



Dignity (2002) Limited
Unaudited Abridged Investor Report
for the 52 week period ended 27 September 2013

To: Bloombergs

From: Dignity (2002) Limited (as Borrower)

Terms defined in the Issuer / Borrower Loan Agreement ('IBLA') shall have the same meaning herein.

NOTICE TO THE READER

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

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

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

Dignity (2002) Limited

Unaudited Abridged Investor Report

for the 52 week period ended 27 September 2013

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Dignity (2002) Limited

Consolidated EBITDA and Net Assets

for the 52 week period ended 27 September 2013

		<i>52 week period ending 27 Sep 2013</i>	<i>52 week period ending 28 Dec 2012</i>
EBITDA statement:	<i>Note</i>	<i>£m</i>	<i>£m</i>
Net revenue		240.1	225.2
Operating expenses		(155.3)	(147.1)
EBITDA	1	84.8	78.1

		<i>27 Sep 2013</i>	<i>28 Dec 2012</i>
Consolidated Net Assets:		<i>£m</i>	<i>£m</i>
Fixed assets		318.3	246.1
Total current assets	2	83.4	68.5
Creditors: amounts falling due within one year		(179.7)	(180.0)
Net current Liabilities		(96.3)	(111.5)
Total assets less current liabilities		222.0	134.6
Creditors: amounts falling due after more than one year		(391.3)	(306.8)
Provisions for liabilities		(8.8)	(9.4)
Pension (liability)/asset (net of deferred tax)		(1.5)	0.1
Net liabilities		(179.6)	(181.5)

Dignity (2002) Limited

Coverages and covenants

for the 52 week period ended 27 September 2013

		52 week period ending	52 week period ending
	Note	27 Sep 2013 £m	28 Dec 2012 £m
EBITDA for the Relevant Period		84.8	78.1
Free Cashflow for the Relevant Period		66.0	60.4
Debt Service for the Relevant Period	3	33.1	32.1

Financial Covenant

EBITDA DSCR ('Debt Service cover ratio') :

Target	>= 1.5 : 1	>= 1.5 : 1
Actual	2.56 : 1	2.43 : 1

Restricted Payment Condition

Free Cashflow DSCR :

Target	>= 1.4 : 1	>= 1.4 : 1
Actual	1.99 : 1	1.88 : 1

EBITDA DSCR :

Target	>=1.85 : 1	>=1.85 : 1
Actual	2.56 : 1	2.43 : 1

Confirmations

The Dignity (2002) Group confirms that the Financial Covenant has been observed for the Relevant Period ending 30 September 2013.

The Restricted Payment Condition in relation to each Restricted Payment below has been satisfied.

On 31 December 2012, a Restricted Payment totalling £9.5m was paid to Dignity Holdings Limited as a loan. This loan was offset against the existing loan from Dignity Holdings Limited to Borrower in accordance with clause 19.16.1 (b) of the IBLA. These funds were subsequently paid to Dignity plc by way of a dividend.

On 28 June 2013, a Restricted Payment totalling £16.7m was paid to Dignity (2004) Limited as a dividend. These funds were subsequently paid to Dignity plc by way of a dividend.

On 30 July 2013, a Restricted Payment totalling £43.4m was paid to Dignity (2004) Limited as a dividend. These funds were subsequently paid to Dignity plc by way of a dividend.

On 30 July 2013, a Restricted Payment totalling £33.1m was paid to Dignity Funerals No.2 Limited as a loan. This loan was then subsequently used to repay the term facility to National Westminster Bank PLC.

The two Restricted Payments on 30 July 2013 were made as a result of the issue of further Secured Notes as detailed in note 7.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 27 September 2013

1 EBITDA

EBITDA has been calculated in accordance with the definition in the IBLA. Pension costs are stated on a cash basis and have been allocated on a divisional basis.

2 Total current assets

Total current assets include cash at bank and in hand of £45.9m (Dec 2012: £35.3m) of which £20.7m (Dec 2012: £0.9m) is cash held for operations.

3 Debt Service and Financial Covenant

The Dignity (2002) Group confirms that none of the following occurred in the Relevant Period ending 30 September 2013:

- Loan Event of Default
- Potential Loan Event of Default
- Financial Adviser Appointment Event

The Company made the following debt repayments during the Relevant Period (paid on 31 December 2012 and 28 June 2013):

	<i>Interest</i>	<i>Principal</i>
	<i>£'000</i>	<i>£'000</i>
Class A Secured 6.310% Notes due 2023	9,211	8,621
Class B Secured 8.151% Notes due 2030	13,515	-

The interest payments above include the 1bp margin payable under the IBLA. The actual payments to bondholders were £9,196,000 and £13,498,000 under the Class A and Class B Notes respectively.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 27 September 2013

3 Debt Service and Financial Covenant (continued)

Debt Service for the Relevant Period ending 30 September 2013 has been calculated as follows:

	<i>Principal</i>	<i>Annual rate</i>	<i>Interest</i>
	<i>£'000</i>	<i>%</i>	<i>£'000</i>
Senior Interest accruing in the period			
Class A Notes – existing	139,234	6.32%	9,075
Class B Notes – existing	165,600	8.161%	13,515
Class A Notes – issued July 2013	34,263	6.32%	355
Class B Notes – issued July 2013	40,750	8.161%	547
Working capital facility	5,000	0.45%	22
Liquidity facility	63,000	1.18% ^{§1}	404 ^{§2}
Hedging documents	202,500	0.3404% ^{§3}	689
Senior Interest accrued in the period			24,607
Interest received in the period	variable	variable	(121)
Scheduled repayments of principal in the period		n/a	8,621
Debt Service for the Relevant Period			33,107

^{§1} This represents the ongoing annual rate since the further issue of Secured Notes on 30 July 2013.

^{§2} This represents the actual commitment fees payable in the Relevant Period ending 30 September 2013.

^{§3} Net rate payable on notional principal.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 27 September 2013

4 Dignity plc

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

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

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

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

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

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 27 September 2013

5 Terminology

The following capitalised terms and phrases used in this report are defined in the Issuer / Borrower Loan Agreement ('IBLA') and have the same meanings in this report as defined in the IBLA:

Additional Obligors	Annual Upgrade Update	Borrower	Debt Service	EBITDA	Financial Adviser Appointment
Financial Covenant	Financial Indebtedness	Free Cashflow	Funeral Home Start-Ups	Issuer	Loan Event of Default
Maintenance Capex	Non-Obligor	Note Trustee	Permitted Obligor Acquisition	Permitted Crematorium Development	Permitted Obligor Disposal
Portfolio	Potential Loan Event of Default	Relevant Period	Restricted Payment	Restricted Payment Condition	Senior interest
Secured Notes	Securitisation Group	Security Trustee	Tax	Tax Deed of Covenant	Transaction Documents

6 Working capital facility

On 9 April 2013, the Securitisation Group's working capital facility was renewed for a further 12 months on identical terms. The facility is therefore available until 11 April 2014.

7 Issue of further Secured Notes

On 22 July 2013, Dignity Finance PLC issued a prospectus in respect of a further issue of Class A and Class B Secured Notes.

On 30 July 2013, completion occurred and gross proceeds of £97.7 million were raised.

As described in the Prospectus, the proceeds have been used by the Securitisation Group to:

- (i) Allow Dignity Funerals No. 2 Limited to repay existing third party indebtedness of c£33 million. Dignity Funerals No.2 Limited is now part of the Securitisation Group as a result of the transaction and its trading history is described in the Prospectus;
- (ii) Remit funds to Dignity plc together with the cash it already holds, to be used to help provide shareholders with a £61.9 million Return of Cash equating to £1.08 per Ordinary Share;
- (iii) Deposit £18 million into the Elective Capex Account;
- (iv) Make a payment of £1 million to the Dignity Pension and Assurance Scheme; and
- (v) Pay fees relating to the transaction.