notes. Following such accessions, the Notes offered hereby will be considered "Pari Passu Debt" under each of the Intercreditor Agreements for all purposes of the below summary.

By accepting a Note the relevant holder thereof shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreements.

The following description is a summary of certain provisions that are contained in the Intercreditor Agreements. It does not restate the Intercreditor Agreements in their entirety nor does it describe provisions relating to the rights and obligations of holders of other classes of the Company's debt. As such, we urge you to read the Intercreditor Agreements because they, and not the discussion that follows, define the rights of the holders of the Notes. Copies of the Intercreditor Agreements are available as set forth under "Where to find additional information."

Cabot Intercreditor Agreement

The Cabot Intercreditor Agreement governs the relationships and relative priorities with respect to the Cabot Transaction Security among (i) the Senior Facilities Lenders; (ii) the arrangers under the Senior Facilities Agreement; (iii) hedge counterparties from time to time under certain hedging agreements (the "Hedge Counterparties"); (iv) certain existing and future creditors of the Company and its subsidiaries (including the holders of the Existing 2019 Cabot Notes, the Existing 2020 Cabot Notes, the Existing 2021 Cabot Notes, the Existing Marlin Notes and the Notes and the lenders and arrangers under the Bridge Facility); (v) certain intra-group creditors and debtors; (vi) various creditor representatives; and (vii) J.P. Morgan Europe Limited as the Security Agent.

The Cabot Intercreditor Agreement sets out:

- the relative ranking of certain indebtedness of the Debtors;
- the relative ranking of the Cabot Transaction Security;
- when payments can be made in respect of certain indebtedness of the Debtors;
- when enforcement actions can be taken in respect of that indebtedness;
- when enforcement actions can be taken in respect of the Cabot Transaction Security;
- the terms pursuant to which the Subordinated Liabilities (as defined below under "—Ranking and priority") will be subordinated upon the occurrence of certain insolvency events;
- turnover provisions; and
- when security and guarantees will be released to permit a sale of the Cabot Transaction Security.

The Cabot Intercreditor Agreement contains provisions relating to future indebtedness that may be incurred by the Debtors and may rank *pari passu* to the Notes (after relevant accession to the Marlin Intercreditor Agreement in connection with the Notes) and be secured by the Cabot Transaction Security, *provided that* it is permitted by the terms of the Indenture, the Senior Facilities Agreement, the Existing Notes Indentures and the Bridge Facility Agreement (until the Bridge Facility is repaid), subject to the terms of the Cabot Intercreditor Agreement. The Existing 2019 Cabot Notes, the Existing 2020 Cabot Notes, the Existing 2021 Cabot Notes, the Existing Marlin Notes, the Bridge Facility (until it is repaid) and the Notes, together with any such future *pari passu* indebtedness, will constitute the "Pari Passu Debt" under the Cabot Intercreditor Agreement. The creditors of the Pari Passu Debt under the Cabot Intercreditor Agreement, which are referred to as the "Pari Passu Creditors" in this description of the Cabot Intercreditor Agreement, will have rights under the Cabot Intercreditor Agreement as summarized below.

The Cabot Intercreditor Agreement also allows, after all Credit Facilities Liabilities (as defined below) have been fully and finally discharged, for the Debtors to enter into a new super senior credit facility, *provided that* the total amount outstanding under such facility is permitted under the Pari Passu Debt to rank senior to the Notes and such Pari Passu Debt with respect to enforcement proceeds. For the purposes of this description, any references to the Senior Facilities or the Senior Facilities Lenders or Credit Facilities Liabilities should be read as including any such other super senior credit facility and the lenders thereunder.

Ranking and priority

The Cabot Intercreditor Agreement provides, subject to the provisions regarding permitted payments and application of proceeds below, that the right and priority of payment of all present and future liabilities and obligations under the Senior Facilities (the "Credit Facilities Liabilities"), the hedging agreements entered into by the Hedge Counterparties (the "Hedging Liabilities") and the Pari Passu Debt will rank *pari passu* in right and priority of payment without any preference between them.

These liabilities rank ahead of certain liabilities of the Debtors to the Company and its subsidiaries (the "Intra-Group Liabilities") or any debt to a holding company of the Company (the "Structural Liabilities" and together with the Intra-Group Liabilities, the "Subordinated Liabilities"). The Cabot Intercreditor Agreement does not purport to rank the Subordinated Liabilities as between themselves.

Cabot Transaction Security

The Senior Facilities Lenders, the Hedge Counterparties and the Pari Passu Creditors (including, on and from the Issue Date, the holders of the Notes (the "Noteholders")) and the creditor representatives benefit from a common guarantee and security package and no such secured creditor may take the benefit of any guarantee or security from the restricted group unless such guarantee or security is also offered (to the extent legally possible) for the benefit of the other secured creditors. The Cabot Transaction Security ranks and secures the liabilities owed to the Senior Facilities Lenders, the Hedge Counterparties, the Pari Passu Creditors (including, on and from the Issue Date, the Noteholders) and the creditor representatives *pari passu* and without any preference between them, subject to the enforcement proceeds waterfall described below under "—Application of proceeds."

In addition, the Cabot Intercreditor Agreement provides that the guarantees and Cabot Transaction Security will be released in certain circumstances described further below in "—Release of security and guarantees—non-distressed disposals" and "—Release of security and guarantees—distressed disposals."

Permitted payments

Prior to an acceleration event, the Cabot Intercreditor Agreement permits payments to be made by the Debtors under the Senior Facilities Agreement and the Pari Passu Debt documentation (including the Indenture, after the accessions of the relevant parties to the Cabot Intercreditor Agreement) in accordance with the terms of such documents and does not limit or restrict any payment by any Debtor in the ordinary course of business. Unless an acceleration event has occurred, the Cabot Intercreditor Agreement also permits payments to creditors of Intra-Group Liabilities, and payments may be made in respect of Structural Liabilities to the extent not expressly prohibited by the Senior Facilities Agreement and the Pari Passu Debt documentation. There are also restrictions on payments to Hedge Counterparties except for certain specified permitted payments.

After an acceleration event, any payments by the Debtors in respect of the Credit Facilities Liabilities, the Hedging Liabilities or the Pari Passu Debt (including the Notes), save for payments of certain agency or trustee fees, costs and expenses, must be made in accordance with the enforcement proceeds waterfall described below under "—Application of proceeds."

An acceleration event includes the relevant creditor representative exercising any or all of its rights under the acceleration provisions of the Senior Facilities Agreement (which includes placing on demand of liabilities thereunder) or the Pari Passu Debt documentation.

Limitations on enforcement

For the purposes of enforcement of the Cabot Transaction Security, the Senior Facilities Lenders and their creditor representatives are referred to as the "Super Senior Creditors."

If any of the Super Senior Creditors or the Pari Passu Creditors wish to enforce the Cabot Transaction Security, either (i) 75% by commitment value of the Super Senior Creditors or (ii) the Senior Note/Pari Passu Required Holders (as defined below) must give five business days' notice of the proposed enforcement instructions to the creditor representatives for the other creditor classes and the Security Agent. The giving of this notice triggers a 30-day consultation period during which time the creditor representatives for each of the creditor classes must discuss the proposals in good faith with a view to coordinating the proposed instructions.

For purposes of the Cabot Intercreditor Agreement, the "Senior Note/Pari Passu Required Holders" are determined as follows:

(i) unless there are any Pari Passu Creditors (other than under any hedging liabilities), it will be a simple majority of the noteholders of the Existing 2019 Cabot Notes; or

(ii) if there is a group of Pari Passu Creditors with Pari Passu Debt owed to them and/or undrawn commitments under a single loan, credit or guarantee facility agreement in an amount at least equal to £150 million (and at least £100 million of such liabilities are outstanding in the form of loans, credit or guarantees under such agreement) (such creditors, the "Pari Passu Loan Creditors"), it will be the first in time to submit enforcement instructions of (a) the majority Pari Passu Loan Creditors and (b) a simple majority of any remaining Pari Passu Creditors (including the Noteholders), *provided that* the creditors of any tranche of Pari Passu Debt with aggregate Pari Passu Debt owed to them and/or undrawn commitments under that tranche of less than £25 million will not be entitled to vote in such class.

A creditor representative is not obliged to consult as described above (or will only be obliged to consult for a shorter period) if:

- a bankruptcy event has occurred and is continuing in relation to a Debtor;

- there is an event of default continuing in respect of the relevant creditor group and the relevant creditor group determines, acting reasonably and in good faith, that to do so and thereby delay enforcement could reasonably be expected to have a material and adverse effect on (A) the Security Agent's ability to enforce any of the Cabot Transaction Security or (B) the realization proceeds available to that creditor group of any enforcement of the Cabot Transaction Security in any material respect; or

- the required creditor representatives agree on the proposed enforcement of the Cabot Transaction Security and that no consultation period is required.

During the 30-day consultation period, none of the Super Senior Creditors or the Pari Passu Creditors (including the Noteholders) will be entitled to accelerate any of their respective liabilities or close-out any Hedging Liabilities documentation, except for the following:

(i) a creditor representative may cancel available commitments under the Senior Facilities if an event of default under the Senior Facilities Agreement has occurred and is occurring;

(ii) the Super Senior Creditors and the Pari Passu Creditors (including the Noteholders) may make a demand in respect of any amount placed on demand prior to the commencement of such 30-day period; and

(iii) a creditor representative may set-off any amount that it is entitled to set-off under the Senior Facilities, as applicable.

To the extent permitted by applicable laws, each Senior Facilities Lender, Hedge Counterparty and Pari Passu Creditor (including each Noteholder) other than the trustee under the Existing 2019 Cabot Notes) and each creditor with respect to Subordinated Liabilities, as applicable, agrees with the Security Agent under the Cabot Intercreditor Agreement that it will cast its vote in any proposal put to the vote by or under the supervision of any judicial or supervisory authority in respect of any insolvency, pre-insolvency or rehabilitation or similar proceedings relating to the

Company and any of its restricted subsidiaries as instructed by the Security Agent. The Security Agent will only give instructions relating to such proceedings as directed by an Instructing Group (as defined below), if such instructions have been given in accordance with the security enforcement principles described below and otherwise comply with the provisions in the Cabot Intercreditor Agreement described above relating to enforcement limitations.

Conflicting enforcement instructions

At the end of the consultation period, the Security Agent must act on the instructions of the Instructing Group. The "Instructing Group" under the Cabot Intercreditor Agreement consists of (i) 75% by commitment value of the Super Senior Creditors and (ii) the Senior Note/Pari Passu Required Holders under the Cabot Intercreditor Agreement.

If there are conflicting enforcement instructions given to the Security Agent by the different classes of creditors who can constitute the Instructing Group, then, if the Senior Note/Pari Passu Required Holders have complied with the consultation obligations set out above and the enforcement instructions are consistent with the security enforcement principles described below, the enforcement instructions from the Senior Note/Pari Passu Required Holders will prevail over those of the Super Senior Creditors, and the Senior Note/Pari Passu Required Holders will constitute the Instructing Group and the timeframe for the realization of value from the enforcement of the Cabot Transaction Security or distressed disposal will be determined by such Instructing Group. Failure by a class of creditors to give instructions will not be deemed to be an instruction that conflicts with any other enforcement instructions. After the Security Agent has commenced enforcement over the Cabot Transaction Security, it will not accept any subsequent instructions from anyone other than the Instructing Group that instructed it to take such action, except as described in the paragraph below.

If (a) the Security Agent has not taken any enforcement action within three months of the date of the first enforcement instructions or (b) the Super Senior Creditors have not been repaid in full within six months of the date of the first enforcement instructions, then any enforcement instructions given by 75% by commitment value of the Super Senior Creditors will then prevail, if such instructions are consistent with the security enforcement principles described below.

Any enforcement instructions given under the Cabot Intercreditor Agreement must comply with certain security enforcement principles and the security enforcement objective, including the following:

- to achieve the security enforcement objective, namely to maximize, so far as consistent with prompt and expeditious realization of value from enforcement of the Cabot Transaction Security, the recovery by all of the secured parties, except that the security enforcement objective will cease to be operative six months after the date of the first enforcement instructions unless the Super Senior Creditors are repaid in full or 75% by commitment value of the Super Senior Creditors agree;

- all enforcement proceeds will be received in cash by the Security Agent or sufficient enforcement proceeds will be received in cash by the Security Agent to ensure that after distribution in accordance with the Cabot Intercreditor Agreement, the Credit Facilities Liabilities will be repaid in full; and

- to the extent that the enforcement is over Cabot Transaction Security with an aggregate book value exceeding £2.5 million or over shares in any member of the restricted group, unless the enforcement action is conducted by way of public auction, the Security Agent must obtain an opinion from a "big four" accounting firm, Grant Thornton, BDO, a recognized independent investment bank or other reputable independent third-party professional firm that is regularly engaged in providing valuations of the relevant type and size of assets, that the consideration from such enforcement is fair from a financial point of view taking into account all relevant circumstances, and such opinion will be conclusive evidence that the security enforcement principles have been met.

Turnover

Subject to certain exclusions, if any Senior Facilities Lender, Pari Passu Creditor (including any Noteholder) or Hedge Counterparty, or any of their respective creditor representatives, receives or recovers the proceeds of any enforcement of any Cabot Transaction Security except in accordance with "—Application of proceeds" below, that person must:

- in relation to amounts not received or recovered by way of set-off, hold that amount (or an amount equal to the amount if such amount exceeds the relevant liabilities) on trust for the Security Agent and promptly pay that amount to the Security Agent for application in accordance with the terms of the Cabot Intercreditor Agreement; and

- in relation to amounts received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Cabot Intercreditor Agreement.

The Trustee only has an obligation to turn over or repay amounts received or recovered by it as described above (i) if it has actual knowledge that the receipt or recovery is an amount received in breach of a provision of the Cabot Intercreditor Agreement and (ii) to the extent that, prior to receiving that knowledge, it has not distributed the amount of that receipt to the Pari Passu Creditors in accordance with the applicable Pari Passu Debt documentation (including the Indenture).

There is also a general turnover obligation on the subordinated creditors to turn over all amounts not received in accordance with the Cabot Intercreditor Agreement.

Application of proceeds

All amounts from time to time received pursuant to the provisions described under "—Turnover" above or recovered by the Security Agent in connection with the realization or enforcement of all or any part of the Cabot Transaction Security or otherwise paid to the Security Agent under the Cabot Intercreditor Agreement for application as set forth below shall be held by the Security Agent on trust and applied in the following order:

- first, *pro rata* and *pari passu*, in payment of certain amounts owing to the Trustee, Principal Paying Agent, Registrar and Transfer Agent and any amounts owing to the trustee, principal paying agent, registrar, and transfer agent in respect of the creditor representative for any Pari Passu Creditors and the Security Agent and any receiver or delegate, then *pro rata* and *pari passu* in payment of all costs and expenses incurred by each other creditor representative;

- second, *pro rata* and *pari passu*, in payment of all costs and expenses incurred by the Super Senior Creditors in connection with the enforcement of the Cabot Transaction Security or any action taken at the request of the Security Agent;

- third, *pro rata* and *pari passu*, in payment to the agent of the Senior Facilities Lenders for its own behalf and on behalf of the arrangers of the Senior Facilities and the Senior Facilities Lenders for application towards the discharge of the Credit Facilities Liabilities and in payment to the Hedge Counterparties in respect of the Priority Hedging in an amount of up to £10 million;

- fourth, *pro rata* and *pari passu*, in payment of all costs and expenses incurred by the Pari Passu Creditors (including the Noteholders) and the Hedge Counterparties in connection with the enforcement of the Cabot Transaction Security or any action taken at the request of the Security Agent;

- fifth, *pro rata* and *pari passu,* in payment to (i) the creditor representatives of the Pari Passu Creditors (including the Trustee) for application towards the discharge of the Pari Passu Debt (including the Notes); and (ii) the Hedge Counterparties for application towards the discharge of the remaining Hedging Liabilities; and

- sixth, after all the secured creditors have been repaid in full, in payment of the surplus (if any) to the relevant Debtor or other person entitled to it.

Option to purchase

The Pari Passu Creditors that are holders of certain issued debt securities (including the Noteholders), may, after (i) the occurrence of a Distress Event (as defined below) or (ii) the commencement by any Senior Facilities Lenders of the Pari Passu Creditors of a consultation period referred to in "—Limitations on enforcement" above, and subject to various conditions set out in the Cabot Intercreditor Agreement (including the grant of an acceptable indemnity against clawback to the Senior Facilities Lenders), exercise an option to purchase the Credit Facilities Liabilities in full and at par.

For purposes of the Cabot Intercreditor Agreement, a "Distress Event" means an acceleration event under any of the Senior Facilities Agreement or any applicable Pari Passu Debt documentation (including the Indenture) or the enforcement of any Cabot Transaction Security.

Release of security and guarantees—non-distressed disposals

In circumstances where a disposal is not a distressed disposal (and is otherwise permitted by the terms of the Senior Facilities Agreement, any Pari Passu Debt documentation (including the Indenture) and any Hedging Liabilities documentation), the Cabot Intercreditor Agreement provides that the Security Agent is authorized:

(i) to release the Cabot Transaction Security and any other claim over the relevant asset; and

(ii) if the relevant asset consists of shares in the capital of a Debtor or a holding company of a Debtor, to release the Cabot Transaction Security and any other claim over that Debtor's or holding company's assets and the assets subsidiary of that Debtor or holding company,

provided that, in the case of a disposal to another member of the restricted group, the release of the security interests over the Cabot Transaction Security is permitted under the terms of the Senior Facilities Agreement and any Pari Passu Debt documentation (including the Indenture), and any required replacement security is granted by the transferee before or at the same time as the release, and that no claim of a Debtor or other members of the restricted group will be released if such release will lead to any personal and/or criminal liability of any director (or equivalent officer) of any Debtor or any other member of the restricted group pursuant to applicable laws and this is evidenced by the relevant director in a manner satisfactory to the relevant creditor representatives. If required by the terms of the Senior Facilities Agreement or any Pari Passu documentation (including the Indenture), any proceeds from the disposal must be applied in mandatory prepayment of the relevant debt.

Release of security and guarantees—distressed disposals

In circumstances where a distressed disposal is being effected, the Cabot Intercreditor Agreement provides that the Security Agent is authorized:

(i) to release the Cabot Transaction Security and any other claim over the relevant asset;

(ii) if the asset which is disposed of consists of shares in the capital of a Debtor or a holding company of a Debtor, to release (a) that Debtor or holding company and any subsidiary of that Debtor or holding company from all or any part of its borrowing liabilities and guaranteeing liabilities (including in relation to the Notes) and certain other liabilities; (b) any Cabot Transaction Security granted over the assets of that Debtor or holding company and the assets of any subsidiary of that Debtor or holding company; and (c) any other claim of a Debtor or intra-group lender over the assets of that Debtor or holding company or over the assets of any subsidiary of that Debtor or holding company;

(iii) if the asset which is disposed of consists of shares in the capital of a Debtor or a holding company of a Debtor, to dispose of all or any part of that Debtor's or holding company's borrowing liabilities and guaranteeing liabilities (including in relation to the Notes) and certain other liabilities; and

(iv) if the asset which is disposed of consists of shares in the capital of a Debtor or a holding company of a Debtor, to transfer all or any part of the intra-group liabilities and debtor liabilities owed by that Debtor or holding company to another Debtor.

Any net proceeds of the disposal must be applied in accordance with the enforcement proceeds waterfall described above under "—Application of proceeds."

Amendment

Subject to certain exceptions, the Cabot Intercreditor Agreement may only be amended or waived with the consent of 75% by commitment value of the Super Senior Creditors, the required percentage of Pari Passu Creditors (including the Noteholders) (as set out in the relevant Pari Passu Debt documentation (including the Indenture)), the Company and the Security Agent. To the extent that amendments or waivers relate to certain specified matters such as ranking, priority, subordination, turnover, enforcement, disposal proceeds, amendments or the payment waterfall, such amendments require consent from all Super Senior Creditors, the required percentage of Pari Passu Creditors (including the Noteholders) (as set out in the relevant Pari Passu Debt documentation (including the Indenture)), and each Hedge Counterparty (to the extent such amendments adversely affect it or relate to the nature or scope of the Cabot Transaction Security), the Company and the Security Agent.

No amendment or waiver of the Cabot Intercreditor Agreement may impose new or additional obligations on or withdraw or reduce the rights of any party (other than in a way which affects creditors of that party's class generally) to the Cabot Intercreditor Agreement without the prior consent of that party or its representative.

The Cabot Intercreditor Agreement may be amended without the consent of the Noteholders in certain circumstances set out further in "Description of the Notes—Amendments to the Intercreditor Agreements and Additional Intercreditor Agreements".

To the extent the Debtors wish to enter into further Pari Passu Debt or other additional or replacement indebtedness which is permitted to share in the Cabot Transaction Security pursuant to the Senior Facilities Agreement and other Pari Passu Debt documentation (including the Indenture), then the parties to the Cabot Intercreditor Agreement may be required to enter into a replacement intercreditor agreement as set out further in "Description of the Notes—Amendments to the Intercreditor Agreements and Additional Intercreditor Agreements" below on substantially the same terms as the Cabot Intercreditor Agreement.

The Cabot Intercreditor Agreement also permits the Security Agent (subject to the terms of the Senior Facilities Agreement) to enter into new or supplemental security and/or release and retake Cabot Transaction Security if certain conditions are met, as set out further in "Description of the Notes—Certain Covenants—Impairment of security interest" below.

Marlin Intercreditor Agreement

The Marlin Intercreditor Agreement governs the relationships and relative priorities with respect to the Marlin Transaction Security among (i) the Senior Facilities Lenders; (ii) the arrangers under the Senior Facilities Agreement; (iii) the Marlin Notes Trustee on behalf of itself and the holders of the Existing Marlin Notes (the "Marlin Noteholders"); (iv) Hedge Counterparties from time to time; (v) certain existing and future creditors of the Company and its subsidiaries (including the holders of the Existing Cabot Notes and the Notes and the lenders and arrangers under the Bridge Facility); (vi) certain intra-group creditors and debtors; (vii) various creditor representatives; and (viii) J.P. Morgan Europe Limited as the Security Agent.

The Marlin Intercreditor Agreement sets out:

- the relative ranking of certain indebtedness of the Debtors;
- the relative ranking of the Marlin Transaction Security;
- when payments can be made in respect of certain indebtedness of the Debtors;
- when enforcement actions can be taken in respect of that indebtedness;
- when enforcement actions can be taken in respect of the Marlin Transaction Security;
- the terms pursuant to which the Subordinated Liabilities will be subordinated upon the occurrence of certain insolvency events;
- turnover provisions; and
- when security and guarantees will be released to permit a sale of the Marlin Transaction Security.

The Marlin Intercreditor Agreement contains provisions relating to future indebtedness that may be incurred by the Debtors and may rank *pari passu* to the Notes (after the relevant accession to the Marlin Intercreditor Agreement in connection with the Notes) and be secured by the Marlin Transaction Security, *provided that* it is permitted by the terms of the Indenture, the Senior Facilities Agreement, Existing Notes Indentures and the Bridge Facility Agreement (until the Bridge Facility is repaid) subject to the terms of the Marlin Intercreditor Agreement, including, but not limited to, that the prior written consent of the Security Agent to act as security trustee for the holders of the Pari Passu Debt thereunder has been obtained. The Existing Cabot Notes, the Bridge Facility (until it is repaid) and the Notes, together with any such future *pari passu* indebtedness, will constitute the "Pari Passu Debt" under the Marlin Intercreditor Agreement. The creditors of the Pari Passu Debt under the Marlin Intercreditor Agreement, which are referred to as the "Pari Passu Creditors" in this description of the Marlin Intercreditor Agreement, will have rights under the Marlin Intercreditor Agreement as summarized below.

The Marlin Intercreditor Agreement also allows for the Debtors to enter into a new super senior credit facility, *provided that* the total amount outstanding under such facility is permitted under the Existing Marlin Notes Indenture and the facility is permitted by the terms of the Existing Marlin Notes Indenture and the Pari Passu Debt to rank senior to the Notes and such Pari Passu Debt with respect to enforcement proceeds. For the purposes of this description, any references to the Senior Facilities or the Senior Facilities Lenders or Credit Facilities Liabilities should be read as including any such other super senior credit facility and the lenders thereunder.

Ranking and priority

The Marlin Intercreditor Agreement provides, subject to the provisions regarding permitted payments and application of proceeds below, that the right and priority of the Credit Facilities Liabilities, the Hedging Liabilities, the Existing Marlin Notes (the "Existing Marlin Notes Liabilities") and the Pari Passu Debt will rank *pari passu* in right and priority of payment without any preference between them.

These liabilities rank ahead of any Subordinated Liabilities. The Marlin Intercreditor Agreement does not purport to rank the Subordinated Liabilities as between themselves.

Marlin Transaction Security

The Senior Facilities Lenders, the Hedge Counterparties, the Marlin Noteholders, the Pari Passu Creditors (including, on and from the Issue Date, the Noteholders) and the creditor representatives benefit from a common guarantee and security package and no such secured creditor may take the benefit of any guarantee or security from the restricted group unless such guarantee or security is also offered (to the extent legally possible) for the benefit of the other secured creditors. The Marlin Transaction Security ranks and secures the liabilities owed to the Senior Facilities Lenders, the Hedge Counterparties, the Marlin Noteholders, the Pari Passu Creditors (including, on and from the Issue Date, the Noteholders) and the creditor representatives *pari passu* and without any preference between them, subject to the enforcement proceeds waterfall described below under "—Application of proceeds."

In addition, the Marlin Intercreditor Agreement provides that the guarantees and Marlin Transaction Security will be released in certain circumstances described further below in "—Release of security and guarantees—non-distressed disposals" and "—Release of security and guarantees—distressed disposals."

Permitted payments

Prior to an acceleration event, the Marlin Intercreditor Agreement permits payments to be made by the Debtors under the Senior Facilities Agreement, the Existing Marlin Notes Indenture and the Pari Passu Debt documentation (including the Indenture, after the relevant accessions of the parties to the Marlin Intercreditor Agreement) in accordance with the terms of such documents and does not limit or restrict any payment by any Debtor in the ordinary course of business. Unless an acceleration event has occurred, the Marlin Intercreditor Agreement also permits payments to creditors of Intra-Group Liabilities, and payments may be made in respect of Structural Liabilities to the extent not expressly prohibited by the Senior Facilities Agreement, the Existing Marlin Notes Indenture and the Pari Passu Debt documentation. There are also restrictions on payments to Hedge Counterparties except for certain specified permitted payments.

After an acceleration event, any payments by the Debtors in respect of the Credit Facilities Liabilities, the Hedging Liabilities, the Existing Marlin Notes Liabilities or the Pari Passu Debt (including the Notes), save for payments of certain agency or trustee fees, costs and expenses, must be made in accordance with the enforcement proceeds waterfall described below under "—Application of proceeds."

An acceleration event includes the relevant creditor representative exercising any or all of its rights under the acceleration provisions of the Senior Facilities Agreement (which includes placing on demand of liabilities thereunder), the Existing Marlin Notes Indenture or the Pari Passu Debt documentation.

Limitations on enforcement

For the purposes of enforcement of the Marlin Transaction Security, the Senior Facilities Lenders and their creditor representatives are referred to as the "Super Senior Creditors."

If any of the Super Senior Creditors, the Marlin Noteholders or the Pari Passu Creditors wish to enforce the Marlin Transaction Security, either (i) 75% by commitment value of the Super Senior Creditors or (ii) the Senior Note/Pari Passu Required Holders (as defined below) must give five business days' notice of the proposed enforcement instructions to the creditor representatives for the other creditor classes and the Security Agent. The giving of this notice triggers a 30-day consultation period during which time the creditor representatives for each of the creditor classes must discuss the proposals in good faith with a view to coordinating the proposed instructions.

For purposes of the Marlin Intercreditor Agreement, the "Senior Note/Pari Passu Required Holders" are determined as follows:

(i) unless there are any Pari Passu Creditors (other than under any hedging liabilities), it will be a simple majority of the noteholders under the Existing Marlin Notes; or

(ii) if there are Pari Passu Loan Creditors, it will be the first in time to submit enforcement instructions of (a) the majority Pari Passu Loan Creditors and (b) a simple majority of a combined class of Marlin Noteholders and any remaining Pari Passu Creditors (including the Noteholders), *provided that* the creditors of any tranche of Pari Passu Debt with aggregate Pari Passu Debt owed to them and/or undrawn commitments under that tranche of less than £25 million will not be entitled to vote in such class.

A creditor representative is not obliged to consult as described above (or will only be obliged to consult for a shorter period) if:

- a bankruptcy event has occurred and is continuing in relation to a Debtor;

- there is an event of default continuing in respect of the relevant creditor group and the relevant creditor group determines, acting reasonably and in good faith, that to do so and thereby delay enforcement could reasonably be expected to have a material and adverse effect on (A) the Security Agent's ability to enforce any of the Marlin Transaction Security or (B) the realization proceeds available to that creditor group of any enforcement of the Marlin Transaction Security in any material respect; or

- the required creditor representatives agree on the proposed enforcement of the Marlin Transaction Security and that no consultation period is required.

During the 30-day consultation period, none of the Super Senior Creditors, the Marlin Noteholders or the Pari Passu Creditors (including the Noteholders) will be entitled to accelerate any of their respective liabilities or close-out any Hedging Liabilities documentation, except for the following:

(i) a creditor representative may cancel available commitments under the Senior Facilities if an event of default under the Senior Facilities Agreement has occurred and is occurring;

(ii) the Super Senior Creditors, the Marlin Noteholders and the Pari Passu Creditors (including the Noteholders) may make a demand in respect of any amount placed on demand prior to the commencement of such 30-day period; and

(iii) a creditor representative may set-off any amount that it is entitled to set-off under the Senior Facilities, as applicable.

To the extent permitted by applicable laws, each Senior Facilities Lender, Hedge Counterparty, Marlin Noteholder and Pari Passu Creditor (including each Noteholder, other than the trustee under the Existing Marlin Notes) and each creditor with respect to Subordinated Liabilities, as applicable, agrees with the Security Agent under the Marlin Intercreditor Agreement that it will cast its vote in any proposal put to the vote by or under the supervision of any judicial or supervisory authority in respect of any insolvency, pre-insolvency or rehabilitation or similar proceedings relating to the Company and any of its restricted subsidiaries as instructed by the Security Agent. The Security Agent will only give instructions relating to such proceedings as directed by an Instructing Group (as defined below), if such instructions have been given in accordance with the security enforcement principles described below and otherwise comply with the provisions in the Marlin Intercreditor Agreement described above relating to enforcement limitations.

Conflicting enforcement instructions

At the end of the consultation period, the Security Agent must act on the instructions of the Instructing Group. The "Instructing Group" under the Marlin Intercreditor Agreement consists of (i) 75% by commitment value of the Super Senior Creditors and (ii) the Senior Note/Pari Passu Required Holders under the Marlin Intercreditor Agreement.

If there are conflicting enforcement instructions given to the Security Agent by the different classes of creditors who can constitute the Instructing Group, then, if the Senior Note/Pari Passu Required Holders have complied with the consultation obligations set out above and the enforcement instructions are consistent with the security enforcement principles described below, the enforcement instructions from the Senior Note/Pari Passu Required Holders will prevail over those of the Super Senior Creditors, and the Senior Note/Pari Passu Required Holders will constitute the Instructing Group and the timeframe for the realization of value from the enforcement of the Cabot Transaction Security or distressed disposal will be determined by such Instructing Group. Failure by a class of creditors to give instructions will not be deemed to be an instruction that conflicts with any other enforcement instructions. After the Security Agent has commenced enforcement over the Marlin Transaction Security, it will not accept any subsequent instructions from anyone other than the Instructing Group that instructed it to take such action, except as described in the paragraph below.

If (a) the Security Agent has not taken any enforcement action within three months of the date of the first enforcement instructions or (b) the Super Senior Creditors have not been repaid in full within six months of the date of the first enforcement instructions, then any enforcement instructions given by 75% by commitment value of the Super Senior Creditors will then prevail, if such instructions are consistent with the security enforcement principles described below.

Any enforcement instructions given under the Marlin Intercreditor Agreement must comply with certain security enforcement principles and the security enforcement objective, including the following:

- to achieve the security enforcement objective, namely to maximize, so far as consistent with prompt and expeditious realization of value from enforcement of the Marlin Transaction Security, the recovery by all of the secured parties, except that the security enforcement objective will cease to be operative six months after the date of the first enforcement instructions unless the Super Senior Creditors are repaid in full or 75% by commitment value of the Super Senior Creditors agree;

- all enforcement proceeds will be received in cash by the Security Agent or sufficient enforcement proceeds will be received in cash by the Security Agent to ensure that after distribution in accordance with the Marlin Intercreditor Agreement, the Credit Facilities Liabilities will be repaid in full; and

- to the extent that the enforcement is over Marlin Transaction Security with an aggregate book value exceeding £2.5 million or over shares in any member of the restricted group, unless the enforcement action is conducted by way of public auction, the Security Agent must obtain an opinion from a "big four" accounting firm, Grant Thornton, BDO, a recognized independent investment bank or other reputable independent third-party professional firm that is regularly engaged in providing valuations of the relevant type and size of assets, that the consideration from such enforcement is fair from a financial point of view taking into account all relevant circumstances, and such opinion will be conclusive evidence that the security enforcement principles have been met.

Turnover

Subject to certain exclusions, if any Senior Facilities Lender, Marlin Noteholder, Pari Passu Creditor (including any Noteholder) or Hedge Counterparty, or any of their respective creditor representatives, receives or recovers the proceeds of any enforcement of any Marlin Transaction Security except in accordance with "—Application of proceeds" below, that person must:

- in relation to amounts not received or recovered by way of set-off, hold that amount on trust for the Security Agent and promptly pay that amount (or an amount equal to the amount if such amount exceeds the relevant liabilities) to the Security Agent for application in accordance with the terms of the Marlin Intercreditor Agreement; and

- in relation to amounts received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Marlin Intercreditor Agreement.

The Trustee only has an obligation to turn over or repay amounts received or recovered by it as described above (i) if it has actual knowledge that the receipt or recovery is an amount received in breach of a provision of the Marlin

Intercreditor Agreement and (ii) to the extent that, prior to receiving that knowledge, it has not distributed the amount of that receipt to the Marlin Noteholders in accordance with the Existing Marlin Notes Indenture. A similar protection exists for the trustee in respect of the Notes and any trustees of other Pari Passu Debt pursuant to the Marlin Intercreditor Agreement.

There is also a general turnover obligation on the subordinated creditors to turn over all amounts not received in accordance with the Marlin Intercreditor Agreement.

Application of proceeds

All amounts from time to time received pursuant to the provisions described under "—Turnover" above or recovered by the Security Agent in connection with the realization or enforcement of all or any part of the Marlin Transaction Security or otherwise paid to the Security Agent under the Marlin Intercreditor Agreement for application as set forth below shall be held by the Security Agent on trust and applied in the following order:

- first, *pro rata* and *pari passu*, in payment of certain amounts owing to the Trustee, Principal Paying Agent, Registrar and Transfer Agent and any amounts owing to the trustee, principal paying agent, registrar, and transfer agent in respect of the Existing Marlin Notes, the creditor representative for any Pari Passu Creditors and the Security Agent and any receiver or delegate, then *pro rata* and *pari passu* in payment of all costs and expenses incurred by each other creditor representative;

- second, *pro rata* and *pari passu*, in payment of all costs and expenses incurred by the Super Senior Creditors in connection with the enforcement of the Marlin Transaction Security or any action taken at the request of the Security Agent;

- third, *pro rata* and *pari passu*, in payment to the agent of the Senior Facilities Lenders for its own behalf and on behalf of the arrangers of the Senior Facilities and the Senior Facilities Lenders for application towards the discharge of the Credit Facilities Liabilities and in payment to the Hedge Counterparties in respect of the Priority Hedging in an amount of up to £10 million;

- fourth, *pro rata* and *pari passu*, in payment of all costs and expenses incurred by the Marlin Noteholders, the Pari Passu Creditors (including the Noteholders) and the Hedge Counterparties in connection with the enforcement of the Marlin Transaction Security or any action taken at the request of the Security Agent;

- fifth, *pro rata* and *pari passu,* in payment to (i) the trustee on behalf of the Marlin Noteholders for application towards the discharge of the Marlin Notes Liabilities in accordance with the Existing Marlin Notes Indenture; (ii) the creditor representatives of the Pari Passu Creditors (including the Trustee) for application towards the discharge of the Pari Passu Debt (including the Notes); and (iii) the Hedge Counterparties for application towards the discharge of the remaining Hedging Liabilities; and

- sixth, after all the secured creditors have been repaid in full, in payment of the surplus (if any) to the relevant Debtor or other person entitled to it.

Option to purchase

The Marlin Noteholders and the Pari Passu Creditors that are holders of certain issued debt securities (including the Noteholders), may, after (i) the occurrence of a Distress Event (as defined below) or (ii) the commencement by any Senior Facilities Lenders of the Pari Pass Creditors of a consultation period referred to in "—Limitations on enforcement" above, and subject to various conditions set out in the Marlin Intercreditor Agreement (including the grant of an acceptable indemnity against clawback to the Senior Facilities Lenders), exercise an option to purchase the Credit Facilities Liabilities in full and at par.

For purposes of the Marlin Intercreditor Agreement, a "Distress Event" means an acceleration event under any of the Senior Facilities Agreement, the Marlin Notes Indenture or any applicable Pari Passu Debt documentation (including the Indenture) or the enforcement of any Marlin Transaction Security.

Release of security and guarantees—non-distressed disposals

In circumstances where a disposal is not a distressed disposal (and is otherwise permitted by the terms of the Senior Facilities Agreement, the Existing Marlin Notes Indenture, any Pari Passu Debt documentation (including the Indenture) and any Hedging Liabilities documentation), the Marlin Intercreditor Agreement provides that the Security Agent is authorized:

(i) to release the Marlin Transaction Security and any other claim over the relevant asset; and

(ii) if the relevant asset consists of shares in the capital of a Debtor or a holding company of a Debtor, to release the Marlin Transaction Security and any other claim over that Debtor's or holding company's assets and the assets of any subsidiary of that Debtor or holding company,

provided that, in the case of a disposal to another member of the restricted group, the release of the security interests over the Marlin Transaction Security is permitted under the terms of the Senior Facilities Agreement, the Existing Marlin Notes Indenture and any Pari Passu Debt documentation (including the Indenture), and any required replacement security must be granted by the transferee before or at the same time as the release, and that no claim of a Debtor or other member of the restricted group will be released if such release will lead to any personal and/or criminal liability of any director (or equivalent officer) of any Debtor or any other member of the restricted group pursuant to applicable laws and this is evidenced by the relevant director in a manner satisfactory to the relevant creditor representatives. If required by the terms of the Senior Facilities Agreement, the Existing Marlin Notes Indenture or any Pari Passu documentation (including the Indenture), any proceeds from the disposal must be applied in mandatory prepayment of the relevant debt.

Release of security and guarantees—distressed disposals

In circumstances where a distressed disposal is being effected, the Marlin Intercreditor Agreement provides that the Security Agent is authorized:

(i) to release the Marlin Transaction Security and any other claim over the relevant asset;

(ii) if the asset which is disposed of consists of shares in the capital of a Debtor or a holding company of a Debtor, to release (a) that Debtor or holding company and any subsidiary of that Debtor or holding company from all or any part of its borrowing liabilities and guaranteeing liabilities (including in relation to the Notes) and certain other liabilities; (b) any Marlin Transaction Security granted over the assets of that Debtor or holding company and the assets subsidiary of that Debtor or holding company; and (c) any other claim of a Debtor or intra-group lender over the assets of that Debtor or holding company or over the assets of any subsidiary of that Debtor or holding company;

(iii) if the asset which is disposed of consists of shares in the capital of a Debtor or a holding company of a Debtor, to dispose of all or any part of that Debtor's or holding company's borrowing liabilities and guaranteeing liabilities (including in relation to the Notes) and certain other liabilities; and

(iv) if the asset which is disposed of consists of shares in the capital of a Debtor or a holding company of a Debtor, to transfer all or any part of the intra-group liabilities and debtor liabilities owed by that Debtor or holding company to another Debtor.

Any net proceeds of the disposal must be applied in accordance with the enforcement proceeds waterfall described above under "—Application of proceeds."

Amendment

Subject to certain exceptions, the Marlin Intercreditor Agreement may only be amended or waived with the consent of 75% by commitment value of the Super Senior Creditors, the required percentage of Marlin Noteholders (as set out in the Existing Marlin Notes Indenture), the required percentage of Pari Passu Creditors (including the Noteholders) (as set out in the relevant Pari Passu Debt documentation (including the Indenture)), the Company and the Security Agent. To the extent that amendments or waivers relate to certain specified matters such as ranking, priority, subordination, turnover, enforcement, disposal proceeds, amendments or the payment waterfall, such amendments require consent from all Super Senior Creditors, the required percentage of Marlin Noteholders (as set out in the Existing Marlin Notes Indenture), the required percentage of Pari Passu Creditors (including the Noteholders) (as set out in the relevant Pari Passu Debt documentation (including the Indenture)), and each Hedge Counterparty (to the extent such amendments adversely affect it or relate to the nature or scope of the Marlin Transaction Security), the Company and the Security Agent.

No amendment or waiver of the Marlin Intercreditor Agreement may impose new or additional obligations on or withdraw or reduce the rights of any party (other than in a way which affects creditors of that party's class generally) to the Marlin Intercreditor Agreement without the prior consent of that party or its representative.

The Marlin Intercreditor Agreement may be amended without the consent of the Noteholders in certain circumstances set out further in "Description of the Notes—Amendments to the Intercreditor Agreements and Additional Intercreditor Agreements" below.

To the extent the Debtors wish to enter into further Pari Passu Debt or other additional or replacement indebtedness which is permitted to share in the Marlin Transaction Security pursuant to the Senior Facilities Agreement, the Existing Marlin Notes Indenture and other Pari Passu Debt documentation (including the Indenture), then the parties to the Marlin Intercreditor Agreement may be required to enter into a replacement intercreditor agreement as set out further in "Description of the Notes—Amendments to the Intercreditor Agreements and Additional Intercreditor Agreements" below on substantially the same terms as the Marlin Intercreditor Agreement.

The Marlin Intercreditor Agreement also permits the Security Agent (subject to the terms of the Senior Facilities Agreement) to enter into new or supplemental security and/or release and retake Marlin Transaction Security if certain conditions are met, as set out further in "Description of the Notes—Certain Covenants—Impairment of security interest" below. Cabot Parent Loan Note On the date of the closing of the J.C. Flowers Acquisition (May 15, 2013), the Cabot Parent, as borrower, entered into the Cabot Parent Loan Note with Carat UK Bidco Limited (now Cabot (Group Holdings) Limited), as lender, in an amount equal to £76.5 million. Interest on the Cabot Parent Loan Note accrues at a fixed rate of 0.2% annually and is payable on May 15 and November 15 of each year, commencing on November 15, 2013. The Cabot Parent Loan Note matures on May 15, 2043 and contains customary events of default and acceleration provisions. As at June 30, 2015, there was a total principal amount of £48.5 million outstanding under the Cabot Parent Loan Note.

Description of the Notes

The Issuer will issue, and the Guarantors will guarantee, €310 million aggregate principal amount of senior secured floating rate notes due 2021 (the "*Notes*") in this offering. The Notes will be issued by Cabot Financial (Luxembourg) II S.A. (the "*Issuer*"), a public limited company (*société anonyme*) incorporated and existing under the laws of the Grand Duchy of Luxembourg and registered with the Luxembourg trade and companies register under the number B 201268, which has been organized as a special purpose finance subsidiary to facilitate the offering of debt securities, and which has no operations and no assets other than its rights under the on-loan of proceeds from this offering of Notes to Bramleyside Limited (to be renamed Cabot Financial (Treasury) Ireland Limited ("*Cabot (Treasury) Ireland*")) pursuant to the Proceeds Loan Agreement (as defined herein). The Issuer will be dependent on payments by Cabot (Treasury) Ireland on the Proceeds Loan (as defined herein) in order to service the Notes.

In this Description of the Notes, (1) the "*Company*" refers only to Cabot Financial Limited, and any successor obligor on the Company Guarantee (as defined herein), and not to any of its subsidiaries; (2) the "*Issuer*" refers only to Cabot Financial (Luxembourg) II S.A., and any successor obligor to Cabot Financial (Luxembourg) II S.A. on the Notes; (3) "*CCMG*" refers only to Cabot Credit Management Group Limited, and any successor obligor on the CCMG Guarantee (as defined herein), and not to any of its subsidiaries, including the Issuer; and (4) "*CCM*" refers only to Cabot Credit Management Limited, and any successor obligor on the CCM Guarantee (as defined herein), and not to any of its subsidiaries. The Issuer is a wholly-owned subsidiary of CCMG.

The Issuer will issue the Notes under an indenture to be dated as of the Issue Date (the "*Indenture*") among the Issuer, the Guarantors (as defined herein), Citibank, N.A., London Branch as trustee (the "*Trustee*"), and J.P. Morgan Europe Limited, as security agent (the "*Security Agent*"). The Notes will be issued in private transactions that are not subject to the registration requirements of the Securities Act. See "Notice to investors." The terms of the Notes include those stated in the Indenture, but will not incorporate any terms by reference to the US Trust Indenture Act of 1939, as amended.

The Indenture, the Notes and the Note Guarantees (as defined herein) will be subject to the terms of the Intercreditor Agreements (as defined herein) and any additional intercreditor agreements entered into in the future. The terms of the Intercreditor Agreements are important to understand the terms and ranking of the Liens on the Collateral securing the Notes and the Note Guarantees. Please see "Description of other indebtedness—Intercreditor Agreements" for a description of the material terms of the Intercreditor Agreements.

This "Description of the Notes" is intended to be an overview of the material provisions of the Notes, the Indenture and the Proceeds Loan Agreement. Since this description of the terms of the Notes is only a summary, you should refer to the Indenture for complete descriptions of the obligations of the Issuer and the Guarantors and your rights.

Copies of the Indenture, the form of Notes, the Note Guarantees and the Intercreditor Agreements are available as set forth under "Where to find additional information."

The Indenture is unlimited in aggregate principal amount, but this issuance of Notes is limited to €310 million aggregate principal amount of Notes. The Issuer may issue an unlimited principal amount of additional Notes under the Indenture subject to the procedures described therein (the "*Additional Notes*"); *provided* that the Issuer will only be permitted to issue Additional Notes in compliance with the covenants contained in the Indenture, including the covenant restricting the Incurrence of Indebtedness (as described below under "—Certain covenants—Limitation on Indebtedness"); and *provided further*, that if any Additional Notes are not fungible with the Notes issued in this offering for US federal income tax purposes, such Additional Notes will have a separate CUSIP, ISIN or Common Code (as applicable) so that they are distinguishable from such Notes. The Notes issued in this offering and, if issued, any Additional Notes will be treated as a single class for all purposes under the Indenture, including with respect to waivers, amendments, redemptions and offers to purchase, except as otherwise specified with respect to each series of Notes. Unless the context otherwise requires, in this "Description of the Notes," references to the "Notes" include the Notes and the Additional Notes that are actually issued.

Summary description of the Notes

The Notes:

- are senior obligations of the Issuer and rank equal in right of payment with any existing or future Indebtedness of the Issuer that is not expressly subordinated to the Notes, including its guarantee of the Senior Facilities Agreement and the Existing Notes;

- are secured by the Collateral along with obligations under the Senior Facilities Agreement, certain hedging obligations incurred in compliance with the Indenture and the Existing Notes (although any liabilities in respect of obligations under the Senior Facilities Agreement and Priority Hedging Obligations that are secured by the Collateral will receive priority over the Holders with respect to any proceeds received upon any enforcement action over the Collateral) as described below under "—Security—The Collateral";

- are senior in right of payment to any future Subordinated Indebtedness of the Issuer;
- are effectively senior in right of payment to any existing or future unsecured obligations of the Issuer to the extent of the value of the Collateral that is available to satisfy the obligations under the Notes; and
- are unconditionally guaranteed on a senior secured basis by the Guarantors.

Principal, maturity and interest

The Issuer will issue €310.0 million in aggregate principal amount of Notes on the Issue Date. The Notes will mature on November 15, 2021. At maturity, the redemption price of the Notes will be 100% of the aggregate principal amount of such Notes. The Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The rights of holders of beneficial interests in the Notes to receive the payments on such Notes are subject to applicable procedures of Euroclear or Clearstream (each as defined herein). If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Interest on the Notes will accrue at a rate per annum (the "*Applicable Rate*"), reset quarterly, equal to the sum of (i) three-month EURIBOR plus (ii) 5.875% (the "*Margin*"), as determined by the Calculation Agent. Interest on the Notes will be payable, in cash, quarterly in arrears on February 15, May 15, August 15 and November 15 of each year, commencing on February 15, 2016, to holders of record on the immediately preceding February 1, May 1, August 1 and November 1, respectively. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of original issuance. Interest on the Notes will be computed on the basis of a 360-day year and the actual number of days elapsed. Each interest period shall end on (but not include) the relevant interest payment date.

Set forth below is a summary of certain of the provisions from the Indenture relating to the calculation of interest on the Notes.

"*Determination Date*" with respect to an Interest Period, means the day that is two TARGET Settlement Days preceding the first day of such Interest Period.

"*EURIBOR*" with respect to an Interest Period, means the rate (expressed as a percentage per annum) for deposits in euro for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date that appears on Reuters Page 248 as of 11:00 a.m. Brussels time, on the Determination Date; *provided, however,* that EURIBOR shall never be less than 0%. If Reuters Page 248 does not include such a rate or is unavailable on a Determination Date, the Calculation Agent will request the principal London office of each of four major banks in the euro-zone inter-bank market, as selected by the Calculation Agent in consultation with the Issuer, to provide such bank's offered quotation (expressed as a percentage per annum) as of approximately 11:00 a.m., Brussels time, on such Determination Date, to prime banks in the euro-zone inter-bank market for deposits in a Representative Amount in euro for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date. If at least two such offered quotations are so provided, the rate for the Interest Period will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, the Calculation Agent will request each of three major banks in London, as selected by the Calculation Agent in consultation with the Issuer, to provide such bank's rate (expressed as a percentage per annum), as of approximately 11:00 a.m., Brussels time, on such Determination Date, for loans in a Representative Amount in euro to leading European banks for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date. If at least two such rates are so provided, the rate for the Interest Period will be the arithmetic mean of such rates. If fewer than two such rates are so provided then the rate for the Interest Period will be the rate in effect (plus Margin) with respect to the immediately preceding Interest Period.

"*euro-zone*" means the region comprised of member states of the European Union that at the relevant time have adopted the euro.

"*Interest Period*" means the period commencing on and including an interest payment date and ending on and including the day immediately preceding the next succeeding interest payment date, with the exception that the first Interest Period shall commence on and include the Issue Date and end on and exclude February 15, 2016.

"*Representative Amount*" means the greater of (i) € 1,000,000 and (ii) an amount that is representative for a single transaction in the relevant market at the relevant time.

"*Reuters Page 248*" means the display page so designated on Reuters (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor).

"*TARGET Settlement Day*" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open.

The Calculation Agent shall, as soon as practicable after 11:00 a.m. (Brussels time) on each Determination Date, determine the Applicable Rate and calculate the aggregate amount of interest payable in respect of the following Interest Period (the "*Interest Amount*"). The Interest Amount shall be calculated by applying the Applicable Rate to the principal amount of each Note outstanding at the commencement of the Interest Period, multiplying each such amount by the actual amounts of days in the Interest Period concerned divided by 360. All percentages resulting from any of the above calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one-millionths of a percentage point being rounded upwards (*e.g.*, 4.876545% (or .04876545) being rounded to 4.87655% (or .0487655)). All euro amounts used in or resulting from such calculations will be rounded to the nearest euro cent (with one-half euro cent being rounded upwards). The determination of the Applicable Rate and the Interest Amount by the Calculation Agent shall, in the absence of willful default or gross negligence, be final and binding on all parties. In no event will the rate of interest on the Notes be higher than the maximum rate permitted by applicable law, provided, however, that the Calculation Agent shall not be responsible for determining nor verifying that the rate of interest on the Notes is higher than the maximum rate permitted under any applicable law.

Methods of receiving payments on the Notes

Principal, premium, if any, interest and Additional Amounts (as defined herein), if any, on the Global Notes (as defined herein) will be payable at the specified office or agency of one or more Paying Agents (as defined herein); *provided* that all such payments with respect to Notes represented by one or more Global Notes registered in the name of or held by a nominee of a common depository for Euroclear and Clearstream will be made by wire transfer of immediately available funds to the account specified by the Holder or Holders thereof.

Principal, premium, if any, interest and Additional Amounts, if any, on any certificated securities ("*Definitive Registered Notes*") will be payable at the specified office or agency of one or more Paying Agents in London and Luxembourg, in each case maintained for such purposes. In addition, interest on the Definitive Registered Notes may be paid by check mailed to the person entitled thereto as shown on the register for the Definitive Registered Notes. See "—Principal Paying Agent, Paying Agent and Registrar for the Notes."

Principal Paying Agent, Paying Agent and Registrar for the Notes

The Issuer will maintain one or more Paying Agents for the Notes in London (the "*Principal Paying Agent*"). The Issuer will also undertake to maintain a Paying Agent in a European Union member state that will not be obliged to withhold or deduct tax pursuant to the European Union Directive 2003/48/EC regarding the taxation of savings income or any other directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income, or any law implementing, or complying with or introduced in order to conform to, such directive (the "*Directive*"). The initial Principal Paying Agent for the Notes will be Citibank, N.A., London Branch.

The Issuer will also maintain a registrar with offices in Frankfurt, Germany (the "*Registrar*") and a transfer agent with offices in London (the "*Transfer Agent*"). The initial Registrar will be Citigroup Global Markets Deutschland AG and the initial Transfer Agent will be Citibank, N.A., London Branch. The Registrar will maintain a register reflecting ownership of the Notes outstanding from time to time and will facilitate transfers of Notes on behalf of the Issuer. A register of the Notes shall also be maintained, in accordance with the provisions of the Luxembourg law of August 10, 1915 on commercial companies, as amended, at the registered office of the Issuer in Luxembourg (the "*Duplicate Register*").

The Issuer may change any Paying Agent, Registrar or Transfer Agent for the Notes without prior notice to the Holders. However, for so long as the Notes are listed on official list of the Luxembourg Stock Exchange and the rules and regulations of the Luxembourg Stock Exchange so require, the Issuer will communicate notice of the change in a Paying Agent, Registrar or Transfer Agent to the Luxembourg Stock Exchange. To the extent and in the manner permitted by such rules, the Issuer will request the notice to be posted on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*). The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar for the Notes. Each time the register held by the Registrar is amended or updated, the Registrar shall send a copy of the relevant register to the Issuer who will keep an updated copy of the Duplicate Register at its registered office. In the event of inconsistency between the Registrar's register and the Duplicate Register, for the purposes of Luxembourg law only, the Duplicate Register shall prevail.

Transfer and exchange

The Notes will initially be issued in the form of registered notes in global form without interest coupons, as follows:

- Each series of Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "*144A Global Notes*").

- The 144A Global Notes will, upon issuance, be deposited with the common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

- Each series of Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "*Regulation S Global Notes*" and, together with the 144A Global Notes, the "*Global Notes*").

- The Regulation S Global Notes will, upon issuance, be deposited with the common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes ("*Book-Entry Interests*") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "Notice to investors." In addition, transfers of Book-Entry Interests between participants in Euroclear and/or Clearstream will be effected by Euroclear and/or Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear and/or Clearstream and its respective participants.

Book-Entry Interests in the 144A Global Notes may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes denominated in the same currency only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

During the 40-day distribution compliance period, ownership of Book-Entry Interests in Regulation S Global Notes may be transferred only to non-US Persons under Regulation S under the US Securities Act or to persons (i) whom the transferor reasonably believes are "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "Notice to investors." and in accordance with any applicable securities law of any other jurisdiction and (ii) who take delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to such effect.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 principal amount and integral multiples of €1,000 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream from the participant that owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer to be in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "Notice to investors."

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged in whole or in part, in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging Holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, to furnish certain certificates and opinions, and to pay any taxes, duties and governmental charges in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any taxes, duties and governmental charges payable in connection with such transfer.

Notwithstanding the foregoing, the Issuer is not required to register the transfer or exchange of any Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of such Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of such Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any interest payment date applicable to such Notes; or

(4) which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Disposition Offer.

The Issuer, the Trustee and the Paying Agents will be entitled to treat the Holder of a Note as the owner of it for all purposes.

Restricted Subsidiaries and Unrestricted Subsidiaries

Immediately after the issuance of the Notes, all of the Company's Subsidiaries will be Restricted Subsidiaries. In the circumstances described below under the definition of "Unrestricted Subsidiary," the Company will be permitted to designate Restricted Subsidiaries as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

Note Guarantees

The obligations of the Issuer pursuant to the Notes, including any payment obligation resulting from a Change of Control, will be unconditionally guaranteed, jointly and severally, by CCM, the Company, CCMG and each other existing material Wholly Owned Restricted Subsidiary of the Company (other than the Marlin Issuer), subject to certain exceptions. Each Restricted Subsidiary, other than CCMG, that provides a guarantee of the Notes (a "*Subsidiary Note Guarantee*") is referred to herein as a "*Subsidiary Guarantor,*" and together with CCM, the Company and CCMG are referred to herein as the "*Guarantors*."

The initial Subsidiary Guarantors will consist of Cabot Financial Holdings Group Limited, Cabot Financial (Luxembourg) S.A., Cabot Financial Debt Recovery Services Limited, Cabot Financial (UK) Limited, Cabot Financial (Europe) Limited, Financial Investigations & Recoveries (Europe) Limited, Apex Credit Management Limited, Marlin Financial Group Limited, Marlin Financial Intermediate Limited, Marlin Financial Intermediate II Limited, Marlin Midway Limited, Black Tip Capital Holdings Limited, Marlin Senior Holdings Limited, Marlin Portfolio Holdings Limited, Cabot Financial (Marlin) Limited, Marlin Legal Services Limited, Marlin Capital Europe Limited, MCE Portfolio Limited, MFS Portfolio Limited, Marlin Europe I Limited, Marlin Europe II Limited, ME III Limited, ME IV Limited, Hillesden Securities Limited, Cabot Financial (Ireland) Limited, Cabot Asset Purchase (Ireland) Limited and Bramleyside Limited (to be renamed Cabot Financial (Treasury) Ireland Limited on or before the Issue Date) and will include each entity that has guaranteed, or is a borrower under, the Senior Facilities Agreement at the Issue Date. The initial Guarantors (excluding CCM) account on a consolidated basis for 100.0% of the Company's *pro forma* Adjusted EBITDA and 99.7% of the Company's total assets, respectively, as of and for the twelve months ended June 30, 2015.

Each of the initial Guarantors will guarantee the Notes as of the Issue Date. In addition, subject to the Agreed Security Principles, if the Company or any of its Restricted Subsidiaries acquires or creates a Restricted Subsidiary (other than an Immaterial Subsidiary or a Permitted Purchase Obligations SPV) after the Issue Date or any Restricted Subsidiary guarantees or becomes liable for certain Indebtedness, the Company will cause such new Subsidiary to provide a Note Guarantee (as defined below). The new Guarantor will also, subject to the Agreed Security Principles, be required to pledge assets in favor of such Note Guarantee as described under "—Certain covenants—Further assurances."

The Agreed Security Principles apply to the granting of guarantees and security in favor of obligations under the Senior Facilities Agreement, the Existing Notes and the Notes. The Agreed Security Principles include restrictions on the granting of guarantees where, among other things, such grant would be restricted by general statutory limitations, capital maintenance, financial assistance, corporate benefit, fraudulent preference, "thin capitalization" rules, retention of title claims and similar principles.

Each Note Guarantee will be limited to the maximum amount that would not render the Guarantor's obligations subject to avoidance under applicable fraudulent conveyance provisions of the United States Bankruptcy Code or any comparable provision of foreign or state law, or as otherwise required under the Agreed Security Principles to comply with corporate benefit, financial assistance and other laws. By virtue of this limitation, a Guarantor's obligation under its Note Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Note Guarantee. See "Risk factors—Risks related to our structure—The Notes and the Note Guarantees will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability."

The Guarantees in respect of the Notes provided by CCM (the "*CCM Guarantee*"), the Company (the "*Company Guarantee*"), CCMG (the "*CCMG Guarantee*" and together with the Subsidiary Note Guarantees, the CCM Guarantee and the Company Guarantee, the "*Note Guarantees*") and the Subsidiary Note Guarantee of a Subsidiary Guarantor will terminate:

(1) in the case of a Subsidiary Note Guarantee only, upon a sale or other disposition (including by way of consolidation or merger) of Capital Stock of the relevant Guarantor or of a Parent thereof, such that such Guarantor ceases to be a Restricted Subsidiary, or the sale or disposition of all or substantially all the assets of the relevant Guarantor (other than to the Company or a Restricted Subsidiary), in each case in a transaction otherwise permitted by the Indenture;

(2) in the case of a Subsidiary Note Guarantee only, upon the designation in accordance with the Indenture of the relevant Guarantor as an Unrestricted Subsidiary;

(3) upon defeasance or discharge of the Notes, as provided in "—Defeasance" and "—Satisfaction and discharge;"

(4) in the case of a Subsidiary Note Guarantee only (other than a Subsidiary Note Guarantee issued on the Issue Date), to the extent that the relevant Guarantor is not an Immaterial Subsidiary solely due to the operation of clause (i) of the definition of "Immaterial Subsidiary," upon the relevant release of the guarantee or discharge of Indebtedness referred to in such clause;

(5) upon full payment of all obligations of the Issuer and the Guarantors under the Indenture and the Notes;

(6) in connection with certain enforcement actions taken by the creditors under certain secured Indebtedness as provided under the Intercreditor Agreements; or

(7) as described under "—Amendments and waivers."

Substantially all the operations of CCM and the Company are conducted through their respective Subsidiaries. Claims of creditors of Subsidiaries that are not Guarantors, including trade creditors, secured creditors and creditors holding debt and guarantees issued by those Subsidiaries, and claims of preferred and minority shareholders (if any) of those Subsidiaries will have priority with respect to the assets and earnings of those Subsidiaries over the claims of creditors of CCM and the Company, including Holders. The Notes and each Note Guarantee therefore will be effectively subordinated to creditors (including trade creditors) and preferred and minority shareholders (if any) of any Subsidiaries of CCM and the Company that are not Guarantors and any future Subsidiaries of CCM and the Company that do not become Guarantors.

Security

The Collateral

Pursuant to the Security Documents, including a debenture among the Existing Cabot Notes Issuer and the guarantors of the Existing Cabot Notes in favor of the Security Agent (to which the Issuer will accede on or before the Issue Date), a debenture among the Marlin Issuer and the original guarantors of the Existing Marlin Notes in favor of the Security Agent, an Irish law governed debenture among Cabot Financial Debt Recovery Services Limited, Cabot Asset Purchases (Ireland) Limited and Cabot Financial (Ireland) Limited in favor of the Security Agent to which Cabot (Treasury) Ireland will accede on or before the Issue Date, a Luxembourg law share pledge agreement with respect to the Existing Cabot Notes Issuer's shares, a Luxembourg law account pledge agreement with respect to the Existing Cabot Notes Issuer's Luxembourg bank account(s) (together, the "*Existing Security Documents*"), a Luxembourg law share pledge agreement with respect to the Issuer's shares, and a Luxembourg law account pledge agreement with respect to the Issuer's Luxembourg bank account(s) (the "*Additional Luxembourg Security Documents*"), a supplemental debenture between the Existing Cabot Notes Issuer, the Issuer and the other Guarantors in favor of the Security Agent, a supplemental debenture between the Marlin Issuer and the guarantors of the Existing Marlin Notes in favor of the Security Agent (together the "*English Law Supplemental Debentures*") and an Irish law governed supplemental debenture among Cabot Financial Debt Recovery Services Limited, Cabot Asset Purchases (Ireland) Limited, Cabot Financial (Ireland) Limited and Cabot Financial (Treasury) Ireland in favor of the Security Agent (the "*Irish Law Supplemental Debenture*", together with the English Law Supplemental Debentures, the "*Supplemental Security Documents*"), the Issuer and the Guarantors have granted, or will on the Issue Date grant, security interests in all the following (collectively, the "*Collateral*"), subject to the operation of the Agreed Security Principles and the grant of further Permitted Collateral Liens, in favor of the Security Agent for the benefit of the secured parties (which, on and from the Issue Date, will include the Trustee on behalf of the Holders):

(1) all real property and any rights or interests related thereto of the Issuer and each Guarantor (other than CCM);

(2) all the shares in the Issuer and each Guarantor (other than CCM and Marlin Midway Limited);

(3) all bank accounts of the Issuer and each Guarantor (other than CCM), other than bank accounts where the credit balance is held in trust for third parties;

(4) all other material assets of the Issuer and each Guarantor (other than CCM); and

(5) the rights of the Issuer and each Guarantor (other than CCM) under intercompany receivables, including the Issuer's and the Existing Cabot Notes Issuer's respective rights under each of the Proceeds Loan and the Existing Proceeds Loans.

The Liens securing the Notes and the Note Guarantees will also secure the obligations of the Issuer and the Guarantors under the Senior Facilities Agreement, certain hedging obligations incurred in compliance with the Indenture and the Existing Notes. Pursuant to the terms of the Intercreditor Agreements, any liabilities in respect of obligations under the Senior Facilities Agreement that are secured by assets that also secure our obligations under the Notes and the Notes Guarantees, as well Priority Hedging Obligations, will receive priority with respect to any proceeds received upon any enforcement action over any such assets. Any remaining proceeds received upon any enforcement action over any Collateral, after all obligations under the Senior Facilities Agreement and any Priority Hedging Obligations have been repaid, will be applied *pro rata* in repayment of all obligations under the Indenture and the Notes, the Existing Notes Indentures and the Existing Notes and any other *pari passu* indebtedness (including hedging obligations that do not constitute Priority Hedging Obligations) of the Issuer, the Marlin Issuer and the Guarantors permitted to be incurred and secured by the Collateral pursuant to the Indenture and the Intercreditor Agreements.

The Liens under the Existing Security Documents that were created under Luxembourg law will remain in place and will be confirmed to extend to secure the Notes. The Liens under the Additional Luxembourg Security Documents will secure the liabilities arising under the Senior Facilities Agreement, certain hedging obligations permitted to be incurred under the Indenture, the Existing Notes and the Notes along with any other *pari passu* indebtedness. The Liens under the Existing Security Documents that were created under English and Irish law will remain in place, and supplemental Liens over the same Collateral will be created in these jurisdictions to secure, the liabilities arising under the Senior Facilities Agreement, certain hedging obligations permitted to be incurred under the Indenture, the Existing Notes and the Notes along with any other *pari passu* indebtedness. The Liens created by these Supplemental Security Documents will be subject to the liens created under the Existing Security Documents to the extent they create Liens over the same Collateral; however, under the terms of the Intercreditor Agreements all amounts received or recovered by the Security Agent in connection with the realization or enforcement of such junior security interests will be applied alongside amounts received or recovered by the Security Agent in connection with the realization or enforcement of the Existing Security Documents securing the Senior Facilities Agreement and the Existing Notes in accordance with the waterfall provisions included in the Intercreditor Agreements. If the Intercreditor Agreements or the relevant provisions thereof were avoided or held to be unenforceable for any reason, holders of the Notes would not benefit from such treatment with respect to the Supplemental Security Documents and would be subordinated, with respect to such security interests, to senior security interests over the same Collateral securing other Indebtedness of the Company, the Issuer and the Restricted Subsidiaries.

The assets of the Marlin Issuer, including cash and Cash Equivalents of the Marlin Issuer, all the shares in Marlin Midway Limited and other Investments of the Marlin Issuer, constitute collateral for the Existing Marlin Notes but are excluded from the Collateral. In addition, the assets and shares of certain Permitted Purchase Obligations SPVs, including cash and Cash Equivalents and other Investments of such Permitted Purchase Obligations SPVs, and certain leasehold interests of Apex and certain bank accounts containing monies held in trust for third parties, are excluded from the Collateral.

Notwithstanding the foregoing, certain assets may not be secured or such security perfected in accordance with the Agreed Security Principles, including:

- if the cost of providing security is not proportionate to the benefit accruing to the Holders and the other secured parties;

- if providing such security requires consent of a third party and, if the asset is material, such consent cannot be obtained after the use of reasonable endeavors;

- if providing such security would be prohibited by applicable law, general statutory limitations, financial assistance, corporate benefit, fraudulent preference, "thin capitalization" rules or similar matters or entering into the Security Documents would conflict with fiduciary duties of directors or officers, contravene any legal or regulatory prohibition or result in a risk of personal or criminal liability on the part of directors or officers;

- if perfecting such security would have an unreasonable adverse effect on the ability of the Issuer or the relevant Guarantor to conduct its operations and business in the ordinary course as otherwise permitted by the Indenture; and

- in the case of certain bank accounts, notices to the banks with whom the accounts are maintained will only be served after an event of default has occurred and a notice of acceleration has been given pursuant to the Senior Facilities Agreement, the Indenture or the Existing Notes Indentures.

Administration and enforcement of security

The Security Documents and the Collateral are administered by a Security Agent (or in certain circumstances a receiver or delegate) pursuant to the Intercreditor Agreements for the benefit of all the secured parties (which, on and from the Issue Date, will include the Trustee on behalf of the Holders). For a description of the Intercreditor Agreements, see "Description of other indebtedness—Intercreditor Agreements."

The ability of Holders to realize the Collateral are subject to various insolvency law limitations in the event of the Company's insolvency and various contractual limitations set out in the Intercreditor Agreements. See "Risk factors—Risks related to our structure—Luxembourg, Irish and English insolvency laws and other jurisdictions may provide you with less protection than US bankruptcy law," and "Risk factors—Risks related to our structure—The Notes and the Note Guarantees will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability."

The Security Documents provide that the rights of the Holders with respect to the Collateral must be exercised by the Security Agent. Since the Holders are not a party to the Security Documents, Holders may not, individually or collectively, take any direct action to enforce any rights in their favor under the Security Documents. The Holders may only act through the Security Agent. The Security Agent will agree to release a security interest created by the Security Documents at the direction of the Trustee that is in accordance with the Indenture and the Intercreditor Agreements without requiring any consent of the Holders. Subject to the terms of the Intercreditor Agreements, the Holders will, in certain circumstances, share in the ability to direct the Trustee to direct the Security Agent to commence enforcement action under the Security Documents. Please see "Description of other indebtedness—Intercreditor Agreements."

Subject to the terms of the Indenture and the Security Documents, the Issuer and the Guarantors have the right to remain in possession and retain exclusive control of the Collateral securing the Notes, to freely operate the Collateral and to collect, invest and dispose of any income therefrom.

No appraisals of any of the Collateral have been prepared by or on behalf of the Company in connection with the issuance of the Notes. There can be no assurance that the proceeds from the sale of the Collateral remaining after the payment of obligations under the Senior Facilities Agreement and the Priority Hedging Obligations would be sufficient to satisfy the obligations owed to the Holders as well as any other obligations secured on a *pari passu* basis (including obligations under the Existing Notes). By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral can be sold in a short period of time or at all. See "Risk factors—Risks related to the Notes and the Note Guarantees—No appraisals of any of the Collateral have been prepared by us or on our behalf in connection with the issuance of the Notes. The Notes will be secured only to the extent of the value of the Collateral that has been granted as security for the Notes and the Note Guarantees, and such security may not be sufficient to satisfy the obligations under the Notes and the Note Guarantees."

The Trustee for the Notes has, and by accepting a Note, each Holder will be deemed to have:

- irrevocably appointed J.P. Morgan Europe Limited, as Security Agent, in each case to separately act as its security agent under each Intercreditor Agreement and the other relevant documents to which the security agent is a party (including, without limitation, the Security Documents); and

- irrevocably authorized the Security Agent to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under each Intercreditor Agreement or the other documents to which the security agent is a party, together with any other incidental rights, power and discretions; and (ii) execute each document expressed to be executed by the Security Agent on its behalf.

Release of Liens

Subject to the terms of each of the Intercreditor Agreements, as applicable, or any Additional Intercreditor Agreement (as defined herein), the Security Agent shall release, and the Trustee shall release and if so requested direct the Security Agent to release, without the need for consent of the Holders, Liens on the Collateral securing the Notes:

(1) upon payment in full of principal, interest and all other Obligations on the Notes issued under the Indenture or discharge or defeasance thereof;

(2) upon release of a Note Guarantee (with respect to the Liens securing such Note Guarantee granted by such Guarantor);

(3) in connection with any disposition of Collateral to any Person, other than the Company or any of its Restricted Subsidiaries, or to a Guarantor (other than CCM); *provided* that if the Collateral is disposed to such Guarantor, the relevant Collateral becomes immediately subject to a substantially equivalent Lien in favor of the Security Agent securing the Notes (but excluding any transaction subject to "—Certain covenants—Merger and consolidation—The Company, CCMG and the Issuer"); *provided further*, that, in each case, such disposition is permitted by the Indenture;

(4) if the Company designates any Subsidiary Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property, assets and Capital Stock of such Unrestricted Subsidiary;

(5) in connection with certain enforcement actions taken by the creditors under certain secured Indebtedness as provided under the Intercreditor Agreements;

(6) as may be permitted by the covenant described under "—Certain covenants—Impairment of security interest;"

(7) in order to effectuate a merger, consolidation, conveyance or transfer conducted in compliance with the covenant described under "—Certain covenants—Merger and consolidation—The Company, CCMG and the Issuer," *provided* that following such merger, consolidation, conveyance or transfer, a Lien of at least equivalent ranking over the same assets or property is granted in favor of the Security Agent (on its own behalf and on behalf of the Trustee for the Holders) to the extent such assets or property continue to exist as assets or property of the Company, the Successor Company or a Restricted Subsidiary or consist of Capital Stock of the Company or the Successor Company; and

(8) as described under "—Amendments and waivers."

Each of these releases shall be effected by the Security Agent without the consent of the Holders or any action on the part of the Trustee.

Intercreditor Agreements

On the Issue Date, the Trustee shall enter into a deed of accession to each of the Intercreditor Agreements. Pursuant to the terms of the Intercreditor Agreements, any liabilities in respect of obligations under the Senior Facilities Agreement and Priority Hedging Obligations that are secured by assets that also secure our obligations under the Notes and the Note Guarantees will receive priority with respect to any proceeds received upon any enforcement action over any such assets. Any remaining proceeds received upon any enforcement action over any Collateral, after all obligations under the Senior Facilities Agreement and Priority Hedging Obligations have been repaid from such recoveries, will be applied pro rata in repayment of all obligations under the Notes, the Existing Notes, and any other *pari passu* indebtedness of the Issuer, the Marlin Issuer, the guarantors of the Existing Marlin Notes and the Guarantors permitted to be incurred and secured by the Collateral pursuant to the Indenture and the Intercreditor Agreements.

Amendments to the Intercreditor Agreements and Additional Intercreditor Agreements

The Indenture will provide that, at the request of the Issuer, in connection with the Incurrence or refinancing by the Company or its Restricted Subsidiaries of any Indebtedness secured or permitted to be secured on the Collateral, the Issuer, CCM, the Company, the relevant Restricted Subsidiaries, the Trustee and the Security Agent shall enter into an intercreditor or similar agreement or a restatement, amendment or other modification of the existing Intercreditor Agreements (an "*Additional Intercreditor Agreement*") with the holders of such Indebtedness (or their duly authorized representatives) on substantially the same terms as the Intercreditor Agreements (or on terms that in the good faith judgment of the Issuer are not materially less favorable to the Holders), including containing substantially the same terms with respect to the application of the proceeds of the collateral held thereunder and the means of enforcement, it being understood that an increase in the amount of Indebtedness being subject to the terms of the Intercreditor Agreements or Additional Intercreditor Agreement will not be deemed to be less favorable to the Holders and will be permitted by this covenant if the incurrence of such Indebtedness and any Lien in its favor is permitted by the "Limitation on Indebtedness" and "Limitation on Liens" covenants; *provided* that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or, in the opinion of the Trustee, adversely affect the rights, duties, liabilities or immunities of the Trustee under the Indenture or the Intercreditor Agreements. As used herein, the term "*Intercreditor Agreement*" shall include references to any Additional Intercreditor Agreement that supplements or replaces the Cabot Intercreditor Agreement or the Marlin Intercreditor Agreement.

The Indenture will provide that, at the written direction of the Issuer and without the consent of the Holders, the Trustee shall from time to time enter into one or more amendments to any Intercreditor Agreement to: (i) cure any ambiguity, omission, defect or inconsistency of any such agreement, (ii) increase the amount or types of Indebtedness covered by any such agreement that may be Incurred by the Company or its Restricted Subsidiaries that is subject to any such agreement (*provided* that such Indebtedness is Incurred in compliance with the Indenture) (including, with respect to any Intercreditor Agreement or Additonal Intercreditor Agreement, the addition of provisions relating to new indebtedness ranking junior in right of payment to the Notes), (iii) add Restricted Subsidiaries to such Intercreditor Agreement, (iv) further secure the Notes (including Additional Notes incurred in compliance with the Indenture), (v) make provision for equal and ratable pledges of the Collateral to secure Additional Notes incurred in compliance with the Indenture or to implement any Permitted Collateral Liens or (vi) make any other change to any such agreement that does not adversely affect the Holders in any material respect. The Issuer shall not otherwise direct the Trustee to enter into any amendment to any Intercreditor Agreement without the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "—Amendments and waivers" or as permitted by the terms of such Intercreditor Agreement, and the Issuer may only direct the Trustee to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or, in the opinion of the Trustee, adversely affect the rights, duties, liabilities or immunities of the Trustee under the Indenture relating to the Notes or any Intercreditor Agreement.

The Indenture will provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of any Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein), and to have authorized the Trustee to enter into any one or more amendments to any Intercreditor Agreement as contemplated above.

The Proceeds Loan

Upon the issuance of the Notes, the Issuer, as lender, and Cabot (Treasury) Ireland, as borrower, will enter into the Proceeds Loan Agreement pursuant to which the Issuer will loan to Cabot (Treasury) Ireland the gross proceeds from the issuance of the Notes. The Issuer will recharge to Cabot (Treasury) Ireland an amount equal to the fees and other expenses related to the offering of the Notes.

The Proceeds Loan will be denominated in euro in aggregate principal amount equal to the aggregate principal amount of the Notes. See "Use of proceeds." The Proceeds Loan will bear interest at a rate at least equal to the interest rates of the Notes. Interest on the Proceeds Loan will be payable, in cash, quarterly in arrears on or prior to the corresponding date for the payment of interest on the Notes.

The Proceeds Loan Agreement will provide that Cabot (Treasury) Ireland will pay the Issuer interest and principal due and payable on the Notes and any Additional Amounts due thereunder. All amounts payable under the Proceeds Loan will be payable to such account or accounts with such Person or Persons as the Issuer may designate. The maturity date of the Proceeds Loan will be the same as the maturity date of the Notes. Except as otherwise required by law, all payments under the Proceeds Loan Agreement will be made without deductions or withholding for, or on account of, any applicable tax. In the event that Cabot (Treasury) Ireland is required to make any such deduction or withholding, such entity shall gross-up each payment to the Issuer to ensure that the Issuer receives and retains a net payment equal to the payment which it would have received had no such deduction or withholding been made.

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

The Issuer's rights under the Proceeds Loan Agreement will be assigned by way of security to the Security Agent and comprise part of the Collateral, as described above under "—Security—The Collateral."

Optional redemption

Except as set forth herein and under "—Redemption for taxation reasons," the Notes are not redeemable at the option of the Issuer.

At any time and from time to time on or after November 15, 2018, the Issuer may redeem the Notes, in whole or in part, at its option, upon not less than 10 nor more than 60 days' prior notice at a redemption price equal to the applicable percentage of principal amount set forth below plus accrued and unpaid interest and Additional Amounts, if any, to the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on November 15 of the years indicated below:

Year	Percentage
2018	101.000%
2019 and thereafter	100.000%

At any time and from time to time prior to November 15, 2018 the Issuer may redeem Notes with the Net Cash Proceeds received by the Company from any Equity Offering, upon not less than 10 nor more than 60 days' prior notice at a redemption price equal to 105.875% plus accrued and unpaid interest and Additional Amounts, if any, to the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), in an aggregate principal amount of the Notes (including the principal amount of any Additional Notes); *provided that*:

(1) in each case the redemption takes place not later than 120 days after the closing of the related Equity Offering, and

(2) not less than 60% of the original aggregate principal amount of the Notes (including the principal amount of any Additional Notes) remains outstanding immediately thereafter.

At any time prior to November 15, 2018, the Issuer may redeem the Notes in whole or in part, at its option, upon not less than 10 nor more than 60 days' prior notice at a redemption price equal to 100% of the principal amount of such Notes plus the relevant Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Notice of redemption will be provided as set forth under "—Selection and Notice" below. If the Issuer effects an optional redemption of Notes, it will, for so long as the Notes are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market, inform the Luxembourg Stock Exchange of such optional redemption and confirm the aggregate principal amount of the Notes of that series that will remain outstanding immediately after such redemption.

Any redemption and notice of redemption may, at the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent (including, in the case of a redemption related to an Equity Offering, the consummation of such Equity Offering).

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

Sinking fund

The Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

Selection and notice

If less than all the Notes are to be redeemed at any time, the Trustee or the Registrar will select the Notes for redemption in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed, as certified to the Trustee by the Issuer, and in compliance with the requirements of Euroclear or Clearstream, or if the Notes are not so listed or such exchange prescribes no method of selection and the Notes are not held through Euroclear or Clearstream or Euroclear or Clearstream prescribes no method of selection, on a pro rata basis.

For so long as the Notes are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market thereof, and the rules and regulations of the Luxembourg Stock Exchange so require, the Issuer shall communicate any notice of redemption to the Luxembourg Stock Exchange and publish it on the official website of the Luxembourg Stock Exchange and in addition to such publication, not less than 10 nor more than 60 days prior to the redemption date, mail such notice to Holders by first-class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar, with a copy to the Trustee and the Paying Agent. Neither the Trustee nor the Registrar shall be liable for selections made by it under this heading.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed, in which case a portion of the original Note will be issued in the name of the Holder thereof upon cancellation of the original Note. In the case of a Global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice (including any conditions contained therein), Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of them called for redemption, unless the redemption price is not paid on the redemption date.

Redemption for taxation reasons

The Issuer or a Successor Company (as defined herein) may redeem the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' notice to the Holders (which notice will be irrevocable) at a redemption price equal to 100% of the outstanding principal amount thereof, together with accrued and unpaid interest, if any, to, but excluding, the date fixed for redemption (a "*Tax Redemption Date*") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts (see "—Additional Amounts"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if any, if as a result of:

(1) any change in, or amendment to, the law (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below under "—Additional Amounts") affecting taxation; or

(2) any change in, or amendment to, the application, administration or interpretation of such laws, regulations or rulings (including pursuant to a holding, judgment or order by a court of competent jurisdiction) of a Relevant Taxing Jurisdiction (each of the foregoing in clauses (1) and (2), a "*Change in Tax Law*"),

the Issuer, Successor Company or any Guarantor are, or on the next interest payment date in respect of the Notes would be, required to pay any Additional Amounts, and such obligation cannot be avoided by taking reasonable measures available to the Issuer, Successor Company or such Guarantor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable and, in the case of a payment by a Guarantor, having the Issuer or another Guarantor make the payment, but not including assignment of the obligation to make payment with respect to the Notes). In the case of redemption due to withholding as a result of a Change in Tax Law in a jurisdiction that is a Relevant Taxing Jurisdiction at the date of this offering memorandum, such Change in Tax Law must become effective on or after the date of this offering memorandum. In the case of redemption due to withholding as a result of a Change in Tax Law in a jurisdiction that becomes a Relevant Taxing Jurisdiction after the date of this offering memorandum, such Change in Tax Law must become effective on or after the date the jurisdiction becomes a Relevant Taxing Jurisdiction. Notice of redemption for taxation reasons will be published in accordance with the procedures described under "—Selection and notice." Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 90 days prior to the earliest date on which the Payor (as defined below under "—Additional Amounts") would be obliged to make such payment of Additional Amounts and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer or Successor Company will deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and that it would not be able to avoid the obligation to pay Additional Amounts by taking reasonable measures available to it and (b) an opinion of an independent tax counsel of recognized standing to the effect that the Issuer, Successor Company or Guarantor has or have been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders.

Additional Amounts

All payments made by the Issuer, a Successor Company or a Guarantor (a "*Payor*") on the Notes or the Note Guarantees will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) the Grand Duchy of Luxembourg, the United Kingdom or any political subdivision or Governmental Authority thereof or therein having power to tax;

(2) any jurisdiction from or through which payment on any such Note or Note Guarantee is made by the Issuer, Successor Company, Guarantor or their agents, or any political subdivision or Governmental Authority thereof or therein having the power to tax; or

(3) any other jurisdiction in which the Payor is incorporated or organized, engaged in business for tax purposes or otherwise considered to be a resident for tax purposes, or any political subdivision or Governmental Authority thereof or therein having the power to tax (each of clauses (1), (2) and (3), a "*Relevant Taxing Jurisdiction*"),

will at any time be required from any payments made with respect to any Note or Note Guarantee, including payments of principal, redemption price, premium, if any, or interest, the Payor will pay (together with such payments) such additional amounts (the "*Additional Amounts*") as may be necessary in order that the net amounts received in respect of such payments by the Holders or the Trustee, as the case may be, after such withholding or deduction (including any such deduction or withholding from such Additional Amounts), will not be less than the amounts which would have been received in respect of such payments on any such Note or Note Guarantee in the absence of such withholding or deduction; *provided*, *however*, that no such Additional Amounts will be payable for or on account of:

(1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Holder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant Holder, if the relevant Holder is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including, but not limited to, being a citizen or resident or national or domiciliary of, or the existence of a business, a permanent establishment, a dependent agent, a place of business or a place of management present or deemed present in the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such Note or enforcement of rights under the Indenture or under a Note Guarantee or the receipt of any payment in respect thereof;

(2) any Taxes that are imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply with a written request of the Payor addressed to the Holder, after reasonable notice, to provide certification, information, documents or other evidence concerning the nationality, residence, identity or connection with the Relevant Taxing Jurisdiction of the Holder or such beneficial owners or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, in each case that is required by applicable law, regulation, treaty or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part of such Tax, *provided* that, in each case, the Holder or beneficial owner is legally eligible to do so;

(3) any Taxes that are payable otherwise than by deduction or withholding from a payment with respect to the Notes or any Note Guarantee;

(4) any estate, inheritance, gift, sales, transfer, personal property or similar Taxes;

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

(6) any Taxes imposed in connection with a Note presented for payment (where presentation is required for payment) by or on behalf of a Holder or beneficial owner who would have been able to avoid such Tax by presenting the relevant Note to, or otherwise accepting payment from, another Paying Agent in a member state of the European Union;

(7) any Taxes imposed on or with respect to a payment to a Holder that is a fiduciary or partnership or any Person other than the sole beneficial owner of such payment or Note, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such partnership or the beneficial owner of such payment or Note would

not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the actual Holder of such Note;

(8) any Taxes imposed pursuant to or in connection with Sections 1471 through 1474 of the Code, the US Treasury Regulations thereunder or any similar law or regulations adopted pursuant to an intergovernmental agreement between a non-US jurisdiction and the United States with respect to the foregoing; or

(9) any combination of the above.

Such Additional Amounts will also not be payable (x) to the extent the payment could have been made without such deduction or withholding if the beneficiary of the payment had presented the Note for payment (where presentation is required for payment) within 30 days after the relevant payment was first made available for payment to the Holder, except for Additional Amounts with respect to Taxes that would have been imposed had the Holder presented the Note for payment within such 30-day period or (y) where, had the beneficial owner of the Note been the Holder, except for Additional Amounts with respect to Taxes that would have been imposed had the Holder presented the Note for payment within such 30-day period, such beneficial owner would not have been entitled to payment of Additional Amounts by reason of any of clauses (1) to (9) inclusive above, but only if there is no material cost or legal restriction associated with transferring the Note to such beneficial owner.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes, in such form as provided in the ordinary course by the Relevant Taxing Jurisdiction and as is reasonably available to the Company, and will provide such certified copies to the Trustee. Such copies shall be made available to the Holders upon request and will be made available at the offices of the Paying Agent. The Payor will attach to each certified copy a certificate stating (x) that the amount of withholding Taxes evidenced by the certified copy was paid in connection with payments in respect of the principal amount of Notes then outstanding and (y) the amount of such withholding Taxes paid per €1,000 principal amount of the Notes.

If any Payor becomes aware that it will be obligated to pay Additional Amounts under or with respect to any payment made on any Note or Note Guarantee, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date (unless such obligation to pay Additional Amounts arises, or the Payor becomes aware of such obligation, less than 45 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable after the date that is 30 days prior to the payment date). The Trustee shall be entitled to rely solely on such Officer's Certificate without further inquiry, as conclusive proof that such payments are necessary.

Wherever in the Indenture, the Note Guarantees or this "Description of the Notes" there are mentioned, in any context:

(1) the payment of principal;

(2) purchase or redemption prices in connection with a purchase or redemption of Notes;

(3) interest; or

(4) any other amount payable on or with respect to any of the Notes,

such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay any present or future stamp, court or documentary Taxes, or any other excise, property or similar Taxes that arise in any jurisdiction from the execution, delivery, registration or enforcement of any Notes, the Indenture, the Proceeds Loan Agreement, the Intercreditor Agreements, the other Security Documents or any other document or instrument in relation thereto (other than a transfer or exchange of the Notes) excluding any such Taxes, charges or similar levies imposed by any jurisdiction that is not a Relevant Taxing Jurisdiction.

The foregoing obligations of this "Additional Amounts" section will survive any termination, defeasance or discharge of the Indenture and will apply *mutatis mutandis* to any jurisdiction in which any successor to the Issuer or any Guarantor is organized or any political subdivision or taxing authority or agency thereof or therein.

Change of Control

If a Change of Control occurs, subject to the terms of the Indenture, each Holder will have the right to require the Issuer to repurchase all or part (equal to €100,000 or an integral multiple of €1,000 in excess thereof) of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided*, *however*, that the Issuer shall not be obliged to repurchase Notes as described under this "Change of Control" section in the event and to the extent that it has unconditionally exercised its right to redeem all the Notes as described under "—Optional redemption" or all conditions to such redemption have been satisfied or waived.

Unless the Issuer has unconditionally exercised its right to redeem all the Notes as described under "—Optional redemption" or all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control, the Issuer will mail a notice (the "*Change of Control Offer*") to each Holder of any such Notes, with a copy to the Trustee:

(1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuer to purchase such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest to, but not including, the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date) (the "*Change of Control Payment*");

(2) stating the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "*Change of Control Payment Date*") and record date;

(3) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;

(4) stating that any Note accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Payment Date unless the Change of Control Payment is not paid, and that any Note or part thereof not tendered will continue to accrue interest;

(5) describing the procedures determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased; and

(6) if such notice is mailed prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with an agent to be determined by the Issuer an amount equal to the Change of Control Payment in respect of all Notes so tendered;

(3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Issuer in the Change of Control Offer;

(4) in the case of Global Notes, deliver, or cause to be delivered, to the Principal Paying Agent the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuer; and

(5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

If any Definitive Registered Notes have been issued, the Paying Agent will promptly mail to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Notes, and the Trustee or an authentication agent appointed by the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder of Definitive Registered Notes a new Note equal in principal amount to the unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in a principal amount that is at least €100,000 or an integral multiple of €1,000 in excess thereof.

For so long as the Notes are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market and the rules and regulations of the Luxembourg Stock Exchange so require, the Issuer will communicate a notice to the Luxembourg Stock Exchange and publish a public announcement with respect to the results of the Change of Control Offer as soon as practicable after the Change of Control Payment Date on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control; *provided* that the purchase date will be no earlier than 30 days from the date a notice of such Change of Control Offer is mailed.

The Change of Control provisions described above will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The existence of a Holder's right to require the Issuer to repurchase such Holder's Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Company or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations (or rules of any exchange on which the Notes are then listed) in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations (or exchange rules) conflict with provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations (or exchange rules) and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of the conflict.

Each lender under the Senior Facilities Agreement may, at each lender's option, require repayment of all amounts due to it and a cancellation of its commitment under the Senior Facilities Agreement upon the occurrence of a Change of Control. Future debt of the Company or of the Issuer may prohibit the Issuer from purchasing Notes in the event of a Change of Control or provide that a Change of Control is a default or require repurchase upon a Change of Control, as the case may be. Moreover, the exercise by the Holders of their right to require the Issuer to purchase the Notes could cause a default under other debt, even if the Change of Control itself does not, due to the financial effect of the purchase on the Company or the Issuer.

Finally, the Issuer's ability to pay cash to the Holders following the occurrence of a Change of Control may be limited by the Issuer's and the Company's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "Risk factors—Risks related to our structure—We may not be able to obtain the funds required to repurchase the Notes upon a change of control."

Holders may not be entitled to require the Issuer to purchase their Notes in certain circumstances involving a significant change in the composition of the Company's Board of Directors, including in connection with a proxy contest, where the Company's Board of Directors initially publicly opposes the election of a dissident slate of directors, but subsequently approves such directors for the purposes of the Indenture. This may result in a change in the composition of the Board of Directors that, but for such subsequent approval, would have otherwise constituted a Change of Control requiring a repurchase offer under the terms of the Indenture.

The definition of "Change of Control" includes a disposition of all or substantially all the assets of the Company and its Restricted Subsidiaries taken as a whole to specified other Persons. There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of a Person. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of Holders of a majority in outstanding principal amount of the Notes.

Certain covenants

Limitation on Indebtedness

The Company will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided*, *however*, that the Issuer or a Guarantor may Incur Indebtedness if on the date of such Incurrence and after giving *pro forma* effect thereto (including *pro forma* application of the proceeds thereof), the Fixed Charge Coverage Ratio for the Company and its Restricted Subsidiaries is greater than 2.25 to 1.0.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

(1) Indebtedness Incurred pursuant to any Credit Facility (including letters of credit or bankers' acceptances issued or created under any Credit Facility), and any Refinancing Indebtedness in respect thereof and Guarantees in respect of such Indebtedness in a maximum aggregate principal amount at any time outstanding not exceeding (i) the greater of (x) £200.0 million and (y) 17.5% of ERC, plus (ii) in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;

(2)

(a) Guarantees by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary in each case so long as the Incurrence of such Indebtedness being guaranteed is permitted under the terms of the Indenture; *provided* that if the Indebtedness being guaranteed is subordinated to the Notes or Note Guarantee, then the guarantee must be subordinated to the Notes or Note Guarantee to the same extent as the Indebtedness guaranteed; or

(b) without limiting the covenant described under "—Limitation on Liens," Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Company or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;

(3) Indebtedness of the Company owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Company or any Restricted Subsidiary; *provided*, *however*, that:

(a) if the Issuer or any Guarantor is the obligor on any such Indebtedness and the obligee is not a Guarantor or the Issuer, it is either a Working Capital Intercompany Loan or unsecured and expressly subordinated in right of payment to prior payment in full in cash (whether upon Stated Maturity, acceleration or otherwise) and the performance in full of its obligations under the Notes or Note Guarantee, as applicable; and

(b) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Company or a Restricted Subsidiary, and any sale or other transfer of any such Indebtedness to a Person other than the Company or a Restricted Subsidiary, shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (3) by the Company or such Restricted Subsidiary, as the case may be;

(4) Indebtedness represented by (a) the Notes (other than any Additional Notes), (b) any Indebtedness (other than Indebtedness described in clauses (1), (3) or (7)) outstanding on the Issue Date, including the Existing Notes, after giving effect to the issuance of the Notes and the application of the proceeds thereof, (c) Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (4) or clause (5) of this paragraph or Incurred pursuant to the first paragraph of this covenant, and (d) Management Advances;

(5) Indebtedness of any Person (i) outstanding on the date on which such Person becomes a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or any Restricted Subsidiary or (ii) Incurred to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary; *provided*, *however*, with respect to this clause (5), that at the time of such acquisition or other transaction (x) the Company would have been able to Incur £1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving *pro forma* effect to the relevant acquisition and Incurrence of such Indebtedness pursuant to this clause (5) or (y) the Fixed Charge Coverage Ratio for the Company and its Restricted Subsidiaries would not be lower than it was immediately prior to giving effect to such acquisition or other transaction;

(6) Indebtedness under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements entered into for *bona fide* hedging purposes of the Company or its Restricted Subsidiaries and not for speculative purposes (as determined in good faith by the Board of Directors or senior management of the Company);

(7) Indebtedness represented by Capitalized Lease Obligations or Purchase Money Obligations, in each case, Incurred for the purpose of financing all or any part of the purchase price, lease expense, rental payments or cost of design, construction, installation or improvement of property, plant or equipment or other assets (including Capital Stock) used in the business of the Company or any of its Restricted Subsidiaries, and in each case any Refinancing Indebtedness in respect thereof, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7) and then outstanding, will not exceed at any time outstanding the greater of (i) £35.0 million and (ii) 3.0% of Total Assets;

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Company or a Restricted Subsidiary or relating to liabilities, obligations, indemnities or guarantees Incurred in the ordinary course of business or for governmental or regulatory requirements, in each case not in connection with the borrowing of money, (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business, (c) the financing of insurance premiums in the ordinary course of business and (d) any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business; *provided*, *however*, that upon the drawing of such letters of credit or other instrument, such obligations are reimbursed within 30 days following such drawing;

(9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that, in the case of a disposition, the maximum liability of the Company and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Company and its Restricted Subsidiaries in connection with such disposition;

(10)

(a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided*, *however*, that such Indebtedness is extinguished within five Business Days of Incurrence;

(b) Customer deposits and advance payments received in the ordinary course of business from customers for goods purchased in the ordinary course of business; and

(c) Indebtedness Incurred by a Restricted Subsidiary in connection with bankers' acceptances, discounted bills of exchange or the discounting or factoring of Receivables for credit management purposes, in each case, not in connection with the borrowing of money and Incurred or undertaken in the ordinary course of business on arm's length commercial terms;

(11) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (11) and then outstanding, will not exceed the greater of (i) £70.0 million and (ii) 6.0% of Total Assets;

(12) Indebtedness represented by Permitted Purchase Obligations;

(13) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (13) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Company from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or Capital Stock (other than Disqualified Stock, Designated Preference Shares or an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Designated

Preference Shares or an Excluded Contribution) of the Company, in each case, subsequent to the Issue Date; *provided*, *however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (1), (6), (10) and (14) of the third paragraph of the covenant described below under "—Limitation on Restricted Payments" to the extent the Company and its Restricted Subsidiaries incur Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (13) to the extent the Company or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and/or clauses (1), (6), (10) or (14) of the third paragraph of the covenant described below under "—Limitation on Restricted Payments" in reliance thereon; and

(14) Indebtedness represented by the unpaid purchase price for portfolio assets acquired in the ordinary course of business; *provided*, *however*, that such amounts are due within one year of the acquisition of the related portfolio assets.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Company, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and will only be required to include the amount and type of such Indebtedness in one of the clauses of the second paragraph or the first paragraph of this covenant; *provided* that Indebtedness Incurred pursuant to clause (1) of the second paragraph of this covenant may not be reclassified, and Indebtedness under the Senior Facilities Agreement Incurred or outstanding on the Issue Date will be deemed to have been Incurred on such date in reliance on the exception provided in clause (1) of the second paragraph of this covenant;

(2) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(3) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1), (7) or (11) of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(4) the principal amount of any Disqualified Stock of the Company or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(5) for the purposes of determining "ERC" under clause (1)(i)(y) of the second paragraph of this covenant, (i) *pro forma* effect shall be given to ERC on the same basis as for calculating the LTV Ratio for the Company and its Restricted Subsidiaries and (ii) ERC shall be measured on or about the date on which the Company obtains new commitments (in the case of revolving facilities) or incurs new Indebtedness (in the case of term facilities);

(6) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness; and

(7) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this "—Limitation on Indebtedness" covenant. The amount of any Indebtedness outstanding as of any date shall be calculated as specified under the definition of "Indebtedness."

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under the covenant described under this "—Limitation on Indebtedness" covenant, the Company shall be in default of this covenant).

If the proceeds of any Indebtedness incurred by the Company or any of its Restricted Subsidiaries will be used to refinance, in whole or in part, the Existing Marlin Notes, the borrower or issuer of such Indebtedness shall be the Issuer or a Guarantor (other than CCM).

For purposes of determining compliance with any pound sterling-denominated restriction on the Incurrence of Indebtedness, the Sterling Equivalent of the principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or, at the option of the Company, first committed, in the case of Indebtedness Incurred under a revolving credit facility; *provided* that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than pound sterling, and such refinancing would cause the applicable pound sterling-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such pound sterling-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced; (b) the Sterling Equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (c) if and for so long as any such Indebtedness is subject to a Currency Agreement with respect to the currency in which such Indebtedness is denominated covering principal and interest on such Indebtedness, the amount of such Indebtedness, if denominated in pound sterling, will be the amount of the principal payment required to be made under such Currency Agreement and, otherwise, the Sterling Equivalent of such amount plus the Sterling Equivalent of any premium which is at such time due and payable but is not covered by such Currency Agreement. For purposes of calculating compliance with clause (1) of the second paragraph of this covenant or for calculating the amount of Indebtedness outstanding under the Senior Facilities Agreement, to the extent a Credit Facility is utilized for the purpose of guaranteeing or cash collateralizing any letter of credit or guarantee, such guarantee or collateralization and issuance of such letter of credit or guarantee shall be deemed to be a utilization of such Credit Facility permitted under clause (1) of the second paragraph of this covenant without double counting.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

The Company will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any other payment or other distribution on or in respect of the Company's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) except:

   (a) dividends or distributions payable in Capital Stock of the Company (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Company or in Subordinated Shareholder Funding; and

   (b) dividends or distributions payable to the Company or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Company or another Restricted Subsidiary on no more than a *pro rata* basis, measured by value);

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Company or any direct or indirect Parent of the Company held by Persons other than the Company or a Restricted Subsidiary (other than in exchange for Capital Stock of the Company (other than Disqualified Stock));

(3) make any payment on or in respect of, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any (x) Subordinated Indebtedness (other than, in each case, any capitalization of Subordinated Indebtedness or (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement, (b) a payment of interest at the applicable interest payment date and (c) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "—Limitation on Indebtedness") or (y) any

Subordinated Shareholder Funding, other than any payment of interest thereon in the form of additional Subordinated Shareholder Funding; or

(4) make any Restricted Investment in any Person;

(any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (4) are referred to herein as a "*Restricted Payment*"), if at the time the Company or such Restricted Subsidiary makes such Restricted Payment:

(a) a Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(b) the Company is not able to Incur an additional £1.00 of Indebtedness pursuant to the first paragraph under the "—Limitation on Indebtedness" covenant after giving effect, on a *pro forma* basis, to such Restricted Payment; or

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Existing 2021 Cabot Notes Issue Date (and not returned or rescinded) (including Permitted Payments permitted below by clauses (5) (without duplication of amounts paid pursuant to any other clause of the second succeeding paragraph), (6), (10), (11) and (12) of the second succeeding paragraph, but excluding all other Restricted Payments permitted by the second succeeding paragraph) would exceed the sum of (without duplication):

(i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the first fiscal quarter commencing after the Existing 2021 Cabot Notes Issue Date to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Company are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit);

(ii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Company from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the Existing 2021 Cabot Notes Issue Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company subsequent to the Existing 2021 Cabot Notes Issue Date (other than (x) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary, (y) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made subsequent to the Existing 2021 Cabot Notes Issue Date from such proceeds in reliance on clause (6) of the second succeeding paragraph and (z) Excluded Contributions);

(iii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Company or any Restricted Subsidiary from the issuance or sale (other than to the Company or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) by the Company or any Restricted Subsidiary subsequent to the Existing 2021 Cabot Notes Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Company (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Company or any Restricted Subsidiary upon such conversion or exchange) but excluding (x) Net Cash Proceeds to the extent that any Restricted Payment has been made subsequent to the Existing 2021 Cabot Notes Issue Date from such proceeds in reliance on clause (6) of the second succeeding paragraph and (y) Excluded Contributions);

(iv) the amount equal to the net reduction in Restricted Investments made by the Company or any of its Restricted Subsidiaries resulting from:

(A) repurchases, redemptions or other acquisitions or retirements of any such Restricted Investment, proceeds realized upon the sale or other disposition to a Person other than the Company or a Restricted Subsidiary of any such Restricted Investment, repayments of loans or advances or other transfers of assets (including by way of dividend, distribution, interest payments or returns of capital) to the Company or any Restricted Subsidiary; or

(B) the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries (valued, in each case, as provided in the definition of "Investment") not to exceed, in the case of any Unrestricted Subsidiary, the amount of Investments previously made by the Company or any Restricted Subsidiary in such Unrestricted Subsidiary, which amount, in each case under this clause (iv), was included in the calculation of the amount of Restricted Payments referred to in the first sentence of this clause (c);

provided, *however*, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Company's option) included under this clause (iv); and

(v) the amount of the cash and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or of marketable securities received by the Company or any of its Restricted Subsidiaries in connection with:

(A) the sale or other disposition (other than to the Company or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) of Capital Stock of an Unrestricted Subsidiary of the Company; and

(B) any dividend or distribution made by an Unrestricted Subsidiary to the Company or a Restricted Subsidiary,

provided, *however*, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Company's option) included under this clause (v); *provided further*, *however*, that such amount shall not exceed the amount included in the calculation of the amount of Restricted Payments referred to in the first sentence of this clause (c).

The fair market value of property or assets other than cash covered by clause (c) of the preceding paragraph shall be the fair market value thereof as determined in good faith by the Board of Directors of the Company.

The foregoing provisions will not prohibit any of the following (collectively, "*Permitted Payments*"):

(1) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Capital Stock, Disqualified Stock, Designated Preference Shares, Subordinated Shareholder Funding or Subordinated Indebtedness made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Company (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Company; *provided*, *however*, that to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the preceding sentence) of property or assets or of marketable securities, from such sale of Capital Stock, Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the second preceding paragraph;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under "—Limitation on Indebtedness" above;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Company or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Company or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under "—Limitation on Indebtedness" above, and that in each case, constitutes Refinancing Indebtedness;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:

(a) (i) from Net Available Cash to the extent permitted under "—Limitation on sales of assets and subsidiary stock" below, but only (i) if the Company shall have first complied with the terms described under "—Limitation on sales of assets and subsidiary stock" and the Issuer shall have purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to such purchase, repurchase, redemption, defeasance or other acquisition or retirement of such Subordinated Indebtedness and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or

(b) to the extent required by the agreement governing such Subordinated Indebtedness, following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only if (i) the Issuer shall be required to make a Change of Control Offer under "—Change of Control" and shall have complied with the terms described thereunder and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to such purchase, repurchase, redemption, defeasance or other acquisition or retirement of such Subordinated Indebtedness and (ii) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest;

(5) any dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this covenant;

(6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of the Company or any Parent (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Company to any Parent to permit any Parent to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of any Parent (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of any Parent (including any options, warrants or other rights in respect thereof), in each case from Management Investors; *provided* that such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (a) £2.5 million plus (b) £2.0 million multiplied by the number of calendar years that have commenced since September 20, 2012 plus (c) the Net Cash Proceeds received by the Company or its Restricted Subsidiaries since the Existing 2021 Cabot Notes Issue Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this clause (c), other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof), to the extent such Net Cash Proceeds are not included in any calculation under clause (c)(ii) or (c)(iii) of the first paragraph of this covenant;

(7) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under "—Limitation on Indebtedness" above;

(8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(9) dividends, loans, advances or distributions to any Parent or other payments by the Company or any Restricted Subsidiary in amounts equal to (without duplication):

(a) the amounts required for any Parent to pay any Parent Expenses or any Related Taxes; or

(b) amounts constituting or to be used for purposes of making payments to the extent specified in clauses (2), (3), (5), (7), (11) and (12) of the second paragraph under "—Limitation on Affiliate Transactions;"

(10) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), the declaration and payment by the Company of, or loans, advances, dividends or distributions to any Parent to pay, dividends on the common stock or common equity interests of the Company or any Parent following a Public Offering of such common stock or common equity interests, in an amount not to exceed in any fiscal year the greater of (a) 6% of the Net Cash Proceeds received by the Company from such Public Offering or contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Company or contributed as Subordinated Shareholder Funding to the Company, in each case from the Net Cash Proceeds of a Public Offering and (b) following the Initial Public

Offering, an amount equal to the greater of (i) the greater of (A) 6% of the Market Capitalization and (ii) 6% of the IPO Market Capitalization; *provided* that after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Leverage Ratio for the Company and its Restricted Subsidiaries shall be equal to or less than 2.5 to 1.0; and (ii) the greater of (B) 5% of the Market Capitalization and (ii) 5% of the IPO Market Capitalization; *provided* that after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Leverage Ratio for the Company and its Restricted Subsidiaries shall be equal to or less than 3.0 to 1.0;

(11) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), (a) Restricted Payments (including loans or advances) in an aggregate amount outstanding at any time not to exceed £25.0 million and (b) any Restricted Payment (including loans or advances); *provided* that the Consolidated Leverage Ratio on a *pro forma* basis after giving effect to any such Restricted Payment does not exceed 2.25 to 1.0;

(12) payments by the Company, or loans, advances, dividends or distributions to any Parent to make payments, to holders of Capital Stock of the Company or any Parent in lieu of the issuance of fractional shares of such Capital Stock; *provided*, *however*, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors of the Company);

(13) Investments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments to the extent made in exchange for or using as consideration Investments previously made under this clause (13);

(14) (i) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Company issued after the Issue Date; and (ii) the declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent issued after the Issue Date; *provided*, *however*, that, in the case of clauses (i) and (ii), the amount of all dividends declared or paid pursuant to this clause (14) shall not exceed the Net Cash Proceeds received by the Company or, in the case of Designated Preference Shares issued by any Parent or any Affiliate thereof, the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution) of the Company or loaned as Subordinated Shareholder Funding to the Company, from the issuance or sale of such Designated Preference Shares; and

(15) dividends or other distributions of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors of the Company acting in good faith.

Limitation on Liens

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Subsidiary), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the "*Initial Lien*"), except (a) in the case of any property or asset that does not constitute Collateral, (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if, contemporaneously with the Incurrence of such Initial Lien, the Notes and the Indenture (or a Note Guarantee in the case of Liens of a Guarantor) are directly secured equally and ratably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Limitation on restrictions on distributions from Restricted Subsidiaries

The Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(A) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Company or any Restricted Subsidiary;

(B) make any loans or advances to the Company or any Restricted Subsidiary; or

(C) sell, lease or transfer any of its property or assets to the Company or any Restricted Subsidiary,

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) the Senior Facilities Agreement or (b) any other agreement or instrument (including the Existing Notes Indentures), in each case, in effect at or entered into on the Issue Date;

(2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Company or any Restricted Subsidiary, or on which such agreement or instrument is assumed by the Company or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by or was merged, consolidated or otherwise combined with or into the Company or any Restricted Subsidiary or entered into in connection with such transaction) and outstanding on such date; *provided* that, for the purposes of this clause (2), if another Person is the Successor Company, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Company or any Restricted Subsidiary when such Person becomes the Successor Company;

(3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clause (1) or (2) of this paragraph or this clause (3) (an "*Initial Agreement*") or contained in any amendment, supplement or other modification to an agreement referred to in clause (1) or (2) of this paragraph or this clause (3); *provided*, *however*, that the encumbrances and restrictions with respect to the Company or any Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Company);

(4) any encumbrance or restriction:

   (a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

   (b) contained in mortgages, pledges, charges or other security agreements permitted under the Indenture or securing Indebtedness of the Company or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, pledges, charges or other security agreements; or

   (c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Company or any Restricted Subsidiary;

(5) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the transfer of the assets of the joint venture;

(6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or

substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(7) customary provisions in leases, licenses, joint venture agreements, debt purchase agreements and other similar agreements and instruments entered into in the ordinary course of business;

(8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, the terms of any license, authorization, concession or permit or required by any regulatory authority;

(9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers or suppliers or required by insurance, surety or bonding companies, in each case, under agreements entered into in the ordinary course of business;

(10) any encumbrance or restriction pursuant to Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;

(11) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "—Certain covenants—Limitation on Indebtedness" if (a) the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders than (i) the encumbrances and restrictions contained in the Senior Facilities Agreement, together with the security documents associated therewith as in effect on the Issue Date, or (ii) as is customary in comparable financings (as determined in good faith by the Company) or (b) the Company determines at the time such Indebtedness is Incurred that such encumbrances or restrictions will not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes or the ability of Cabot (Treasury) Ireland to make principal or interest payments on the Proceeds Loan;

(12) restrictions relating to Permitted Purchase Obligations SPVs effected in connection with the incurrence of Permitted Purchase Obligations that, in the good faith determination of the Board of Directors of the Company, are necessary or advisable;

(13) any encumbrance or restriction existing by reason of any lien permitted under "—Certain covenants—Limitation on Liens;"

(14) any encumbrance or restriction on assets held in trust for a third party, including pursuant to the relevant trust agreement; or

(15) any encumbrance or restriction existing under any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the second paragraph of "—Limitation on Affiliate Transactions;" *provided* that the terms and conditions of any such encumbrances or restrictions are, in the good faith judgment of the Board of Directors of the Company, no more restrictive in any material respect than those under or pursuant to the agreement so extended, renewed, refinanced or replaced.

Limitation on sales of assets and subsidiary stock

The Company will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Disposition unless:

(1) the Company or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by the Board of Directors of the Company, of the shares and assets subject to such Asset Disposition (including, for the avoidance of doubt, if such Asset Disposition is a Permitted Asset Swap);

(2) in any such Asset Disposition, or series of related Asset Dispositions (except to the extent the Asset Disposition is a Permitted Asset Swap), at least 75% of the consideration from such Asset Disposition (excluding any consideration by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise, other than Indebtedness) received by the Company or such Restricted Subsidiary, as the case may be, is in the form of cash, Cash Equivalents or Temporary Cash Investments; and

(3) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Company or such Restricted Subsidiary, as the case may be:

    (a) to the extent the Company or any Restricted Subsidiary, as the case may be, elects (or is required by the terms of any Indebtedness of a Restricted Subsidiary), (i) to prepay, repay or purchase any

Indebtedness of a Restricted Subsidiary that is not a Guarantor (in each case, other than Indebtedness owed to the Company or any Restricted Subsidiary or Indebtedness of the Issuer or the Marlin Issuer) or Indebtedness under the Senior Facilities Agreement (or any Refinancing Indebtedness in respect thereof) within 365 days from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash; *provided*, *however*, that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (a), the Company or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) (except in the case of the Senior Facilities Agreement) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased; or (ii) to prepay, repay or purchase Pari Passu Indebtedness at a price of no more than 100% of the principal amount of such Pari Passu Indebtedness plus accrued and unpaid interest to the date of such prepayment, repayment or purchase within 365 days from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash; *provided* that the Company or a Restricted Subsidiary shall redeem, repay or repurchase Pari Passu Indebtedness pursuant to this clause (ii) only if the Issuer makes (at such time or subsequently in compliance with this covenant) an offer to the Holders to purchase their Notes in accordance with the provisions set forth below for an Asset Disposition Offer for an aggregate principal amount of Notes at least equal to the proportion that (x) the total aggregate principal amount of Notes outstanding bears to (y) the sum of the total aggregate principal amount of Notes outstanding plus the total aggregate principal amount outstanding of such Pari Passu Indebtedness; or

(b) to the extent the Company or such Restricted Subsidiary elects, to invest in or commit to invest in Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by the Company or another Restricted Subsidiary) within 365 days from the later of (i) the date of such Asset Disposition and (ii) the receipt of such Net Available Cash; *provided*, *however*, that any such reinvestment in Additional Assets made pursuant to a definitive binding agreement or a commitment approved by the Board of Directors of the Company that is executed or approved within such time will satisfy this requirement, so long as such investment is consummated within 180 days of such 365th day; *provided further*, that if the assets (including Capital Stock) sold constitute Collateral, subject to the Agreed Security Principles, the Company shall pledge or shall cause the applicable Restricted Subsidiary to pledge any acquired Additional Assets (to the extent such assets (including Capital Stock) were of a category of assets included in the Collateral as of the Issue Date) in favor of the Notes on a first-ranking basis (subject to pre-existing Liens and Permitted Collateral Liens),

provided that, pending the final application of any such Net Available Cash in accordance with clause (a) or clause (b) above, the Company and its Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by the Indenture.

Any Net Available Cash from Asset Dispositions that is not applied or invested or committed to be applied or invested as provided in the preceding paragraph, or offered to be applied in accordance with clause (3)(a)(ii) above, will be deemed to constitute "Excess Proceeds" under the Indenture. On the 366th day after an Asset Disposition, or at such earlier date that the Company elects, if the aggregate amount of "Excess Proceeds" under the Indenture exceeds £10.0 million (or equivalent thereof), the Issuer or another Restricted Subsidiary will be required to make an offer ("*Asset Disposition Offer*") to all Holders and, to the extent the Issuer or such Restricted Subsidiary elects, to all holders of other outstanding Pari Passu Indebtedness, to purchase the maximum principal amount of Notes and any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the "Excess Proceeds," at an offer price in respect of the Notes in an amount equal to (and, in the case of any Pari Passu Indebtedness, an offer price of no more than) 100% of the principal amount of the Notes and 100% of the principal amount of Pari Passu Indebtedness, in each case, plus accrued and unpaid interest, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing the Pari Passu Indebtedness, as applicable, and in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

To the extent that the aggregate amount of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the "Excess Proceeds," the Company may use any remaining "Excess Proceeds" for general corporate purposes, subject to other covenants contained in the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of "Excess Proceeds," the "Excess Proceeds" shall be allocated among the Notes and Pari Passu Indebtedness to be purchased on a pro rata basis on the basis of the aggregate principal amount of tendered Notes and Pari Passu Indebtedness. For the purposes of calculating the principal amount of any such Indebtedness not denominated in pound sterling, such Indebtedness shall be calculated by converting any such principal amount into its Sterling Equivalent determined as of a date selected by the Issuer that is within the Asset Disposition Offer Period (as defined below). Upon completion of any Asset Disposition Offer, the amount of "Excess Proceeds" shall be reset at zero.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than pound sterling, the amount thereof payable in respect of the Notes shall not exceed the net amount of funds in pound sterling that is actually received by the Issuer upon converting such portion into pound sterling.

The Asset Disposition Offer, insofar as it relates to the Notes, will remain open for a period of not less than 20 Business Days following its commencement (the "*Asset Disposition Offer Period*"). No later than five Business Days after the termination of the Asset Disposition Offer Period (the "*Asset Disposition Purchase Date*"), the Issuer or another Restricted Subsidiary, as applicable, will purchase the principal amount of Notes and, to the extent they elect, Pari Passu Indebtedness required to be purchased pursuant to this covenant (the "*Asset Disposition Offer Amount*") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Pari Passu Indebtedness validly tendered in response to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Issuer or another Restricted Subsidiary, as applicable, will, to the extent lawful, accept for payment, on a pro rata basis to the extent necessary, the Asset Disposition Offer Amount of Notes and Pari Passu Indebtedness or portions of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn and in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The Issuer will deliver to the Trustee an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Issuer in accordance with the terms of this covenant. The Issuer or an agent designated by the Company, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Holder, and accepted by the Issuer for purchase, and the Issuer will promptly issue a new Note (or amend the Global Note), and the Trustee, upon delivery of an Officer's Certificate from the Company, will (via an authenticating agent) authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Note will be in a principal amount with a minimum denomination of €100,000 or in integral multiples of €1,000 in excess thereof. Any Note not so accepted will be promptly mailed or delivered (or transferred by book entry) by the Issuer to the Holder thereof.

For the purposes of clause (2) of the first paragraph of this covenant, the following)or any combination thereof) will be deemed to be cash:

(1) the assumption by the transferee of Indebtedness of the Company or Indebtedness of a Restricted Subsidiary (other than Subordinated Indebtedness of the Company, the Issuer or a Guarantor) and the release of the Company or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition;

(2) securities, notes or other obligations received by the Company or any Restricted Subsidiary from the transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of such Asset Disposition;

(3) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Company and each other Restricted Subsidiary are released from any Guarantee of payment of such Indebtedness in connection with such Asset Disposition;

(4) consideration consisting of Indebtedness of the Company, the Existing Cabot Notes Issuer or the Issuer (other than Subordinated Indebtedness) received after the Issue Date from Persons who are not the Company or any Restricted Subsidiary; and

(5) any Designated Non-Cash Consideration received by the Company or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at that time outstanding, not to exceed the greater of £35.0 million and 3.0% of Total Assets (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations (or rules of any exchange on which the Notes are then listed) in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations (or exchange rules) conflict with provisions of this covenant, the Company will comply with the applicable securities laws and regulations (or exchange rules) and will not be deemed to have breached its obligations under the Indenture by virtue of any such conflict.

Additional Note Guarantees

The Company will cause each Restricted Subsidiary (other than the Issuer) that, after the Issue Date, guarantees any Indebtedness of the Company or any Guarantor, or assumes or in any other manner becomes liable with respect to any Indebtedness under the Senior Facilities Agreement or any refinancing Indebtedness in respect thereof, to simultaneously or prior thereto execute and deliver a supplemental indenture or other appropriate agreement providing for such Restricted Subsidiary's Note Guarantee on the same terms and conditions as those set forth in the Indenture. In addition, the Company shall cause each Restricted Subsidiary (other than the Issuer, an Immaterial Subsidiary or a Permitted Purchase Obligations SPV) to execute and deliver a supplemental indenture or other appropriate agreement providing for such Restricted Subsidiary's guarantee of the Notes on the same terms and conditions as those set forth in the Indenture, within 30 days of delivery of the Company's or CCM's audited consolidated annual reports to the Trustee pursuant to the Indenture that show that such Restricted Subsidiary is not an Immaterial Subsidiary or a Permitted Purchase Obligations SPV (each such additional guarantee of the Notes, an "*Additional Note Guarantee*").

Notwithstanding the foregoing, the Company shall not be obligated to cause any such Restricted Subsidiary to guarantee the Notes to the extent that the grant of such Note Guarantee would be inconsistent with the Agreed Security Principles.

Notwithstanding the foregoing and the other provisions of the Indenture, any Additional Note Guarantee by a Restricted Subsidiary of the Notes shall provide by its terms, and the Indenture shall provide, that it shall be automatically and unconditionally released and discharged in the circumstances described under "—Note Guarantees." Any Additional Note Guarantee shall be considered a "Note Guarantee" as described in "—Note Guarantees."

Maintenance of listing

The Company will use its commercially reasonable efforts to obtain and maintain the listing of the Notes on the official list of the Luxembourg Stock Exchange and the admission to trading on the Euro MTF Market of the Luxembourg Stock Exchange for so long as such Notes are outstanding; *provided* that if the Company is unable to obtain such listing and such admission to trading or if at any time the Company determines that it will not maintain such listing and such admission to trading, it will obtain (where the Notes are initially so listed, prior to the delisting of the Notes from the official list of the Luxembourg Stock Exchange), and thereafter use its best efforts to maintain, a listing of such Notes on another "recognised stock exchange" as defined in Section 1005 of the Income Tax Act 2007 of the United Kingdom.

Limitation on Affiliate Transactions

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with or for the benefit of any Affiliate of the Company (such transaction or series of transactions being an "*Affiliate Transaction*") involving aggregate value in excess of £1.0 million unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's length dealings with a Person who is not such an Affiliate; and

(2) in the event such Affiliate Transaction, individually or together with other related Affiliate Transactions, involves an aggregate value in excess of £5.0 million, the terms of such transaction have been approved by a resolution of the majority of the members of the Board of Directors of the Company resolving that such transaction complies with clause (1) above; and

(3) in the event such Affiliate Transaction, individually or together with other related Affiliate Transactions, involves an aggregate value in excess of £20.0 million, the Company has received a written opinion from an Independent Financial Advisor that such Affiliate Transaction is fair, from a financial standpoint, to the Company and its Restricted Subsidiaries or that the terms are not materially less favorable than those that could reasonably have been obtained in a comparable transaction at such time on an arm's length basis from a Person that is not an Affiliate.

Any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in clause (2) of this paragraph if such Affiliate Transaction is approved by a resolution of a majority of the Disinterested Directors. If there are no Disinterested Directors, any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in this covenant if the Company or any of its Restricted Subsidiaries, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Company or such Restricted Subsidiary from a financial point of view or stating that the terms are not materially less favorable to the Company or its relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person on an arm's length basis.

The provisions of the preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the covenant described under "—Limitation on Restricted Payments," any Permitted Payments (other than pursuant to clause (9)(b) of the third paragraph of the covenant described under "—Limitation on Restricted Payments") or any Permitted Investment (other than Permitted Investments as defined in paragraphs (1)(b), (2), (11), (15) and (17) of the definition thereof);

(2) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Company, any Restricted Subsidiary or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Company, in each case in the ordinary course of business;

(3) any Management Advances;

(4) any transaction between or among the Company and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Company, any Restricted Subsidiary or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) the entry into and performance of obligations of the Company or any of its Restricted Subsidiaries under the terms of any transaction arising out of, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect and the entry into and performance of any registration rights or other listing agreement in connection with any Public Offering;

(7) the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;

(8) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, which, in each case, are in the ordinary course of business and are either fair to the Company or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or the senior management of the Company or the relevant Restricted Subsidiary or on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction in the ordinary course of business between or among the Company or any Restricted Subsidiary and any Affiliate of the Company or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Company or a Restricted Subsidiary or any Affiliate of the Company or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(10) (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Company or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder

Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors of the Company in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture;

(11) without duplication in respect of payments made pursuant to clause (12) hereof, (a) payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) of annual management, consulting, monitoring or advisory fees and related expenses in an aggregate amount not to exceed £1.75 million per fiscal year and (b) customary payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions or divestitures, which payments in respect of this clause (b) are approved by a majority of the Board of Directors of the Company in good faith; and

(12) payment to any Permitted Holder of all reasonable out of pocket expenses Incurred by such Permitted Holder in connection with its direct or indirect investment in the Company and its Restricted Subsidiaries.

Reports

For so long as any Notes are outstanding, the Company will provide to the Trustee the following reports:

(1) within 120 days after the end of the Company's fiscal year beginning with the first fiscal year ending after the Issue Date, annual reports containing, to the extent applicable the following information: (a) audited consolidated balance sheets of the Company or its predecessor as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Company or its predecessor for the two most recent fiscal years, including complete footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) unaudited *pro forma* income statement information and balance sheet information of the Company (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (and provided that such *pro forma* information will be required only to the extent available without unreasonable expense, in which case the Company will provide, in the case of a material acquisition, acquired company financial statements); (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, EBITDA, ERC and liquidity and capital resources of the Company, and a discussion of material commitments and contingencies and critical accounting policies; (d) description of the business, management and shareholders of the Company, all material affiliate transactions and a description of all material contractual arrangements, including material debt instruments; and (e) a description of material risk factors and material recent developments;

(2) within 60 days following the end of each of the first three fiscal quarters in each fiscal year of the Company beginning with the quarter ended September 30, 2015, all quarterly reports of the Company containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the most recently completed quarter year-to-date period ending on the unaudited condensed balance sheet date, and the comparable prior year periods, together with condensed footnote disclosure; (b) unaudited *pro forma* income statement information and balance sheet information of the Company (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the relevant quarter as to which such quarterly report relates (and provided that such *pro forma* information will be required only to the extent available without unreasonable expense, in which case the Company will provide, in the case of a material acquisition, acquired company financial statements); (c) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, financial condition, EBITDA, ERC and material changes in liquidity and capital resources of the Company, and a discussion of material changes not in the ordinary course of business in commitments and contingencies since the most recent report; and (d) material recent developments and any material changes to the risk factors disclosed in the most recent annual report; and

(3) promptly after the occurrence of any material acquisition, disposition, restructuring, merger or similar transaction, or any senior executive officer changes at the Company or change in auditors of the Company or any other material event that the Company or any of its Restricted Subsidiaries announces publicly, a report containing a description of such event.

All financial statements and *pro forma* financial information (other than acquired company financials) shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented; *provided*, *however*, that the reports set forth in clauses (1), (2) and (3) above may in the event of a change in applicable IFRS, present earlier periods on a basis that applied to such periods. Except as provided for below, no report needs to include separate financial statements for any Subsidiaries of the Company. At its election, the Company may also include financial statements of CCM in lieu of those for the Company; *provided* that if the financial statements of CCM are included in such report, a reasonably detailed description of material differences between the financial statements of CCM and the Company shall be included for any period after the Issue Date. Following an Initial Public Offering (unless the IPO Entity is Encore Capital), the requirements of clauses (1), (2) and (3) above shall be considered to have been fulfilled if the IPO Entity complies with the reporting requirements of such stock exchange; provided that (x) the IPO Entity shall always provide financial statements consistent with the requirements of clause (2)(a) above for any applicable quarterly period pursuant to clause (2) above after the Issue Date and (y) to the extent such IPO Entity relies on such stock exchange reporting requirements to fulfill the requirements of clauses (1), (2) and (3) above, a reasonably detailed description of material differences between the financial statements of such IPO Entity and the financial statements of the Company shall be included for any period after the Issue Date.

At any time that any of the Company's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, would constitute a Significant Subsidiary of the Company, then the annual and quarterly financial information required by clauses (1) and (2) of this covenant shall include either (i) a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company or (ii) stand-alone audited or unaudited financial statements, as the case may be, of such Unrestricted Subsidiary or Unrestricted Subsidiaries (as a group or otherwise) together with an unaudited reconciliation to the financial information of the Company and its Subsidiaries, which reconciliation shall include the following items: revenue, EBITDA, ERC, net income, cash, total assets, total debt, shareholders equity and interest expense.

Substantially concurrently with the issuance to the Trustee of the reports specified in clauses (1), (2) and (3) above, the Company shall also (a) use its commercially reasonable efforts (i) to post copies of such reports on such password protected website as may be then maintained by the Company and its Subsidiaries or (ii) otherwise to provide substantially comparable public availability of such reports (as determined by the Company in good faith) or (b) to the extent the Company determines in good faith that it cannot make such reports available in the manner described in the preceding clause (a) owing to applicable law or after the use of its commercially reasonable efforts, furnish such reports to the Holders and, upon their request, prospective purchasers of the Notes.

The Issuer will also make available copies of all reports required by clauses (1) through (3) of the first paragraph of this covenant at the offices of the Paying Agent or post such reports on the official website of the Luxembourg Stock Exchange.

In addition, so long as the Notes remain outstanding and during any period during which the Company is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b) under the Exchange Act, the Company shall furnish to the Holders and, upon their request, prospective purchasers of the Notes, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Merger and consolidation

The Company, CCMG and the Issuer

None of the Company, CCMG or the Issuer will consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, unless:

(1) the resulting, surviving or transferee Person (the "*Successor Company*") will be a Person organized and existing under the laws of any member state of the European Union on January 1, 2004 (other than Greece), or the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada, Norway or Switzerland and the Successor Company (if not the Company, CCMG or the Issuer, as applicable) will expressly assume, (a) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Company, CCMG or the Issuer, as applicable, under the Notes and the Indenture and (b) all obligations of the Company, CCMG or the Issuer, as applicable, under the Intercreditor Agreements and the Security Documents;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having

been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction, either (a) the Successor Company would be able to Incur at least an additional £1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "—Limitation on Indebtedness" or (b) the Fixed Charge Coverage Ratio for the Successor Company and its Restricted Subsidiaries would not be lower than it was immediately prior to giving effect to such transaction; and

(4) the Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture, and that all conditions precedent therein provided for relating to such transaction have been complied with and an Opinion of Counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Company and the Notes constitute legal, valid and binding obligations of the Successor Company, enforceable in accordance with their terms (in each case, in form and substance reasonably satisfactory to the Trustee); *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact, including as to satisfaction of clauses (2) and (3) above.

Any Indebtedness that becomes an obligation of the Company or any Restricted Subsidiary (or that is deemed to be Incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this covenant, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with the covenant described under "—Limitation on Indebtedness."

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all the properties and assets of one or more Subsidiaries of the Company, CCMG or the Issuer, which properties and assets, if held by the Company, CCMG or the Issuer, as applicable, instead of such Subsidiaries, would constitute all or substantially all the properties and assets of the Company, CCMG or the Issuer, as applicable, on a consolidated basis, shall be deemed to be the transfer of all or substantially all the properties and assets of the Company, CCMG or the Issuer, as applicable.

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Company, CCMG or the Issuer, as applicable, under the Indenture and the Notes but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under such Indenture or the Notes.

Notwithstanding the preceding clauses (2) and (3) (which do not apply to transactions referred to in this sentence) and, other than with respect to the second preceding paragraph, clause (4) of the first paragraph of this covenant, (x) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to the Company, CCMG or the Issuer and (y) any Restricted Subsidiary that is not a Guarantor may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Restricted Subsidiary. Notwithstanding the preceding clauses (2) and (3) (which do not apply to the transactions referred to in this sentence), the Company may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Company, reincorporating the Company in another jurisdiction, or changing the legal form of the Company.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

Subsidiary Guarantors

No Subsidiary Guarantor may:

(1) consolidate with or merge with or into any Person;

(2) sell, convey, transfer or dispose of, all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person; or

(3) permit any Person to merge with or into a Subsidiary Guarantor,

unless

(A) the other Person is a Subsidiary Guarantor or becomes a Subsidiary Guarantor concurrently with the transaction; or

(B)

(1) either (x) a Subsidiary Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all the obligations of the Subsidiary Guarantor under its Note Guarantee and the obligations under the Intercreditor Agreements and the Security Documents and, if applicable, the Proceeds Loan Agreement; and

(2) immediately after giving effect to the transaction, no Default has occurred and is continuing; or

(C) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of the Subsidiary Guarantor or the sale or disposition of all or substantially all the assets of the Subsidiary Guarantor (in each case other than to the Company or a Restricted Subsidiary) otherwise permitted by the Indenture.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

Suspension of covenants on achievement of Investment Grade Status

If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "*Suspension Event*"), then, the Issuer shall notify the Trustee of this fact (provided that such notice will not be a precondition of the suspension of covenants described in this paragraph) and beginning on that day and continuing until the Reversion Date, the provisions of the Indenture summarized under the following captions will not apply to such Notes: "—Limitation on Restricted Payments," "—Limitation on Indebtedness," "—Limitation on restrictions on distributions from Restricted Subsidiaries," "—Limitation on Affiliate Transactions," "—Limitation on sales of assets and subsidiary stock," and the provisions of clause (3) of the first paragraph of the covenant described under "—Merger and consolidation," and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Company and its Restricted Subsidiaries. Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Company properly taken during the continuance of the Suspension Event, and the "—Limitation on Restricted Payments" covenant will be interpreted as if it has been in effect since the date of such Indenture except that no default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended. On the Reversion Date, all Indebtedness Incurred during the continuance of the Suspension Event will be classified, at the Company's option, as having been Incurred pursuant to the first paragraph of the covenant described under "—Limitation on Indebtedness" or one of the clauses set forth in the second paragraph of such covenant (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to Indebtedness Incurred prior to the Suspension Event and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be incurred under the first two paragraphs of the covenant described under "—Limitation on Indebtedness," such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) of the second paragraph of the covenant described under "—Limitation on Indebtedness."

Impairment of security interest

The Company shall not, and shall not permit any Restricted Subsidiary to, take or omit to take any action, which action or omission would have the result of materially impairing the security interest with respect to the Collateral (it being understood that the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) for the benefit of the Trustee and the Holders, and the Company shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the Holders and the other beneficiaries described in the Security Documents, any interest whatsoever in any of the Collateral that is prohibited by the covenant entitled "Limitation on Liens;" *provided*, that the Company and its Restricted Subsidiaries may Incur Permitted Collateral Liens and the Collateral may be discharged, transferred or released in accordance with the Indenture, the Intercreditor Agreements or the applicable Security Documents. Notwithstanding the above, nothing in this covenant shall restrict the discharge and release of any security interest in accordance with the Indenture and the Intercreditor Agreements. Subject to the foregoing, the Security Documents may be amended, extended, renewed, restated, supplemented or otherwise modified or released (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets) to (i) cure any ambiguity, omission, defect or inconsistency therein; (ii) provide for Permitted Collateral Liens; (iii) add to the Collateral; or (iv) make any other change thereto that does not adversely affect the Holders in any material respect; *provided, however*, that, except where permitted by the Indenture or the Intercreditor Agreements, no Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified or released (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), unless contemporaneously with such amendment, extension, renewal, restatement, supplement or modification or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), the Company delivers to the Security Agent and the Trustee, either (1) a solvency opinion, in form and substance reasonably satisfactory to the Security Agent and the Trustee, from an independent financial advisor or appraiser or investment bank of international standing which confirms the solvency of the Company and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by an immediate retaking of a lien of at least equivalent ranking over the same assets), (2) a certificate from the chief financial officer or the Board of Directors of the relevant Person which confirms the solvency of the person granting the security interest after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), or (3) an Opinion of Counsel (subject to any qualifications customary for this type of Opinion of Counsel), in form and substance reasonably satisfactory to the Security Agent and the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), the Lien or Liens created under the Security Document, so amended, extended, renewed, restated, supplemented, modified or released and retaken, are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or release and retake and to which the new Indebtedness secured by the Permitted Collateral Lien is not subject. In the event that the Company and its Restricted Subsidiaries comply with the requirements of this covenant, the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to such amendments without the need for instructions from the Holders.

Further assurances

Subject to the Agreed Security Principles, the Company and its Restricted Subsidiaries will, at their own expense, execute and do all such acts and things and provide such assurances as the Security Agent may reasonably require (i) for registering any Security Documents in any required register and for perfecting or protecting the security intended to be afforded, created or granted by such Security Documents and (ii) if such Security Documents have become enforceable, for facilitating the realization of all or any part of the assets which are subject to such Security Documents and for facilitating the exercise of all powers, authorities and discretions vested in the Security Agent or in any receiver of all or any part of those assets. Subject to the Agreed Security Principles, the Company and its Restricted Subsidiaries will execute all transfers, conveyances, assignments and releases of that property whether to the Security Agent or to its nominees and give all notices, orders and directions which the Security Agent may reasonably request.

Subject to the Agreed Security Principles, if any Restricted Subsidiary becomes a Guarantor pursuant to the Indenture, the Company will cause such Guarantor to provide security over substantially all of its assets in favor of the Security Agent for the benefit of the Trustee acting for and on behalf of the Holders and consistently with the Intercreditor Agreements; *provided* that so long as the Senior Facilities Agreement entered into on September 20, 2012, as amended from time to time, is in place, no security need be granted over assets which are not also made subject to security in favor of the Senior Facilities Agreement. For the avoidance of doubt, the assets and shares of any Permitted Purchase Obligations SPV will be excluded from the Collateral.

Limitation on Issuer activities

The Issuer will not engage in any business activity or undertake any other activity, other than any activity: (a) subject to compliance with the terms of the Indenture, related to the offering, sale, issuance, servicing, purchase, redemption, amendment, exchange, refinancing or retirement of or investment in the Notes, the Existing Notes or any Public Debt; (b) undertaken with the purpose of, and directly related to, fulfilling its obligations under the Notes, its guarantee of the Existing Notes, the Indenture, the Existing Notes Indentures and any other document relating to the Notes and the Existing Notes (including the Proceeds Loan), the Security Documents (including the Intercreditor Agreements), the Senior Facilities Agreement or any document relating to any Public Debt; (c) related to the establishment and maintenance of the Issuer's corporate existence; (d) related to using amounts received by the Issuer to make investments in cash or Cash Equivalents in a manner not otherwise prohibited by the Indenture; or (e) reasonably related to the foregoing. The Issuer will not (a) incur any indebtedness (except to the Company or a Wholly-Owned Restricted Subsidiary) other than, subject to compliance with the terms of the Indenture, the Notes or any Public Debt or (b) issue any Capital Stock (other than to the Company or a Wholly-Owned Restricted Subsidiary).

The Issuer will not, and the Company will not permit the Issuer to, use the proceeds from the issuance of the Notes other than (i) to pay fees and expenses related to the offering of the Notes and (ii) to subscribe for the Proceeds Loan issued to Cabot (Treasury) Ireland promptly upon the receipt of proceeds from the issuance of the Notes.

Limitation on Company activities

The Company will not engage in any business or undertake any other activity, own any assets or incur any liabilities other than: (a) the ownership of the Capital Stock of CCMG, debit and credit balances with its Restricted Subsidiaries and other minimal credit and cash balances in bank accounts and related Investments in Cash Equivalents, Temporary Cash Investments or Investment Grade Securities; (b) the provision of administration services (including the on-lending of monies to Restricted Subsidiaries in the manner described in (a) above) and management services to its Subsidiaries of a type customarily provided by a holding company to its Subsidiaries and the ownership or lease of assets necessary to provide such services; (c) the entry into and performance of its obligations (and incurrence of liabilities) under the Notes, the Existing Notes, the Indenture, the Existing Notes Indentures, the Senior Facilities Agreement, any Hedging Obligations, any Public Debt, other Indebtedness (including any Additional Notes) or any other obligations, in each case permitted by the Indenture, any Security Document to which it is a party, the Intercreditor Agreements and any proceeds loans relating to the foregoing; (d) the making of any payments or other distributions of the types specified in clauses (1), (2) and (3) of the definition of Restricted Payments in compliance with the covenant described above under "—Limitation on Restricted Payments" and the making of any Permitted Investments of the types specified under clauses (6) and (16) of the definition thereof; (e) reorganizations for bona fide corporate purposes in compliance with the covenant described above under "—Merger and consolidation"; *provided* that any successor entity resulting from any such reorganization is subject to the covenant described in this paragraph; (f) the granting of security interests in accordance with the terms of the Notes, the Existing Notes, the Indenture, the Existing Notes Indentures, the Senior Facilities Agreement, any Hedging Obligations, any Public Debt, other Indebtedness or any other obligations, in each case permitted by the Indenture, any Security Document to which it is a party, the Intercreditor Agreements and any proceeds loans relating to the foregoing; (g) the entering into and performance of any rights or obligations in respect of (i) contracts and agreements with its officers, directors, employees, consultants and other providers of goods and services; (ii) subscription or purchase agreements for securities or preferred equity certificates, public offering rights agreements, voting and other shareholder agreements, engagement letters, underwriting agreements with rating agencies and other agreements in respect of its securities or any offering, sale or issuance thereof; (iii) engagement and reliance letters in respect of legal, accounting and other advice or reports commissioned by it, in each case in relation to transactions which are not prohibited by the Indenture; and (iv) sale and purchase agreements in respect of any merger and acquisition activities; (h) professional fees and administration costs in the ordinary course of business as a holding company; (i) any activities related or reasonably incidental to the establishment or maintenance of its or its Subsidiaries' corporate existence; (j) any liabilities under any purchase agreement or any other document entered into in connection with the issuance of the Notes, the Existing Cabot Notes or any other Indebtedness permitted under the Indenture (including any Additional Notes), or related to the offering, sale, issuance, servicing, purchase, redemption, amendment, exchange, refinancing or retirement of or investment in the Notes, the Existing Notes or any other Indebtedness permitted to be incurred by the Indenture; and (k) any other activities which are not specifically listed above and (i) which are ancillary to or related to those listed above or (ii) which are de minimis in nature.

Limitation on Marlin Issuer activities

At any time when the Marlin Issuer is not a Guarantor, the Marlin Issuer will not engage in any business or undertake any other activity, own any assets or incur any liabilities other than: (a) ownership of the Capital Stock of Marlin Midway Limited, minimal debit and credit balances with other Restricted Subsidiaries and other minimal credit and cash balances in bank accounts and related Investments in Cash Equivalents, Temporary Cash Investments or Investment Grade Securities; (b) the provision of administration services and management services to its Subsidiaries of a type customarily provided by a holding company to its Subsidiaries and the ownership of assets necessary to provide such services; (c) the entry into and performance of its obligations (and incurrence of liabilities) under the Existing Marlin Notes and the Existing Marlin Notes Indenture and any other obligations, in each case permitted by the Indenture, any Security Document to which it is a party and the Intercreditor Agreements; (d) reorganizations for bona fide corporate purposes in compliance with the covenant described above under "—Merger and consolidation;" *provided* that any successor entity resulting from any such reorganization is subject to the covenant described in this paragraph; (e) the granting of security interests in accordance with the terms of the Existing Marlin Notes, the Existing Marlin Notes Indenture or any other obligations, in each case permitted by the Indenture, any Security Document to which it is a party and the Intercreditor Agreements; (f) professional fees and administration costs in the ordinary course of business as a holding company; (g) any activities related or reasonably incidental to the establishment or maintenance of its or its Subsidiaries' corporate existence; (h) any liabilities under any purchase agreement or any other document entered into in connection with the issuance of the Existing Marlin Notes; (i) subject to compliance with the terms of the Indenture, any activities related to servicing, purchase, redemption, amendment, exchange, refinancing or retirement of or investment in the Existing Marlin Notes; and (j) any other activities which are not specifically listed above and (i) which are ancillary to or related to those listed above or (ii) which are de minimis in nature.

Limitation on Trust Management SPV activities

No Trust Management SPV will: (a) engage in any business activity or undertake any other activity, other than such activities (i) necessary or ancillary to managing Trust Management Assets, including as necessary to fulfill any obligations or duties of the Trust Management SPV as a trustee and including as specifically contemplated hereby including the disposition of any Trust Management Assets, Incurrence of Indebtedness where the proceeds of such Indebtedness are used to finance the purchase of Trust Management Assets and granting Liens on Trust Management Assets or (ii) related to the establishment and maintenance of the Trust Management SPV; (b) issue any Capital Stock other than to the Company or any other Restricted Subsidiary; (c) Incur any Indebtedness other than Indebtedness without recourse to the Company or any other Restricted Subsidiary or any of their assets; (d) hold any assets other than Trust Management Assets and any other assets necessary or ancillary to managing such Trust Management Assets; or (e) establish any subsidiaries or own Capital Stock of any entity for any purpose.

Limitations on amendments to the Proceeds Loan

For so long as any Notes are outstanding, the Issuer will not, except as expressly permitted by the Indenture, (i) change the Stated Maturity of the principal of, or any installment of interest on, the Proceeds Loan; (ii) reduce the rate of interest on the Proceeds Loan; (iii) change the currency for payment of any amount under the Proceeds Loan; (iv) prepay or otherwise reduce or permit the prepayment or reduction of the Proceeds Loan (except to facilitate a payment of principal on the Notes); (v) assign or novate the Proceeds Loan or any rights or obligations under the Proceeds Loan Agreement (other than to secure the Notes and the Note Guarantees or to grant any Permitted Collateral Lien or in connection with a transaction that is subject to the covenant described under the caption "—Merger and consolidation" and is completed in compliance therewith); or (vi) amend, modify or alter the Proceeds Loan or the Proceeds Loan Agreement and the terms of the Intercreditor Agreements related to the Proceeds Loan in any manner adverse to the rights of the Holders in any material respect. Notwithstanding the foregoing, (i) the Proceeds Loan may be prepaid or reduced to facilitate or otherwise accommodate or reflect a repayment, redemption or repurchase of outstanding Notes and (ii) to the extent not having a materially adverse effect to Holders, the Proceeds Loan may be novated and/or assigned to any Guarantor.

Payments for consent

The Indenture will provide that the Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder for or as an inducement to any consent, waiver or amendment of any of the terms of the provisions of the Indenture or the Notes unless such consideration is offered to all Holders and is paid to all Holders that so consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement. Notwithstanding the foregoing, the Issuer, the Company and its Restricted Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes, to exclude Holders in any jurisdiction where (i) the solicitation of such consent, waiver or amendment, including in connection with an exchange offer or an offer to purchase for cash, or (ii) the payment of the consideration therefor (A) would require the Issuer, the Company or any of its Restricted Subsidiaries to file a registration statement, prospectus or similar document under any applicable securities laws (including, but not limited to, the United States federal securities laws and the laws of the European Union or its member states), which the Issuer and the Company in their sole discretion determine (acting in good faith) would be materially burdensome; or (B) would otherwise not be permitted under applicable law in such jurisdiction.

Events of Default

Each of the following is an "Event of Default" under the Indenture:

(1) default in any payment of interest or Additional Amounts, if any, on any Note when due and payable, continued for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure to comply for 30 days after written notice by the Trustee on behalf of the Holders or by the Holders of 25% in principal amount of the outstanding Notes with the Issuer's obligations under the covenants described under "—Change of Control" above or the Guarantors' or the Restricted Subsidiaries' or the Issuer's obligations under the covenants described under "—Certain covenants" above (in each case, other than a failure to purchase Notes which will constitute an Event of Default under clause (2) above);

(4) failure to comply for 60 days after written notice by the Trustee on behalf of the Holders or by the Holders of 25% in principal amount of the outstanding Notes with the Guarantors' or Issuer's other agreements contained in the Indenture;

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Company or any of its Restricted Subsidiaries) other than Indebtedness owed to the Company or a Restricted Subsidiary whether such Indebtedness or Guarantee exists on the Issue Date, or is created after the Issue Date, which default:

(a) is caused by a failure to pay principal of, or interest or premium, if any, on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness ("*payment default*"); or

(b) results in the acceleration of such Indebtedness prior to its maturity (the "*cross acceleration provision*");

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates £10.0 million or more;

(6) certain events of bankruptcy, insolvency or court protection of the Issuer, the Existing Cabot Notes Issuer, the Marlin Issuer, the Company, CCMG or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries), would constitute a Significant Subsidiary;

(7) failure by the Issuer, the Company or any Restricted Subsidiary to pay final judgments aggregating in excess of £10.0 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final;

(8) any security interest under the Security Documents on any material Collateral shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document and the Indenture) for any reason other than the satisfaction in full of all obligations under the Indenture or the release or amendment of any such security interest in accordance with the terms of the Indenture or such Security Document or any such security interest created thereunder shall be declared invalid or unenforceable or the Issuer shall assert in writing that any such security interest is invalid or unenforceable and any such default continues for 10 days;

(9) any Note Guarantee ceases to be in full force and effect, other than in accordance with the terms of the Indenture, or a Guarantor denies or disaffirms its obligations under its Note Guarantee, other than in accordance with the terms thereof or upon release of the Note Guarantee in accordance with the Indenture; and

(10) except in accordance with the Indenture or as a result of a repayment in full, the Proceeds Loan Agreement ceases to be in full force and effect or is declared fully or partially void in a judicial proceeding or Cabot (Treasury) Ireland or the Company or any other Restricted Subsidiary asserts that the Proceeds Loan is fully or partially invalid;

provided, *however*, that a default under clauses (3), (4), (5) or (7) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of 25% in principal amount of the outstanding Notes notify the Issuer of the default and, with respect to clauses (3), (4), (5) and (7) the Issuer does not cure such default within the time specified in clauses (3), (4), (5) or (7), as applicable, of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (6) above) occurs and is continuing, the Trustee by notice to the Issuer or the Holders of at least 25% in principal amount of the outstanding Notes by written notice to the Issuer and the Trustee, may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest, including Additional Amounts, if any, will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (5) above has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (5) above shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest, including Additional Amounts, if any, on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

If an Event of Default described in clause (6) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

The Holders of not less than a majority in aggregate principal amount of the Notes then outstanding under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to (i) nonpayment of principal, premium or interest, or Additional Amounts, if any and (ii) a covenant or provision which under the Indenture cannot be modified or amended without the consent of the Holders of not less than 90% in aggregate principal amount of the Notes then outstanding, each of which may only be waived with the consent of the Holders of not less than 90% in aggregate principal amount of the Notes then outstanding) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity and/or security satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) Holders of at least 25% in principal amount of the outstanding Notes have requested in writing that the Trustee pursue the remedy;

(3) such Holders have offered in writing to the Trustee security and/or indemnity satisfactory to the Trustee against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the written request and the offer of security and/or indemnity; and

(5) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a written direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in aggregate principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Indenture will provide that, in the event an Event of Default has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification and/or security satisfactory to it against all losses and expenses caused by taking or not taking such action.

The Indenture will provide that if a Default occurs and is continuing and the Trustee is informed of such occurrence by the Issuer, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Issuer. The Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year (and within 14 days upon request at any time after the 120 days), an Officer's Certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Issuer is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Issuer is taking or proposes to take in respect thereof.

The Notes will provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified and/or secured to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity to it, and it will be for the Holders to take action directly.

Amendments and waivers

Subject to certain exceptions, the Documents may be amended, supplemented or otherwise modified with the consent of the Holders of a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes). However, without the consent of Holders holding not less than 90% of the then outstanding principal amount of Notes, an amendment or waiver may not, with respect to any such Notes held by a non-consenting Holder:

(1) reduce the principal amount of such Notes whose Holders must consent to an amendment;

(2) reduce the stated rate of or extend the stated time for payment of interest on any such Note;

(3) reduce the principal of or extend the Stated Maturity of any such Note;

(4) reduce the premium payable upon the redemption of any such Note or change the time at which any such Note may be redeemed, in each case as described above under "—Optional redemption" or "—Redemption for taxation reasons";

(5) make any such Note payable in currency other than that stated in such Note;

(6) impair the right of any Holder to receive payment of principal of and interest or Additional Amounts, if any, on such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any such payment on or with respect to such Holder's Notes;

(7) make any change in the provision of the Indenture described under "—Additional Amounts" that adversely affects the right of any Holder of such Notes in any material respect;

(8) release all or substantially all the Guarantors from their obligations under their respective Note Guarantees or the Indenture, except otherwise in accordance with the terms of the Indenture;

(9) release the security interest granted for the benefit of the Holders in the Collateral other than pursuant to the terms of the Security Documents or as otherwise permitted by the Indenture and the Intercreditor Agreements;

(10) waive a Default or Event of Default with respect to the nonpayment of principal, premium, interest or Additional Amounts, if any, on the Notes (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration); or

(11) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence.

Notwithstanding the foregoing, without the consent of any Holder, the Issuer, the Guarantors, the Trustee, the Security Agent and the other parties thereto, as applicable, may amend or supplement any Note Documents to:

(1) cure any ambiguity, omission, defect, error or inconsistency, conform any provision of the Note Documents to this "Description of the Notes," or reduce the minimum denomination of the Notes;

(2) provide for the assumption by a successor Person of the obligations of the Issuer or the Guarantors under any Note Document;

(3) provide for uncertificated Notes in addition to or in place of certificated Notes (*provided* that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated Notes are described in Section 163(f)(2)(B) of the Code);

(4) add to the covenants or provide for a Note Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Issuer, the Company or any Restricted Subsidiary;

(5) make any change that does not adversely affect the rights of any Holder in any material respect or make any change that would provide any additional rights or benefits to the Trustee or the Holders;

(6) make such provisions as necessary (as determined in good faith by the Issuer) for the issuance of Additional Notes;

(7) provide for any Restricted Subsidiary to provide a Note Guarantee in accordance with the covenant described under "—Certain covenants—Additional Note Guarantees," to add Note Guarantees, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Note Guarantee or Lien (including the Collateral and the Security Documents) with respect to or securing the Notes when such release, termination, discharge or retaking is provided for under the Indenture and the Security Documents, including the Intercreditor Agreements;

(8) evidence and provide for the acceptance and appointment under the Indenture of a successor Trustee pursuant to the requirements thereof or to provide for the accession by the Trustee to any Note Document;

(9) in the case of the Security Documents, mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent for the benefit of parties to the Senior Facilities Agreement, in any property which is required by the Senior Facilities Agreement (as in effect on the Issue Date) to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Security Agent, or to the extent necessary to grant a security interest for the benefit of any Person; *provided* that the granting of such security interest is not prohibited by the Indenture and the covenant described under "—Certain covenants—Impairment of security interest" is complied with;

(10) as provided in "—Security—Amendments to the Intercreditor Agreements and Additional Intercreditor Agreements."

The Issuer will, for so long as the Notes are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market, to the extent required by the rules and regulations of the Luxembourg Stock Exchange, inform the Luxembourg Stock Exchange of any of the foregoing amendments, supplements and waivers and provide, if necessary, a supplement to this offering memorandum setting forth reasonable details in connection with any such amendments, supplements or waivers.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of any Note Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any Holder given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

For so long as the Notes are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market and the rules and regulations of the Luxembourg Stock Exchange so require, the Issuer will communicate a notice of any amendment, supplement and waiver to the Luxembourg Stock Exchange and publish such notice on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

Acts by Holders

In determining whether the Holders of the required principal amount of the Notes have concurred in any direction, waiver or consent, the Notes owned by the Issuer or by any Person directly or indirectly controlling, or controlled by, or under direct or indirect common control with, the Issuer will be treated as though they are not outstanding.

Defeasance

The Issuer at any time may terminate all obligations of the Issuer, the Company and the Guarantors under the Notes and the Indenture ("*legal defeasance*") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Notes, registrations of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Issuer exercises its legal defeasance option, the Security Documents in effect at such time will terminate with respect to the Notes (other than with respect to the defeasance trust).

The Issuer at any time may terminate all obligations under the covenants described under "—Certain covenants" (other than clauses (1) and (2) of "—Certain covenants—Merger and consolidation") and "—Change of Control" and the default provisions relating to such covenants described under "—Events of Default" above, the operation of the cross default upon a payment default, the cross acceleration provisions, the bankruptcy provisions, the judgment default provision, the guarantee default provision and the security default provision described under "—Events of Default" above ("*covenant defeasance*").

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of the covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to the Notes. If the Issuer exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of Default specified in clause (3) (other than with respect to clauses (1) and (2) of the covenant described under "—Certain covenants—Merger and consolidation"—"The Company, CCMG and the Issuer"), (4), (5), (6) (other than with respect to the Issuer, the Existing Cabot Notes Issuer, the Marlin Issuer, CCMG and the Company), (7), (8) or (9) of the first paragraph under "—Events of Default" above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "*defeasance trust*") with the Trustee (or such other entity designated by the Trustee for this purpose) cash in euro, euro-denominated European Government Obligations, or a combination of cash in euro and euro-denominated European Government Obligations, in such amounts as will be sufficient for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(1) an Opinion of Counsel in the United States to the effect that Holders will not recognize income, gain or loss for US federal income tax purposes as a result of such deposit and defeasance and will be subject to US federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel in the United States must be based on a ruling of the US Internal Revenue Service or other change in applicable US federal income tax law since the Issue Date);

(2) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer;

(3) an Officer's Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with;

(4) an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the US Investment Company Act of 1940; and

(5) all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

Satisfaction and discharge

The Indenture, and the rights of the Trustee and the Holders under the Security Documents, will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when (1) either (a) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Trustee for cancellation; or (b) all Notes not previously delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer; (2) the Issuer has deposited or caused to be deposited with the Trustee (or such other entity designated by the Trustee for this purpose), cash in euro, euro-denominated European Government Obligations, or a combination of cash in euro and euro-denominated European Government Obligations in an amount sufficient to pay and discharge the entire indebtedness on the Notes not previously delivered to the Trustee for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; (3) the Issuer has paid or caused to be paid all other sums payable under the Indenture; and (4) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the "—Satisfaction and Discharge" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

No personal liability of directors, officers, employees and shareholders

No director, officer, employee, incorporator or shareholder of the Issuer or the Company or any of their respective Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer, the Company or the Guarantors under the Note Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the US federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Concerning the Trustee and certain agents

Citibank N.A., London Branch, is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are set forth specifically in such Indenture. During the existence of an Event of Default, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Indenture imposes certain limitations on the rights of the Trustee, should it become a creditor of the Issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions with the Company, the Issuer and their respective Affiliates and Subsidiaries.

The Indenture will set out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the then outstanding Notes, or may resign at any time by giving written notice to the Issuer and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated, (b) fails to meet certain minimum limits regarding the aggregate of its capital and surplus or (c) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Issuer may remove the Trustee, or any Holder who has been a bona fide Holder for not less than six months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture will contain provisions for the indemnification of the Trustee for any loss, liability, taxes and expenses incurred without negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of the Indenture.

The Indenture will provide that any payment by a Paying Agent under the Indenture will be made without any deduction or withholding for or on account of any Taxes unless such deduction or withholding is required by any applicable law. If Taxes are paid by a Paying Agent or any of its affiliates, the Payor shall promptly reimburse the Paying Agent for such payment to the extent not covered by withholding from any payment. If a Paying Agent is required to make a deduction or withholding referred to above, it will not be required to pay an additional amount in respect of that deduction or withholding to the Payor.

In the Indenture, each Payor will undertake to the Paying Agent that:

(1) it will provide to the Paying Agent all documentation and other information required by the Paying Agent from time to time to comply with any applicable law forthwith upon request by the Agent; and

(2) it will notify the Paying Agent in writing within 30 days of any change that affects the Payor's tax status pursuant to any applicable law.

Under the terms of the Indenture it will be the sole responsibility of the Issuer to determine whether a deduction or withholding is or will be required from any payment to be made in respect of the Notes or otherwise in connection with the Indenture and to procure that such deduction or withholding is made in a timely manner to the appropriate authorities and the Issuer will be required to promptly notify each Paying Agent upon determining or becoming aware of such requirement. The Issuer shall provide such Paying Agent with all information required for such Paying Agent to be able to make any such payment.

Notices

All notices to Holders will be validly given if mailed to them at their respective addresses in the register of the Holders, if any, maintained by the Registrar. For so long as any Notes are represented by Global Notes, all notices to Holders will be delivered to Euroclear and Clearstream, delivery of which shall be deemed to satisfy the requirements of this paragraph, each of which will give such notices to the holders of Book-Entry Interests. In addition, for so long as any of the Notes are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market and the rules and regulations of the Luxembourg Stock Exchange so require, notices with respect to the Notes listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market will be communicated to the Luxembourg Stock Exchange and published on the official website of the Luxembourg Stock Exchange or if, in the opinion of the Trustee such publication is not practicable, in an English language newspaper having general circulation in Europe.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Person if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

Prescription

Claims against the Issuer or any Guarantor for the payment of principal, or premium, if any, on the Notes or any Note Guarantee will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Currency indemnity

The euro is the sole currency of account and payment for all sums payable by the Issuer and any Guarantor under or in connection with the Notes or any Note Guarantee, as applicable, including damages. Any amount received or recovered in a currency other than euro, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or any Guarantor will only constitute a discharge to the Issuer or such Guarantor to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that euro amount is less than the euro amount expressed to be due to the recipient or the Trustee under any Note, the Issuer and the Guarantors will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer and the Guarantors will indemnify the recipient or the Trustee against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be *prima facie* evidence of the matter stated therein for the Holder or the Trustee to certify in a manner satisfactory to the Issuer (indicating the sources of information used) the loss it incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantors' other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or to the Trustee.

Enforceability of judgments

Since all the assets of the Issuer and the Guarantors are located outside the United States, any judgment obtained in the United States against any of them, including judgments with respect to the payment of principal, premium, if any, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States. See "Enforceability of judgments."

Consent to jurisdiction and service

In relation to any legal action or proceedings arising out of or in connection with the Indenture and the Notes, the Issuer and the Guarantors will in the Indenture irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States. See "Enforcement of civil liabilities."

Governing law

The Indenture and the Notes, including any Note Guarantees, and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of the State of New York. The provisions of Article 86 to 94-8 of the Luxembourg law dated August 10, 1915 on commercial companies, as amended, will not apply to the Indenture and the Notes.

Certain definitions

"*Acquired Indebtedness*" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, (2) assumed in connection with the acquisition of assets from any Person, in each case whether or not Incurred in connection with such Person becoming a Restricted Subsidiary or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Company or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

"*Additional Assets*" means:

(1) any property or assets (other than Indebtedness and Capital Stock) used or to be used by the Company or a Restricted Subsidiary or otherwise useful in a Similar Business (it being understood that capital expenditures on property or assets already used in Similar Business or to replace any property or assets that are the subject of such Asset Disposition shall be deemed an investment in Additional Assets);

(2) the Capital Stock of a Person that is engaged in a Similar Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Company or a Restricted Subsidiary; or

(3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary engaged in a Similar Business.

"*Affiliate*" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control," when used with respect to any Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"*Agreed Security Principles*" means the agreed security principles as set out in an annex to the Indenture as in effect on the Issue Date, as applied reasonably and in good faith by the Company.

"*Applicable Premium*" means, with respect to any Note on any redemption date, the greater of:

(1) 1.0% of the principal amount of such Note; or

(2) the excess of:

(i) the present value at such redemption date of (x) the redemption price of such Note at November 15, 2018 (such redemption price being set forth in the table appearing under the caption "—Optional redemption"), plus (y) all required interest payments due on such Note through November 15, 2018 (excluding accrued but unpaid interest), computed using a discount rate equal to the Bund Rate as of such redemption date plus 50 basis points and assuming that the rate of interest on such Notes from the redemption date through November 15, 2018 will equal the rate of interest on such Notes on the date on which the applicable notice of redemption is given; over

(ii) the outstanding principal amount of such Note;

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate. For the avoidance of doubt, calculation of the Applicable Premium shall not be an obligation or duty of the Trustee, Registrar, Transfer Agent, Calculation Agent or any Paying Agent.

"*Asset Disposition*" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "disposition") by the Company or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction; *provided* that the sale, conveyance or other disposition of all or substantially all the assets of the Company and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described above under the caption "—Change of Control" or the provisions described above under the caption "—Certain covenants—Merger and consolidation" and not by the provisions of the Asset Disposition covenant. Notwithstanding the preceding provisions of this definition, the following items shall not be deemed to be Asset Dispositions:

(1) a disposition by a Restricted Subsidiary to the Company or by the Company or a Restricted Subsidiary to a Restricted Subsidiary;

(2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(3) a disposition of performing, sub-performing or charged-off accounts, loans, receivables, mortgages, debentures, claims or other similar assets or instruments or portfolios thereof or inventory or other assets, in each case, in the ordinary course of business, including into a trust in favor of third parties or otherwise;

(4) a disposition of obsolete, surplus or worn out equipment, or equipment or other property that is no longer useful in the conduct of the business of the Company and its Restricted Subsidiaries;

(5) transactions permitted under "—Certain covenants—Merger and consolidation—The Company, CCMG and the Issuer" or a transaction that constitutes a Change of Control;

(6) an issuance of Capital Stock by a Restricted Subsidiary to the Company or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors of the Company;

(7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Company) of less than the greater of (i) £17.0 million and (ii) 1.5% of Total Assets;

(8) any Restricted Payment that is permitted to be made, and is made, under the covenant described above under "—Certain covenants—Limitation on Restricted Payments" and the making of any Permitted Payment or Permitted Investment or, solely for purposes of clause (3) of the first paragraph under "—Certain covenants—Limitation on sales of assets and subsidiary stock," asset sales, in respect of which (and only to the extent that) the proceeds of which are used to make such Restricted Payments or Permitted Investments;

(9) dispositions in connection with Permitted Liens;

(10) dispositions of Receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(11) the licensing or sub-licensing of intellectual property or other general intangibles and licenses, sub-licenses, leases or subleases of other property, in each case, in the ordinary course of business;

(12) foreclosure, condemnation or any similar action with respect to any property or other assets;

(13) any disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(14) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind; and

(15) any disposition with respect to property built, owned or otherwise acquired by the Company or any Restricted Subsidiary pursuant to customary sale and leaseback transactions, finance leases, asset securitizations and other similar financings permitted by the Indenture where the fair market value of the assets disposed of, when taken together with all other dispositions made pursuant to this clause (15), does not exceed the greater of (i) £17.0 million and (ii) 1.5% of Total Assets.

"*Associate*" means (1) any Person engaged in a Similar Business of which the Company or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (2) any joint venture entered into by the Company or any Restricted Subsidiary.

"*Board of Directors*" means (1) with respect to the Company, the Issuer or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval).

"*Bridge Facility Agreement*" means the senior secured bridge facilities agreement dated June 1, 2015, among the Company, the Parent, the Security Agent, J.P. Morgan Europe Limited as facilities agent and the other parties named therein, as amended, amended and restated, supplemented, refinanced, replaced or otherwise modified from time to time.

"*Bund Rate*" means, with respect to any redemption date, the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (Bunds or *Bundesanleihen*) with a constant maturity (as officially compiled and published in the most recent financial statistics that has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Company in good faith)) most nearly equal to the period from the redemption date to November 15, 2018; *provided, however*, that if the period from the redemption date to November 15, 2018 is not equal to the constant maturity of a direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from such redemption date to November 15, 2018 is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used.

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in London, United Kingdom, New York, New York, United States or Luxembourg are authorized or required by law to close; *provided*, *however*, that for any payments to be made under the Indenture, such day shall also be a day on which the second generation Trans-European Automated Real-time Gross Settlement Express Transfer ("*TARGET2*") payment system is open for the settlement of payments.

"*Cabot Intercreditor Agreement*" means the intercreditor agreement, dated September 20, 2012, as supplemented by accession deeds dated August 2, 2013, March 14, 2014, May 28, 2015 and July 28, 2015, among the Existing Cabot Notes Issuer, the guarantors of the Existing Cabot Notes, the Security Agent, the agent for the Senior Facilities Agreement, the Trustee in respect of the Existing Cabot Notes, the trustee in respect of the Existing Marlin Notes and the other parties named therein, to which the Trustee will accede on the Issue Date in respect of the Notes, as amended, restated or otherwise modified or varied from time to time.

"*Calculation Agent*" means a financial institution appointed by the Issuer to calculate the interest rate payable on the Notes in respect of each interest period, which shall initially be Citibank, N.A., London Branch.

"*Capital Stock*" of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"*Capitalized Lease Obligation*" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes on the basis of IFRS. The amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined on the basis of IFRS, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"*Cash Equivalents*" means:

(1) securities issued or directly and fully Guaranteed or insured by the government of the United States, Canada, a member state of the European Union (other than Greece and Portugal), Switzerland or Norway or, in each case, any agency or instrumentality thereof (*provided* that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(2) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances (in each case, including any such deposits made pursuant to any sinking fund established by the Company or any Restricted Subsidiary) having maturities of not more than one year from the date of acquisition thereof issued by any lender party to a Credit Facility or by any bank or trust company (a) whose commercial paper is rated at least "A-1" or the equivalent thereof by S&P or at least "P-1" or the equivalent thereof by Moody's (or, if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of £250 million;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;

(4) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P or "P-2" or the equivalent thereof by Moody's or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(5) readily marketable direct obligations issued by any state of the United States of America, any province of Canada, any member state of the European Union (other than Greece and Portugal), Switzerland or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P (or, if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(6) Indebtedness or Preferred Stock issued by Persons with a rating of "BBB−" or higher from S&P or "Baa3" or higher from Moody's (or, if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(7) bills of exchange issued in the United States, Canada, a member state of the European Union (other than Greece and Portugal), Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent); and

(8) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (7) above.

"*Change of Control*" means:

(1) the Company becomes aware (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) that any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Company, *provided* that for the purposes of this clause, any holding company whose only asset is the Capital Stock of the Company will not itself be considered a "person" or "group";

(2) following the Initial Public Offering of the Company or any Parent, during any period of two consecutive years, individuals who at the beginning of such period constituted the majority of the directors (excluding any employee representatives, if any) on the Board of Directors of the Company or any Parent (together with any new directors whose election by the majority of such directors on such Board of Directors of the Company or any Parent or whose nomination for election by shareholders of the Company or any Parent, as applicable, was approved by a vote of the majority of such directors on the Board of Directors of the Company or any Parent then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute the majority of the directors (excluding any employee representatives, if any) on the Board of Directors of the Company or any Parent, then in office; or

(3) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all the assets of the Company and its Restricted Subsidiaries taken as a whole to a Person, other than a Restricted Subsidiary or one or more Permitted Holders.

"*Clearstream*" means Clearstream Banking, *société anonyme*, or any successor securities clearing agency.

"*Code*" means the US Internal Revenue Code of 1986, as amended.

"*Commodity Hedging Agreements*" means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

"*Company*" means Cabot Financial Limited and its successors and assigns.

“*Consolidated EBITDA*” for any period means, without duplication, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

(1) Fixed Charges plus, to the extent not already included or added back, any costs associated with Hedging Obligations or derivatives;

(2) Consolidated Income Taxes;

(3) consolidated depreciation expense;

(4) consolidated amortization expense, including any amortization of portfolio assets;

(5) any expenses, charges or other costs related to any Equity Offering, Investment, acquisition (including amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business; *provided* that such payments are made in connection with such acquisition and are consistent with the customary practice in the industry at the time of such acquisition), disposition, recapitalization or the Incurrence of any Indebtedness permitted by the Indenture (in each case whether or not successful) (including any such fees, expenses or charges related to the Transactions), in each case, as determined in good faith by an Officer of the Company;

(6) any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period or any prior period or any net earnings, income or share of profit of any Associates, associated company or undertaking;

(7) the amount of management, monitoring, consulting, employment and advisory fees and related expenses paid in such period to the Permitted Holders to the extent permitted by the covenant described under “—Certain covenants—Limitation on Affiliate Transactions”;

(8) other non-cash charges, write-downs or items reducing Consolidated Net Income (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges in any future period) less other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash in any future period);

(9) the proceeds of any business interruption insurance received or that become receivable during such period to the extent the associated losses arising out of the event that resulted in the payment of such business interruption insurance were included in computing Consolidated Net Income;

(10) payments received or that become receivable with respect to expenses that are covered by indemnification provisions in any agreement entered into by such Person in connection with an acquisition to the extent such expenses were included in computing Consolidated Net Income; and

(11) any amount corresponding to any revaluation of portfolio assets, as determined in good faith by the Board of Directors or an Officer of the Company (to the extent not duplicated with any non-cash charges set forth in clause (8) hereof).

Notwithstanding the foregoing, the provision for taxes and the depreciation, amortization, non-cash items, charges and write-downs of a Restricted Subsidiary shall be added to Consolidated Net Income to compute Consolidated EBITDA only to the extent (and in the same proportion, including by reason of minority interests) that the net income (loss) of such Restricted Subsidiary was included in calculating Consolidated Net Income for the purposes of this definition.

“*Consolidated Income Taxes*” means Taxes or other payments, including deferred Taxes, based on income, profits or capital (including without limitation withholding Taxes) and corporation Taxes and franchise Taxes of any of the Company and its Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any Governmental Authority.

“*Consolidated Interest Expense*” means, with respect to any Person for any period, without duplication, (1) interest payable (whether in cash or capitalized) on Financial Indebtedness of such Person and its Restricted Subsidiaries for such period, plus (i) any amortization of debt discount with respect to such Indebtedness and (ii) any commissions, discounts and other fees and charges owed with respect to letters of credit and bankers’ acceptance financing or bank guarantees, but, in each case, excluding any expense associated with Subordinated Shareholder Funding less (2) interest income for such period.

"*Consolidated Leverage*" means the sum of the aggregate outstanding Financial Indebtedness of the Company and its Restricted Subsidiaries as of the relevant date of calculation on a consolidated basis in accordance with IFRS.

"*Consolidated Leverage Ratio*" means, as of any date of determination, the ratio of (x) Consolidated Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Company are available; *provided*, *however*, that for the purposes of calculating Consolidated EBITDA for such period, if, as of such date of determination:

(1) since the beginning of such period the Company or any Restricted Subsidiary has disposed of any company, any business, or any group of assets constituting an operating unit of a business (any such disposition, a "*Sale*") or if the transaction giving rise to the need to calculate the Consolidated Leverage Ratio is such a Sale, Consolidated EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period; *provided* that if any such Sale constitutes "discontinued operations" in accordance with the then applicable IFRS, Consolidated Net Income shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to such operations for such period or increased by an amount equal to the Consolidated Net Income (if negative) attributable thereto for such period;

(2) since the beginning of such period, the Company or any Restricted Subsidiary (by merger or otherwise) has made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise has acquired any company, any business, or any group of assets constituting an operating unit of a business (any such Investment or acquisition, a "*Purchase*"), including any such Purchase occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect thereto as if such Purchase occurred on the first day of such period; and

(3) since the beginning of such period, any Person (that became a Restricted Subsidiary or was merged or otherwise combined with or into the Company or any Restricted Subsidiary since the beginning of such period) will have made any Sale or any Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Company or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect thereto as if such Sale or Purchase occurred on the first day of such period.

For the purposes of this definition and the definitions of Consolidated EBITDA, Consolidated Income Taxes, Consolidated Interest Expense, Consolidated Net Income and Fixed Charge Coverage Ratio for the Company and its Restricted Subsidiaries, (a) calculations will be as determined in good faith by a responsible financial or accounting officer of the Company (including in respect of synergies and cost savings) and (b) in determining the amount of Indebtedness outstanding on any date of determination, *pro forma* effect shall be given to any Incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness as if such transaction had occurred on the first day of the relevant period.

"*Consolidated Net Income*" means, for any period, the profit (loss) on ordinary activities after taxation of the Company and its Restricted Subsidiaries determined on a consolidated basis on the basis of IFRS; *provided*, *however*, that there will not be included in such Consolidated Net Income:

(1) subject to the limitations contained in clause (3) below, any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that the Company's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents (x) actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution or return on investment or (y) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under "—Certain covenants—Limitation on Restricted Payments," that could have been distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution or return on investment, as reasonably determined by an Officer of the Company (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below);

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under "—Certain covenants—Limitation on Restricted Payments," any profit (loss) on ordinary activities after taxation of any Restricted Subsidiary (other than any Guarantor) if such Restricted Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Company or a Guarantor by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree,

order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to or permitted under the Senior Facilities Agreement, the Notes, the Existing Notes, the Indenture and the Existing Notes Indentures and (c) restrictions specified in clause (11)(i) of the second paragraph of the covenant described under "—Certain covenants—Limitation on restrictions on distributions from Restricted Subsidiaries") except that the Company's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Company or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);

(3) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Company or any Restricted Subsidiaries (including pursuant to any sale/leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by an Officer or the Board of Directors of the Company);

(4) any extraordinary, exceptional, unusual or nonrecurring gain, loss or charge (as determined in good faith by the Company), or any charges or reserves in respect of any restructuring, redundancy or severance expense;

(5) the cumulative effect of a change in accounting principles;

(6) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards and any non-cash deemed finance charges in respect of any pension liabilities or other provisions;

(7) all deferred financing costs written off and premiums paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness;

(8) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(9) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies;

(10) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Company or any Restricted Subsidiary owing to the Company or any Restricted Subsidiary;

(11) any purchase accounting effects including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets and deferred revenue in component amounts required or permitted by IFRS and related authoritative pronouncements (including the effects of such adjustments pushed down to the Company and the Restricted Subsidiaries), as a result of any consummated acquisition, or the amortization or write-off of any amounts thereof (including any write-off of in process research and development);

(12) any goodwill or other intangible asset impairment charge or write-off; and

(13) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

(a) for the purchase or payment of any such primary obligation; or

(b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*Credit Facility*" means, with respect to the Company or any of its Subsidiaries, one or more debt facilities, indentures or other arrangements (including the Senior Facilities Agreement or commercial paper facilities and overdraft facilities) with banks, other financial institutions or investors providing for revolving credit loans, term loans, notes, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended from time to time (whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks or institutions and whether provided under the original Senior Facilities Agreement or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Company as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Currency Agreement*" means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

"*Default*" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"*Designated Non-Cash Consideration*" means the fair market value (as determined in good faith by the Company) of non-cash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under "—Certain covenants—Limitation on sales of assets and subsidiary stock."

"*Designated Preference Shares*" means, with respect to the Company or any Parent, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to the Company or a Subsidiary of the Company or an employee stock ownership plan or trust established by the Company or any such Subsidiary for the benefit of their employees to the extent funded by the Company or such Subsidiary) and (b) that is designated as "Designated Preference Shares" pursuant to an Officer's Certificate of the Company at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clause (c)(ii) of the first paragraph of the covenant described under "—Certain covenants—Limitation on Restricted Payments."

"*Disinterested Director*" means, with respect to any Affiliate Transaction, a member of the Board of Directors of the Company having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of the Board of Directors of the Company shall be deemed not to have such a financial interest solely by reason of such member's holding Capital Stock of the Company or any Parent or any options, warrants or other rights in respect of such Capital Stock.

"*Disqualified Stock*" means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

(1) matures or is mandatorily redeemable for cash or in exchange for Indebtedness pursuant to a sinking fund obligation or otherwise;

(2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of the Company or a Restricted Subsidiary); or

(3) is or may become (in accordance with its terms) upon the occurrence of certain events or otherwise redeemable or repurchasable for cash or in exchange for Indebtedness at the option of the holder of the Capital Stock in whole or in part,

in each case on or prior to the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding; *provided*, *however*, that (i) only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock and (ii) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Company to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (howsoever defined or referred to) shall not constitute Disqualified Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with the covenant described under "—Certain covenants—Limitation on Restricted Payments."

"*Encore Capital*" means Encore Capital Group, Inc. and any successor thereto (by merger, consolidation, transfer, conversion of legal form or otherwise).

"*Equity Offering*" means (x) a sale of Capital Stock of the Company (other than Disqualified Stock or Designated Preference Shares and other than an Excluded Contribution) other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions, or (y) the sale of Capital Stock or other securities of the Parent, the proceeds of which are contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Company or any of its Restricted Subsidiaries.

"*ERC*" means, for any date of calculation, the aggregate amount of estimated remaining collections projected to be received by the Company and its Restricted Subsidiaries from all Right to Collect Accounts and all performing, sub-performing or charged-off accounts, loans, receivables, mortgages, debentures or claims or other similar assets or instruments or portfolios thereof owned by the Company and its Restricted Subsidiaries (excluding, for the avoidance of doubt, any Trust Management Assets and any Right to Collect Accounts, performing, sub-performing or charged-off accounts, cash and bank accounts or other similar assets or instruments which are (or will) be held on trust for a third party which is not the Company or any Restricted Subsidiary) during the period of 84 months, as calculated by the Portfolio ERC Model, as at the last day of the month most recently ended prior to the date of calculation.

"*Escrowed Proceeds*" means the proceeds from the offering of any debt securities or other Indebtedness paid into an escrow account with an independent escrow agent on the date of the applicable offering or Incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow account upon satisfaction of certain conditions or the occurrence of certain events. The term "Escrowed Proceeds" shall include any interest earned on the amounts held in escrow.

"*Euroclear*" means Euroclear Bank SA/NV or any successor securities clearing agency.

"*European Government Obligations*" means any security that is (a) a direct obligation of any country that is a member of the European Monetary Union on the Issue Date whose long-term debt is rated "Aa2" or higher by Moody's or "AA" or higher by S&P or the equivalent of another internationally recognized rating agency, for the payment of which the full faith and credit of such country is pledged; or (b) an obligation of a person controlled or supervised by or acting as an agency or instrumentality of any such country, the payment of which is unconditionally Guaranteed as a full faith and credit obligation by such country, which, in either case of (a) or (b), is not callable or redeemable at the option of the issuer thereof.

"*Exchange Act*" means the US Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Excluded Contribution*" means Net Cash Proceeds or property or assets received by the Company as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Company, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Company.

"*Existing 2019 Cabot Notes*" means the £265 million aggregate principal amount of senior secured notes due 2019 issued by the Existing Cabot Notes Issuer on September 20, 2012 pursuant to the Existing 2019 Cabot Notes Indenture.

“*Existing 2019 Cabot Notes Indenture*” means the indenture, dated September 20, 2012, as supplemented by supplemental indentures dated June 13, 2013, March 14, 2014, May 14, 2014, May 28, 2015 and July 28, 2015, among the Existing Cabot Notes Issuer, Citibank, N.A., London Branch, as trustee, principal paying agent and transfer agent, Citigroup Global Markets Deutschland AG, as registrar, J.P. Morgan Europe Limited, as security agent, and the guarantors parties thereto.

“*Existing 2020 Cabot Notes*” means the £100 million aggregate principal amount of senior secured notes due 2020 issued by the Existing Cabot Notes Issuer on August 2, 2013 pursuant to the Existing 2020 Cabot Notes Indenture.

“*Existing 2020 Cabot Notes Indenture*” means the indenture, dated August 2, 2013, as supplemented by supplemental indentures dated March 14, 2014, May 14, 2014, May 28, 2015 and July 28, 2015 among the Existing Cabot Notes Issuer, Citibank, N.A., London Branch, as trustee, principal paying agent and transfer agent, Citigroup Global Markets Deutschland AG, as registrar, J.P. Morgan Europe Limited, as security agent, and the guarantors parties thereto.

“*Existing 2021 Cabot Notes*” means the £175 million aggregate principal amount of senior secured notes due 2021 issued by the Existing Cabot Notes Issuer on March 27, 2014 pursuant to the Existing 2021 Cabot Notes Indenture.

“*Existing 2021 Cabot Notes Indenture*” means the indenture, dated March 27, 2014, as supplemented by supplemental indentures dated May 28, 2015 and July 28, 2015, among the Existing Cabot Notes Issuer, Citibank, N.A., London Branch, as trustee, principal paying agent and transfer agent, Citigroup Global Markets Deutschland AG, as registrar, J.P. Morgan Europe Limited, as security agent, and the guarantors parties thereto.

“*Existing 2021 Cabot Notes Issue Date*” means March 27, 2014.

“*Existing Cabot Notes*” means, collectively, the Existing 2019 Cabot Notes, the Existing 2020 Cabot Notes and the Existing 2021 Cabot Notes.

“Existing Cabot Notes Issuer” means Cabot Financial (Luxembourg) S.A., a wholly owned subsidiary of Cabot Credit Management Group Limited, incorporated as a public limited liability company (*société anonyme*) under the laws of the Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Commerce and Companies under number B 171245;

“*Existing Cabot Notes Indentures*” means, collectively, the Existing 2019 Cabot Notes Indenture, the Existing 2020 Cabot Notes Indenture and the Existing 2021 Cabot Notes Indenture.

“*Existing Marlin Notes*” means the £150 million aggregate principal amount of senior secured notes due 2020 issued by the Marlin Issuer on July 25, 2013 pursuant to the Existing Marlin Notes Indenture.

“*Existing Marlin Notes Indenture*” means the indenture, dated July 25, 2013, as supplemented by supplemental indentures dated February 19, 2014, March 14, 2014, May 14, 2014, May 28, 2015 and July 28, 2015, among the Marlin Issuer, the Bank of New York Mellon, London Branch, as trustee, principal paying agent and transfer agent, the Bank of New York Mellon (Luxembourg) S.A., as registrar, J.P. Morgan Europe Limited, as security agent, and the guarantors parties thereto.

“*Existing Notes*” means, collectively, the Existing Cabot Notes and the Existing Marlin Notes.

“*Existing Notes Indentures*” means, collectively, the Existing Cabot Notes Indentures and the Existing Marlin Notes Indenture.

“*Existing Proceeds Loans*” means the loans of the proceeds of the Existing Cabot Notes pursuant to the Existing Proceeds Loan Agreements.

“*Existing Proceeds Loan Agreements*” means that certain loan agreement made as of September 20, 2012 by and between Cabot UK Financial, as borrower, and the Existing Cabot Notes Issuer, as lender, that certain loan agreement made as of August 2, 2013 by and between Cabot UK Financial, as borrower, and the Existing Cabot Notes Issuer, as lender, and that certain loan agreement made as of March 27, 2014 by and between Cabot Financial Holdings Group Limited, as borrower, and the Existing Cabot Notes Issuer as lender.

“*fair market value,*” except as otherwise specified herein, may be conclusively established by means of an Officer’s Certificate or a resolution of the Board of Directors of the Company setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

"*Financial Indebtedness*" means any Indebtedness described under clauses (1), (2), (4), (5), (6) and (7) of the definition of "Indebtedness."

"*Fixed Charge Coverage Ratio*" means, with respect to any Person on any determination date, the ratio of Consolidated EBITDA of such Person for the most recently completed four consecutive fiscal quarters ending immediately prior to such determination date for which internal consolidated financial statements are available to the Fixed Charges of such Person and its Restricted Subsidiaries for such four consecutive fiscal quarters. In the event that the Company or any Restricted Subsidiary Incurs, assumes, Guarantees, redeems, defeases, retires or extinguishes any Indebtedness (other than, in the case of redemption, defeasance, retirement or extinguishment, Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) or issues or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to or simultaneously with the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Fixed Charge Coverage Ratio Calculation Date*"), then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect to such Incurrence, assumption, Guarantee, redemption, defeasance, retirement or extinguishment of Indebtedness, or such issuance or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred at the beginning of the applicable four-quarter period; *provided*, *however*, that the *pro forma* calculation of Fixed Charges shall not give effect to (i) any Indebtedness incurred on the Fixed Charge Coverage Ratio Calculation Date pursuant to the provisions described in the second paragraph under "—Certain covenants—Limitation on Indebtedness" or (ii) the discharge on the Fixed Charge Coverage Ratio Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the second paragraph under "—Certain covenants—Limitation on Indebtedness."

For purposes of making the computation referred to above, any Investment, acquisitions, dispositions, mergers, consolidations and disposed or discontinued operations that have been made by the Company or any of its Restricted Subsidiaries during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Fixed Charge Coverage Ratio Calculation Date shall be calculated on a *pro forma* basis assuming that all such Investments, acquisitions, dispositions, mergers, consolidations and disposed or discontinued operations (and the change in any associated fixed charge obligations and the change in Consolidated EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into the Company or any of its Restricted Subsidiaries since the beginning of such period shall have made any Investment, acquisition, disposition, merger, consolidation or disposed or discontinued any operation that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect thereto for such period as if such Investment, acquisition, disposition, merger, consolidation or disposed or discontinued operation had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition, whenever *pro forma* effect is to be given to a transaction, the *pro forma* calculations shall be made in good faith by a responsible financial or chief accounting officer of the Company (including synergies and cost savings). If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Fixed Charge Coverage Ratio Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Company to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with IFRS. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a *pro forma* basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period except as set forth in the first paragraph of this definition. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be determined to have been based upon the rate actually chosen, or if none, then based upon such optional rate chosen as the Company may designate.

"*Fixed Charges*" means, with respect to any Person for any period, the sum, without duplication, of:

(1) Consolidated Interest Expense of such Person for such period;

(2) all cash and non-cash dividends or other distributions payable (excluding items eliminated in consolidation) on any series of Preferred Stock during such period;

(3) all cash and non-cash dividends or other distributions payable (excluding items eliminated in consolidation) on any series of Disqualified Stock during this period; and

(4) any interest expense on Indebtedness of another person that is guaranteed by such Person or its Restricted Subsidiaries or secured by a Lien on assets of such Person or its Restricted Subsidiaries, but only to the extent such guarantee or Lien is called upon,

determined on a consolidated basis in accordance with IFRS.

"*Governmental Authority*" means any nation, sovereign or government, any state, province, territory or other political subdivision thereof, and any entity or authority exercising executive, legislative, judicial, regulatory, self-regulatory or administrative functions of or pertaining to government, including a central bank or stock exchange.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part),

provided, *however*, that the term "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"*Guarantor*" means the Company (and any successor obligor under the Company Guarantee), CCM (and any successor obligor under the CCM Guarantee) and any Restricted Subsidiary that Guarantees the Notes.

"*Hedging Obligations*" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement (each, a "*Hedging Agreement*").

"*Holder*" means each Person in whose name the Notes are registered on the Registrar's books, which shall initially be the nominee of the common depositary for Euroclear and Clearstream.

"*IFRS*" means the International Financial Reporting Standards (formerly, International Accounting Standards) endorsed from time to time by the European Union or any variation thereof with which the Company or its Restricted Subsidiaries are, or may be, required to comply; *provided* that at any date after the Issue Date the Company may make an irrevocable election to establish that "IFRS" shall mean IFRS as in effect on a date that is on or prior to the date of such election. The Company shall give notice of any such election to the Trustee and the Holders. Except as otherwise set forth in the Indenture, all ratios and calculations based on IFRS contained in the Indenture shall be computed in accordance with IFRS.

"*Immaterial Subsidiary*" means any Restricted Subsidiary (other than the Marlin Issuer) that (i) has not guaranteed, or is not a co-obligor under, any other Indebtedness of the Issuer, the Marlin Issuer, the Existing Cabot Notes Issuer or any other Guarantor and (ii) together with its Subsidiaries, accounts for less than 5% of the Total Assets and less than 5% of the Consolidated EBITDA (in each case, measured (a) in the case of the Total Assets, as of the date of the Company's most recent balance sheet, and in the case of the Consolidated EBITDA, for the four quarters ended most recently for which internal financial statements are available, (b) on a *pro forma* basis giving effect to any acquisitions or dispositions of companies, divisions or lines of business since such balance sheet date or the start of such four-quarter period, as applicable and (c) on the basis of management accounts and excluding intercompany balances, investments in subsidiaries and joint ventures and intangible assets).

"*Incur*" means issue, create, assume, enter into any Guarantee of, incur, extend or otherwise become liable for, and the terms "Incurred" and "Incurrence" have meanings correlative to the foregoing; *provided*, *however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and any Indebtedness pursuant to any revolving credit or similar facility will only be deemed to be Incurred at the time any funds are borrowed thereunder.

"*Indebtedness*" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and

unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have been reimbursed) (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of Incurrence);

(4) Capitalized Lease Obligations of such Person;

(5) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary (other than the Issuer), any Preferred Stock (but excluding, in each case, any accrued dividends);

(6) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided*, *however*, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Company) and (b) the amount of such Indebtedness of such other Persons;

(7) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and

(8) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements and Interest Rate Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term “Indebtedness” shall not include Subordinated Shareholder Funding or any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under IFRS as in effect on the Issue Date, any asset retirement obligations, prepayments or deposits received from clients or customers, in each case, in the ordinary course of business, or obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clause (5), (6) or (8) above) shall be (a) in the case of any Indebtedness issued with original issue discount, the amount in respect thereof that would appear on the balance sheet of such Person in accordance with IFRS and (b) the principal amount of the Indebtedness, in the case of any other Indebtedness.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(i) Contingent Obligations Incurred in the ordinary course of business;

(ii) in connection with the purchase by the Company or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided*, *however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter;

(iii) for the avoidance of doubt, any obligations in respect of workers’ compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes; or

(iv) Indebtedness of a Trust Management SPV where the proceeds of such Indebtedness are used to finance the purchase of assets to be held in such trust; *provided* that the incurrence of such Indebtedness is without recourse and contains no obligation on the Company or any other Restricted Subsidiary or any of their assets in any way.

“*Independent Financial Advisor*” means an investment banking or accounting firm of international standing or any third party appraiser of international standing; *provided*, *however*, that such firm or appraiser is not an Affiliate of the Company.

“*Initial Public Offering*” means an Equity Offering of common stock or other common equity interests of the Company or any Parent or any successor of the Company or any Parent (the “*IPO Entity*”) following which there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

"*Intercreditor Agreements*" means the Cabot Intercreditor Agreement and the Marlin Intercreditor Agreement.

"*Interest Rate Agreement*" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

"*Investment*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any purchase of Underlying Portfolio Assets, any Right to Collect Accounts or any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet prepared on the basis of IFRS; *provided*, *however*, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Company or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Company or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment at such time equal to the fair market value of the Capital Stock of such Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption "—Certain covenants—Limitation on Restricted Payments."

For purposes of "—Certain covenants—Limitation on Restricted Payments:"

(1) "Investment" will include the portion (proportionate to the Company's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; *provided*, *however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Company will be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Company's "Investment" in such Subsidiary at the time of such redesignation less (b) the portion (proportionate to the Company's equity interest in such Subsidiary) of the fair market value of the net assets (as conclusively determined by the Board of Directors of the Company in good faith) of such Subsidiary at the time that such Subsidiary is so redesignated a Restricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors of the Company.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Company's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"*Investment Grade Securities*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by a member state of the European Union (other than Greece and Portugal), or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "BBB−" or higher from S&P or "Baa3" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Rating Organization, but excluding any debt securities or instruments constituting loans or advances among the Company and its Subsidiaries; and

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution.

"*Investment Grade Status*" shall occur when the Notes receive both of the following:

(1) a rating of "BBB−" or higher from S&P; and

(2) a rating of "Baa3" or higher from Moody's;

or the equivalent of such ratings by either such rating organizations or, if no rating of Moody's or S&P then exists, the equivalent of such applicable rating by any other Nationally Recognized Statistical Rating Organization.

"*IPO Entity*" has the meaning given to it in the definition of "Initial Public Offering."

"*IPO Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

"*Issue Date*" means November 11, 2015.

"*J.C. Flowers*" means J.C. Flowers & Co. LLC and any successor thereto (by merger, consolidation, transfer, conversion of legal form or otherwise).

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"*LTV Ratio*" means, in respect of any date of calculation, the aggregate Secured Indebtedness of the Company and its Restricted Subsidiaries less cash and Cash Equivalents (other than cash or Cash Equivalents in an amount equal to amounts collected by the Company and its Restricted Subsidiaries on behalf of third-party clients and held by the Company and its Restricted Subsidiaries as of such date and cash and Cash Equivalents that constitute Trust Management Assets or are held on trust for a beneficiary which is not the Company or a Restricted Subsidiary) as of such date, divided by ERC; *provided* that ERC shall be adjusted to give effect to purchases or disposals of performing, sub-performing or charged-off accounts, loans, receivables, mortgages, debentures or claims or other similar assets or instruments or portfolios thereof (including through the use of Right to Collect Accounts) made since the last measurement date and prior to such date of calculation, on the basis of estimates made on a *pro forma* basis by management acting in good faith. In determining the LTV Ratio in connection with the Incurrence of Indebtedness and the granting of a Lien, the LTV Ratio shall be determined on a *pro forma* basis for the relevant transaction and the use of proceeds of such Indebtedness; *provided* that no cash or Cash Equivalents shall be included in the calculation of the *pro forma* LTV Ratio that are, or are derived from, the proceeds of Indebtedness in respect of which the *pro forma* calculation is to be made, except, for the avoidance of doubt, to the extent cash or Cash Equivalents will be expended in a transaction to which *pro forma* effect is given; *provided further* that any cash and Cash Equivalents received by the Company or any of its Restricted Subsidiaries from the issuance or sale of its Capital Stock, Subordinated Shareholder Funding or other capital contributions subsequent to the Issue Date shall (to the extent they are taken into account in determining the amount available for Restricted Payments under such clauses) be excluded for purposes of making Restricted Payments and Permitted Payments, as applicable, under clauses (c)(ii) and (c)(iii) of the first paragraph and clauses (1) and (13) of the third paragraph of the covenant described under "Certain covenants—Limitation on Restricted Payments" to the extent such cash and Cash Equivalents are included in the calculation of the LTV Ratio.

"*Management Advances*" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, the Company or any Restricted Subsidiary:

(1) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(3) not exceeding £0.5 million in the aggregate outstanding at any time.

"*Management Investors*" means the officers, directors, employees and other members of the management of or consultants to any Parent, the Company or any of their respective Subsidiaries, or spouses, family members or relatives thereof, or any trust, partnership or other entity for the benefit of or the beneficial owner of which (directly or indirectly) is any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Company, any Restricted Subsidiary or any Parent.

"*Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"*Marlin Intercreditor Agreement*" means the intercreditor agreement, dated July 25, 2013, amended on February 19, 2014 and supplemented by a security agent assignment deed dated March 13, 2014 and accession deeds dated March 14, 2014, May 28, 2015 and July 28, 2015, among the Marlin Issuer, the Existing Cabot Notes Issuer, the guarantors of the Existing Cabot Notes, the Security Agent, the agent for the Senior Facilities Agreement, the trustee in respect of the Existing Cabot Notes, the trustee in respect of the Existing Marlin Notes and the other parties named therein, to which the Trustee will accede on the Issue Date in respect of the Notes, as amended, restated or otherwise modified or varied from time to time.

"*Marlin Issuer*" means Marlin Intermediate Holdings plc, a public limited company incorporated and existing under the laws of England and Wales.

"*Moody's*" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Nationally Recognized Statistical Rating Organization*" means a nationally recognized statistical rating organization within the meaning of Section 3(a)(62) of the Exchange Act.

"*Net Available Cash*" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions), as a consequence of such Asset Disposition;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which are required by applicable law to be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders (other than any Parent, the Company or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Company or any Restricted Subsidiary after such Asset Disposition.

"*Net Cash Proceeds*," with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions).

"*Note Documents*" means the Notes (including Additional Notes), the Indenture, the Proceeds Loan Agreement and the Security Documents (including the Intercreditor Agreements).

"*Officer*" means, with respect to any Person, (1) the Chairman of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer, any Managing Director, or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "Officer" for the purposes of the Indenture by the Board of Directors of such Person.

"*Officer's Certificate*" means, with respect to any Person, a certificate signed by one Officer of such Person.

"*Opinion of Counsel*" means a written opinion from legal counsel reasonably satisfactory to the Trustee. Such legal counsel may be an employee of or counsel to the Company or its Subsidiaries.

"*Parent*" means any Person of which the Company at any time is or becomes a Subsidiary after the Issue Date (including CCM) and any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent.

"*Parent Expenses*" means:

(1) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Company or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Company and its Subsidiaries;

(3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to the Company and its Subsidiaries;

(4) (a) general corporate overhead expenses, including (b) professional fees and expenses and other operational expenses of any Parent related to the ownership or operation of the business of the Company or any of its Restricted Subsidiaries (including, without limitation, accounting, legal, corporate reporting, and administrative expenses as well as payments made pursuant to secondment, employment or similar agreements entered into between the Company and/or any of its Restricted Subsidiaries and/or any Parent or any employee thereof) and (c) costs and expenses with respect to any litigation or other dispute relating to the Transactions or the ownership, directly or indirectly, of the Issuer by any Parent;

(5) other fees, expenses and costs relating directly or indirectly to activities of the Company and its Subsidiaries in an amount not to exceed £1.5 million in any fiscal year;

(6) expenses Incurred by any Parent in connection with any Public Offering or other sale of Capital Stock or Indebtedness:

    (x) where the net proceeds of such offering or sale are intended to be received by or contributed to the Company or a Restricted Subsidiary;

    (y) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or

    (z) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Company or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed; and

(7) any income taxes, to the extent such income taxes are attributable to the income of the Company and its Restricted Subsidiaries and, to the extent of the amount actually received in cash from its Unrestricted Subsidiaries, in amounts required to pay such taxes to the extent attributable to the income of such Unrestricted Subsidiaries.

"*Pari Passu Indebtedness*" means Indebtedness of the Company, the Issuer, the Marlin Issuer or any Guarantor (other than Indebtedness pursuant to the Senior Facilities Agreement and Priority Hedging Obligations) if such Indebtedness ranks equally in right of payment to the Notes and the Note Guarantees which, in each case, is secured by Liens on the Collateral, including the Existing Notes.

"*Paying Agent*" means any Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any Note on behalf of the Issuer.

"*Permitted Asset Swap*" means the concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash, Cash Equivalents or Temporary Cash Investments between the Company or any of its Restricted Subsidiaries and another Person; *provided* that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with the covenant described under "—Certain covenants—Limitation on sales of assets and subsidiary stock."

"*Permitted Collateral Liens*" means (A) Liens on the Collateral described in one or more of clauses (2), (3), (4), (5), (6), (8), (9), (10), (11), (12), (13), (14), (18), (19), (20), (21), (22), (23) and (25) of the definition of "Permitted Liens," (B) Liens on the Collateral to secure Indebtedness of the Company or a Restricted Subsidiary that is permitted to be Incurred under clauses (1), (2) (in the case of (2), to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens), (4)(a) and (c) (if the original Indebtedness was so secured), (6) or (11) of the second paragraph of the covenant described under "—Certain covenants—Limitation on Indebtedness"; *provided*, *however*, that any such Lien ranks equal to (including with respect to the application of proceeds from any realization or enforcement of the Collateral in accordance with the Intercreditor Agreements) all other Liens on such Collateral securing the Notes and the Note Guarantees (except that a Lien in favor of Indebtedness incurred under clause (1) of the second paragraph of "—Certain covenants—Limitation on Indebtedness" and a Lien in favor of Priority Hedging Obligations may have super priority in respect of the application of proceeds from any realization or enforcement of the Collateral on terms not materially less favorable to the Holders than that accorded to the Senior Facilities Agreement on the Issue Date as provided in the Intercreditor Agreements as in effect on the Issue Date), (C) Liens on the Collateral securing Indebtedness incurred under the first paragraph of "—Certain covenants—Limitation on Indebtedness"; *provided* that, in the case of this clause (C), (x) after giving effect to such incurrence on that date, the LTV Ratio is less than 0.65 and (y) any such Lien ranks equal to (including with respect to the application of proceeds from any realization or enforcement of the Collateral in accordance with the Intercreditor Agreements) all other Liens on such Collateral securing the Notes and the Note Guarantees, or (D) Liens on Collateral securing Refinancing Indebtedness in respect of any Indebtedness secured pursuant to the foregoing clauses (A), (B) and (C), *provided* that any such Lien ranks equal to (including with respect to the application of proceeds from any realization or enforcement of the Collateral in accordance with the Intercreditor Agreements) all other Liens on such Collateral securing the Notes and the Note Guarantees (except as otherwise permitted in clause (B)). To the extent that a Lien on the Collateral consists of a mortgage over any real estate located in the United Kingdom, it shall constitute a Permitted Collateral Lien only to the extent that a mortgage ranking at least *pari passu* is granted in favor of the Security Agent for the benefit of the Trustee and the Holders.

"*Permitted Holders*" means, collectively, (1) any one or more Persons whose beneficial ownership constitutes or results in a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture, (2) J.C. Flowers and any funds controlled or advised by J.C. Flowers and any Affiliate or Related Persons thereof, (3) Senior Management, (4) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent or the Company, acting in such capacity, and (5) Encore Capital and any Affiliate thereof. Any person or group that includes a Permitted Holder shall also be deemed to be a Permitted Holder, provided that Permitted Holders as defined in clauses (1), (2), (3) and (5) above retain exclusive beneficial ownership and control of at least 50.1% of the total voting power of the Voting Stock of the Company beneficially owned by any group that becomes a Permitted Holder at any time as a result of the application of this sentence (without giving effect to the existence of such group or any other group).

"*Permitted Investment*" means (in each case, by the Company or any of its Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Company or (b) a Person (including the Capital Stock of any such Person) that is engaged in any Similar Business if such Person will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person if such Person is engaged in any Similar Business and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Company or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in Receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business;

(5) Investments in payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(6) Management Advances;

(7) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Company or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition, in each case, that was made in compliance with "—Certain covenants—Limitation on sales of assets and subsidiary stock";

(9) Investments in existence on, or made pursuant to legally binding commitments in existence on the Issue Date, and any extension, modification or renewal of such Investment; *provided* that the amount of the Investment may be increased as required by the terms of the Investment as in existence on the Issue Date;

(10) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with "—Certain covenants—Limitation on Indebtedness";

(11) Investments, taken together with all other Investments made pursuant to this clause (11) and at any time outstanding, in an aggregate amount at the time of such Investment not to exceed the greater of 4.5% of Total Assets and £53.0 million; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "—Certain covenants—Limitation on Restricted Payments," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause;

(12) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "—Certain covenants—Limitation on Liens";

(13) any Investment to the extent made using Capital Stock of the Company (other than Disqualified Stock), Subordinated Shareholder Funding or Capital Stock of any Parent as consideration;

(14) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under "—Certain covenants—Limitation on Affiliate Transactions" (except those described in clauses (1), (3), (6), (8), (9) and (12) of that paragraph);

(15) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property, in any case, in the ordinary course of business and in accordance with the Indenture;

(16) Guarantees not prohibited by the covenant described under "—Certain covenants—Limitation on Indebtedness" and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business;

(17) Investments in Associates or Unrestricted Subsidiaries in an aggregate amount when taken together with all other Investments made pursuant to this clause (17) that are at the time outstanding not to exceed the greater of 3.0% of Total Assets and £35.0 million;

(18) Investments in the Notes, the Existing Notes and any Additional Notes and Investments pursuant to the Proceeds Loan and the Existing Proceeds Loans; and

(19) Investments acquired after the Issue Date as a result of the acquisition by the Company or any of its Restricted Subsidiaries of another Person, including by way of a merger, amalgamation or consolidation with or into the Company or any of its Restricted Subsidiaries in a transaction that is not prohibited by the covenant described under "—Certain covenants—Merger and consolidation" to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation.

"*Permitted Liens*" means, with respect to any Person:

(1) Liens on assets or property of a Restricted Subsidiary that is not a Guarantor securing Indebtedness of any Restricted Subsidiary that is not a Guarantor;

(2) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested Taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;

(3) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's or other like Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(4) Liens for Taxes not yet delinquent or which are being contested in good faith by appropriate proceedings; *provided* that appropriate reserves required pursuant to IFRS have been made in respect thereof;

(5) Liens in favor of issuers of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Company or any Restricted Subsidiary in the ordinary course of its business;

(6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Company and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Company and its Restricted Subsidiaries;

(7) Liens on assets or property of the Company or any Restricted Subsidiary securing Hedging Obligations permitted under the Indenture;

(8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(10) Liens on assets or property of the Company or any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under the Indenture and (b) any such Lien may not extend to any assets or property of the Company or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(11) Liens arising by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary or financial institution;

(12) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Company and its Restricted Subsidiaries in the ordinary course of business;

(13) Liens existing on, or provided for or required to be granted under written agreements existing on, the Issue Date;

(14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Company or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Company or any Restricted Subsidiary); *provided*, *however*, that such Liens are not created, Incurred or assumed in anticipation of or in connection with such other Person becoming a Restricted Subsidiary (or such acquisition of such property, other assets or stock); *provided further*, that such Liens do not extend to or cover any property or assets of the Company and its Restricted Subsidiaries other than (a) the property or assets acquired or (b) the property or assets of the Person acquired, merged with or into or consolidated or combined with the Company or a Restricted Subsidiary;

(15) Liens on assets or property of the Company or any Restricted Subsidiary securing Indebtedness or other obligations of the Company or such Restricted Subsidiary owing to the Company or another Restricted Subsidiary, or Liens in favor of the Company or any Restricted Subsidiary;

(16) Liens (other than Permitted Collateral Liens) securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(17) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;

(18) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Company or any Restricted Subsidiary has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(19) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(21) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;

(22) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities, or liens over cash accounts securing cash pooling arrangements;

(23) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(24) Liens which do not exceed £10.0 million at any one time outstanding;

(25) Liens on Capital Stock of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(26) Liens securing Permitted Purchase Obligations, *provided* that any such Lien is only over the assets and Capital Stock of the relevant Permitted Purchase Obligations SPV;

(27) Liens on Right to Collect Accounts, performing accounts, sub-performing accounts, charged-off accounts, cash and bank accounts, loans, receivables, mortgages, debentures, claims or other similar assets or instruments held on trust for third parties; and

(28) Liens on Trust Management Assets; *provided* that such Liens do not secure any Indebtedness of the Company or any Restricted Subsidiary other than a Trust Management SPV.

"*Permitted Purchase Obligations*" means any Indebtedness Incurred by a Permitted Purchase Obligations SPV to finance or refinance the acquisition of performing, sub-performing or charged-off accounts, loans, receivables, mortgages, debentures or claims or other similar assets or instruments or portfolios thereof (including through the use of Right to Collect Accounts) purchased by such Permitted Purchase Obligations SPV, whether directly or through the acquisition of the Capital Stock of any Person owning such assets or otherwise, in an aggregate principal amount not exceeding at the time of the incurrence of such Permitted Purchase Obligations, together with any other Indebtedness incurred pursuant to clause (12) of the second paragraph of the "—Limitation on Indebtedness" covenant and then outstanding, 20.0% of the ERC, calculated in good faith on a *pro forma* basis by management as of the date of purchase of such performing, sub-performing or charged-off accounts, loans, receivables, mortgages, debentures or claims or other similar assets or instruments or such portfolios (including through the use of Right to Collect Accounts), *provided* that:

(1) except for the granting of a Lien described in clause (26) of the definition of "Permitted Liens," no portion of any Permitted Purchase Obligations or any other obligations (contingent or otherwise) of the applicable Permitted Purchase Obligations SPV (i) is guaranteed by the Company or any other Restricted Subsidiary, (ii) is recourse to or obligates the Company or any other Restricted Subsidiary in any way, or (iii) subjects any

property or asset of the Company or any other Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof;

(2) neither the Company nor any other Restricted Subsidiary has any obligation to maintain or preserve the applicable Permitted Purchase Obligations SPV's financial condition or cause such entity to achieve certain levels of operating results; and

(3) such Permitted Purchase Obligation is secured (if at all) only over the assets of, and Capital Stock of, the relevant Permitted Purchase Obligations SPV.

"*Permitted Purchase Obligations SPV*" means a Wholly Owned Restricted Subsidiary (i) which engages in no activities other than the acquisition of performing, sub-performing or charged-off accounts, loans, receivables, mortgages, debentures or claims, or other similar assets or instruments or portfolios thereof (including through the use of Right to Collect Accounts), the Incurrence of Permitted Purchase Obligations to finance such acquisition and any business or activities incidental or related to such business and is set up in connection with the Incurrence of Permitted Purchase Obligations, (ii) to which the Company or any Restricted Subsidiary contributes, loans or otherwise transfers no amounts in excess of amounts required, after giving effect to the Incurrence of Permitted Purchase Obligations, to consummate the relevant purchase of assets and amounts required for incidental expenses, costs and fees for the set-up and continuing operations of such Permitted Purchase Obligations SPV, and (iii) all the Capital Stock of which is held by a Wholly Owned Restricted Subsidiary which holds no other material assets.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"*Portfolio ERC Model*" means the models and methodologies that the Company uses to calculate the value of its loan portfolios and those of its Subsidiaries, consistently with its most recent audited financial statements as of such date of determination.

"*Preferred Stock*," as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"*Proceeds Loan*" means the loan of the proceeds of the Notes pursuant to the Proceeds Loan Agreement and all loans directly or indirectly replacing or refinancing such loan or any portion thereof.

"*Proceeds Loan Agreement*" means that certain loan agreement made as of the Issue Date by and between Cabot (Treasury) Ireland, as borrower, and the Issuer, as lender.

"*Priority Hedging Obligations*" means designated Hedging Obligations in an aggregate amount outstanding at any time of up to £10.0 million.

"*Public Debt*" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional and other investors, in each case, that are not Affiliates of the Company, in accordance with Section 4(2) of and/or Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

"*Public Market*" means any time after:

(1) an Equity Offering has been consummated; and

(2) shares of common stock or other common equity interests of the IPO Entity having a market value in excess of £50.0 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

"*Public Offering*" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar persons).

"*Purchase Money Obligations*" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"*Receivable*" means a right to receive payment arising from a sale or lease of goods or services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for goods or services under terms that permit the purchase of such goods and services on credit, as determined on the basis of IFRS.

"*refinance*" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms "*refinances*," "*refinanced*" and "*refinancing*" as used for any purpose in the Indenture shall have a correlative meaning.

"*Refinancing Indebtedness*" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the date of the Indenture or Incurred in compliance with the Indenture (including Indebtedness of the Company that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Company or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided*, *however*, that:

(1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final Stated Maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final Stated Maturity of the Indebtedness being refinanced or, if shorter, the Notes;

(2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith); and

(3) if the Indebtedness being refinanced is expressly subordinated to the Notes, such Refinancing Indebtedness is subordinated to the Notes on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced,

provided, *however*, that Refinancing Indebtedness shall not include Indebtedness of the Company or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred within 120 days after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

"*Related Person,*" with respect to any Person, means:

(1) any controlling equity holder or Subsidiary of such Person;

(2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individuals and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof;

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, shareholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(4) in the case of J.C. Flowers, any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"*Related Taxes*" means

(1) any Taxes (other than (x) Taxes measured by gross or net income, receipts or profits and (y) withholding Taxes), required to be paid (*provided* such Taxes are in fact paid) by any Parent by virtue of its:

(a) being organized or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Company or any of the Company's Subsidiaries);

(b) issuing or holding Subordinated Shareholder Funding; or

(c) being a holding company parent, directly or indirectly, of the Company or any of the Company's Subsidiaries;

(2) if and for so long as the Company is a member of a group filing a consolidated or combined tax return with any Parent, any consolidated or combined Taxes measured by income for which such Parent is liable up to an amount not to exceed the amount of any such Taxes that the Company and its Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Company and its Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Company and its Subsidiaries; *provided* that distributions shall be permitted in respect of the income of an Unrestricted Subsidiary only to the extent such Unrestricted Subsidiary distributed cash for such purpose to the Company or its Restricted Subsidiaries.

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"*Reversion Date*" means, after the Notes have achieved Investment Grade Status, the date, if any, that such Notes shall cease to have such Investment Grade Status.

"*Right to Collect Account*" means a performing, sub-performing or charged-off account, loan, receivable, mortgage, debenture or claim or other similar asset or instrument that is owned by a Person that is not the Company or one of its Restricted Subsidiaries (a "*Third Party*") and in respect of which (a) such Third Party is unable or unwilling to dispose of the relevant performing, sub-performing or charged-off account, loan, receivable, mortgage, debenture or claim or other similar asset or instrument to the Company or a Restricted Subsidiary; and (b) the Company or a Restricted Subsidiary is entitled to collect and retain substantially all of the amounts due under such performing, sub-performing or charged-off account, loan, receivable, mortgage, debenture or claim or other similar asset or instrument, or to receive amounts equivalent thereto.

"*SEC*" means the US Securities and Exchange Commission.

"*S&P*" means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Secured Indebtedness*" means any Indebtedness secured by a Lien (other than Indebtedness Incurred pursuant to clauses (3), (6), (8), (9), (10) and (14) of the second paragraph of the covenant described under "—Limitation on indebtedness").

"*Securities Act*" means the US Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Security Documents*" means the Intercreditor Agreements, the debentures, the pledge over shares agreements, the pledge over bank accounts agreements and each other document under which collateral is pledged to secure the Notes.

"*Senior Facilities Agreement*" means the senior secured revolving credit facility agreement dated September 20, 2012, as amended on June 28, 2013 and as further amended and restated on February 5, 2015, among the Company, the Security Agent, J.P. Morgan Europe Limited as facility agent and the other parties named therein, as amended, amended and restated, supplemented, refinanced, replaced or otherwise modified from time to time.

"*Senior Management*" means any previous or current officers, directors, and other members of senior management of the Company or any of its Subsidiaries, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Company or any Parent.

"*Significant Subsidiary*" means any Restricted Subsidiary that meets any of the following conditions:

(1) the Company's and its Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the Total Assets of the Company and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

(2) the Company's and its Restricted Subsidiaries' proportionate share of the Total Assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the Total Assets of the Company and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or

(3) the Company's and its Restricted Subsidiaries' equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of the Restricted Subsidiary exceeds 10% of such income of the Company and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

"*Similar Business*" means (1) any businesses, services or activities engaged in by the Company or any of its Subsidiaries or any Associates on the Issue Date and (2) any businesses, services and activities engaged in by the Company or any of its Subsidiaries or any Associates that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Stated Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"*Sterling Equivalent*" means, with respect to any monetary amount in a currency other than pound sterling, at any time of determination thereof by the Company or the Trustee, the amount of pound sterling obtained by converting such currency other than pound sterling involved in such computation into pound sterling at the spot rate for the purchase of pound sterling with the applicable currency other than pound sterling as published in The Financial Times in the "Currency Rates" section (or, if The Financial Times is no longer published, or if such information is no longer available in The Financial Times, such source as may be selected in good faith by the Company) on the date of such determination.

"*Subordinated Indebtedness*" means, with respect to any person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Notes pursuant to a written agreement.

"*Subordinated Shareholder Funding*" means any funds provided to the Company by any Parent, any Affiliate of any Parent or any Permitted Holder or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by a Parent or a Permitted Holder, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided*, *however*, that such Subordinated Shareholder Funding:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Company or any funding meeting the requirements of this definition);

(2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;

(3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Notes;

(4) does not provide for or require any security interest or encumbrance over any asset of the Company or any of its Subsidiaries; and

(5) pursuant to its terms is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding,

provided further, however, that upon the occurrence of any event or circumstance that results in such Indebtedness ceasing to qualify as Subordinated Shareholder Funding, such Indebtedness shall constitute an Incurrence of such Indebtedness by the Company, and any and all Restricted Payments made through the use of the Net Cash Proceeds from the Incurrence of such Indebtedness since the date of the original issuance of such Subordinated Shareholder Funding shall constitute new Restricted Payments that are deemed to have been made after the date of the original issuance of such Subordinated Shareholder Funding.

"*Subsidiary*" means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

(2) any partnership, joint venture, limited liability company or similar entity of which:

(a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

(b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Taxes*" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest, penalties and other liabilities with respect thereto) that are imposed by any government or other taxing authority.

"*Temporary Cash Investments*" means any of the following:

(1) any investment in:

(a) direct obligations of, or obligations Guaranteed by, (i) the United States of America or Canada, (ii) any European Union member state (other than Greece and Portugal), (iii) Switzerland or Norway, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Company or a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state, or

(b) direct obligations of any country recognized by the United States of America rated at least "A" by S&P or "A1" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

(a) any lender under the Senior Facilities Agreement,

(b) any institution authorized to operate as a bank in any of the countries or member states referred to in clause (1)(a) above, or

(c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,

in each case, having capital and surplus aggregating in excess of £250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A-" by S&P or "A3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Company or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, Canada, any European Union member state (other than Greece and Portugal), Switzerland or Norway or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least "BBB-" by S&P or "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) bills of exchange issued in the United States, Canada, a member state of the European Union (other than Greece and Portugal), Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of £250 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least "A" by S&P or "A2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(8) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment and/or distribution); and

(9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the US Investment Company Act of 1940, as amended.

"*Total Assets*" means the consolidated total assets of the Company and its Restricted Subsidiaries in accordance with IFRS as shown on the most recent balance sheet of such Person.

"*Transactions*" means the issuance of the Notes and the use of proceeds thereof to partially repay amounts outstanding under the Senior Facilities, to repay all amounts outstanding under the Bridge Facility Agreement and to pay transaction fees and expenses, each as described in "Use of proceeds."

"*Trust Management Assets*" means Right to Collect Accounts, performing accounts, sub-performing accounts charged-off accounts, loans, receivables, mortgages, debentures, claims, cash and bank accounts or other similar assets or instruments held by a Trust Management SPV on trust for a beneficiary which is not the Company or a Restricted Subsidiary.

"*Trust Management SPV*" means a Restricted Subsidiary whose purpose is managing Trust Management Assets and other activities necessary or ancillary to managing Trust Management Assets, including as necessary to fulfill any obligations or duty of the Trust Management SPV as a trustee.

"*Underlying Portfolio Assets*" means performing, sub-performing or charged-off account, loans, receivables, mortgages, debentures or claims or other similar assets or instruments (in each case, however pooled, aggregated, fractionally owned or contractually divided).

"*Uniform Commercial Code*" means the New York Uniform Commercial Code.

"*Unrestricted Subsidiary*" means:

(1) any Subsidiary of the Company (other than the Issuer and CCMG) that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Company in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Company may designate any Subsidiary of the Company (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein), other than the Issuer and CCMG, to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Company or any other Subsidiary of the Company which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment of the Company in such Subsidiary complies with "—Certain covenants—Limitation on Restricted Payments."

Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by filing with the Trustee a resolution of the Board of Directors of the Company giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Company may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided*, that immediately after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2) (x) the Company could Incur at least £1.00 of additional Indebtedness under the first paragraph of "—Certain covenants—Limitation on Indebtedness" or (y) the Fixed Charge Coverage Ratio for the Company and its Restricted Subsidiaries would not be worse than it was immediately prior to giving effect to such designation, in each case, on a *pro forma* basis taking into account such designation. Any such designation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"*Voting Stock*" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

"*Wholly Owned Restricted Subsidiary*" means a Restricted Subsidiary of the Company, all the Voting Stock of which (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Company or another Wholly Owned Restricted Subsidiary) is owned by the Company or another Wholly Owned Restricted Subsidiary.

"*Working Capital Intercompany Loan*" means any loan to or by the Company or any of its Restricted Subsidiaries to or from the Company or any of its Restricted Subsidiaries from time to time (i) for purposes of consolidated cash and tax management and working capital management and (ii) for a duration of less than one year.

Book-entry, delivery and form

General

The Notes sold outside the United States pursuant to Regulation S will initially be represented by a global note in registered form without interest coupons attached (the "Regulation S Global Note"). The Regulation S Global Note was deposited, on the closing date, with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

The Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A will initially be represented by a global note in registered form without interest coupons attached (the "144A Global Note," and together with the Regulation S Global Note, the "Global Notes"). The 144A Global Note were deposited, on the closing date, with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the 144A Global Note (the "144A Book-Entry Interests") and ownership of interests in the Regulation S Global Note (the "Regulation S Book-Entry Interests," and, together with the 144A Book-Entry Interests, the "Book-Entry Interests") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants. The Book-Entry Interests in the Global Notes will be issued only in denominations of €100,000 and in integral multiples of € 1,000 in excess thereof.

The Book-Entry Interests will not be held in definitive form. Instead, Euroclear and Clearstream will credit on their respective book-entry registration and transfer systems the account of a participant with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not have the Notes registered in their names, will not receive physical delivery of the Notes in certificated form and will not be considered the registered owners or "holders" of Notes under the Indenture for any purpose.

So long as the Notes are held in global form, Euroclear and/or Clearstream, as applicable (or their respective nominees), will be considered the sole holders of Global Notes for all purposes under the Indenture governing the Notes. As such, participants must rely on the procedures of Euroclear and/or Clearstream, and indirect participants must rely on the procedures of Euroclear and/or Clearstream and the participants through which they own Book-Entry Interests, in order to transfer their interests or to exercise any rights of holders under the Indenture.

Neither the Issuer nor the Trustee under the Indenture nor any of their respective agents have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Issuance of Definitive Registered Notes

Under the terms of the Indenture governing the Notes, owners of Book-Entry Interests will receive Notes in definitive registered form (the "Definitive Registered Notes"):

- if Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days; or

- if the owner of a Book-Entry Interest requests such exchange in writing delivered through either Euroclear or Clearstream following an event of default under the Indenture.

In such an event, the registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear or Clearstream or the Issuer, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend referred to in "Notice to investors," unless that legend is not required by the Indenture or applicable law.

The Issuer will not be required to register the transfer or exchange of Definitive Registered Notes for a period of 15 calendar days preceding (i) the record date for any payment of interest on the Notes, (ii) any date fixed for redemption of the Notes or (iii) the date fixed for selection of the Notes to be redeemed in part. Also, the Issuer is not required to register the transfer or exchange of any Notes selected for redemption. In the event of the transfer of any Definitive Registered Note, the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents as described in the Indenture. The Issuer may require a holder to pay any taxes and fees required by law and permitted by the Indenture and the Notes.

If Definitive Registered Notes are issued and a holder thereof claims that any such Definitive Registered Note has been lost, destroyed or wrongfully taken, or if any such Definitive Registered Note is mutilated and is surrendered to the registrar or at the office of the transfer agent, the Issuer will issue and the Trustee will authenticate a replacement Definitive Registered Note if the Trustee's and the Issuer's requirements are met. The Issuer or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both to protect the Issuer, the Trustee or the paying agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer may charge for any expenses incurred by it in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by the Issuer pursuant to the provisions of the Indenture, the Issuer, in its discretion, may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged only after the transferor first delivers to the Trustee a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See "Notice to investors."

Redemption of Global Notes

In the event any Global Note, or any portion thereof, is redeemed, Euroclear or Clearstream (or their respective nominees), as applicable, will distribute the same amount received by it in respect of the Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that under existing practices of Euroclear and Clearstream, if fewer than all the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions), on a *pro rata* basis or on such other basis as they deem fair and appropriate.

Payments on Global Notes

The Issuer will make payments of amounts owing in respect of the Global Notes (including principal, premium, if any, interest, additional interest and any Additional Amounts) to the principal paying agent. The principal paying agent will, in turn, make such payments to the common depositary or its nominee for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their respective procedures. The Issuer will make payments of all such amounts without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "Description of the Notes—Additional Amounts". If any such deduction or withholding is required to be made, then, to the extent described under "Description of the Notes—Additional Amounts," the Issuer will pay Additional Amounts as may be necessary in order that the net amounts received by any holder of the Global Notes or of Book-Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. The Issuer expects that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture governing the Notes, the Issuer and the Trustee will treat the registered holders of the Global Notes (*e.g.*, Euroclear or Clearstream or their respective nominees) as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book- Entry Interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;

- Euroclear, Clearstream or any participant or indirect participant; or

- payments by participants to owners of Book-Entry Interests held through participants which are the responsibility of such participants, as is now the case with securities held for the accounts of customers registered in "street name."

Currency and payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interest in such Notes through Euroclear and/or Clearstream in pounds sterling.

Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of the applicable clearing system) applicable thereto. None of the Issuer, the Trustee, the Initial Purchasers or any of their respective agents will be liable to any holder of a Global Note or any other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection with any such payment.

Action by owners of Book-Entry Interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Global Notes. Nevertheless, if there is an event of default under the Notes, each of Euroclear and Clearstream reserves the right to exchange the Global Notes for Definitive Registered Notes in certificated form and to distribute such Definitive Registered Notes to their respective participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell the Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder must transfer its interest in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture governing the Notes.

The Rule 144A Global Note bear a legend to the effect set forth in "Notice to investors." Book-Entry Interests in the Global Notes is subject to the restrictions on transfer discussed in "Notice to investors."

Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Regulation S Global Note only upon receipt by the Trustee of a written certification (in the form provided in the Indenture governing the Notes) from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the US Securities Act or any other exemption (if available under the US Securities Act).

Subject to the foregoing, and as set forth in "Notice to investors," Book-Entry Interests may be transferred and exchanged as described under "Description of the Notes—Transfer and exchange." Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the other Global Note of the same denomination will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in the other Global Note, and accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book- Entry Interest.

Definitive Registered Notes may be transferred and exchanged for Book- Entry Interests in a Global Note only as described under "Description of the Notes—Transfer and exchange" and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "Notice to investors."

Information concerning Euroclear and Clearstream

All Book-Entry Interests are subject to the operations and procedures of Euroclear and Clearstream. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Issuer nor the Initial Purchasers are responsible for those operations or procedures.

Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

As Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the 144A Global Note only through Euroclear or Clearstream participants.

Global clearance and settlement under the book-entry system

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF Market of the Luxembourg Stock Exchange. The Issuer expects that secondary trading in any certificated Notes will also be settled in immediately available funds. Euroclear participants and Clearstream participants may not deliver instructions directly to the common depositary.

Although Euroclear and Clearstream are expected to follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, any Guarantor, the Trustee or the principal paying agent will have any responsibility for the performance by Euroclear or Clearstream, or their respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations.

Tax considerations

If you are a prospective investor, you should consult your tax advisor as to the possible tax consequences of buying, holding or selling any Notes under the laws of your country of citizenship, residence or domicile, including the effect of any local taxes applicable to you. The discussions that follow do not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to purchase, hold or sell Notes. In particular, these discussions do not consider any specific facts or circumstances that may apply to you. The discussions that follow for each jurisdiction are based upon the applicable laws and interpretations thereof as in effect as of the date of this offering memorandum. These tax laws and interpretations are subject to change, possibly with retroactive or retrospective effect.

EU Savings Directive

Under the EC Council Directive 2003/48/EC, the "Savings Directive", on taxation of savings income in the form of interest payments, Member States are required to provide to the tax authorities of another Member State details of payments of interest or similar income, as defined by the Savings Directive, paid by a paying agent (within the meaning of the Savings Directive) the "Paying Agent", established within its jurisdiction , or collected by such a Paying Agent for,an individual resident in another Member State or certain limited types of residual entities (the "Residual Entities" within the meaning of Article 4.2 of the Savings Directive) established in another Member State. However, for a transitional period, Austria is instead required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments deducting tax at a rate of 35% (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

A number of non-EU countries and certain dependent or associated territories of certain Member States, including Switzerland have adopted similar measures (either provision of information or transitional withholding system, *i.e.* a withholding system in the case of Switzerland) in relation to payments made by a Paying Agent established within its jurisdiction to, or collected by such Paying Agent for, an individual resident in a Member State or Residual Entities established in a Member State with effect from the same date. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a Paying Agent established in a Member State to, or collected by such Paying Agent for, an individual resident or a Residual Entity established in one of those territories.

It should also be noted that the Council of the European Union formally adopted a Council Directive amending the Savings Directive on March 24, 2014 (the "Amending Directive"). The Amending Directive broadens the scope of the requirements described in the first paragraph above. Member States have until January 1, 2016 to adopt the national legislation necessary to comply with the Amending Directive and are required to apply these new requirements from January 1, 2017. The changes made under the Amending Directive include extending the scope of the Savings Directive to payments made through certain intermediate structures (whether or not established in a Member State) for the ultimate benefit of an EU resident individual. They also broaden the definition of "interest payment" to cover a wide range of income that is similar to interest.

However, the European Commission has proposed the repeal of the Savings Directive from January 1, 2017 in the case of Austria and from January 1, 2016 in the case of all other Member States (subject to on-going requirements to fulfill administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

Certain Luxembourg taxation considerations

The following is based on the law and regulation presently in force in Luxembourg, as interpreted by the Luxembourg tax authorities, and is subject to any change that may occur after that date even with retroactive or retrospective effect, though it is not intended to be, nor should it be construed to be, legal or tax advice, as it is included solely for preliminary information purposes. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. In addition, any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*), personal income tax (*impôt sur le revenu*) as well as a temporary equalisation tax (*impôt d'équilibrage budgétaire*) generally. Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax, the solidarity surcharge as well as the temporary tax to balance the state budget. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

A holder of Notes may not become resident, or deemed to be resident, in Luxembourg by reason only of the holding and/or disposing of the Notes, or the execution, performance, delivery and/or enforcement of the Notes.

Taxation of the holders of the Notes

Withholding tax

Non-resident holders of Notes

Under Luxembourg general tax law currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes. Nor is there any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes, *provided that* the interest on the Notes does not depend on the profit of the Issuer.

On November 25, 2014, the Luxembourg parliament formally adopted a law amending the Luxembourg laws of June 21, 2005 (implementing the Saving Directive) putting an end to the savings withholding tax regime as from January 1, 2015 and implementing the automatic exchange of information as from that date.

Resident holders of Notes

Under Luxembourg general tax law currently in force and subject to the law of December 23, 2005, as amended (the "Relibi Law") and mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes, *provided that* the interest on the Notes does not depend on the profit of the Issuer.

However, under the Relibi Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 10%. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by any Luxembourg paying agent within the meaning of the law. Payments of interest under the Notes coming within the scope of the Relibi Law would be subject to a withholding tax of 10%.

In addition, pursuant to the Relibi Law, Luxembourg resident individuals can opt to self-declare and pay a 10% tax on payment of interest or similar incomes made or ascribed by paying agents located in a Member State of the European Union other than Luxembourg, a Member State of the European Economic Area or in a State or territory which has concluded an agreement directly relating to the Savings Directive on the taxation of savings income. The 10% tax is final when Luxembourg resident individuals are acting in the context of the management of their private wealth. The option of the 10% final levy must cover all interest payments made by the paying agents to the beneficial owner over the full civil year.

Income taxation

Non-resident holders of Notes

A non-resident holder of Notes, not having a permanent establishment, permanent representative or a fixed place of business in Luxembourg to which/whom such Notes are attributable, is not subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes. A gain realized by such non-resident holder of Notes on the sale (*i.e.* the conversion of the Notes into shares) or disposal, in any form whatsoever, of the Notes is further not subject to Luxembourg income tax.

A non-resident corporate holder of Notes or an individual holder of Notes acting in the course of the management of a professional or business undertaking, who has a permanent establishment, permanent representative or a fixed place of business in Luxembourg to which/whom such Notes are attributable, is subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes and on any capital gains realized upon the sale or disposal, in any form whatsoever, of the Notes. Taxable gain are determined as being the difference between the sale, repurchase or redemption price and the lower of the cost or book value of the Notes sold or redeemed.

Resident holders of Notes

A corporate holder of Notes must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realized on the sale or disposal, in any form whatsoever, of the Notes, in its taxable income for Luxembourg income tax assessment purposes.

A corporate holder of Notes that is governed by the law of May 11, 2007 on family estate management companies, as amended, or by the law of December 17, 2010 on undertakings for collective investment, as amended, or by the law of February 13, 2007 on specialized investment funds, as amended, is neither subject to Luxembourg income tax (i.e. corporate income tax, municipal business tax and net wealth tax) in respect of interest accrued or received, any redemption premium or issue discount, nor on gains realized on the sale or disposal, in any form whatsoever, of the Notes.

An individual holder of Notes, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax at the ordinary tax rates in respect of interest received, redemption premiums or issue discounts, under the Notes, except if (i) withholding tax has been levied on such payments in accordance with the Relibi Law, or (ii) the individual holder of the Notes has opted for the application of a 10% tax in full discharge of income tax in accordance with the Relibi Law, which applies if a payment of interest has been made or ascribed by a paying agent established in an EU Member State (other than Luxembourg), or in a Member State of the European Economic Area (other than an EU Member State), or in a state that has entered into a treaty with Luxembourg relating to the Savings Directive.

A gain realized by an individual holder of Notes, acting in the course of the management of his/her private wealth, upon the sale or disposal, in any form whatsoever, of Notes is not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the Notes were acquired. However, any portion of such gain corresponding to accrued but unpaid interest income or assimilated thereto (*e.g.*, issue discount, redemption premium, *etc.*) is subject to Luxembourg income tax, except if tax has been levied on such interest in accordance with the Relibi Law.

An individual holder of Notes acting in the course of the management of a professional or business undertaking must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realized on the sale or disposal, in any form whatsoever, of the Notes in its taxable basis for income tax purposes. If applicable, the tax levied in accordance with the Relibi Law will be credited against his/her final tax liability.

Net wealth taxation

A corporate holder of Notes, whether it is resident of Luxembourg for tax purposes or, if not, it maintains a permanent establishment, a permanent representative or a fixed place of business in Luxembourg to which such Notes are attributable, is subject to Luxembourg wealth tax on such Notes, except if the holder of Notes is governed by (i) the law of May 11, 2007 on family estate management companies, as amended, or (ii) by the law of December 17, 2010 on undertakings for collective investment, as amended, or (iii) by the law of February 13, 2007 on specialized investment funds, as amended, or (iv) is a securitization company governed by the law of March 22, 2004 on securitization, as amended, is a capital company governed by the law of June 15, 2004 on venture capital vehicles, as amended.

An individual holder of Notes, whether he/she is resident of Luxembourg or not, is not subject to Luxembourg wealth tax on such Notes.

Other taxes

In principle, neither the issuance nor the transfer, repurchase or redemption of Notes will give rise to any Luxembourg registration tax or similar taxes.

However, a registration duty may be due upon the registration of the Notes in Luxembourg in the case of legal proceedings before Luxembourg courts or in case the Notes must be produced, before an official Luxembourg authority, or in the case of a registration of the Notes on a voluntary basis.

There is no Luxembourg value added tax payable in respect of payments in consideration for the issuance of the Notes or in respect of the payment of interest or principal under the Notes or the transfer of the Notes. Where a holder of

Notes is a resident of Luxembourg for tax purposes at the time of his/her death, the Notes are included in his/her taxable estate for inheritance tax assessment purposes.

Gift tax (depending on the relationship between the donor and the donee) may be due on a gift or donation of Notes if embodied in a Luxembourg deed passed in front of a Luxembourg notary or if registered in Luxembourg for any other reason.

The registration of the Notes, the security interest agreements, the Indenture, the Note Guarantees and the transaction documents (and any document in connection therewith) with the *Administration de l'Enregistrement et des Domaines* in Luxembourg may be required in the case of legal proceedings before Luxembourg courts or in the case that the Notes, the security interest agreements, the Indenture, the Note Guarantees and the transaction documents (and any document in connection therewith) must be produced before an official Luxembourg authority (*autorité constituée*). In such case, either a nominal registration duty or an ad valorem duty (or, for instance, 0.24% of the amount of the payment obligation mentioned in the document so registered) will be payable depending on the nature of the document to be registered. No ad valorem duty is payable in respect of security interest agreements, which are subject to the Financial Collateral Law 2005. The Luxembourg courts or the official Luxembourg authority may require (when these are presented before them) that the Notes, the security interest agreements, the Indenture, the Note Guarantees and the transaction documents (and any document in connection therewith) and any judgment obtained in a foreign court be translated into French or German.

Material United States federal income tax consequences

The following is a summary of material United States federal income tax consequences of the purchase, ownership and disposition of Notes as of the date hereof. Except for the section below entitled "FATCA," this summary deals only with Notes that are held as capital assets by a US holder (as defined below) who acquires our Notes upon original issuance at their "issue price" (the first price at which a substantial amount of the Notes are sold for money, excluding sales to underwriters, placement agents or wholesalers).

As used herein, a "US holder" means a beneficial owner of Notes that is for United States federal income tax purposes any of the following:

- an individual citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury Regulations ("Treasury Regulations") to be treated as a United States person.

This summary is based upon provisions of the United States Internal Revenue Code of 1986, as amended (the "Code"), and Treasury Regulations, rulings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in United States federal income tax consequences different from those summarized below. This summary does not address all aspects of United States federal income taxes and does not deal with foreign, state, or local or other tax considerations that may be relevant to US holders in light of their personal circumstances, including the Medicare tax. In addition, it does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws. For example, this summary does not address:

- tax consequences to holders who may be subject to special tax treatment, such as dealers in securities or currencies, traders in securities that elect to use the mark-to-market method of accounting for their securities, financial institutions, regulated investment companies, real estate investment trusts, investors in partnerships or other pass-through entities for United States federal income tax purposes, tax-exempt entities or insurance companies;

- tax consequences to persons holding the Notes as part of a hedging, integrated, constructive sale or conversion transaction or a straddle;

- tax consequences to US holders whose "functional currency" is not the United States dollar; or

- alternative minimum tax consequences, if any.

If a partnership (or other entity treated as a partnership for United States federal income tax purposes) holds our Notes, the tax treatment of the partnership and a partner in such partnership will generally depend upon the status of the partner and the activities of the partnership. If you are a partner or a partnership, you should consult your own tax advisors concerning the United States federal income tax consequences to you of an investment in the Notes.

If you are considering the purchase of Notes, you should consult your own tax advisors concerning the particular United States federal income tax consequences to you of the ownership of the Notes, as well as the consequences to you arising under the laws of any other taxing jurisdiction. Characterization of the Notes Although the proper characterization of the Notes for United States federal income tax purposes is not entirely free from doubt, the Issuer, to the extent it is required to take a position, intends to treat the Notes as indebtedness for United States federal income tax purposes. This characterization is binding on all US holders unless the holder discloses on its United States federal income tax return that it is treating the Notes in a manner inconsistent with the Issuer's characterization. However, the Issuer's characterization is not binding on the Internal Revenue Service (the "IRS") or the courts, and no ruling is being requested from the IRS with respect to the proper characterization of the Notes for United States federal income tax purposes. No assurance can be given that the IRS will not assert that the Notes should not be treated as indebtedness but rather as equity interests in the Issuer. The following discussion assumes that the Notes will be characterized as indebtedness for United States federal income tax purposes. Prospective purchasers of the Notes should consult their own tax advisors regarding the consequences in the event that the Notes are treated as equity for United States federal income tax purposes. Payments of stated interest Subject to the discussion below, stated interest on a Note (including any foreign tax withheld and any Additional Amounts with respect thereto) will generally be taxable to you as ordinary income at the time it is paid or accrued in accordance with your method of accounting for tax purposes You may be entitled to deduct or credit this tax, subject to certain limitations (including that the election to deduct or credit foreign taxes applies to all of your applicable foreign taxes for a particular tax year). Stated interest income (including any Additional Amounts) on a Note generally will be considered foreign source income and, for purposes of the United States foreign tax credit, generally will be considered passive category income or, in the case of certain U.S. holders, general category income. The rules governing the foreign tax credit are complex. You are urged to consult your own tax advisor regarding the availability of the foreign tax credit under your particular circumstances.

If you use the cash basis method of accounting for United States federal income tax purposes, you will be required to include in income the United States dollar value of the stated interest received, determined by translating the euro amount received at the "spot rate" on the date such payment is received regardless of whether the payment is in fact converted into United States dollars. You will not recognize exchange gain or loss with respect to the receipt of such payment, but you may recognize exchange gain or loss attributable to the actual disposal of the euro amount received.

If you use the accrual method of accounting for United States federal income tax purposes, you may determine the amount of income recognized with respect to such stated interest in accordance with either of two methods. Under the first method, you will be required to include in income for each taxable year the United States dollar value of the stated interest that has accrued during such year, determined by translating such interest at the average spot rate of exchange for the period or periods during which such interest accrued or, in the case of an accrual period that spans two taxable years of a US holder, the part of the period within the taxable year. Under the second method, you may elect to translate stated interest income at the spot rate on:

- the last day of the accrual period,

- the last day of the taxable year if the accrual period straddles your taxable year, or

- the date the stated interest payment is received if such date is within five business days of the end of the accrual period.

This election will apply to all debt obligations you hold from year to year and cannot be changed without the consent of the IRS. You should consult your own tax advisor as to the availability of making the above election.

Upon receipt of a stated interest payment on a Note (including, upon the sale of a Note, the receipt of proceeds which include amounts attributable to accrued interest previously included in income), if you use the accrual method of accounting for United States federal income tax purposes you will recognize ordinary gain or loss in an amount equal to the difference, if any, between the United States dollar value of such payment (determined by translating the euro amount received at the spot rate on the date such payment is received) and the United States dollar value of the stated interest income you previously included in income with respect to such payment. Sale, exchange, retirement and other disposition of Notes Upon the sale, taxable exchange, retirement or other taxable disposition of a Note, you will recognize gain or loss equal to the difference between the amount realized upon the sale, exchange, retirement or other disposition (less an amount equal to any accrued but unpaid stated interest that you did not previously include in income, which will be treated as a payment of interest for United States federal income tax purposes) and your adjusted tax basis in the Note. Your adjusted tax basis in a Note generally will be your United States dollar cost for that Note reduced by any cash payments on the Note other than qualified stated interest. If you purchased your Note with euro, your cost generally will be the United States dollar value of the purchase price on the date of such purchase. If your Note is sold, exchanged, retired or otherwise disposed of for an amount in euro, the amount realized generally will be the United States dollar value of such euro received on the date of sale, exchange, retirement or other disposition. If you are a cash method taxpayer and the Notes are traded on an established securities market, euro paid or received will be translated into United States dollars at the spot rate on the settlement date of the taxable disposition of your Notes. An accrual method taxpayer may elect the same treatment with respect to the taxable disposition of Notes traded on an established securities market, *provided that* the election is applied consistently to all debt instruments from year to year. Such election cannot be changed without the consent of the IRS.

Subject to the foreign currency rules discussed below, your gain or loss will generally be capital gain or loss and will be long-term capital gain or loss if, at the time of sale, exchange, retirement or other disposition, you have held the Note for more than one year. Capital gains of non-corporate US holders, including individuals, derived with respect to capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Gain or loss realized by you on the sale, exchange, retirement or other disposition of a Note will generally be treated as United States source gain or loss.

A portion of your gain or loss may be treated as exchange gain or loss with respect to the principal amount of a Note. Exchange gain or loss will be treated as ordinary income or loss and generally will be United States source gain or loss. For these purposes, the principal amount of the Note is your purchase price for the Note calculated in euro on the date of purchase, and the amount of exchange gain or loss recognized is equal to the difference between (i) the United States dollar value of the principal amount determined on the date of the sale, exchange, retirement or other disposition of the Note and (ii) the United States dollar value of the principal amount determined on the date you purchased the Note. The amount of exchange gain or loss will be limited to the amount of overall gain or loss realized on the disposition of the Note. Exchange gain or loss Your tax basis in the euro amount received as interest on a Note will be the United States dollar value thereof at the spot rate in effect on the date the euro amount is received. Upon the sale, taxable exchange, retirement or other taxable disposition of a Note, if the Notes are traded on an established securities market, a cash basis taxpayer (or, upon election, an accrual basis taxpayer) will have a basis in the euro received equal to the United States dollar value thereof at the spot rate in effect on the settlement date of such disposition (that is, the same date that the euro amount is valued for purposes of determining the amount realized on the Note). In all other cases, since the amount realized is based on the spot rate in effect on the date of the taxable disposition of the Note (including the trade date if the Notes are traded on an established securities market), (i) the taxpayer will realize foreign exchange gain or loss to the extent the United States dollar value of the euro amount received (based on the spot rate in effect on the date of receipt) differs from the United States dollar value of the euro on the date of the taxable disposition of the Note, and (ii) the taxpayer's basis in the euro amount received will equal the United States dollar value of the euro amount, based on the spot rate in effect on the date of receipt. In addition, as discussed above under "—*Payments of stated interest*", a US holder may recognize exchange gain or loss with respect to amounts of accrued and unpaid interest on the difference, if any, between the exchange rate at which the interest is accrued in each accrual period during which the Note is held by the holder and the exchange rate at which the holder is required to translate the euro amount at the time the Note is disposed of.

Any gain or loss recognized by you on a sale, exchange or other disposition of the euros will be ordinary income or loss and generally will be United States source gain or loss. Reportable transactions Treasury Regulations meant to require the reporting of certain tax shelter transactions also apply to certain transactions generally not regarded as tax shelters, including certain foreign currency transactions. Under the Treasury Regulations, certain transactions are required to be reported to the IRS including, in certain circumstances, a sale, exchange, retirement or other taxable disposition of a foreign currency note or foreign currency received in respect of a foreign currency note, in each case, to the extent that such sale, exchange, retirement or other taxable disposition results in a tax loss in excess of a threshold amount. Holders considering the purchase of Notes should consult with their own tax advisor to determine the tax return obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement). Backup withholding and information reporting Generally, information reporting requirements will apply to all payments of principal and interest on, or the proceeds from a sale or other disposition of, a Note, unless you are an exempt recipient, such as a corporation. Additionally, if you fail to provide your taxpayer identification number, or in the case of interest payments, fail either to report in full dividend and interest income or to make certain certifications, you may be subject to backup withholding.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against your United States federal income tax liability, *provided that* the required information is timely furnished to the IRS. You are urged to consult your own tax advisors regarding backup withholding and information reporting requirements relating to your ownership of the Notes. Satisfaction and Discharge If we were to obtain a discharge of the Indenture within one year of maturity with respect to all of the Notes then outstanding in the relevant series of Notes, as described in this offering memorandum under "Description of the Notes—Satisfaction and Discharge," such discharge would generally be deemed to constitute a taxable exchange of the Notes outstanding for other property. In such case, a US holder would be required to recognize capital gain or loss in connection with such deemed exchange. In addition, after such deemed exchange, a US holder might also be required to recognize income from the property deemed to have been received in such exchange over the remaining life of the transaction in a manner or amount that is different than if the discharge had not occurred. US holders should consult their tax advisors as to the specific consequences arising from a discharge in their particular situations. FATCA Sections 1471 through 1474 of the Code ("FATCA") impose a reporting regime and potentially a 30 per cent withholding tax (a) with respect to certain payments to any non-US financial institution (an "FFI") that either (1) does not become a "Participating FFI" by entering into an agreement with the IRS to provide the IRS with certain information in respect of its account holders and investors or (2) is not otherwise exempt from or deemed in compliance with FATCA and (b) with respect to certain payments to any investor that does not provide information sufficient to determine whether the investor is a US person or should otherwise be treated as holding a "United States account" of a Participating FFI (unless otherwise exempt from FATCA). The Issuer or any paying agent may be classified as an FFI.

Under current Treasury Regulations (as modified by recent guidance by the IRS), the withholding regime applies to payments from sources within the United States as of July 1, 2014 and will apply to "foreign passthru payments" no earlier than January 1, 2019. This withholding generally will not apply to payments in respect of the Notes unless (i) the Notes are characterized as equity for United States federal income tax purposes, or (ii) the Notes are characterized as debt for United States federal income tax purposes and are significantly modified after the "grandfathering date," which is the date that is six months after the date on which final Treasury Regulations defining the term "foreign passthru payment" are filed with the Federal Register. If the Issuer issues Additional Notes on or after the grandfather date pursuant to a reopening of the Notes created on or before the grandfather date (the "original Notes") and such Additional Notes are not fungible with the original Notes for US federal income tax purposes, payments on such Additional Notes may be subject to withholding under FATCA.

If an amount in respect of FATCA were to be deducted or withheld from interest, principal or other payments on or with respect to the Notes, the Issuer would have no obligation to pay additional amounts or otherwise indemnify a holder for any such withholding or deduction by the Issuer, a paying agent or any other party. As a result, investors may receive less interest or principal than expected.

An FFI investor that is not a Participating FFI and that is withheld upon generally will be able to obtain a refund only to the extent an applicable income tax treaty with the United States entitles the investor to a reduced rate of tax on the payment that was subject to withholding under FATCA, provided the required information is furnished in a timely manner to the IRS.

Non-US governments have entered into, and others are expected to enter into, intergovernmental agreements with the United States to implement FATCA in a manner that may alter the rules described herein. Holders should consult their own tax advisors on how these rules may apply to their investment in the Notes.

Significant aspects of the application of FATCA are not currently clear. Investors should consult their own advisors about the application of FATCA, in particular if they may be classified as financial institutions under the FATCA rules. United States return disclosure requirements for individual US Holders Certain US holders are required to report information relating to interests in the Notes, subject to certain exceptions (including an exception for Notes held in accounts maintained by certain financial institutions), by attaching a complete IRS Form 8938 (Statement of Specified Foreign Financial Assets), with their tax return for each year in which they hold an interest in the Notes. Penalties may apply for failure to properly complete and file IRS Form 8938. You are urged to consult your own tax advisors regarding information reporting requirements relating to your ownership of the Notes.

Certain United Kingdom taxation considerations

The comments below are of a general nature based on United Kingdom tax law as applied in England and Wales and HM Revenue and Customs practice at the date of this offering memorandum, which may be subject to change, sometimes with retrospective effect. The comments are not exhaustive and are not intended as tax advice. They relate only to the position of persons who are the absolute beneficial owners of their Notes and any interest payable on their Notes and may not apply to certain classes of persons such as dealers, certain professional investors, or persons connected with the Issuer. They do not necessarily apply where, for instance, income is deemed for tax purposes to be the income of any other person. Any holders of Notes who are in doubt as to their

own tax position, or who may be subject to tax in a jurisdiction other than the United Kingdom, should consult their professional advisers. Withholding or deduction of tax on payments of interest by the Issuer or under the Guarantee

Payments of interest by the Issuer

Provided that the interest on the Notes does not have a United Kingdom source, interest on the Notes may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax. The source of a payment is a complex matter. It is necessary to have regard to case law and HM Revenue and Customs practice. Case law has established that in determining the source of interest, all relevant factors must be taken into account. HM Revenue and Customs consider the most important factor in deciding whether interest has a UK source is the residence of the debtor and the location of the debtor's assets.

If the interest on the Notes has a United Kingdom source ("UK interest") it may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax if the Notes in respect of which the UK interest is paid constitute "quoted Eurobonds" within the meaning of Section 987 of the Income Tax Act 2007. The Notes should constitute quoted Eurobonds provided they are and continue to be listed on a recognised stock exchange within the meaning of Section 1005 of the Income Tax Act 2007.

Securities will be treated as listed on a recognised stock exchange where those securities are admitted to trading on that exchange and are officially listed in accordance with provisions corresponding to those generally applicable in countries in the European Economic Area. The Luxembourg Stock Exchange is a recognised stock exchange for these purposes. Current HM Revenue and Customs practice is that securities which are officially listed and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange may be regarded as "listed on a recognised stock exchange" for these purposes.

If the Notes are not or cease to be so listed, UK interest on the Notes which has a UK source will generally be paid by the Issuer under deduction of United Kingdom income tax at the basic rate (currently 20%) unless (i) any other relief applies, or (ii) the Issuer has received a direction to the contrary from HM Revenue and Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

If UK interest were paid under deduction of United Kingdom income tax (e.g. if the Notes lost their listing), holders of Notes who are not resident in the United Kingdom may be able to recover all or part of such tax deducted if there is an appropriate provision in an applicable double taxation treaty.

Payments under a Guarantee

If a Guarantor makes any payments in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for the Notes), such payments may be subject to United Kingdom withholding tax at the basic rate (currently 20%), subject to the availability of reliefs or exemptions or to any direction to the contrary from HM Revenue and Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty. Such payments by a Guarantor may not be eligible for the exemption described above in respect of the Notes being issued on a recognised stock exchange. Exchange of information Persons in the United Kingdom (i) paying interest to or receiving interest on behalf of another person who is an individual or (ii) paying amounts due on redemption of any Notes which constitute "deeply discounted securities" as defined in Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 to or receiving such amounts on behalf of another person who is an individual may be required to provide certain information to HM Revenue and Customs regarding the identity of the payee or person entitled to the interest and, in certain circumstances, such information may be exchanged with tax authorities in other countries. Direct assessment If the interest has a United Kingdom source it may accordingly be chargeable to United Kingdom tax by direct assessment, even where paid without withholding or deduction. Where UK interest is paid without withholding or deduction, UK interest will generally not be assessed to United Kingdom tax in the hands of holders of the Notes who are not resident in the United Kingdom, except where the holder of Notes carries on a trade, profession or vocation through a branch or agency in the United Kingdom, or, in the case of a corporate holder, carries on a trade through a permanent establishment in the United Kingdom, in connection with which the interest is received or to which the Notes are attributable, in which case tax may be levied on the United Kingdom branch or agency, or permanent establishment.

Holders of Notes should note that the provisions relating to Additional Amounts referred to in "Description of the Notes" above would not apply if HM Revenue and Customs sought to assess directly the person entitled to the relevant interest to United Kingdom tax. However exemption from, or reduction of, such United Kingdom tax liability might be available under an applicable double taxation treaty. EU directive on the taxation of savings income The EU has adopted the Savings Directive regarding the taxation of savings income. The Savings Directive requires Member States to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person within its jurisdiction to (or for the benefit of) an individual or to certain other persons resident in another Member State, except that Austria may instead impose a withholding system in relation to such payments for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period it elects otherwise.

On November 25, 2014, the Luxembourg parliament formally adopted a law amending the Luxembourg laws of June 21, 2005 (implementing the Saving Directive) putting an end to the withholding tax regime as from January 1, 2015 and implementing the automatic exchange of information as from that date.

The Council of the European Union formally adopted the Amending Directive, which broadens the scope of the requirements described above. The European Commission has proposed the repeal of the Savings Directive from January 1, 2017 in the case of Austria and from January 1, 2016 in the case of all other Member States to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). For further details please see the section on the Savings Directive above. The Proposed Financial Transactions Tax On February 14, 2013, the European Commission published a proposal (the "Commission's Proposal") for a directive for a common financial transactions tax (the "FTT") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "participating Member States").

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by participating Member States indicate an intention to implement the FTT by January 1, 2016. However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT. Other Rules Relating to United Kingdom Withholding Tax Notes may be issued at an issue price of less than 100 per cent of their principal amount. Any discount element on any such Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned above, but may be subject to reporting requirements as outlined above.

Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest may be subject to United Kingdom withholding tax and reporting requirements as outlined above.

Where interest has been paid under deduction of United Kingdom income tax, Holders 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. Where a payment on a Note does not constitute (or is not treated as) interest for United Kingdom tax purposes, and the payment has a United Kingdom source, it would potentially be subject to United Kingdom withholding tax if, for example, it constitutes (or is treated as) an annual payment or a manufactured payment for United Kingdom tax purposes (which will be determined by, amongst other things, the terms and conditions of the Notes). In such a case, the payment may fall to be made under deduction of United Kingdom tax (the rate of withholding depending on the nature of the payment), subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of an Issuer and does not consider the tax consequences of any such substitution. Stamp duty and stamp duty reserve tax Provided that the Notes do not carry and will not at any time carry (i) a right to interest the amount of which exceeds a reasonable commercial return on the nominal amount of the capital, and (ii) a right on repayment to an amount which exceeds the nominal amount of the capital and is not reasonably comparable with what is generally repayable (in respect of a similar nominal amount of capital) under the terms of issue of loan capital listed on the Official list of the Financial Conduct Authority acting in its capacity as the competent authority for purposes of Part VI of the Financial Services and Market Act 2000, no United Kingdom stamp duty or stamp duty reserve tax is payable on the issue of Notes or on a transfer, or agreement to transfer, full legal and beneficial ownership of any Note. The statement in relation to the transfer of, or agreement to transfer, the Notes assumes that neither legal nor covenant defeasance has been exercised at the time of transfer of, or agreement to transfer, such Notes.

Certain Ireland tax considerations—Payments under a Guarantee

If a Guarantor makes any payments in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for the Notes), such payments may be subject to Irish withholding tax at the basic rate (currently 20%) subject to the availability of reliefs or exemptions.

Holders of Notes are advised to consult their own professional advisers if they require any advice or information relating to the tax consequences of holding Notes.

Limitations on validity and enforceability of the guarantees and security interests

European Union

The Issuer and Guarantors are organized under the laws of Member States of the European Union.

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

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

The EUIR has been replaced by the Regulation (EU) 2015/848 of the European Parliament and of the Council dated May 20, 2015 (the "New EU Insolvency Regulation") which became effective as of June 26, 2015, and which will be applicable to insolvency proceedings opened after June 26, 2017. The EUIR remains applicable to insolvency proceedings opened before that date.

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

Luxembourg

The following is a brief description of certain aspects of insolvency law in Luxembourg.

Insolvency

Pursuant to Luxembourg insolvency laws, your ability to receive payment under the Notes may be more limited than would be the case under US bankruptcy laws. Under Luxembourg law, the following types of proceedings (together referred to as insolvency proceedings) may be initiated against a company incorporated in Luxembourg having its center of main interests or an establishment (both such terms within the meaning of the EUIR) in Luxembourg (in the latter case assuming that the center of main interests is located in a jurisdiction where the EUIR is applicable):

- bankruptcy proceedings (*faillite*), the opening of which may be requested by the company, by any of its creditors or by the courts *ex officio*. Following such a request, the Luxembourg courts having jurisdiction may open bankruptcy proceedings if a Luxembourg company: (i) is in a state of cessation of payments (*cessation des paiements*) and (ii) has lost its commercial creditworthiness (*ébranlement de crédit*). The main effect of such proceedings is the sale of the assets and allocation of the proceeds of such sale between creditors taking into account their rank of privilege, as well as the suspension of all measures of enforcement against the company, except, subject to certain limited exceptions, for enforcement by secured creditors and the payment of the secured creditors in accordance with their rank upon realization of the assets. In addition, the managers or directors of a Luxembourg company that ceases its payments (i.e. is unable to pay its debts as they fall due with normal means of payment) must within a month of them having become aware of the company's cessation of payments, file a petition for bankruptcy (*faillite*) with the court clerk of the district court of the company's registered office. If the managers or directors fail to comply with such provision they may be held (i) liable towards the company or any third parties on the basis of principles of managers' / directors' liability for any loss suffered and (ii) criminally liable for simple bankruptcy (*banqueroute simple*) in accordance with article 574 of the Luxembourg commercial code.

- controlled management proceedings (*gestion contrôlée*), the opening of which may only be requested by the company and not by its creditors and under which a Luxembourg court may order the provisional stay of enforcement of claims except for certain categories of secured creditors (please see the below applicable provision of the Luxembourg law of August 5, 2005 on financial collateral arrangements, as amended ("Financial Collateral Act 2005")); or

- composition proceedings (*concordat préventif de faillite*), the opening of which may only be requested by the company (subject to obtaining the prior consent of the majority of its creditors, representing at least three quarters of its debts) and not by its creditors. The Luxembourg court's decision to admit a company to composition proceedings triggers a provisional stay on enforcement of claims by creditors except for certain secured creditors (please see below the applicable provisions of the Financial Collateral Act 2005).

- In addition to these proceedings, your ability to receive payment on the Notes may be affected by a decision of a Luxembourg court to grant a stay on payments (*sursis de paiement*) or to put a Luxembourg company into judicial liquidation (*liquidation judiciaire*). Judicial liquidation proceedings may be opened at the request of the public prosecutor against companies pursuing an activity violating criminal laws or that are in serious breach or violation of the Luxembourg commercial code or of the Luxembourg law dated August 10, 1915 on commercial companies, as amended (the "Luxembourg Companies Law"). The management of such liquidation proceedings will generally follow similar rules as those applicable to Luxembourg bankruptcy proceedings.

The liability of the Issuer in respect of the Notes and the liability of any Luxembourg Guarantor under its guarantee of the Notes will, in the event of a liquidation of such companies following bankruptcy or judicial liquidation proceedings, only rank after the cost of liquidation (including any debt incurred for the purpose of such liquidation) and any claims that are preferred under Luxembourg law. Preferential claims under Luxembourg law include, among others:

- remuneration owed to employees (last six months' wages amounting to a maximum of six times the minimum social salary);

- employees’ contributions to social security;
- certain amounts owed to the Luxembourg Revenue;
- employer’s contribution to social security;
- landlord, for certain unpaid sums due to them; and
- value-added tax and other taxes and duties owed to Luxembourg Customs and Excise.

Assets over which a security interest has been granted will in principle not be available for distribution to unsecured and unpreferred creditors (except after enforcement and to the extent a surplus is realized).

Favorable rules apply in relation to security interests of claims or financial instruments securing monetary claims (or claims for the delivery of financial instruments) pursuant to the Financial Collateral Law 2005. Article 20 of the Financial Collateral Act 2005 provides that Luxembourg law financial collateral arrangements (pledges, security assignments and repo agreements) over claims and financial instruments, as well as valuation and enforcement measures agreed upon by the parties are valid and enforceable even if entered into during the pre-bankruptcy preference period (*période suspecte*) against third parties, commissioners, receivers, liquidators and other similar persons notwithstanding the insolvency proceedings (save in the case of fraud).

Article 24 of the Financial Collateral Act 2005 provides that foreign law security interests over claims or financial instruments granted by a Luxembourg pledgor will be valid and enforceable as a matter of Luxembourg law notwithstanding any Luxembourg insolvency proceedings, if such foreign law security interests are similar in nature to a Luxembourg security interest falling within the scope of the Financial Collateral Act 2005. If article 24 applies, Luxembourg preference period rules are disapplied (save in the case of fraud).

Article 21(2) of the Financial Collateral Act 2005 provides that where a financial collateral arrangement has been entered into after the opening of liquidation proceedings or the coming into force of reorganization measures or the entry into force of such measures, such arrangement is enforceable against third parties, administrators, insolvency receivers, liquidators and other similar persons if the collateral taker proves that it was unaware of the fact that such proceedings had been opened or that such measures had been taken or that it could not reasonably be aware of such proceedings, measures or arrangements.

During such insolvency proceedings, all enforcement measures by unsecured creditors are suspended. Other than as described above the ability of certain secured creditors to enforce their security interest may also be limited, in particular in the event of controlled management proceedings expressly providing that the rights of secured creditors are frozen until a final decision has been taken by a Luxembourg court as to the petition for controlled management, and may be affected thereafter by a reorganization order given by the court. A reorganization order requires the prior approval by more than 50% of the creditors representing more than 50% of the relevant Luxembourg company’s liabilities in order to take effect.

Furthermore, you should note that declarations of default and subsequent acceleration (such as acceleration upon the occurrence of an event of default) may not be enforceable during controlled management proceedings. However, during such controlled management proceedings a notice of default may still be served.

Luxembourg insolvency rules may also affect transactions entered into or payments made by a Luxembourg company during the preference period (*période suspecte*), which is a maximum of six months plus ten days preceding the judgment declaring bankruptcy, except that in certain specific situations the court may set the start of the suspect period at an earlier date. In particular:

- pursuant to article 445 of the Luxembourg Code of Commerce (*Code de commerce*), specified transactions (such as, in particular, the granting of a security interest for antecedent debts save in respect of financial collateral arrangements within the meaning of the Financial Collateral Act 2005; payment of debts which have not fallen due, whether payment is made in cash or by way of assignment, sale, set-off or by any other means; the payment of debts which have fallen due by any means other than in cash or by bill of exchange; the sale of assets without consideration or with substantially inadequate consideration) entered into during the preference period (or the ten days preceding it) must be set aside or declared null and void, if so requested by the insolvency receiver;
- pursuant to article 446 of the Luxembourg Code of Commerce, payments made for matured debts as well as other transactions (save financial collateral arrangements within the meaning of the Financial Collateral Law 2005) concluded for consideration during the preference period are subject to cancellation by the court

upon proceedings instituted by the insolvency receiver if they were concluded with the knowledge of the bankrupt party's cessation of payments; and

- pursuant to article 448 of the Luxembourg Code of Commerce and article 1167 of the Civil Code (*action paulienne*), the insolvency receiver (acting on behalf of the creditors) has the right to challenge any fraudulent payments and transactions, including the granting of security with an intent to defraud, made prior to the bankruptcy, without any time limit.

In principle, a bankruptcy order rendered by a Luxembourg court does not result in the automatic termination of contracts except for *intuiti personae* agreements (such as employment agreements and powers of attorney).The contracts, therefore, subsist after the bankruptcy order. However, the bankruptcy receiver may choose to terminate certain contracts so as to avoid worsening the financial situation of the company. As of the date of adjudication of bankruptcy, no interest on any unsecured claim will accrue *vis-à-vis* the bankruptcy estate. Insolvency proceedings may hence have a material adverse effect on the Notes Issuer's and each Luxembourg guarantor's business and assets and the Issuer's and each Luxembourg guarantor's obligations under the Notes and guarantees of the Notes.

Finally, international aspects of Luxembourg bankruptcy, controlled management or composition proceedings may be subject to the EUIR. In particular, rights *in rem* over assets located in another jurisdiction where the EUIR applies will not be affected by the opening of insolvency proceedings, without prejudice however to the applicability of rules relating to the voidness, voidability or unenforceability of legal acts detrimental to all the creditors (subject to the application of article 24 of the Financial Collateral Act 2005 as described above and article 13 of the EUIR).

Limitation on Validity and Enforceability of the Notes Guarantees and Security Interests

Under Luxembourg law, contracts are in principle formed by the mere agreement (*consentement*) between the parties thereto. The granting of any financial collateral governed by the Financial Collateral Act 2005 must be capable of being evidenced in writing. However, additional steps may be required to enforce security interests against third parties.

According to Luxembourg conflict of law rules, Luxembourg courts will generally apply, in relation to the creation, perfection and enforcement of security interests over the assets subject to such security interests, the law of the place where such assets subject are situated. As a consequence, Luxembourg law will apply in relation to the creation, perfection and enforcement of security interests over assets located or deemed to be located in Luxembourg, such as registered shares in Luxembourg companies, cash bank accounts held with a Luxembourg bank, receivables/claims having debtors located in Luxembourg and/or governed by Luxembourg law, securities which are held through an account located (or deemed to be located) in Luxembourg and bearer securities physically held in Luxembourg.

If certain assets are located or deemed to be located in Luxembourg, the security interests over such assets will be governed by Luxembourg law and must be created, perfected and enforced in accordance with Luxembourg law. The creation, validity and enforcement of security interests such as pledges and transfer of ownership as security, granted on financial instruments and claims (in order to secure cash settlement and/or delivery of financial instruments) are notably governed by the Financial Collateral Act 2005. Pursuant to the Financial Collateral Act 2005, a pledge (*gage*) is effected by a transfer of possession of the pledged assets to the pledgee or to a third party acting as depositary for the pledgee and the pledgee's preference rights over the pledged assets only remain in existence as long as the pledgee or the depositary remains in possession of such assets.

A physical transfer of possession not being possible for intangibles such as monetary claims, the Financial Collateral Act 2005 provides for a fictitious transfer of possession (i.e. perfection) which is effected by mechanisms which depend on the nature of the intangibles involved. In case of registered shares and other registered instruments, the dispossession is validly realized by notifying the pledge to the issuer of such shares/instruments or by an acceptance of the pledge by the issuer of such shares/instruments who in turn will proceed to an entry of the pledge in the share register/the register of the relevant instruments (as applicable) held by the issuer of such shares/instruments.

For the purposes of its creation, validity and perfection, a pledge granted over cash bank account(s) held in Luxembourg with a Luxembourg bank must be notified to and accepted by the relevant account bank (who generally has a first-ranking security right over the accounts and the balances thereof, and hence a pledge over such cash bank accounts is validly created and the dispossession is validly realized by notifying the pledge to the first-ranking security beneficiary/the holder of the pledged accounts (i.e. the account-holding bank) and by the acceptance of the pledge by such security beneficiary/holder of the pledged accounts). In addition, in order for such pledge to be first-ranking, the account bank has to waive any pre-existing security interests and other rights (including its first-ranking security rights) in respect of the relevant cash account. If any future cash bank accounts are also pledged, both the creation and the perfection of the pledge over such future accounts will require additional notification to, acceptance and waiver by the account bank. Until such notifications and acceptances occur, the pledge is not validly created, nor is it perfected against the account bank and other third parties.

In case of intragroup receivables/claims, dispossession (and perfection of the pledge) is (as a matter of Luxembourg law) effected as against the debtor of the pledged claims and any third parties by the entry into and the execution (by all parties thereto) of the relevant pledge agreement. In addition, if the relevant debtor is a non-Luxembourg entity, the perfection requirements necessary to be completed under or pursuant to the relevant governing law of such debtor will also need to be accomplished in order for the pledge to be perfected. Nonetheless, the debtor of a pledged claim may validly discharge its obligation by performance rendered to the pledgor as long as it has no knowledge of the pledge (such knowledge to be acquired or deemed acquired, if the debtor has been notified of, or has accepted, the granting and creation of the pledge over the pledged claims).

The above perfection steps and actions need to be undertaken by the grantor of the security interest and/or the Security Agent. If the relevant pledgor or the Security Agent fail or are unable to take the necessary steps/actions required to take or perfect any of the above-mentioned security interests, such security interests will not have been created and/or perfected with respect to the claims arising under the Notes. Absent perfection, the Security Agent may have difficulty enforcing its rights in the Collateral with regard to third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same Collateral. Finally, since the ranking of pledges would be determined by the date on which they became enforceable against third parties, a security interest created on a later date over the same Collateral, but which comes into force as against third parties earlier (by way of accomplishment of the relevant perfection requirements) would have priority.

Article 11 of the Financial Collateral Act 2005 sets out the following enforcement methods, available upon the occurrence of the relevant enforcement event in respect of a pledge governed by the provisions of the Financial Collateral Act 2005:

- appropriation by the pledgee or appropriation by a third party of the pledged assets at (i) a value determined in accordance with a valuation method agreed upon by the parties or (ii) the listing price of the pledged assets (if the pledged assets are listed on an official Luxembourg or foreign stock market or traded on a recognized regulated market open to the public);

- selling or causing the sale of the pledged assets (i) in a private transaction at commercially reasonable terms (*conditions commerciales normales*), (ii) by a public sale at the stock exchange, or (iii) by way of a public auction;

- court allocation of the pledged assets to the pledgee in discharge of the secured obligations following a valuation made by a court-appointed expert; or

- set-off between the secured obligations and the pledged assets.

As the Financial Collateral Act 2005 does not provide any specific time periods and depending on (i) the method chosen, (ii) the valuation of the pledged assets, (iii) any possible recourses, and (iv) the possible need to involve third parties, such as, e.g., courts, stock exchanges and appraisers, the enforcement of the security interests might be delayed.

Foreign law governed security interests and the powers of any receivers/administrators may not be enforceable in respect of assets located or deemed to be located in Luxembourg. Luxembourg law governed security interests may not be enforceable in respect of assets located or deemed to be located outside of Luxembourg.

Security interests/arrangements, which are not expressly recognized under Luxembourg law and the powers of any receivers/administrators may not be recognized or enforced by the Luxembourg courts, in particular where the Luxembourg security grantor becomes subject to Luxembourg insolvency proceedings or where the Luxembourg courts otherwise have jurisdiction because of the actual or deemed location of the relevant rights or assets, except if "main insolvency proceedings" (as defined in the EUIR) are opened under Luxembourg law and such security interests/arrangements constitute rights in rem over assets located in another Member State in which the EUIR applies, and in accordance of article 5 of the EUIR.

The perfection of the security interests created pursuant to the pledge agreements does not prevent any third party creditor from seeking attachment or execution against the assets, which are subject to the security interests created under the pledge agreements, to satisfy their unpaid claims against the pledgor. Such creditor may seek the forced sale of the assets of the pledgors through court proceedings, although the beneficiaries of the pledges will in principle remain entitled in priority to the proceeds of such sale (subject to preferred rights by operation of law).

When a Luxembourg company grants guarantees and/or security interests, applicable corporate procedures normally entail that the decision be approved by a board resolution or by the decision of delegates that have been appointed for such purpose. In addition, the granting of the envisaged guarantees and/or security interests must comply with the Luxembourg company's corporate object.

The proposed action by the company must be "in the corporate interest of the company," which is a translation of the French "*intérêt social,*" an equivalent term to the English legal concept of corporate benefit. The concept of "corporate interest" is not defined by law, but has been developed by doctrine and court precedents and may be described as being "the limit of acceptable corporate behavior." Whereas the previous discussions regarding the limits of corporate power are based on objective criteria (provisions of law and of the articles of association), the concept of corporate benefit requires a subjective judgment. In a group context, the interest of the companies of the group taken individually is not entirely eliminated.

With respect to guarantors and/or security grantors incorporated in Luxembourg, even if the Luxembourg Companies Law, does not provide for rules governing the ability of a Luxembourg company to guarantee and/or secure the indebtedness of another entity of the same group, it is generally held that within a group of companies, in the context of a group of related companies, the existence of a group interest in granting upstream or cross-stream assistance under any form (including under the form of guarantee or security) to other group companies could constitute sufficient corporate benefit to enable a Luxembourg company to grant such guarantee or security, *provided that* the following conditions are met (and subject in any event to all the factual circumstances of the matter): (i) such guarantee or security must be given for the purpose of promoting a common economic, social and financial interest determined in accordance with policies applicable to the entire group, (ii) the commitment to grant such guarantee or security must not be without consideration and such commitment must not be manifestly disproportionate in view of the obligations entered into by other group companies, and (iii) such guarantee or security granted or any other financial commitments must not exceed the financial capabilities of the committing company.

Although the existence of a corporate interest in the granting of a guarantee or a security interest on a group level is certainly important, the mere existence of such a group interest does not compensate for a lack of corporate interest for one or more of the companies of the group taken individually. The concept of corporate benefit is of particular importance in the context of misuse of corporate assets provided by Article 171-1 of the Luxembourg Companies Law.

The failure to comply with the corporate benefit requirement will typically result in liability (personal and/or criminal) for the directors or managers of the guarantor concerned. The guarantees or security interests granted by a Luxembourg company could themselves be held void or unenforceable if their granting is contrary to Luxembourg public policy (*ordre public*). It should be stressed that, as is the case with all criminal offenses addressed by the Luxembourg Company Law, a director or a manager of a company will in general be prosecuted for misuse of corporate assets only if someone has lodged a complaint with the public prosecutor. This person may be an interested third party, e.g., a creditor, a minority shareholder, a liquidator or an insolvency receiver. In addition, it cannot be excluded that the public prosecutor could act on its own initiative if the existence of such a misuse of corporate assets became known to him. If there is a misuse of corporate assets criminally sanctioned by court, then this could, under general principles of law, have the effect that contracts concluded in breach of Article 171-1 of the Luxembourg Companies Law will be held null and void. The criteria mentioned above have to be applied on a case-by-case basis, and a subjective, fact-based judgment is required to be made, by the directors or managers of the Luxembourg company. As a result of the above developments, the guarantees or security interests granted by a Luxembourg company will be subject to certain limitations, which will take the form of general limitation language, which is inserted in the relevant finance document(s), indentures or guarantee agreements and which covers the aggregate obligations and exposure of the relevant Luxembourg company under all finance documents, indentures or guarantee agreements, including the Indenture. Pursuant to the provisions of the Indenture, the obligations and liabilities of any Luxembourg guarantor will be limited to an amount not exceeding the higher of 95% of such guarantor's net assets (*capitaux propres*) as at the date on which a demand is made under the Indenture or 95% of such guarantor's net assets at the date of the Indenture, in each case, increased by the amount of certain intra-group liabilities.

United Kingdom

Certain of the Guarantors are companies incorporated under the laws of England and Wales (the "English Guarantors"). However, pursuant to the EUIR, where a company incorporated under English law has its "center of main interests" in a member state of the European Union other than England and Wales the main insolvency proceedings for that company must be opened in the EU Member State in which the company's center of main interest is located, resulting in such proceedings being subject to the laws of that EU Member State and in automatic recognition in all other EU Member States (other than Denmark). Similarly, the Cross-Border Insolvency Regulations 2006, which implement the UNCITRAL Model Law on Cross-Border Insolvency in Great Britain, provide that a foreign (i.e., non-European) court may have jurisdiction where any English-incorporated company has its center of main interests, or where it has an "establishment" (being a place of operations in such foreign jurisdiction, where it carries out non-transitory economic activities with human means and assets or services) in such foreign jurisdiction.

English insolvency law is different to the laws of the United States and other jurisdictions with which investors may be familiar. In the event that an English Guarantor experiences financial difficulty, it is not possible to predict with certainty the outcome of insolvency or similar proceedings. Formal insolvency proceedings under the laws of England and Wales may be initiated in a number of ways, as follows.

Administration

Assuming that the company's center of main interests is in England and Wales, the company, its directors or the holder of a "qualifying floating charge" may appoint an administrator using an out of court route. Different procedures apply according to the identity of the appointer. In order to constitute a qualifying floating charge, the floating charge must be created by an instrument which (a) states that the relevant statutory provision applies to it; (b) purports to empower the holder to appoint an administrator of the company or (c) purports to empower the holder to appoint an administrative receiver within the meaning given by Section 29(2) of the Insolvency Act, as amended (the "Insolvency Act"). The holder of a qualifying floating charge may appoint an administrator if such floating charge security, together (if necessary) with other forms of security, relates to the whole or substantially the whole of the property of the relevant English company and at least one such security interest is a qualifying floating charge. An administrator can also be appointed by the English courts in respect of a company with its centre of main interests in England in certain circumstances. An administration order can be made if the court is satisfied that the relevant company is or is likely to become "unable to pay its debts" and that the administration order is reasonably likely to achieve one of three statutory purposes. The court may, upon the petition of a creditor, place a company into liquidation, and the company and its directors may resolve to place the company into liquidation, if the company it unable to pay its debts.

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

There is a general prohibition against the appointment of an administrative receiver to an English company by the holder of a debenture or floating charge. Exceptions to that prohibition are if the qualifying floating charge is contained in a security document which pre-dates September 15, 2003 or falls within one of the exceptions in the Insolvency Act as amended by the Enterprise Act 2002 to the prohibition on the appointment of administrative receivers. The most relevant exception to the prohibition on the appointment of an administrative receiver is the exception relating to "capital market arrangements" (as defined in the Insolvency Act), which may apply if the issue of the Notes creates a debt of at least £50.0 million for the relevant company under the arrangement and the arrangement involves the issue of a "capital markets investment" (which is defined in the Insolvency Act, and is generally a rated, listed or traded debt instrument).

If an administrative receiver has been appointed, an administrator can only be appointed by the court (and not by the company, its directors or the holder of a qualifying charge using the out of court procedure) and then only if the person who appointed the administrative receiver consents or the court considers that the security pursuant to which the administrative receiver was appointed is invalid. If an administrator is appointed, any administrative receiver will vacate office, and any receiver of part of the company's property must resign if required to do so by the administrator. English insolvency laws and other limitations could limit the enforceability of an English Guarantee against an English Guarantor and the enforceability of security interests over the Collateral, to the extent that those security interests are subject to English law or have been granted by an English incorporated company.

The following is a brief description of certain aspects of English insolvency law relating to certain limitations on the Note Guarantees provided by the English Guarantor (the "English Guarantees") and any other security interests provided by the English incorporated entities. The application of these laws could adversely affect investors, their ability to enforce their rights under the English Guarantees and/or other security in respect of the Notes and the English Guarantees and therefore may limit the amounts that investors may receive in an insolvency of an English Guarantor.

Fixed and floating charges

Fixed-charge security has a number of advantages over floating charge security: (a) an administrator appointed to the company which granted the floating charge can dispose of floating charge assets for cash or collect receivables charged by way of floating charge and use the proceeds and/or cash subject to a floating charge, to meet administration expenses (which can include the costs of continuing to operate the charging company's business while in administration) in priority to the claims of the floating charge holder; (b) a fixed charge over assets, even if created after the date of a floating charge over the assets will rank prior to the floating charge over the same charged assets; (c) general costs and expenses (including a liquidator's remuneration) properly incurred in a winding-up are payable out of floating charge assets to the extent the assets of the company available for unsecured creditors generally are otherwise insufficient to meet them (subject to certain restrictions for the costs of litigation) in priority to floating charge claims; (d) until the floating charge security crystallizes, a company is entitled to deal with assets that are subject to floating charge security in the ordinary course of its business, meaning that such assets can be effectively disposed of by the charging company so as to give a third party good title to the assets free of the floating charge; (e) floating charge security is subject to certain challenges under English insolvency law (please see "—Challenges to guarantees and security—Grant of floating charge" below); and (f) floating charge security is subject to the claims of preferential creditors (such as occupational pension scheme contributions and salaries owed to employees (subject to a cap per employee) and holiday pay owed to employees) and, where the floating charge is not a security financial collateral arrangement, to the claims of unsecured creditors in respect of a ring-fenced amount of the proceeds (please see "—Moratoria and other considerations" below).

Under English law there is a possibility that a court could recharacterize as floating charges any security interests expressed to be created by a security document as fixed charges where the chargee does not have the requisite degree of control over the relevant chargor's ability to deal with the relevant assets and the proceeds thereof or does not exercise such control in practice, as the description given to the charges in the relevant security document 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 is likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge.

Moratoria and other considerations

As stated above, an administrator can be appointed in respect of a company with its center of main interests in England. An administrator must perform his or her functions in order to achieve the purpose of administration. The purpose of an administration is comprised of three objectives that must be looked at successively: rescuing the company as a going concern or, if that is not reasonably practicable, achieving a better result for the company's creditors as a whole than if the company went into immediate liquidation or, if neither of those objectives is reasonably practicable, and the interests of the creditors as a whole are not unnecessarily harmed thereby realizing property to make a distribution to secured or preferential creditors.

During the administration, in general no proceedings or other legal process may be commenced or continued against such company, or security enforced over such company's property, except with permission of the court or the consent of the administrator. This moratorium does not, however, apply to a "security financial collateral arrangement" (such as a charge over cash or financial instruments such as shares, bonds or tradable capital market debt instruments) under the Financial Collateral Arrangements (No. 2) Regulations 2003 (the "Financial Collateral Arrangements Regulations"). During the administration of a company, a creditor would not be able to enforce any security interest (other than valid security financial collateral arrangements) including in respect of a guarantee granted by it (although a demand for payment could be made under such guarantee) without the consent of the administrator or the permission of the court. In addition, a secured creditor cannot appoint an administrative receiver while an administrator is in office although, in certain circumstances (principally where one of the exceptions to the general prohibition on the appointment of an administrative receiver applies as set out in the Insolvency Act or pursuant to a debenture dated earlier than September 15, 2003), the holder of a floating charge can block the appointment of an administrator where it can appoint an administrative receiver.

A moratorium is also available pursuant to Schedule A1 to the Insolvency Act for "small companies" that are proposing a company voluntary arrangement with creditors, which can be for a period of up to 28 days, with the option for creditors to extend this protection for up to a further two months (although the Secretary of State may, by order, extend or reduce the duration of either period). Small companies are those which meet eligibility criteria as regards the number of employees, turnover and balance sheet total as set out in section 382 of the Companies Act 2006. The position as to whether or not a company is a "small company" may change from financial period to financial period, depending on its financial position and average number of employees during that particular period. The Secretary of State may, by regulations, also modify the qualifications for eligibility of a company for a moratorium and may also modify the present definition of a "small company." Accordingly, the English Guarantors may, at any given time, come within the ambit of the "small companies" provisions, such that the English Guarantors may (subject to the exemptions referred to below) be eligible to seek a moratorium, in advance of a company voluntary arrangement. This moratorium is not available to companies which have entered into certain capital market arrangements (whereby the company has incurred or is expected to incur a debt of at least £10 million and the arrangement involves the issue of a capital market investment) as detailed in Schedule A1 to the Insolvency Act. The definitions of "capital market arrangement" and "capital market investment" are broad and are such that, in general terms, any company which is a party to an arrangement which involves at least £10 million of debt, the granting of security to a trustee, and the issue of a rated, listed or traded debt instrument, is excluded from being eligible for a moratorium. The Secretary of State may modify the criteria by reference to which a company otherwise eligible for a moratorium is excluded from being so eligible. Further, a company voluntary arrangement itself cannot bind secured creditors without their permission. However, if the small companies' moratorium were to apply to any of the English Guarantors, its effects would include prohibitions on enforcement of security that are similar to those that arise upon an administration moratorium. Therefore, to the extent the small companies' moratorium applies, there would be a moratorium on legal proceedings and execution or other legal process being commenced or continued and the levy of distress, against the company or its property (except with the leave of the court). No other steps may be taken to enforce any security over the company's property except with the leave of the court. The company may dispose of charged property if the holder of the security consents or the court gives leave. Further, the company may not make any payment or disposal of its own property unless there are reasonable grounds for believing that the disposal will benefit the company and the payment or disposal is approved by the committee (if established) or, where there is no such committee, by the nominee of the company voluntary arrangement.

The Security Agent can appoint its choice of administrator by the out-of-court route or appoint an administrative receiver if it is the holder of a qualifying floating charge (as defined in paragraph 14 of Schedule B1 to the Insolvency Act). The essential characteristics of a qualifying floating charge are that (a) the charge must by its terms give the holder power to appoint an administrator (or an administrative receiver) and (b) the charge (or that and other charges taken together) must relate to the whole or substantially the whole of the relevant English Guarantor's property. Even if the Security Agent holds a qualifying floating charge, it can only appoint an administrative receiver if one of the exceptions to the general prohibition of appointing an administrative receiver applies. The most relevant exception to the prohibition on the appointment of an administrative receiver by the Security Agent is likely to be the ability to appoint an administrative receiver under security forming part of a "capital market arrangement" (as defined in the Insolvency Act), which is the case if a party incurs debt of at least £50 million during the life of the arrangement and the arrangement involves the issue of a "capital markets investment" (which is defined in the Insolvency Act). If an administrative receiver can be and is appointed by the Security Agent (and an administrative receiver cannot be appointed if an administrator is already in office) the company or its directors will not be able to appoint an administrator by the out-of-court route and a court will only appoint an administrator if the charge under which the administrative receiver appointed is successfully challenged or the Security Agent agrees.

An administrator, receiver (including an administrative receiver) or liquidator of the company will be required to ring-fence a certain percentage of the proceeds of enforcement of floating charge security for the benefit of unsecured creditors. Under current law, this applies to 50% of the first £10,000 of floating charge realizations and 20% of the remainder over £10,000, with a maximum aggregate cap of £600,000. The obligation on such insolvency officeholder to set aside the prescribed part for unsecured parties does not apply if the net floating charge realizations are less than £10,000 and the officeholder is of the view that the costs of making a distribution to unsecured parties would be disproportionate to the benefits. The prescribed part will apply to all floating charges created on or after September 15, 2003 regardless of whether they fall within one of the exceptions in the Insolvency Act as amended by the Enterprise Act 2002 to the prohibition on the appointment of administrative receivers.

Challenges to guarantees and security

There are circumstances under English insolvency law in which the granting by a company of security and guarantees can be challenged. In most cases this will only arise if an administrator or liquidator is appointed to the company within a specified period (as set out in more detail below) of the granting of the guarantee or security. Therefore, if during the specified period an administrator or liquidator is appointed to an English company, the administrator or liquidator may challenge the validity of the security or guarantee given by such company.

The following paragraphs discuss potential grounds for challenge that may apply to guarantees and security interest.

Transaction at an undervalue

Under English insolvency law (pursuant to section 238 of the Insolvency Act), a liquidator or an administrator of a company could apply to the court for an order to set aside a security interest (in certain cases) or a guarantee granted by the company (or give other relief) on the grounds that the creation of such security interest or guarantee constituted a transaction at an undervalue. The grant of a security interest or guarantee will only be a transaction at an undervalue if the transaction constitutes a gift or is made on terms that provide that the company receives no consideration or if the company receives consideration of significantly less value, in money or in money's worth, than the consideration given by such company. For a challenge to be made, the guarantee or security must be granted within a period of two years ending with the onset of insolvency (as defined in section 240 of the Insolvency Act and discussed further below). In addition the company must be "unable to pay its debts" (as defined by section 123 of the Insolvency Act, as explained above) when it granted the guarantee or security or become "unable to pay its debts" as a result.

A court will not make an order in respect of a transaction at an undervalue if it is satisfied that the company entered into the transaction in good faith and for the purpose of carrying on its business and that, at the time it did so, there were reasonable grounds for believing the transaction would benefit the company. Subject to this, if the court determines that the transaction was a transaction at an undervalue the court can make such order as it thinks fit to restore the position to what it would have been if the transaction had not been entered into (which could include reducing payments under the guarantees or setting aside any security interests granted or guarantees although there is protection for a third party that benefits from the transaction and has acted in good faith and for value). In any challenge proceedings, it is for the administrator or liquidator to demonstrate that the English company was unable to pay its debts unless a beneficiary of the transaction was a "connected person" (as defined in the Insolvency Act and discussed further below), in which case there is a presumption that the company was unable to pay its debts and the connected person must demonstrate that the company was not unable to pay its debts at the time of the transaction.

Preference

Under English insolvency (pursuant to section 239 of the Insolvency Act) law, a liquidator or administrator of a company could apply to the court for an order to set aside a security interest or a guarantee granted by such company (or give other relief) on the grounds such security interest or such guarantee constituted a preference. The grant of a security interest or guarantee is a preference if it has the effect of placing a creditor (or a surety or guarantor of the company) in a better position in the event of the company's insolvent liquidation than if the security interest or guarantee had not been granted. For a challenge to be made, the decision to prefer must be made within the period of six months ending with the onset of insolvency (as defined in section 240 of the Insolvency Act 1986 and discussed further below) if the beneficiary of the security interest or the guarantee is not a connected person or two years if the beneficiary is a connected person. In addition, the company must have been "unable to pay its debts" at the time it gave the preference or become "unable to pay its debts" as a result. A company's "inability to pay its debts" in this context has the same meaning as in the case of a transaction at an undervalue save that, in the case of a preference, there is no presumption of insolvency if the parties are connected. A court will not make an order in respect of a preference of a person unless it is satisfied that the company in deciding to give the preference was influenced by a desire to put that person in a better position. If the court determines that the transaction was a preference, the court can make such order as it thinks fit to restore the position to what it would have been if that preference had not been given (which could include reducing payments under the guarantees or setting aside the security interests or guarantees). There is protection for a third party that benefits from the transaction and acted in good faith and for value. In any proceedings, it is for the administrator or liquidator to demonstrate that the company was unable to pay its debts and that the company was influenced by a desire to produce the preferential effect, unless the beneficiary of the transaction was a connected person, in which case there is a presumption that the company was influenced by a desire to produce the preferential effect and the connected person must demonstrate in such proceedings that there was no such influence.

Onset of insolvency

The date of the onset of insolvency, for the purposes of transactions at an undervalue, preferences and invalid floating charges, depends on the insolvency procedure in question. In administration the onset of insolvency is the date on which (a) the court application for an administration order is issued or (b) the notice of intention to appoint an administrator is filed at court, or (c) otherwise, the date on which the appointment of an administrator takes effect. In a compulsory liquidation the onset of insolvency is the date the winding-up petition is presented to court, whereas in a voluntary liquidation it is the date the company passes a winding-up resolution. Where liquidation follows administration, the onset of insolvency will be as for the initial administration.

Connected persons

A connected person for the purposes of transactions at an undervalue, preferences and invalid floating charges, is a party who is a director, shadow director, an associate of such director, or an associate, of the relevant company. A party is associated with an individual if a relative of the individual or the individual's husband, wife or civil partner, or the husband, wife or civil partner of a relative of the individual or the individual's husband, wife or civil partner. A party is associated with a company if employed by that company. A company is associated with another company if the same person has control of both companies, or a person has control of one and persons who are his associates, or he and persons who are his associates, have control of the other, or if a group of two or more persons has control of each company, and the groups either consist of the same persons or could be regarded as consisting of the same persons by treating (in one or more cases) a member of either group as replaced by a person of whom he is an associate.

Transaction defrauding creditors

Under English insolvency law, a liquidator or an administrator of a company, or a person who is a "victim" of the relevant transaction can apply to the court pursuant to section 423 of the Insolvency Act for an order to set aside a security interest or guarantee granted by that company on the grounds the security interest or guarantee was a transaction defrauding creditors.

A transaction will constitute a transaction defrauding creditors if it is a transaction at an undervalue (as outlined above) and the court is satisfied the substantial purpose of a party to the transaction was to put assets beyond the reach of actual or potential claimants against it or to prejudice the interest of such persons.

If the court determines that the transaction was a transaction defrauding creditors, then it may make such order as it may deem fit to restore the position to what it was prior to the transaction or protect the victims of the transaction (including reducing payments under the guarantee or setting aside the security interest or guarantees) but there is protection for a third party acting in good faith and for value without notice of the relevant circumstances. Any "victim" of the transaction (with permission of the court if the company is in liquidation or administration) may apply to court under this provision and not just liquidators or administrators. There is no time limit in the English insolvency legislation within which the company must enter insolvency proceedings and the relevant company does not need to have been unable to pay its debts at the time of the transaction.

Grant of floating charge

Under English insolvency law, if an English company is unable to pay its debts at the time of (or as a result of) granting a floating charge then such floating charge can be avoided on the action of a liquidator or administrator if it was granted in the period of one year ending with the onset of insolvency (as defined in section 245 of the Insolvency Act 1986). The floating charge, however, will be validated to the extent of the value of the consideration provided for the creation of the charge in the form of money paid to, or goods or services supplied to, or any discharge or reduction of any debt of, the relevant English company at the same time as or after the creation of the floating charge plus interest payable on such amounts. Where the floating charge is granted to a "connected person" (as discussed above) the charge can be challenged if given within two years of the onset of insolvency and the prerequisite to challenge that the company is unable to pay its debts does not apply. However, if the floating charge qualifies as a "security financial collateral arrangement" under the Financial Collateral Regulations, the floating charge will not be subject to challenge as described in this paragraph.

Extortionate credit transactions

An administrator or a liquidator can apply to court to set aside an extortionate credit transaction. The court can review extortionate credit transactions entered into by an English company up to three years before the day on which the English company entered into administration or went into liquidation. A transaction is "extortionate" if, having regard to the risk accepted by the person providing the credit, the terms of it are (or were) such as to require grossly exorbitant payments to be made (whether unconditionally or in certain contingencies) in respect of the provision of the credit or it otherwise grossly contravened ordinary principles of fair dealing.

Additional considerations

Post-petition interest

Any interest accruing under or in respect of amounts due under the Notes or any English Guarantee to which an English Guarantor is a party in respect of any period after the commencement of administration or liquidation proceedings would only be recoverable by the holders of the Notes from any surplus remaining after payment of all other debts proved in the English Guarantor's insolvency proceedings and accrued and unpaid interest up to the date of the commencement of those proceedings provided that such interest may, if there are sufficient realizations from the secured assets, be discharged out of such security recoveries.

Dispositions in winding-up

Under section 127 of the Insolvency Act, any dispositions of a company's property made after a winding-up has commenced is, unless the court orders otherwise, void. The compulsory winding-up of a company by the court is deemed to start when a winding-up petition is presented by a creditor against the company, rather than the date on which the court makes the winding-up order (if any). However, this will not apply to any property or security interest subject to a disposition or otherwise arising under a financial collateral arrangement under the Financial Collateral Arrangements Regulations and will not prevent a close-out netting provision taking effect in accordance with its terms.

Foreign currency

Under English insolvency law, where creditors are asked to submit formal proofs of claim for their debts, any debt of a company payable in a currency other than pound sterling (such as Euro in the case of the Notes) must be converted into pound sterling at the "official exchange rate" prevailing at the date when the company went into liquidation or administration. This provision overrides any agreement between the parties. The "official exchange rate" for these purposes is the middle market rate in the London Foreign Exchange Market at close of business as published for the date in question or, if no such rate is published, such rate as the court determines.

Ireland

Certain of the Guarantors are companies incorporated under the laws of Ireland. Pursuant to the EU Insolvency Regulation, the place of the registered office of a company is presumed to be its "centre of main interests" in the absence of proof to the contrary. Therefore, any main insolvency proceedings in respect of any Irish Guarantor would likely be commenced and conducted in accordance with the requirements of Irish insolvency laws. However, pursuant to the EU Insolvency Regulation, where an Irish company conducts business in another member state of the European Union, the jurisdiction of the Irish courts may be limited if the company's centre of main interests is found to be in another Member State. There are a number of factors that are taken into account to ascertain the centre of main interests. The centre of main interests should correspond to the place where the company conducts the administration of its interests on a regular basis and is therefore ascertainable by third parties. The point at which the centre of main interests of a particular company falls to be determined is at the time that the relevant insolvency proceedings are opened. The EU Insolvency Regulation, in general, and the concept of "centre of main interest", in particular, are considered above. See "*Limitations on validity and enforceability of the guarantors and security interest—European Union.*"

The following is a general discussion of insolvency proceedings and other matters governed by Irish law for informational purposes only and does not address all the Irish legal considerations that may be relevant to holders of the Notes.

Preferred Creditors under Irish Law

Under Section 621 of the Irish Companies Act 2014 (the "2014 Act"), in a winding-up of an Irish company certain preferential debts are required to be paid in priority to all debts other than those secured by a fixed charge.

Such preferential debts would comprise, among other things, any amounts owed in respect of local rates and certain amounts owed to the Irish Revenue Commissioners for income/corporation/capital gains tax, VAT, employee-related taxes, social security and pension scheme contributions and remuneration, salaries and wages of employees and certain contractors and the expenses of liquidation.

In addition, there is a further limited category of super-preferential creditors which take priority, not only over unsecured creditors and holders of floating security, but also over holders of fixed security. These super-preferential claims include the remuneration, costs and expenses properly incurred by any examiner of the company which may include any borrowings made by an examiner to fund the company's requirements for the duration of his appointment that have been approved by the Irish courts, (see "—Examinership" below) and any capital gains tax payable on the disposition of an asset of the company by a liquidator, receiver or mortgagee in possession.

Under Irish insolvency law, if an Irish company goes into liquidation, a liquidator may apply to the court to have certain transactions disclaimed if the related contract amounted to a fraudulent preference. Section 604 of the 2014 Act provides that any conveyance, mortgage, delivery of goods, payment, execution or other act relating to property made or done by or against an Irish company, which is unable to pay its debts as they become due in favor of any creditor or any person on trust for any creditor, with a view of giving such creditor (or any guarantor for the debt due to such creditor) a preference over the other creditors within six months (or in the case of a connected person, two years) of the commencement of a winding up of the Irish company, shall be invalid. Case law relevant to Section 604 indicates that a dominant intent on the part of the entity concerned to prefer a creditor over its other creditors is necessary in order for

Section 604 to apply. Section 604 is only applicable if, at the time of the conveyance, mortgage or other relevant act, the Irish company was unable to pay its debts as they became due.

Section 615 of the 2014 Act confers power on a liquidator, with leave of the court, at any time within twelve months after the commencement of the winding up or such extended period as may be allowed by the court, to disclaim any property of the Irish company being wound up which consists of, among other things, (i) unprofitable contracts or (ii) any property which is unsaleable or not readily saleable by reason of its binding the possessor to the performance of any onerous act or to the payment of money. The liquidator's hand may be forced, in that any person interested in the property may require him to decide whether or not he will disclaim and if the liquidator wishes to disclaim in such circumstances, he must give notice within 28 days or such further period as may be allowed by the courts that he intends to apply to court to disclaim.

A liquidator must disclaim the whole of the property, he may not keep part and disclaim part. A disclaimer terminates as and from the date of the disclaimer the rights, interest and liabilities of the company in the contract or the property, but, the disclaimer does not affect the rights or liabilities of any other person, except so far as necessary for the purpose of releasing the company from liability. Any person damaged by the operation of a disclaimer shall be deemed a creditor of the company to the amount of the damages, and may prove that amount as a debt in the winding up.

The meaning given to an unprofitable contract is one that would involve the liquidator in some liability. There must be some "burden" associated with the contract; the mere fact that the insolvent company's estate would be better off by disclaimer is not enough.

Under Section 608 of the 2014 Act, if it can be shown on the application of a liquidator, creditor or contributory of a company which is being wound up, to the satisfaction of the High Court that any property of such company was disposed of (which would include by way of transfer, mortgage or security) and the effect of such a disposal was to perpetrate a fraud on the company, its creditors or members, the High Court may, if it deems it just and equitable, order any person who appears to have use, control or possession of such property or the proceeds of the sale or development thereof to deliver it or pay a sum in respect of it to the liquidator on such terms as the High Court sees fit. The ability to use Section 608 to challenge the transfer of assets has been extended to receivers and examiners. Section 608 does not apply to a disposal that would constitute an unfair preference for the purpose of Section 604 of the 2014 Act.

Examinership

Examinership is a court procedure available under the 2014 Act to facilitate the survival of the whole or part of an Irish company or companies in financial difficulties. In circumstances where an Irish company is or is likely to be unable to pay its debts, then that company, the directors of that company, a contingent, prospective or actual creditor of that company, or shareholders of that company holding, at the date of presentation of the petition, not less than one-tenth of the voting share capital of that company are each entitled to petition the court for the appointment of an examiner to that company. Provided the company can demonstrate viability, and can satisfy certain tests, the Irish High Court or, in the case of certain small companies, the Irish Circuit Court (each, a "Court") appoints an independent examiner whose function is to supervise the restructuring process.

Where the Court appoints an examiner to a company, it may, at the same or any time thereafter, make an order appointing the examiner to be examiner for the purposes of the 2014 Act to a related company of such company. Once confirmed by the Court the scheme is binding on the company and all its members and creditors. During the protection period the day-to-day business of the company remains under the control of the directors of the company, subject to certain rights of the examiner to apply to the Court. The examiner, once appointed, has the power to set aside contracts and arrangements entered into by the company after this appointment and, in certain circumstances, can avoid a negative pledge given by the company prior to this appointment. Furthermore, the examiner may sell assets of the company which are the subject of security. Where such assets are the subject of a fixed security interest, the examiner must account to the holders of the fixed security interest for the amount realized and discharge the amount due to the holders of the fixed security interest out of the proceeds of the sale.

During the period of protection, the examiner will formulate proposals for a compromise or scheme of arrangement to assist the survival of the company, or of a related company, or both, and the whole or any part of its or their undertaking as a going concern. A scheme of arrangement may be approved by the Court when at least one class of creditors who would be adversely affected by the scheme of arrangement has voted in favor of the proposals and the Court is satisfied that such proposals are (i) fair and equitable in relation to any class of members or creditors who have not accepted the proposals and whose interests would be impaired by implementation of the scheme of arrangement and (ii) not unfairly prejudicial to the interests of any interested party.

If a guarantor incorporated under the laws of Ireland is placed in examinership, you may not be able to enforce your rights under its guarantee of the Notes.

The effect of the appointment of an examiner is to suspend the rights of creditors for the protection period. For as long as a company is under the protection of the Court, no attachment, sequestration, distress or execution shall be put into force against the property or effects of the relevant company except with the consent of the examiner.

No other proceedings in relation to the company may be commenced except by leave of the court and subject to such terms as it may impose. In addition, no payment may be made by a company during the period when it is under protection of the court by way of satisfaction or discharge of the whole or any part of a liability incurred by the company before the date of presentation of the petition for the appointment of the examiner, unless the report of the independent accountant contains a recommendation to that effect, or unless the court, on application being made by the examiner or any interested party, shall so authorize it, if the court is satisfied that a failure to do so would considerably reduce the prospects of the company or the whole or any part of its undertaking surviving as a going concern.

The 2014 Act provides, inter alia, that no proceedings of any sort may be commenced against a guarantor in respect of the debts of the Irish company in examinership.

The moratorium under the 2014 Act runs for an initial period of 70 days from the date of the presentation of the petition to the court for the appointment of the examiner. An extension of up to 30 days can be granted on application to the court by the examiner and the period may be further extended by the court for such period as the court considers necessary to decide whether or not to confirm the proposals.

The examiner’s proposals may generally provide for the forced write down of the Irish company’s liabilities to creditor’s and the High Court has determined that amounts due to secured creditors may also be written down.

Challenges to and limitations of guarantees and security interests

The following potential grounds for challenge may apply to guarantees:

If an Irish Guarantor becomes subject to an Irish law insolvency proceeding and that company has obligations to creditors that are treated under Irish law as senior relative to the company’s obligations to the Noteholders, the Noteholders may suffer losses as a result of their subordinated status during such insolvency proceeding.

We believe that in the case of the guarantee given by an Irish Guarantor, these will be given in good faith for the purposes of carrying on each of their businesses and that there were reasonable grounds for believing that they would benefit each such Irish Guarantor. There can be no assurance, however, that the provision of the guarantee by an Irish Guarantor will not be challenged by a liquidator, on the basis that the relevant Irish Guarantor did not receive any benefit, or that a court would support this analysis.

The Note Guarantees and security interests to be granted by the Irish guarantors for the benefit of the holders of the Notes will be limited so that do not extend to or include any liability or sum which would cause such Notes Guarantee or security interest to be illegal including, without limitation, pursuant to Section 82 (Financial assistance for acquisition of shares) or Section 239 (Prohibition of loans, etc, to directors and connected persons) of the Companies Act 2014 of Ireland.

Plan of distribution

We have agreed to sell to the Initial Purchasers, and the Initial Purchasers have agreed to purchase from us, the entire principal amount of the Notes. The sale was made pursuant to a Purchase Agreement between us, the Issuer, the Guarantors and the Initial Purchasers (the "Purchase Agreement").

The obligations of the Initial Purchasers under the Purchase Agreement, including their agreement to purchase Notes from us, are several and not joint. The Purchase Agreement provides that the Initial Purchasers will purchase all the Notes if they purchase any of them.

The Initial Purchasers initially propose to offer the Notes for resale at the issue price that appears on the cover of this offering memorandum. The Initial Purchasers may change the price at which the Notes are offered and any other selling terms at any time without notice. The Initial Purchasers may offer and sell Notes through certain of their affiliates, including in respect of sales into the United States.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by their counsel and our counsel. The Purchase Agreement also provides that, if an Initial Purchaser defaults, the purchase commitments of the non-defaulting Initial Purchaser may be increased or, in some cases, the offering may be terminated.

The Purchase Agreement provides that we will indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the US Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof. We have agreed, subject to certain limited exceptions, that during the period from the date the Purchase Agreement is executed through and including the date that is 90 days after the date the Purchase Agreement is executed, to not, and to cause our subsidiaries to not, without having received the prior written consent provided for in the Purchase Agreement, offer, sell, contract to sell or otherwise dispose of any debt securities issued or guaranteed by us or any of our subsidiaries.

The Notes and the Note Guarantees have not been, and will not be, registered under the US Securities Act and may not be offered or sold within the United States except to qualified institutional buyers in reliance on Rule 144A and outside the United States in reliance on Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S. Resales of the Notes are restricted as described under "Notice to investors."

Each Initial Purchaser has represented, warranted and agreed that it:

- has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or any Guarantor; and

- has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

No action has been taken in any jurisdiction, including the United States, Luxembourg and the United Kingdom, by us or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to us or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this offering memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This offering memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this offering memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering of the Notes, the distribution of this offering memorandum and resale of the Notes. See "Notice to investors."

We and the Guarantors have also agreed that neither of us will at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(2) of the US Securities Act or the safe harbors of Rule 144A and Regulation S to cease to be applicable to the offer and sale of the Notes.

The Notes are a new issue of securities for which there currently is no market. We have applied, through our listing agent, to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF Market thereof.

The Initial Purchasers have advised us that they intend to make a market in the Notes as permitted by applicable law. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market-making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such market-making activity will be subject to the limits imposed by the US Securities Act and the US Exchange Act.

Accordingly, we cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop or that you will be able to sell any Notes at a particular time or at a price that will be favorable to you.

The Initial Purchasers may engage in overallotment, stabilizing transactions, covering transactions and penalty bids in accordance with applicable laws and regulations. Overallotment involves sales in excess of the offering size, which creates a short position for the relevant Initial Purchaser. Stabilizing transactions permit bidders to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the Initial Purchasers to reclaim a selling concession from a broker or dealer when the Notes originally sold by that broker or dealer are purchased in a stabilizing or covering transaction to cover short positions.

In connection with the offering, the Stabilizing Manager, or a person acting on its behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Stabilizing Manager may bid for and purchase Notes in the open markets for the purpose of pegging, fixing or maintaining the price of the Notes. The Stabilizing Manager may also over allot the offering, creating a syndicate short position, and may bid for and purchase Notes in the open market to cover the syndicate short position. In addition, the Stabilizing Manager may bid for and purchase Notes in market making transactions as permitted by applicable laws and regulations and impose penalty bids. These activities may stabilize or maintain the respective market price of the Notes above market levels that may otherwise prevail. The Stabilizing Manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes. See "Risk factors—Risks related to our structure—There may not be an active trading market for the Notes, in which case your ability to sell the Notes may be limited."

These stabilizing transactions, covering transactions and penalty bids may cause the price of the Notes to be higher than it would otherwise be in the absence of these transactions. These transactions may begin on or after the date on which adequate public disclosure of the terms of the offering of the Notes is made and, if commenced, may be discontinued at any time at the sole discretion of the Initial Purchasers. If these activities are commenced, they must end no later than the earlier of 30 days after the date of issuance of the Notes and 60 days after the date of the allotment of the Notes. These transactions may be effected in the over-the-counter market or otherwise.

In addition, the Initial Purchasers or their respective affiliates from time to time have provided in the past and may provide in the future investment banking, financial advisory and commercial banking services to us and our affiliates in the ordinary course of business for which they have received or may receive customary fees and commissions. Certain affiliates of the Initial Purchasers have arranged and are lenders under our Bridge Facility Agreement. Each of these affiliates has received customary fees in connection with their roles. The Bridge Facility Agreement will be repaid in full with the proceeds of this offering and affiliates of the Initial Purchasers will therefore receive proceeds from this offering. Certain affiliates of the Initial Purchasers are mandated lead arrangers and lenders under our Senior Facilities Agreement, which will be repaid in part with the proceeds of this offering as described under "Use of proceeds," and an affiliate of J.P. Morgan Securities plc is the agent under the Senior Facilities Agreement and Bridge Facility Agreement and Security Agent under the Security Documents, including the Intercreditor Agreements. We have also in the past purchased debt portfolios from certain of the Initial Purchasers. Certain of the Initial Purchasers and their affiliates have also provided investment banking, financial advisory and commercial banking services to Encore, including acting as underwriters in an offering of senior unsecured convertible notes by Encore in March 2014. In connection therewith, such entities have received customary fees and commissions. The Initial Purchasers or their affiliates may also receive allocations of the Notes.

The delivery of the Notes was made against payment on November 11, 2015, which was the fifth business day following the date of pricing of the Notes (such settlement cycle being herein referred to as "T+5"). Under Rule 15c6-1 under the US Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise.

Notice to investors

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Notes. The Notes and the Note Guarantees have not been registered under the US Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, US persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Accordingly, the Notes (including the Note Guarantees) are being offered and sold only (i) to "qualified institutional buyers" (as defined in Rule 144A under the US Securities Act) ("QIBs") in compliance with Rule 144A and (ii) to persons other than US persons (as defined in Rule 902 under the US Securities Act) ("Foreign Purchasers") in offshore transactions (as defined in Rule 902 under the US Securities Act) in compliance with Regulation S.

In addition, until 40 days after the later of the commencement of this offering and the closing date of this offering an offer or sale of the notes (including the guarantees) within the United States by a dealer (whether or not participating in this offering) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A.

Each purchaser of the Notes hereunder (other than each of the Initial Purchasers) will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A and Regulation S are used herein as defined therein):

(1) it is not an "affiliate" (as defined in Rule 144 under the US Securities Act) of the Issuer or acting on behalf of the Issuer and it is either:

(i) a QIB and is aware that any sale of the Notes to it will be made in reliance on Rule 144A and the acquisition of the Notes will be for its own account or for the account of another QIB; or

(ii) it is a Foreign Purchaser purchasing the Notes outside the United States in an offshore transaction in accordance with Regulation S.

(2) it is purchasing the Notes (including the Note Guarantees) for its own account or an account with respect to which it exercises sole investment discretion: in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the US Securities Act or any state securities laws and it and any such account (i) is a QIB, and is aware that the sale to it is being made in reliance on Rule 144A or (ii) is a Foreign Purchaser and is aware that the sale is being made in accordance with Regulation S;

(3) it acknowledges that the Notes (including the Note Guarantees) have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any jurisdiction and may not be offered or sold except as set forth below;

(4) it acknowledges that neither we nor the Initial Purchasers, nor any person representing us or the Initial Purchasers, has made any representation to it with respect to the offering or sale of any notes, other than the information contained in this offering memorandum, which offering memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It acknowledges that neither the Initial Purchasers nor any person representing the Initial Purchasers makes any representation or warranty as to the accuracy or completeness of the information contained in this offering memorandum. It also acknowledges that it has had access to such financial and other information concerning us and the notes as it has deemed necessary in connection with its decision to purchase any of the notes;

(5) it understands and agrees that if in the future it decides to resell, pledge or otherwise transfer any Notes (including the Note Guarantees) or any beneficial interests in any Notes (including the Note Guarantees) prior to the date which is one year (or such shorter period of time as permitted by Rule 144 under the US Securities Act or any successor provision thereunder) after the later of the date of original issue and the last date on which the Issuer or any affiliate of the Issuer was the owner of the Notes (or any predecessor thereto), it will do so only (A)(i) to the Issuer, the Guarantors or any subsidiary thereof, (ii) to a person whom the seller, and any person acting on its behalf, reasonably believes is a QIB that is purchasing for its own account or for the account of a QIB or QIBs, in a transaction complying with Rule 144A, (iii) in an offshore transaction in compliance with Regulation S or (iv) pursuant to any other available exemption from registration under the US Securities Act, or (B) pursuant to an effective registration statement under the US Securities Act, and in each of such cases in accordance with any applicable securities law of any state of the United States;

(6) it agrees to, and each subsequent holder is required to, notify any purchaser of the Notes from it of the resale restrictions referred to in clause (3) above, if then applicable;

(7) if it is a person other than a Foreign Purchaser, it understands and agrees that notes initially offered to QIBs in reliance on Rule 144A will be represented by a Rule 144A Global Note, and that before any interest in the Rule 144A Global Note may be offered, sold, pledged or otherwise transferred to a person who is not a QIB, the transferee will be required to provide the Trustee with a written certification (the form of which certification can be obtained from the Trustee as to compliance with the transfer restriction referred to above);

(8) if it is a Foreign Purchaser in a sale that occurs outside the United States within the meaning of Regulation S, it acknowledges that until the expiration of the "distribution compliance period" (as defined below), it shall not make any offer or sale of the notes to a US person or for the account or benefit of a US person within the meaning of Rule 902 under the US Securities Act. The "distribution compliance period" means the 40-day period following the issue date for the Notes;

(9) it understands that the Notes will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD, EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER FOR THE BENEFIT OF THE ISSUER AND THE GUARANTORS AND ANY OF THEIR SUCCESSORS IN INTEREST (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS NOT A US PERSON AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION, (2) AGREES THAT IT WILL NOT PRIOR TO THE DATE WHICH IS [IN THE CASE OF RULE 144A NOTES: ONE YEAR] [IN THE CASE OF REGULATION S NOTES: 40 DAYS] (OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY [RULE 144] [REGULATION S] UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THEREUNDER) AFTER THE LATER OF THE DATE OF ORIGINAL ISSUE AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THE NOTES (OR ANY PREDECESSOR THERETO) (THE "RESALE RESTRICTION TERMINATION DATE") RESELL, PLEDGE OR OTHERWISE TRANSFER THIS NOTE OR A BENEFICIAL INTEREST IN THIS NOTE EXCEPT (A) TO THE ISSUER, THE GUARANTORS OR ANY SUBSIDIARY THEREOF, (B) TO A PERSON THAT THE SELLER, AND ANY PERSON ACTING ON ITS BEHALF, REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION COMPLYING WITH RULE 144A UNDER THE SECURITIES ACT, (C) PURSUANT TO OFFERS AND SALES TO NON-US PERSONS IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT, (D) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND IN EACH OF SUCH CASES IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAW OF ANY STATE OF THE UNITED STATES AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. *PROVIDED* THAT THE ISSUER, THE TRUSTEE AND THE REGISTRAR SHALL HAVE THE RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (C) PRIOR TO THE END OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD WITHIN THE MEANING OF REGULATION S UNDER THE US SECURITIES ACT OR PURSUANT TO CLAUSE (D) PRIOR TO THE RESALE RESTRICTION TERMINATION DATE TO REQUIRE THAT AN OPINION OF COUNSEL, CERTIFICATIONS AND/OR OTHER INFORMATION SATISFACTORY TO THE ISSUER, THE TRUSTEE AND THE REGISTRAR IS COMPLETED AND DELIVERED BY THE TRANSFEROR. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS NOTE IN VIOLATION OF THE FOREGOING RESTRICTIONS. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES," AND "US PERSON" HAVE THE MEANING GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT;

(10) it acknowledges that prior to any proposed transfer of notes or beneficial interests in Global Notes (in each case other than pursuant to an effective registration statement) the holder of such notes or beneficial interests in Global Notes may be required to provide an opinion of counsel, certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation as provided in the Indenture;

(11) it acknowledges that the Issuer, the Guarantors and the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of the acknowledgments, representations or agreements deemed to have been made by it by virtue of its purchase of notes is no longer accurate, it shall promptly notify the Issuer, the Guarantors and the Initial Purchasers. If it is acquiring any notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account; and

(12) it acknowledges that the transfer agent will not be required to accept for registration of transfer any notes except upon presentation of evidence satisfactory to us and the Trustee that the restrictions set forth therein have been complied with.

For further discussion of the requirements (including the presentation of transfer certificates) under the Indenture to effect exchanges or transfer of interests in Global Notes, see “Book-entry, delivery and form.”

Legal matters

Certain legal matters relating to the validity of the Notes and the Note Guarantees offered hereby will be passed upon for the Issuer and the Guarantors by White & Case LLP, with respect to US federal, New York state and English law, by Arendt & Medernach S.A., with respect to Luxembourg law and by McCann FitzGerald, with respect to Irish law. Certain legal matters in connection with the offering will be passed upon for the Initial Purchasers by Cravath, Swaine & Moore LLP, with respect to US federal and New York law, by Clifford Chance LLP, with respect to English law, Clifford Chance, *société en commandite simple inscrite au Barreau de Luxembourg* with respect to Luxembourg law and by Arthur Cox, with respect to Irish law.

Independent auditors

The 2014 Cabot Group Consolidated Financial Statements and 2013 Cabot Group Consolidated Financial Statements included elsewhere in this offering memorandum were prepared in accordance with UK GAAP have been audited by BDO LLP, chartered accountants and registered auditors of 55 Baker Street, London, W1U 7EU, United Kingdom stated in their reports appearing in this offering memorandum. BDO LLP is a member of the Institute of Chartered Accountants in England and Wales.

With respect to the Cabot Group Interim Financial Statements included elsewhere in this Offering Memorandum which were prepared in accordance with IFRS, BDO LLP, reported that they have applied limited procedures in accordance with professional standards for a review of such information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

The 2012 Cabot Group Consolidated Financial Statements contained herein were prepared in accordance with UK GAAP and have been audited by Deloitte LLP, independent auditors, as set forth in their reports appearing herein. Deloitte LLP is a member of the Institute of Chartered Accountants in England and Wales.

The 2013 Marlin Group Consolidated Financial Statements and the 2012 Marlin Group Financial Statements contained herein were prepared in accordance with UK GAAP and have been audited by Deloitte LLP, independent auditors, as set forth in their reports appearing herein.

The DLC Financial Statements contained herein were prepared in accordance with UK GAAP and have been audited by Whitley Stimpson Limited, independent auditors, as set forth in their reports appearing herein.

The annual financial statements of the Cabot Group, DLC Group and the Marlin Group, included in this offering memorandum, have been reproduced from the annual report required by statute in the United Kingdom to be prepared annually. Such financial statements included in the annual report are required to be audited by a registered auditor in the United Kingdom.

In respect of the audit reports relating to both the Marlin Group Consolidated Financial Statements and the 2012 Cabot Group Consolidated Financial Statements, reproduced herein, Deloitte LLP provides: “This report is made solely to the Company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s members, as a body, for our audit work, for this report, or for the opinions we have formed.”

In respect of the audit reports relating to both the 2014 Cabot Group Consolidated Financial Statements and 2013 Cabot Group Consolidated Financial Statements, reproduced herein, BDO LLP provides: “This report is made solely to the Company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the Company’s members, as a body, for our audit work, for this report, or for the opinions we have formed.” The independent auditor’s review report for the Cabot Group Interim Financial Statements also contains similar language.

In respect of the audit reports relating to the DLC Financial Statements, reproduced herein, Whitley Stimpson Limited provides: “This report is made solely to the company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members, as a body, for our audit work, for this report, or for the opinions we have formed.”

Investors in the Notes should understand that these statements are intended to disclaim any liability to parties (such as purchasers of the Notes) other than to the members of the Cabot Group, Hillesden Securities Limited and the Marlin Parent, as the case may be, with respect to those reports. The SEC would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the US Securities Act, or in a report filed under the US Exchange Act. If a US court (or any other court) were to give effect to the language quoted above, the recourse that investors in the Notes may have against the independent auditors based on their reports or the consolidated financial statements to which they relate could be limited. The extent to which auditors have responsibility or liability to third parties is unclear under the laws of many jurisdictions, including the United Kingdom, and the legal effect of these statements in the audit reports is untested in the context of an offering of securities. The inclusion of the language referred to above, however, may limit the ability of holders of the Notes to bring any action against Deloitte LLP, Whitley Stimpson Limited or BDO LLP for damages arising out of an investment in the Notes.

Where to find additional information

Each purchaser of the Notes from the Initial Purchasers will be furnished with a copy of this offering memorandum and, to the extent provided to the Initial Purchasers by us for such purpose, any related amendments or supplements to this offering memorandum. Each person receiving this offering memorandum and any related amendments or supplements to this offering memorandum acknowledges that:

(1) such person has been afforded an opportunity to request from us, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(2) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(3) except as provided pursuant to (1) above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

Each person receiving this offering memorandum and any related amendments or supplements to this offering memorandum may make a written request to receive a copy of the Intercreditor Agreements. Moreover, for so long as any of the Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act, we will, during any period in which we are not subject to Section 13 or 15(d) under the US Exchange Act, nor exempt from reporting thereunder pursuant to Rule 12g3-2(b) under the US Exchange Act, make available to any holder or beneficial holder of a Note, or to any prospective purchaser of a Note designated by such holder or beneficial holder, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the US Securities Act upon the written request of any such holder or beneficial owner. Any such request should be directed to the Paying Agent. All the above documents will be available at the offices of the Paying Agent.

We are not currently subject to the periodic reporting and other information requirements of the US Exchange Act. Pursuant to the Indenture and so long as the Notes are outstanding, we will furnish periodic information to holders of the Notes. See "Description of the Notes—Certain Covenants—Reports." For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market thereof and the rules of that exchange so require, copies of such information, the organizational documents of the Issuer and the Guarantors, our most recent audited consolidated financial statements, the Indenture (which includes the Note Guarantees and the form of the Notes) and the Intercreditor Agreements will be available and obtainable for review during the normal business hours on any business day free of charge at the office of the Paying Agent.

Enforcement of civil liabilities

The Issuer is a public limited liability company (*société anonyme*) organized under the laws of Luxembourg. The Issuer's and the Guarantors' managing directors, executive board members, directors, officers and other executives are neither residents nor citizens of the United States. Furthermore, the Issuer's and the Guarantors' assets are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons, the Issuer or the Guarantors or to enforce against them, the Issuer or the Guarantors judgments of U.S. courts predicated upon the civil liability provisions of U.S. federal or state securities laws despite the fact that, pursuant to the terms of the Indenture, the Issuer and the Guarantors will appoint, an agent for the service of process in New York.

United Kingdom

Certain of the Guarantors of the Notes are incorporated in and have their respective principal executive offices in England and Wales.

The directors and executive officers of certain of the Guarantors (the "English Obligors") are resident in the United Kingdom; none of the directors or executive officers of the English Obligors are residents of the United States and all of the assets of English Obligors are located outside the United States. Although the English Obligors will submit to the jurisdiction of certain New York state and US federal courts in connection with any suit, action or proceeding arising under the Indenture, it may not be possible for investors to effect service of process within the United States upon English Obligor or such persons or to enforce against any of them judgments obtained in US courts predicated upon the civil liability provisions of the federal securities laws of the United States, and there is doubt as to the enforceability in England and Wales of civil liabilities predicated upon the federal securities laws of the United States, either in original actions or in actions for enforcement of judgments of US courts.

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

- the US court having had, at the time when proceedings were served, jurisdiction over the original proceedings according to English rules of international law;
- the US judgment being final and conclusive on the merits in the sense of being final and unalterable in the court which pronounced it and being for a definite sum of money; and
- the US judgment not being for a sum payable in respect of taxes, or other charges of a like nature or in respect of a penalty or fine or otherwise based on a US law that an English court considers to relate to penal, revenue or other public law.

An English court may refuse to enforce such a judgment if the judgment debtor satisfies the court that:

- the US judgment contravenes English public policy;
- the US judgment has been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damages sustained, is otherwise specified in Section 5 of the Protection of Trading Interests Act 1980 or is based on measures designated by the Secretary of State under Section 1 of the Act;
- the US judgment has been obtained by fraud or in breach of English principles of natural or substantial justice;
- the US judgment is (i) a judgment on a matter previously determined by an English court or another court whose judgment is entitled to recognition in England; or (ii) a judgment which conflicts with an earlier judgment of such court;
- the English enforcement proceedings were not commenced within the relevant limitation period; or

- the US judgment was obtained contrary to an agreement for the settlement of disputes under which the dispute in question was to be settled otherwise than by proceedings in a US court (to whose jurisdiction the judgment debtor did not submit).

Only subject to the foregoing may investors be able to enforce in England judgments that have been obtained from US federal or state courts. Notwithstanding the preceding, we cannot assure you that those judgments will be recognized or enforceable in England. In addition, we cannot assure you whether an English court would accept jurisdiction and impose civil liability if the original action was commenced in England, instead of the United States, and predicated solely upon US federal securities laws.

Luxembourg

The Issuer and Cabot Financial (Luxembourg) S.A. are public limited liability companies (*sociétés anonymes*) incorporated under the laws of Luxembourg and all of the directors and executive officers of the Issuer (or certain other persons named in this offering memorandum) are non-residents of the United States. Furthermore, the assets of the Issuer and Cabot Financial (Luxembourg) S.A. and the assets of such persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon those persons, the Issuer and Cabot Financial (Luxembourg) S.A., or to enforce against them judgments of US courts predicated upon the civil liability provisions of US federal or state securities laws.

The United States and Luxembourg are not currently bound by a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards rendered in civil and commercial matters. An enforceable judgment for the payment of monies rendered by any US federal or state court based on civil liability, whether or not predicated solely upon the US securities laws, would not directly be enforceable in Luxembourg. However, a party who received such favorable judgment in a US court may initiate enforcement proceedings in Luxembourg (*exequatur*) by requesting enforcement of the US judgment by the District Court (*Tribunal d'Arrondissement*) pursuant to Section 678 of the New Luxembourg Code of Civil Procedure. The District Court will authorize the enforcement in Luxembourg of the US judgment if it is satisfied that all of the following conditions are met:

- the US judgment is enforceable (*exécutoire*) in the United States;
- the US court awarding the judgment has jurisdiction to adjudicate the applicable matter under applicable US federal or state jurisdictions rules, and the jurisdiction of the US court is recognized by Luxembourg private international and local law;
- the US court has applied the substantive law as designated by Luxembourg conflict of laws rules (according to certain Luxembourg case law, it is admitted that Luxembourg courts which are asked to grant an exequatur do not have to verify whether the substantive law actually applied by the U.S. court awarding the judgment was the law which would have been thus designated);
- the US judgment does not contravene international public policy or order as understood under the laws of Luxembourg;
- the US court has acted in compliance with its own procedural rules and laws of the country in which it was rendered and the US judgment was granted following proceedings where the counterparty had the opportunity to appear, and if it appeared, to present a defense; and
- the US judgment was not granted pursuant to an evasion of Luxembourg law (*fraude à la loi luxembourgeoise*).

Please note that Luxembourg case law is constantly evolving. Some of the above conditions of admissibility may change: additional conditions could be required to be fulfilled by Luxembourg courts while other conditions may not be verified by Luxembourg courts in the future.

Subject to the above conditions, Luxembourg courts tend not to review the merits of a foreign judgment, although there is no statutory prohibition of such review.

We have also been advised by our Luxembourg counsel that if an original action is brought in Luxembourg, Luxembourg courts may refuse to apply the designated law (i) if the choice of such law was not made *bona fide* and (ii) if its application contravenes Luxembourg public policy or is manifestly incompatible with Luxembourg international policy rules. In an action brought in Luxembourg on the basis of US federal or state securities laws, Luxembourg courts may not have the requisite power to grant the remedies sought. Also, an exequatur may be refused in respect of punitive damages.

Further, in the event of any proceedings being brought in a Luxembourg court in respect of a monetary obligation expressed to be payable in a currency other than Euro, a Luxembourg court would have power to give judgment expressed as an order to pay a currency other than Euro. However, enforcement of the judgment against any party in Luxembourg would be available only in Euro and for such purposes all claims or debts would be converted into Euro.

Ireland

As the United States is not a party to a convention with Ireland in respect of the enforcement of judgments, common law rules apply in order to determine whether a judgment of the courts of the State of New York is enforceable in Ireland. Judgments of the US courts will not be directly enforceable in Ireland and any proceedings in respect of any action would need to be taken before the Irish courts. However, a judgment of a US court may be recognized and enforced in Ireland without retrial or examination of the merits of the case, provided that:

- the US court was a court of competent jurisdiction;
- the US judgment has not been obtained or alleged to have been obtained by fraud or trick;
- the decision of the US court and the enforcement thereof was not and would not be contrary to natural or constitutional justice under the laws of Ireland;
- the US judgment and the enforcement thereof would not be contrary to public policy as understood by the Irish courts or constitute the enforcement of a judgment of a penal or revenue (tax) nature;
- the US judgment is final and conclusive and is for a debt or definite sum of money;
- the procedural rules of the US courts and the Irish courts have been observed;
- the judgment is not inconsistent with a judgment of the Irish courts in respect of the same matter; and
- the Irish enforcement proceedings being commenced within six years from the date of the U.S. judgment, or such other period as may be applicable pursuant to the Irish Statute of Limitations 1957 (as amended); and
- there is a practical benefit to the party in whose favor the US judgment is made in seeking to have the judgment enforced in Ireland.

Listing and general information

Listing information

Application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's Euro MTF Market in accordance with the rules and regulations of the Luxembourg Stock Exchange. Notice of any change of control, change in the rate of interest payable on the Notes or early redemption of the Notes will be published on the website of the Luxembourg Stock Exchange, at www.bourse.lu.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange and the rules and regulations of the Luxembourg Stock Exchange so require, copies of the following documents may be inspected and obtained free of charge by holders at the specified office of the listing agent in Luxembourg during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted):

- the organizational documents of the Issuer;
- the organizational documents of each of the Guarantors;
- the Indenture (which includes the form of the Notes);
- the Security Documents including the Intercreditor Agreements;
- the financial statements included in this offering memorandum; and
- other material agreements described in this offering memorandum as to which we specify that copies thereof will be made available.

We accept responsibility for the information contained in this offering memorandum. To the best of our knowledge, the information contained in this offering memorandum is in accordance with the facts and does not omit anything likely to affect the import of this offering memorandum.

Except as disclosed herein, there has been no material adverse change in the Company's consolidated financial position since June 30, 2015.

Neither we nor any of our subsidiaries is a party to any litigation that, in our judgment, is material in the context of the issue of the Notes, except as disclosed herein.

The Issuer will maintain a paying agent, registrar and transfer agent in Luxembourg for as long as any of the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange. The Issuer reserves the right to vary such appointment in accordance with the terms of the Indenture and it will publish notice of such change of appointment on the website of the Luxembourg Stock Exchange, at *www.bourse.lu*.

Clearing information

The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream. Certain trading information with respect to the Notes is set forth below.

	Notes	
	ISIN	**Common Code**
Rule 144A	XS1117279700	111727970
Regulation S	XS1117279619	111727961

Issuer's legal information

Cabot Financial (Luxembourg) II S.A. (the "Issuer") was incorporated as a public limited liability company (*société anonyme*) under the laws of the Grand Duchy of Luxembourg on October 26, 2015, and registered with the Luxembourg trade and companies register under the number B 201268. The registered office of the Issuer is at 6, rue Gabriel Lippmann, L-5365 Munsbach, Grand Duchy of Luxembourg.

As at the date of this offering memorandum, the Issuer's share capital consisted of 25,000 Shares with a nominal value of £1 each, fully paid up and issued, with a total value of £25,000. On the Issue Date, the Issuer had no other debts other than the Notes.

The Issuer is a special purpose subsidiary and has no operations and no assets (other than the receivables under the Proceeds Loan and its bank accounts). The Issuer has not engaged in and will not engage in any activity other than the business and activities described or referred to in this offering memorandum.

The Issuer has obtained all necessary consents, approvals and authorizations in the jurisdiction of its incorporation in connection with the issuance and performance of the Notes. The creation and issuance of the Notes were authorized by the Issuer's board of directors on Monday, November 2, 2015 and Thursday, November 5, 2015.

Except as disclosed herein, there has been no material adverse change in the prospects and financial condition of the Issuer and the Guarantors since June 30, 2015.

Company legal information

Cabot Financial Limited (the "Company") was incorporated as a private company limited by shares under the laws of England and Wales on February 20, 2006. The registered office of the Company is at 1 Kings Hill Avenue, Kings Hill, West Malling, Kent ME19 4UA, United Kingdom.

The Company and its subsidiaries, which are all wholly owned, purchase and manage defaulted consumer debt portfolios.

Subsidiary Guarantor legal information

Cabot Credit Management Group Limited (formerly named Cabot Financial Holdings Group Limited) was incorporated as a private limited company under the laws of England and Wales on October 16, 2003. The registered office of Cabot Financial Holdings Group Limited is at 1 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4UA.

Cabot Financial Holdings Group Limited (formerly named Cabot Credit Management Group Limited) was incorporated as a private limited company under the laws of England and Wales on September 14, 2000. The registered office of Cabot Credit Management Group Limited is at 1 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4UA.

Cabot Financial (Luxembourg) S.A. was incorporated as a public limited liability company (*société anonyme*) under the laws of the Grand Duchy of Luxembourg on September 3, 2012. The registered office of Cabot (Financial) Luxembourg S.A. is at 6, rue Gabriel Lippmann, L-5365 Munsbach, Grand Duchy of Luxembourg.

Cabot Financial Debt Recovery Services Limited was incorporated as a private limited company under the laws of England and Wales on February 29, 2000. The registered office of Cabot Financial Debt Recovery Services Limited is at 1 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4UA.

Apex Credit Management Limited was incorporated as a private limited company under the laws of England and Wales on April 7, 2000. The registered office of Apex Credit Management Limited is at Apex House, 27 Arden Street, Stratford-upon-Avon, Warwickshire, CV37 6NW.

Cabot Financial (Europe) Limited was incorporated as a private limited company under the laws of England and Wales on September 19, 1997. The registered office of Cabot Financial (Europe) Limited is at 1 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4UA.

Cabot Financial (UK) Limited was incorporated as a private limited company under the laws of England and Wales on April 21, 1999. The registered office of Cabot Financial (UK) Limited is at 1 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4UA.

Financial Investigations and Recoveries (Europe) Limited was incorporated as a private limited company under the laws of England and Wales on March 28, 2000. The registered office of Financial Investigations and Recoveries (Europe) Limited is at Apex House, 27 Arden Street, Stratford-upon-Avon, Warwickshire, CV37 6NW.

Marlin Financial Group Limited was incorporated as a private limited company under the laws of England and Wales on March 19, 2010 under registration number 07195881. Its registered office is at Marlin House, 16-22 Grafton Road, Worthing, West Sussex, United Kingdom, BN11 1QP.

Marlin Financial Intermediate Limited was incorporated as a private limited company under the laws of England and Wales on March 19, 2010, and is a holding and management company. Its registered office is at Marlin House, 16-22 Grafton Road, Worthing, West Sussex, United Kingdom, BN11 1QP.

Marlin Financial Intermediate II Limited was incorporated as a private limited company under the laws of England and Wales on January 3, 2013, and is a holding company. Its registered office is at Marlin House, 16-22 Grafton Road, Worthing, West Sussex, United Kingdom, BN11 1QP.

Marlin Midway Limited was incorporated as a private limited company under the laws of England and Wales on October 16, 2012, and is a holding company. Its registered office is at Marlin House, 16-22 Grafton Road, Worthing, West Sussex, United Kingdom, BN11 1QP.

Black Tip Capital Holdings Limited was incorporated as a private limited company under the laws of England and Wales on September 7, 2006, and is a holding and management company. Its registered office is at Marlin House, 16-22 Grafton Road, Worthing, West Sussex, United Kingdom, BN11 1QP.

Marlin Senior Holdings Limited was incorporated as a private limited company under the laws of England and Wales on October 16, 2012, and is a holding company. Its registered office is at Marlin House, 16-22 Grafton Road, Worthing, West Sussex, United Kingdom, BN11 1QP.

Marlin Portfolio Holdings Limited was incorporated as a private limited company under the laws of England and Wales on September 14, 2012, and is a holding and management company. Its registered office is at Marlin House, 16-22 Grafton Road, Worthing, West Sussex, United Kingdom, BN11 1QP.

Cabot Financial (Marlin) Limited (formerly named Marlin Financial Services Limited) was incorporated as a private limited company under the laws of England and Wales on September 14, 2002, and its principal activity is debt recovery. Its registered office is at Marlin House, 16-22 Grafton Road, Worthing, West Sussex, United Kingdom, BN11 1QP.

Marlin Legal Services Limited was incorporated as a private limited company under the laws of England and Wales on April 3, 2007, and its principal activity is the provision of legal services. Its registered office is at Marlin House, 16-22 Grafton Road, Worthing, West Sussex, United Kingdom, BN11 1QP.

Marlin Capital Europe Limited was incorporated as a private limited company under the laws of England and Wales on December 20, 2002, and its principal activity is sales and marketing. Its registered office is at Marlin House, 16-22 Grafton Road, Worthing, West Sussex, United Kingdom, BN11 1QP.

MCE Portfolio Limited was incorporated as a private limited company under the laws of England and Wales on August 1, 2006, and its principal activity is the management of debt portfolios. Its registered office is at Marlin House, 16-22 Grafton Road, Worthing, West Sussex, United Kingdom, BN11 1QP.

MFS Portfolio Limited was incorporated as a private limited company under the laws of England and Wales on June 10, 2005, and its principal activity is the management of debt portfolios. Its registered office is at Marlin House, 16- 22 Grafton Road, Worthing, West Sussex, United Kingdom, BN11 1QP.

Marlin Europe I Limited was incorporated as a private limited company under the laws of England and Wales on September 7, 2006, and its principal activity is the management of debt portfolios. Its registered office is at Marlin House, 16-22 Grafton Road, Worthing, West Sussex, United Kingdom, BN11 1QP.

Marlin Europe II Limited was incorporated as a private limited company under the laws of England and Wales on March 8, 2007, and its principal activity is the management of debt portfolios. Its registered office is at Marlin House, 16-22 Grafton Road, Worthing, West Sussex, United Kingdom, BN11 1QP.

ME III Limited was incorporated as a private limited company under the laws of England and Wales on May 17, 2010, and its principal activity is the management of debt portfolios. Its registered office is at Marlin House, 16- 22 Grafton Road, Worthing, West Sussex, United Kingdom, BN11 1QP.

ME IV Limited was incorporated as a private limited company under the laws of England and Wales on May 18, 2010, and its principal activity is the management of debt portfolios. Its registered office is at Marlin House, 16- 22 Grafton Road, Worthing, West Sussex, United Kingdom, BN11 1QP.

Hillesden Securities Limited was incorporated as a private limited company under the laws of England and Wales on May 8, 1979, and its principal activity is debt recovery. Its registered office is at Buckingham Road, Brackley, Northamptonshire, United Kingdom, NN13 7DN.

Cabot Asset Purchases (Ireland) Limited was incorporated as a private limited company under the laws of Ireland on October 10, 2001, and its principal activity is debt recovery. Its registered office is at Block D, Cookstown Court, Old Belgard Road, Tallaght, Dublin 24.

Cabot Financial (Ireland) Limited was incorporated as a private limited company under the laws of Ireland on April 21, 1989, and its principal activity is debt recovery. Its registered office is at Block D, Cookstown Court, Old Belgard Road, Tallaght, Dublin 24.

Bramleyside Limited (to be renamed Cabot Financial (Treasury) Ireland Limited on or before the Issue Date) was incorporated as a private company limited by shares under the laws of Ireland on October 5, 2015, and is a treasury company for the Group. Its registered office is at Block D, Cookstown Court, Old Belgard Road, Tallaght, Dublin 24.

Financial year and accounts

Our financial year begins on January 1 and ends on December 31 of each year. We will prepare and publish annual reports including audited financial statements. Any future published financial statements prepared by Cabot will be available, during normal business hours, at the executive offices of the Company.

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Cabot Financial Limited
Unaudited results for the half year ended
30 June 2015

Cabot Financial Limited

Independent review report to Cabot Financial Limited

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-year financial report for the six months ended 30 June 2015 and the six months ended 30 June 2014 which comprises the interim condensed consolidated statement of financial position, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated stated of cash flows.

We have read the other information contained in the half-year financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half year financial report is the responsibility of and has been approved by the Company's directors. The directors are solely responsible for preparing the half year financial report.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-year financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the company and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-year financial report for the six months ended 30 June 2015 and 30 June 2014 are not prepared, in all material respects, in accordance with the recognition and measurement criteria of International Financial Reporting Standards as adopted by the European Union.

BDO LLP
Chartered Accountants and Registered Auditors
Location
United Kingdom
Date: 19 October 2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Cabot Financial Limited

Condensed consolidated statement of comprehensive income

For the six months ended 30 June 2015

	Notes	6 months to 30 June 2015 (unaudited) £'000	6 months to 30 June 2014 (unaudited) £'000
Revenue	*4*	**132,673**	76,428
Operating expenses		**(24,900)**	(10,723)
Gross profit		**107,773**	65,705
Administrative expenses		**(42,900)**	(36,657)
Operating profit		**64,873**	29,048
Finance income	*5*	**768**	92
Finance costs	*6*	**(34,865)**	(31,113)
Profit/(loss) before tax		**30,776**	(1,973)
Tax (expense)/income	*7*	**(6,186)**	466
Profit/(loss)		**24,590**	(1,507)
Other comprehensive income			
Items that will or may be reclassified to the profit or loss:			
Exchange losses arising on translation of foreign operations		**(784)**	(124)
Total comprehensive income for the period		**23,806**	(1,631)

The notes on pages 14 to 42 form part of the interim financial statements.

Cabot Financial Limited

Unaudited condensed consolidated statement of changes in equity

For the six months ended 30 June 2015

	Share capital £'000	Capital contribution reserve (restated) £'000	Retranslation reserve £'000	(Accumulated losses)/Retained Earnings £'000	Total (restated) £'000
Balance as at 1 January 2015	**250**	**136,157**	**(363)**	**(23,395)**	**112,649**
Adjustment on restated balance (Note 1)	–	2,923	–	–	2,923
Balance as at 1 January 2015 (restated)	250	139,080	(363)	(23,395)	115,572
Comprehensive income for the period					
Profit for the period	–	–	–	24,590	24,590
Currency translation differences	–	–	(784)	–	(784)
Total comprehensive income for the period	–	–	(784)	24,590	23,806
Distributions to owners					
Dividends	–	–	–	–	–
Balance as at 30 June 2015	**250**	**139,080**	**(1,147)**	**1,195**	**139,378**

The notes on pages 14 to 42 form part of the interim financial statements.

Cabot Financial Limited

Unaudited condensed consolidated statement of changes in equity

For the six months ended 30 June 2014

	Share capital £'000	Capital contribution reserve £'000	Retranslation reserve £'000	Accumulated losses £'000	Total £'000
Balance as at 1 January 2014	**250**	**136,157**	**(46)**	**(37,190)**	**99,171**
Comprehensive income for the period					
Loss for the period	–	–	–	(1,507)	(1,507)
Currency translation differences	–	–	(124)	–	(124)
Total comprehensive income for the period	250	136,157	(170)	(38,697)	97,540
Distributions to owners					
Dividends	–	–	–	(2,725)	(2,725)
Balance as at 30 June 2014	**250**	**136,157**	**(170)**	**(41,422)**	**94,815**

The notes on pages 14 to 42 form part of the interim financial statements.

Cabot Financial Limited

Condensed consolidated statement of financial position

As at 30 June 2015

	Notes	30 June 2015 (unaudited) £'000	31 December 2014 (unaudited) (restated) £'000	1 January 2014 (unaudited) £'000
Assets				
Non-current assets				
Goodwill	*3*	**260,130**	197,376	18,903
Intangible assets		**10,625**	8,455	4,322
Property, plant and equipment		**6,373**	5,164	3,999
Purchased loan portfolios	*9*	**765,872**	642,086	350,385
Deferred tax asset		**3,898**	2,546	1,762
		1,046,898	855,627	379,371
Current assets				
Cash and cash equivalents		**17,376**	16,736	36,700
Purchased loan portfolios	*9*	**104,216**	77,220	60,161
Trade and other receivables	*10*	**14,096**	12,255	9,083
Current tax asset		**–**	2,628	387
		135,688	108,839	106,331
Total assets		**1,182,586**	964,466	485,702
Liabilities				
Current liabilities				
Trade and other payables	*11*	**(55,481)**	(72,947)	(23,304)
Borrowings	*12*	**(109,241)**	(19,674)	(8,135)
Current tax liabilities		**(9,187)**	–	–
		(173,909)	(92,621)	(31,439)
Net current (liabilities)/assets		**(38,221)**	16,218	74,892

Cabot Financial Limited

Condensed consolidated statement of financial position

As at 30 June 2015

	Notes	30 June 2015 (unaudited) £'000	31 December 2014 (unaudited) (restated) £'000	1 January 2014 (unaudited) £'000
Non-current liabilities				
Borrowings	*12*	**(837,683)**	(747,570)	(354,391)
Deferred tax liabilities		**(22,078)**	(5,426)	(461)
Other payables	*3*	**(5,117)**	–	–
Provisions	*13*	**(4,421)**	(3,277)	(240)
		(869,299)	(756,273)	(355,092)
Net assets		**139,378**	115,572	99,171
Equity				
Share capital		**250**	250	250
Capital contribution reserve		**139,080**	139,080	136,157
Retranslation reserve		**(1,147)**	(363)	(46)
Retained earnings/(accumulated losses)		**1,195**	(23,395)	(37,190)
Equity attributable to owners of the parent		**139,378**	115,572	99,171

The notes on pages 14 to 42 form part of the interim financial statements.

This quarterly report of Cabot Financial Limited, with registered number 05714535, was approved by the Board of Directors on 19 October 2015.

Signed on behalf of the Board of Directors

C Ross-Roberts
Director

Cabot Financial Limited

Condensed consolidated statement of cash flows

For the six months ended 30 June 2015

	Notes	6 months to 30 June 2015 (unaudited) £'000	6 months to 30 June 2014 (unaudited) £'000
Net cash used in operating activities before collections and purchases	*14*	**(51,780)**	(36,185)
Collections on owned loan portfolios, net of determination cash		**141,629**	110,547
Purchases of loan portfolios[(a)]		**(80,093)**	(124,456)
Income taxes and overseas taxation received/(paid)		**4,565**	(1,703)
Net cash generated from/(used in) operating activities		**14,321**	(51,797)
Investing activities			
Interest received		**20**	59
Interest paid		**(33,466)**	(20,052)
Purchases of property, plant and equipment		**(3,376)**	(1,295)
Repayment of irrecoverable VAT on intangibles		**167**	–
Acquisition of subsidiary, net of cash acquired		**(158,138)**	(157,605)
Net cash used in investing activities		**(194,793)**	(178,893)
Financing activities			
Repayments of borrowings		**(114,552)**	(126,000)
Proceeds from borrowings		**298,864**	349,000
Transaction costs from borrowings		**(3,647)**	(5,173)
Net cash from financing activities		**180,665**	217,827
Net movement in cash and cash equivalents		**193**	(12,863)
Cash and cash equivalents at beginning of period		**16,736**	36,699
Effect of foreign exchange rate changes on cash and cash equivalents		**447**	(101)
Cash and cash equivalents at end of period		**17,376**	23,735

(a) This represents the amount paid for portfolio purchases in the period plus a deferred element of purchases from prior periods.

The notes on pages 14 to 42 form part of the interim financial statements.

Cabot Financial Limited

Notes to the unaudited condensed consolidated

financial statements

For the six months ended 30 June 2015

1. Significant accounting policies

The Group's significant accounting policies are described below. The application of these accounting policies requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenue and expenses during the period. The nature of estimation means that actual outcomes could differ from those estimates. On an ongoing basis, management evaluate estimates, which are based on historical experience and market and other conditions, and on assumptions that they believe to be reasonable. Management have chosen to highlight certain policies that they consider critical to the operations of the business and understanding the consolidated financial information. The following areas are considered to involve a significant degree of judgement or estimation.

Basis of preparation These unaudited condensed interim financial statements are primarily prepared under the historical cost convention and in accordance with applicable International Financial Reporting Standards (IFRS) as adopted for use in the European Union (EU). Loan portfolios are recorded at current value, as discussed below. Those standards have been applied consistently to the historical periods.

The information for the year ended 31 December 2014 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

These are the Group's first IFRS six month interim financial statements for part of the period covered by the first IFRS annual financial statements and IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied. A reconciliation from UK GAAP to IFRS can be found in Note 19. Adjustment on restated balance Subsequent to the year ended 31 December 2014 it was noted that an intercompany loan balance due to a parent undertaking of the Company had been waived during 2014, and therefore a prior year adjustment has been made to correct the position as at 31 December 2014. The error has been corrected by restating each of the financial statement line items for the prior period, as follows:

	31 December 2014 (unaudited) £000
Trade and other payables	2,923
Total Liabilities	**2,923**
Net impact on equity[(a)]	**2,923**

(a) The loan waiver of £2.9 million has been treated as a capital contribution within equity. Going concern The directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of signing these unaudited condensed interim financial statements. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements. Revenue Revenue represents income derived from purchased loan portfolios and fees receivable from the servicing of loans on behalf of third parties.

Income derived from purchased loan portfolios comprises receipts that relate to the current reporting period, adjusted for changes in the current values of the loan portfolios arising from periodic changes in estimates of future cash flows.

Servicing fees from the servicing of third party loans by the Group are recognised when the services are provided. Purchased loan portfolios Purchased loan portfolios comprise financial assets which have been acquired at a significant discount from their face value, which reflects incurred credit losses.

Under the accounting approach followed by the group, as outlined in more detail below, an initial yield is established on initial recognition for each purchased loan portfolio based on its purchase price and the estimated future cash receipts. Subsequently, the carrying amount of the portfolio is adjusted to its current value by updating expected future cash receipts and discounting them using the initial yield. The current value of the Group's loan portfolios is therefore dependent on a number of factors, including in particular the estimates on initial recognition (as these determine the initial yield) which include consideration of historic collections achieved on loan portfolios, and the gradient used to project the decay of forecast collections.

Initial recognition

On initial recognition, purchased loan portfolios (comprising loans and receivables) are recognised at fair value, being the fair value of the consideration paid or payable. The initial yield is derived by establishing the rate that discounts expected future cash receipts from the portfolio to its carrying amount on initial recognition.

Subsequent measurement

The methods used to calculate the current value of loan portfolios are as follows:

- During a period of between 12 and 24 months after initial recognition, the current value is calculated on the basis of expected future cash receipts. These are as established on initial recognition(unless there is evidence of a material change in expectations, in which case the expected cash flows are revisited), less cash payments subsequently received, discounted at the initial yield established on initial recognition.

- After a loan portfolio has been held for a period of between 12 and 24 months, it is added to a consolidated portfolio. Consolidated portfolios are comprised of multiple individual loan portfolios which are grouped on the basis of their financial year of purchase. A weighted average discount rate (based on the initial yields established at initial recognition) and the forecast period is calculated based on all of the individual portfolios which are included in the consolidated portfolio.

- At each reporting date, expected cash receipts are revisited and updated if appropriate. The revised expected cash receipts are then discounted at the initial yield established on initial recognition (see above), with any difference in the calculated current value and the existing carrying amount being recognised as part of revenue in profit or loss.

Expected cash receipts

Expected cash receipts comprise amounts that the Group anticipates recovering from its purchased loan portfolios on their initial recognition and at each reporting date. They include the effect of incurred credit losses, which are therefore included in the initial yield established on the initial recognition of the financial assets.

The Group uses collections experience when updating its expected cash receipts, with forecasts being generated using a combination of the actual collections seen over the immediately preceding months and a long term trend analysis of how collections on the Group's loan portfolios decay on a monthly basis, projected forward over a period of years that is linked to the maturities of the underlying portfolios.

The weighted average forecast period used for expected cash receipts was 76 months (31 December 2014: 78 months) and the weighted average yield of all portfolios was 28.15% (31 December 2014: 28.33%).

2. Segmental reporting

The Group represents a single reportable segment. Collections information is available for the UK and overseas operations together with servicing fee revenue and collections on owned portfolios (Note 4). Such information does not constitute sufficient information upon which to base resource allocation decisions. This is the only information analysed between UK and overseas and servicing fees and collections on owned portfolios, which is received on a regular basis and consequently only this segment was identified.

3. Business combinations

On 1 June 2015, the Group acquired 100% of the voting shares of Hillesden Securities Limited ("dlc"), an unlisted company based in the United Kingdom that is an acquirer and collector of non-performing unsecured consumer debt. The Group has acquired dlc because it enhances the Group's position as the largest buyer of debt in the UK and dlc's diversified products and services further strengthen the Group's ability to expand its offering in the UK. The acquisition has been accounted for using the acquisition method. The interim condensed consolidated financial statements include the results of dlc for the one month period from the acquisition date.

The fair values of the identifiable assets and liabilities of dlc as at the date of acquisition were:

	Fair value recognised on acquisition (unaudited) £000
Assets	
Property, plant and equipment	873
Purchased loan portfolios	118,128
Trade and other receivables	1,568
Cash	20,068
Intangibles (provisional)[a]	2,492
	143,129
Liabilities	
Trade and other payables	(7,287)
Deferred tax liability	(15,863)
Provisions	(1,124)
	(24,274)
Total identifiable net assets at fair value	118,855
Goodwill arising on acquisition (provisional)[a]	62,754
Purchase consideration transferred	181,609
Purchase consideration	
Cash paid	176,492
Deferred consideration liability	5,117
Total consideration	181,609
Analysis of cash flows on acquisition	
Net cash acquired with the subsidiary	(20,068)
Cash paid	176,492
Fees in relation to the acquisition	1,714
Net cash flow on acquisition	158,138

(a) The fair value of the identifiable intangible assets of £2.5 million (including forward flow contracts, customer contracts, scorecard, pricing model, collections system and speech analytics model) is provisional pending receipt of final valuations for those assets. Thus, these may be subsequently adjusted, with a corresponding adjustment to goodwill prior to 1 June 2016 (one year after the transaction).

At the date of acquisition, the fair value of the purchased loan portfolios was £118.1 million and the fair value of the trade and other receivables was £1.5 million. As at the date of acquisition, the gross contractual amount of purchased loan portfolios and trade and other receivables were equal to their fair value, and this reflects the best estimate of contractual cash flows.

Since the date of acquisition, dlc has contributed £3.1 million of revenue and £2.0 million of profit before tax to the continuing operations of the Group. If the acquisition had taken place at the beginning of the year, revenue from continuing operations would have been £20.9 million and the profit from continuing operations would have been £12.8 million.

The goodwill recognised is primarily attributed to synergies and other benefits from combining the assets and activities of dlc with those of the Group. The goodwill is not deductible for income tax purposes.

Transaction costs of £1.7 million have been expensed and are included in administrative expenses in the statement of comprehensive income and are part of operating cash flows in the statement of cash flows.

The table below shows a reconciliation between goodwill as at 1 January 2015 and the period end:

	Goodwill £000
Cost	
Brought forward at 1 January 2015	197,376
Additions during the year	62,754
Carried forward at 30 June 2015	**260,130**

4. Revenue

	6 months ended 30 June 2015 (unaudited) £000	6 months ended 30 June 2014 (unaudited) £000
Gross collections on owned portfolios	**141,629**	110,547
Less: current value movement on loan portfolios	**(17,525)**	(42,306)
Servicing fees	**8,569**	8,187
	132,673	76,428
Of which outside United Kingdom		
Collections on owned portfolios	**10,044**	9
Less: current value movement on loan portfolios	**(5,817)**	–
Servicing fees	**4,790**	3,815
	9,017	3,824

5. Finance Income

	6 months ended 30 June 2015 (unaudited) £000	6 months ended 30 June 2014 (unaudited) £000
Bank interest received	**20**	59
Interest receivable from parent undertaking	**50**	33
Foreign exchange on borrowings	**698**	–
	768	92

6. Finance Costs

	6 months ended 30 June 2015 (unaudited) £000	6 months ended 30 June 2014 (unaudited) £000
Interest on borrowings	**759**	1,508
Fees on borrowings	**2,577**	2,074
Interest on Senior Secured Notes and related charges	**31,345**	26,983
Current value adjustments on interest rate derivatives	**–**	109
Interest payable to parent undertakings[(a)]	**184**	44
Other interest and similar charges	**–**	23
Foreign exchange on borrowings	**–**	372
	34,865	31,113

(a) Interest payable to parent undertakings is accrued but not paid at a rate of LIBOR plus 4%.

7. Tax

The applicable corporation tax rate for the period to 30 June 2015 was 20.25% (30 June 2014: 21.5%). The Group's effective consolidated tax rate for the period to 30 June 2015 was 21% (30 June 2014: 23%). The current period effective rate tax is reflective of the applicable corporate tax rate for the year and reconciling items.

8. Dividends

	30 June 2015 (unaudited) £000	30 June 2014 (unaudited) £000
Ordinary shares		
Dividends paid	**–**	2,725

No dividend was declared by the directors during the period payable to the direct parent of the Group, Cabot Credit Management Limited (2014: £2.7 million, £10.90 per share).

9. Purchased loan portfolios

	30 June 2015 (unaudited) £000	31 December 2014 (unaudited) £000
Current value at the start of the period	**719,306**	410,546
Movement in current value[(a)]	**124,104**	170,657
Gross collections on owned portfolios	**(141,629)**	(247,110)
Gross portfolios acquired during the period	**57,679**	227,384
Portfolios acquired through acquisition of a subsidiary	**118,128**	160,592
Foreign exchange and pre-determination cash	**(7,500)**	(2,763)
As at the reporting date	**870,088**	719,306

(a) Gross collections on owned loan portfolios less current value movement on loan portfolios as shown in note 4.

The effect of a 10% reduction in cash collection statistics and a 10% reduction in the long term gradient used in the Revaluation Model are illustrated separately below. The Directors believe that a 10% reduction is a reasonable sensitivity as this correlates with the largest annual adverse variance in cash collections against forecast cashflows observed since the Revaluation Model was introduced in its current form in October 2007.

	Opening Position (unaudited) £000	Change in current value recorded in revenue (unaudited) £000	Closing reporting date (unaudited) £000
Reduction in cash collections experience used in the forecast by 10%			
6 months ended 30 June 2015			
As stated in the consolidated statement of financial position	**719,306**		**870,088**
Reduction due to change in assumption	**(63,141)**	**(4,037)**	**(67,178)**
	656,165		**802,910**
Year ended 31 December 2014			
As stated in the consolidated statement of financial position	410,546		719,306
Reduction due to change in assumption	(21,343)	(41,798)	(63,141)
	389,203		656,165

	Opening position (unaudited) £000	Change in current value recorded in revenue (unaudited) £000	Closing reporting date (unaudited) £000
Reduction in long term gradient used in the forecast by 10%			
6 months ended 30 June 2015			
As stated in the consolidated statement of financial position	**719,306**		**870,088**
(Reduction)/increase due to change in assumption	**(8,926)**	**1,178**	**(7,748)**
	710,380		**862,340**
Year ended 31 December 2014			
As stated in the consolidated statement of financial position	410,546		719,306
Reduction due to change in assumption	(6,300)	(2,626)	(8,926)
	404,246		710,380

An increase of 10% in cash collections experience and a 10% increase in the long-term gradient used in forecast will have the exact opposite effect in the loan portfolios amount at reporting date.

The weighted average forecast period used in the Revaluation Model was 76 months (31 December 2014: 78 months) and the weighted average yield was 28.15% (31 December 2014: 28.33%). The observable yields from acquisitions in 2015 did not indicate that yields used to discount historical portfolios required adjustment.

10. Trade and other receivables

	30 June 2015 (unaudited) £000	31 December 2014 (unaudited) £000
Trade receivables	**3,315**	3,263
Amounts owed by parent undertaking	**626**	3,061
Other receivables and prepayments	**10,155**	5,931
	14,096	12,255

11. Trade and other payables

	30 June 2015 (unaudited) £000	31 December 2014 (unaudited) (restated) £000
Trade payables	**13,251**	12,286
Other tax and social security	**1,264**	1,364
Amounts owed to parent undertaking	**8,300**	8,099
Other payables	**16,735**	39,119
Accruals and deferred income	**15,931**	12,079
	55,481	72,947

12. Borrowings

	30 June 2015 (unaudited) £000	31 December 2014 (unaudited) £000
Senior Secured Notes	**713,394**	713,660
Bank loans and overdrafts	**233,530**	53,584
	946,924	767,244
<u>Analysis of loan repayments:</u>		
Within one year	**109,241**	19,674
In more than one year but less than 5 years	**413,026**	321,499
In more than 5 years	**424,657**	426,071
	946,924	767,244

The following table analyses the Senior Secured Notes held by the Group, together with the directors assessment of their fair value based on the Luxembourg Stock Exchange quoted price at the reporting date.

For all other items, the directors believe the fair value of the liabilities is not materially different to the statement of financial position value due to interest being charged at a market rate.

	30 June 2015 (unaudited) £'000	31 December 2014 (unaudited) £'000	Maturity date	Interest rate	Fair value as at 30 June 2015 (unaudited) £'000	Fair value as at 31 December 2014 (unaudited) £'000
£265m Senior Secured Note	**265,000**	265,000	1 October 2019	10.375%	**288,850**	290,109
£100m Senior Secured Note	**100,000**	100,000	1 August 2020	8.375%	**102,500**	102,547
£150m Senior Secured Note	**150,000**	150,000	1 August 2020	10.500%	**165,938**	166,874
£175m Senior Secured Note	**175,000**	175,000	1 April 2021	6.500%	**167,344**	165,430
	690,000	690,000			**724,632**	724,960
Revolving credit facility	**146,644**	55,335	24 September 2017		**146,644**	55,335
Bridge facility	**90,000**	–	1 June 2016		**90,000**	–
Unamortised debt issue costs and facility fees on Senior Secured Notes and revolving credit facility	**(18,370)**	(17,562)			**–**	–
Accrued interest	**20,398**	19,790			**20,398**	19,790
Fair value adjustment unwind [£150m Note from Marlin acquisition]	**18,252**	19,681			**–**	–
	946,924	767,244			**981,674**	800,085

On 10 February 2015 the Group amended and renewed its existing senior secured revolving credit facility agreement to, among other things, increase the size of the committed revolving facility from £85.0 million to £195.0 million. The amended facility agreement also included an uncommitted accordion facility which will allow the facility to be increased by an additional £55.0 million, subject to obtaining the requisite commitments and compliance

with the terms of the Group's other indebtedness among other conditions precedent. The interest on the facility was also amended from LIBOR plus a maximum of 4.0% (based on LTV ratio) to a flat rate of 3.5% per annum over LIBOR (or EUROIBOR, for any loan drawn in Euro).

As at 30 June 2015 this facility had a drawn down balance of £146.6 million (31 December 2014: £55.3 million), which includes unamortised facility fees of £3.7 million (31 December 2014: £1.8 million). Such costs are amortised to the statement of comprehensive income over the life of the facility.

On 1 June 2015 the Group entered into a new senior secured bridge facility which provided the Group with an aggregate principal amount of £90.0 million. The purpose of the senior secured bridge facility was to provide funding for the financing, in full or in part, of the purchase price for the dlc acquisition and the payment of costs, fees and expenses in connection with the dlc acquisition, and was fully drawn on as of the closing of the dlc acquisition. The 2015 Senior Secured Bridge Facility has an initial term of one year and can be extended for an additional year if it is not repaid during the first year of issuance. Prior to the initial maturity date, the rate of interest payable under the senior secured bridge facility was the aggregate, per annum, of (i) LIBOR, plus (ii) an initial spread of 6.00% per annum (such spread stepping up by 50 basis points for each three-month period that the senior secured bridge facility remains outstanding), not to exceed total caps set forth in the senior secured bridge facilities agreement.

The Company is covenanted to ensure its LTV Ratio shall not exceed 0.75, and at 30 June 2015 the LTV Ratio was compliant at 0.61 (31 December 2014: 0.56).

The Company and certain of its subsidiary companies have granted a fixed and floating charge over assets with a carrying value of at least £975.0 million at the reporting date (31st December 2014: £775.0 million) as security for the Senior Secured Notes, the senior secured bridge facility and the senior committed revolving credit facility. Cash held on behalf of clients is excluded from the security given to the Senior Secured Notes, the senior secured bridge facility and the senior committed revolving credit facility.

13. Provisions

	Decommissioning (unaudited) £000	**Other (unaudited) £000**	**Total (unaudited) £000**
Brought forward as at 1 January 2015	277	3,000	3,277
Acquisition of subsidiary	124	1,000	1,124
Unwinding of discount and changes in the discount rate	20		20
As at 30 June 2015	421	4,000	4,421

Decommissioning

A provision has been recognised for decommissioning costs associated with various premises leased by the Group. The Group is committed to restoring the premises to their original state at the end of the lease term.

Other

Other provisions represent potential liabilities that could arise as a result of business acquisitions and include a provision for tax liabilities and a provision for regulatory risk exposure.

14. Notes to the cash flow statement

	6 months ended 30 June 2015 (unaudited) £000	6 months ended 30 June 2014 (unaudited) £000
Profit/(loss) for the period	**24,590**	(1,507)
Adjustments for:		
Current value movement on owned loan portfolios	**(124,104)**	(68,241)
Net finance costs	**34,098**	30,648
Income tax expense	**6,186**	(466)
Depreciation of property, plant and equipment	**1,119**	663
Amortisation of intangible assets	**1,889**	1,332
Exceptional costs recognised within investing and financing cash flows	**2,616**	5,155
Operating cash flows before movements in working capital	**(53,606)**	(32,416)
Decrease/(increase) in receivables	**1,302**	(6,806)
Increase in payables	**524**	3,037
Cash used in operating activities before collections and purchases	**(51,780)**	(36,185)

15. Financial Instruments

(a) Carrying amount versus fair value

The following table compares the carrying amounts and fair values of the Group's financial assets and financial liabilities as at 30 June 2015.

The Group consider that the current value of the purchased loan portfolios is not materially different to the fair value.

The Group considered that the carrying amount of the following financial assets and financial liabilities are a reasonable approximation of their fair value due to their short term nature:

- Trade and other receivables
- Trade and other payables
- Cash and cash equivalents

The carrying amount of other payables is considered to be equal to its fair value as the liability arose close to the period end, on 1 June 2015.

	As at 30 June 2015		As at 31 December 2014	
	Carrying amount (unaudited) £'000	Fair value (unaudited) £'000	Carrying amount (restated) (unaudited) £'000	Fair value (unaudited) £'000
Financial Assets				
Loan portfolios	**870,088**	**870,088**	719,306	719,306
Trade and other receivables	**10,073**	**10,073**	7,444	7,444
Cash and cash equivalents	**17,376**	**17,376**	16,736	16,736
Total	**897,537**	**897,537**	743,486	743,486
Financial liabilities				
Trade and other payables	**54,217**	**54,217**	71,583	71,583
Loans and borrowings	**946,924**	**981,674**	767,244	800,085
Other payables	**5,117**	**5,117**	–	–

Total	**1,006,258**	**1,041,008**	838,827	871,668

(b) Valuation techniques

(i) Loan portfolios

The valuation of loan portfolios is detailed within the Loan portfolio accounting policy within note 1 to the financial statements.

(ii) Derivative assets

Derivative financial assets include an interest rate cap. The determination of fair value includes reference to third party valuations received from financial institutions. The value as at 30 June 2015 was £nil (31 December 2014: £114).

(iii) Loans and borrowings

Loans and borrowings include amounts advanced to the Group at both fixed and variable rates of interest from Senior Secured Loan Notes, Bridge Facility and a Revolving Credit Facility.

Fair value of the Senior Secured Loan Notes for disclosure purposes as at the reporting date is determined by reference to the quoted price on the Luxembourg Stock Exchange at the reporting date for the Senior Secured Loan Notes, as shown in note 12.

Given the interest being charged at a market rate on the Bridge Facility and Revolving Credit Facility, amortised cost is considered equivalent to fair value for disclosure purposes.

16. Contingent liabilities

The Company and some of its subsidiaries are party to guarantees in relation to the senior committed revolving credit facility drawn by a fellow Group company, the senior secured bridge facility and the Senior Secured Notes due 2019 and 2020. Amounts outstanding on such borrowings were £926.6 million at 30 June 2015 (31 December 2014: £745.3 million). The expectation is that any liability under these guarantees will not be crystallised in the foreseeable future.

17. Related party transactions

During the six month period to 30 June 2015 there were intra-group interest charges with companies outside of the Cabot Financial Limited Group but under common control that resulted in interest receivable of £0.05 million (6 months to 30 June 2014: £0.03 million) and interest payable of £0.18 million (6 months to 30 June 2014: £0.04 million). These amounts are included within amounts owed by parent undertakings of £0.63 million (31 December 2014: £3.06 million) and amounts owed to parent undertakings of £8.30 million (31 December 2014: £8.10 million).

18. Subsequent events

On 1 July, the Group acquired Mortimer Clarke Solicitors, following the grant of alternative business structure (ABS) status to the law firm by the Solicitors Regulation Authority. The acquisition was financed through existing cash facilities.

19. Reconciliation of UK GAAP to IFRS

As stated in note 1, these are the Group's first consolidated six monthly interim financial statements prepared in accordance with IFRS. The accounting policies set out in note 1 have been applied in preparing the interim financial statement for the period ending 30 June, the comparative information, and in the preparation of an opening IFRS statement of financial position at 1 January 2014 (the Group's date of transition). In preparing its opening IFRS statement of financial position, the Group has adjusted amounts reported previously in the financial statements prepared in accordance with UK GAAP. An explanation of how the transition from previous GAAP to IFRS has affected the Group's financial position and financial performance is set out in the following tables.

Exemptions applied

IFRS 1, First-Time Adoption of International Financial Reporting Standard, allows first-time adopters certain exemptions from the retrospective application of certain IFRS. The Group has applied the following exemptions:

- IFRS 3, Business Combinations, has not been applied to acquisitions that occurred before 1 January 2014. Therefore, the UK GAAP carrying amounts of assets and liabilities required to be recognised under IFRS are at their deemed cost at the acquisition date and the UK GAAP carrying value for goodwill at the transition date is used in the opening balance sheet.

Effect of IFRS adoption for the consolidated statement of comprehensive income for the period ended 30 June 2014

		UK GAAP 6 months to 30 June 2014 (unaudited) £'000	Effect of transition to IFRS Re-classification (unaudited) £'000	Effect of transition to IFRS Re-measurement (unaudited) £'000	IFRS 6 months to 30 June 2014 (unaudited) £'000
Revenue	*A*	118,688	(42,260)	–	76,428
Operating expenses	*A*	(52,983)	42,260	–	(10,723)
Gross profit		65,705	–	–	65,705
Administrative expenses	*B, C, D, E, F*	(35,641)	374	(1,390)	(36,657)
Operating profit		30,064	374	(1,390)	29,048
Finance income		92	–	–	92
Finance costs	*F, C*	(29,541)	(374)	(1,197)	(31,112)
Profit / (loss) before tax		615	–	(2,587)	(1,972)
Tax	*G*	120	–	346	466
Profit / (loss) for the period		735	–	(2,241)	(1,506)
Other comprehensive income					
Exchange losses arising on translation of foreign operations		(125)	–	–	(125)
Total comprehensive income for the period		610	–	(2,241)	(1,631)

Effect of IFRS adoption for the consolidated statement of comprehensive income for the year ended 31 December 2014

		UK GAAP year ended 31 December 2014 (unaudited) £'000	Effect of transition to IFRS Re-measurement (unaudited) £'000	Effect of transition to IFRS Re-classification (unaudited) £'000	IFRS year ended 31 December 2014 (unaudited) £'000
Revenue	*A*	263,436	–	(76,497)	186,939
Operating expense	*A*	(110,108)	–	76,497	(33,611)
Gross profit		153,328		–	153,328
Administrative expenses	*B,C,D,E, F*	(72,507)	3,716	–	(68,791)
Operating profit		80,822	3,716	–	84,537
Finance income		154	–	–	154
Finance costs	*C*	(63,440)	(1,198)	–	(64,638)
Profit before tax		17,535	2,518	–	20,053
Tax income	*F*	(3,825)	290	–	(3,535)
Profit for the period		13,710	2,808	–	16,518
Other comprehensive income					
Exchange losses arising on translation of foreign operations		(317)	–	–	(317)
Total comprehensive income for the period		13,393	2,808	–	16,201

19. Reconciliation of UK GAAP to IFRS

Effect of IFRS adoption for the statement of financial position as at 31 December 2014

			Effect of transition to IFRS		
		UK GAAP 31 December 2014 (unaudited) (restated) £'000	Re-classification (unaudited) £'000	Re-measurement (unaudited) £'000	IFRS 31 December 2014 (unaudited) £'000
Assets					
Non-current assets					
Goodwill	*B,C,D*	195,760	(1,197)	2,813	197,376
Other intangible assets	*D,H*	1,567	7,107	(219)	8,455
Property, plant and equipment	*H*	10,883	(5,910)	191	5,164
Purchased loan portfolios	*I*	–	642,086	–	642,086
Deferred tax asset	*G*	–	2,256	290	2,546
		208,210	644,342	3,075	855,627
Current assets					
Cash and cash equivalents		16,736	–	–	16,736
Purchased loan portfolios	*I*	719,306	(642,086)	–	77,220
Trade and other receivables		12,255	–	–	12,255
Current tax asset		2,628	–	–	2,628
Deferred tax asset	*F, H*	2,256	(2,256)	–	–
		753,181	(644,342)	–	108,839
Total assets		961,391	–	3,075	964,466
Liabilities					
Current liabilities					
Trade and other payables	*E,J,K*	(95,720)	22,789	(16)	(72,947)
Borrowings	*J*	–	(19,674)	–	(19,674)
		(95,720)	3,115	(16)	(92,621)
Net current assets		657,461	(641,227)	(16)	16,218

			Effect of transition to IFRS		
		UK GAAP 31 December 2014 (restated) (unaudited) £'000	Re-classification (unaudited) £'000	Re-measurement (unaudited) £'000	IFRS 31 December 2014 (unaudited) £'000
Non-current liabilities					
Borrowings	*J*	(747,455)	(115)	–	(747,570)
Deferred tax liabilities		(5,426)	–	–	(5,426)
Provisions	*K*	–	(3,000)	(277)	(3,277)
		(752,881)	(3,115)	(277)	(756,273)
Net assets		112,790	–	2,782	115,572
Equity					
Share capital		250	–	–	250
Capital contribution reserve		139,080	–	–	139,080
Retranslation reserve		(363)	–	–	(363)
Accumulated losses		(26,177)	–	2,782	(23,395)
Equity attributable to owners of the parent		112,790	–	2,782	115,572

Effect of IFRS adoption for the statement of financial position as at 1 January 2014 (Date of transition)

		UK GAAP 1 January 2014 (unaudited) £'000	Effect of transition to IFRS Re-classification (unaudited) £'000	Re-measurement (unaudited) £'000	IFRS 1 January 2014 (unaudited) £'000
Assets					
Non-current assets					
Goodwill		18,903	–	–	18,903
Other intangible assets	*H*	–	4,322	–	4,322
Property, plant and equipment	*H*	8,109	(4,322)	212	3,999
Purchased loan portfolios	*I*	–	350,385	–	350,385
Deferred tax asset	*G*	–	1,762	–	1,762
		27,012	352,147	212	379,371
Current assets					
Cash and cash equivalents		36,700	–	–	36,700
Purchased loan portfolios	*I*	410,546	(350,385)	–	60,161
Trade and other receivables		9,083	–	–	9,083
Current tax asset		387	–	–	387
Deferred tax asset	*G*	1,762	(1,762)	–	–
		458,478	(352,147)	–	106,331
Total assets		485,490	–	212	485,702
Liabilities					
Current liabilities					
Trade and other payables	*E,J*	(33,719)	10,415	–	(23,304)
Borrowings	*J*	–	(8,135)	–	(8,135)
		(33,719)	2,280	–	(31,439)
Net current assets		424,759	(349,867)	–	74,892

		UK GAAP 1 January 2014 (unaudited) £'000	Effect of transition to IFRS Re-classification (unaudited) £'000	Re-measurement (unaudited) £'000	IFRS 1 January 2014 (unaudited) £'000
Non-current liabilities					
Borrowings	*J*	(352,111)	(2,280)	–	(354,391)
Deferred tax liabilities	*G*	(461)	–	–	(461)
Provisions		–	–	(240)	(240)
		(352,572)	(2,280)	(240)	(355,092)
Net assets		99,199	–	(28)	99,171
Equity					
Share capital		250	–	–	250
Capital contribution reserve		136,157	–	–	136,157
Retranslation reserve		(46)	–	–	(46)
Accumulated losses		(37,162)	–	(28)	(37,190)
Equity attributable to owners of the parent		99,199	–	(28)	99,171

Effect of IFRS adoption for the statement of financial position as at 30 June 2014

		UK GAAP 30 June 2014 (unaudited) £'000	Effect of transition to IFRS Re-classification (unaudited) £'000	Re-measurement (unaudited) £'000	IFRS 30 June 2014 (unaudited) £'000
Assets					
Non-current assets					
Goodwill	*C,D*	200,200	(1,197)	(2,050)	196,953
Other intangible assets	*D,H*	–	6,218	(100)	6,118
Property, plant and equipment	*H*	8,464	(5,021)	202	3,645
Purchased loan portfolios	*I*	–	580,936	–	580,936

Deferred tax asset	G	–	1,537	345	1,882
		208,664	582,473	(1,603)	789,534
Current assets					
Cash and cash equivalents		23,737	–	–	23,737
Purchased loan portfolios	I	650,903	(580,936)	–	69,967
Trade and other receivables		11,270	–	–	11,270
Current tax asset		2,547	–	–	2,547
Deferred tax asset	G	1,537	(1,537)	–	–
		689,994	(582,473)	–	107,521
Total assets		898,658	–	(1,603)	897,055
Liabilities					
Current liabilities					
Trade and other payables	E,J,K	(56,567)	19,951	(666)	(37,282)
Borrowings	J	–	(19,891)	–	(19,891)
		(56,567)	60	(666)	(57,173)
Net current assets		633,427	(582,413)	(666)	50,348

		UK GAAP 30 June 2014 (unaudited) £'000	Effect of transition to IFRS Re-classification (unaudited) £'000	Re-measurement (unaudited) £'000	IFRS 30 June 2014 (unaudited) £'000
Non-current liabilities					
Borrowings	J	(740,440)	(60)	–	(740,500)
Deferred tax liabilities	H	(4,567)	–	–	(4,567)
		(745,007)	(60)		(745,067)
Net assets		97,084	–	(2,269)	94,815
Equity					
Share capital		250	–	–	250
Capital contribution reserve		136,157	–	–	136,157
Retranslation reserve		(170)	–	–	(170)
Accumulated losses		(39,153)	–	(2,269)	(41,422)
Equity attributable to owners of the parent		97,084	–	(2,269)	94,815

Reconciliation of equity

		As at 1 January 2014 £'000	As at 30 June 2014 £'000	As at 31 December 2014 £'000
Total equity under previous UK GAAP		**99,199**	**97,084**	**112,790**
Goodwill no longer amortised as from date of transition	B	–	**4,301**	9,641
Subsidiary acquisition costs not capitalised under IFRS	C	–	**(5,155)**	(5,630)
Amortisation of intangibles recognised following acquisition of subsidiary group since transition	D	–	**(100)**	(219)
Recognition of holiday accrual	E	–	**(407)**	(15)
Bridge Fee no longer capitalised under IFRS	C	–	**(1,198)**	(1,198)
Other adjustments		(28)	**(56)**	(87)
		(28)	**(2,615)**	2,492
Tax effect of the above	G	–	**346**	290
Total affect if transition to IFRS		(28)	**(2,269)**	2,782
Total equity under IFRS		**99,171**	**94,815**	**115,572**

19. Reconciliation of UK GAAP to IFRS

Summary of adjustments

A Movement in current value

Under UK GAAP movement in the current value of the purchased loan portfolios was recognised within operating expenses. Under IFRS, the Group reclassified this to revenue.

B Goodwill

Under UK GAAP, goodwill recognised as part of a business combination was amortised on a straight-line basis over its useful economic life, estimated to be 20 years. IFRS prohibits the amortisation of goodwill, requiring instead an annual impairment test. Amortisation recognised under UK GAAP since the transition to IFRS has been reversed so that goodwill is recognised at the transition date value.

C Business combinations

IFRS 3 requires acquisition costs incurred on business combinations to be expensed whereas under UK GAAP these were capitalised. An adjustment has been made to expense the subsidiary acquisition fees, excluding the bridging loan fees, to administrative expenses, the bridging loan fees have been expensed to finance costs.

D Intangible assets

Under UK GAAP, the Group recognised trademarks and developed technologies arising on a business combination within goodwill. Under IFRS, these have been reclassified out of goodwill to intangible assets and amortised over their useful lives of five years.

E Holiday accrual

Under IFRS, an accrual has been recognised for the value of holiday accrued but untaken at the reporting date.

F Foreign exchange

Under IFRS, foreign exchange gains or losses have been reclassified from administrative expenses to finance costs.

G The various transitional adjustments above give rise to different temporary differences which have resulted in deferred tax adjustments. Furthermore, deferred tax has been reclassified to non-current assets.

H Property, plant and equipment

Under UK GAAP, software licences have been classified within property, plant and equipment. Under IFRS, these have been reclassified to intangible assets.

I Purchase loan portfolio

Under IFRS, the non current element of purchased loan portfolios has been reclassified from current to non-current assets.

J Borrowings

Under IFRS, accrued interest has been reclassified from trade and other payables to borrowings.

K Provisions

Under IFRS, provisions have been reclassified from trade and other payables to a separate line item.

<u>Adjustments to the Condensed Consolidated Statement of Cash Flows</u>

The transition from UK GAAP to IFRS had no significant impact on cash flows generated by the company.

Cabot Financial Limited

Annual consolidated financial statements
For the year ended 31 December 2014

Independent auditor's report

We have audited the financial statements of Cabot Financial Limited for the year ended 31 December 2014 which comprise the Consolidated profit and loss account, the Consolidated and Company balance sheets, the Consolidated statement of total recognised gains and losses, the Consolidated cash flow statement and the related notes 1 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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 International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

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 Company's affairs as at 31 December 2014 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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.

Daniel Taylor (Senior Statutory Auditor)
for and on behalf of BDO LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

17 March 2015

Cabot Financial Limited

Consolidated profit and loss account

For the year ended 31 December 2014

	Notes	2014 £000	2013 £000
Turnover	*2*	**263,436**	181,327
Existing operations		**199,552**	181,327
Acquisitions		**63,884**	–
Cost of sales		**(110,108)**	(68,252)
Gross profit		**153,328**	113,075
Administration expenses		**(72,507)**	(50,590)
Operating profit		**80,822**	62,485
Existing operations		**71,983**	62,485
Acquisitions		**8,838**	–
Interest receivable and similar income	*6*	**154**	639
Interest payable and similar charges	*7*	**(63,440)**	(34,627)
Profit on ordinary activities before taxation	*3*	**17,535**	28,497
Tax on profit on ordinary activities	*4*	**(3,825)**	(6,928)
Profit for the financial period	*20*	**13,710**	**21,569**

The notes on pages 28 to 58 form part of these financial statements.

All of the above results are derived from continuing operations.

Cabot Financial Limited

Consolidated balance sheet

As at 31 December 2014

	Notes	31 December 2014 £000	31 December 2013 £000
Fixed assets			
Goodwill	*9*	**195,760**	18,903
Intangible assets	*10*	**1,567**	–
Tangible assets	*11*	**10,883**	8,109
		208,210	27,012
Current assets			
Loan portfolios	*13*	**719,306**	410,546
Debtors: amounts falling due within one year	*14*	**17,139**	11,232
Cash at bank and in hand		**16,736**	36,700
		753,181	458,478
Creditors: amounts falling due within one year	*15*	**(98,643)**	(33,719)
Net current assets		**654,538**	424,759
Total assets less current liabilities		**862,748**	451,771
Creditors: amounts falling due after more than one year	*16*	**(747,455)**	(352,111)
Deferred Tax Liability	*17*	**(5,426)**	(461)
Net assets		**109,867**	99,199
Capital and reserves			
Called up share capital	*19*	**250**	250
Capital contribution reserve	*25*	**136,157**	136,157
Profit and loss account	*20, 25*	**(26,540)**	(37,208)
Equity shareholders' funds	*25*	**109,867**	99,199

The notes on pages 28 to 58 form part of these financial statements.

These financial statements of Cabot Financial Limited, with registered number 05714535, were approved by the Board of Directors and authorised for issue on 17 March 2015.

Signed on behalf of the Board of Directors by:

C Ross-Roberts
Director

Cabot Financial Limited

Company balance sheet

As at 31 December 2014

	Notes	31 December 2014 £000	31 December 2013 £000
Fixed assets			
Investments	*12*	**116,602**	116,602
Current assets			
Debtors: amounts falling due within one year	*14*	**71,002**	62,764
Cash at bank and in hand		**1**	1
		71,003	62,765
Creditors: amounts falling due within one year	*15*	**(29,858)**	(25,586)
Net current assets		**41,145**	37,179
Total assets less current liabilities		**157,747**	153,781
Net assets		**157,747**	153,781
Capital and reserves			
Called up share capital	*19*	**250**	250
Capital contribution reserve	*25*	**136,157**	136,157
Profit and loss account	*20, 25*	**21,340**	17,374
Equity shareholders' funds	*25*	**157,747**	153,781

The notes on pages 28 to 58 form part of these financial statements.

These financial statements of Cabot Financial Limited, with registered number 05714535, were approved by the Board of Directors and authorised for issue on 17 March 2015.

Signed on behalf of the Board of Directors by:

C Ross-Roberts
Director

Cabot Financial Limited

Consolidated statement of recognised gains and losses

For the year ended 31 December 2014

	Notes	2014 £000	2013 £000
Profit for the financial period		**13,710**	21,569
Currency translation differences	*20, 25*	**(317)**	(46)
Total recognised gains relating to the period		**13,393**	21,523

The notes on pages 28 to 58 form part of these financial statements.

Cabot Financial Limited

Consolidated cash flow statement

For the year ended 31 December 2014

	Notes	2014 £000	2013 £000
Net cash outflow from operating activities	*21*	**(23,156)**	(33,358)
Returns on investments and servicing of finance	*22*	**(58,511)**	(35,387)
Taxation	*22*	**(1,704)**	(5,913)
Capital expenditure and financial investment	*22*	**(7,648)**	(1,746)
Acquisitions and disposals	*22*	**(159,280)**	–
Cash outflow before use of financing		**(250,299)**	(76,404)
Financing	*22*	**230,335**	90,000
(Decrease) / increase in cash in the period	*24*	**(19,964)**	13,596

The notes on pages 28 to 58 form part of these financial statements.

Cabot Financial Limited

Notes to the financial statements

For the year ended 31 December 2014

1. Accounting policies

The accounting policies adopted are described below. These have been applied consistently throughout the current and preceding year.

Accounting convention The financial statements have been prepared under the historical cost convention, except for the revaluation at fair value of certain financial assets, and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards. Basis of consolidation The Cabot Financial Limited Group financial statements consolidate the financial statements of the Company and its subsidiaries and associated undertakings (the "Group") drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date of which control passed. Acquisitions are accounted for under the acquisition method. Intangible assets – goodwill Goodwill arising on the acquisition of subsidiary undertakings, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, which is estimated at twenty years. The useful economic life of Goodwill is reassessed on an annual basis. Provision is made for any impairment. Intangible assets Intangible assets are capitalised and written off on a straight-line basis over its useful economic life, which is estimated at seven years. Fixed asset investments Fixed asset investments are shown at cost less provision for impairment. Turnover Turnover represents amounts collected from customers and fees receivable from the servicing of loans on behalf of third parties.

Collections from customers are recognised on receipt.

Servicing fees from the servicing of third party loans by the Group are recognised when the services are provided. Tangible fixed assets and depreciation Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value on each asset on a straight-line basis over their estimated useful lives as follows:

Office equipment	4 to 10 years
Computers and software	3 to 10 years
Fixtures and fittings	5 to 10 years
Short leasehold property	the minimum term of the lease
Motor vehicles	5 years
Freehold property................	25 years

Impairment of non-financial assets At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less any cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. Valuation of consumer loan portfolios Portfolios are designated "fair value through the profit and loss" in accordance with FRS 26 Financial Instruments: Recognition and Measurement.

The fair value of portfolios is shown in the balance sheet as "loan portfolios". The change in fair value of portfolios is shown in cost of sales. Fair value is determined in the manner described in note 13 and is highly sensitive to the collections achieved and the forecast algorithm used to project forward collections. The fair value of the loan portfolios has been classified as a "Level 3" fair value measurement. Litigation expenditure Costs incurred in obtaining court orders and pursuing legal action against portfolio assets are expensed when incurred. Foreign exchange

Transactions in foreign currencies are recorded at the rates of exchange for Sterling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising on translations of the opening net assets and results of overseas operations are adjusted through reserves. All other exchange differences are recognised as income or expense within administration expenses in the year in which the difference arose.

During the year the Company mitigated its foreign currency exposures via asset and liability management. Bank borrowings Interest bearing loans are recorded at the proceeds received net of direct issue costs. Finance fees are accounted for in the profit and loss account using the effective interest method and are added to the carrying amount of the instrument. Interest Interest receivable and payable are recognised using the effective interest rate method.

Interest payable includes facility fees on bank loans and similar costs and fair value adjustments on interest rate derivatives. Financial Instruments

Derivatives

Derivatives are measured initially at fair value and subsequently re-measured to their fair value at each balance sheet date. Fair values are obtained from quoted prices prevailing in active markets, including recent market transactions, and valuation techniques, included discounted cash flow models and option pricing models as appropriate. All derivatives are included as assets when their fair value is positive, and liabilities when their fair value is negative. The fair value of the derivatives has been classified as a "Level 2" fair value measurement.

Financial assets

All financial assets are initially recognised at the transaction date, at which point, FRS 26 Financial Instruments: Recognition and Measurement requires that financial instruments be classified into the following categories; at fair value through profit and loss, loans and receivables, held-to-maturity investments or available for sale.

The loan portfolios are classified as fair value through profit and loss. Debtors are classified as loans and receivables and measured at amortised cost using the effective interest method, less any impairment.

Financial instruments are required to be measured using a fair value hierarchy that reflects the significance of the inputs used in measuring the fair value of those instruments. The fair value hierarchy has the following levels:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial liabilities

Financial liabilities are carried at amortised cost using the effective interest rate method. Taxation Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as 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 at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. Pensions The Group operates a defined contribution pension scheme. Pension contributions are charged to the profit and loss account in the month that the liability for paying the contributions arises. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. Operating leases Rentals under operating leases are charged on a straight-line basis over the lease term. Going concern The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic and Directors Report on pages 6 to 19. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in these financial statements.

The Group made an operating profit of £80.8 million during 2014 (2013: £62.5 million) and an adjusted EBITDA of £172.7 million (2013: £126.9 million). The Group had net current assets of £654.5 million at 31 December 2014 (31 December 2013: £424.8 million) and shareholders' funds of £109.9 million (31 December 2013: £99.2 million).

The Group has long-term debt financing at 31 December 2014 comprising of Senior Secured Loan Notes due 2019 of £265.0 million issued on 20 September 2012, Senior Secured Loan Notes due 2020 of £100.0 million issued on 2 August 2013, Senior Secured Loan Notes due 2021 of £175.0 million issued on 27 March 2014 and Senior Secured Loan Notes due 2020 of £150.0 million issued which were acquired during the course of the Marlin acquisition (£265 million and £100.0 million at 31 December 2013).

The Group meets its day to day working capital requirements, including the purchase of portfolios, through its own cash resources supplemented by a revolving credit facility and bank loans. As described in note 16, the Group had senior committed revolving credit facility of £85.0 million which matures in September 2017 (£85.0 million at 31 December 2013). Please refer to note 30 for information regarding an increase in the size of the revolving credit facility to £195.0 million post year end.

The assets of the Group have been pledged as security for the Senior Secured Loan Notes due 2019, 2020 and 2021 and the senior secured credit facility.

The Group has remained compliant during the year to 31 December 2014 with all the covenants contained in the notes issued and senior credit facility. The Group's latest forecasts and cash flow projections have been reviewed and do not indicate any significant uncertainty over the Group's ability to operate within the requirements of the financing arrangements in place and therefore to continue as a going concern.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

2. Turnover

Turnover predominantly arises in the UK. An analysis of turnover by activity is as follow:

	2014 £000	**2013 £000**
United Kingdom		
Collections on owned portfolios	**239,439**	166,239
Servicing fees	**7,821**	9,590
	247,260	175,829
Outside United Kingdom		
Collections on owned portfolios	**7,671**	31
Servicing fees	**8,505**	5,467
	16,176	5,498
Total turnover	**263,436**	181,327

3. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging/(crediting) the following:

	2014 £000	**2013 £000**
Movement in fair value of derivatives	**122**	1
Fair value movement on loan portfolios	**76,453**	55,295

Depreciation of tangible fixed assets	**3,823**	3,043
Profit on sale of tangible fixed assets	**(18)**	(21)
Amortisation of goodwill	**9,641**	1,328
Amortisation of Intangible assets	**59**	–
Operating lease rentals – land and buildings	**1,532**	1,464
Auditors remuneration[(a)]	**449**	494

(a) The analysis of auditor remuneration is as set out below. All amounts stated include attributable VAT. Auditors remuneration of £245,000 (2013: £223,000) with respect to the Cabot Financial Limited Group's audit fees for the year was borne by the Cabot Credit Management Limited the direct parent company of the Group.

The result for the year of the Company was a profit of £6.7 million (2013: £26.3 million). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the Company.

	2014 £000	2013 £000
Fees payable to the Company's auditors:		
For the audit of the Company's financial statements	**16**	15
For the audit of subsidiary undertakings	**229**	208
Total audit fees	**245**	223
Other services	**204**	271
Total fees and expenses paid to the auditor (inc VAT)	**449**	494

Of the non-audit fees £172,500 (2013: £141,000 which was a cost borne by Cabot Credit Management Limited) was provided in relation to the issue of the Senior Secured Loan Notes due 2019 and 2020 which are being amortised to the profit and loss account on an effective rate basis and included within interest payable and related charges.

4. Tax on profit on ordinary activities

The tax charge comprises:

	2014 £000	2013 £000
Current tax		
Corporation tax	**2,779**	6,205
Foreign tax	**849**	241
Total current tax	**3,628**	6,446
Prior period adjustments	**151**	106
Deferred tax		
Origination and reversal of timing differences	**46**	376
Total tax charge on profit on ordinary activities	**3,825**	6,928

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit on ordinary activities before tax is as follows:

	2014 £000	2013 £000
Profit on ordinary activities before taxation	**17,535**	28,497
Tax on profit on ordinary activities at standard UK hybrid corporation tax rate of 21.50% (2013: 23.25%)	**3,770**	6,626
Effects of:		
Utilisation of tax losses	**(2,373)**	(1,054)
Tax losses carried forward	**2,326**	–
Expenses not deductible for tax purposes	**781**	704
Income not taxable for tax purposes	**(1,207)**	–
Capital allowances in excess of depreciation	**758**	224
Tax on overseas earnings	**(427)**	(54)
Total tax charge on profit on ordinary activities	**3,628**	6,446

Note 18 explains the movements on deferred tax in the period.

The Finance Act 2014, which reduced the main rate of UK corporation tax to 20% effective from 1 April 2015, was enacted on 17 July 2014. As this change in rate was substantively enacted prior to 31 December 2014 it has been reflected in the deferred tax assets and liabilities at 31 December 2014.

5. Information regarding Directors and employees

	2014 No.	2013 No.
Average number of employees during the period (including executive Directors):		
Administration	**314**	211
Collection	**639**	523
Total	**953**	734

	£000	£000
Staff costs for the period included within administrative expenses (including executive Directors):		
Wages and salaries	**32,352**	25,983
Social security costs	**4,033**	3,051
Pension contributions	**877**	598
Total	**37,262**	29,632

There are 1 (2013: 2) Directors for whom retirement benefits are accruing in respect of defined contribution pension schemes.

As at the balance sheet date there was a liability of £125,181 (2013: £64,480) in respect of pension contributions to be paid into the scheme the related charges are disclosed within administration charges in the Profit and Loss account.

	2014 £000	2013 £000
Directors' remuneration		
Salary and benefits in kind	**2,147**	2,731
Compensation for loss of office	**504**	541
Pension contributions	**83**	61
Total	**2,734**	3,333
Highest paid director		
Salary and benefits in kind	**700**	1,076
Pension contributions	**45**	–
Total	**745**	1,076

6. Interest receivable and similar income

	2014 £000	2013 £000
Bank deposits	**62**	188
Interest receivable from parent undertakings	**92**	451
	154	639

Interest receivable from parent undertakings is accrued but not paid at a rate of LIBOR plus 4% on trading balances and at a rate of 5% on loans.

7. Interest payable and similar charge

The charge in the period in respect of interest payable and similar charges comprised the following:

	2014 £000	2013 £000
Interest on bank loans	**2,852**	828
Fees on bank loans	**1,219**	1,267
Interest on Senior Secured Notes and related charges	**58,355**	32,352
Fair value adjustments on interest rate derivatives	**122**	1
Interest payable to parent undertakings[(a)]	**150**	105
Other interest and similar charges	**742**	74

	63,440	34,627

(a) Interest payable from parent undertakings is accrued but not paid at a rate of LIBOR plus 4%.

8. Financial commitments

The Group's annual commitments under non-cancellable operating leases are as follows:

	Land and buildings	
	31 December 2014 £000	**31 December 2013 £000**
Expiry date:		
Within one year	**–**	26
Between one and five years	**1,024**	35
After 5 years	**944**	1,371

9. Intangible assets – Goodwill

	Goodwill £000
Cost	
Brought forward at 1 January 2014	203,366
Additions during the year	186,498
Carried forward at 31 December 2014	**389,864**
Amortisation	
Brought forward at 1 January 2014	184,463
Charge for the period	9,641
Carried forward at 31 December 2014	**194,104**
Net book value	
At 1 January 2014	18,903
At 31 December 2014	**195,760**

On 10 February 2014 the Group acquired Marlin Financial Group Limited ("Marlin"), a leading acquirer of non performing debt, including the assumption of certain existing debt of Marlin, for an enterprise value of £295 million.

The following sets out the book values of the identifiable assets and liabilities acquired and their fair value to the company relating to the acquisition of the Marlin group:

	Book value £'000	**Accounting policy alignment £'000**	**Fair value adjustment £'000**	**Fair value to group £'000**
Fixed Assets				
Tangible	**909**	**–**	**(104)**	**805**
Current Assets				
Loan portfolios	139,433	21,159	–	160,592
Debtors	1,457	–	–	1,457
Cash	12,674	–	–	12,674
	153,564	**21,159**	**–**	**174,723**
Creditors				
Shareholder Loan notes	(45,108)	–	44,083	(1,025)
Unamortised facility fees and related costs	6,166	–	(6,166)	–
Senior Secured Loan notes	(150,000)	–	(22,125)	(172,125)
Trade creditors	(2,514)	–	–	(2,514)
Accruals and other creditors	(4,057)	–	(316)	(4,373)
Corporation tax	314	–	(3,000)	(2,686)
Deferred taxation	(351)	(4,074)		(4,425)
Total liabilities	**(195,550)**	**(4,074)**	**12,476**	**(187,148)**
Net liabilities	**(41,077)**	**17,085**	**12,372**	**(11,620)**
				£'000
Cash consideration (including expenses £7.4m)				171,956
Issue of Preferred Equity Certificates				2,922
Negative net asset value acquired				11,620

Goodwill arising upon acquisition	**186,498**

A fair value adjustment of £0.1 million was made to tangible fixed assets in order to clear redundant assets held by Marlin as at the date of acquisition.

Shareholder loan notes of £44.1 million were acquired as part of the acquisition consideration.

At the time of acquisition, Marlin had capitalised facility fees in relation to their Senior Secured Loan Note. Such fees are not deemed to have any value upon acquisition as they have all been fully paid and settled with no future gain for any acquirer.

The Senior Secured Loan note was re-valued to fair value using the quoted price on the Luxembourg stock exchange at the time of acquisition.

Other creditors were adjusted to include a provision for potential overpayments on customer accounts.

Due diligence work prior to acquisition highlighted that potential further tax liabilities could exist in the region of £3 million. Therefore a fair value adjustment was entered to reflect this.

Adjustments were also made to reflect the opening balance sheet under the Company's accounting policies in relation to loan portfolios (see loan portfolio accounting policy in note 1). Such an adjustment also resulted in a deferred tax liability from the change in book value.

The results of Marlin Financial Group Limited prior to its acquisition were as follows: Profit and loss account

	Current period up to acquisition £'000	**Year ended 31 December 2013 £'000**
Turnover	6,608	58,762
Operating (loss)/profit	**(7,795)**	**11,454**
Net interest	(1,721)	(31,975)
Loss on ordinary activities before taxation	**(9,516)**	**(20,521)**
Taxation on profit from ordinary activities	–	1,421
Loss after taxation	**(9,516)**	**(19,100)**

Statement of total recognised gains and losses There were no unrecognised gains or losses within the current period to acquisition or the year ended 31 December 2013. Cash flows The net outflow of cash arising from the acquisition of Marlin Financial Group Limited was as follows:

	£'000
Cash consideration, as above	171,956
Cash acquired	(12,674)
Net outflow of cash	**159,282**

10. Intangible assets

	Group 31 December 2014 £'000
Cost	
At 31 December 2013	–
Additions	1,626
At 31 December 2014	**1,626**
Amortisation	
At 31 December 2013	–
Charge for the year	59
At 31 December 2014	**59**
Net book value	
At 31 December 2014	**1,567**
At 31 December 2013	–

On 2 October 2014, a subsidiary of the Company, Cabot Financial (Ireland) Limited, completed a transaction with Expert Revenue Systems, a software developer in the Republic of Ireland, ("XRS") in which it acquired an exclusive and perpetual licence to the intellectual property of the software licensed to the credit union market in the Republic of Ireland, in addition to acquiring development rights and the software licences to which the credit unions are bound. This is a strategic acquisition in order to develop and enhance our relationship with the credit union market in performing debt collection services. The full consideration payable is €2.0 million (approximately £1.6 million) which is payable in three tranches with the final tranche payable on such date XRS has completed migration of the software onto a .NET server.

11. Tangible fixed assets

Group

	Motor vehicles £000	Office equipment £000	Computers and software £000	Fixtures and fittings £000	Short leasehold property £000	Freehold property £000	Total £000
Cost							
As at 1 January 2014	29	1,342	13,414	1,828	2,870	308	19,791
Acquired upon acquisition	–	6	799	–	–	–	805
Transfer between classes	–	(1,428)	453	975	–	–	–
Additions	–	1,022	4,594	260	144	–	6,020
Disposals	–	(936)	(4,229)	(2,460)	(23)	(308)	(7,956)
Currency translation differences	–	(6)	(40)	(12)	–	–	(58)
At 31 December 2014	29	–	14,991	591	2,991	–	18,602
Depreciation							
As at 1 January 2014	2	969	8,091	1,423	1,094	103	11,682
Transfer between classes	–	(263)	238	25	–	–	–
Foreign exchange revaluation	–	(4)	(19)	(6)	–	–	(29)
Charge for the year	6	234	3,187	165	223	8	3,823
Depreciation on disposals	–	(936)	(5,128)	(1,561)	(21)	(111)	(7,757)
At 31 December 2014	8	–	6,369	46	1,296	–	7,719
Net book value							
At 31 December 2014	**21**	**–**	**8,622**	**545**	**1,695**	**–**	**10,883**
At 31 December 2013	27	373	5,323	405	1,776	205	8,109

12. Fixed asset investments

Company

	Investment in subsidiary undertakings £000
Cost	
Cost and net book value brought forward at 1 January 2014 and 31 December 2014	116,602

The principal subsidiary undertakings of the Group affecting the financial statements are listed below.

Subsidiary undertakings	Date of acquisition	Country of incorporation and operation or principal business address	Principal activity	Ordinary shares held	% shares held
Cabot Financial Holdings Group Limited	7 April 2006	Great Britain	Holding company	251,256	100
Cabot Credit Management Group Limited	7 April 2006	Great Britain	Holding company	19,814,190	100
Cabot Financial Debt Recovery Services Limited	7 April 2006	Great Britain	Holding company	924,001	100
Cabot Financial (Europe) Limited	7 April 2006	Great Britain	Collection of consumer debt in the UK	12,104,790	100
Cabot Financial (UK) Limited	7 April 2006	Great Britain	Purchase and recovery of consumer debt in the UK	10,000,000	100
Cabot Services (Europe) SAS	7 April 2006	France	Purchase and recovery of consumer debt in France	2,500	100

Financial Investigations and Recoveries (Europe) Limited........	7 April 2006	Great Britain	Collection of consumer debt in the UK	1	100
Cabot Financial (Ireland) Limited.......................	17 January 2007	Ireland	Collection of consumer debt in Ireland	369,114	100
Cabot Spain SL	27 December 2006	Spain	Purchase and recovery of consumer debt in Spain	3,000	100
Apex Credit Management Holdings Limited	6 April 2011	Great Britain	Holding company	233,333 A 95,550 B	100
Macrocom (948) Limited	6 April 2011	Great Britain	Holding company	50,000	100
Apex Credit Management Limited.......................	6 April 2011	Great Britain	Collection of consumer debt in the UK	50,000	100
Apex Collections Limited	6 April 2011	Great Britain	Purchase and recovery of consumer debt in the UK	2	100
Cabot Financial (Luxembourg) S.A.	3 September 2012	Luxembourg	Provision of financing	25,000	100
Marlin Financial Group Limited.......................	10 February 2014	Great Britain	Management of debt portfolios	2,439,401	100

The Group has 100% voting rights on shares held in each of the subsidiary undertakings together with a number of dormant companies which are not listed above.

13. Loan portfolios

	Group 31 December 2014 £000	Group 31 December 2013 £000	Company 31 December 2014 £000	Company 31 December 2013 £000
Loan portfolios				
Fair value	**719,306**	410,546	**–**	–

The following table summarises the movement in the fair value of the loan portfolios in the period:

	2014 £000	2013 £000
Fair value at the beginning of the financial period	**410,546**	341,946
Movement in fair value included in cost of sales............	**(76,453)**	(55,295)
Portfolios purchased in the period	**227,384**	124,076
Fair value of Portfolios acquired through acquisition............	**160,592**	–
Foreign exchange and put backs, balancing and recourse adjustments	**(2,763)**	(181)
Fair value at the end of the financial period............	**719,306**	410,546

The Group uses a Revaluation Model to calculate the fair value of loan portfolios, a level 3 financial asset. The Revaluation Model is a cashflow model developed at a portfolio level based on projected cashflows over the forecast cash collection period for each individual portfolio ("the forecast period").

The method used to estimate the fair value of loan portfolios changes dependent on the age of the portfolio:

- When the asset is initially purchased it is held on the balance sheet at cost which represents fair value;
- In the period from purchase until the asset becomes 12 months old the fair value is calculated as the net present value of the cashflow projections produced at the time of pricing. The collections forecast is limited to the point at which 80% of the total cashflow projection is achieved (this is known as the "forecast period");
- After 12 months a new collections forecast is produced from each asset by the Group's Revaluation model, and the balance sheet valuation becomes the discounted value of this revised forecast;
- The individual portfolios are then formed into consolidated vintages based on the financial year of purchase. The weighted average discount rate and forecast period are then used to value the consolidated vintage; and
- In the period before the consolidated vintage is formed the individual asset cannot be valued at greater than the original purchase price.

The initial yield is calculated at the time of purchase and subsequently compared with yields observed in current market transactions in similar loan portfolios and adjusted if necessary.

Significant volatility in yields for similar purchased loan portfolios is not anticipated in the absence of fundamental changes in the economic or legislative environment.

The weighted average forecast period used in the Revaluation Model was 78 months (2013: 76 months) and the weighted average yield was 28.33% (2013: 32.75%). The observable yields from acquisitions in 2014 did not indicate that yields used to discount historical portfolios required adjustment.

The Revaluation Model is updated with the collections experience on a monthly basis and a new collections forecast is generated using a combination of the actual collections seen over the immediately preceding months and long term trend analysis of how collections on the Group's loan portfolios decay on a monthly basis over several years.

The fair value of the portfolios is therefore highly dependent on the collections achieved on the loan portfolios in the past as these determine the initial starting point of the projection and the long-term gradient used to project the decay of the forecast collections. The fair value is also dependent on the yield assumptions.

14. Debtors: amounts falling due within one year

	Group 31 December 2014 £000	**Group 31 December 2013 £000**	**Company 31 December 2014 £000**	**Company 31 December 2013 £000**
Trade debtors	**3,263**	2,717	**–**	–
Corporation tax	**2,628**	387	**–**	97
Amounts owed by parent undertakings	**3,061**	1,084	**70,432**	62,667
Deferred tax (note 17)	**2,256**	1,762	**570**	–
Other debtors and prepayments	**5,931**	5,282	**–**	–
	17,139	11,232	**71,002**	62,764

Included in other debtors and prepayments is a derivative being an interest rate cap stated at fair value of £nil (2013: £0.1 million).

The Directors consider that the carrying amounts approximate to their face value as balances are readily converted to cash.

Amounts owed by parent undertakings are due on demand and interest on such balances is accrued on an arm's length basis.

15. Creditors: amounts falling due within one year

	Group 31 December 2014 £000	**Group 31 December 2013 £000**	**Company 31 December 2014 £000**	**Company 31 December 2013 £000**
Trade creditors	**12,285**	5,601	**–**	–
Other tax and social security	**1,364**	1,040	**–**	–
Amounts owed to parent undertakings	**11,021**	6,358	**29,858**	25,586
Other creditors	**42,118**	2,588	**–**	–
Accrued interest on Senior Secured Notes and Revolving Credit Facility	**19,790**	10,415	**–**	–
Accruals and deferred income	**12,065**	7,717	**–**	–
	98,643	33,719	**29,858**	25,586

15. Creditors: amounts falling due within one year

The Directors consider that the carrying amounts approximate to their face value on the basis that the balances are short term in nature.

Trade creditors includes £5.4 million (31 December 2013: £4.1 million) in respect of obligations due to contingent clients for cash included in Cash at bank and in hand on the consolidated balance sheet which have been collected on behalf of contingent clients. The obligations due to contingent clients for cash included in Cash at bank and in hand at 31 December 2014 includes £nil (2013: £0.8 million) in respect of amounts due to the Anacap Credit Opportunities Fund II L.P. ("AOF") in respect of the AOF portfolio managed on their behalf described in note 28.

Interest accrued on amounts owed to parent undertakings is at an arm's length basis and is accrued, not paid. See note 28 for further details.

Included in other creditors is £34.3 million (2013: £nil) in respect of portfolio purchases which were completed during 2014 but the deferred consideration not payable until 2015, and £125,181 (2013: £64,480) in respect of pension contributions to be paid into the groups defined contribution pension scheme.

The Group outlines in its Strategic Report on pages 3 to 17 how it evaluates the nature and extent of risks arising from financial instruments.

16. Creditors: amounts falling due after more than one year

	Group 31 December 2014 £000	Group 31 December 2013 £000	Company 31 December 2014 £000	Company 31 December 2013 £000
Senior Secured Notes	**693,871**	352,111	**–**	–
Bank loans and overdrafts	**53,584**	–	**–**	–
	747,455	352,111	**–**	–
Analysis of loan repayments:				
In more than one year but less than 5 years	**53,584**	–	**–**	–
In more than 5 years	**693,871**	352,111	**–**	–

Cabot Financial (Luxembourg) S.A., a subsidiary of the Company incorporated on 3 September 2012, issued £265.0 million of Senior Secured Notes on 20 September 2012. The Notes are due for repayment on 1 October 2019 and have a fixed interest rate of 10.375%. A further Senior Secured Note due for repayment on 1 August 2020 of £100.0 million was issued on 2 August 2013 at a fixed interest rate of 8.375%. During the year, an additional Senior Secured Note due for repayment on 1 October 2021 of £175.0 million was issued on 27 March 2014 at a fixed interest rate of 6.500%.

The Group also acquired a Senior Secured Note due 1 August 2020 of £150.0 million at a fixed rate of interest of 10.500% following the purchase of Marlin Financial Group Limited.

Based on the Luxembourg Stock Exchange quoted price at the balance sheet date, the Directors believe the fair value of the senior secured loan notes to be £729.1 million (2013: £411.9 million). For all other items, the Directors believe the fair value of the liabilities is not materially different to the balance sheet value because the balances are readily converted to cash.

The Group has a senior committed revolving credit facility of £85.0 million. On 25 April 2013 the agreement supporting the senior committed revolving credit facility was amended to approve a change in control arising from the sale by Anacap Calcium, the former ultimate controlling party of the Company, to funds managed or advised by J.C. Flowers & Co LLP. As at 31 December 2014 this facility had a drawn down balance of £55.3 million (2013: £nil), which includes unamortised debt issue costs of £17.6 million (2013: £0.5 million which was presented within Other debtors and prepayments). Such costs are released to the profit and loss over the life of the facility.

The facility is due for renewal in September 2017 and interest on the facility is charged at LIBOR plus a maximum of 4% depending on the Loan to Value ("LTV") Ratio achieved after twelve months by the Group calculated as being the ratio of the net financial indebtedness (Net debt is as third-party indebtedness, less cash at bank and in hand (excluding cash held for clients), and excluding unamortised debt issue costs and accrued interest relating to the Group's third-party indebtedness) of the Group to 84-Month ERC at a balance sheet date. The Group is covenanted to ensure its LTV Ratio shall not exceed 0.75, and at 31 December 2014 the LTV Ratio was compliant at 0.56 (2013: 0.41). Please refer to note 30 for information regarding an increase in the size of the revolving credit facility post year end.

The Company and certain of its subsidiary companies have granted a fixed and floating charge over assets with a carrying value of at least £775.0 million at the balance sheet date (31st December 2013: £445.0 million) as security for the Senior Secured Notes due 2019/2020 and the senior committed revolving credit facility. Cash held on behalf of clients is excluded from the security given to the Senior Secured Notes and the senior committed revolving credit facility.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities as at 31 December 2014:

	Up to 3 months £000	**Between 3 and 12 months £000**	**Between 1 and 2 years £000**	**Between 2 and 5 years £000**	**Over 5 years £000**
Trade creditors	12,285	–	–	–	–
Other tax and social security	1,364	–	–	–	–
Amounts owed to parent undertakings	–	11,021	–	–	–
Other creditors	28,890	13,228			
Interest on Senior Secured Notes and Revolving Credit Facility	31,519	31,497	62,994	188,982	46,875
Accruals and deferred income	12,065	–	–	–	–
Senior Secured Notes	–	–	–	265,000	425,000
Bank loans and overdrafts[(a)]	–	–	–	55,335	–
	86,123	**55,746**	**62,994**	**509,317**	**471,875**

(a) Drawn balance as at 31 December 2014 (£nil: 31 December 2013)

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities as at 31 December 2013:

	Up to 3 months £000	**Between 3 and 12 months £000**	**Between 1 and 2 years £000**	**Between 2 and 5 years £000**	**Over 5 years £000**
Trade creditors	5,601	–	–	–	–
Other tax and social security	1,040	–	–	–	–
Amounts owed to parent undertakings	–	6,358	–	–	–
Other creditors	1,817	771			
Interest on Senior Secured Notes and Revolving Credit Facility	17,934	17,934	35,868	107,606	44,244
Accruals and deferred income	7,717	–	–	–	–
Senior Secured Notes	–	–	–	–	365,000
	34,109	**25,063**	**35,868**	**107,606**	**409,244**

17. Deferred Tax Liability

	Group 31 December 2014 £000	**Group 31 December 2013 £000**	**Company 31 December 2014 £000**	**Company 31 December 2013 £000**
Amounts provided for:				
FRS 26 loan portfolios	**317**	461	**–**	–
Marlin loan portfolios accounting policy alignment[(a)]	**5,749**	–	**–**	–
Carried forward	**6,066**	461	**–**	–

(a) The current year movement in respect of Marlin note portfolios accounting policy alignment is shown in the following table:

	Group 31 December 2014 £000
Brought forward	–
Charge arising from acquisition of Marlin	**4,073**
Charge to the profit and loss account in the period	**1,676**
Carried forward	**5,749**

The provision comprises of two elements; the first relating to the timing difference between the tax base and the carrying amount of the loan portfolio for accounting purposes at 1 November 2006 in respect of the cumulative effect on adoption of FRS 26 in respect of certain loan portfolios that were acquired as at that date. This element of the provision is anticipated to be released evenly to the profit and loss account over the period to 31 October 2016 as agreed with HMRC. The second aspect of the provision relates to the recognition of a deferred tax liability on the basis that the valuation of loan portfolios acquired during the year, as part of the Marlin acquisition, are aligned with Cabot's accounting policy in the future, at an unspecified date, resulting in the recognition of additional taxable profits.

No discounting was applied to the above deferred tax liabilities.

The current year movement in the deferred tax liability relating to FRS 26: loan portfolios solely comprised a credit to the profit and loss account.

The current year movement in the deferred tax liability relating to the Marlin loan portfolios is set out in the note on the previous page and comprises (a) a charge arising on the acquisition of the business and (b) a charge to the profit and loss account in respect of the movement of the balance post acquisition.

The movements between the opening and closing deferred tax liability balances were not charged or credited directly in the statement of total recognised gains and losses for the period.

The Finance Act 2014, which reduced the main rate of UK corporation tax to 20% effective from 1 April 2015, was enacted on 17 July 2014. As this change in rate was substantively enacted prior to 31 December 2014 it has been reflected in the deferred tax assets and liabilities at 31 December 2014.

18. Deferred tax asset

	Group 31 December 2014 £000	Group 31 December 2013 £000	Company 31 December 2014 £000	Company 31 December 2013 £000
Amounts provided for:				
Capital allowances in excess of depreciation	**1,685**	258	**–**	–
Unutilised trading losses carried forward	**1,211**	1,504	**570**	–
Deferred tax asset provided for	**2,896**	1,762	**570**	–
Amounts not provided for:				
Unutilised trading losses carried forward	**6,660**	2,177	**1,493**	2,177
Deferred tax asset not provided for	**6,660**	2,177	**1,493**	**2,177**

Tax losses have not been recognised by the Group in respect of (a) certain losses arising on the historic financing structure of the Group and (b) certain losses arising in the current period, and inherent in certain companies acquired during the period as the timing of utilisation of these tax losses is uncertain. All other tax losses have been recognised by the Group at 31 December 2014 (2013: £1.5 million) as the Directors are confident of the recovery of the tax losses within the medium term based of forecasts prepared.

No discounting was applied to the above deferred tax asset balances.

The current year movement in respect of each of the above recognised deferred tax assets were solely charged or credited to the profit and loss account. The movement between the opening and closing deferred tax asset balances were not charged or credited directly in the statement of total recognised gains and losses for the period, nor did the movements arise from the acquisition or disposal of businesses.

The Finance Act 2014, which reduced the main rate of UK corporation tax to 20% effective from 1 April 2015, was enacted on 17 July 2014. As this change in rate was substantively enacted prior to 31 December 2014 it has been reflected in the deferred tax assets and liabilities at 31 December 2014.

19. Share capital

	31 December 2014 £000	31 December 2013 £000
Called up, allotted and fully paid:		
250,000 class "B" ordinary shares of £1 each, subscription price of £1.00	**250**	250

20. Profit and loss account

	Group 31 December 2014 £000	Group 31 December 2013 £000	Company 31 December 2014 £000	Company 31 December 2013 £000
Brought forward	**(37,208)**	(33,731)	**17,374**	16,044
Profit retained for the period	**13,710**	21,569	**6,691**	26,330
Dividend paid	**(2,725)**	(25,000)	**(2,725)**	(25,000)
Currency translation differences	**(317)**	(46)	**–**	–
Carried forward	**(26,540)**	(37,208)	**21,340**	17,374

During the quarter the Group mitigated its foreign currency exposures via asset and liability management.

The directors declared a dividend of £2.7 million during the year (2013: £25.0 million) payable to the direct parent of the Group, Cabot Credit Management Limited.

21. Reconciliation of operating profit to net cash outflow from operating activities

	2014 £000	2013 £000
Operating profit	**80,377**	62,485
Depreciation of tangible fixed assets and profit on sale of tangible fixed assets	**3,865**	3,022
Amortisation of goodwill	**9,641**	1,328
Fair value movements in loan portfolios and other adjustments	**79,215**	55,476
Purchases of loan portfolios	**(192,317)**	(124,076)
(Increase) in debtors	**(10,441)**	(23,078)
Increase/ (Decrease) in creditors	**6,504**	(8,515)
	(23,156)	(33,358)

22. Analysis of cash flows

	2014 £000	2013 £000
Returns on investments and servicing of finance		
Interest received	**61**	187
Interest paid	**(354)**	(74)
Senior loan note interest paid	**(49,534)**	(28,480)
Facility fees and similar charges	**(3,561)**	(2,774)
Issue costs for Senior Secured Notes	**(5,123)**	(4,246)
Net cash outflow	**(58,511)**	(35,387)
Taxation		
UK corporation tax paid	**(1,704)**	(5,913)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(6,240)**	(1,987)
Sale of fixed assets	**218**	241
Purchase of intangible assets	**(1,626)**	–
Net cash outflow	**(7,648)**	(1,746)
Acquisitions and disposals		
Cost of investment in subsidiary	**(171,954)**	–
Cash and overdrafts acquired	**12,674**	–
Net cash outflow	**(159,280)**	(35,387)

	2014 £000	2013 £000
Financing		
Funds received from senior committed revolving credit facility	**244,335**	65,000
Repayment of senior committed revolving credit facility	**(189,000)**	(75,000)
Bank loans repaid	**–**	–
Issue of senior secured notes	**175,000**	100,000
Net cash inflow	**230,335**	90,000

23. Analysis of changes in net debt

	31 December 2013 £000	Cash flow £000	Other non-cash changes £000	31 December 2014 £000
Cash in hand and at bank	36,700	(19,964)	–	**16,736**
Debt due within one year				
Debt due after one year	(352,111)	(395,265)	(79)	**(747,455)**
Total net debt	(315,411)	(415,229)	(79)	**(730,719)**

24. Reconciliation of net cash flow to movement in net debt

	2014 £000	2013 £000
(Decrease) / Increase in cash in the period	**(19,964)**	13,596
Other net changes in debt	**(395,344)**	(90,120)
Movement in net debt	**(415,308)**	(76,524)
Net debt at start of period	**(315,411)**	(238,887)
Net debt at end of period	**(730,719)**	(315,411)

25. Reconciliation of movement in shareholder' (deficit)/funds

GROUP

	Profit and loss account £000	Called up share capital £000	Capital contribution reserve £000	Shareholder's funds £000
At 31 December 2013	(37,208)	250	136,157	99,199
Profit for the year	13,710	–	–	13,710
Dividend	(2,725)	–	–	(2,725)
Currency translation differences	(317)	–	–	(317)
At 31 December 2014	**(26,540)**	**250**	**136,157**	**109,867**

COMPANY

	Profit and loss account £000	Called up share capital £000	Capital contribution reserve £000	Shareholder's funds £000
At 31 December 2013	17,374	250	136,157	153,781
Profit for the year	6,691	–	–	6,691
Dividend	(2,725)	–	–	(2,725)
At 31 December 2014	**21,340**	**250**	**136,157**	**157,747**

26. Contingent liabilities

The Company and some of its subsidiaries are party to guarantees in relation to the senior committed revolving credit facility drawn by a fellow group company, and the Senior Secured Notes due 2019 and 2020. Amounts outstanding on such borrowings were £745.3 million at 31 December 2014 (2013: £365.0 million). The expectation is that any liability under these guarantees will not be crystallised in the foreseeable future.

27. Commitments

As at 31 December 2014 the Group entered into significant contracts with financial institutions for the purchase of additional portfolios for an expected price of £22.6 million (2013: £10.8 million).

28. Related party transactions

The Company has taken advantage of the exemption in paragraph 3(c) of FRS 8 not to disclose transactions with wholly owned group companies wherein any subsidiary undertaking which is a party to the transactions is wholly owned by a member of that Group.

During the year there were intercompany interest charges with companies outside of the Cabot Financial Limited Group but under common control that resulted in interest receivable of £0.1 million (2013: £0.5 million) and interest payable of £0.2 million (2013: £0.1 million). These amounts are included within the amounts owed by group undertakings of £3.1 million (2013: £1.1 million) and amounts owed to group undertakings of £11.0 million (2013: £6.4 million).

During the year to 31 December 2014 a fee of £nil (2013: £0.1 million) was charged to profit of ordinary activities before taxation in respect of monitoring services provided by AnaCap Calcium L.P. the former ultimate controlling party of the Company. The amount due in respect of these fees was £nil (2013: £nil).

In August 2012 an indirect subsidiary of AnaCap Credit Opportunities Fund II L.P. ("AOF") acquired a portfolio of defaulted consumer debt from a large UK financial services group (the "AOF Portfolio"). AOF is related party to the former ultimate parent undertaking of the Company, AnaCap Calcium L.P. Concurrently with the purchase of the AOF Portfolio, the Group acquired two portfolios of defaulted consumer debt from the same large UK financial services group, and also acts as master servicer for the AOF Portfolio for which it receives fees determined on an arms' length basis. The fees received by the Group in the year to 31 December 2014 were £nil (2013: £0.2 million). The amounts outstanding in respect of these fees was £nil (2013: £nil).

During the year to 31 December 2014, a fee of £0.7 million (2013: £0.2 million) was charged to profit of ordinary activities before taxation in respect of servicing fees payable to Midland Credit Management India Private Limited, a fellow subsidiary of Encore Capital Group Inc, the ultimate parent company as discussed in note 28. The amount due in respect of these fees as at 31 December 2014 was £0.1 million (2013: £0.2 million) which disclosed within other debtors.

During the year to 31 December 2014, fees of £0.4 million (31 December 2013: £nil) were recharged to Encore Capital Group Inc ("Encore"), the company's ultimate parent (note 29) for any fees incurred by the Cabot Financial Limited Group which solely relate to US GAAP and Sarbanes Oxley compliance. Amounts outstanding as at 31 December 2014 were £0.3 million (31 December 2013: £nil).

On 10 February 2014, as part of the acquisition of the Marlin group by Cabot Financial Holdings Group Limited, Ken Stannard acquired 46,716 B shares in Cabot Holdings Sárl ("CHS") for £77,549; 130,153 C shares for £216,054; 479,710 D shares for £4,797; 1,291,599 B Preferred Equity Certificates ("PECs") for £1,291,599; and 3,417,868 C PECs for £3,417,868 in exchange for various equity and loan instruments previously held in Marlin.

On 14 February 2014, Chris Ross-Roberts and Stephen Mound each acquired 106,580 D shares in CHS for £1,066.

On 7 March 2014, Neil Clyne, a director during 2013, disposed of 132,330 B shares in CHS for £50,649; 210,000 C shares for £166,250; 207,670 D shares for £2,077; and 3,658,557 B PECs for £3,658,557 (excluding accrued interest).

On 8 April 2014, Ken Stannard was issued a further 30,120 C shares in CHS at a value of £49,999.

On 20 June 2014 Stephen Mound disposed of 63,960 B shares in CHS for £106,174; 180,000 C shares for £298,800; 412,620 D shares for £4,126; and 1,768,431 B PECs for £1,768,431 (excluding accrued interest).

On 8 August 2014, Ken Stannard acquired an additional 17,759 C shares in CHS for £32,677.

29. Ultimate parent company

The Company's immediate parent company is Cabot Credit Management Limited, a company incorporated in England & Wales. The Company's ultimate parent company and controlling party is Encore Capital Group Inc ("Encore"), a company incorporated in Delaware, United States, whose consolidated financial statements are available on their website.

Up until 15 May 2013 the Company's ultimate controlling party was AnaCap Calcium L.P., a partnership incorporated in Guernsey.

On 13 April 2013 Calcium Holdings S.a.r.l, a company controlled by AnaCap Calcium L.P, the former ultimate controlling party of the Company, entered into a Sale and Purchase Agreement ("the Agreement"), together with the Cabot management shareholders, to sell their shares in Cabot Credit Management Limited to Cabot (Group Holdings) Limited.

Cabot management, together with J.C. Flowers & Co LLC ("JCF"), a company incorporated in the United States, have made a reinvestment into Cabot Holdings S.a.r.l which indirectly owns Cabot (Group Holdings) Limited.

The Agreement contained certain conditions prior to completion which were satisfied on 25 April 2013 at which time the Agreement became unconditional. Completion of the purchase occurred on 15 May 2013. At that point in time JCF became the ultimate controlling party.

On 30 May 2013 Encore announced its agreement to acquire 50.1% of the equity held by JCF. Prior to completion of the Encore acquisition, JCF transferred its ownership of Cabot Holdings S.a.r.l into Janus Holdings

Luxembourg S.a.r.l (“Janus”), a company incorporated in Luxembourg. On 1 July 2013 JCF sold 50.1% of its stake in Janus to Encore.

30. Subsequent Events

On 10 February 2015 the Group amended and re-issued its existing senior secured revolving credit facility agreement to, among other things, increase the size of the committed revolving facility from £85.0 million to £195.0 million. The amended facility agreement also included an uncommitted accordion facility which will allow the facility to be increased by an additional £55.0 million, subject to obtaining the requisite commitments and compliance with the terms of the Group’s other indebtedness among other conditions precedent. The margin on the facility was also amended from LIBOR plus a maximum of 4.0% to a flat rate of 3.5% per annum over LIBOR (or EURIBOR, for any loan drawn in Euro).

Cabot Financial Limited
Annual consolidated financial statements
For the year ended 31 December 2013

Independent auditor's report

We have audited the financial statements of Cabot Financial Limited for the year ended 31 December 2013 which comprise the Consolidated profit and loss account, the Consolidated and Company balance sheets, the Consolidated statement of total recognised gains and losses, the Consolidated cash flow statement and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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 International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

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 Company's affairs as at 31 December 2013 and of the Group's profit for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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.

Daniel Taylor (Senior Statutory Auditor)
for and on behalf of BDO LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom
18 March 2014

Cabot Financial Limited

Consolidated profit and loss account

For the year ended 31 December 2013

	Notes	2013 £000	2012 £000
Turnover	*2*	**181,327**	160,884
Cost of sales		**(68,252)**	(56,974)
Gross profit		**113,075**	103,910
Administration expenses		**(50,590)**	(44,273)
Other operating income		**–**	56
Operating profit		**62,485**	59,693
Interest receivable and similar income	*6*	**639**	15
Interest payable and similar charges	*7*	**(34,627)**	(25,727)
Profit on ordinary activities before taxation	*3*	**28,497**	33,981
Tax on profit on ordinary activities	*4*	**(6,928)**	(5,198)
Profit for the financial period	*19*	**21,569**	28,783

The notes on pages 31 to 57 form part of these financial statements.

All of the above results are derived from continuing operations.

Cabot Financial Limited

Consolidated balance sheet

As at 31 December 2013

	Notes	31 December 2013 £000	31 December 2012 £000
Fixed assets			
Goodwill	*9*	**18,903**	20,231
Tangible assets	*10*	**8,109**	9,375
		27,012	29,606
Current assets			
Loan portfolios	*12*	**410,546**	341,946
Debtors: amounts falling due within one year	*13*	**11,232**	12,771
Cash at bank and in hand		**36,700**	23,104
		458,478	377,821
Creditors: amounts falling due within one year	*14*	**(33,719)**	(42,081)
Net current assets		**424,759**	335,740
Total assets less current liabilities		**451,771**	365,346
Creditors: amounts falling due after more than one year	*15*	**(352,111)**	(261,991)
Provisions for liabilities and charges	*16*	**(461)**	(679)
Net assets		**99,199**	102,676
Capital and reserves			
Called up share capital	*18*	**250**	250
Capital contribution reserve	*24*	**136,157**	136,157
Profit and loss account	*19, 24*	**(37,208)**	(33,731)
Equity shareholders' funds	*24*	**99,199**	102,676

The notes on pages 31 to 57 form part of these financial statements.

These financial statements of Cabot Financial Limited, with registered number 05714535, were approved by the Board of Directors and authorised for issue on 18 March 2014.

Signed on behalf of the Board of Directors by:

C Ross-Roberts
Director
18 March 2014

Cabot Financial Limited

Company balance sheet

As at 31 December 2013

	Notes	31 December 2013 £000	31 December 2012 £000
Fixed assets			
Investments	*11*	**116,602**	116,602
Current assets			
Debtors: amounts falling due within one year	*13*	**62,764**	40,075
Cash at bank and in hand	*14*	**1**	1
		62,765	40,076
Creditors: amounts falling due within one year	*14*	**(25,586)**	(4,227)
Net current assets		**37,179**	35,849
Total assets less current liabilities		**153,781**	152,451
Net assets		**153,781**	152,451
Capital and reserves			
Called up share capital	*18*	**250**	250
Capital contribution reserve	*24*	**136,157**	136,157
Profit and loss account	*19, 24*	**17,374**	16,044
Equity shareholders' funds	*24*	**153,781**	152,451

The notes on pages 31 to 57 form part of these financial statements.

These financial statements of Cabot Financial Limited, with registered number 05714535, were approved by the Board of Directors and authorised for issue on 18 March 2014.

Signed on behalf of the Board of Directors by:

C Ross-Roberts

Director

18 March 2014

Cabot Financial Limited

Consolidated statement of total recognised gains and losses

For the year ended 31 December 2013

	Notes	2013 £000	2012 £000
Profit for the financial period		**21,569**	28,783
Currency translation differences	*19, 24*	**(46)**	(24)
Total recognised gains relating to the period		**21,523**	28,759

The notes on pages 31 to 57 form part of these financial statements.

Cabot Financial Limited

Consolidated cash flow statement

For the year ended 31 December 2013

	Notes	2013 £000	2012 £000
Net cash (outflow) / inflow from operating activities	*20*	**(33,358)**	18,903
Returns on investments and servicing of finance	*21*	**(35,387)**	(113,890)
Taxation	*21*	**(5,913)**	(13,140)
Capital expenditure and financial investment	*21*	**(1,746)**	(5,130)
Cash outflow before use of financing		**(76,404)**	(113,257)
Financing	*21*	**90,000**	119,493
Increase in cash in the period	*23*	**13,596**	6,236

The notes on pages 31 to 57 form part of these financial statements.

Cabot Financial Limited

Notes to the financial statements

For the year ended 31 December 2013

1. Accounting policies

The particular accounting policies adopted are described below. These have been applied consistently throughout the current and preceding year.

Accounting convention The financial statements have been prepared under the historical cost convention, except for the revaluation at fair value of certain financial assets and financial liabilities, and in accordance with applicable United Kingdom accounting standards. Basis of consolidation The Group financial statements consolidate the financial statements of the Company and its subsidiaries and associated undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date of which control passed. Acquisitions are accounted for under the acquisition method. Going concern The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic and Directors Report on pages 8 to 22. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in these financial statements.

The Group made an operating profit of £62.5 million in the year to 31 December 2013 (2012: £59.7 million) and an adjusted EBITDA of £123.9 million (2012: £112.1 million). The Group had net current assets of £424.8 million at 31 December 2013 (31 December 2012: £335.7 million) and equity shareholders' funds of £99.2 million (31 December 2012: £102.7 million).

The Group's long-term debt financing at 31 December 2013 comprised Senior Secured Notes due 2019 of £265.0 million issued on 20 September 2012 and Senior Secured Notes due 2020 of £100.0 million issued on 2 August 2013 (£265.0 million at 31 December 2012).

The Company meets its day to day working capital requirements, including the purchase of portfolios, through its own cash resources supplemented by revolving credit facilities and bank loans. As described in note 15, a new senior committed revolving credit facility of £50.0 million was secured in September 2012 and matures in September 2017. This loan facility replaced a previous loan facility which was repaid from the proceeds of the issue of the Senior Secured Notes 2019. This loan facility was subsequently increased on 28th June 2013 to £85.0 million.

The Group has remained compliant during the year to 31 December 2013 with all the covenants contained in the notes issued and senior credit facilities, and the Group's latest forecasts and cash flow projections have been reviewed and do not indicated any significant uncertainty over the Group's ability to operate within the requirements of the financing arrangements in place and therefore to continue as a going concern.

As described in note 29, the Group acquired Marlin Financial Group Limited ("Marlin") post year end. Such acquisition was funded via an additional senior secured loan and borrowings under the existing revolving credit facility. The Group have also acquired as part of the acquisition a further senior secured note of £150 million due 2020. Despite the additional debt, the Directors have a reasonable expectation that Marlin, the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts. Bank borrowings Interest bearing loans are recorded at the proceeds received net of direct issue costs. Finance charges are accounted for in the profit and loss account using the effective interest method and are added to the carrying amount of the instrument. Turnover Turnover represents amounts collected from customers and fees receivable from the servicing of loans on behalf of third parties. Collections from customers are recognised on receipt and fees receivable from the servicing of Cabot loans by third parties are recognised when the services are provided. Operating leases Rentals under operating leases are charged on a straight-line basis over the lease term. Financial assets On initial recognition, FRS 26 Financial Instruments: Recognition and Measurement requires that financial instruments be classified into the following categories; at fair value through profit and loss, loans and receivables, held-to-maturity investments or available for sale.

The loan portfolios are classified as fair value through profit and loss. Debtors are classified as loans and receivables and measured at amortised cost using the effective interest method, less any impairment.

Financial instruments are required to be measured using a fair value hierarchy that reflects the significance of the inputs used in measuring the fair value of those instruments. The fair value hierarchy has the following levels:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Financial liabilities Except for derivatives, which are classified as fair value through profit and loss on initial recognition, all financial liabilities are carried at amortised cost using the effective interest rate method. Valuation of consumer loan portfolios Portfolios are designated "fair value through the profit and loss" in accordance with FRS 26 Financial Instruments: Recognition and Measurement.

The fair value of portfolios is shown in the balance sheet as "loan portfolios". The change in fair value of portfolios is shown in cost of sales. Fair value is determined in the manner described in note 12 and is highly sensitive to the collections achieved and the forecast algorithm used to project forward collections. The fair value of the loan portfolios has been classified a "Level 3" fair value measurement. Taxation Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as 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 at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. Pensions The Group operates a defined contribution pension scheme. Pension contributions are charged to the profit and loss account in the month that the liability for paying the contributions arises. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. Impairment At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less any cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Intangible assets – goodwill Goodwill arising on the acquisition of subsidiary undertakings, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, which is estimated at twenty years. Provision is made for any impairment. Tangible fixed assets and depreciation Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value on each asset on a straight-line basis over their estimated useful lives as follows:

Office equipment .... 4 years

Computers and software	3 to 10 years
Fixtures and fittings	5 years
Short leasehold property	the minimum term of the lease
Motor vehicles	5 years
Freehold property	25 years

Fixed asset investments Fixed asset investments are shown at cost less provision for impairment. Derivatives Derivatives are measured initially at fair value and subsequently re-measured to their fair value at each balance sheet date. Fair values are obtained from quoted prices prevailing in active markets, including recent market transactions, and valuation techniques, included discounted cash flow models and option pricing models as appropriate. All derivatives are included as assets when their fair value is positive, and liabilities when their fair value is negative. The fair value of the derivatives has been classified a "Level 2" fair value measurement. The only derivatives utilised by the business are in relation to the syndicated banking facility as outlined in the Interest Rate Risk section of the Director's report. Interest Interest receivable and payable are recognised using the effective interest rate method.

Interest payable includes facility fees on bank loans and similar costs and fair value adjustments on interest rate derivatives. Foreign exchange Transactions in foreign currencies are recorded at the rates of exchange for Sterling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising on translations of the opening net assets and results of overseas operations are adjusted through reserves. All other exchange differences are recognised as income or expense in the year in which the difference arose.

2. Turnover

Turnover predominantly arises in the UK. An analysis of turnover by activity is as follow:

	2013 £000	**2012 £000**
Collections on owned portfolios	**166,271**	146,844
Servicing fees	**15,056**	14,040
	181,327	160,884

3. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging/(crediting) the following:

	2013 £000	**2012 £000**
Movement in fair value of derivatives	**1**	464
Fair value movement on loan portfolios	**55,295**	47,014
Depreciation of tangible fixed assets	**3,043**	2,232
Profit on sale of tangible fixed assets	**(21)**	–
Impairment of tangible fixed assets	**–**	111
Amortisation of goodwill	**1,328**	1,327
Foreign currency movement on borrowings	**22**	(111)
Operating lease rentals – land and buildings	**1,464**	1,515

The result for the year of the Company was a profit of £26.3 million (2012: £106.0 million). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the Company.

Auditor remuneration is paid by the parent company stated in note 28.

4. Tax on profit on ordinary activities

The tax charge comprises:

	2013 £000	**2012 £000**
Current tax		
Corporation tax	**6,205**	7,604

Foreign tax	**241**	185
Total current tax	**6,446**	7,789
Prior period adjustments	**106**	(131)
Deferred tax		
Origination and reversal of timing differences	**376**	(2,460)
Total tax charge on profit on ordinary activities	**6,928**	5,198

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit on ordinary activities before tax is as follows:

	2013 £000	2012 £000
Profit on ordinary activities before taxation	**28,497**	33,981
Tax on profit on ordinary activities at standard UK corporation tax rate of 23.25% (2012: 24.50%)	**6,626**	8,325
Effects of:		
Utilisation of tax losses	**(1,054)**	(923)
Expenses not deductible for tax purposes	**704**	545
Capital allowances in excess of depreciation	**224**	(34)
Tax on overseas earnings	**(54)**	(124)
Total tax charge on profit on ordinary activities	**6,446**	7,789

Notes 16 and 17 explain the movements on deferred tax in the period.

The Finance Act 2013, which reduced the main rate of UK corporation tax to 21% effective from 1 April 2014, was enacted on 17 July 2013. As this change in rate was substantively enacted prior to 31 December 2013 it has been reflected in the deferred tax assets and liabilities at 31 December 2013.

5. Information regarding Directors and employees

	2013 No.	2012 No.
Average number of employees during the period (including executive Directors):		
Administration	**211**	180
Collection	**523**	487
Total	**734**	667

	£000	£000
Staff costs for the period (including executive Directors):		
Wages and salaries	**25,983**	24,807
Social security costs	**3,051**	2,480
Pension contributions	**598**	490
Total	**29,632**	27,777

There are two Directors for whom retirement benefits are accruing in respect of defined contribution pension schemes (2012 – 3).

5. Information regarding Directors and employees

As at the balance sheet date there was a liability of £64,480 (2012: £61,742) in respect of pension contributions to be paid into the scheme.

	2013 £000	2012 £000
Directors' remuneration		
Salary and benefits in kind	**2,731**	2,289
Compensation for loss of office	**541**	215
Pension contributions	**61**	152
Total	**3,333**	2,656
Highest paid director		
Salary and benefits in kind	**1,076**	664
Pension contributions	**–**	69
Total	**1,076**	733

6. Interest receivable and similar income

	2013 £000	2012 £000
Bank deposits	**188**	15
Interest receivable from parent undertaking	**451**	–
	639	15

7. Interest payable and similar charge

The charge in the period in respect of interest payable and similar charges comprised the following:

	2013 £000	2012 £000
Interest on bank loans	**828**	5,797
Facility fees on bank loans	**515**	10,346
Non-utilisation fee on bank loans	**752**	903
Interest on Senior Secured Notes 2019/2020 and related charges	**32,352**	8,094
Fair value adjustments on interest rate derivatives	**1**	464
Interest payable to parent undertaking	**105**	123
Other interest and similar charges	**74**	–
	34,627	25,727

8. Financial commitments

The Group's annual commitments under non-cancellable operating leases are as follows:

	Land and buildings	
	31 December 2013 £000	31 December 2012 £000
Expiry date:		
Within one year	**26**	14
Between one and five years	**35**	159
After 5 years	**1,371**	1,514

9. Intangible assets

	Goodwill £000	Total £000
Cost		

Brought forward at 1 January 2013	**203,366**	203,366
Additions during the year	**–**	–
Carried forward at 31 December 2013	**203,366**	203,366
Amortisation		
Brought forward at 1 January 2013	**183,135**	183,135
Charge for the period	**1,328**	1,328
Carried forward at 31 December 2013	**184,463**	184,463
Net book value		
At 1 January 2013	**20,231**	20,231
At 31 December 2013	**18,903**	18,903

The Directors have reviewed the remaining goodwill balance in the current year for indicators of impairment. No indicators were present.

10. Tangible fixed assets

Group

	Motor vehicles £000	Office equipment £000	Computers and software £000	Fixtures and fittings £000	Short leasehold property £000	Freehold property £000	Total £000
Cost							
At 31 December 2012	33	1,183	11,828	1,609	2,866	617	18,136
Foreign exchange revaluation	–	3	13	5	–	–	21
Additions	29	156	1,573	214	14	–	1,986
Disposals........................	(33)	–	–	–	(10)	(309)	(352)
At 31 December 2013	29	1,342	13,414	1,828	2,870	308	19,791
Depreciation							
At 31 December 2012	28	839	5,657	1,178	882	177	8,761
Foreign exchange revaluation	–	2	7	2	–	–	11
Charge for the year	7	128	2,427	243	213	23	3,041
Depreciation on disposals	(33)	–	–	–	(1)	(97)	(131)
At 31 December 2013	2	969	8,091	1,423	1,094	103	11,682
Net book value							
At 31 December 2013	**27**	**373**	**5,323**	**405**	**1,776**	**205**	**8,109**
At 31 December 2012	5	344	6,171	431	1,984	440	9,375

11. Fixed asset investments

Company

	Investment in subsidiary undertaking £000	Total £000
Cost		
Cost and net book value brought forward at 1 January 2013 and 31 December 2013............	116,602	116,602

The principal subsidiary undertakings of the Group affecting the financial statements are listed below.

Subsidiary undertakings	**Date of acquisition**	**Country of incorporation and operation or principal business address**	**Principal activity**	**Ordinary shares held**	**% shares held**
Cabot Financial Holdings Group Limited	7 April 2006	Great Britain	Holding company	251,256	100*
Cabot Credit Management Group Limited	7 April 2006	Great Britain	Holding company	19,814,190	100
Cabot Financial Debt Recovery Services Limited	7 April 2006	Great Britain	Holding company	924,001	100
Cabot Financial (Europe) Limited	7 April 2006	Great Britain	Collection of consumer debt in the UK	12,104,790	100
Cabot Financial (UK) Limited	7 April 2006	Great Britain	Purchase and recovery of consumer debt in the UK	10,000,000	100
Cabot Services (Europe) SAS	7 April 2006	France	Purchase and recovery of consumer debt in the France	2,500	100
Financial Investigations and Recoveries (Europe) Limited	7 April 2006	Great Britain	Collection of consumer debt in the UK	1	100
Cabot Financial (Ireland) Limited	17 January 2007	Ireland	Collection of consumer debt in the Ireland	369,114	100
Cabot Spain SL	27 December 2006	Spain	Purchase and recovery of consumer debt in the Spain	3,000	100
Apex Credit Management Holdings Limited	6 April 2011	Great Britain	Holding company	233,333 A 95,550 B	100
Macrocom (948) Limited	6 April 2011	Great Britain	Holding company	50,000	100
Apex Credit Management Limited	6 April 2011	Great Britain	Collection of consumer debt in the UK	50,000	100
Apex Collections Limited	6 April 2011	Great Britain	Purchase and recovery of consumer debt in the UK	2	100
Cabot Financial (Luxembourg) S.A.	3 September 2012	Luxembourg	Provision of financing	25,000	100

* *Directly held subsidiary of Cabot Credit Management Limited*

The Group has 100% voting rights on shares held in each of the subsidiary undertakings together with a number of dormant companies which are not listed above.

12. Loan portfolios

	Group 31 December 2013 £000	**Group 31 December 2012 £000**	**Company 31 December 2013 £000**	**Company 31 December 2012 £000**
Loan portfolios				
Fair value	**410,546**	341,946	**–**	–

The following table summarises the movement in the fair value of the loan portfolios in the period:

	2013 £000	**2012 £000**
Fair value at the beginning of the financial period	**341,946**	291,320
Movement in fair value included in cost of sales	**(55,295)**	(47,014)
Portfolios purchased in the period	**124,076**	98,556
Other adjustments including retranslation	**(181)**	(916)
Fair value at the end of the financial period	**410,546**	341,946

The Group uses a Revaluation Model to calculate the fair value of loan portfolios. The Revaluation Model is a cashflow model developed at a portfolio level based on projected cashflows over the forecast cash collection period for each individual portfolio (“the forecast period”). The method used to estimate the fair value of loan portfolios changes dependent on the age of the portfolio:

- When the asset is initially purchased it is held on the balance sheet at cost;
- In the period from purchase until the asset becomes 12 months old the fair value is calculated as the net present value of the cashflow projections produced at the time of pricing. The collections forecast is limited to the point at which 80% of the total cashflow projection is achieved (this is known as the "forecast period");
- After 12 months a new collections forecast is produced from each asset by the Group's Revaluation model, and the balance sheet valuation becomes the discounted value of this revised forecast;
- The individual portfolios are then formed into consolidated vintages based on the financial year of purchase. The weighted average discount rate and forecast period are then used to value the consolidated vintage; and
- In the period before the consolidated vintage is formed the individual asset cannot be valued at greater than the original purchase price.

The initial yield is calculated at the time of purchase and subsequently compared with yields observed in current market transactions in similar loan portfolios and adjusted if necessary. Significant volatility in yields for similar purchased loan portfolios is not anticipated in the absence of fundamental changes in the economic or legislative environment.

The weighted average forecast period used in the Revaluation Model was 76 months (2012: 75 months) and the weighted average yield was 32.75% (2012: 34.30%). The observable yields from acquisitions in 2013 did not indicate that yields used to discount historical portfolios required adjustment.

The Revaluation Model is updated with the collections experience on a monthly basis and a new collections forecast is generated using a combination of the actual collections seen over the immediately preceding months and long term trend analysis of how collections on the Group's loan portfolios decay on a monthly basis over several years.

12. Loan portfolios

The fair value of the portfolios is therefore highly dependent on the collections achieved on the loan portfolios in the past as these determine the initial starting point of the projection and the long-term gradient used to project the decay of the forecast collections. The fair value is also dependent on the yield assumptions.

13. Debtors: amounts falling due within one year

	Group 31 December 2013 £000	Group 31 December 2012 £000	Company 31 December 2013 £000	Company 31 December 2012 £000
Trade debtors	**2,717**	3,204	**–**	–
Corporation tax	**387**	–	**97**	–
Amounts owed by group undertakings	**1,084**	466	**62,667**	40,075
Deferred tax (note 17)	**1,762**	2,356	**–**	–
Other debtors and prepayments	**5,282**	6,745	**–**	–
	11,232	12,771	**62,764**	40,075

Included in other debtors and prepayments is a derivative being interest rate caps stated at fair value of £0.1 million (2012: £0.1 million). The Directors believe the fair value of debtors falling due within one year is not materially different to the balance sheet value.

Amounts owed by group undertakings are due on demand and carry no coupon.

14. Creditors: amounts falling due within one year

	Group 31 December 2013 £000	Group 31 December 2012 £000	Company 31 December 2013 £000	Company 31 December 2012 £000
Trade creditors	**5,601**	10,152	**–**	–
Corporation tax	**–**	1,704	**–**	97
Other tax and social security	**1,040**	1,293	**–**	–
Amounts owed to group undertakings	**6,358**	5,521	**25,586**	4,130
Other creditors	**2,588**	7,245	**–**	–
Accrued interest on Senior Secured Notes	**10,415**	7,799	**–**	–
Accruals and deferred income	**7,717**	8,367	**–**	–
	33,719	42,081	**25,586**	4,227

The directors believe the fair value of these liabilities is not materially different to the balance sheet value.

Trade creditors includes £4.1 million (31 December 2012: £7.1 million) in respect of obligations due to clients for cash included in Cash at bank and in hand on the consolidated balance sheet which have been collected on behalf of clients. The obligations due to clients for cash included in Cash at bank and in hand at 31 December 2013 includes £0.8 million (2013: £1.2 million) in respect of amounts due to the Anacap Credit Opportunities Fund II L.P. ("AOF") in respect of the AOF portfolio managed on their behalf described in note 28.

Included in other creditors is £nil (2012: £4.7 million) in respect of portfolio purchases which were completed during 2012 but the deferred consideration not payable until 2013, and £62,480 (2012: £61,742) in respect of pension contributions to be paid into the groups defined contribution pension scheme.

15. Creditors: amounts falling due after more than one year

	Group 31 December 2013 £000	Group 31 December 2012 £000	Company 31 December 2013 £000	Company 31 December 2012 £000
Senior Secured Notes due 2019 and 2020	**352,111**	253,619	**–**	–

Bank loans and overdrafts	–	8,372	–	–
	352,111	261,991	–	–
Analysis of loan repayments:				
In more than one year but less than 5 years	–	8,372	–	–
In more than 5 years	**352,111**	253,619	–	–

Cabot Financial (Luxembourg) S.A., a subsidiary of the Company incorporated on 3 September 2012, issued £265.0 million of Senior Secured Notes on 20 September 2012. The Notes are due for repayment on 1 October 2019 and have a fixed interest rate of 10.375%. A further Senior Secured Note due 1 August 2020 of £100.0 million was issued on 2 August 2013 at a fixed interest rate of 8.375%.

The proceeds from issue of the Senior Secured Notes due 2019 were used by the Company to repay the bank loans and overdrafts outstanding at 20 September 2012 of £155.5 million, pay a dividend of £90.0 million to its immediate parent undertaking, and provide additional working capital for the Company including meeting the costs of issue of the Senior Secured Notes.

The proceeds of the Senior Secured Notes due 2020 were used to repay the bank loans and overdrafts outstanding at 2 August 2013 of £75.0 million and repay £25.0 million of shareholder loan notes on behalf of parent undertakings.

Approval for the change of control resulting from Encore's acquisition of a shareholding in the group was obtained from over 98% of the holders of the Senior Secured Notes due 2019, as required by the indenture dated 20 September 2012.

In addition, on 20 September 2012 the Company entered into an agreement for a senior committed revolving credit facility of £50.0 million. This agreement was amended on 25 April 2013 to approve a change in control arising from the sale by AnaCap Calcium, the former ultimate controlling party of the Company, to funds managed or advised by J.C. Flowers & Co LLP as described in note 28. This loan facility was subsequently increased on 28 June 2013 to £85.0 million. As at 31 December 2013 this facility remained undrawn (31 December 2012: £10.0 million), with the unamortised debt issue costs of £2.3 million being presented within Other debtors and prepayments (2012: £1.6 million within Bank loans and overdrafts).

The facility is due for renewal in September 2017 and interest on the facility is charged at LIBOR plus a maximum of 4% depending on the Loan to Value ("LTV") Ratio achieved after nine months by the Company calculated as being the ratio of the net financial indebtedness (Net debt is as third-party indebtedness, less cash at bank and in hand (excluding cash held for clients), and excluding unamortised debt issue costs and accrued interest relating to the Company's third-party indebtedness) of the Company to 84-Month ERC at a balance sheet date. The Company is covenanted to ensure its LTV Ratio shall not exceed 0.75, and at 31 December 2013 the LTV Ratio was compliant at 0.41.

The Company and certain of its subsidiary companies have granted a fixed and floating charge over assets with a carrying value in excess of £450.0 million at the balance sheet date (31st December 2012: £315.0 million) as security for the Senior Secured Notes due 2019/2020 and the senior committed revolving credit facility. Cash held on behalf of clients is excluded from the security given to the Senior Secured Notes and the senior committed revolving credit facility.

Based on the Luxembourg Stock Exchange quoted price at the balance sheet date, the Directors believe the fair value of the senior secured loan notes to be £411.9 million (2012: £290 million). For all other items, the Directors believe the fair value of the liabilities is not materially different to the balance sheet value.

16. Provision for liabilities and charges

	Group 31 December 2013 £000	Group 31 December 2012 £000	Company 31 December 2013 £000	Company 31 December 2012 £000
Brought forward	**679**	783	–	–
Current period timing adjustment	**(218)**	(104)	–	–
Carried forward	**461**	679	–	–

The provision is entirely a deferred tax liability relating to the timing difference between the tax and the increase in brought forward reserves at 1 November 2006 in respect of the cumulative effect on adoption of FRS 26. The remaining provision is anticipated to be released evenly to the profit and loss account over the period to 31 October 2016.

17. Deferred tax asset

	Group 31 December 2013 £000	Group 31 December 2012 £000	Company 31 December 2013 £000	Company 31 December 2012 £000
Accelerated capital allowances	**258**	286	**–**	–
Tax losses not relieved	**3,682**	5,120	**2,177**	3,226
Deferred tax not recognised	**(2,178)**	(3,050)	**(2,177)**	(3,226)
	1,762	2,356	**–**	–

Tax losses have not been recognised by the Group in respect of losses arising on the historic financing structure of the Group as the timing of utilisation of these tax losses is uncertain. All other tax losses have been recognised by the Group at 31 December 2013 (2012: nil) as the Directors are confident of the recovery of the tax losses within the medium term based of forecasts prepared.

The Finance Act 2013, which reduced the main rate of UK corporation tax to 21% effective from 1 April 2014, was enacted on 17 July 2013. As this change in rate was substantively enacted prior to 31 December 2013 it has been reflected in the deferred tax assets and liabilities at 31 December 2013.

18. Share capital

	31 December 2013 £000	31 December 2012 £000
Called up, allotted and fully paid:		
250,000 class "B" ordinary shares of £1 each, subscription price of £1.00	**250**	250
	250	250

19. Profit and loss account

	Group 31 December 2013 £000	Group 31 December 2012 £000	Company 31 December 2013 £000	Company 31 December 2012 £000
Brought forward	**(33,731)**	27,510	**16,044**	94
Profit retained for the period	**21,569**	28,783	**26,330**	105,950
Dividend paid	**(25,000)**	(90,000)	**(25,000)**	(90,000)
Exchange differences on consolidation	**(46)**	(24)	**–**	–
Carried forward	**(37,208)**	(33,731)	**17,374**	16,044

20. Reconciliation of operating profit to net cash outflow from operating activities

	2013 £000	2012 £000
Operating profit	**62,485**	59,693
Depreciation	**3,022**	2,232
Impairment of fixed assets	**–**	111
Amortisation of goodwill	**1,328**	1,327
Fair value movements in loan portfolios	**55,476**	47,930
Purchases of loan portfolios	**(124,076)**	(98,556)
(Increase) in debtors	**(23,078)**	(6,449)
(Decrease) / Increase in creditors	**(8,515)**	12,615
	(33,358)	18,903

21. Analysis of cash flows

	2013 £000	2012 £000
Returns on investments and servicing of finance		
Interest received	**187**	15
Interest paid	**(74)**	(5,921)
Senior loan note interest paid	**(28,480)**	–
Dividends paid	**–**	(90,000)
Facility fees and similar charges	**(2,774)**	(9,646)
Fees paid for interest rate derivatives	**–**	(587)
Issue costs for Senior Secured Notes	**(4,246)**	(7,751)
Net cash outflow	**(35,387)**	(113,890)
Taxation		
UK corporation tax paid	**(5,913)**	(13,140)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(1,987)**	(5,130)
Sale of tangible fixed assets	**241**	–
Net cash outflow	**(1,746)**	(5,130)
Financing		
Funds received from senior committed revolving credit facility	**65,000**	27,500
Repayment of senior committed revolving credit facility	**(75,000)**	(17,500)
Bank loans repaid	**–**	(155,507)
Issue of senior secured notes	**100,000**	265,000
Net cash inflow	**90,000**	119,493

22. Analysis of changes in net debt

	31 December 2012 £000's	Cash flow £000's	Other non-cash changes £000's	31 December 2013 £000's
Cash in hand and at bank	23,104	13,596	–	**36,700**
Debt due within one year				
Debt due after one year	(261,991)	(88,235)	(1,885)	**(352,111)**
Total	(238,887)	(74,639)	(1,885)	**(315,411)**

23. Reconciliation of net cash flow to movement in net debt

	2013 £000	2012 £000
Increase in cash in the period	**13,596**	6,236
Other net changes in debt	**(90,120)**	(109,923)
Movement in net debt	**(76,524)**	(103,687)
Net debt at start of period	**(238,887)**	(135,200)

Net debt at end of period	**(315,411)**	(238,887)

24. Reconciliation of movement in shareholder' (deficit)/funds

GROUP

	Profit and loss account £000	Called up share capital £000	Capital contribution reserve £000	Shareholder's funds £000
At 31 December 2012	(33,731)	250	136,157	102,676
Profit for the year	21,569	–	–	21,569
Dividend	(25,000)	–	–	(25,000)
Other recognised losses	(46)	–	–	(46)
At 31 December 2013	**(37,208)**	**250**	**136,157**	**99,199**

COMPANY

	Profit and loss account £000	Called up share capital £000	Capital contribution reserve £000	Shareholder's funds £000
At 31 December 2012	16,044	250	136,157	152,451
Profit for the year	26,330	–	–	26,330
Dividend	(25,000)	–	–	(25,000)
Other recognised losses	–	–	–	–
At 31 December 2013	**17,374**	**250**	**136,157**	**153,781**

25. Contingent liabilities

The Company and some of its subsidiaries are party to guarantees in relation to the senior committed revolving credit facility drawn by a fellow group company, and the Senior Secured Notes due 2019 and 2020. Amounts outstanding on such borrowings were £365.0 million at 31 December 2013 (31 December 2012: £275.0 million). The expectation is that any liability under these guarantees will not be crystallised in the foreseeable future.

26. Commitments

As at 31 December 2013 the Company entered into significant contracts with financial institutions for the purchase of additional portfolios for an expected price of £10.8 million.

27. Related party transactions

The Company has taken advantage of the exemption in paragraph 3(c) of FRS 8 not to disclose transactions with wholly owned group companies wherein any subsidiary undertaking which is a party to the transactions is wholly owned by a member of that Group.

During the year there were intercompany interest charges with companies outside of the Cabot Credit Financial Limited group but under common control that resulted in interest receivable of £451k (2012: £nil) and interest payable of £105k (2012: £123k). These amounts are included within the amounts owed by group undertakings of £1,084k (2012: £466k) and amounts due to group undertakings of £6,358k (2012: £5,521).

During the year to 31 December 2013 a fee of £0.1 million (2012: £0.2 million) was charged to profit of ordinary activities before taxation in respect of monitoring services provided by AnaCap Calcium L.P. , the former ultimate controlling party of the Company. The amount due in respect of these fees was £nil (2012: £nil).

In August 2012 an indirect subsidiary of AnaCap Credit Opportunities Fund II L.P. ("AOF") acquired a portfolio of defaulted consumer debt from a large UK financial services group (the "AOF Portfolio"). AOF is related party to the former ultimate parent undertaking of the Company, AnaCap Calcium L.P. Concurrently with the purchase of the AOF Portfolio, the Group acquired two portfolios of defaulted consumer debt from the same large UK financial services group, and also acts as master servicer for the AOF Portfolio for which it receives fees determined on an arms' length basis. The fees received by the Group in the year to 31 December 2013 were £0.2m (2012: £0.1m). The amounts outstanding in respect of these fees was £nil (2012: £nil).

During the year to 31 December 2013, a fee of £0.2 million (2012: £nil) was charged to profit of ordinary activities before taxation in respect of servicing fees payable to Midland Credit Management India Private Limited, a fellow subsidiary of Encore Capital Group Inc, the ultimate parent company as discussed in note 28. The amount due in respect of these fees as at 31 December 2013 was £0.2 million (2012: £nil).

28. Ultimate parent company

The Company's immediate parent company controlling party is Cabot Credit Management Limited, a company incorporated in the England &Wales. The Company's ultimate parent company is Encore Capital Group Inc ("Encore"), a company incorporated in the United States.

Up until 15 May 2013 the Company's ultimate controlling party was AnaCap Calcium L.P., a partnership incorporated in Guernsey.

On 13 April 2013 Calcium Holdings S.a.r.l, a company controlled by AnaCap Calcium L.P, the former ultimate controlling party of the Company, entered into a Sale and Purchase Agreement ("the Agreement"), together with the Cabot management shareholders, to sell their shares in Cabot Credit Management Limited to Cabot (Group Holdings) Limited.

Cabot management, together with J.C. Flowers & Co LLC ("JCF"), a company incorporated in the United States, have made a reinvestment into Cabot Holdings S.a.r.l which indirectly owns Cabot (Group Holdings) Limited.

The Agreement contained certain conditions prior to completion which were satisfied on 25 April 2013 at which time the Agreement became unconditional. Completion of the purchase occurred on 15 May 2013. At that point in time JCF became the ultimate controlling party.

On 30 May 2013 Encore, announced its agreement to acquire 50.1% of the equity held by JCF. Prior to completion of the Encore acquisition, JCF transferred its ownership of Cabot Holdings S.a.r.l into Janus Holdings Luxembourg S.a.r.l ("Janus"), a company incorporated in Luxembourg. On 1 July 2013 JCF sold 50.1% of its stake in Janus to Encore.

29. Subsequent events

On 10 February 2014, Cabot Financial Holdings Group Limited ("Cabot Financial Holdings"), a subsidiary of Cabot Financial Limited, entered into a Share Sale and Purchase Agreement (the "Marlin Purchase Agreement") to which Cabot Financial Holdings acquired (a) the entire issued share capital of Marlin Financial Group Limited("Marlin"), a company incorporated in England and Wales and (b) certain subordinated fixed rate loan notes of Marlin Financial Intermediate Limited, a company incorporated in England and Wales, which is a direct wholly owned subsidiary of Marlin, from funds managed by Duke Street and certain individuals, including certain executive management of Marlin.

Pursuant to the terms and conditions of the Marlin Purchase Agreement and certain ancillary agreements, Cabot Financial Holdings purchased from the sellers all of the issued and outstanding equity securities of Marlin and certain subordinated fixed rate loan notes of Marlin Financial Intermediate Limited, including the assumption of substantially all of the outstanding debt of Marlin Intermediate Holdings plc, a subsidiary of Marlin, for an aggregate enterprise value of approximately £295.0 million.

The Marlin Acquisition was financed with borrowings under the existing revolving credit facility and under a new senior secured bridge facilities provided by J.P. Morgan Limited, Deutsche Bank AG, London Branch, Lloyds Bank plc, The Royal Bank of Scotland plc and UBS Limited.

The Senior Secured Bridge Facilities Agreement provides for (a) a senior secured bridge facility in an aggregate principal amount of up to £105.0 million ("Bridge Facility A") and (b) a senior secured bridge facility in an aggregate principal amount of up to £151.5 million ("Bridge Facility B," and together with Bridge Facility A, the "Bridge Facilities").

The purpose of Bridge Facility A is to provide funding for the financing, in full or in part, of the purchase price for the Marlin Acquisition and the payment of costs, fees and expenses in connection with the Marlin Acquisition, and was fully drawn on as of the closing of the Marlin Acquisition.

The purpose of Bridge Facility B is to finance, in full or in part, the repurchase of any bonds tendered in any change of control offer required to be made to the holders of the £150 million 10.5% Senior Secured Notes due 2020 issued by Marlin Intermediate Holdings plc (the "Marlin Bonds") and the premium payable thereon. Bridge Facility B was intended to be utilised only to the extent that Marlin was obligated to make an offer to repurchase the Marlin Bonds and any holders of the Marlin Bonds elected to tender their Marlin Bonds within a defined period. Bridge Facility B has expired without drawdown.

The Senior Secured Bridge Facilities Agreement also provides for uncommitted incremental facilities in an amount of up to £80.0 million for the purposes of financing future debt portfolio acquisitions.

The Borrowings under Bridge Facilities have an initial term of one year and an extended term of 6.5 years if they are not repaid during the first year of issuance.

Prior to their initial maturity date, the rate of interest payable under the Bridge Facilities is the aggregate, per annum, of (i) LIBOR, plus (ii) an initial spread of 6.00% per annum (such spread stepping up by 50 basis points for each three-month period that the Bridge Facilities remain outstanding), not to exceed total caps set forth in the Senior Secured Bridge Facilities Agreement.

The Bridge Facilities are subject to mandatory prepayment with equity proceeds or the proceeds of other debt financings (subject to certain exceptions), at par prior to their initial maturity date. The Bridge Facilities have covenants that are substantially similar to those set forth in the Revolving Credit Facility (but prior to the initial maturity date, restricting the group from certain types of debt incurrence or restricted payments). The Bridge Facilities are guaranteed by the subsidiaries of Cabot Financial Limited that guarantee the revolving credit facility and the existing senior secured notes and share in the collateral granted to the existing senior secured notes issued by Cabot Financial (Luxembourg) S.A. on a pari passu basis. The events of default under the Senior Bridge Facilities are substantially similar to those set forth in the Revolving Credit Facility and include, among other things, payment and covenant breaches and insolvencies of Cabot Financial Holdings or significant subsidiaries.

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Cabot Financial Limited

Annual report and financial statements
For the year ended 31 December 2012

Cabot Financial Limited
Independent auditor's report to the members of Cabot Financial Limited
For the year ended 31 December 2012

We have audited the financial statements of Cabot Financial Limited for the year ended 31 December 2012 which comprise the Consolidated profit and loss account, the Consolidated and Company balance sheets, the Consolidated statement of total recognised gains and losses, the Consolidated cash flow statement and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of; whether the accounting policies are appropriate to the Group's and parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 December 2012 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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.

Andrew Downes (Senior Statutory Auditor)
for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor
London, United Kingdom
22 February 2013

Cabot Financial Limited

Consolidated profit and loss account

For the year ended 31 December 2012

	Notes	12 months to 31 December 2012 £000	14 months to 31 December 2011 £000
Turnover	*2*	**160,884**	147,870
Cost of sales		**(56,974)**	(45,915)
Gross profit		**103,910**	101,955
Administration expenses		**(44,273)**	(47,904)
Impairment of goodwill		**–**	(14,277)
Other operating income		**56**	25
Operating profit		**59,693**	39,799
Interest receivable and similar income	*6*	**15**	8
Gain on settlement of loan notes and related interest liability	*7*	**–**	229,973
Interest payable and similar charges	*7*	**(25,727)**	(24,527)
Profit on ordinary activities before taxation	*3*	**34,981**	245,253
Tax on profit on ordinary activities	*4*	**(5,198)**	(11,034)
Profit for the financial period	*19*	**28,783**	234,219

The notes on pages 19 to 39 form part of these financial statements.

All of the above results are derived from continuing operations.

Cabot Financial Limited

Consolidated balance sheet

As at 31 December 2012

	Notes	31 December 2012 £000	31 December 2011 £000
Fixed assets			
Goodwill	*9*	**20,231**	21,558
Tangible assets	*10*	**9,375**	6,558
		29,606	28,116
Current assets			
Loan portfolios	*12*	**341,946**	291,320
Debtors: amounts falling due within one year	*13*	**12,771**	6,343
Cash at bank and in hand	*14*	**23,104**	16,868
		377,821	314,532
Creditors: amounts falling due within one year	*14*	**(42,081)**	(25,880)
Net current assets		**335,740**	288,652
Total assets less current liabilities		**365,346**	316,768
Creditors: amounts falling due after more than one year	*15*	**(261,991)**	(152,068)
Provisions for liabilities and charges	*16*	**(679)**	(783)
Net assets		**102,676**	163,917
Capital and reserves			
Called up share capital	*18*	**250**	250
Capital contribution reserve	*24*	**136,157**	136,157
Profit and loss account	*19,24*	**(33,731)**	27,510
Equity shareholders' funds	*24*	**102,676**	163,917

The notes on pages 19 to 39 form part of these financial statements.

These financial statements of Cabot Financial Limited, with registered number 05714535, were approved by the Board of Directors and authorised for issue on 14 February 2013.

Signed on behalf of the Board of Directors by:

C Ross-Roberts
Director
21 February 2013

Cabot Financial Limited

Company balance sheet

As at 31 December 2012

	Notes	31 December 2012 £000	31 December 2011 £000
Fixed assets			
Investments	*11*	**116,602**	116,602
Current assets			
Debtors: amounts falling due within one year	*13*	**40,075**	19,908
Cash at bank and in hand		**1**	1
		40,076	19,909
Creditors: amounts falling due within one year	*14*	**(4,227)**	(10)
Net current liabilities		**(35,849)**	19,899
Total assets less current liabilities		**152,451**	136,501
Creditors: amounts falling due after more than one year	*15*	**–**	–
Net liabilities		**152,451**	136,501
Capital and reserves			
Called up share capital	*18*	**250**	250
Capital contribution reserve	*24*	**136,157**	136,157
Profit and loss account	*19, 24*	**16,044**	94
Equity shareholders' deficit	*24*	**152,451**	136,501

The notes on pages 19 to 39 form part of these financial statements.

These financial statements of Cabot Financial Limited, with registered number 05714535, were approved by the Board of Directors and authorised for issue on 14 February 2013.

Signed on behalf of the Board of Directors by:

C Ross-Roberts
Director
21 February 2013

Cabot Financial Limited

Consolidated statement of total recognised gains and losses

For the year ended 31 December 2012

	Notes	12 months to 31 December 2012 £000	14 months to 31 December 2011 £000
Profit for the financial period		**28,783**	234,219
Currency translation differences	*19, 24*	**(24)**	(217)
Total recognised gains relating to the period		**28,759**	234,002

Cabot Financial Limited

Consolidated cash flow statement

For the year ended 31 December 2012

	Notes	12 months to 31 December 2012 £000	14 months to 31 December 2011 £000
Net cash (outflow) / inflow from operating activities	*20*	**18,903**	(6,647)
Returns on investments and servicing of finance	*21*	**(113,890)**	(12,844)
Taxation	*21*	**(13,140)**	(2,586)
Capital expenditure and financial investment	*21*	**(5,130)**	(2,773)
Acquisitions and disposals	*21*	**–**	3,821
Cash (outflow) / inflow before use of financing		**(113,257)**	(21,029)
Financing	*21*	**119,493**	32,443
Increase in cash in the period	*23*	**6,236**	11,414

The notes on pages 19 to 39 form part of these financial statements.

Cabot Financial Limited

Notes to the financial statements

For the year ended 31 December 2012

1. Accounting policies

The particular accounting policies adopted are described below. These have been applied consistently throughout the current year and preceding period, with the exception of facility fees on bank loans and similar costs and the fair value adjustments on interest rate derivatives, which are now presented as interest, as explained below.

Accounting convention The financial statements have been prepared under the historical cost convention, except for the revaluation at fair value of certain financial assets and financial liabilities, and in accordance with applicable United Kingdom accounting standards. Basis of consolidation The Group financial statements consolidate the financial statements of the Company and its subsidiaries and associated undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date of which control passed. Acquisitions are accounted for under the acquisition method. Going concern The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Operational and Financial Review on pages 7 to 10. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in these financial statements.

The Group made an operating profit of £59.7 million in the year to 31 December 2012 (14 months to 31 December 2011 – £39.8 million) and made a net cash inflow from operating activities of £18.9 million during the year (14 months to 31 December 2011 – net cash outflow of £6.6 million as restated). The Group had net current assets of £335.7 million at 31 December 2012 (31 December 2011: £288.7 million) and equity shareholders' funds of £102.7 million (31 December 2011: £163.9 million).

As explained in note 15 the Group completed a fundamental restructuring of its financing arrangements during the year to 31 December 2012 to benefit from an increase in the long-term funding available to the Group. In September 2012 the Group issued £265 million of Senior Secured Loan Notes due 2019 to increase its permanent financing structure, and secured a new senior committed revolving credit facility of £50 million which is not due for renewal until September 2017. The senior committed revolving credit facility is repaid at intervals of between one and three months or rolled forward at the discretion of the Group.

The proceeds from issue of the £265 million of Senior Secured Loan Notes due 2019 were used in part to repay the senior credit facilities in place at 31 December 2011 which were due to mature in February 2016. The amount repaid in September 2012 was £155.5 million and the facility was cancelled at that date.

The Group has remained compliant during the year to 31 December 2012 with all the covenants contained in the loan notes issued and senior credit facilities, and the Group's latest forecasts and cash flow projections have been reviewed and do not indicated any significant uncertainty over the Group's ability to operate within the requirements of the financing arrangements in place and therefore to continue as a going concern.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts. Financial assets On initial recognition, FRS 26 Financial Instruments: Recognition and Measurement requires that financial instruments be classified into the following categories; at fair value through profit and loss, loans and receivables, held-to-maturity investments or available for sale.

The loan portfolios are classified as fair value through profit and loss. Debtors are classified as loans and receivables and measured at amortised cost using the effective interest method, less any impairment.

Financial instruments are required to be measured using a fair value hierarchy that reflects the significance of the inputs used in measuring the fair value of those instruments. The fair value hierarchy has the following levels:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Financial liabilities Except for derivatives, which are classified as fair value through profit and loss on initial recognition, all financial liabilities are carried at amortised cost using the effective interest rate method. Bank borrowings Interest bearing loans are recorded at the proceeds received net of direct issue costs. Finance charges are accounted for in the profit and loss account using the effective interest method and are added to the carrying amount of the instrument. Turnover Turnover represents amounts collected from customers and fees receivable from the servicing of loans on behalf of third parties. Collections from customers are recognised on receipt. Fees are recognised when the services are provided. Valuation of consumer loan portfolios Portfolios are designated "fair value through the profit and loss" in accordance with FRS 26 Financial Instruments: Recognition and Measurement.

The fair value of portfolios is shown in the balance sheet as "loan portfolios". The change in fair value of portfolios is shown in cost of sales. Fair value is determined in the manner described in note 12 and is highly sensitive to the collections achieved and the forecast algorithm used to project forward collections. The fair value of the loan portfolios has been classified a "Level 3" fair value measurement. Operating leases Rentals under operating leases are charged on a straight-line basis over the lease term. Interest Interest receivable and payable are recognised using the effective interest rate method.

Interest payable includes facility fees on bank loans and similar costs and fair value adjustments on interest rate derivatives. Taxation Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as 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 at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. Pensions The Group operates a defined contribution pension scheme. Pension contributions are charged to the profit and loss account in the month that the liability for paying the contributions arises. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. Intangible assets – goodwill Goodwill arising on the acquisition of subsidiary undertakings, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, which is estimated at twenty years. Provision is made for any impairment. Impairment At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less any cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Tangible fixed assets and depreciation Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value on each asset on a straight-line basis over their estimated useful lives as follows:

Office equipment	4 years
Computers and software	3 to 10 years
Fixtures and fittings	5 years
Short leasehold property	the minimum term of the lease
Motor vehicles	5 years
Freehold property	25 years

Fixed asset investments Fixed asset investments are shown at cost less provision for impairment. Derivatives Derivatives are measured initially at fair value and subsequently re-measured to their fair value at each balance sheet date. Fair values are obtained from quoted prices prevailing in active markets, including recent market transactions, and valuation techniques, included discounted cash flow models and option pricing models as appropriate. All derivatives are included as assets when their fair value is positive, and liabilities when their fair value is negative. The fair value of the derivatives has been classified a "Level 2" fair value measurement. The only derivatives utilised by the business are in relation to the syndicated banking facility as outlined in the Interest Rate Risk section of the Director's report.

The fair value adjustments on interest rate derivatives have been reclassified to interest payable for the fourteen month period ending 31 December 2011. Foreign exchange Transactions in foreign currencies are recorded at the rates of exchange for Sterling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising on translations of the opening net assets and results of overseas operations are adjusted through reserves. All other exchange differences are recognised as income or expense in the year in which the difference arose.

2. Turnover

Turnover predominantly arises in the UK. An analysis of turnover by activity is as follow:

	12 months to 31 December 2012 £000	**14 months to 31 December 2011 £000**
Collections on owned portfolios	**146,844**	135,572
Servicing fees	**14,040**	12,298
	160,884	147,870

3. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging/(crediting) the following:

	12 months to 31 December 2012 £000	**14 months to 31 December 2011 £000**
Movement in fair value of derivatives	**464**	322
Fair value movement on loan portfolios (see below)	**47,014**	36,850
Depreciation of tangible fixed assets	**2,232**	2,273
Impairment of tangible fixed assets	**111**	–
Amortisation of goodwill	**1,327**	1,674
Foreign currency movement on borrowings	**(111)**	(15)
Operating lease rentals – land and buildings	**1,515**	1,436

As described in note 12, during the financial period to 31 December 2011 the directors changed the basis of calculating the balance sheet value of loan portfolios resulting in an increase in the balance sheet value of loan portfolios at 30 November 2011 of £16.1 million. The effect of this increase was to reduce the charge for the fair value movement on loan portfolios for the fourteen months ended 31 December 2011 by £16.1 million.

The result for the year of the Company was a profit of £106.0 million (2011 – £234.2 million). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the Company.

Audit remuneration is paid by the parent company stated in note 27.

4. Tax on loss on ordinary activities

The tax charge comprises:

	12 months to 31 December 2012 £000	14 months to 31 December 2011 £000
Current tax		
Corporation tax	**7,604**	11,162
Foreign tax	**185**	160
Total current tax	**7,789**	11,322
Prior period adjustments	**(131)**	–
Deferred tax		
Origination and reversal of timing differences	**(2,460)**	(288)
Total tax charge on loss on ordinary activities	**5,198**	11,034

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit on ordinary activities before tax is as follows:

	12 months to 31 December 2012 £000	14 months to 31 December 2011 £000
Profit on ordinary activities before taxation	**33,981**	234,219
Tax on loss on ordinary activities at standard UK corporation tax rate of 24.5% (2011 – 26.7%)	**8,325**	62,536
Effects of:		
Utilisation of tax losses	**(923)**	
Expenses not deductible for tax purposes	**545**	(55,044)
Impairment of goodwill	**–**	3,814
Capital allowances in excess of depreciation	**(34)**	191
Tax on overseas earnings	**(124)**	(175)
Total tax charge on loss on ordinary activities	**7,789**	11,322

Notes 16 and 17 explain the movements on deferred tax in the period.

The Finance Act 2012, which reduced the main rate of UK corporation tax to 23% effective from 1 April 2013, was enacted on 17 July 2012. As this change in rate was substantively enacted prior to 31 December 2012 it has been reflected in the deferred tax assets and liabilities at 31 December 2012.

The UK Government has also indicated that it intends to enact future reductions in the main rate of UK corporation tax of 1% each year down to 22% by 2014. These changes have not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. The estimated financial effect of these changes is not significant.

5. Information regarding Directors and employees

	12 months to 31 December 2012	14 months to 31 December 2011
Average number of employees during the period (including executive Directors):	**No.**	No.
Administration	**180**	170
Collection	**487**	560
Total	**667**	730
Staff costs for the period (including executive Directors):	**£000**	£000
Wages and salaries	**24,807**	24,399
Social security costs	**2,480**	1,544
Pension contributions	**490**	499
Total	**27,777**	26,442

There are three Directors for whom retirement benefits are accruing in respect of defined contribution pension schemes (2011 – 3).

5. Information regarding Directors and employees

As at the balance sheet date there was a liability of £61,742 (2011: £35,324) in respect of pension contributions to be paid into the scheme.

	12 months to 31 December 2012 £000	14 months to 31 December 2011 £000
Directors' remuneration		
Salary and benefits in kind	**2,289**	2,621
Compensation for loss of office	**215**	486
Pension contributions	**152**	113
Total	**2,656**	3,220
Highest paid director		
Salary and benefits in kind	**664**	986
Pension contributions	**69**	36
Total	**733**	1,022

6. Interest receivable and similar income

	12 months to 31 December 2012 £000	14 months to 31 December 2011 £000
Bank deposits	**15**	8

7. Interest payable and similar charges

The charge in the period in respect of interest payable and similar charges comprised the following:

	12 months to 31 December 2012 £000	14 months to 31 December 2011 (restated) £000
Interest on bank loans	**5,797**	7,652
Facility fees on bank loans	**10,346**	3,218
Non-utilisation fee on bank loans	**903**	1,040
Interest on Senior Secured Notes 2019 and related charges	**8,094**	–
Fair value adjustments on interest rate derivatives	**464**	322
Interest payable to group companies	**123**	–
Interest on A & B loan notes – held by former shareholders	**–**	6,676
Interest on M loan notes – prior to change of control	**–**	5,619
	25,727	24,527

The charge for facility fees on bank loans in the year to 31 December 2012 includes £7.7 million relating to the write off of fees on the bank facility which was repaid on 20 September 2012 (see note 15).

Interest payable and similar charges for the fourteen months to 31 December 2011 has been restated as a consequence of the presentation of facility fees and similar costs of £3.2 million (year to 31 December 2012: £10.3 million), and the fair value adjustment on interest rate derivatives of £0.3 million (year to 31 December 2012: £0.5 million), within Interest payable and similar charges. These costs were previously included within Administration expenses. The Directors consider that the change in presentation of these costs gives a fairer presentation of the operating profit of the Group.

The profit on ordinary activities for the period to 31 December 2011 included a credit for a gain on settlement of loan notes and related interest liability arising from:

	12 months to 31 December 2012 £000	14 months to 31 December 2011 £000
Credit on waiver of A&B loan notes and accrued interest held by former shareholders	–	(119,224)
Credit on waiver of M loan notes and accrued interest held by former shareholders	–	(110,749)
	–	(229,973)

The loan notes held by the former shareholders were settled as part of the purchase of the Company by Calcium Holdings Sarl

8. Financial commitments

The Group's annual commitments under non-cancellable operating leases are as follows:

	Land and buildings	
	31 December 2012 £000	31 December 2011 £000
Expiry date:		
Within one year..	**14**	27
Between one and five years	**159**	121
After 5 years	**1,514**	1,225

9. Intangible assets

	Goodwill £000	Total £000
Cost		
Brought forward at 1 January 2012	203,366	203,366
Additions during the year	–	–
Carried forward at 31 December 2012..	203,366	203,366
Amortisation		
Brought forward at 1 January 2012	181,808	181,808
Charge for the period	1,327	1,327
Carried forward at 31 December 2012..	183,135	183,135
Net book value		
At 1 January 2012	21,558	21,558
Ar 31 December 2012..	20,231	20,231

The amortisation of goodwill during the 14 months ended 31 December 2011 included a charge for impairment of goodwill of £14.3 million arising from the sale of the Cabot Financial group to Calcium Holdings Sarl on 6 April 2011.

The Directors have reviewed the remaining goodwill balance in the current year for indicators of impairment. No indicators were present.

10. Tangible fixed assets

Group

	Motor vehicles £000	Office equipment £000	Computers and software £000	Fixtures and fittings £000	Short leasehold property £000	Freehold property £000	Total £000
Cost							
At 31 December 2011	35	1,105	7,025	1,609	2,721	617	13,112
Foreign exchange revaluation ..	(2)	5	(12)	(97)	–	–	(106)
Additions	–	73	4,815	97	145	–	5,130
At 31 December 2012	33	1,183	11,828	1,609	2,866	617	18,136
Depreciation							
At 31 December 2011	25	724	4,088	971	705	41	6,554
Foreign exchange revaluation ..	(3)	5	(27)	(111)	–	–	(136)
Charge for the year	6	110	1,596	318	177	25	2,232
Impairment charge						111	111

At 31 December 2012	28	839	5,657	1,178	882	177	8,761
Net book value							
At 31 December 2012	**5**	**344**	**6,171**	**431**	**1,984**	**440**	**9,375**
At 31 December 2011	10	381	2,937	638	2,016	576	6,558

11. Fixed asset investments and acquisitions

Company

	Investment in subsidiary undertaking £000	Total £000
Cost		
Cost and net book value brought forward at 1 January 2012	116,602	116,602
Additions during the period	–	–
Cost and net book value carried forward at 31 December 2012	116,602	116,602

The principal subsidiary undertaking of the Group affecting the financial statements are listed below.

Subsidiary undertakings	Date of acquisition	Country of incorporation and operation or principal business address	Principal activity	Ordinary shares held	% shares held
Cabot Financial Holdings Group Limited	7 April 2006	Great Britain	Holding company	251,256	100

The Group has 100% voting rights on shares held in each of the subsidiary undertakings.

On 6th April 2011, following the purchase of the Cabot Financial Group by Calcium Holdings Sarl, the Company purchased 100% of the ordinary and preference share capital of Apex Credit Management Holdings Limited. The consolidation of Apex Credit Management Holdings Limited was been effected from 1 April 2011 on the grounds of materiality.

12. Risk analysis

The Group is subject to price, credit and cashflow risk in the value of loan portfolios and interest rate risk in relation to its bank loans and related hedging. The Directors consider that the net exposure to foreign exchange risk in the Groups balance sheet is immaterial. The financial risk management objectives and policies were discussed on pages 11 and 12.

<u>Capital risk management</u>

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 15, plus cash and equity attributable to equity holders of the parent as disclosed in notes 19 and 24.

(a) Price and cashflow risk sensitivity analysis in fair value of loan portfolios

	Group 31 December 2012 £000	Group 31 December 2011 £000	Company 31 December 2012 £000	Company 31 December 2011 £000
Loan portfolios				
Fair value	**341,946**	291,320	**–**	–

The following table summarises the movement in the fair value of the loan portfolios in the period:

	12 months to 31 December 2012 £000	14 months to 31 December 2011 £000
Fair value at the beginning of the financial period	**291,320**	173,615

Addition arising on the acquisition of the Apex group in April 2011	**–**	51,452
Movement in fair value included in cost of sales	**(47,014)**	(36,850)
Portfolios purchased in the period	**98,556**	102,294
Other adjustments including retranslation	**(916)**	809
Fair value at the end of the financial period	**341,946**	291,320

The Group uses a Revaluation Model to calculate the fair value of loan portfolios. The Revaluation Model is a cashflow model developed at a portfolio level based on projected cashflows over the forecast cash collection period for each individual portfolio ("the forecast period"). The method used to estimate the fair value of loan portfolios changes dependent on the age of the portfolio:

- When the asset is initially purchased it is held on the balance sheet at cost;
- In the period from purchase until the asset becomes 12 months old the fair value is calculated as the net present value of the cashflow projections produced at the time of pricing. The collections forecast is limited to the point at which 80% of the total cashflow projection is achieved (this is known as the "forecast period");
- After 12 months a new collections forecast is produced from each asset by the Group's Revaluation model, and the balance sheet valuation becomes the discounted value of this revised forecast;
- The individual portfolios are then formed into consolidated vintages based on the financial year of purchase. The weighted average discount rate and forecast period are then used to value the consolidated vintage; and
- In the period before the consolidated vintage is formed the individual asset cannot be valued at greater than the original purchase price.

The initial yield is calculated at the time of purchase and subsequently compared with yields observed in current market transactions in similar loan portfolios and adjusted if necessary. Significant volatility in yields for similar purchased loan portfolios is not anticipated in the absence of fundamental changes in the economic or legislative environment.

The weighted average forecast period used in the Revaluation Model was 75 months (2011: 74 months) and the weighted average yield used for discounting cashflows was 34.3% (2011: 37.8%). The observable yields from acquisitions in 2012 did not indicate that yields used to discount historical portfolios required adjustment.

The Revaluation Model is updated with the collections experience on a monthly basis and a new collections forecast is generated using a combination of the actual collections seen over the immediately preceding months and long term trend analysis of how collections on the Group's loan portfolios decay on a monthly basis over several years.

The fair value of the portfolios is therefore highly dependent on the collections achieved on the loan portfolios in the past as these determine the initial starting point of the projection and the long-term gradient used to project the decay of the forecast collections. The fair value is also dependent on the yield assumptions.

The effect of a 10% reduction in cash collection statistics and a 10% reduction in the long term gradient used in the Revaluation Model are illustrated separately below. The Directors believe that a 10% reduction is a reasonable sensitivity as this correlates with the largest annual adverse variance in cash collections against forecast cashflows observed since the Revaluation model was introduced in its current form in October 2007 Group

	Opening balance sheet £000	**Change in fair value recorded in cost of sales £000**	**Closing balance sheet £000**
Reduction in cash collections experience used in the forecast by 10%			
Year ended 31 December 2011			
As stated in the consolidated balance sheet	173,615		291,320
Increase/(reduction) due to change in assumption	(16,317)	(4,828)	(21,145)
	157,298		270,175
Year ended 31 December 2012			
As stated in the consolidated balance sheet	291,320		341,946
Increase/(reduction) due to change in assumption	(21,145)	(714)	(21,859)

	270,175		320,087
Reduction in long term gradient used in the forecast by 10%			
Year ended 31 December 2011			
As stated in the consolidated balance sheet	173,615		291,320
Increase/(reduction) due to change of assumption	(5,963)	(645)	(6,608)
	167,652		284,712
Year ended 31 December 2012			
As stated in the consolidated balance sheet	291,320		341,946
Increase/(reduction) due to change of assumption	(6,608)	(2,939)	(9,547)
	284,712		332,399

An increase of 10% in cash collections experience and a 10% increase in the long-term gradient used in forecast will have the exact opposite effect in the loan portfolios amount at balance sheet date.

(b) Interest rate risk sensitivity analysis

The permanent debt financing to the Group comprises loan notes. The Group has £265 million of Senior Secured Loan Notes in issue at 31 December 2012 on which interest is fixed at 10.375%.

The Group's senior committed revolving credit facility is linked to the monthly LIBOR so the balance sheet value is the fair value.

The Group has several interest rate caps to manage its risk to changes in interest rates which expire at various dates up to November 2015, the fair value of which at 31 December 2012 was £0.1m (31 December 2011 – Nil). The Directors do not consider a scenario which changes this fair valuation to be material.

12. Risk analysis

The customer receivables acquired by the Group within defaulted loan portfolios predominantly have fixed contractual interest rates so the recoverability of the portfolios is not subject to interest rate movements other than the underlying impact that interest rate movements have on the ability of consumers to repay their obligations.

(c) Credit risk sensitivity analysis

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As the Group's business is the purchase and recovery of defaulted consumer loans it is exposed to a significant credit risk and therefore, as disclosed in the Directors Report, continues to develop and refine detailed management reporting on individual portfolio performance and re-forecasts future collections on each portfolio on a monthly basis. Pricing models are used to assess the purchase price of each portfolio.

Underlying the amount included in Loan Portfolios in the balance sheet is the underlying receivables from the Group's customers who, although all have suffered issues with personal credit, are highly diverse in nature spread across all of the geographical regions of the UK (with a small proportion amounting to less than 5% of the customer base across in Spain and Ireland) and from all socio-economic groups. The Group does not therefore have a significant risk to any single counterparties. The underlying credit risk associated with the aggregated customer base is, in essence identical to the cashflow risk associated with forecasting the future cash flows from the portfolio disclosed in (a) above.

(d) Liquidity risk analysis

As at 31 December 2012 the Group's revaluation model indicates that £908 million (2011: £790 million) of collections will be received from the Group's loan portfolios over a ten year period. The exact timing of this cashflow is highly dependent on the economic circumstances prevailing at that time, but as described above the Group continues to develop and refine the revaluation model to ensure that the forecasts of collections are as accurate as possible and reflect the current economic environment.

The Group also mitigates its liquidity risk by seeking long term financing arrangements. The Group completed a fundamental restructuring of its financing arrangements during the year to 31 December 2012 to increase its long-term funding. In September 2012 the Group issued £265 million of Senior Secured Loan Notes due 2019 and secured a new senior committed revolving credit facility of £50 million which is not due for renewal until September 2017.

13. Debtors: amounts falling due within one year

	Group 31 December 2012 £000	Group 31 December 2011 £000	Company 31 December 2012 £000	Company 31 December 2011 £000
Amounts owed by group undertakings	**466**	331	**40,075**	19,908
Trade debtors	**3,204**	3,271	**–**	–
Corporation tax	**–**	–	**–**	–
Deferred tax	**2,356**			
Other debtors and prepayments	**6,745**	2,741	**–**	–
	12,771	6,343	**40,075**	19,908

The Directors believe the fair value of debtors falling due within one year is not materially different to the balance sheet value.

Amounts owed by group undertakings are due on demand and carry no coupon.

14. Creditors: amounts falling due within one year

	Group 31 December 2012 £000	Group 31 December 2011 £000	Company 31 December 2012 £000	Company 31 December 2011 £000

Trade creditors	**10,152**	4,578	**–**	–
Corporation tax	**1,704**	10,138	**97**	–
Other tax and social security	**1,293**	1,620	**–**	–
Amounts owed to group undertakings	**5,521**	2,649	**4,130**	10
Other creditors	**7,245**	1,639	**–**	–
Accrued interest on Senior Secured Loan Notes	**7,799**			
Accruals and deferred income	**8,367**	5,256	**–**	–
	42,081	25,880	**4,227**	10

The directors believe the fair value of these liabilities is not materially different to the balance sheet value.

Trade creditors includes £7.1m (31 December 2011: £2.4 million) in respect of obligations due to clients for cash included in Cash at bank and in hand on the consolidated balance sheet which have been collected on behalf of clients. The obligations due to clients for cash included in Cash at bank and in hand at 31 December 2012 includes £1.2 million (2011: nil) in respect of amounts due to the Anacap Credit Opportunities Fund II L.P. ("AOF") in respect of the AOF portfolio managed on their behalf described in note 26.

Included in other creditors is £4.7 million (2011: nil) in respect of portfolio purchases which were completed during 2012 but the deferred consideration not payable until 2013, and £61,742 (2011: £35,324) in respect of pension contributions to be paid into the groups defined contribution pension scheme.

15. Creditors: amounts falling due after more than one year

	Group 31 December 2012 £000	Group 31 December 2011 £000	Company 31 December 2012 £000	Company 31 December 2011 £000
Senior Secured Loan Notes due 2019	**253,619**	–	**–**	–
Bank loans and overdrafts	**8,372**	152,068	**–**	–
	261,991	152,068	**–**	–
Analysis of loan repayments:				
In more than one year but less than 5 years	**8,372**	152,068	**–**	–
In more than 5 years	**253,619**	–	**–**	–

Cabot Financial (Luxembourg) S.A., a subsidiary of the Company incorporated on 3 September 2012, issued £265 million of Senior Secured Loan Notes on 20 September 2012. The Senior Secured Loan Notes are due for repayment on 1 October 2019 and have a fixed interest rate of 10.375%. Interest on the Senior Secured Loan Notes is payable on 1 April and 1 October in each year.

The proceeds from issue of the Senior Secured Loan Notes due 2019 were used to repay the bank loans and overdrafts outstanding at 20 September 2012 of £155.5 million, repay £76.1 million principal of the shareholder A & B loan notes, pay £13.9 million of rolled up interest attached to the redeemed shareholder A & B loan notes, and provide additional working capital for the Company including meeting the costs of issue of the Senior Secured Loan Notes.

In addition, on 20 September 2012 Cabot Financial (UK) Limited, a subsidiary of the Company, entered into an agreement for a senior committed revolving credit facility of £50 million. The facility is due for renewal in September 2017 and interest on the facility is charged at LIBOR plus a maximum of 4% depending after six months on the Loan to Value ("LTV") Ratio achieved by the Company calculated as being the ratio of the net financial indebtedness of the Company, excluding cash held at bank on behalf of clients and unamortised debt issue costs, to 84-Month ERC at a balance sheet date. The Company is covenanted to ensure its LTV Ratio shall not exceed 0.75, and at 31 December 2012 the LTV Ratio was compliant at 0.36.

The Company and certain Group companies have granted a fixed and floating charge over assets with a carrying value in excess of £315 million at the balance sheet date as security for the £265 million of Senior Secured Loan Notes due 2019 together with related interest, and the £50 million senior committed revolving credit facility together with related interest. Cash held on behalf of clients are excluded from the security given to the Senior Secured Notes and the Senior Committed revolving credit facility.

Based on the Luxembourg Stock Exchange quoted price at the balance sheet date, the Directors believe the fair value of the senior secured loan notes to be £290 million. For all other items, the Directors believe the fair value of the liabilities is not materially different to the balance sheet value.

16. Provisions for liabilities and charges

	Group £000's	Company £000's
At 31 December 2011	783	–
Current period timing adjustment	(104)	–
At 31 December 2012	679	–

The provision is entirely a deferred tax liability relating to the timing difference between the tax and the increase in brought forward reserves at 1 November 2006 in respect of the cumulative effect on adoption of FRS 26. The remaining provision is anticipated to be released evenly to the profit and loss account over the period to 31 October 2016.

17. Deferred tax asset

	Group 31 December 2012 £000	Group 31 December 2011 £000	Company 31 December 2012 £000	Company 31 December 2011 £000
Accelerated capital allowances	**286**	291	**–**	–
Tax losses not recognised	**5,120**	6,767	**3,226**	3,646
Deferred tax not recognised	**(3,050)**	(7,058)	**(3,226)**	(3,646)
	2,356	–	**–**	–

Tax losses have not been recognised by the Group in respect of losses arising on the historic financing structure of the Group as the timing of utilisation of these tax losses is uncertain. All other tax losses have been recognised by the Group at 31 December 2012 (2011: nil) as the Directors are confident of the recovery of the tax losses within the medium term based of forecasts prepared.

The Finance Act 2012, which reduced the main rate of UK corporation tax to 23% effective from 1 April 2013, was enacted on 17 July 2012. As this change in rate was substantively enacted prior to 31 December 2012 it has been reflected in the deferred tax assets and liabilities at 31 December 2012.

The UK Government has also indicated that it intends to enact future reductions in the main rate of UK corporation tax of 1% each year down to 22% by 2014. These changes have not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. The estimated financial effect of these changes is not significant.

18. Share capital

	31 December 2012 £000	31 December 2011 £000
Called up, allotted and fully paid:		
250,000 class "B" ordinary shares of £1 each, subscription price of £1.00	**250**	250
	250	250

19. Profit and loss account

	Group 31 December 2012 £000	Group 31 December 2011 £000	Company 31 December 2012 £000	Company 31 December 2011 £000
Brought forward	**27,510**	(206,492)	**94**	(221,462)
Profit/(loss) retained for the period	**28,783**	234,219	**105,950**	221,556
Dividend paid	**(90,000)**	–	**(90,000)**	–
Exchange differences on consolidation	**(24)**	(217)	**–**	–
Carried forward	**(33,731)**	27,510	**16,044**	94

20. Reconciliation of operating profit to net cash outflow from operating activities

	12 months to 31 December 2012 £000	14 months to 31 December 2011 £000
Operating profit	**59,693**	39,799
Depreciation	**2,232**	2,273

Impairment of fixed assets	**111**	–
Amortisation of goodwill	**1,327**	1,674
Impairment of goodwill	**–**	14,277
Fair value movements in loan portfolios	**47,014**	36,850
Purchases of loan portfolios and other adjustments	**(97,640)**	(103,103)
Decrease / (increase) in debtors	**(6,449)**	361
Increase in creditors	**12,615**	1,222
	18,903	(6,647)

21. Analysis of cash flows

	12 months to 31 December 2012 £000	14 months to 31 December 2011 £000
Returns on investments and servicing of finance		
Interest received	**15**	8
Interest paid	**(5,921)**	(7,197)
Dividends paid	**(90,000)**	–
Facility fees and similar charges	**(9,646)**	(5,333)
Fees paid for interest rate derivatives	**(587)**	(322)
Issue costs for Senior Loan Note due 2019	**(7,751)**	–
Net cash outflow	**(113,890)**	(12,844)
Taxation		
UK corporation tax paid	**(13,140)**	(2,586)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(5,130)**	(2,467)
Purchase of residual shares from former minority shareholder	**–**	(306)
Net cash outflow	**(5,130)**	(2773)
Acquisitions and disposals		
Cash and overdrafts acquired	**–**	3,821
Net cash outflow	**–**	3,821
Financing		
Funds received from new senior committed revolving credit facility	**27,500**	–
Repayment of new senior committed revolving credit facility	**(17,500)**	–
Bank loans acquired/(repaid)	**(155,507)**	32,443
Issue of senior secured loan notes	**265,000**	–
Net cash inflow	**119,493**	32,443

22. Analysis of changes in net debt

	31 December 2011 £000's	Cash flow £000's	Other non-cash changes £000's	31 December 2012 £000's
Cash in hand and at bank	16,868	6,236	–	**23,104**
Debt due within one year	–			
Debt due after one year	(152,068)	(109,922)	–	**(261,990)**
Total	(135,200)	(103,686)	–	**(238,886)**

23. Reconciliation of net cash flow to movement in net debt

	12 months to 31 December 2012 £000	14 months to 31 December 2011 £000
Increase (decrease) in cash in the period	**6,236**	11,414
Other net changes in debt	**(109,922)**	149,255
Movement in net debt	**(103,686)**	160,669
Net debt at start of period	**(135,200)**	(295,869)
Net debt at end of period	**(238,886)**	(135,200)

24. Reconciliation of movement in shareholders' (deficit)/funds

GROUP

	Profit and loss account £000	Called up share capital £000	Capital contribution reserve £000	Shareholder's funds £000
At 31 December 2011	27,510	250	136,157	163,917
Profit for the year	28,783	–	–	28,783
Dividend	(90,000)	–	–	(90,000)
Other recognised losses	(24)	–	–	(24)
At 31 December 2012	**(33,371)**	**250**	**136,157**	**102,676**

COMPANY

	Profit and loss account £000	Called up share capital £000	Capital contribution reserve £000	Shareholder's funds £000
At 31 December 2011	94	250	136,157	136,501
Profit for the year	15,950	–	–	15,950
Dividend	(90,000)	–	–	–
Other recognised losses	–	–	–	–
At 31 December 2012	**16,044**	**250**	**136,157**	**152,451**

25. Contingent liabilities

The Company and some of its subsidiaries are party to guarantees in relation to the senior committed revolving credit facility drawn by a fellow group company, and the Senior Secured Loan Notes due 2019. Amounts outstanding on such borrowings were £275.0 million at 31 December 2012 (31 December 2011: Nil). The expectation is that any liability under these guarantees will not be crystallised in the foreseeable future. The Company and some of its subsidiaries were party to guarantees in respect of bank loans drawn by fellow group companies amounting to £155.5 million at 31 December 2011. These bank loans were repaid on 20 September 2012.

26. Related party transactions

The Company has taken advantage of the exemption in paragraph 3(c) of FRS 8 not to disclose transactions with wholly owned group companies wherein any subsidiary undertaking which is a party to the transactions is wholly owned by a member of that Group.

During the year to 31 December 2012 a fee of £175,000 (2011: £175,000) was charged to profit of ordinary activities before taxation in respect of monitoring services provided by AnaCap Calcium L.P. The amount due in respect of these fees was £nil (2011: £nil).

In August 2012 an indirect subsidiary of AnaCap Credit Opportunities Fund II L.P. ("AOF") acquired a portfolio of defaulted consumer debt from a large UK financial services group (the "AOF Portfolio"). AOF is related party to the ultimate parent undertaking of the Company, AnaCap Calcium L.P. Concurrently with the purchase of the AOF Portfolio, the Group acquired two portfolios of defaulted consumer debt from the same large UK financial services group, and also acts as master servicer for the AOF Portfolio for which it receives fees determined on an arms' length basis. The fees received by the Group in the year to 31 December 2012 were £0.1m (14 months to 31 December 2011: nil). The amounts outstanding in respect of these fees was £nil (2011: £nil).

27. Ultimate parent company

The Company's immediate parent company is Cabot Credit Management Limited. Cabot Financial Limited is wholly owned by Cabot Credit Management Limited, a company incorporated in Great Britain and registered in England and Wales. The immediate controlling party of the Company is Cabot Credit Management Limited.

Until 6 April 2011 the ultimate parent undertaking of Cabot Credit Management Limited was Citigroup Hold Co Limited, a company listed on the New York Stock Exchange in the United States.

Since 6 April 2011 the ultimate parent undertaking of Cabot Credit Management is AnaCap Calcium L.P., a partnership registered in Guernsey.

Marlin Financial Group Limited
Financial statements
31 December 2013

Independent auditor's report to the members of
Marlin Financial Group Limited

We have audited the Group and parent company financial statements of Marlin Financial Group Limited for the year ended 31 December 2013 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the associated notes to the consolidated cash flow statement, and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and the auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's and Group's affairs as at 31 December 2013 and of the loss of the Group for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Ian Smith (Senior Statutory Auditor)
for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor
Crawley, United Kingdom
19 March 2014

Marlin Financial Group Limited

Consolidated profit and loss account

For the year ended 31 December 2013

	Notes	Year ended 31 December 2013 £	Year ended 31 December 2012 £
Turnover	*2*	**58,761,899**	42,791,006
Cost of sales		**(32,494,937)**	(23,813,766)
Gross profit		**26,266,962**	18,977,240
Operating expenses		**(12,668,174)**	(11,031,619)
Exceptional costs		**(2,144,514)**	(859,639)
Total Operating expenses (net)	*3*	**(14,812,688)**	(11,891,258)
Operating profit		**11,454,274**	7,085,982
Finance charges (net)	*6*	**(31,974,882)**	(20,126,227)
Loss on ordinary activities before taxation	*3*	**(20,520,608)**	(13,040,245)
Tax on loss on ordinary activities	*7*	**1,420,638**	249,192
Loss for the financial year	*19, 24*	**(19,099,970)**	(12,791,053)

The results for the year derive from continuing operations.

There are no further recognised gains and losses for the current financial year other than as stated in the profit and loss account and as a result no statement of total recognised gains and losses is given.

Notes 1 to 26 form part of these financial statements.

Marlin Financial Group Limited

Consolidated balance sheet

As at 31 December 2013

	Note	2013 £	2013 £	2012 £	2012 £
Fixed assets					
Goodwill	*9*		**7,244,435**		7,697,212
Tangible fixed assets	*10*		**884,833**		494,795
			8,129,268		8,192,007
Current assets					
Stocks: Purchased debt portfolios	*12*	**144,139,170**		105,448,728	
Debtors: amounts falling due within one year	*13*	**1,448,435**		328,901	
Cash at bank and in hand					
– restricted		**1,899,803**		3,657,613	
– unrestricted		**16,891,500**		1,901,822	
		164,378,908		111,337,064	
Creditors: amounts falling due within one year	*14*	**(17,274,436)**		(54,031,735)	
Net current assets			**147,104,472**		57,305,329
Total assets less current liabilities			**155,233,740**		65,497,336
Creditors: amounts falling due after more than one year	*15*		**(185,737,608)**		(76,576,713)
Provisions for liabilities	*16*		**(351,473)**		(680,480)
Net liabilities			**(30,855,341)**		(11,759,857)
Capital and reserves					
Called up share capital	*17*		**24,394**		23,810
Share premium	*19*		**5,550,083**		5,550,074
Profit and loss account – deficit	*19*		**(36,429,818)**		(17,333,741)
Total shareholders' deficit	*24*		**(30,855,341)**		(11,759,857)

Notes 1 to 26 form part of these financial statements.

The financial statements of Marlin Financial Group Limited, registered number 07195881, were approved by the board of directors and authorised for issue on 18 March 2014.

They were signed on its behalf by:

K Stannard
Director

Marlin Financial Group Limited

Company balance sheet

As at 31 December 2013

	Note	2013 £	2013 £	2012 £	2012 £
Fixed assets					
Investments	*11*		*11,600*		11,600
Current assets					
Debtors:					
– amounts falling due within one year	*13*	*26,188*		26,437	
– amounts falling due after more than one year	*13*	*4,023,904*		4,561,915	
Cash at bank and in hand		*643*		–	
		4,050,735		4,588,352	
Creditors: amounts falling due within one year	*14*	*(38,855)*		(102,725)	
Net current assets			*4,011,880*		4,485,627
Net assets			*4,023,480*		4,497,227
Capital and reserves					
Called up share capital	*17*		*24,394*		23,810
Share premium reserve	*19*		*5,550,083*		5,550,074
Profit and loss account – deficit	*19*		*(1,550,997)*		(1,076,657)
Total shareholders' funds	*24*		*4,023,480*		4,497,227

Notes 1 to 26 form part of these financial statements.

The financial statements of Marlin Financial Group Limited, registered number 07195881, were approved by the board of directors and authorised for issue on 18 March 2014.

They were signed on its behalf by:

K Stannard
Director

Marlin Financial Group Limited

Consolidated cash flow statement

For the year ended 31 December 2013

	Notes		2013		2012
		£	£	£	£
Net cash outflow from operating activities	*A*		**(29,049,826)**		(12,495,876)
Returns on investments and servicing of finance					
Interest received		**14,670**		319	
Interest paid		**(9,160,613)**		(7,850,292)	
Net cash outflow from returns on investments and servicing of finance			**(9,145,943)**		(7,849,973)
Taxation					
Tax paid			**(581,130)**		(632,383)
Capital expenditure					
Payments to acquire tangible fixed assets		**(605,110)**		(459,331)	
Net cash outflow from capital expenditure			**(605,110)**		(459,331)
Management in restricted cash					
Decrease/(increase) in restricted cash			**1,757,810**		(184,392)
Net cash outflow before financing			**(37,624,199)**		(21,621,955)
Issue of ordinary share capital		**593**		101,601	
New loans		**184,271,144**		107,715,721	
Loans repaid		**(120,999,952)**		(79,275,279)	
Loan issue costs paid		**(10,657,908)**		(6,603,476)	
Capital element of finance lease rental payments		**–**		(14,582)	
Net cash inflow from financing			**52,613,877**		21,923,985
Increase in cash	*B,C*		**14,989,678**		302,030

Notes 1 to 26 form part of these financial statements.

Marlin Financial Group Limited

Notes to the consolidated cash flow statement

For the year ended 31 December 2013

A. Reconciliation of operating profit to net cash inflow from operating activities

	2013 £	2012 £
Operating profit	**11,454,274**	7,085,983
Depreciation charges	**215,070**	134,720
Amortisation of intangible assets	**452,777**	452,777
Decrease in debtors	**(734,689)**	1,291,193
Increase in stocks: purchased debt portfolios	**(44,251,210)**	(22,853,524)
Increase in creditors	**3,765,561**	1,409,806
Foreign exchange	**44,498**	(38,561)
Equity settled share based payments	**3,893**	21,730
Net cash outflow from operating activities	**(29,049,826)**	(12,495,876)

B. Reconciliation of net cash flow to movements in net debt

	2013 £	2012 £
Increase in cash in the year	**14,989,678**	302,030
(Decrease)/increase in restricted cash in the year	**(1,757,810)**	184,392
New third party loans	**(184,271,144)**	(107,715,721)
Third party loans repaid	**120,999,952**	79,275,279
Repayment of hire purchase liabilities	**–**	14,582
Non-cash changes and foreign exchange	**(2,144,103)**	(12,535,438)
Net debt at 1 January	**(121,110,547)**	(80,635,671)
Net debt at 31 December	**(173,293,974)**	(121,110,547)

C. Analysis of changes in net debt

	1 January 2013 £	Cash flows £	Non cash items £	31 December 2013 £
Net cash				
Cash in hand and at bank:				
– unrestricted	**1,901,822**	14,989,678	–	**16,891,500**
	1,901,822	14,989,678	–	**16,891,500**
Cash in hand and at bank – restricted	**3,657,613**	(1,757,810)	–	**1,899,803**
Debt				
Debt due within one year	**(48,328,268)**	42,811,954	5,516,314	**–**
Debt due after one year	**(78,341,714)**	(106,083,146)	(7,660,417)	**(192,085,277)**
Net debt	**(121,110,547)**	(50,037,748)	(2,144,103)	**(173,293,974)**

Marlin Financial Group Limited

Notes to the financial statements

For the year ended 31 December 2013

1. Accounting policies

The Financial Statements are prepared in accordance with applicable United Kingdom accounting standards. The principal accounting policies adopted are described below and have been applied consistently throughout the current year and preceding period.

Accounting convention The Financial Statements are prepared under the historical cost convention. Basis of consolidation The Group Financial Statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method. Going concern The Group intends to continue its strategy of growth through the acquisition of portfolios and the Directors have prepared budgets and forecasts, which include the Company, on this basis. Since the year end the Group has been purchased by Cabot Financial Holdings Group Limited which is ultimately supported by Encore Capital Group Inc. Cabot has indicated its intention to continue to support the Group's growth and provide the financial support to achieve this. On this basis the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going-concern basis in preparing the Annual Report and Financial Statements Tangible fixed assets Tangible fixed assets are stated at cost, net of depreciation.

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Plant and machinery	20% straight line
Fixtures and fittings	14% straight line
Computer equipment	20% straight line
Computer software..............	33% straight line

Taxation Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Turnover Turnover from collections on owned portfolios represents the gross collection monies received and is recognised at the point of receipt.

Turnover from debt servicing for third parties is the commission receivable net of value added tax and is recognised at the point when the underlying collections are received.

The group starts to recognise collections on portfolios from the date at which it has effective control over the portfolio. Pensions The Group operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet. Foreign currency Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. The resulting exchange differences are recorded in the profit and loss account. Leases Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term. Derivative financial instruments The Group uses derivative financial instruments to reduce exposure to interest rate movements. The fair value of these contracts is disclosed in note 25. This fair value is not recorded in the financial statements. Financial liabilities and equity Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount. In determining the internal rate of return of the financial liabilities expected contingent payments are included. Equity instruments Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. Share-based payments The Company has applied the requirements of FRS 20 Share-based Payment.

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured by use of the Black Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Litigation costs Costs incurred in obtaining court orders and pursuing legal action against portfolio assets are expensed when incurred. Cash at bank and in hand Cash at bank and in hand comprises cash and bank deposits repayable on demand. Collections from debt servicing activities are held in client accounts. These amounts are distributed in accordance with the relevant inter-creditor agreement for that portfolio. Such amounts are classified as restricted cash. Debt portfolios Purchased debt portfolios are initially recorded as stocks at the fair value of the consideration paid. The portfolios are amortised over the expected useful lives. The amortisation is calculated based on the expected total collections over a fixed 10 year period from the purchase date, in order to provide a constant yield over the life of the portfolio. This amortisation is included in cost of sales. The portfolios are subject to an annual impairment review. Goodwill Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life of 20 years. Provision is made for any impairment.

2. Segmental information

All turnover relates to portfolios of UK debtors. The Group is engaged in recovering its own debt portfolios as well as servicing portfolios owned by third parties on a commission basis. An analysis of turnover by class of business is shown below:

	Collections from owned portfolios 2013 £	**Collections from owned portfolios 2012 £**	**Debt servicing 2013 £**	**Debt servicing 2012 £**	**Total 2013 £**	**Total 2012 £**
Turnover						
Total sales................	**56,519,676**	42,179,613	**17,346,032**	10,265,138	**73,865,708**	52,444,751
Inter-segment sales ...	**–**	–	**(15,103,809)**	(9,653,745)	**(15,103,809)**	(9,653,745)
Sales to third parties	**56,519,676**	42,179,613	**2,242,223**	611,393	**58,761,899**	42,791,006

3. Loss on ordinary activities before taxation

	2013 £	**2012 £**
Loss on ordinary activities before taxation is stated after charging		
Depreciation..........	**215,071**	134,720
Amortisation of goodwill..........	**452,777**	452,777
Amortisation of debt portfolios..........	**25,788,561**	20,788,436
Operating lease rentals – other..........	**150,325**	206,442
Exceptional costs	**2,144,514**	859,639

In 2013 the Group incurred costs of £2,089,720 in connection with the sale of the business and related staff costs and a further £54,794 associated with group restructuring which has not been implemented.

In 2012 the Group recognised exceptional costs of £859,639 associated with group restructuring which has not been implemented.

	2013 £	2012 £
Auditor's remuneration is as follows:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**11,032**	10,608
Fees payable to the Company's auditor and their associates for other services to the Group:		
The audit of the Company's subsidiaries pursuant to legislation	**162,968**	122,102
Total audit fees	**174,000**	132,710
Corporate finance services	**573,000**	–
Audit related services	**221,000**	–
Other services in accordance with legislation	**1,000**	–
Tax services	**86,000**	78,950
Total non-audit fees	**881,000**	78,950

4. Information regarding directors and employees

	2013 £	2012 £
Directors' remuneration		
Emoluments	**1,089,049**	579,524
Company contributions to money purchase schemes	**65,146**	16,902
	1,154,195	596,426
Remuneration of the highest paid director	**443,958**	229,524
Company contributions to money purchase schemes	**28,583**	12,238
	472,541	241,762

	No.	No.
The number of directors who:		
Are members of a money purchase scheme	2	2
Had rewards receivable in the form of shares under a long-term incentive scheme	5	6

	No.	No.
Average number of persons employed (including directors)		
Collections	35	30
Administration	68	56
Legal	29	27
	132	113

5. Information regarding directors and employees

	2013 £	2012 £
Staff costs during the year (including directors)		
Wages and salaries	**5,451,808**	4,312,794
Social security costs	**597,592**	470,236
Pension costs	**268,338**	198,325
	6,317,738	4,981,355

6. Finance charges (net)

	2013 £	2012 £
Interest payable and similar charges	**31,989,552**	20,126,546
Interest receivable and similar charges	**(14,670)**	(319)
	31,974,882	20,126,227

Interest receivable relates to interest on funds held on deposit.

	2013 £	2012 £
Interest payable and similar charges		
Finance lease interest	**–**	2,563
Other loans	**19,327,178**	14,680,976
Other interest	**259,222**	161,493
Amortisation of loan issue costs	**3,097,906**	3,151,499
Refinancing costs	**9,301,629**	2,111,523
Interest on corporation tax liability	**3,617**	18,492
	31,989,552	20,126,546

7. Tax on loss on ordinary activities

(a) Tax on loss on ordinary activities

	2013 £	2012 £
Current tax		
United Kingdom corporation tax at 23.25% (2012 – 24.5%) based on the loss for the year	**–**	133,036
Adjustments in respect of prior years	**(1,091,631)**	129,584
Total current tax	**(1,091,631)**	262,620
Deferred tax		
Origination and reversal of timing differences	**(329,007)**	(19,689)
Adjustments in respect of prior years	**–**	(492,123)
Total deferred tax	**(329,007)**	(511,812)
Total tax on loss on ordinary activities	**(1,420,638)**	(249,192)

(b) Factors affecting current tax charge for the year

The tax assessed for the year is higher than that resulting from applying the standard rate of corporation tax in the UK 23.25% (2012 – 24.5%). The differences are explained below:

	2013 £	2012 £
Loss on ordinary activities before taxation	**(20,520,608)**	(13,040,245)
Tax on loss on ordinary activities at standard rate	**(4,771,041)**	(3,194,860)
Effects of:		
Disallowed expenses and non-taxable income	**2,614,457**	783,178

Capital allowances in excess of depreciation	**(43,716)**	1,106
Tax losses carried forward	**2,200,300**	2,543,612
Adjustments in respect of prior year	**(1,091,631)**	129,584
Total actual amount of current tax	**(1,091,631)**	262,620

(c) Factors that may affect future tax charge

The Finance Act 2013, which provides for reductions in the main rate of corporation tax from 23% to 21% effective from 1 April 2014 and to 20% effective from 1 April 2015, was substantively enacted on 2 July 2013. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

8. Loss attributable to the Company

The loss for the financial year dealt with in the financial statements of the Company was £474,340 (2012 – £889,032). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company.

9. Intangible fixed assets

Group	**Goodwill £**
Cost	
At 1 January 2013 and 31 December 2013	9,055,543
Amortisation	
At 1 January 2013	1,358,331
Charge for the year	452,777
At 31 December 2013	1,811,108
Net book value	
At 31 December 2013	7,244,435
At 31 December 2012	7,697,212

10. Tangible fixed assets

Group	**Plant and machinery £**	**Fixtures and fittings £**	**Computer equipment £**	**Computer Software £**	**Total £**
Cost					
At 1 January 2013	78,240	19,104	271,501	570,352	939,197
Additions	–	11,160	340,533	253,417	605,110
Disposals	(30,831)	(1,055)	(50,763)	(74,736)	(157,385)
At 31 December 2013	47,409	29,209	561,271	749,033	1,386,922
Accumulated depreciation					
At 1 January 2013	71,191	10,304	219,669	143,238	444,402
Charge for the year	6,689	1,565	50,961	155,855	215,070
Eliminated on disposal	(30,831)	(1,053)	(50,763)	(74,736)	(157,383)
At 31 December 2013	47,049	10,816	219,867	224,357	502,089
Net book value					
At 31 December 2013	360	18,393	341,404	524,676	884,833
At 31 December 2012	7,049	8,800	51,832	427,114	494,795

11. Fixed asset investments

	2013 £
Company	
At 1 January and 31 December 2013	11,600

11. Fixed asset investments

Principal Group investments The parent Company and the Group have investments in the following subsidiary undertakings and investments, which principally affected the profits or net assets of the Group. The principal investments include the following:

Subsidiary undertakings	Country of incorporation and operation	Principal activity	Holding %
Marlin Financial Services Limited* (04618038)	England and Wales	Debt Recovery	100
Marlin Europe I Limited* (05948653)	England and Wales	Management of debt portfolios	100
Marlin Capital Europe Limited* (04623224)	England and Wales	Management of debt portfolios	100
Marlin Europe II Limited* (06145019)	England and Wales	Management of debt portfolios	100
MCE Portfolio Limited* (05892466)	England and Wales	Management of debt portfolios	100
Marlin Legal Services Limited* (06200270)	England and Wales	Provision of legal services	100
MFS Portfolio Limited* (05477405)	England and Wales	Management of debt portfolios	100
MEIII Limited* (07255614)	England and Wales	Management of debt portfolios	100
Marlin Financial Intermediate Limited (07196379)	England and Wales	Holding and management company	100
Black Tip Capital Holdings Limited* (05927496)	England and Wales	Holding and management company	100
MEIV Limited* (07256706)	England and Wales	Management of debt portfolios	100
Marlin Intermediate Holdings Plc* (08248105)	England and Wales	Holding company	100
Marlin Midway Limited* (08255990)	England and Wales	Holding company	100
Marlin Senior Holdings Limited* (08215555)	England and Wales	Holding company	100
Marlin Portfolio Holdings Limited* (08215352)	England and Wales	Holding and management company	100
Marlin Financial Intermediate II Limited* (08346249)	England and Wales	Holding company	100
Marlin Unrestricted Holdings Limited* (08617335)	England and Wales	Holding company	100
Marlin Europe V Limited* (08260772)	England and Wales	Management of debt portfolios	100
Marlin Europe VI Limited* (08260821)	England and Wales	Management of debt portfolios	100
Marlin Europe VII Limited* (08584320)	England and Wales	Dormant	100
Marlin Europe VIII Limited* (08584322)	England and Wales	Dormant	100
Marlin Europe IX Limited* (08584323)	England and Wales	Dormant	100
Marlin Europe X Limited* (08584325)	England and Wales	Dormant	100

* denotes held indirectly

12. Stocks: purchased debt portfolios

	2013 £	2012 £
Purchased debt portfolios	**144,139,170**	105,448,728

13. Debtors

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Amounts falling due within one year:				
Trade debtors	**690,277**	104,559	**–**	–
Other debtors	**118,589**	204,827	**14,438**	13,927
Corporation Tax	**384,845**	–	**–**	–
Prepayments and accrued income	**254,724**	19,515	**11,750**	12,510
	1,448,435	328,901	**26,188**	26,437
Amounts falling due after more than one year:				
Amounts due from group undertakings	**–**	–	**4,023,904**	4,561,915
	–	–	**4,023,904**	4,561,915
Total debtors	**1,448,435**	328,901	**4,050,092**	4,588,352

14. Creditors: amounts falling due within one year

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Bank overdraft	**–**	–	**–**	90
Other loans	**–**	46,071,389	**–**	–
Trade creditors	**1,649,186**	1,912,107	**–**	42,635
Corporation tax	**–**	1,287,916	**–**	–
Other taxation and social security	**2,725,115**	1,672,856	**38,855**	–
Other creditors	**2,316,425**	1,027,058	**–**	–
Accruals and deferred income	**10,583,710**	2,060,409	**–**	60,000
	17,274,436	54,031,735	**38,855**	102,725

For further details of the other loans see note 15.

15. Creditors: amounts falling due after more than one year

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Other loans	**185,737,608**	76,576,713	**–**	–

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Other loans:				
Less than one year	**–**	48,328,269	**–**	–
1 – 2 years	**–**	28,847,254	**–**	–
2 – 5 years	**–**	2,169,485	**–**	–
Greater than 5 years	**192,085,278**	47,324,975	**–**	–
	192,085,278	126,669,983	**–**	–
Less: issue costs	**(6,347,670)**	(4,021,881)	**–**	–
	185,737,608	122,648,102	**–**	–

Other loans include £150,000,000 of 10.5% Senior Secured Notes. These are repayable on 25 July 2020 and are secured by the assets of Marlin Financial Intermediate II Limited and its subsidiaries. Since the year end this security has been substituted as described in note 22.

Within other loans there is £38,492,589 (2012: £50,540,539) of loans from Duke Street General Partner Limited as disclosed in note 26, of which £32,670,652 (2012: £45,978,369) is repayable in more than five years. The loans are at a fixed rate, ranging from 13% to 20%. These loans were transferred to Cabot Financial Holdings Group Limited on 10 February 2014 as part of the sale of the Group.

Furthermore, in other loans £625,750 (2012: £1,283,015) represents loans provided by shareholders as described in note 26. These loans were transferred to Cabot Financial Holdings Group Limited on 10 February 2014 as part of the sale of the Group.

The remaining amounts within other loans were provided by various third party finance providers and are variable rate, with a range of margins over short term LIBOR. These loans are secured on the portfolio assets of the Group.

16. Provisions for liabilities

	Deferred tax **£**
At 1 January 2013	680,480
Charged to profit and loss account	(329,007)
At 31 December 2013	351,473

16. Provisions for liabilities

Deferred taxation

Deferred tax is provided as follows:

	2013 £
Group	
Capital allowances in excess of depreciation	**59,045**
Loan interest	**(185,959)**
Other timing differences	**478,387**
Total Deferred tax	**351,473**

The Finance Act 2013, which provides for reductions in the main rate of corporation tax from 23% to 21% effective from 1 April 2014 and to 20% effective from 1 April 2015, was substantively enacted on 2 July 2013. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

17. Called up share capital

	2013 £	2012 £
Called up, allotted and fully paid:		
299,401 (2012 – 241,004) 'A' ordinary shares of £0.01 each	**2,994**	2,410
2,000,000 (2012 – 2,000,000) 'B' ordinary shares of £0.01 each	**20,000**	20,000
140,000 (2012 – 140,000) 'C' ordinary shares of £0.01 each	**1,400**	1,400
	24,394	23,810

On 1 April 2010 the Company issued 40,816 'A' £0.01 Ordinary shares, 2,000,000 'B' £0.01 Ordinary shares and 20,000 'C' £0.01 Ordinary shares for a total consideration of £5,449,441.

During 2011 the Company issued a further 88,968 'A' £0.01 Ordinary shares and 60,000 'C' £0.01 Ordinary shares for a total consideration of £22,842.

C shares are non-voting. For each of the classes of shares, there are different rights on a change in control of the business and in the event of winding the Group up. In all other respects the shares rank pari passu.

During 2012, the Company issued a further 111,220 'A' £0.01 Ordinary shares and 60,000 'C' £0.01 Ordinary shares for a total consideration of £101,601.

During 2013, the Company issued a further 58,397 'A' £0.01 Ordinary shares for a total consideration of £593 Options have been granted under the Marlin Financial Group Limited option scheme to subscribe for ordinary shares of the Company as follows:

Number of shares under option	Issue date	Subscription price per share	Exercise period
35,272	1 April 2010	£1.17	2 years
39,423	1 April 2010	£1.48	3 years
22,854	29 February/ 31 October 2011	£0.02	1 year
22,853	29 February/ 31 October 2011	£0.03	2 years
22,853	29 February 31 October 2011	£0.04	3 years

18. Financial commitments

At 31 December 2013, the Group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings

	2013 £	2012 £
Leases which expire:		
Within one year	**–**	57,115
Between two and five years	**145,125**	145,125

19. Statement of movements on reserves

Group	**Share premium account £**	**Profit and loss account £**	**Total £**
At 1 January 2013	5,550,074	(17,333,741)	(11,783,667)
Loss for the financial year	–	(19,099,970)	(19,099,970)
Premium on shares issued (Note 17)	9	–	9
Equity settled share based payments	–	3,893	3,893
Balance at 31 December 2013	5,550,083	(36,429,818)	(30,879,735)

Company	**Share premium account £**	**Profit and loss account £**	**Total £**
At 1 January 2013	5,550,074	(1,076,657)	4,473,417
Loss for the financial year	–	(474,340)	(474,340)
Premium on shares issued (Note 17)	9	–	9
Balance at 31 December 2013	5,550,083	(1,550,997)	3,999,086

20. Equity-settled share option schemes

Employees of the Company participate in the equity settled share based payment scheme. Options are exercisable at a price equal to the estimated fair value of Marlin Financial Group's shares on the date of grant. The vesting period is one to three years. If the options remain unexercised after a period of five years from the date of grant the options expire. Options are forfeited if the employee leaves the Group before the options vest.

Details of the share options outstanding during the year are as follows:

	31 December 2013		**31 December 2012**	
	Number of share options	**Weighted average exercise price (£)**	**Number of share options**	**Weighted average exercise price (£)**
Outstanding at the start of the year	**85,130**	**0.71**	143,255	0.71
Granted during the year	**(42,193)**	**–**	–	–
Exercised during the year	**(41,180)**	**0.71**	(58,125)	0.72
Outstanding at the end of the year	**1,757**	**0.71**	85,130	0.71
Exercisable at the end of the year	**–**		–	

The weighted average share price at the date of exercise for share options exercised during the year was £0.25. The options outstanding at 31 December 2013 had a weighted average exercise price of £0.71 and a weighted average remaining contractual life of 1 years.

The inputs into the Black Scholes model are as follows:

	2013	**2012**
Weighted average share price	**25.00p**	25.00p
Weighted average exercise price	**34.00p**	34.00p
Expected volatility	**20%**	20%
Expected life	**3 Years**	3 years
Risk-free rate	**2.79%**	2.79%
Expected dividend yield	**0.00%**	0.00%

Expected volatility was determined by researching the volatility of similar type businesses in the public sector over a period of one year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

In 2013 the Group recognised total expenses of £3,893 (2012: £21,730) related to equity-settled share-based payment transactions.

21. Contingent liabilities

In the ordinary course of its business the Group is exposed to the potential for claims and litigation. The Directors are satisfied that they have adequate controls and procedures in place to mitigate this risk and so do not expect any material impact on future results to arise.

22. Non adjusting events

On 10 February 2014 the entire share capital of the company was sold to Cabot Financial Holdings Group Limited.

On 19 February 2014, Marlin Intermediate Holdings plc received the requisite consents from holders of the Senior Secured Notes to certain amendments and waivers to the indenture governing the Senior Secured Notes, and executed a supplemental indenture to give effect to such amendments and waivers. On 14 March 2014, Marlin Intermediate Holdings plc, Cabot Financial Limited and certain other parties executed a second supplemental indenture pursuant to which, among other things, Cabot Financial Limited and certain of its subsidiaries agreed to guarantee and provide security for the Senior Secured Notes. Also on 14 March 2014, the Company and certain of its subsidiaries agreed to guarantee and provide security for existing indebtedness of Cabot Financial Holdings Group Limited and its subsidiaries.

23. Control

The Company's immediate parent company is Cabot Financial Holdings Group Limited and the ultimate controlling party is Encore Capital Group Inc.

For the year ended 31 December 2013 and up until 9 February 2014 the immediate and ultimate controlling party was Duke Street General Partner Limited.

On 10 February 2014 Duke Street General Partner Limited sold its stake in the company to Cabot Financial Holdings Group Limited.

The largest and smallest group in which the results of the company are consolidated is that headed by Marlin Financial Group Limited. Copies of the financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

24. Reconciliation of movements in shareholders' funds

Group	**2013** **£**	**2012** **£**
Loss for the financial year	**(19,099,970)**	(12,791,053)
Share capital issued	**593**	101,601
Equity settled share based payments	**3,893**	21,730
Opening shareholders' funds	**(11,759,857)**	907,865
Closing shareholders' funds	**(30,855,341)**	(11,759,857)

Company	**2013** **£**	**2012** **£**
Loss for the financial year	**(474,340)**	(889,032)
Share capital issued	**593**	101,601
Opening shareholders' funds	**4,497,227**	5,284,658
Closing shareholders' funds	**4,023,480**	4,497,227

25. Derivatives not included at fair value

The Group has derivatives which are not included at fair value in the accounts:

	Principal		**Fair value**	
	2013 **£**	**2012** **£**	**2013** **£**	**2012** **£**
Interest rate cap contract	**–**	270,000	**–**	–
Interest rate cap contract	**4,393,290**	6,903,387	**–**	–
Interest Swap	**–**	75,000,000	**–**	(936,666)

The Group uses derivatives to hedge its exposures to changes in interest rates on its bank borrowings. The fair values are based upon market values of equivalent instruments at the balance sheet date.

The interest rate cap contracts with nominal values of £4,393,290 have floating interest payments capped at 2% above LIBOR until 12 May 2014. This was cancelled on 27 January 2014 at no cost to the Group.

26. Related party transactions

The Company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with its wholly owned subsidiaries on the grounds that it has prepared consolidated financial statements that include these subsidiaries. Set out below is a summary of other related party transactions. All such transactions are contracted on an arm's length basis.

Number	Transaction	Related party
1	During 2007 the Black Tip Capital Holdings Limited group was provided with loans for working capital purposes of £180,000, a further loan of US$300,000, and a further loan of €370,292. In 2009 further funds of £75,437 and USD$450,000 were provided. These loans are secured on the portfolio acquisitions of Marlin Capital Europe Limited. The loans are repaid from the cash flow of the portfolios acquired once interest and management fees obligations are met. The loans accrue interest at LIBOR plus 1%. Interest charged in the year was £8,422 (2012 – £109,006). At the year end £nil (2012 – £642,133) was outstanding in respect of the loans and this is included within other loans in Note 15.	Ascot Management Group Limited, a shareholder
2	During 2007 the Black Tip Capital Holdings Limited group was provided with loans for working capital purposes of US$300,000. In 2009 a further loan of USD$126,286 was received. These loans are secured on the portfolio acquisitions of Marlin Capital Europe Limited. The loans are repaid from the cash flow of the portfolios acquired once interest and management fees obligations are meet. The loans accrue interest at LIBOR plus 1%. Interest charged in the year was £1,001 (2012 – £38,756). At the year end £nil (2012 – £84,696) was outstanding in respect of the loans and this is included within other loans in Note 15.	Jan Rosenberg, a shareholder

Number	Transaction	Related party
3	During 2007 the Black Tip Capital Holdings Limited group was provided with loans for working capital purposes of £20,000. In 2009, further loans of £14,040 and USD$102,480 were received. These loans are secured on the portfolio acquisitions of Marlin Capital Europe Limited. The loans are repaid from the cash flow of the portfolios acquired once interest and management fees obligations are meet. The loans accrue interest at LIBOR plus 1%. Interest charged in the year was £339 (2012 – £7,357). At the end of the year £nil (2012 – £20,722) was outstanding in respect of these loans and this is included within other loans in Note 15.	Emily Adelsbach, a connected person of Chris Adelsbach who is a shareholder
4	Duke Street has provided the Group with loans for working capital purposes. The loans are at various fixed rates and the interest charged in the year was £7,560,393 (2012 – £6,323,825). At the year end £38,492,589 (2012 – £50,540,539) was outstanding in respect of the loans and is included within other loans in Note 15. These loans were transferred to Cabot Financial Holdings Group Limited on 10 February 2014 as part of the sale of the Group.	Duke Street LLP, a shareholder
5	During 2010 the Group was provided with loans for working capital purposes of £2,000,000. The loan accrues interest at 10% and the interest charged in the period was £272,587 (2012 – £247,586). At the year end £2,764,269 (2012 – £2,544,734) was outstanding in respect of the loan and is included within other creditors in Note 14. These loans were transferred to Cabot Financial Holdings Group Limited on 10 February 2014 as part of the sale of the Group.	Ascot Management Group Limited, C Adelsbach and Jan Rosenburg, shareholders
6	The Group paid professional fees of £77,478 (2012 – £101,211). At the balance sheet date there was £nil (2012 – £25,000) outstanding and is included within trade creditors in Note 14. The amount was interest free, unsecured and payable on demand.	Duke Street LLP, a shareholder
7	The Group paid management fees of £25,000 (2012 – £25,000). There was no balance outstanding at the end of the year (2012 – £nil).	Parchester Limited, Group Chairman
8	The Group paid consultancy fees of £12,000 (2012 – £78,350). There was no balance outstanding at the end of the year (2012 – £nil).	John Sinclair, a director
9	The Group paid £193,700 (2012 – £88,700) for services to Sirgan Financial Business Solutions Limited, a business connected to Peter Richardson. There was £33,300 outstanding at the end of the year (2012 – £88,700).	Peter Richardson, a shareholder

10	The group paid management fees of £48,250 (2012 – £285,717). At the balance sheet date there was no amount outstanding (2012 – Nil).	Ascot Management Group Limited, shareholders

Number	Transaction	Related party
11	During 2012, the Group was provided with a loan for working capital purposes of £534,718. The loan accrued interest of 17% and the interest charged in the period was £221,798 (2012 – £747). At the year end, £489,461 (2012 – £535,465) was outstanding in respect of the loan and this is included within other loans in Note 15. These loans were transferred to Cabot Financial Holdings Group Limited on 10 February 2014 as part of the sale of the Group.	Ascot Management Group Limited, Jan Rosenberg, Chris Adelsbach, David Page, Tariq Khan, Peter Richardson, Ivan Lawrence, John Sinclair, Juliet Telford, George Watt, Richard Hunton and Ken Stannard, all shareholders of Marlin Financial Group Limited.
12	The Group paid consultancy fees of £158,190 (2012 – £nil) At the balance sheet date there was no amount outstanding.	Bluemont Limited, an associated company of Martin Dunphy, a shareholder
13	In January 2013, the Group was provided with a loan for working capital purposes of £2,312,943. The loan accrued interest of 25% and the interest charged in the period was £44,010 (2012 – £nil). The loan was repaid in February 2013.	Ascot Management Group Limited, Peter Richardson, Christopher Adelsbach, Juliet Telford and Ken Stannard, shareholders
14	During 2013, the Group was provided with a loan for working capital purposes of £252,352. The loan accrued interest of 17% and the interest charged in the period was £36,206 (2012 – £nil). At the period end £202,670 (2012 – £nil) was outstanding in respect of the loans and is included within other loans in Note 15. These loans were transferred to Cabot Financial Holdings Group Limited on 10 February 2014 as part of the sale of the Group.	Ascot Management Group Limited, a shareholder
15	During 2013, the Group was provided with a loan for working capital purposes of £121,000. The loan accrued interest of 25% and the interest charged in the period was £15,289 (2012 – £nil). At the period end £136,289 (2012 – £nil) was outstanding in respect of the loans and is included within other loans in Note 15. These loans were transferred to Cabot Financial Holdings Group Limited on 10 February 2014 as part of the sale of the Group.	Peter Richardson, Ken Stannard and John Sinclair, shareholders

Marlin Financial Group Limited
Financial statements
31 December 2012

Independent auditor's report to the members of
Marlin Financial Group Limited

We have audited the group and parent company financial statements of Marlin Financial Group Limited for the year ended 31 December 2012 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the associated notes to the consolidated cash flow statement, and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and the auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's and the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's and Group's affairs as at 31 December 2012 and of the loss of the Group for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Darren Longley (Senior Statutory Auditor)
for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor
Crawley, United Kingdom
12 April 2013

Marlin Financial Group Limited

Consolidated profit and loss account

For the year ended 31 December 2012

	Notes	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Turnover	*2*	**42,791,006**	31,663,490
Exceptional write back of accrued management fees	*4*	**–**	467,107
Cost of sales		**(23,813,766)**	(15,691,859)
Total cost of sales		**(23,813,766)**	(15,224,752)
Gross profit		**18,977,240**	16,438,738
Operating expenses (net)	*3*	**(11,891,258)**	(9,640,117)
Operating profit		**7,085,982**	6,798,621
Finance charges (net)	*6*	**(20,126,227)**	(8,437,059)
Loss on ordinary activities before taxation	*4*	**(13,040,245)**	(1,638,438)
Tax on loss on ordinary activities	*7*	**249,192**	(664,901)
Loss for the financial year	*19, 23*	**(12,791,053)**	(2,303,339)

The results for the year derive from continuing operations.

There are no further recognised gains and losses for the current financial year other than as stated in the profit and loss account and as a result no statement of total recognised gains and losses is given.

Notes 1 to 26 form part of these financial statements.

Marlin Financial Group Limited

Consolidated balance sheet

As at 31 December 2012

	Note	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Goodwill	*9*		**7,697,212**		8,149,989
Tangible fixed assets	*10*		**494,795**		170,184
			8,192,007		8,320,173
Current assets					
Stocks: Purchased debt portfolios	*12*	**105,448,728**		77,034,437	
Debtors: amounts falling due within one year	*13*	**328,901**		1,620,093	
Cash at bank and in hand – restricted		**3,657,613**		3,473,221	
– unrestricted		**1,901,822**		1,643,561	
		111,337,064		83,771,312	
Creditors: amounts falling due within one year	*14*	**(54,031,735)**		(28,369,043)	
Net current assets			**57,305,329**		55,402,269
Total assets less current liabilities			**65,497,336**		63,722,442
Creditors: amounts falling due after more than one year	*15*		**(76,576,713)**		(61,622,285)
Provisions for liabilities	*16*		**(680,480)**		(1,192,292)
Net (liabilities)/assets			**(11,759,857)**		907,865
Capital and reserves					
Called up share capital	*17*		**23,810**		22,098
Share premium	*19*		**5,550,074**		5,450,185
Profit and loss account – deficit	*19*		**(17,333,741)**		(4,564,418)
Total shareholders' funds	*23*		**(11,759,857)**		907,865

Notes 1 to 26 form part of these financial statements.

The financial statements of Marlin Financial Group Limited, registered number 07195881, were approved by the board of directors and authorised for issue on 12 April 2013.

They were signed on its behalf by:

K Stannard

Director

Marlin Financial Group Limited

Company balance sheet

As at 31 December 2012

	Note	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Investments	*11*		**11,600**		11,600
Current assets					
Debtors:					
– amounts falling due within one year	*13*	**26,437**		38,858	
– amounts falling due after more than one year	*13*	**4,561,915**		5,423,003	
		4,588,352		5,461,861	
Creditors: amounts falling due within one year	*14*	**(102,725)**		(188,803)	
Net current assets			**4,485,627**		5,273,058
Net assets			**4,497,227**		5,284,658
Capital and reserves					
Called up share capital	*17*		**23,810**		22,098
Share premium reserve	*19*		**5,550,074**		5,450,185
Profit and loss account – deficit	*19*		**(1,076,657)**		(187,625)
Total shareholders' funds	*23*		**4,497,227**		5,284,658

Notes 1 to 26 form part of these financial statements.

The financial statements of Marlin Financial Group Limited, registered number 07195881, were approved by the board of directors and authorised for issue on 12 April 2013.

They were signed on its behalf by:

K Stannard

Director

Marlin Financial Group Limited

Consolidated cash flow statement

For the year ended 31 December 2012

	Notes	£	2012 £	£	2011 £
Net cash outflow from operating activities	*A*		**(12,495,876)**		(33,751,753)
Returns on investments and servicing of finance					
Interest received		**319**		193	
Interest paid		**(7,850,292)**		(2,768,001)	
Net cash outflow from returns on investments and servicing of finance			**(7,849,973)**		(2,767,808)
Taxation					
Tax (paid)			**(632,383)**		(1,155,549)
Capital expenditure					
Payments to acquire tangible fixed assets		**(459,331)**		(107,656)	
Net cash outflow from capital expenditure			**(459,331)**		(107,656)
Management of liquid resources					
(Increase) in restricted cash			**(184,392)**		(2,268,160)
Net cash outflow before financing			**(21,621,955)**		(40,050,926)
Issue of ordinary share capital		**101,601**		22,842	
New loans		**107,715,721**		69,778,432	
Loans repaid		**(79,275,279)**		(28,908,484)	
Loan issue costs paid		**(6,603,476)**		(3,874,792)	
Capital element of finance lease rental payments		**(14,582)**		(44,781)	
Net cash inflow from financing			**21,923,985**		36,973,217
Increase/(decrease) in cash	*B,C*		**302,030**		(3,077,709)

Notes 1 to 26 form part of these financial statements.

Marlin Financial Group Limited

Notes to the consolidated cash flow statement

For the year ended 31 December 2012

A. Reconciliation of operating profit to net cash inflow from operating activities

	2012 £	2011 £
Operating profit	**7,085,983**	6,798,621
Depreciation charges	**134,720**	83,149
Amortisation of intangible assets	**452,777**	452,777
Decrease/(increase) in debtors	**1,291,193**	(389,220)
Increase in stocks: purchased debt portfolios	**(22,853,524)**	(37,379,053)
Increase/(decrease) in creditors	**1,409,806**	(3,379,624)
Foreign exchange	**(38,561)**	14,528
Equity settled share based payments	**21,730**	47,069
Net cash outflow from operating activities	**(12,495,876)**	(33,751,753)

B. Reconciliation of net cash flow to movements in net debt

	2012 £	2011 £
Increase/(Decrease) in cash in the year	**302,030**	(3,077,709)
Increase in restricted cash in the year	**184,392**	2,268,160
New third party loans	**(107,715,721)**	(69,778,432)
Third party loans repaid	**79,275,279**	28,908,484
Repayment of hire purchase liabilities	**14,582**	44,781
Non-cash changes and foreign exchange	**(12,535,438)**	(3,156,070)
Net debt at 1 January	**(80,635,671)**	(35,844,885)
Net debt at 31 December	**(121,110,547)**	(80,635,671)

C. Analysis of changes in net debt

	1 January 2012 £	Cash flows £	Non Cash items £	31 December 2012 £
Net cash				
Cash in hand and at bank:				
– unrestricted	1,643,561	258,261	–	1,901,822
Overdrafts	(43,769)	43,769	–	–
	1,599,792	302,030	–	1,901,822
Cash in hand and at bank – restricted	3,473,221	184,392	–	3,657,613
Debt				
Debt due within one year	(23,075,026)	(19,149,676)	(6,103,566)	(48,328,268)
Debt due after one year	(62,619,076)	(9,290,767)	(6,431,871)	(78,341,714)
Hire purchase agreements	(14,582)	14,582	–	–
Net debt	(80,635,671)	(27,939,439)	(12,535,437)	(121,110,547)

Marlin Financial Group Limited

Notes to the financial statements

For the year ended 31 December 2012

1. Accounting policies

The Financial Statements are prepared in accordance with applicable United Kingdom accounting standards. The principal accounting policies adopted are described below and have been applied consistently throughout the current year and preceding period.

Accounting convention The Financial Statements are prepared under the historical cost convention. Basis of consolidation The Group Financial Statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method. Going concern The Group's business activities, together with the factors likely to affect its future development, performance and position are set out above. The financial performance of the Group is shown in the profit and loss account and cash flow statement and the financial position of the Group, is shown in the consolidated balance sheet. The Group's objectives, policies and processes for managing its financial risks, details of its financial instruments and hedging activities and its exposures to credit risk and liquidity risk are set out in note 26.

The Directors believe that the Company is well placed to manage its business risks successfully.

The Group intends to continue its strategy of growth through the acquisition of portfolios and the directors have prepared budgets and forecasts on this basis. These forecasts indicate that the Group will require additional funding in the coming year. In this context, the Directors are currently pursuing a number of different financing options, although these have not yet been finalised. However, the Directors have obtained confirmation from the Group's major shareholder of their intention to provide additional funding, either for working capital or other purposes beyond its agreed facilities, should this be required. On this basis the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going-concern basis in preparing the Annual Report and Financial Statements. Tangible fixed assets Tangible fixed assets are stated at cost, net of depreciation.

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Plant and machinery	20% straight line
Fixtures and fittings	14% straight line
Computer equipment	20% straight line
Computer software.........................	33% straight line

Taxation Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Turnover Turnover from collections on owned portfolios represents the gross collection monies received and is recognised at the point of receipt.

Turnover from debt servicing for third parties is the commission receivable net of value added tax and is recognised at the point when the underlying collections are received.

Gap cash, collections generated between the disclosure date when a deal is agreed to the completion date of that deal, is recognised as revenue in the profit and loss account. Pensions The Group operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet. Foreign currency Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. The resulting exchange differences are recorded in the profit and loss account. Leases Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term. Derivative financial instruments The Group uses derivative financial instruments to reduce exposure to interest rate movements. The fair value of these contracts is disclosed in note 24. This fair value is not recorded in the financial statements. Financial liabilities and equity Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount. In determining the internal rate of return of the financial liabilities expected contingent payments are included. Equity instruments Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. Share-based payments The Company has applied the requirements of FRS 20 Share-based Payment.

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured by use of the Black Scholes pricing model. The expected life used in the model has been adjusted, based on management’s best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Litigation costs Costs incurred in obtaining court orders and pursuing legal action against portfolio assets is expensed when incurred. Cash at bank and in hand Cash at bank and in hand comprises cash and bank deposits repayable on demand. Collections from debt servicing activities are held in client accounts. These amounts are distributed in accordance with the relevant inter-creditor agreement for that portfolio. Such amounts are classified as restricted cash. Debt portfolios Purchased debt portfolios are initially recorded as stocks at the fair value of the consideration paid. The portfolios are amortised over the expected useful lives. The amortisation is calculated based on the expected total collections from the portfolio in order to provide a constant yield over the life of the portfolio. This amortisation is included in cost of sales. Goodwill Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life of 20 years. Provision is made for any impairment.

2. Segmental information

All turnover relates to portfolios of UK debtors. The Group is engaged in recovering its own debt portfolios as well as servicing portfolios owned by third parties on a commission basis. An analysis of turnover by class of business is shown below:

	Collections from owned portfolios 2012 £	Collections from owned portfolios 2011 £	Debt servicing 2012 £	Debt servicing 2011 £	Total 2012 £	Total 2011 £
Turnover						
Total sales	**42,179,613**	31,331,950	**10,265,138**	4,406,675	**52,444,751**	35,738,625
Inter-segment sales	**–**	–	**(9,653,745)**	(4,075,135)	**(9,653,745)**	(4,075,135)
Sales to third parties	**42,179,613**	31,331,950	**611,393**	331,540	**42,791,006**	31,663,490

3. Operating expenses (net)

	2012 £	2011 £
Administrative expenses	**11,891,258**	9,793,786
Other operating income	**–**	(153,669)
Operating expenses (net)	**11,891,258**	9,640,117

Operating income relates to the profit on a sale of a portfolio asset on 23 February 2011.

4. Loss on ordinary activities before taxation

	2012 £	2011 £
Loss on ordinary activities before taxation is stated after charging / (crediting):		
Depreciation	**134,720**	83,149
Amortisation of goodwill	**452,777**	452,777
Amortisation of debt portfolios	**19,217,122**	11,872,124
Operating lease rentals – other	**206,442**	202,240
Exceptional write back of accrued management fees	**–**	(467,107)

The exceptional write back of accrued management fees results from the early settlement of amounts owed to a third party.

	2012 £	2011 £
Auditor's remuneration is as follows:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**10,608**	19,500
Fees payable to the Company's auditor and their associates for other services to the Group:		
The audit of the Company's subsidiaries pursuant to legislation	**122,102**	99,500
Total audit fees	**132,710**	119,000
Accounting services	**–**	20,000
Tax services	**78,950**	52,850
Total non-audit fees	**78,950**	72,850

5. Information regarding directors and employees

	2012 £	2011 £
Directors' remuneration		
Emoluments	**579,524**	859,399
Company contributions to money purchase schemes	**16,902**	9,618
	596,426	869,017
Remuneration of the highest paid director	**229,524**	299,633
Company contributions to money purchase schemes	**12,238**	–
	241,762	299,633

	No.	No.
The number of directors who:		
Are members of a money purchase scheme	2	1
Had rewards receivable in the form of shares under a long-term incentive scheme	6	5

	No.	No.
Average number of persons employed (including directors)		
Collections	30	30
Administration	56	44
Legal	27	28
	113	102

	2012 £	2011 £
Staff costs during the year (including directors)		
Wages and salaries	**4,312,794**	3,710,054
Social security costs	**470,236**	383,848
Pension costs	**198,325**	132,633
	4,981,355	4,226,535

6. Finance charges (net)

	2012 £	2011 £
Interest payable and similar charges	**20,126,546**	8,901,350
Interest receivable and similar charges	**(319)**	(587)
Other finance income	**–**	(463,704)
	20,126,227	8,437,059

Other finance income relates to gains on the early settlement of various financing arrangements.

	2012 £	2011 £
Interest payable and similar charges		
Finance lease interest	**2,563**	6,318
Other loans	**14,680,976**	7,339,219
Other interest	**161,493**	–
Amortisation of loan issue costs	**5,263,022**	1,482,085
Bank overdrafts	**–**	16
Interest on corporation tax liability	**18,492**	73,712
	20,126,546	8,901,350

7. Tax on loss on ordinary activities

(a) Tax on loss on ordinary activities

	2012 £	2011 £
Current tax		
United Kingdom corporation tax at 24.5% (2011 – 26.5%) based on the loss for the year	**133,036**	943,764
Adjustments in respect of prior years	**129,584**	(246,639)
Total current tax	**262,620**	697,125
Deferred tax		
Origination and reversal of timing differences	**(19,689)**	58,479
Adjustments in respect of prior years	**(492,123)**	(90,703)
Total deferred tax	**(511,812)**	(32,224)
Total tax on loss on ordinary activities	**(249,192)**	664,901

(b) Factors affecting current tax charge for the year

The tax assessed for the year is higher than that resulting from applying the standard rate of corporation tax in the UK 24.5% (2011 – 26.5%). The differences are explained below:

	2012 £	2011 £
Loss on ordinary activities before taxation	**(13,040,245)**	(1,638,438)
Tax on loss on ordinary activities at standard rate	**(3,194,860)**	(434,187)
Effects of:		
Disallowed expenses and non-taxable income	**783,178**	1,362,569
Capital allowances in excess of depreciation	**1,106**	(7,911)
Utilisation of tax losses	**–**	(398)
Tax losses carried forward	**2,543,612**	23,691
Adjustments in respect of prior year	**129,584**	(246,639)
Total actual amount of current tax	**262,620**	697,125

(c) Factors that may affect future tax charge

The Finance Act 2012, which provides for a reduction in the main rate of corporation tax from 24% to 23% effective from 1 April 2013, was substantively enacted on 3 July 2012. This rate reduction has been reflected in the calculation of deferred tax at the balance sheet date.

The Government intends to enact future reduction in the main tax rate down to 20% by 1 April 2015. As this tax rate was not substantively enacted at the balance sheet date, the rate reduction is not yet reflected in these financial statements in accordance with FRS 21 UK GAAP as it is a non-adjusting event occurring after the reporting period.

We estimate that the future rate change to 20% would further reduce our UK deferred tax liability recognised at 31 December 2012 from £680,480 to £591,722. The actual impact will be dependent on our deferred tax position at that time.

8. Loss attributable to the Company

The loss for the financial year dealt with in the financial statements of the Company was £889,032 (2011 – £152,074). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company.

9. Intangible fixed assets

Group	Goodwill £
Cost	

At 1 January 2012 and 31 December 2012	9,055,543
Amortisation	
At 1 January 2012	905,554
Charge for the year	452,777
At 31 December 2012	1,358,331
Net book value	
At 31 December 2012	7,697,212
At 31 December 2011	8,149,989

10. Tangible fixed assets

Group	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Computer Software £	Total £
Cost					
At 1 January 2012	23,656	7,611	123,818	147,517	302,602
Additions	–	6,233	36,997	416,101	459,331
At 31 December 2012	23,656	13,844	160,815	563,618	761,933
Accumulated depreciation					
At 1 January 2012	10,998	2,609	64,887	53,924	132,418
Charge for the year	5,609	2,435	44,096	82,580	134,720
At 31 December 2012	16,607	5,044	108,983	136,504	267,138
Net book value					
At 31 December 2012	7,049	8,800	51,832	427,114	494,795
At 31 December 2011	12,658	5,002	58,931	93,593	170,184

Computer software includes items with a net book value of £nil (2011 – £18,547) which are held under finance lease.

11. Fixed asset investments

	2012 £
Company	
At 1 January and 31 December 2012	11,600

Principal Group investments The parent Company and the Group have investments in the following subsidiary undertakings and investments, which principally affected the profits or net assets of the Group. The principal investments include the following:

Subsidiary undertakings	Country of incorporation and operation	Principal activity	Holding %
Marlin Financial Services Limited*	England and Wales	Debt Recovery	100
Marlin Europe I Limited*	England and Wales	Management of debt portfolios	100
Marlin Capital Europe Limited*	England and Wales	Sales and marketing	100
Marlin Europe II Limited*	England and Wales	Management of debt portfolios	100
MCE Portfolio Limited*	England and Wales	Management of debt portfolios	100
Marlin Legal Services Limited*	England and Wales	Provision of legal services	100
MFS Portfolio Limited*	England and Wales	Management of debt portfolios	100
MEIII Limited*	England and Wales	Management of debt portfolios	100
Marlin Financial Intermediate Limited	England and Wales	Holding and management company	100
Black Tip Capital Holdings Limited*	England and Wales	Holding and management company	100
Potomac Investments Limited*	Jersey	Management of debt portfolios	100
MEIV Limited*	England and Wales	Management of debt portfolios	100
Marlin Intermediate Holdings Limited*	England and Wales	Holding Company	100
Marlin Midway Limited*	England and Wales	Holding Company	100
Marlin Senior Holdings Limited*	England and Wales	Holding Company	100
Marlin Portfolio Holdings Limited*	England and Wales	Holding and management company	100

* *denotes held indirectly*

12. Stocks: purchased debt portfolios

	2012 £	2011 £
Purchased debt portfolios	**105,448,728**	77,034,437

13. Debtors

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Amounts falling due within one year:				
Trade debtors	**104,559**	816,709	**–**	–
Other debtors	**204,827**	535,997	**13,927**	23,098
Prepayments and accrued income	**19,515**	267,387	**12,510**	15,760
	328,901	1,620,093	**26,437**	38,858
Amounts falling due after more than one year:				
Amounts due from group undertakings	**–**	–	**4,561,915**	5,423,003
	–	–	**4,561,915**	5,423,003
Total debtors	**328,901**	1,620,093	**4,588,352**	5,461,861

14. Creditors: amounts falling due within one year

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Bank overdraft	**–**	43,769	**90**	–
Other loans	**46,071,389**	21,390,390	**–**	–
Net obligations under finance leases	**–**	14,582	**–**	–
Trade creditors	**1,912,107**	1,654,765	**42,635**	–
Amounts owed to group undertakings	**–**	–	**–**	188,803
Corporation tax	**1,287,916**	1,657,678	**–**	–
Other taxation and social security	**1,672,856**	707,305	**–**	–
Other creditors	**1,027,058**	669,528	**–**	–
Accruals and deferred income	**2,060,409**	2,231,026	**60,000**	–
	54,031,735	28,369,043	**102,725**	188,803

For further details of the other loans see note 15.

15. Creditors: amounts falling due after more than one year

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Other loans	**76,576,713**	61,622,285	**–**	–

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Other loans:				
Less than one year	**48,328,269**	23,075,026	**–**	–
1-2 years	**28,847,254**	14,753,551	**–**	–
2-5 years	**2,169,485**	11,079,044	**–**	–
Greater than 5 years	**47,324,975**	36,786,481	**–**	–
	126,669,983	85,694,102		
Less: issue costs	**(4,021,881)**	(2,681,427)	**–**	–
	122,648,102	83,012,675	**–**	–

Within other loans there is £50,540,539 (2011: £34,152,665) of loans from Duke Street General Partner Limited as disclosed in note 25, of which £45,978,369 (2011: £34,152,665) is repayable in more than five years. The loans are at a fixed rate, ranging from 17% to 20%.

Furthermore, in other loans £1,283,015 (2011: £1,151,758) represents loans provided by shareholders as described in note 25.

The remaining amounts within other loans were provided by various third party finance providers and are variable rate, with a range of margins over short term LIBOR. These loans are secured on the portfolio assets of the Group.

Borrowings are repayable as follows:

Finance leases:	**2012** **£**	**2011** **£**
On demand or within one year	–	14,582
	–	14,582

16. Provisions for liabilities

	Deferred tax **£**
At 1 January 2012	1,192,292
Charged to profit and loss account	(511,812)
At 31 December 2012	680,480

Deferred taxation

Deferred tax is provided as follows:

	2012 **£**
Group	
Capital allowances in excess of depreciation	11,035
Loan interest	(103,833)
Other timing differences	773,278
Total Deferred tax	680,480

The Finance Act 2011, which provides for a reduction in the main rate of corporation tax from 26% to 25% effective from 1 April 2012, was substantively enacted on 5 July 2011. This rate reduction has been reflected in the calculation of deferred tax at the balance sheet date.

Subsequently, the Government has further reduced the main rate of corporate tax from 25% to 24% effective from 1 April 2012. As this was not substantively enacted at the balance sheet date, the rate reduction is not yet reflected in these financial statements in accordance with FRS 21, as it is a non-adjusting event occurring after the reporting period.

The Government intends to enact future reductions in the main tax rate down to 20% by 1 April 2015.

17. Called up share capital

	2012 **£**	**2011** **£**
Called up, allotted and fully paid:		
140,906 (2011 – 129,784) ‘A’ ordinary shares of £0.01 each	**1,409**	1,298
2,000,000 (2011 – 2,000,000) ‘B’ ordinary shares of £0.01 each	**20,000**	20,000
140,000 (2011 – 80,000) ‘C’ ordinary shares of £0.01 each	**1,400**	800
100,098 (2011 – nil) ‘D’ ordinary shares of £0.01 each	**1,001**	–
	23,810	22,098

On 1 April 2010 the Company issued 40,816 ‘A’ £0.01 Ordinary shares, 2,000,000 ‘B’ £0.01 Ordinary shares and 20,000 ‘C’ £0.01 Ordinary shares for a total consideration of £5,449,441.

During 2011 the Company issued a further 88,968 ‘A’ £0.01 Ordinary shares and 60,000 ‘C’ £0.01 Ordinary shares for a total consideration of £22,842.

C shares are non-voting. For each of the classes of shares, there are different rights on a change in control of the business and in the event of winding the Group up. In all other respects the shares rank pari passu.

During 2012, the company issued a further 11,122 ‘A’ £0.01 Ordinary shares, 60,000 ‘C’ £0.01 Ordinary shares, and 100,098 ‘D’ £0.01 Ordinary shares for a total consideration of £101,601.

Options have been granted under the Marlin Financial Group Limited option scheme to subscribe for ordinary shares of the Company as follows:

Number of shares under option	Issue date	Subscription price per share	Exercise period
35,272	1 April 2010	£1.17	2 years
39,423	1 April 2010	£1.48	3 years
22,854	29 February/ 31 October 2011	£0.02	1 year
22,853	29 February/ 31 October 2011	£0.03	2 years
22,853	29 February 31 October 2011	£0.04	3 years

18. Financial commitments

At 31 December 2012 the Group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2012 £	2011 £
Leases which expire:		
Within one year	**57,115**	57,115
Between two and five years	**145,125**	–
After five years	**–**	145,125

19. Statement of movements on reserves

Group	Share premium account £	Profit and loss account £	Total £
At 1 January 2012	5,450,185	(4,564,418)	885,767
Loss for the financial year	–	(12,791,053)	(12,791,053)
Premium on shares issued (Note 17)	99,889	–	99,889
Equity settled share based payments	–	21,730	21,730
Balance at 31 December 2012	5,550,074	(17,333,741)	(11,783,667)

Company	Share premium account £	Profit and loss account £	Total £
At 1 January 2012	5,450,185	(187,625)	5,262,560
Loss for the financial year	–	(889,032)	(889,032)
Premium on shares issued	99,889	–	99,889
Balance at 31 December 2012	5,550,074	(1,076,657)	4,473,417

20. Equity-settled share option schemes

Employees of the Company participate in the equity settled share based payment scheme. Options are exercisable at a price equal to the estimated fair value of Marlin Financial Group’s shares on the date of grant. The vesting period is one to three years. If the options remain unexercised after a period of five years from the date of grant the options expire. Options are forfeited if the employee leaves the Group before the options vest.

Details of the share options outstanding during the year are as follows:

	31 December 2012		31 December 2011	
	Number of share options	Weighted average exercise price (£)	Number of share options	Weighted average exercise price (£)
Outstanding at the start of the year	**143,255**	**0.71**	109,967	1.15
Granted during the year	**–**	**–**	68,560	0.34
Exercised during the year	**(58,125)**	**0.72**	(35,272)	0.78
Outstanding at the end of the year	**85,130**	**0.71**	143,255	0.71

Exercisable at the end of the year	–	–

The weighted average share price at the date of exercise for share options exercised during the year was £0.25. The options outstanding at 31 December 2012 had a weighted average exercise price of £0.71 and a weighted average remaining contractual life of 2 years.

The inputs into the Black Scholes model are as follows:

	2012	2011
Weighted average share price	–	25p
Weighted average exercise price	–	34 p
Expected volatility	–	20%
Expected life	–	3 years
Risk-free rate	–	2.79%
Expected dividend yield	–	0.00%

Expected volatility was determined by researching the volatility of similar type businesses in the public sector over a period of one year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

In 2012 the Group recognised total expenses of £21,730 (2011: £47,069) related to equity-settled share-based payment transactions.

21. Non adjusting events

Since the year end the group has secured a further finance facility of £25m from Fortress. This will be used to fund future portfolio purchases alongside the existing Senior facility. As part of this agreement a new company, Marlin Financial Intermediate II, was formed within the group to hold this finance.

There have also been further portfolio purchases since the year end with a purchase price of £8,902,700.

22. Control

The immediate and ultimate controlling party is Duke Street General Partner Limited.

23. Reconciliation of movements in shareholders' funds

Group	2012 £	2011 £
Loss for the financial year	**(12,791,053)**	(2,303,339)
Share capital issued	**101,601**	22,842
Equity settled share based payments	**21,730**	47,069
Opening shareholders' funds	**907,865**	3,141,293
Closing shareholders' funds	**(11,759,857)**	907,865

Company	2012 £	2011 £
Loss for the financial year	**(889,032)**	(152,074)
Share capital issued	**101,601**	22,842
Opening shareholders' funds	**5,284,658**	5,413,890
Closing shareholders' funds	**4,497,227**	5,284,658

24. Derivatives not included at fair value

The Group has derivatives which are not included at fair value in the accounts:

	Principal		Fair value	
	2012 £	2011 £	2012 £	2011 £
Interest rate cap contract	**270,000**	3,510,000	**–**	23
Interest rate cap contract	**6,903,387**	9,303,075	**–**	6,584
Interest Swap	**75,000,000**	–	**(936,666)**	–

The Group uses derivatives to hedge its exposures to changes in interest rates on its bank borrowings. The fair values are based upon market values of equivalent instruments at the balance sheet date.

The interest rate cap contracts with nominal values of £270,000 and £6,903,387 have floating interest payments capped at 2% above LIBOR until 14 January 2013 and 12 May 2014 respectively.

The interest swap with nominal value of £75,000,000 is the swap of a fixed rate to a floating rate interest.

25. Related party transactions

The Company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with its wholly owned subsidiaries on the grounds that it has prepared consolidated financial statements that include these subsidiaries. Set out below is a summary of other related party transactions. All such transactions are contracted on an arm's length basis.

Number	Transaction	Related party
1	During 2007 the Black Tip Capital Holdings Limited group was provided with loans for working capital purposes of £180,000, a further loan of US$300,000, and a further loan of €370,292. In 2009 further funds of £75,437 and USD$450,000 were provided. These loans are secured on the portfolio acquisitions of Marlin Capital Europe Limited. The loans are repaid from the cash flow of the portfolios acquired once interest and management fees obligations are met. The loans accrue interest at LIBOR plus 1%. Interest charged in the year was £109,006 (2011 – £97,579). At the year end £642,133 (2011 – £770,563) was outstanding in respect of the loans and this is included within other loans in Note 15.	Ascot Management Group Limited, a shareholder
2	During 2007 the Black Tip Capital Holdings Limited group was provided with loans for working capital purposes of US$300,000. In 2009 a further loan of USD$126,286 was received. These loans are secured on the portfolio acquisitions of Marlin Capital Europe Limited. The loans are repaid from the cash flow of the portfolios acquired once interest and management fees obligations are meet. The loans accrue interest at LIBOR plus 1%. Interest charged in the year was £38,756 (2011 – £37,717). At the year end £84,696 (2011 – £306,856) was outstanding in respect of the loans and this is included within other loans in Note 15.	Jan Rosenberg, a shareholder
3	During 2007 the Black Tip Capital Holdings Limited group was provided with loans for working capital purposes of £20,000. In 2009, further loans of £14,040 and USD$102,480 were received. These loans are secured on the portfolio acquisitions of Marlin Capital Europe Limited. The loans are repaid from the cash flow of the portfolios acquired once interest and management fees obligations are meet. The loans accrue interest at LIBOR plus 1%. Interest charged in the year was £7,357 (2011 – £9,207). At the end of the year £20,722 (2011 – £74,339) was outstanding in respect of these loans and this is included within other loans in Note 15.	Emily Adelsbach, a connected person of Chris Adelsbach who is a shareholder
4	Duke Street has provided the Group with loans for working capital purposes. The loans are at various fixed rates and the interest charged in the year was £6,323,825 (2011 – £4,725,128). At the year end £50,540,539 (2011 – £34,152,665) was outstanding in respect of the loans and are included within other loans in Note 15.	Duke Street LLP, a shareholder
5	During 2010 the group was provided with loans for working capital purposes of £2,000,000. The loan accrues interest at 10% and the interest charged in the period was £247,586 (2011 – £222,335). At the year/period end £2,544,734 (2011 – £2,345,877) was outstanding in respect of the loan and is included within other creditors in Note 14.	Ascot Management Group Limited, C Adelsbach and Jan Rosenburg, shareholders
6	The Group paid professional fees of £101,211 (2011 – £185,873). At the balance sheet date there was £25,000 (2011 – £nil) outstanding and is included within trade creditors in Note 14. The amount was interest free, unsecured and payable on demand.	Duke Street LLP, a shareholder
7	The Group paid management fees of £nil (2011 – £25,000). There was no balance outstanding at the end of the year (2011 – £nil).	Parchester Limited, Group Chairman
8	The Group paid consultancy fees of £78,350 (2011 – £51,033). There was no balance outstanding at the end of the year (2011 – £nil).	John Sinclair, a director
9	The Group paid £88,700 (2011 – £177,315) for services to Sirgan Financial Business Solutions Limited, a business connected to Peter Richardson. There was £88,700 outstanding at the end of the year (2011 – £nil).	Peter Richardson, a shareholder
10	The group paid managements fees of £285,717 (2001 – £86,100). At the balance sheet date there was no amount outstanding	Ascot Management Group Limited, shareholders

11	During 2012, the group was provided with a loan for working capital purposes of £534,718. The loan accrued interest of 17% and the interest charged in the period was £747.	Ascot Management Group Limited, Jan Rosenberg, Chris Adelsbach, David Page, Tariq Ichan, Peter Richardson, Ivan Lawrence, John Sinclair, Juliet Telford, George Watt, Richard Hunton and Ken Stannard, all shareholders of Marlin Financial Group Limited.

26 Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk.

Cash flow risk

The Group's activities expose it primarily to the risk of changes in interest rates. The Group's borrowings are at a range of fixed margins over short-term LIBOR.

While the majority of the Group's borrowings are in GBP the Group also has some USD and Euro denominated borrowings on which the Group is exposed to changes in foreign exchange rates. These have been repaid since the year end.

The Group ensures it has sufficient liquid funds available to manage any volatility in its loan repayments due to these risks. The Group has entered into a derivative contract to partially mitigate its interest rate exposure. Further details of these are given in note 24.

Credit risk

The Group's principal financial assets are bank balances, trade and other debtors. The Group's debt portfolios are recorded as Stocks: purchased debt portfolios and amortised according to the expected level of collections from each portfolio. They are therefore not considered to be financial assets. Further details of the accounting policy for these portfolios is set out in note 1 of the financial statements.

The Group's credit risk is primarily attributable to its trade and other debtors. The amounts presented in the balance sheet are net of allowances for doubtful debtors. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

The majority of the Group's borrowings are secured on specific debt portfolios and the timing of the repayment of these borrowings is dependent upon the level of collections from those portfolios.

The remaining loans were provided by related parties as described in note 25. These loans have fixed repayment terms and the Group manages its financial resources to ensure it has sufficient liquidity to meet these loan repayments.

The additional equity funding provided to the Group by Duke Street in 2011 and 2012 means the Group has sufficient liquidity to allow it to acquire further debt portfolios.

Hillesden Securities Limited
Annual report
For the year ended 30 April 2015

Hillesden Securities Limited
Independent auditors' report to the members of
Hillesden Securities Limited

We have audited the financial statements of Hillesden Securities Limited for the year ended 30 April 2015 set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Date: 16 September 2015

Martin Anson (Senior Statutory Auditor)
for and on behalf of Whitley Stimpson Limited

Chartered Accountants Statutory Auditor
Penrose House
67 Hightown Road
Banbury
Oxon
OX16 9BE

Hillesden Securities Limited

Profit and loss account

For the year ended 30 April 2015

	Notes	2015 £	2014 £
Turnover	*2*	**56,534,939**	55,657,148
Cost of sales		**(30,148,725)**	(25,051,803)
Gross profit		**26,386,214**	30,605,345
Administrative expenses		**(6,708,134)**	(6,699,923)
Operating profit	*3*	**19,678,080**	23,905,422
Other interest receivable and similar income	*4*	**148,467**	128,139
Interest payable and similar charges	*5*	**(892,477)**	–
Profit on ordinary activities before taxation		**18,934,070**	24,033,561
Tax on profit on ordinary activities	*6*	**(3,981,563)**	(5,458,534)
Profit for the year	*15*	**14,952,507**	18,575,027

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

Hillesden Securities Limited

Balance sheet

As at 30 April 2015

	Notes	2015 £	2015 £	2014 £	2014 £
Fixed assets					
Tangible assets	*8*		**795,900**		1,015,067
Current assets					
Debtors: amounts falling due within one year	*10*	**19,279,534**		17,637,855	
Debtors: amounts falling due after more than one year	*10*	**18,256,991**		16,654,025	
Cash at bank and in hand		**19,815,885**		16,856,810	
		57,352,410		51,148,690	
Creditors: amounts falling due within one year	*11*	**(9,082,482)**		(8,150,436)	
Net current assets			**48,269,928**		42,998,254
Total assets less current liabilities			**49,065,828**		44,013,321
Capital and reserves					
Called up share capital	*14*		**10,000**		10,000
Profit and loss account	*15*		**49,055,828**		44,003,321
Shareholders' funds	*16*		**49,065,828**		44,013,321

Approved by the Board and authorised for issue on 16 September 2015

Mr C Ross-Roberts
Director

Company Registration No. 1418063

Hillesden Securities Limited

Notes to the financial statements

For the year ended 30 April 2015

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

For the purposes of recovery of debt, turnover represents commission receivable. Income is recognised as clients' monies are collected.

For the purposes of bought debt, the company recognises gross amounts collected as turnover. The costs of bought debts are charged to cost of sales such that profit is recognised when cash collected exceeds the cost of the related bought debt.

During the accounting period the client identified the need to make a provision in respect of overpayments of £2,335,337 which had previously been disclosed as turnover. These are included within turnover for the year ended 30 April 2015. In addition a provision in respect of interest amounting to £892,477 is shown within interest payable for the year ended 30 April 2015.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Office equipment .... 20% to 33.3% straight line

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

1.7 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Where budgetary expectations are such that anticipated profits are sufficient to recover decelerated capital allowances, a deferred tax asset is recognised.

1.8 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Faccenda Investments Limited (formerly Hillesden Investments Limited), a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit

	2015 £	2014 £
Operating profit is stated after charging:		
Depreciation of tangible assets	**559,952**	560,134
Loss on disposal of tangible assets	**807**	578
Operating lease rentals	**645,000**	645,000
Fees payable to the company's auditor for the audit of the company's annual accounts	**60,100**	21,500

4 Investment income

	2015 £	2014 £
Bank interest	**1,551**	265
Other interest	**146,916**	127,874
	148,467	128,139

5 Interest payable

	2015 £	2014 £
Other interest	**892,477**	–

6 Taxation

	2015 £	2014 £
Domestic current year tax		
U.K. corporation tax	**3,961,685**	5,479,054
Adjustment for prior years	**–**	(88,956)
Total current tax	**3,961,685**	5,390,098
Deferred tax		
Deferred tax for the current year	**19,878**	68,436
	3,981,563	5,458,534
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	**18,934,070**	24,033,561
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.92% (2014 – 22.84%)	**3,961,007**	5,489,265
Effects of:		
Non deductible expenses	**3,137**	4,468
Depreciation add back	**117,142**	127,935
Capital allowances	**(119,186)**	(141,563)
Adjustments to previous periods	**–**	(88,956)
Other tax adjustments	**(415)**	(1,051)
	678	(99,167)
Current tax charge for the year	**3,961,685**	5,390,098

7 Dividends

	2015 £	2014 £

Ordinary final paid	**9,900,000**	–

8 Tangible fixed assets

	Office equipment £
Cost	
At 1 May 2014	7,464,038
Additions	347,264
Disposals	(679,958)
At 30 April 2015	7,131,344
Depreciation	
At 1 May 2014	6,448,971
On disposals	(673,479)
Charge for the year	559,952
At 30 April 2015	6,335,444
Net book value	
At 30 April 2015	795,900
At 30 April 2014	1,015,067

9 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 May 2014 & at 30 April 2015	100
Provisions for diminution in value	
At 1 May 2014 & at 30 April 2015	100
Net book value	
At 30 April 2015	–
At 30 April 2014	–

Holdings of more than 20% The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Mercantile Data Bureau Limited	England	Ordinary	100.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Principal activity	Capital and reserves 2015 £	Profit/(loss) for the year 2015 £
Mercantile Data Bureau Limited	Debt collection	1,127	(1,689)

10 Debtors

	2015 £	2014 £
Trade debtors	**36,384,901**	33,076,239
Other debtors	**8,917**	28,865
Prepayments and accrued income	**782,805**	806,996
Deferred tax asset (see note 12)	**359,902**	379,780
	37,536,525	34,291,880

Amounts falling due after more than one year and included in the debtors above are:

	2015 £	2014 £
Trade debtors	**18,256,991**	16,654,025

11 Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	**4,884,308**	3,293,481
Amounts owed to parent and fellow subsidiary undertakings	**952,383**	1,096,796
Amounts owed to subsidiary undertakings	**31,918**	7,095
Corporation tax	**2,158,387**	2,790,971
Other taxes and social security costs	**55,685**	71,348
Other creditors	**467,544**	455,099
Accruals and deferred income	**532,257**	435,646
	9,082,482	8,150,436

The bank overdraft is secured by a debenture in favour of Barclays Bank plc, dated 22 May 2006, by way of a fixed charge over all trade and other debts, and by way of a floating charge over all other assets not subject to the fixed charge. Barclays Bank plc is allowed to offset credit balances against liabilities for interest and other certain circumstances. The company was released from this agreement on 27 May 2015.

Hillesden Securities Limited

Notes to the financial statements

For the year ended 30 April 2015

12 Provisions for liabilities

The deferred asset is in respect of decelerated capital allowances and has been provided for on the basis that the company has made a profit this year and is expected to make profits in future years.

The deferred tax asset (included in debtors, note 10) is made up as follows:

	2015 £
Balance at 1 May 2014	**(379,780)**
Profit and loss account	**19,878**
Balance at 30 April 2015	**(359,902)**

	2015 £	2014 £
Decelerated capital allowances	**(359,902)**	(379,780)

13 Pension and other post-retirement benefit commitments

Defined contribution The company makes contributions to defined contribution pension schemes in respect of selected employees. The assets of the schemes are held separately from those of the company in independently administered funds.

There were no outstanding or prepaid contributions at the balance sheet date (2014 – £nil).

	2015 £	2014 £
Contributions payable by the company for the year	**298,059**	265,803

14 Share capital

	2015 £	2014 £
Allotted, called up and fully paid		
10,000 ordinary shares of £1 each	**10,000**	10,000

15 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 May 2014	44,003,321
Profit for the year	14,952,507
Dividends paid	(9,900,000)
Balance at 30 April 2015	49,055,828

16 Reconciliation of movements in Shareholders' funds

	2015 £	2014 £
Profit for the financial year	**14,952,507**	18,575,027
Dividends	**(9,900,000)**	–
Net addition to shareholders' funds	**5,052,507**	18,575,027
Opening Shareholders' funds	**44,013,321**	25,438,294
Closing Shareholders' funds	**49,065,828**	44,013,321

17 Contingent liabilities

The company, together with other companies within the Faccenda Investments Limited group, has entered into a composite accounting agreement with Barclays Bank plc. The company, together with other companies within the Faccenda Investments Limited group, has also entered into unlimited cross guarantees with Barclays Bank plc. As at 30 April 2015 the amount outstanding to Barclays Bank plc was £17,754,949 (2014 – £17,629,990). The company was released from this agreement on 27 May 2015.

18 Financial commitments

At 30 April 2015 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 April 2016:

	Land and buildings		Other	
	2015	**2014**	**2015**	**2014**
	£	**£**	**£**	**£**
Operating leases which expire:				
Between two and five years	**–**	–	**27,858**	29,497
In over five years	**370,000**	645,000	**–**	–
	370,000	645,000	**27,858**	29,497

19 Capital commitments

	2015	**2014**
	£	**£**
At 30 April 2015 the company had capital commitments as follows:		
Contracted for but not provided in the financial statements	**–**	1,740

20 Directors' remuneration

	2015	**2014**
	£	**£**
Remuneration for qualifying services	**17,863**	17,406

R. M. Faccenda and S. Faccenda are the sole shareholders of a management company, Ingleby (159). During the year the company was charged £803,543 (2014 – £761,496) by Ingleby (159), with £464,821 (2014 – £430,212) being outstanding to the company at the year end. This company provides payroll services in respect of directors and senior employees of the Faccenda Investments Limited group.

R. M. Faccenda and S. Faccenda are also directors of the ultimate parent undertaking and fellow subsidiaries, and I.J. Faccenda is also a director of some of the fellow subsidiaries. The directors do not believe that it is practicable to apportion their remuneration between their services as directors of the company and their services as directors of the ultimate parent undertaking and fellow subsidiaries. Full details of the directors' remuneration are provided in the financial statements of Faccenda Investments Limited.

21 Employees

Number of employees The average monthly number of employees (including directors) during the year was:

	2015	**2014**
	Number	**Number**
Sales and collections	**234**	249
Administration	**45**	50
	279	299

Employment costs	**2015**	**2014**
	£	**£**
Wages and salaries	**6,140,880**	6,302,093
Social security costs	**504,511**	521,112
Other pension costs	**298,059**	265,803
	6,943,450	7,089,008

22 Control

The company's immediate parent company is Cabot Financial Debt Recovery Services Limited, a company incorporated in England and Wales. The company's ultimate controlling party is Encore Capital Group Inc, a company incorporated in Delaware, United States of America, whose consolidated financial statements are available on their website.

For the years ended 30 April 2015 and 30 April 2014, and up until 1 June 2015 the immediate and ultimate controlling party was Faccenda Investments Limited, a company incorporated and registered in England and Wales.

On 1 June 2015 Faccenda Investments Limited sold its stake in the company to Cabot Financial Debt Recovery Services Limited.

The largest and smallest group in which the results of the company are consolidated is that headed by Faccenda Investments Limited. Copies of the financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

23 Post balance sheet events

On 1 June 2015 the entire share capital of the company was sold to Cabot Financial Debt Recovery Services Limited.

24 Related party relationships and transactions

Other transactions Transactions during the accounting period with other group companies are not required to be disclosed in these financial statements because of the exemptions conferred by FRS 8 since the company is 100% controlled within the Faccenda Investments Limited group.

Hillesden Securities Limited
Annual report
For the year ended 30 April 2014

Hillesden Securities Limited
Independent auditors' report to the members of
Hillesden Securities Limited

We have audited the financial statements of Hillesden Securities Limited for the year ended 30 April 2014 set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Date: 16 October 2014

Martin Anson (Senior Statutory Auditor)
for and on behalf of Whitley Stimpson Limited

Chartered Accountants Statutory Auditor
Penrose House
67 Hightown Road
Banbury
Oxon
OX16 9BE

Hillesden Securities Limited

Profit and loss account

For the year ended 30 April 2014

	Notes	2014 £	2013 £
Turnover	2	**55,657,148**	56,964,230
Cost of sales		**(25,051,803)**	(28,251,429)
Gross profit		**30,605,345**	28,712,801
Administrative expenses		**(6,699,923)**	(6,969,400)
Operating profit	3	**23,905,422**	21,743,401
Other interest receivable and similar income	4	**128,139**	9,443
Interest payable and similar charges	5	**–**	(300,168)
Profit on ordinary activities before taxation		**24,033,561**	21,452,676
Tax on profit on ordinary activities	6	**(5,458,534)**	(5,135,630)
Profit for the year	14	**18,575,027**	16,317,046

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

Hillesden Securities Limited

Balance sheet

As at 30 April 2014

	Notes	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Tangible assets	*7*		**1,015,067**		884,605
Current assets					
Debtors: amounts falling due within one year	*9*	**17,637,855**		8,086,379	
Debtors: amounts falling due after more than one year	*9*	**16,654,025**		8,519,444	
Cash at bank and in hand		**16,856,810**		15,344,468	
		51,148,690		31,950,291	
Creditors: amounts falling due within one year	*10*	**(8,150,436)**		(7,396,602)	
Net current assets			**42,998,254**		24,553,689
Total assets less current liabilities			**44,013,321**		25,438,294
Capital and reserves					
Called up share capital	*13*		**10,000**		10,000
Profit and loss account	*14*		**44,003,321**		25,428,294
Shareholders' funds	*15*		**44,013,321**		25,438,294

Approved by the Board and authorised for issue on 16 October 2014

Mr R M Faccenda
Director

Mr I J Faccenda
Director

Company Registration No. 1418063

Hillesden Securities Limited

Notes to the financial statements

For the year ended 30 April 2014

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

For the purposes of recovery of debt, turnover represents commission receivable. Income is recognised as clients' monies are collected.

For the purposes of bought debt, the company recognises gross amounts collected as turnover. The costs of bought debts are charged to cost of sales such that profit is recognised when cash collected exceeds the cost of the related bought debt.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Office equipment .... 20% to 33.3% straight line

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

1.7 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Where budgetary expectations are such that anticipated profits are sufficient to recover decelerated capital allowances, a deferred tax asset is recognised.

1.8 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Faccenda Investments Limited (formerly Hillesden Investments Limited), a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit

	2014 £	2013 £
Operating profit is stated after charging:		
Depreciation of tangible assets	**560,134**	806,754
Loss on disposal of tangible assets	**578**	1,099
Operating lease rentals	**645,000**	645,000
Fees payable to the company's auditor for the audit of the company's annual accounts	**21,500**	20,200

4 Investment income

	2014 £	2013 £
Bank interest	**265**	700
Other interest	**127,874**	8,743
	128,139	9,443

5 Interest payable

	2014 £	2013 £
On amounts payable to group companies	**–**	300,168

6 Taxation

	2014 £	2013 £
Domestic current year tax		
U.K. corporation tax	**5,479,054**	5,184,470
Adjustment for prior years	**(88,956)**	–
Total current tax	**5,390,098**	5,184,470
Deferred tax		
Deferred tax for the current year	**68,436**	(48,840)
	5,458,534	5,135,630
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	**24,033,561**	21,452,676
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 22.84% (2013 – 23.92%)	**5,489,265**	5,131,480
Effects of:		
Non deductible expenses	**4,468**	4,732
Depreciation add back	**127,935**	193,221
Capital allowances	**(141,563)**	(144,496)
Adjustments to previous periods	**(88,956)**	–
Other tax adjustments	**(1,051)**	(467)
	(99,167)	52,990
Current tax charge for the year	**5,390,098**	5,184,470

7 Tangible fixed assets

	Office equipment £
Cost	
At 1 May 2013	6,788,152
Additions	691,174
Disposals	(15,288)
At 30 April 2014	7,464,038
Depreciation	

At 1 May 2013	5,903,547
On disposals	(14,710)
Charge for the year	560,134
At 30 April 2014	6,448,971
Net book value	
At 30 April 2014	1,015,067
At 30 April 2013	884,605

8 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 May 2013 & at 30 April 2014	100
Provisions for diminution in value	
At 1 May 2013 & at 30 April 2014	100
Net book value	
At 30 April 2014	–
At 30 April 2013	–

Holdings of more than 20% The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Mercantile Data Bureau Limited	England	Ordinary	100.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Principal activity	Capital and reserves 2014 £	Profit/(loss) for the year 2014 £
Mercantile Data Bureau Limited	Debt collection	**2,816**	(2,511)

9 Debtors

	2014 £	2013 £
Trade debtors	**33,076,239**	15,293,373
Other debtors	**28,865**	10,905
Prepayments and accrued income	**806,996**	853,329
Deferred tax asset (see note 11)	**379,780**	448,216
	34,291,880	16,605,823

Amounts falling due after more than one year and included in the debtors above are:

	2014 £	2013 £
Trade debtors	**16,654,025**	8,519,444

10 Creditors: amounts falling due within one year

	2014 £	2013 £
Bank loans and overdrafts	**–**	72,504
Trade creditors	**3,293,481**	2,713,570
Amounts owed to parent and fellow subsidiary undertakings	**1,096,796**	751,534
Amounts owed to subsidiary undertakings	**7,095**	9,743
Corporation tax	**2,790,971**	2,909,627
Other taxes and social security costs	**71,348**	62,107
Other creditors	**455,099**	428,317
Accruals and deferred income	**435,646**	449,200
	8,150,436	7,396,602

The bank overdraft is secured by a debenture in favour of Barclays Bank plc, dated 22 May 2006, by way of a fixed charge over all trade and other debts, and by way of a floating charge over all other assets not subject to the fixed charge. Barclays Bank plc is allowed to offset credit balances against liabilities for interest and other certain circumstances.

11 Provisions for liabilities

The deferred asset is in respect of decelerated capital allowances and has been provided for on the basis that the company has made a profit this year and is expected to make profits in future years. The deferred tax asset (included in debtors, note 9) is made up as follows:

	2014 **£**
Balance at 1 May 2013	**(448,216)**
Profit and loss account	**68,436**
Balance at 30 April 2014	**(379,780)**

	2014 **£**	**2013** **£**
Decelerated capital allowances	**(379,780)**	(448,216)

12 Pension and other post-retirement benefit commitments

Defined contribution The company makes contributions to defined contribution pension schemes in respect of selected employees. The assets of the schemes are held separately from those of the company in independently administered funds.

There were no outstanding or prepaid contributions at the balance sheet date (2013 – £nil).

	2014 **£**	**2013** **£**
Contributions payable by the company for the year	**265,803**	211,555

13 Share capital

	2014 **£**	**2013** **£**
Allotted, called up and fully paid		
10,000 ordinary shares of £1 each	**10,000**	10,000

14 Statement of movements on profit and loss account

	Profit and loss account **£**
Balance at 1 May 2013	25,428,294
Profit for the year	18,575,027
Balance at 30 April 2014	**44,003,321**

15 Reconciliation of movements in shareholders' funds

	2014 **£**	**2013** **£**
Profit for the financial year	**18,575,027**	16,317,046
Opening shareholders' funds	**25,438,294**	9,121,248
Closing shareholders' funds	**44,013,321**	25,438,294

16 Contingent liabilities

The company, together with other companies within the Faccenda Investments Limited group, has entered into a composite accounting agreement with Barclays Bank plc. The company, together with other companies within the Faccenda Investments Limited group, has also entered into unlimited cross guarantees with Barclays Bank plc. As at 30 April 2014 the amount outstanding to Barclays Bank plc was £17,629,990 (2013 – £10,615,767).

17 Financial commitments

At 30 April 2014 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 April 2015:

	Land and buildings		Other	
	2014	2013	2014	2013
	£	£	£	£
Operating leases which expire:				
Between two and five years	**–**	–	**29,497**	41,829
In over five years	**645,000**	645,000	**–**	–
	645,000	645,000	**29,497**	41,829

18 Capital commitments

	2014	2013
	£	£
At 30 April 2014 the company had capital commitments as follows:		
Contracted for but not provided in the financial statements	**1,740**	592,086

19 Directors' remuneration

	2014	2013
	£	£
Remuneration for qualifying services	**17,406**	16,543

R. M. Faccenda and S. Faccenda are the sole shareholders of a management company, Ingleby (159). During the year the company was charged £761,496 (2013 – £744,564) by Ingleby (159), with £430,212 (2013 – £421,596) being outstanding to the company at the year end. This company provides payroll services in respect of directors and senior employees of the Faccenda Investments Limited group.

R. M. Faccenda and S. Faccenda are also directors of the ultimate parent undertaking and fellow subsidiaries, and I.J. Faccenda is also a director of some of the fellow subsidiaries. The directors do not believe that it is practicable to apportion their remuneration between their services as directors of the company and their services as directors of the ultimate parent undertaking and fellow subsidiaries. Full details of the directors' remuneration are provided in the financial statements of Faccenda Investments Limited.

20 Employees

Number of employees The average monthly number of employees (including directors) during the year was:

	2014	2013
	Number	Number
Sales and collections	**249**	234
Administration	**50**	53
	299	287

	2014	2013
	£	£
Employment costs		
Wages and salaries	**6,302,093**	5,998,717
Social security costs	**521,112**	508,201
Other pension costs	**265,803**	211,555
	7,089,008	6,718,473

21 Control

Throughout the current year and the preceding year, the company's immediate and ultimate parent company was Faccenda Investments Limited (formerly known as Hillesden Investments Limited). Faccenda Investments Limited is incorporated and registered in England and Wales. Copies of the consolidated financial statements of Faccenda Investments Limited are available from the registered office at Willow Road, Brackley, Northants. NN13 7EX.

22 Related party relationships and transactions

Other transactions Transactions during the accounting period with other group companies are not required to be disclosed in these financial statements because of the exemptions conferred by FRS 8 since the company is 100% controlled within the Faccenda Investments Limited group.

Hillesden Securities Limited
Financial statements
For the year ended 30 April 2013

Hillesden Securities Limited
Independent auditors' report to the members of
Hillesden Securities Limited

We have audited the financial statements of Hillesden Securities Limited for the year ended 30 April 2013 set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Date: 26 September 2013

Martin Anson (Senior Statutory Auditor)
for and on behalf of Whitley Stimpson LLP

Chartered Accountants
Statutory Auditor
Penrose House
67 Hightown Road
Banbury
Oxon
OX16 9BE

Hillesden Securities Limited

Profit and loss account

For the year ended 30 April 2013

	Notes	2013 £	2012 £
Turnover	*2*	**56,964,230**	58,747,948
Cost of sales		**(28,251,429)**	(40,790,156)
Gross profit		**28,712,801**	17,957,792
Administrative expenses		**(6,969,400)**	(8,075,621)
Operating profit	*3*	**21,743,401**	9,882,171
Other interest receivable and similar income	*4*	**9,443**	22,282
Interest payable and similar charges	*5*	**(300,168)**	(965,059)
Profit on ordinary activities before taxation		**21,452,676**	8,939,394
Tax on profit on ordinary activities	*6*	**(5,135,630)**	(1,190,861)
Profit for the year	*15*	**16,317,046**	7,748,533

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

Hillesden Securities Limited

Balance sheet

As at 30 April 2013

	Notes	2013 £	2013 £	2012 £	2012 £
Fixed assets					
Tangible assets	*7*		**884,605**		973,765
Current assets					
Debtors: amounts falling due within one year	*9*	**8,086,379**		16,463,238	
Debtors: amounts falling due after more than one year	*9*	**8,519,444**		14,430,773	
Cash at bank and in hand		**15,344,468**		535,791	
		31,950,291		31,429,802	
Creditors: amounts falling due within one year	*10*	**(7,396,602)**		(5,953,619)	
Net current assets			**24,553,689**		25,476,183
Total assets less current liabilities			**25,438,294**		26,449,948
Creditors: amounts falling due after more than one year	*11*		**–**		(17,328,700)
			25,438,294		9,121,248
Capital and reserves					
Called up share capital	*14*		**10,000**		10,000
Profit and loss account	*15*		**25,428,294**		9,111,248
Shareholders' funds	*16*		**25,438,294**		9,121,248

Approved by the Board and authorised for issue on 26 September 2013

Mr R M Faccenda
Director

Mr I J Faccenda
Director

Company Registration No. 1418063

Hillesden Securities Limited

Notes to the financial statements

For the year ended 30 April 2013

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

For the purposes of recovery of debt, turnover represents commission receivable.

For the purposes of bought debt, the company recognises gross amounts collected as turnover. The costs of bought debts are charged to cost of sales such that profit is recognised when cash collected exceeds the cost of the related bought debt.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Office equipment .... 20% to 33.3% straight line

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

1.7 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Where budgetary expectations are such that anticipated profits are sufficient to recover decelerated capital allowances, a deferred tax asset is recognised.

1.8 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Hillesden Investments Limited, a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit

	2013 £	2012 £
Operating profit is stated after charging:		
Depreciation of tangible assets	**806,754**	1,281,390
Loss on disposal of tangible assets	**1,099**	45
Operating lease rentals	**645,000**	690,451
Fees payable to the company's auditor for the audit of the company's annual accounts	**20,200**	19,300

4 Investment income

	2013 £	2012 £
Bank interest	**700**	93
Other interest	**8,743**	22,189
	9,443	22,282

5 Interest payable

	2013 £	2012 £
On amounts payable to group companies	**300,168**	965,059

6 Taxation

	2013 £	2012 £
Domestic current year tax		
U.K. corporation tax	**5,184,470**	1,588,897
Adjustment for prior years	**–**	1,340
Total current tax	**5,184,470**	1,590,237
Deferred tax		
Deferred tax for the current year	**(48,840)**	(399,376)
	5,135,630	1,190,861
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	**21,452,676**	8,939,394
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23.92% (2012 – 25.84%)	**5,131,480**	2,309,939
Effects of:		
Non deductible expenses	**4,732**	6,167
Depreciation add back	**193,221**	331,111
Capital allowances	**(144,496)**	(168,633)
Tax losses utilised	**–**	(889,445)
Adjustments to previous periods	**–**	1,340
Other tax adjustments	**(467)**	(242)
	52,990	(719,702)
Current tax charge for the year	**5,184,470**	1,590,237

7 Tangible fixed assets

	Office equipment £
Cost	
At 1 May 2012	6,240,366
Additions	719,180
Disposals	(171,394)
At 30 April 2013	6,788,152
Depreciation	
At 1 May 2012	5,266,601
On disposals	(169,808)
Charge for the year	806,754
At 30 April 2013	5,903,547

Net book value

At 30 April 2013	884,605
At 30 April 2012	973,765

8 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 May 2012 & at 30 April 2013	100
Provisions for diminution in value	
At 1 May 2012 & at 30 April 2013	100
Net book value	
At 30 April 2013	–

Holdings of more than 20% The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Mercantile Data Bureau Limited	England	Ordinary	100.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

Principal activity	Capital and reserves 2013 £	Profit/(loss) for the year 2013 £
Mercantile Data Bureau Limited Debt collection	4,825	4,725

9 Debtors

	2013 £	2012 £
Trade debtors	**15,293,373**	29,454,300
Other debtors	**10,905**	88,034
Prepayments and accrued income	**853,329**	952,301
Deferred tax asset (see note 12)	**448,216**	399,376
	16,605,823	30,894,011

Amounts falling due after more than one year and included in the debtors above are:

	2013 £	2012 £
Trade debtors	**8,519,444**	14,430,773

10 Creditors: amounts falling due within one year

	2013 £	2012 £
Bank loans and overdrafts	**72,504**	31,393
Trade creditors	**2,713,570**	2,861,133
Amounts owed to parent and fellow subsidiary undertakings	**751,534**	728,870
Amounts owed to subsidiary undertakings	**9,743**	–
Corporation tax	**2,909,627**	1,220,087
Other taxes and social security costs	**62,107**	48,200
Other creditors	**428,317**	425,824
Accruals and deferred income	**449,200**	638,112
	7,396,602	5,953,619

The bank overdraft is secured by a debenture in favour of Barclays Bank plc, dated 22 May 2006, by way of a fixed charge over all trade and other debts, and by way of a floating charge over all other assets not subject to the fixed charge. Barclays Bank plc is allowed to offset credit balances against liabilities for interest and other certain circumstances.

11 Creditors: amounts falling due after more than one year

	2013 £	2012 £
Amount owing to parent undertaking	–	17,328,700
Analysis of loans		
Wholly repayable within five years	–	17,328,700
	–	17,328,700
Loan maturity analysis		
In more than two years but not more than five years	–	17,328,700

The loan from the parent undertaking was unsecured and has now been repaid.

12 Provisions for liabilities

The deferred asset is in respect of decelerated capital allowances and has been provided for on the bases that the company has made a profit this year and is expected to make profits in future years. The deferred tax asset (included in debtors, note 9) is made up as follows:

	2013 £
Balance at 1 May 2012	(399,376)
Profit and loss account	(48,840)
Balance at 30 April 2013	(448,216)

	2013 £	2012 £
Decelerated capital allowances	**(448,216)**	(399,376)

13 Pension and other post-retirement benefit commitments

Defined contribution

The company makes contributions to defined contribution pension schemes in respect of selected employees. The assets of the schemes are held separately from those of the company in independently administered funds.

There were no outstanding or prepaid contributions at the balance sheet date (2012 – £nil).

	2013 £	2012 £
Contributions payable by the company for the year	**211,555**	228,581

14 Share capital

	2013 £	2012 £
Allotted, called up and fully paid		
10,000 Ordinary shares of £1 each	**10,000**	10,000

15 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 May 2012	9,111,248
Profit for the year	16,317,046
Balance at 30 April 2013	25,428,294

16 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit for the financial year	**16,317,046**	7,748,533
Opening shareholders' funds	**9,121,248**	1,372,715
Closing shareholders' funds	**25,438,294**	9,121,248

17 Contingent liabilities

The company, together with other companies within the Hillesden Investments Limited group, has entered into a composite accounting agreement with Barclays Bank plc. The company, together with other companies within the Hillesden Investments Limited group, has also entered into unlimited cross guarantees with Barclays Bank plc. As at 30 April 2013 the amount outstanding to Barclays Bank plc was £10,615,767 (2012 – £10,152,451).

18 Financial commitments

At 30 April 2013 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 April 2014:

	Land and buildings		Other	
	2013 £	2012 £	2013 £	2012 £
Operating leases which expire:				
Between two and five years	**–**	–	**41,829**	45,451
In over five years	**645,000**	645,000	**–**	–
	645,000	645,000	**41,829**	45,451

19 Capital commitments

	2013 £	2012 £
At 30 April 2013 the company had capital commitments as follows:		
Contracted for but not provided in the financial statements	**592,086**	641,500

20 Directors' remuneration

	2013 £	2012 £
Remuneration for qualifying services	**16,543**	15,620

R. M. Faccenda and S. Faccenda are the sole shareholders of a management company, Ingleby (159). During the year the company was charged £744,564 (2012 – £800,202) by Ingleby (159), with £421,596(2012 – £339,620) being outstanding to the company at the year end. This company provides payroll services in respect of directors and senior employees of the Hillesden Investments Limited group.

R. M. Faccenda and S. Faccenda are also directors of the ultimate parent undertaking and fellow subsidiaries, and I.J. Faccenda is also a director of some of the fellow subsidiaries. The directors do not believe that it is practicable to apportion their remuneration between their services as directors of the company and their services as directors of the ultimate parent undertaking and fellow subsidiaries. Full details of the directors' remuneration are provided in the financial statements of Hillesden Investments Limited.

21 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2013 Number	2012 Number
Sales and collections	**234**	259
Administration	**53**	48
	287	307

Employment costs	2013 £	2012 £

Wages and salaries	**5,998,717**	6,725,333
Social security costs	**508,201**	567,739
Other pension costs	**211,555**	228,581
	6,718,473	7,521,653

22 Control

Throughout the current year and previous year, the company's immediate and ultimate parent company was Hillesden Investments Limited. Hillesden Investments Limited is incorporated and registered in England and Wales. Copies of the financial statements of Hillesden Investments Limited are available from the registered office at Willow Road, Brackley, Northants. NN13 7EX.

23 Related party relationships and transactions

Other transactions

Transactions during the accounting period with other group companies are not required to be disclosed in these financial statements because of the exemptions conferred by FRS 8 since the company is 100% controlled within the Hillesden Investments Limited group.

During the previous year, the company was charged property rent of £322,500 by The Hillesden Trust on a commercial basis. £nil was outstanding to the trust at 30 April 2012. The directors, R.M. Faccenda, S. Faccenda and I.J. Faccenda, are trustees and beneficiaries of this trust.

Cabot Financial (Luxembourg) II S.A.

Balance Sheet

As at 26 October 2015

	26 October 2015
	€'000
Current assets	
Cash and cash equivalents	25
Net assets	25
Capital and reserves	
Called up share capital	25
Profit and loss account	-
Equity shareholders' funds	25

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