



Dignity (2002) Limited

Unaudited Investor Report

for the 52 week period ended 26 September 2014

To: BNY Corporate Trustee Services Limited

Fitch Ratings Limited

Standard & Poor's

From: Dignity (2002) Limited (as Borrower)

Terms defined in the Issuer / Borrower Loan Agreement ('IBLA') (prior to its amendment and restatement on 17 October 2014) shall have the same meaning herein.

NOTICE TO THE READER

The information contained in this report represents information on Dignity (2002) Limited and its subsidiaries (the 'Dignity (2002) Group'), a sub-group of the Dignity plc group ('Group').

The information set out herein is not necessarily representative of the performance of the Group as a whole and should not be relied upon in this respect. For example it does not include profits and losses generated by certain companies held outside the Dignity (2002) Group or any dividends declared to shareholders of Dignity plc.

Furthermore, the Group reports its results in accordance with International Financial Reporting Standards ('IFRS'), whilst the Dignity (2002) Group will continue to apply UK Generally Accepted Accounting Principles ('UK GAAP').

Dignity (2002) Limited

Unaudited Investor Report

for the 52 week period ended 26 September 2014

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Dignity (2002) Limited

Introduction

On 17 October 2014, the Dignity (2002) Group issued £238,904,000 Class A Secured 3.5456% Notes due 2034 and £356,402,000 Class B Secured 4.6956% Notes due 2049. All previous Secured Notes issued by the Dignity (2002) Group were repaid on the same date.

As a result, the Dignity (2002) Group has no covenant or other reporting obligations in respect of the period ended 26 September 2014. However, in order to maintain a record of the trading performance of the Dignity (2002) Group, details are included in this report. A full Investor Report, including covenant reporting in respect of the Notes now in issue will be provided in respect of the period ended 26 December 2014 in accordance with the terms of those notes.

Financial Overview

Review of operations

- Unaudited EBITDA for the 52 week period ended 26 September 2014 was £96.3m compared to £88.0m for the audited 52 week period ended 27 December 2013.
- This performance is due to increased contributions from all operating divisions.

Trading locations

- The number of funeral locations within the Securitisation Group at the period end was 700, which compares to 690 at 27 December 2013. The movement in the portfolio is shown below:

Number of Obligor locations at 27 December 2013 ^{§1}	690
Acquisition – freehold	5
Acquisition – leasehold	6
Satellite locations - short leasehold	2
Branch closure – leasehold	(3)
Number of locations at 26 September 2014 ^{§1}	<u>700</u>

- Non-Obligors also acquired 7 funeral locations in the year and as a result, the entire Dignity Group operated 707 funeral locations as at 26 September 2014 (Dec 2013: 690).
- The Dignity (2002) Group operates from 39 crematoria (Dec 2013: 39).
- The Dignity (2002) Group continues to pursue other opportunities to acquire funeral locations and additional crematoria as part of its stated strategy of developing its portfolio of funeral locations and crematoria.

Quarterly reference dates

The Dignity (2002) Group prepares accounts drawn up to the nearest Friday before the Quarter End Date each quarter. As a result the combined and consolidated information reflects the 52 week period ending 26 September 2014 and 52 week period ending 27 December 2013.

^{§1} Excludes 9 telephone branches.

Dignity (2002) Limited

Consolidated Net Assets

as at 26 September 2014

		26 Sep	27 Dec
	<i>Note</i>	2014	2013
Consolidated Net Assets:		<i>£m</i>	<i>£m</i>
Fixed assets		317.7	316.6
Collateralised Liquidity facility		63.4	63.0
Other current assets		76.8	97.4
Total current assets	2	140.2	160.4
Collateralised Liquidity facility		(63.3)	(63.0)
Other creditors: amounts falling due within one year		(214.5)	(233.1)
Creditors: amounts falling due within one year		(277.8)	(296.1)
Net current liabilities		(137.6)	(135.7)
Total assets less current liabilities		180.1	180.9
Creditors: amounts falling due after more than one year		(376.6)	(384.5)
Provisions for liabilities		(10.0)	(10.2)
Pension liability (net of deferred tax)		(2.5)	(0.8)
Net liabilities		(209.0)	(214.6)

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 26 September 2014

1 EBITDA

EBITDA has been calculated in accordance with the definition in the IBLA prior to its amendment and restatement on 17 October 2014. Pension costs are stated on a cash basis and have been allocated on a divisional basis.

For the benefit of users of this report, divisional EBITDA for the Relevant Periods was as follows:

<i>52 week period ended 26 Sep 2014</i>	<i>Funeral services £m</i>	<i>Crematoria £m</i>	<i>Pre-arranged funeral plans £m</i>	<i>Central overheads £m</i>	<i>Group £m</i>
Net revenue	179.7	54.4	28.1	-	262.2
Operating expenses	(107.0)	(24.4)	(20.2)	(14.3)	(165.9)
EBITDA	72.7	30.0	7.9	(14.3)	96.3
<i>52 week period ended 27 Dec 2013</i>					
Net revenue	167.6	52.8	26.7	-	247.1
Operating expenses	(101.3)	(24.3)	(19.9)	(13.6)	(159.1)
EBITDA	66.3	28.5	6.8	(13.6)	88.0

2 Total current assets

Total current assets include cash at bank and in hand of £102.0m (Dec 2013: £123.8m) of which £27.1m (Dec 2013: £3.2m) is cash held for operations.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 26 September 2014

3 Dignity plc

For the avoidance of doubt, the financial information contained elsewhere in this report relates to the unaudited consolidated results and financial position of Dignity (2002) Limited and its subsidiaries ('the Dignity (2002) Group') as required under the IBLA (prior to its amendment and restatement on 17 October 2014). The ultimate parent undertaking of Dignity (2002) Limited is Dignity plc.

Consequently, the financial information set out elsewhere in this report does not include the results of either the ultimate or intermediate parent undertakings of Dignity (2002) Limited, nor any adjustments necessary as to present the consolidated results and financial position of the combined groups.

Specifically, the financial information set out elsewhere in this report does not include certain adjustments, including, but not limited to, the following:

- Certain administrative expenses accruing to the parent undertakings of the Dignity (2002) Group;
- Interest payable and receivable on borrowings or loans between the Dignity (2002) Group and its parent undertakings;
- Interest payable or receivable on borrowings or loans held by either the ultimate or intermediate parent undertakings of Dignity (2002) Limited;
- Dividends declared or receivable by either the ultimate or intermediate parent undertakings of Dignity (2002) Limited;
- The non-cash effects of FRS 17 in the Relevant Period;
- The net assets of either the ultimate or intermediate parent undertakings of Dignity (2002) Limited; and
- Any adjustments necessary in order to present the combined results and financial position of any entity outside the control of the Dignity (2002) Group.

This report has been prepared under UK Generally Accepted Accounting Principles ('UK GAAP'). Dignity plc prepares its consolidated financial statements under IFRS principles.

4 Terminology

Capitalised terms and phrases used in this report are defined in the Issuer / Borrower Loan Agreement ('IBLA') and have the same meanings in this report as defined in the IBLA prior to its amendment and restatement on 17 October 2014.