IMPORTANT NOTICE

THE OFFERING MEMORANDUM (THE "**OFFERING MEMORANDUM**") IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS ("**QIBs**") WITHIN THE MEANING OF RULE 144A ("**RULE 144A**") UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**U.S. SECURITIES ACT**") OR (2) PERSONS WHO ARE NOT A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT) AND WHO ARE OUTSIDE THE UNITED STATES (AND, IF INVESTORS ARE RESIDENT IN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (THE "**EEA**") OR THE UNITED KINGDOM ("**UK**"), PERSONS WHO ARE NOT AN EEA RETAIL INVESTOR OR A UK RETAIL INVESTOR (EACH AS DEFINED IN THE OFFERING MEMORANDUM)).

IMPORTANT: You must read the following before continuing. The following applies to the Offering Memorandum, whether received by email or otherwise received as a result of electronic communication, and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the Offering Memorandum. In accessing the Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access. The Offering Memorandum has been prepared in connection with the proposed offering and sale of securities therein (the "**Offering**"). The Offering Memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES (AS DEFINED IN THE OFFERING MEMORANDUM) HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS OF OTHER JURISDICTIONS.

THE OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE OFFERING MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THE OFFERING MEMORANDUM CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED TO AND WILL NOT BE ABLE TO PURCHASE ANY OF THE NOTES.

Confirmation of your representation: In order to be eligible to view the Offering Memorandum or make an investment decision with respect to the securities described therein, investors must be either (1) QIBs or (2) persons who are outside the United States in an offshore transaction outside the United States in reliance on Regulation S; provided that investors resident in a member state of the EEA or the UK are not an EEA retail investor or a UK retail investor, respectively. The Offering Memorandum is being sent at your request. By accepting the e-mail or other electronic transmission and accessing the Offering Memorandum, you shall be deemed to have represented to us and each of the Initial Purchasers (as defined in the Offering Memorandum), being the senders of the Offering Memorandum, that:

(1) you consent to delivery of the Offering Memorandum by electronic transmission; and

(2) either you and any customers you represent are:

  (a) QIBs; or

  (b) the e-mail address that you gave us and to which this electronic transmission has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States or the District of Columbia;

(c) if you are resident in a member state of the EEA or the UK, you are not an EEA retail investor or a UK retail investor, as applicable. Prospective purchasers that are QIBs are hereby notified that the seller of the Notes will be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act pursuant to Rule 144A.

You are reminded that the Offering Memorandum has been delivered to you on the basis that you are a person into whose possession the Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Memorandum to any other person.

The materials relating to the Offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the Offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of any of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the Offering shall be deemed to be made by the Initial Purchasers or such affiliate on behalf of Voyage Care BondCo PLC (the "**Issuer**") in such jurisdiction. Under no circumstances shall the Offering Memorandum constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The Offering Memorandum has not been approved by an authorised person in the United Kingdom and is for distribution only to, and is directed only at, persons who: (i) 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**")); (ii) are persons falling within Article 49(2)(a) to (d) ('high net worth companies, unincorporated associations, etc.') of the Financial Promotion Order; (iii) are outside the United Kingdom; 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 (the "**FSMA**")) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**relevant persons**"). The Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. No part of the Offering Memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person. No person may 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 the securities other than in circumstances in which Section 21(1) of the FSMA does not apply.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. The Offering Memorandum has been prepared on the basis that any offer of the Notes in any member state of the EEA will be made pursuant to an exemption under the Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**") from the requirement to publish a prospectus for offers of such Notes. The Offering Memorandum is not a prospectus for the purpose of the Prospectus Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the "**EUWA**"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (as amended, the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation. The Offering Memorandum has been prepared on the basis that any offer of the Notes in the UK will be made pursuant to an exemption under the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA (as amended, the "**UK Prospectus Regulation**") from a requirement to publish a prospectus for offers of such Notes. The Offering Memorandum is not a prospectus for the purposes of the UK Prospectus Regulation.

MiFID II Product Governance / Professional investors and ECPs only target market: Solely for the purposes of the product approval process of the manufacturers (if any), the target market assessment in respect of the securities described in the Offering Memorandum has led to the conclusion that: (i) the target market for such securities is eligible counterparties ("**ECPs**") and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of such securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending such securities (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of such securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK MiFIR Product Governance / Professional Investors and ECPs Only Target Market: Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the securities described in the Offering Memorandum has led to the conclusion that: (i) the target market for such securities is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; and (ii) all channels for distribution of such securities to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of such securities (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

The Offering Memorandum has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Initial Purchasers, any person who controls the Initial Purchasers, the Issuer or the Guarantors (as defined in the Offering Memorandum), nor any of the respective directors, managers, officers, employees, agents or affiliates of the foregoing entities or persons, accepts any liability or responsibility whatsoever in respect of any difference between the Offering Memorandum distributed to you in electronic form and the hard copy version available to you on request from the Initial Purchasers.

This electronic transmission and the Offering Memorandum are intended only for use by the addressee named herein and may contain legally privileged and/or confidential information. If you are not the intended recipient of this electronic transmission, you are hereby notified that any dissemination, distribution or copying of this electronic transmission and the Offering Memorandum is strictly prohibited. If you have received this electronic transmission in error, please immediately notify the sender by reply electronic transmission and permanently delete all copies of this electronic transmission and destroy any printouts of it.

STRICTLY CONFIDENTIAL
OFFERING MEMORANDUM

NOT FOR GENERAL DISTRIBUTION
IN THE UNITED STATES

Voyage Care BondCo PLC
£250,000,000 5⅞% Senior Secured Notes due 2027

Voyage Care BondCo PLC (the "**Issuer**"), a public limited company incorporated under the laws of England and Wales, is offering £250,000,000 5⅞% aggregate principal amount of its Senior Secured Notes due 2027 (the "**Notes**"). The proceeds of the Notes will be used, together with cash, to redeem in full our Existing Notes (as defined herein) (including accrued but unpaid interest) and to pay fees and expenses in connection with the Transactions (as defined herein).

Interest on the Notes will be paid semi-annually in arrear on 15 February and 15 August of each year, beginning on 15 August 2022. The Notes will mature on 15 February 2027. The Issuer may redeem the Notes in whole or in part at any time on or after 15 February 2024 at the applicable redemption prices set out in this offering memorandum (the "**Offering Memorandum**"), plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of redemption. Prior to 15 February 2024, the Issuer may redeem all or part of the Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of redemption, plus the applicable "make whole" premium, as described in this Offering Memorandum. Prior to 15 February 2024, the Issuer may redeem up to 40% of the aggregate principal amount of the Notes at the applicable redemption price specified in this Offering Memorandum with the net cash proceeds from certain equity offerings, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of redemption; provided that at least 50% of the original aggregate principal amount of the Notes remains outstanding immediately after the redemption. Additionally, the Issuer may redeem all, but not less than all, of the Notes upon the occurrence of certain changes in applicable tax law.

Upon the occurrence of certain events defined as constituting a change of control, the Issuer may be required to make an offer to purchase the Notes. A change of control, however, will not be deemed to have occurred if a specified consolidated leverage ratio is not exceeded in connection with such event.

The Notes will be the Issuer's senior obligations and will be guaranteed (the "**Guarantees**" and, each, a "**Guarantee**") on a senior secured basis by Voyage BidCo Limited (the "**Company**") and certain of its material subsidiaries (together with the Company, the "**Guarantors**").

The Notes and the Guarantees will be secured by first-priority security interests, which will also secure the obligations under the Revolving Credit Facility (as defined herein), subject to the Agreed Security Principles (as defined herein), in substantially all of the assets of the Issuer and the Guarantors, the share capital of the Issuer held by the Company and the share capital of each Guarantor (other than the Company) (the "**Collateral**"), as described in "*Description of the Notes—Security*". Under the terms of the Intercreditor Agreement (as defined herein), in the event of enforcement of the security over the Collateral, the holders of the Notes will receive proceeds from the Collateral only after the lenders of the Revolving Credit Facility and certain hedging obligations, if any, have been repaid in full. See "*Description of the Notes—Security*".

The Notes and the Guarantees will be equal in right of payment with all of the existing and future senior indebtedness of the Issuer and the Guarantors, senior to all of the existing and future indebtedness of the Issuer and the Guarantors that is subordinated in right of payment to the Notes and the Guarantees and effectively senior to all of the existing and future unsecured indebtedness of the Issuer and the Guarantors to the extent of the value of the Collateral available to satisfy the claims under the Notes and the Guarantees. The Notes and the Guarantees will be effectively subordinated to all existing and future secured indebtedness of the Issuer and the Guarantors that is secured by assets that do not secure the Notes and the Guarantees, to the extent of the value of the assets securing such indebtedness, and will be structurally subordinated to all indebtedness and other liabilities of the Issuer's and the Guarantors' existing and future subsidiaries that do not guarantee the Notes.

This Offering Memorandum includes information on the terms of the Notes and the Guarantees, including redemption and repurchase prices, security, covenants and transfer restrictions.

There is currently no public market for the Notes. Application will be made to The International Stock Exchange Authority Limited (the "**Authority**") for the listing of and permission to deal in the Notes on the Official List of The International Stock Exchange (the "**Exchange**") and admission to trade on the Exchange. There is no assurance that the Notes will be listed on the Official List of the Exchange, that such permission to deal in the Notes will be granted or that such listing will be maintained. Settlement of the Notes is not conditional on such admission. The Exchange is a market designated for professional investors. The Authority has not approved or verified the contents of this Offering Memorandum. The Exchange is not a regulated market for purposes of the provisions of Directive 2014/65/EU, as amended ("**MiFID II**") or Regulation (EU) No 600/2014 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**").

The Notes will be issued in minimum denominations of £100,000 and integral multiples of £1,000 in excess thereof. The Notes will be represented by one or more global notes, which will be delivered to investors in book-entry form through Euroclear SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream**"), in each case on or about 3 February 2022 (the "**Issue Date**"). See "*Book-entry, delivery and form*".

Investing in the Notes involves a high degree of risk. See "*Risk factors*" beginning on page 25.

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") or the securities laws of any other jurisdiction. Accordingly, the Notes and the Guarantees are being offered and sold in the United States only to qualified institutional buyers ("**QIBs**") in accordance with the exemption from registration provided by Rule 144A under the U.S. Securities Act ("**Rule 144A**") and outside the United States to certain persons in offshore transactions in accordance with Regulation S under the U.S. Securities Act. Prospective purchasers that are QIBs are hereby notified that the sellers of the Notes may be relying on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A. For a description of certain restrictions on transfers of the Notes, see "*Plan of distribution*" and "*Notice to investors*".

Issue price of the Notes: 100.0% plus accrued interest, if any, from the Issue Date.

Global Coordinator and Physical Bookrunner

J.P. Morgan

Joint Bookrunning Managers

Barclays **Lloyds Bank Corporate Markets** **NatWest Markets**

The date of this Offering Memorandum is 20 January 2022.

You should base your decision to invest in the Notes solely on information contained in this Offering Memorandum. Neither we nor J.P. Morgan Securities plc, Barclays Bank PLC, Lloyds Bank Corporate Markets plc and NatWest Markets Plc (together, the "Initial Purchasers") have authorised any dealer, salesperson or other person to provide any information or represent anything to you that is different from the information contained in this Offering Memorandum. You must not rely on unauthorised information or representations. You should not assume that the information contained in this Offering Memorandum is accurate as at any date other than the date on the front cover of this Offering Memorandum. Our business or financial condition and other information in this Offering Memorandum may change after that date. None of the Initial Purchasers, nor any of their affiliates will monitor, or be required to monitor, the business and financial condition of the Issuer or any of its subsidiaries.

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Voyage Care BondCo PLC is a public limited company incorporated under the laws of England and Wales and is a direct wholly owned subsidiary of Voyage BidCo Limited (the "**Company**") and an indirect wholly owned subsidiary of VC Healthcare Topco Limited. In this Offering Memorandum, "Issuer" refers only to Voyage Care BondCo PLC. In this Offering Memorandum, "we", "us", "our" and the "Group" refer to the Company and its consolidated subsidiaries, unless the context otherwise requires. Our registered office is located at Wall Island, Birmingham Road, Lichfield, Staffordshire, WS14 0QP and our website is www.voyagecare.com. The information contained on our website or any other website referred to herein are not incorporated into, and do not form a part of, this Offering Memorandum.

Important information

This Offering Memorandum is confidential and has been prepared by us solely for use in connection with the offering of the Notes (the "**Offering**"). This Offering Memorandum is personal to each offeree and does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised 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. You must comply with all laws applicable in any jurisdiction in which you buy, offer or sell any 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. See "*Notice to investors*".

Neither we, the Initial Purchasers, any of our or their respective representatives nor the Trustee or any agent 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. In making an investment decision regarding any of the Notes, you must rely on your own examination of the Issuer and the terms of the relevant Offering, including the merits and risks involved.

By accepting delivery of this Offering Memorandum, you agree to the foregoing restrictions, to make no photocopies of this Offering Memorandum or any documents referred to herein and not to use any information herein for any purpose other than considering an investment in the Notes.

This Offering Memorandum is based on information provided by us and other sources that we believe to be reliable. None of the Initial Purchasers, the Trustee or any agents are making any representation or warranty that this information is accurate or complete and are not responsible for this information. In this Offering Memorandum, we have summarised 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.

We accept 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 accurate as at the date hereof. The business, financial condition or other information relating to the Issuer, the Company and each of the Guarantors, as contained in this Offering Memorandum, may change after 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 set out in relation to sections of this Offering Memorandum describing clearing and settlement arrangements, including "*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 summarising 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.

The Notes will be available initially only in book-entry form. We expect that the Notes offered hereby will be issued in the form of one or more global notes, which will be deposited with, or on behalf of, a 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/or Clearstream and their participants, as applicable. See "*Book-entry, delivery and form*".

The Notes are subject to restrictions on transferability and resale, which are described under the caption "*Notice to investors*". By possessing this Offering Memorandum or purchasing any Note, you will be deemed to have represented and agreed to all of the provisions contained in that section of this Offering Memorandum. You should be aware that you may be required to bear the financial risks of your investment for a long period of time.

We reserve the right to withdraw the Offering at any time. We and the Initial Purchasers each reserve the right to reject any offer to purchase the Notes in whole or in part and to allot to any prospective purchaser less than the full amount of the Notes sought by it. The Initial Purchasers and certain of their respective related entities may acquire, for their own accounts, a portion of the Notes.

Stabilisation

IN CONNECTION WITH THE OFFERING, J.P. MORGAN SECURITIES PLC (THE "STABILISATION MANAGER") (OR PERSON(S) ACTING ON BEHALF OF THE STABILISATION 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 CAN BE NO ASSURANCES THAT THE STABILISATION MANAGER (OR PERSON(S) ACTING ON BEHALF OF THE STABILISATION MANAGER) WILL UNDERTAKE ANY SUCH STABILISATION ACTION. SUCH STABILISATION ACTION, IF COMMENCED, MAY BEGIN ON OR AFTER THE DATE OF ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFERING AND MAY BE DISCONTINUED AT ANY TIME, BUT MUST BE BROUGHT TO AN END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER ALLOTMENT MUST BE CONDUCTED BY THE STABILISATION MANAGER (OR PERSON(S) ACTING ON BEHALF OF THE STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "*PLAN OF DISTRIBUTION*".

We cannot guarantee that the application we will make to the Authority for each series of the Notes to be listed on the Official List of the Exchange will be approved, and settlement of the Notes is not conditional on obtaining this listing.

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.

Notice to investors in the United States

This Offering is being made in the United States in reliance upon an exemption from registration under the U.S. Securities Act for an offer and sale of the Notes which does not involve a public offering.

This Offering Memorandum is being provided (1) to U.S. investors that the Issuer reasonably believes to be QIBs under Rule 144A for informational use solely in connection with their consideration of the purchase of the Notes and (2) to investors outside the United States who are not U.S. persons in connection with offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act. The Notes and the Guarantees described in this Offering Memorandum have not been and will not be registered with, recommended by or approved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other securities commission or regulatory authority, nor has the SEC, any state securities commission in the United States or any such securities commission or authority passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense.

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 U.S. Securities Act provided by Rule 144A. For a description of certain restrictions on transfers of the Notes, see "*Notice to investors*".

Notice to certain European and UK investors

European Economic Area

Prohibition of sales to EEA retail investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

This Offering Memorandum has been prepared on the basis that any offer of the Notes in any Member State of the EEA will be made pursuant to an exemption under Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**") from the requirement to publish a prospectus for offers of securities. This Offering Memorandum is not a prospectus for the purpose of the Prospectus Regulation.

MiFID II product governance

Solely for the purposes of the product approval process of the manufacturers, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties ("**ECPs**") and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

United Kingdom

This Offering Memorandum has not been approved by an authorised person in the United Kingdom and is for distribution only to, and is directed only at, persons who: (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "**Financial Promotion Order**"); (ii) are persons falling within Article 49(2)(a) to (d) ('high net worth companies, unincorporated associations etc.') of the Financial Promotion Order; (iii) are outside the United Kingdom; 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 (the "**FSMA**")) 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**"). This Offering Memorandum is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this offering memorandum relates is permitted only by Relevant Persons and will be engaged in only with Relevant Persons.

No part of this Offering Memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person. No person may 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 the Notes other than in circumstances in which Section 21(1) of the FSMA does not apply to us.

Prohibition of sales to UK retail investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the "**EUWA**"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (as amended, the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

This Offering Memorandum has been prepared on the basis that any offer of the Notes in the UK will be made pursuant to an exemption under the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA (as amended, the "**UK Prospectus Regulation**") from the requirement to publish a prospectus for offers of notes. This Offering Memorandum is not a prospectus for the purposes of the UK Prospectus Regulation.

UK MiFIR product governance

Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

Italy

No action has been or will be taken that could allow an offering of the Notes to the public in the Republic of Italy. Accordingly, the Notes may not be offered or sold directly or indirectly in the Republic of Italy, and neither this Offering Memorandum nor any other offering circular, prospectus, form of application, advertisement, other offering material or other information relating to the Issuer, the Guarantors or the Notes may be issued, distributed or published in the Republic of Italy, except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations. The Notes cannot be offered or sold to any natural persons nor to entities other than qualified investors (according to the definition provided for by the Prospectus Regulation) either on the primary or on the secondary market.

Spain

The Offering has not been registered with the Comisión Nacional del Mercado de Valores and therefore the Notes may not be offered or sold or distributed in Spain except in circumstances that do not qualify as a public offer of securities in Spain in accordance with Article 30 bis of the Securities Market Act (*Ley 24/1988, de 28 de julio del Mercado de Valores*) as amended and restated, or pursuant to an exemption from registration in accordance with Article 41 of the Royal Decree 1310/2005 (*Real Decreto 1310/2005, de 4 de noviembre por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*).

France

This Offering Memorandum has not been prepared in the context of a public offering in France within the meaning of Article L. 411-1 of the Code Monétaire et Financier and Title I of Book II of the Règlement Général of the Autorité des marchés financiers (the "**AMF**") and therefore has not been submitted for clearance to the AMF. Consequently, the Notes may not be, directly or indirectly, offered or sold to the public in France, and offers and sales of the Notes will only be made in France to providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de tiers*) and/or to qualified investors (*investisseurs qualifiés*) and/or to a closed circle of investors (*cercle restreint d'investisseurs*) acting for their own accounts, as defined in and in accordance with Articles L. 411-2 and D. 411-1 of the Code Monétaire et Financier. Neither this Offering Memorandum nor any other offering material may be distributed to the public in France.

Germany

The Offering is not a public offering in the Federal Republic of Germany. The Notes may only be offered, sold and acquired in accordance with the provisions of the Securities Prospectus Act of the Federal Republic of Germany (the "**Securities Prospectus Act**", *Wertpapierprospektgesetz, WpPG*), as amended, the Commission Regulation (EC) No. 809/2004 of 29 April 2004 as amended, and any other applicable German law. The Issuer has not, and does not intend to, file a securities prospectus with the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) ("**BaFin**") or obtain a notification to BaFin from another competent authority of a Member State of the European Economic Area, with which a securities prospectus may have been filed, pursuant to Section 17 Para. 3 of the German Securities Prospectus Act. No application has been made under German law to permit a public offer of Notes in the Federal Republic of Germany. This Offering Memorandum has not been approved for purposes of a public offer of the Notes and accordingly the Notes may not be, and are not being, offered or advertised publicly or by public promotion in Germany. Therefore, this Offering Memorandum is strictly for private use and the offer is only being made to recipients to whom the document is personally addressed and does not constitute an offer or advertisement to the public. The Notes will only be available to and this Offering Memorandum and any other offering material in relation to the Notes is directed only at persons who are qualified investors (*qualifizierte Anleger*) within the meaning of Section 2, No. 6 of the Securities Prospectus Act. Any resale of the Notes in Germany may only be made in accordance with the Securities Prospectus Act and other applicable laws.

Switzerland

The Notes may not be publicly offered, sold or advertised, directly or indirectly, in or into Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**"), except under the following exemptions under the FinSA:

(i) to any investor that qualifies as a professional client within the meaning of the FinSA; and

(ii) in any other circumstances falling with ar. 36 of the FinSA;

provided, in each case, that no such offer of Notes referred to in (i) and (ii) above shall require the publication of a prospectus for offers of Notes pursuant to the FinSA.

The Notes have not and will not be listed or admitted to trading on the SIX Swiss Exchange or on any other trading venue (exchange or multilateral trading facility) in Switzerland.

Neither this Offering Memorandum nor any other offering or marketing material relating to the Offering, the Notes or the Issuer constitutes a prospectus as such term is understood pursuant to the FinSA, and neither this Offering Memorandum nor any other offering or marketing material relating to the Offering, the Notes or the Issuer may be distributed or otherwise made available in Switzerland in a manner which would require the publication of a prospectus in Switzerland pursuant to the FinSA. Neither this Offering Memorandum nor any other offering or marketing material relating to the Offering, the Notes or the Issuer have been or will be filed with or approved by any review body (*Prüfstelle*) or other Swiss regulatory authority.

The Netherlands

In the Netherlands, the Notes may only be offered to qualified investors (*gekwalificeerde beleggers*) within the meaning of the Prospectus Regulation. This Offering Memorandum has not been approved by, registered or filed with the Netherlands Authority for the Financial Markets.

Austria

This Offering Memorandum has not been and will not be approved and/or published pursuant to the Austrian Capital Markets Act (*Kapitalmarktgesetz*) as amended. Neither this Offering Memorandum nor any other document connected therewith constitutes a prospectus according to the Austrian Capital Markets Act and neither this Offering Memorandum nor any other document connected therewith may be distributed, passed on or disclosed to any other person in Austria. No steps may be taken that would constitute a public offering of the Notes in Austria and the Offering may not be advertised in Austria. Any offer of the Notes in Austria will only be made in compliance with the provisions of the Austrian Capital Markets Act and all other laws and regulations in Austria applicable to the offer and sale of the Notes in Austria.

Grand Duchy of Luxembourg

The terms and conditions relating to this Offering Memorandum have not been approved by and will not be submitted for approval to the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier*) for purposes of public offering or sale in or from the Grand Duchy of Luxembourg ("**Luxembourg**"). Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this Offering Memorandum nor any other circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in or from, or published in Luxembourg.

Notice to investors in Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* ("**NI 33-105**"), the Initial Purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this Offering.

THIS OFFERING MEMORANDUM CONTAINS IMPORTANT INFORMATION, WHICH YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE NOTES

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", "estimates", "anticipates", "expects", "intends", "may", "will", "plans", "continue", "ongoing", "potential", "predict", "project", "target", "seek" or "should" or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. 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 others, 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.

Any forward-looking statements are only made as at 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.

Many factors may cause our results of operations, financial condition, liquidity and the development of the industries 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:

- the continuing impact of the COVID-19 pandemic;
- our reliance on publicly funded local purchasers in the UK, such as Local Authorities and CCGs, for substantially all of our revenue;
- changes in corporation and other tax policies;
- changing demand for our services, which we provide mostly under arrangements with no guaranteed volume or price commitments;
- our ability to successfully win contract tenders and obtain satisfactory return on these;
- changes in levels of referrals by Local Authorities and the NHS;
- changes in fee rates;
- negative publicity;
- changes in public healthcare policies, regulations or failure to comply with regulations;
- any deficiencies in the quality of our services or perceptions of our consumers or the people we support regarding the quality of our services that may impact our reputation or brand and/or our ability to market our services effectively;
- our ability to acquire suitable capacity and realise organic growth;
- our ability to successfully make and integrate acquisitions;
- involvement in legal proceedings;
- compliance with relevant medical, health and safety or environmental laws and regulations;

- risks related to our insurance coverage;
- the high level of competition in the health industry;
- the threat of the replacement of registered homes with community based care services and challenges to our ability to grow our Community Based Care Division;
- our ability to attract, retain and train qualified management and support staff;
- changing of or different interpretation of national minimum wage and national living wage regulations, which may increase our payroll costs;
- increase of input costs;
- instability in the supply of utility services and energy prices;
- changes to housing benefits;
- reliance on our senior management team;
- our handling of sensitive personal data;
- the effectiveness of our system of internal controls;
- the accuracy of projections, assumptions and procedures with respect to the valuation of our property portfolio;
- disruption due to cyber security attacks against our information and technology systems and failure to maintain, protect, develop or update these systems;
- legal, political and economic uncertainty following the UK's exit from the EU;
- the presence of financial turmoil or instability in the UK and global capital and credit markets as well as significant global or national developments in macroeconomic and political conditions that are out of our control;
- increase of pension contributions;
- the possibility that interests of our principal shareholders may be inconsistent with interests of holders of the Notes;
- factors affecting our leverage and our ability to service debt;
- the effect of operating and financial restrictions in our debt instruments;
- availability of cash to service our debt and sustain our operations;
- volatility of floating rates for borrowings under the Revolving Credit Facility; 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 sectors in which we operate. New risks can emerge from time to time, and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results.

Industry and market data

We operate in industries for which it is difficult to obtain precise industry and market information. The market and competitive position data in the sections "*Summary*", "*Risk factors*", "*Management's discussion and analysis of financial condition and results of operations*", "*Industry*" and "*Business*" of this Offering Memorandum are estimates that have been arrived at by management based on industry publications, UK government sources, publicly available information and from surveys or studies conducted by LaingBuisson Limited, NHS Digital, the Personal Social Services Research Unit and the Learning Disabilities Observatory 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 herein 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. LaingBuisson Limited, NHS Digital, the Personal Social Services Research Unit and the Learning Disabilities Observatory have not assumed any responsibility for the information presented in this Offering Memorandum. 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 industries in which we operate and our position in these industries 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 these industries, 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 is subject to change based on various factors, including those discussed under the heading "*Risk factors*" in this Offering Memorandum. Furthermore, certain forward-looking statements contained in such industry and certain market data may not fully include the impact of the COVID-19 pandemic or other related developments, including the impacts of future national or local lockdowns or other measures implemented by national and/or local authorities. There can be no assurance that such forward-looking statements would not have been materially different if such developments related to the COVID-19 pandemic had been taken into account. See "*Forward-looking Statements*". As far as we are aware and have been able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Neither we nor the Initial Purchasers make any representation as to the accuracy or completeness of any such information in this Offering Memorandum.

Certain numerical figures contained in this Offering Memorandum, including financial information, market data and certain operating data have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables may not conform exactly to the total figure given for that column or row or the sum of certain numbers presented as a percentage may not conform exactly to the total percentage given.

Unless otherwise stated, all references to policy and market structure should be taken to refer to England, where we conduct substantially all of our activities. The devolved governments of Scotland and Wales have control over their own health and social care spending and policy.

Certain definitions

Unless the context requires otherwise, references to:

- "**ABI**" are to acquired brain injury.

- "**Acquisition**" are to the acquisition of Voyage Care HoldCo Limited by an entity associated with Wren House from Partners Group, Duke Street and certain members of Voyage Care's current and former senior management team in January 2022, in connection with which certain members of Voyage Care's senior management team agreed to roll over a percentage of their sale proceeds into a newly incorporated holding company alongside Wren House.

- "**Agreed Security Principles**" are to the "Agreed Security Principles" to be set out in an annex to the Revolving Credit Facility Agreement, as applied *mutatis mutandis* with respect to the Notes in good faith by the Issuer.

- "**BIR**" are to brain injury rehabilitation.

- "**CAGR**" are to compound annual growth rate.

- "**Capital Grant Properties**" are to six of our freehold properties that were purchased with the assistance of capital grants provided by public authorities, and for which, under the capital grant arrangements, the repayment of such capital grants will be required on the disposal of or other dealing with (including charging of) such properties. In certain cases, the amount payable on such an event will be a proportion of the sale proceeds which may be greater than the amount of the initial grant.

- "**Care Inspectorate**" are to the entity regulates, inspects and reviews care services in Scotland. For a further description, see "*Regulation—Scotland—Public Services Reform (Scotland) Act 2010*".

- "**CCG**" are to clinical commissioning groups which are clinically led statutory NHS bodies responsible for the planning and commissioning of health care services for their local area.

- "**CIW**" are to the Care Inspectorate Wales, the entity that regulates, inspects and reviews care services in Wales. For a further description, see "*Regulation—England and Wales—Care Standards Act 2000*".

- "**Collateral**" are to the Collateral as described under "*Description of the Notes—Security*".

- "**Company**" are to Voyage BidCo Limited, a private limited company incorporated under the laws of England and Wales.

- "**CQC**" or "**Care Quality Commission**" are to the entity that regulates, inspects and reviews care services in England. For a further description, see "*Regulation—England and Wales—Health and Social Care Act 2008*".

- "**CSA**" are to the UK Care Standards Act 2000.

- "**DCAs**" or "**Domiciliary Care Agencies**" are to regional office locations that manage and administer the care services provided through our Community Based Care Division and are regulated by the CQC in England, the CIW in Wales and the Care Inspectorate in Scotland, as applicable.

- "**Duke Street**" are to Duke Street LLP or one or more funds or limited partnerships advised by Duke Street LLP or managed by Duke Street LLP or any of its affiliates or direct or indirect subsidiaries from time to time.

- "**eligibility criteria**" are to eligibility criteria for access to adult care and support, and for access to carer support, as set out in the Care and Support (Eligibility Criteria) Regulations 2015. The national minimum threshold for eligibility was implemented in April 2015. The same eligibility threshold applies across the country and local authorities cannot restrict eligibility beyond this level. The following four terms are currently in common use to describe the continuum of learning disability: "profound", "severe", "moderate" and "mild". The meaning of these terms can generally be described as follows. The terms used below reflect those utilised by the National Association of Disability Practitioners Ltd:
    - '**profound**' needs may be deemed to have arisen when there is, or will be, significantly limited intellectual understanding, difficulty communicating or an inability to communicate verbally or at all, and there may be complicating mental and physical disabilities, including limited support and mobility, leading to an inability to carry out vital personal care or domestic routines or vital social support functions.
    - '**severe**' needs may be deemed to have arisen when there is, or will be, an inability to carry out some or most personal care or domestic routines. People with severe learning disabilities often use basic words or gestures to communicate their needs and may have additional medical needs and require assistance with support and mobility.
    - '**moderate**' needs may deemed to have arisen when there is, or will be, an inability to carry out several personal care or daily routines without support or sustained care, though there will likely be an ability to verbally communicate in an effective manner.
    - '**mild**' needs may deemed to have arisen when there is, or will be, some support needed to understand abstract or complex ideas or to complete certain more complex tasks, though there will likely be an ability to complete many everyday tasks unassisted and will usually be an ability to verbally communicate.
- "**Exchange**" are to The International Stock Exchange.
- "**Existing Notes**" are to the Existing Senior Secured Notes and the Existing Second Lien Notes, collectively.
- "**Existing Revolving Credit Facility**" are to our existing revolving credit facility in an original amount of £45 million made available under the Existing Revolving Credit Facility Agreement.
- "**Existing Revolving Credit Facility Agreement**" are to the agreement governing the Existing Revolving Credit Facility entered into on 25 April 2017, as supplemented, amended and/or restated from time to time.
- "**Existing Second Lien Notes**" are to the £35 million aggregate principal amount of 10% Second Lien Notes due 2023 issued by the Issuer pursuant to an indenture dated 8 May 2017 by and among, *inter alios*, the Issuer, the trustee thereto and the other parties thereto.
- "**Existing Senior Secured Notes**" are to the £215 million aggregate principal amount of 5⅞% Senior Secured Notes due 2023 issued by the Issuer pursuant to an indenture dated 8 May 2017 by and among, *inter alios*, the Issuer, the trustee thereto and the other parties thereto.
- "**Guarantors**" are collectively to the Company, Voyage 1 Limited, Voyage 2 Unlimited, Voyage Care Limited, Voyage Healthcare Group Limited, Voyage Limited, Voyage Specialist Healthcare Limited and Solor Care Group Limited as guarantors of the Notes and references to "Guarantor" are to each of them.
- "**HSCA**" are to the UK Health and Social Care Act 2008. For a further description, see "*Regulation—England and Wales—Health and Social Care Act 2008*".
- "**IFRS**" are to International Financial Reporting Standards, as adopted by the European Union.

- "**Indenture**" refers to the indenture to be dated on or about the Issue Date governing the Notes by and among, *inter alios*, the Issuer, the Security Agent and the Trustee.

- "**Intercreditor Agreement**" are to the intercreditor agreement to be entered into on or about the Issue Date between, among others, the Issuer, the Guarantors, the Trustee, the Security Agent and the facility agent under the Revolving Credit Facility Agreement on behalf of the lenders thereunder.

- "**Issuer**" are to Voyage Care BondCo PLC, a public limited company incorporated under the laws of England and Wales.

- "**Local Authorities**" are to local councils throughout the UK.

- "**NHS**" are to the UK National Health Service.

- "**Offering**" are to the offering of the Notes.

- "**Partners Group**" are to Partners Group AG or one or more funds or limited partnerships advised by Partners Group AG or managed by Partners Group AG or any of its affiliates or direct or indirect subsidiaries from time to time.

- "**pound**", "**pound sterling**" or "**£**" are to the lawful currency of the UK.

- "**PW**" are to Prader-Willi syndrome.

- "**Revolving Credit Facility**" are to our £50 million revolving credit facility to be made available under the Revolving Credit Facility Agreement on or about the Issue Date, as described more fully under "*Description of other indebtedness—Revolving Credit Facility*".

- "**Revolving Credit Facility Agreement**" are to the agreement governing the Revolving Credit Facility to be entered into in connection with the Transactions.

- "**SEC**" are to the U.S. Securities and Exchange Commission.

- "**Security Agent**" are to Lloyds Bank plc, as security agent under the Indenture, the Intercreditor Agreement and the Revolving Credit Facility Agreement.

- "**Security Documents**" are to agreements creating security interests over the Collateral for the Notes as described under "*Description of the Notes—Security—Security Documents*".

- "**Transactions**" are to:

    - the Offering;

    - the redemption in full of the Existing Notes, including accrued but unpaid interest;

    - the termination of the Existing Revolving Credit Facility and entry into the Revolving Credit Facility Agreement; and

    - the payment of fees and expenses in connection with the foregoing transactions, including the fees and expenses to be incurred in connection with the Offering.

- "**Trustee**" are to Deutsche Trustee Company Limited, as trustee under the Indenture.

- "**U.S. Securities Act**" are to the U.S. Securities Act of 1933, as amended.

- "**Valuation Report**" means the valuation report prepared by Christie & Co in June 2021 based on valuation of our portfolio of freehold and long leasehold properties and associated care services on an aggregate portfolio basis and on the basis of the value of our freehold and long leasehold properties on a standalone basis. See "*Business—Valuation Report*".

- "**we**", "**us**", "**our**", "**Voyage Care**" and the "**Group**" are to the Company and its consolidated subsidiaries, unless the context otherwise requires.

- "**Wren House**" are to Wren House Infrastructure Management Limited or one or more funds or limited partnerships advised by Wren House Infrastructure Management Limited or managed by Wren House Infrastructure Management Limited or any of its affiliates or direct or indirect subsidiaries from time to time.

Presentation of financial and other information

Financial data

The Issuer was formed on 2 January 2013 for the purpose of issuing securities. Other than obligations relating to the Existing Notes, the Issuer has no material assets or liabilities and it has not engaged in any activities other than those related to the issuing and servicing of the Existing Notes and making this Offering for the purposes of refinancing the Existing Notes. All historical financial information included under the captions "*Summary—Summary consolidated financial data*" and "*Selected historical financial data*" is that of the Company and its consolidated subsidiaries.

The historical consolidated financial information presented as at and for the years ended 31 March 2021, 2020 and 2019 has been derived from our audited consolidated financial statements which have been prepared in accordance with IFRS and are included elsewhere in this Offering Memorandum. In addition, the historical consolidated financial information presented as at and for the six months ended 30 September 2021 and 2020 has been derived from our unaudited condensed consolidated financial statements which have been prepared in accordance with IFRS and are included elsewhere in this Offering Memorandum.

Other financial data

The financial information presented for the twelve months ended 30 September 2021 is derived from adding the unaudited historical condensed consolidated interim statement of profit and loss for the six months ended 30 September 2021 to the audited historical consolidated statement of profit and loss for the fiscal year 2021 and subtracting the unaudited historical condensed consolidated interim statement of profit and loss for the six months ended 30 September 2020, each of which has been prepared in accordance with IFRS. The statement of profit and loss for the twelve months ended 30 September 2021 has been prepared for illustrative purposes only and is not necessarily representative of our results of operations for any future period or our financial condition at any future date and is not prepared in the ordinary course of our financial reporting or in accordance with IFRS.

Non IFRS and other financial measures

In this Offering Memorandum, we present certain non IFRS measures that we use to evaluate our operating and financial performance as well as liquidity, which are not required by, or presented in accordance with, IFRS. As used in this Offering Memorandum, the following terms have the following meanings:

- "**Underlying Adjusted EBITDA**" means profit / (loss) for the period as adjusted for taxation, finance expense, amortisation of intangible assets, profit / (loss) on disposal of non-current assets, depreciation and impairment of property and the effects of certain items considered to be non-underlying.

- "**Adjusted EBITDA**" means Underlying Adjusted EBITDA prior to adjustments for the effects of non-underlying items.

- "**Underlying Adjusted EBITDA Margin**" means Underlying Adjusted EBITDA divided by revenue.

- "**Cash Conversion**" means Underlying Adjusted EBITDA less Maintenance CAPEX and IT CAPEX, divided by Underlying Adjusted EBITDA.

- "**Adjusted Free Cash Flow**" means Underlying Adjusted EBITDA less Maintenance CAPEX and IT CAPEX.

- "**Total CAPEX**" means the sum of Development CAPEX, Maintenance CAPEX and IT CAPEX.

- "**Development CAPEX**" means build costs and other professional expenses in connection with new builds and conversions of existing properties, net of disposal proceeds, including development capital expenditure and capital expenditure with respect to supporting our head office function and excluding cash flows in relation to acquisition capital expenditure.

Development CAPEX also includes costs in connection with the acquisition of property which we originally lease for our operations and where we later agree to acquire the property from the lessor as well as the purchase of motor vehicles.

- "**Maintenance CAPEX**" means service related routine capital expenditure and non-service related capital expenditure with respect to supporting our head office function and includes purchases of new replacement equipment and fixtures.

- "**IT CAPEX**" means service related routine capital expenditure and non-service related capital expenditure with respect to software and hardware used for the operations of our Group.

We also present in this Offering Memorandum a specific split of our operating expenses, which management uses to track the operating and financial performance as well as liquidity of the Group. As used in this Offering Memorandum, the following line items are defined as follows:

- Underlying unit level staff costs comprise expenditure in relation to the Group's employees who deliver direct care and support to the people we support.

- Underlying agency costs comprise expenditure in relation to third-party staffing agencies who deliver direct care and support to the people we support.

- Underlying direct overheads comprise supplementary expenditure required to deliver the care and support to the people we support (direct costs to run the Group's services).

- Underlying central overheads comprise expenditure in relation to the Group's head office function who support the running of the business and therefore indirectly support the delivery of care and support.

- Underlying depreciation and impairment of property, plant and equipment comprises the write off of property, plant and equipment to their residual value over their estimated useful life.

- Underlying (profit)/loss on disposal of non-current assets comprise the difference between the net disposal proceeds received and the net book value of non-current assets at the time of disposal.

- Underlying amortisation of intangible assets comprises the write off of intangible assets to their residual value over their estimated useful life.

- Total non-underlying items before taxation includes non-underlying items, as presented in the reconciliation from Adjusted EBITDA to Underlying Adjusted EBITDA, of £1.3 million, £1.6 million and £3.0 million for the fiscal years 2019, 2020 and 2021, respectively, £1.2 million and £1.0 million for the six months ended 30 September 2020 and 2021, respectively, as well as £2.8 million for the twelve months ended 30 September 2021.

In addition, we present certain other financial measures, which are derived from the audited historical consolidated financial information and the unaudited historical condensed consolidated financial information presented elsewhere in this Offering Memorandum.

We also present certain pro forma financial measures, which have the following meanings:

- "**Pro Forma Underlying Adjusted EBITDA**" means Underlying Adjusted EBITDA, as adjusted to give effect to the full year impact of the Underlying Adjusted EBITDA contribution of (a) our recent acquisitions, (b) the implementation of a new procurement system and (c) cost optimisations with respect to DCAs, in each case as if they had occurred or been fully implemented on 1 October 2020.

- "**Pro Forma Cash**" means total cash and cash equivalents as at 30 September 2021, as adjusted to give effect to the Transactions and cash used in connection with the Acquisition. See "*Use of proceeds*" and "*Capitalisation*".

- "**Pro Forma Interest Expense**" means interest payable, as adjusted to give effect to the Transactions, including commitment fees on the £50 million of undrawn commitments under the Revolving Credit Facility.

- "**Pro Forma Net Debt**" means loans and borrowings (including lease liabilities), as adjusted to give effect to the Transactions, less Pro Forma Cash.

We believe that these non IFRS and other financial measures are useful indicators of our ability to incur and service our indebtedness and can assist certain investors, security analysts and other interested parties in evaluating us. We further believe that the non IFRS measures presented in this Offering Memorandum are relevant measures for assessing our performance and liquidity because they are adjusted for certain items which, we believe, are not indicative of our underlying operating performance and/or liquidity position. Pro Forma Underlying Adjusted EBITDA is, in our view, a particularly useful measure of our recent performance because it reflects the full year impact of the Underlying Adjusted EBITDA contribution of (i) our recent acquisition of Day Opportunities Limited and Woodley House Limited, (ii) the implementation of a new procurement system and (iii) cost optimisations with respect to DCAs, in each case as if they had occurred or been fully implemented on 1 October 2020. Other pro forma measures that we present in this Offering Memorandum have been prepared to give pro forma effect to the Transactions, including the Offering and the use of proceeds therefrom, in each case as if they had occurred as at 30 September 2021 (with respect to data derived from our balance sheet) or 1 October 2020 (with respect to data derived from our statement of profit and loss). See "*Summary—Summary consolidated financial data*".

Non IFRS measures are used by different companies for differing purposes and are often calculated in ways that reflect the particular circumstances of those companies. You should exercise caution in comparing the non IFRS measures as reported by us to such metrics or other similar metrics as reported by other companies. None of our non IFRS measures is a measurement of performance or liquidity under IFRS and you should not consider those measures as alternative measures to evaluate our performance or liquidity. The non IFRS measures do not necessarily indicate whether cash flow will be sufficient or available to meet our cash requirement and may not be indicative of our historical operating results, nor are such measures meant to be predictive of our future results. Moreover, any pro forma financial measure presented in this Offering Memorandum is based upon available information and certain assumptions that we believe are reasonable under the circumstances. Any such pro forma financial information is for informational purposes only, and does not purport to present what our results of operations and financial condition would have been had these transactions actually or certain other events described in more detail herein occurred on these dates, nor does it project our results of operations for any future period or our financial condition at any future date. While certain pro forma financial information has been derived from historical financial information prepared in accordance with or on the basis of IFRS, such financial information contains financial measures other than those used in accordance with IFRS and should not be considered in isolation from or as a substitute for our historical financial information. The pro forma financial information presented in this Offering Memorandum is not intended to represent pro forma financial information prepared in accordance with the requirements of Regulation S-X promulgated under the U.S. Securities Act or other SEC requirements, the Prospectus Regulation, the UK Prospectus Regulation or any generally accepted accounting standards.

Other operating data

In this Offering Memorandum, we present certain other operating data, including:

- ***Registered capacity*** – our results of operations are impacted by the number of beds at certain locations as bed capacity determines the maximum number of people that can be cared for in our Registered Care Division. Registered capacity is presented in this Offering Memorandum as the average number of available beds for the relevant period unless otherwise stated.

- ***Occupancy*** – occupancy presented in this Offering Memorandum represents the average number of individuals that we provide care to in our Registered Care Division for the relevant period unless otherwise stated.

- ***Occupancy rate*** – occupancy rate presented in this Offering Memorandum represents the percentage of the registered capacity occupied in our Registered Care Division at the end of the relevant period unless otherwise stated.

- ***Supported people*** – our results of operations are impacted by the number of people supported in our Community Based Care Division. The number of people supported in our Community Based Care Division is presented in this Offering Memorandum as the average placements for the relevant period unless otherwise stated.

- ***Direct care hours*** – direct care hours presented in this Offering Memorandum represent the weekly direct care hours delivered in our Community Based Care Division, including supported living, Children's Complex Care, day care and outreach placements, at the end of the relevant period unless otherwise stated.

- ***Fee rates*** – fee rates depend on the service that is being provided and the funder that is paying for the care package and is dependent on the nature of the pricing agreement in place.

- ***Average weekly fees*** – fee rates for our Registered Care Division refer to the average weekly fees in a given period.

- ***Average hourly rates*** – fee rates for our Community Based Care Division refer to average hourly rates per direct hour charged to a funder in a given period.

Valuation Report

In June 2021, Christie & Co carried out a valuation of our portfolio of freehold and long leasehold properties and associated care services on an aggregate portfolio basis and on the basis of the value of our freehold and long leasehold properties on a standalone basis (the "**Valuation Report**"). The market value determined by Christie & Co is based on certain qualifications and assumptions, estimates and projections and only a representative sample of our properties were inspected in accordance with the terms of the report. We cannot assure you that the projections or assumptions used, estimates made or procedures followed in the valuation of our property portfolio are correct, accurate or complete. See "*Business—Valuation Report*".

Neither Christie & Co, nor any person acting on behalf of Christie & Co, makes any warranty, express or implied, or assumes any liability with respect to the reliance upon or use of any information or analysis disclosed in the Valuation Report. Any opinions or conclusions reached in the Valuation Report are dependent upon a number of assumptions and economic conditions that may or may not occur.

Christie & Co stated that it conducted its analysis and prepared its report applying methods of analysis consistent with normal industry practice in accordance with applicable professional valuation standards. All conclusions are based on information available at the time of review. Changes in factors upon which the review was based could affect the results. Forecasts are inherently uncertain because of events or combinations of events that cannot reasonably be foreseen, including the actions of government, individuals, third parties and competitors. There is no implied warranty of merchantability or fitness for a particular purpose to apply.

Data based on the Valuation Report that is presented in this Offering Memorandum involves risks and uncertainties and is subject to change based on a variety of external factors, including those discussed in "*Risk factors*".

Rounding

Certain numerical information and other amounts and percentages presented in this Offering Memorandum have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables may not conform exactly to the total figure given for that column or row or the sum of certain numbers presented as a percentage may not conform exactly to the total percentage given.

SUMMARY

This summary highlights certain information contained elsewhere in this Offering Memorandum. The summary below is not complete and does not contain all the information that you should consider before investing in the Notes. This summary is qualified in its entirety by, and should be read carefully in conjunction with, the more detailed information included in this Offering Memorandum, including our financial statements and the notes thereto, before making an investment decision. See "Risk factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations", and "Business" for factors that you should consider before investing in the Notes.

Business overview

We believe we are a leading provider of registered care homes, measured in terms of beds, with a significant presence in community based care for adults with learning disabilities and other related complex and challenging support needs across the UK. We supported 3,406 people as at 31 March 2021, comprising 1,868 individuals supported through our Registered Care Division and a further 1,538 individuals supported through our Community Based Care Division. The vast majority of people we support have lifelong conditions and high acuity needs, which have been assessed as either 'profound' or 'severe' by Local Authorities and the NHS and therefore require ongoing care services to help them look after themselves.

The non-discretionary nature of these high acuity, long-term conditions, the long average length of stay in our Registered Care Division and the multi-year duration of the contracts and framework agreements in our Community Based Care Division provide us with revenue visibility and a degree of resilience to government spending pressures. As at 31 March 2021, approximately 69% of the people we support in our Registered Care Division have been in our care for more than five years and some of the people we support have been in our care for more than 20 years. Approximately 31% of the people we support in our Registered Care Division are 40 years of age or younger, and 75% are 60 years of age or younger, which contributes to a long average length of stay in those services. Similarly, the contracts and framework agreements in our Community Based Care Division typically range from two to seven years in duration.

Of the care we provide, 96% is paid for by Local Authorities and clinical commissioning groups ("**CCGs**"), and as at 31 March 2021, we generated revenue from over 250 of these publicly funded purchasers across the UK. Our longstanding relationships with Local Authorities and the CCGs are built on our strong reputation for providing quality services to the people we support. We offer care in a range of settings, including both registered residential care homes and care delivered in people's own homes, allowing us to cater for the needs of people we support and the agencies which commission our care. Our 'person-centred' approach to care ensures that we deliver quality, bespoke care packages tailored to the complex, high acuity care needs of the people we support in any care setting. We believe our flexible, high quality approach provides us with a competitive advantage compared to other care providers in the private sector, as evidenced by 95% of our services inspected achieving a rating of 'Good' or 'Outstanding' from the Care Quality Commission ("**CQC**") as at 31 March 2021. In Wales and Scotland, all of our services are 'compliant' with their respective inspection regimes. In addition, as Local Authorities increasingly adopt a model that provides personal budgets for social care, which allows individuals and their families to choose providers themselves, we believe our good reputation and our high quality standards give us a key competitive advantage.

The typical person we support in each of our divisions is between the ages of 18 and 65, has high dependency needs, allied medical needs, may present challenging behaviour, may have difficulty communicating verbally and/or may cause harm to themselves or a member of the community without appropriate care. With approximately 11,000 staff as at 30 September 2021, we strive to meet each individual's requirements and develop bespoke care packages tailored to their needs. Individual care plans are reviewed and amended on a regular basis to address changing support needs and to ensure that we continue to provide a personalised level of care that is appropriate for each individual. Due to the high acuity care needs of our client group, we typically provide a considerable amount of care for each person we support.

In our Registered Care Division, we typically have at least two support staff members for every three individuals during the day. This level of support is reflected in our average weekly fee of £1,798 per person for the fiscal year 2021. In our Community Based Care Division, as at 31 March 2021, we provided care and support to 1,538 individuals living in their own homes, delivering approximately 66 hours of care per week per person at an average hourly rate of £19.25.

The quality of our services is monitored and assured internally by our Quality, Safety and Risk Committee (the "**QSR**"), which is mandated to meet every two months or as required, to receive and review key outcome measures and individual service performance. This enables the QSR to maintain oversight of the management and quality of care by the organisation. The organisation also monitors and assesses quality, safety and risk at the senior management level. We are continually improving our quality assurance programmes to ensure that we have measures in place to proactively address quality concerns and regulatory requirements. We continue to update our service risk scorecard ("**SRS**") dashboard (an early warning indicator of potential quality issues), which uses information from various management data systems and collates the risk scores for each service. The reporting that is derived from the SRS dashboard helps identify the services that are at the highest potential risk in terms of the safe and effective delivery of care.

Our services

Our focus on quality of care services is core to all of our operations. The learning disability and complex care sector in which we operate is both highly regulated and fragmented. We are one of the few larger providers operating exclusively in this sector and specialising in providing care and support for people with complex, high acuity support needs. Our business is organised into two divisions based on the type of setting in which care is provided: our Registered Care Division, where the home is directly registered with the CQC or other national regulators, and our Community Based Care Division, where our regional community based office locations that manage and administer the care services ("**DCAs**" or "**Domiciliary Care Agencies**") are registered with the CQC or other national regulators and our care and support services are provided in the person's own home, which may be in one of our supported living locations (i.e., an individual or communal accommodation provided by government agencies or registered social landlords, in a portion of which we own the underlying freehold interest in the residential buildings and charge rent to the registered social landlord). Our divisions complement the regulatory and delivery models of our services and provide flexibility to suit the needs of the people we support. Our divisions are as follows:

Registered care: We have a strong focus on providing high quality learning disability and specialist care services through our Registered Care Division in a manner that replicates a domestic setting as closely as possible. We provided care to individuals in our 263 registered homes as at 31 March 2021. We held the freehold interest in 232 of our registered care homes as at 31 March 2021, representing 89% of our registered care homes, with the remaining 31 of our registered homes being leasehold properties. At 31 March 2021, we had 2,033 beds in our registered care properties, with an average of eight beds per property, each providing an adapted environment for the people we support. Revenue in our Registered Care Division is mainly driven by referrals, which we believe is driven by the reputation of the service that we provide, the level of local demand, proactive targeted marketing activity and the relationships that have been nurtured by our operations team with the relevant referring party.

Community based care: Through our Community Based Care Division, operating from over 40 DCAs across the UK, we provide care to people living in their own homes, helping them to more independently manage their individual support needs. In many cases, the people we support in our Community Based Care Division live in individual or communal accommodation provided by government agencies or registered social landlords that are registered with the Homes and Communities Agency, and in a portion of these cases we own the underlying freehold interest in the residential buildings and charge rent to the registered social landlord. In addition, the accommodation of some of the people we support may be arranged privately. Our Community Based Care Division acquires new business primarily through the award of tendered contracts, by becoming an approved provider under a framework agreement with a Local Authority or CCG or through entering into individual placement contracts with either the people we support or with care commissioners. We also provide day care services within our Community Based Care Division. Included within the Community Based Care Division is Children's Complex Care, which supports young individuals living with their families who require specialist care or nursing. As in our Registered Care Division, the process for obtaining placements of supported people in our Community Based Care Division is largely driven by our reputation for high quality service and by our relationships with Local Authorities and the CCGs.

Both of our divisions cater to people with complex, high acuity support needs. In recent years, we have seen a shift in the market, as Local Authorities and CCGs have increasingly focused on providing care in community settings instead of registered care home settings. This has been reflected in the performance of our Community Based Care Division, which has grown from a historically small part of our business to represent 37% of revenue for the six months ended 30 September 2021. This continues to be an attractive development for us, both because we believe we are well placed to win this business based on our reputation and size, and also because of the low levels of capital expenditure required. By comparison, our Registered Care Division tends to have higher margins, due to the accommodation component of our fees, but growth in this market requires capital expenditure to develop and maintain suitable residential properties.

For the fiscal year 2021, our services were predominantly commissioned by Local Authorities, representing 81% of our invoices, while services commissioned by CCGs, who provide funding where the people we support have health needs in addition to an assessed learning disability, represented 15% of our invoices and the remaining 4% of our invoices were issued to people we support, as assessed by the relevant Local Authority, in each case. We have built strong personal and business relationships with over 250 Local Authorities and CCGs across the UK, each of which make independent purchasing decisions, thereby reducing our dependence on any single Local Authority or CCG. For the fiscal year 2021, our largest customer represented 5% of our invoices. Invoices issued do not include all necessary adjustments which are required to derive revenue in accordance with IFRS, including movements in accrued and deferred revenue and movements in the credit note provision.

We have a dedicated recruitment team that applies a thorough and consistent recruitment process comprising various interview stages and reference and background checks, including a disclosure and barring service ("**DBS**") check to ensure we adequately evaluate candidates in compliance with regulatory requirements. In addition, we provide comprehensive inductions to our staff, including to those staff members who are new to care, along with various on-the-job training and professional qualifications through practical and electronic learning formats to enhance their skills. These efforts underpin our quality performance and, among other impacts (including as a result of the COVID-19 pandemic), have enabled us to minimise the use of external agency staff to approximately 1.1% of total direct care hours on average across our services for the fiscal year 2021. While external agency staff are employed by third-party staffing agencies and are not our employees, we still undertake background checks before agency workers commence with us and we have agreed terms and conditions, including undertakings from the agencies about the suitability of the staff they provide for our assignments.

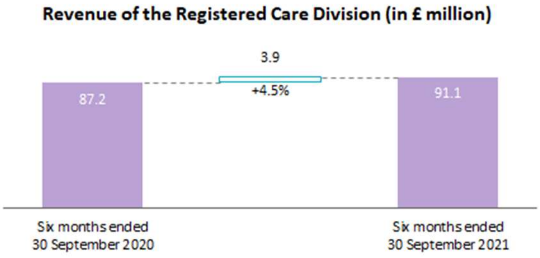
We believe our focus on quality has helped enable us to consistently achieve occupancy rates of approximately 90% or more for the past nine years in our Registered Care Division and to continue to increase the number of hours of care and support that we provide through our Community Based Care Division. We believe our current occupancy rates in our Registered Care Division are above those of other major providers of independent learning disabilities and specialist care services. Our focus on providing quality services and our established relationships with Local Authorities and the CCGs have also enabled us to convert referrals effectively.

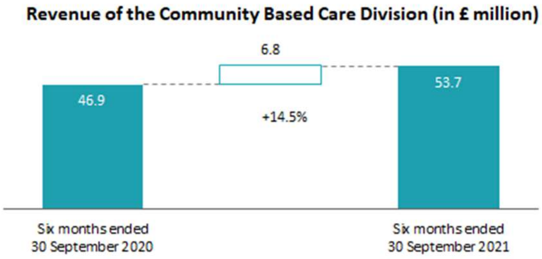
Our track record

We have consistently sought opportunities to optimise our business operations through the development of additional capacity. We believe our longstanding reputation for quality and our proven track record of regulatory compliance has strengthened our ability to expand capacity. From March 2006 to 31 March 2021, the number of people we support has increased from approximately 1,500 to approximately 3,400. We achieved this through a combination of organic growth, the addition of new capacity in our existing homes, the roll-out of new build and conversions of homes, selective strategic acquisitions of other businesses or homes that fit within our business plan and an increased focus on the development of our Community Based Care Division, which required relatively little additional capital expenditure for growth. Since 2014, we have continued to focus on enhancing our properties and business through the growth of our Community Based Care Division, supported by a focus on winning new tenders from Local Authorities and the CCGs. We also continue to consider selective acquisitions. We have already had considerable success in growing the Community Based Care Division, with numerous wins of long-term tenders for the provision of services. See "*—Our strategy—Optimise growth in response to new opportunities*".

Since 2006, our revenue has increased at a CAGR of 7.1%, from £98.4 million to £274.2 million for the fiscal year 2021, while our Underlying Adjusted EBITDA (as defined and prepared on the basis of the accounting policies of the relevant parent entity at the time) has similarly increased at a CAGR of 7.1%, from £16.0 million to £44.8 million, in that same period. Our Underlying Adjusted EBITDA Margin (as defined and prepared on the basis of the accounting policies of the relevant parent entity at the time) has remained relatively stable over the same period, primarily as a result of controlling our costs, but also by mitigating external mandatory cost increases such as the national minimum wage and national living wage increases by obtaining inflationary fee increases from our customers and by taking steps to reduce costs, for example through procurement initiatives. As shown by the chart below, our revenue for the six months ended 30 September 2021 increased by £10.8 million, or 8.0%, to £144.8 million, from £134.0 million for the six months ended 30 September 2020, primarily due to both the growth in our Community Based Care Division and an increase in fees that we are able to charge primarily in our

Registered Care Division (which have partly compensated for increased staff costs resulting from the increase in the national minimum wage and national living wage).





Operating profit for the fiscal year 2021 was £25.7 million and for the six months ended 30 September 2021 was £14.3 million. Revenue for the fiscal year 2021 was £274.2 million and for the six months ended 30 September 2021 was £144.8 million. For the twelve months ended 30 September 2021, we generated revenue of £285.0 million (a 6% increase over the prior period) and Underlying Adjusted EBITDA of £47.5 million. Our Pro Forma Underlying Adjusted EBITDA for the same period was £48.7 million.

Our competitive strengths

Our business benefits from a number of competitive strengths, some of which are summarized below.

Positive industry fundamentals in a growing market.

Our business benefits from a number of underlying market drivers, including growth in the number of people with diagnosed learning disabilities, substantial needs in the ABI support market, and a long-term trend towards increased outsourcing of complex care to the independent sector. Learning disabilities and ABI represent long-term conditions requiring ongoing support. As a result, individuals with complex, high acuity support needs are likely to require care services for the duration of their lives. As at 31 March 2020, an estimated 1.2 million (or 2.2%) of the adult population in England were diagnosed with a learning disability (LaingBuisson, *Adult Specialist Care UK Market Report 4th edition*, pages 29 and 72). The Learning Disabilities Observatory forecasts that the learning disability population (including critical and substantial needs only) will increase by a CAGR of 1.57% from 2020 to 2030. Additionally, due in part to medical advances resulting in increased life expectancy of the current learning disability and specialist care population, we believe the growth in the number of people with 'profound' and 'severe' needs will result in increased outsourcing of complex care needs to the independent sector as family carers continue to age. We expect that this trend will also be supported by the lower costs of the independent sector compared to services provided by local authority in-house teams, with, amongst others, lower costs of services for people with learning disabilities and mental health needs in 2018/19 (LaingBuisson, *Adult Specialist Care UK Market Report 4th edition*, page 114, table 1.26). Finally, the demand for our services is further supported by Local Authorities' statutory duty to provide social care and meet the needs of service users. In light of this statutory obligation, Local Authorities' expenditure on social care for adult learning disabilities is largely considered stable, thus further strengthening the resiliency of our business.

In addition, the shift in the market towards community based care presents us with an opportunity to grow our business. While registered care remains a key element of the social care market, Local Authorities, NHS Trusts and CCGs have shifted their focus to promoting care within local communities, within homes and on a more individualized basis. According to research by LaingBuisson, in the learning disability market, a core area for Voyage, £1.3 billion, or 17% of national spending, was dedicated to supported living services in 2018/2019 (LaingBuisson, *Adult Specialist Care UK Market Report 4th edition*, page 38, figure 1.5). As at 30 September 2021, we were providing 105,367 weekly direct care hours, which is approximately 1% of revenue of the total national spending on all learning disabilities in the UK. Our recent record of tender wins and hours expansion makes us confident of our potential to grow in this market.

We believe that as a leading operator in the learning disability and specialist care sectors we are able to benefit from our strong market position in a competitively favourable market. We operate in a highly regulated and fragmented sector, with services drawing a high degree of public and political sensitivity and scrutiny. In the face of increasing regulation, single unit or small multi-unit residential providers, and smaller local or regional community based providers, are more likely to be adversely affected due to their small operations becoming economically unviable. In addition, in order to compete for tenders for hours based community care contracts, it is important to be able to demonstrate a track record of quality and performance, which distinguishes us from many would be competitors. As a long-standing operator, we have built relationships with Local Authorities that new, smaller operators may find difficult to replicate. In addition, our reputation, well-invested infrastructure and scale provide us with significant competitive advantages.

Leading market position and nationwide coverage, with a strong reputation for quality.

We believe we are a leading provider of registered care homes for adults with learning disabilities and other related complex and challenging support needs in the UK, by revenue and placements. We were recognised as the Community Support Provider of the Year for 2021 by HealthInvestor. We supported approximately 3,400 people as at 31 March 2021 across 263 registered properties and 324 supported living properties. Our leading market position, combined with our national footprint in a highly fragmented market, facilitates our long-standing relationships with over 250 Local Authorities and CCGs in the sectors in which we operate. This, in turn, makes us a provider of choice specialising in care for people with high acuity support needs across the UK. In addition, we believe that our relationships across the learning disability and specialist care sectors and our provision of a diverse range of complex care services among our divisions position us well to adapt to changes in government policy, including enhanced choices for the people we support and a greater role for the independent sector in both health and social care. We are recognised for our high quality care, and we are one of the few specialist care providers with multiple services that are rated 'Outstanding' by CQC as illustrated in the table below. We believe this focus on quality of service enables us to achieve high levels of occupancy in the residential care homes in which we provide our services, achieving an occupancy rate of approximately 90% or more for the last five years. We also believe that our reputation for high quality care and the strength of the Voyage brand have allowed us to successfully grow our Community Based Care Division by winning new tenders.

	Outstanding	**Good**	**Requires improvement**	**Inadequate**
Voyage	5%	90%	5%	<1%
Mencap	3%	90%	7%	<1%
Achieve	3%	89%	7%	<1%
Choicecare	12%	79%	9%	<1%
Priory	6%	75%	15%	4%
Caretech	2%	78%	20%	<1%
Lifeways	0%	79%	21%	<1%
Cygnet	6%	70%	19%	4%
UK sector average	**5%**	**81%**	**13%**	**approx. 1%**

(1) Management estimates based on data from CQC Care Directory (September 2021).

We have a robust quality assurance framework, which ensures a regular review of each of our service locations to ensure that consistent care and quality standards are met. Each home or service manager typically undertakes quarterly self-audits against all regulatory and operational policy standards. Our operations managers then validate these audits and review the actions that have been identified for improvement in the initial self-audit. The results of these audits are captured and reported using our audit portal and are reviewed as part of our business review process. We also conduct independent quality audits, the results of which are factored into our SRS. The SRS results are reviewed by our Chief Operating Officer, our Quality Director and the relevant regional managing director. Where service risks are identified, a de-risk plan is put in place using a service risk reduction report. The Company's board of directors reviews key risks and issues that have been identified through our governance process on a monthly basis. In addition, the Company's board of directors has established a Quality, Safety and Risk Committee, which meets every other month and supports the Company's board of directors by monitoring quality standards on a more detailed basis by providing an independent and detailed review of support provided, complaints, and clinical incidents. Further, we have recently constituted a service improvement team to support the integration of new services and occasional improvements to existing services. As at 31 March 2021, 95% of our services inspected achieved a rating of 'Good' or 'Outstanding' against the requirements promulgated by the CQC. We believe our high quality standards set us apart from other providers. Quality of care is a key and differentiating factor for us and we believe is gaining increasing focus by Local Authorities and the CCGs in making placement decisions for the people we support.

Robust business model with diverse services, purchasers and offerings.

We believe that our business is resilient due to the defensive qualities of our services, including limited care alternatives and the non-discretionary nature of the care provided, and, in the case of our Registered Care Division, the long average length of stay of the people we support. Unlike some other sectors of the care industry, the provision of funding by Local Authorities and CCGs with respect to the services we provide is of a relatively non-discretionary nature. The provision of care to people with high acuity support needs necessitates the provision of more specialised services and a high ratio of care staff to people we support. Our Registered Care Division generally has at least two support staff members for every three resident individuals during the day (but extending, in certain circumstances, to three support staff members to one individual), while, in the month ended 30 September 2021, our Community Based Care Division delivered an average of 66 direct care hours a week to each person we support. Our services are purchased by a large number of publicly funded purchasers in the UK. Our business benefits from long-standing and strong relationships with a large number of Local Authorities and CCGs, with current placements for the people we support coming from over 250 Local Authorities and CCGs. Payment decisions within Local Authorities and CCGs are made on a local basis and, as such, no single publicly funded local purchaser accounted for more than 5% of our revenue for the fiscal year 2021. Our diverse range of bespoke care services across our Registered Care Division and Community Based Care Division enable us to serve an extensive range and number of individuals with specialist care and support needs where those who we support can be considered as having ‘profound’ or ‘severe’ needs and allows us to respond flexibly to changes in preferences for different care provision formats.

Furthermore, our Community Based Care Division has benefitted from recent trends towards hours-based care within an individual’s own home, and it is well positioned to continue to benefit from these trends going forward. Growth in the Community Based Care Division generally requires modest capital expenditure, and has been primarily driven by our ability to win community care tenders from Local Authorities as well as placements of people supported under framework agreements with Local Authorities.

We have also been able to leverage our scale and reputation for high quality service to take over placements for the people we support in our Community Based Care Division from smaller service providers who are not able to offer the same level of high quality care across the scope of geographically, clinically complex or otherwise challenging services as we are able to provide. Take overs of this type are often at the request of the relevant Local Authority, and as such allow us to increase capacity with little to no capital expenditure or start-up expense. Finally, as Local Authorities increasingly adopt a model that provides personal budgets for social care, allowing individuals and their families to choose providers themselves, we believe our good reputation and our high quality standards gives us a key competitive advantage.

Strong freehold asset base with operational flexibility.

Our business is well-invested with a high quality, predominantly freehold and thus flexible property asset base, which can be managed and repositioned as necessary to meet the needs of the people we support. As at 31 March 2021, we hold the freehold interest in 232 of our registered care homes, representing 89% of our registered care homes, with the remaining 31 of our registered homes being leasehold properties (with in some instances lease periods of more than 33 years remaining), we maintain flexibility to both manage and to reposition our property portfolio, including repurposing registered care homes into properties let to social landlords who in turn let them to tenants who are supported through our Community Based Care Division. As at 31 March 2021, we had a registered capacity of 2,033 in our Registered Care Division and we benefit from a large proportion of purpose-built homes.

According to the Valuation Report, the market value, as assessed by Christie & Co, of our freehold and long leasehold properties and care services in their existing use and present condition as at the date of the Valuation Report and as fully equipped operational entities having regard to trading potential, is in the order of £436 million, assuming that such properties are sold as one business, producing fair maintainable operating profit. For further information on the Valuation Report, see “*Business—Valuation Report*”.

Resilient revenue and Adjusted EBITDA performance with high cash flow visibility.

The majority of the people we support have a lifelong condition thereby providing visibility of expected revenue and cash flows. We have had a high occupancy rate of over 92% in our Registered Care Division for the last three years. Approximately 69% of the people we support in our Registered Care Division have been with us for more than five years, which has generated stable revenue. Due to high occupancy, effective cost controls (including underlying central overheads) and the minimisation of expensive external agency costs, we have been able to improve our results in this division.

Furthermore, our Community Based Care Division has been able to take advantage of shifts towards hours-based provision of care and support in the supported person's own home by entering into framework agreements, call-off contracts and other contractual arrangements with Local Authorities and CCGs, allowing for individuals to be supported on an as-needed basis. These tender contracts typically range from two to seven years, allowing us considerable visibility on future revenue.

Over time, we have managed to maintain or increase fees in our Registered Care Division in the face of public spending austerity, and to mitigate cost pressures created by the national minimum wage, increasing revenue and preserving Adjusted EBITDA in the face of these headwinds. We believe that this achievement reflects the largely non-discretionary nature of the care we provide for the people we support and the strong demand for our high quality, high acuity bespoke services. At the same time we have managed to maintain high levels of cash conversion. For the six months ended 30 September 2021 and the fiscal years 2021, 2020 and 2019, we achieved Cash Conversion of 67.4%, 75.7%, 78.9% and 79.4%, respectively. We have also been able to look for ways to expand our business to drive up revenue and EBITDA, and have made significant gains with our expansion of the community based care business and tender wins.

Strong senior management team and shareholders with experience in social care sector.

Our senior management team has a wealth of experience in the social care services industry and has a well balanced mix of strategic leadership and organisational development expertise, industry experience and financial management skills, supported by a strong team of operational managers. In addition, our senior management team has a proven track record of successfully integrating acquisitions and winning new tenders from Local Authorities and CCGs in our Community Based Care Division. We also benefit from the experience and support of our principal shareholder, Wren House, a leading infrastructure investor with strong experience in investing in healthcare services and infrastructure assets globally.

Our business strategy

Continue to demonstrate leadership in quality of care and measurement of outcomes.

We have a proud tradition and solid reputation for the delivery of high quality care, and we strive to adhere rapidly to new regulations to maintain our care quality. We have demonstrated this through the number of services rated as 'Good' or 'Outstanding' by the CQC (95% as at 30 September 2021, versus an industry average of comparable services in the UK of 86% as at 30 September 2021). We continue to enhance this reputation further through defined, measurable and demonstrable progress in outcomes for the people we support. Through these and the continuance of our focus on high quality care, we have continued to clearly differentiate our services from those of our competitors.

This continuing drive for higher quality has continued to strengthen our ability to retain existing business, acquire new services, win tenders and referrals, and place us in a favourable position to take over failing services.

We are dedicated to providing high quality care by cultivating expertise in the services we provide. We are specialists in our field and have recruited staff that are well trained in supporting people with learning disabilities, autism, brain injury rehabilitation ("**BIR**"), Prader-Willi syndrome ("**PW**"), as well as in providing specialism behavioural support services ("**SBSS**"), children's transition services and general mental health services. Our ongoing commitment to training ensures that we are and remain a leader in meeting care requirements and that all our staff can maintain the highest standard of care. Further, we align to the government key watchwords of 'personalisation', 'self-directed care' and 'transformation' to maximize the quality of care that we provide to the people we support.

Optimise growth in response to new opportunities.

We plan to achieve most of our growth organically, with an emphasis on non-capital intensive growth of our Community Based Care Division, along with targeted acquisitions that meet our strict criteria. Our plan also includes continued robust maintenance of our Registered Care Division to ensure ongoing incremental gains by filling available capacity and maintaining a high level of occupancy. We may also choose to selectively take advantage of opportunities to develop further registered services including in the specialised areas of BIR, PW, SBSS, children's transition services and general mental health services.

Organic growth potential exists in several areas: significant community care tender wins and increases in the number of people we support through framework agreements with Local Authorities; absorption of services currently run by third parties through negotiated takeovers; and the further development of specialist care services. There has been a strong recent trend by Local Authorities and CCGs to move away from the purchase of additional registered care home services and towards the purchase of additional community based care services delivered within a person's own home. Community based care services are generally billed by hours of care delivered instead of on a long-term occupancy basis, and in some cases are seen as more efficient than registered care home settings. We believe that our organic growth strategy led by community based care is well positioned to accommodate this trend.

Community care tender wins often have a significant impact on our business, as these placements of people supported usually involve providing care to a number of persons in a specific geographic area with contract durations of two to seven years, providing considerable visibility on future revenue. Further, we tender for framework agreements which enable us to bid for the placements through call-off contracts offered by the relevant Local Authority or CCG.

A further organic growth opportunity lies in working with third-party developers and investors to develop supported living services in our Community Care Division, in line with local commissioner needs to grow our community care offering. Additionally, we drive this type of organic growth by securing rental properties which are then sublet to the people we support, and often paid for by enhanced housing benefits, which is a further 'capex light' route to growth.

Absorption of third-party services occurs where we are recommended by a Local Authority to run 'orphan' services (learning disability care services not run by a specialist provider), or to run geographically, clinically complex or otherwise challenging services. Acquisitions of these placements of people supported is often for little or no consideration, allowing for expansion of our services with minimal upfront capital expenditure.

Due to the fragmented nature of our industry, we also expect opportunities to arise for accretive acquisitions. Since the beginning of 2014, we have acquired eight smaller care service providers throughout England; most recently, on 3 September 2021, we acquired Woodley House Limited, which provides registered autism services, for £3.6 million, net of cash acquired on balance sheet and net of settlement of directors' loans. We believe that further acquisition opportunities may arise from time to time which may allow us to expand into suitable specialised market segments adjacent to our current offerings. We believe our expertise and resources will allow us to integrate acquired businesses efficiently and achieve synergies.

We also expect opportunities to arise from time to time for the Company to develop supported living sites. We have site development models that are specifically tailored to residential sites and supported living sites. For residential sites, we may (1) purchase sites that are fit for purpose and ready for operations and placements upon purchase, (2) purchase sites that require further development, through either building on lands or reconfiguring existing developments, or (3) take leases, although we have historically done so only in exceptional circumstances. For supported living sites, we may (1) enter into a contract with housing associations that have taken leases from investor or developer, (2) develop sites on our own when there is a need for quick development, (3) take short-term rents through the residential letting market and work with housing associations that sublease the sites from us or (4) take on tender contracts that include existing properties and work with housing associations or housing providers as necessary, although tender contracts may not include existing properties or may have a requirement to provide the properties ourselves. Among these, (1) is the most preferred approach in acquiring supported living sites.

Continue to be the care provider of choice through balancing residential and community based care.

We will strive to become the partner of choice for both Local Authority and CCG care commissioners as well as the people we support. Our strong relationships with local commissioners and CCGs, predicated on our reputation for quality, have long been a key to our business. We will continue to focus on developing these relationships and evolving our business to meet commissioners' changing needs and priorities while delivering services that give confidence and positive outcomes to the people we support, their families and their advocates.

While there has been a strong recent trend by Local Authority and CCG commissioners to move away from the purchase of additional registered care home services and towards the purchase of additional community based care services, Local Authorities and the NHS have also stated their intent to enable supported individuals to have personal choice of provider, though it is likely that commissioners will remain pivotal in choosing service providers. We expect that our growth strategy will allow us to balance our offerings more evenly between our Community Based Care Division and our Registered Care Division. We believe this will allow our offerings to reflect more closely the needs of the market, helping us to better manage our relationships with our customers and to be their care provider of choice.

Invest in efficient, specialised and scalable innovations.

Building our business and brand for the future is tied to innovation and we strive to gain a reputation for pioneering initiatives to respond to market needs. We endeavour to create new and innovative services that lead to improvements in care and care outcomes for the people we support.

Our reputation for quality includes being user friendly for those who commission our care, as well as delivering great care to the people we support. To support our strategy, we aim to drive efficiency in our operations both from the perspectives of commissioners and the people we support, and focus on clear and efficient processes. To assist us in achieving our goal to deliver high quality 'person-centred' outcomes for the people we support, we have developed a sophisticated quality questionnaire that measures the outcomes for the people we support across several years. The results that we gather through the questionnaire provide statistically significant insights, which we believe helps us to improve the quality of our services.

We have made use of technology as a key efficiency enabler in our Registered Care Division and Community Based Care Division. For example, a 'celltrack' system has been recently introduced for our staff in the Community Based Care Division, which connects us with the relevant employees in a dispersed workforce and allows us to seamlessly communicate staffing instructions and industry guidance as well as assisting with risk management and compliance, demonstrating our continuous improvement culture.

We continue to implement IT developments to further develop our efficiency and we are introducing digital solutions (such as our transition to an electronic care records system) to enhance the care we provide.

Promote employee engagement.

Critical to the success of our business is having the right environment for people to deliver on our quality of care and growth objectives. Our growth plans, focused on our Community Based Care Division, are expected to require relatively modest capital expenditures but substantial recruitment and retention of qualified care workers. This will be achieved through having the right people with appropriate skills in a clear organisational structure, complemented by a strong reward and recognition programme. Jobs in the care industry are both challenging and rewarding, and we need to support and celebrate appropriately.

Our business has a positive employee reputation and we aim to be the 'employer of choice' in the learning disabilities and specialist care sectors. We expect that this will improve recruitment, reduce attrition and improve staff retention, which will increase our efficiency and allow us to grow successfully.

In response to recent developments in the employment market in certain parts of the UK, we have implemented several initiatives to assist in the recruitment and retention of staff and to reduce agency usage and support growth by making more care hours available. These include pay increases in targeted locations, the payment of the national living wage, instead of the national minimum wage, to all of our employees under 23, a temporary winter overtime premium of £2 per hour, a £50 Christmas gift voucher for all of our staff, an enhanced 'Refer a Friend' program, holiday buy-back schemes, access to the so called Blue Light card, a discount service for employees in the healthcare sector, and welcome bonuses. See "*Business—Employees*".

Recent developments

COVID-19

Impact on operations

We have been and actively continue to monitor the impact of the COVID-19 pandemic on our operations, and our priority has been to protect the safety of our employees, the people we support and members of the public while maintaining our high levels of care and support during unprecedented times. We have strictly adhered to national guidelines including the implementation of social distancing precautions and the provision of personal protective equipment and infection control and we undertook risk assessments appropriate to specific care activities. Staff movements between different services and visitations by family and friends of the people we support were both restricted in accordance with the UK government guidance. We also distributed a comprehensive guidance document titled 'COVID-19 Case Management' to all of our employees, providing general information on the COVID-19 pandemic and our responsive measures in order to ensure that we operated our homes and services in line with the national guidelines and protect the safety of our stakeholders. Furthermore, various robust business continuity plans executed by our COVID-19 taskforce led by senior management ensured a swift and effective response to minimise the impact on the quality of care provided.

In response to the COVID-19 pandemic, we furloughed a total of 731 employees over the period between March 2020 and September 2021. These employees were either in the later stages of pregnancy or were shielding (due to underlying health conditions) for short-term periods. In addition, we introduced lockdown bonus allowances to compensate for overtime work during the COVID-19 pandemic, in the form of hourly rate supplements of £1 or £2 for overtime hours worked to all of our permanent hourly paid care workers. We temporarily closed certain day care services, all of which have subsequently reopened, and implemented various contingency plans to support our homes and services in the event of a suspected or confirmed diagnosis of COVID-19, ensured the providers of agency staff also had appropriate procedures in place and adopted safety protocols for entrance to our facilities. Additionally, we have modified some of our business practices including introducing a work-from-home programme for our head office staff, reducing business travel and implementing other infection control policies and procedures across our services. Based on such responsive measures, we have maintained the high level of care for the people we support, while ensuring the safety of our employees and protecting the best interests of our stakeholders.

In March 2020, in response to the COVID-19 pandemic, CQC suspended its routine inspections, and while the inspections have subsequently resumed, CQC has thus far focused its inspections on other players in the industry. Nevertheless, during the fiscal year 2021, we maintained a market leading quality score with 95% of services in England holding a rating of 'Good' or 'Outstanding' from CQC as at 31 March 2021 (compared to 96% as at 31 March 2020). As at 31 March 2021, 14 locations held a rating of 'Outstanding', compared to 13 locations as at 31 March 2020. Additionally, 100% of our operating homes and services registered in Scotland and Wales were found to be 'compliant' when last inspected by their regulators, with this percentage remaining the same as it was in 2020.

Impact on results of operations and liquidity

For the year ended 31 March 2021 we have seen a number of financial impacts of the COVID-19 pandemic reflected in our results of operations, including:

- temporary reduction in registered occupancy due to delays in on-boarding new joiners;
- temporary reduction in community hours resulting from cancelled shifts relating to shielding needs among our support staff and temporary closures at our day centres;
- increase in staff costs to cover higher than normal absences as a result of staff having to self-isolate;
- increase in Maintenance CAPEX in the first half of the fiscal year 2022 to account for delayed projects in the fiscal year 2021 due to the COVID-19 pandemic;
- reduction in agency hours and costs; and
- reduction in other costs including travel.

We estimate that our actual Underlying Adjusted EBITDA of £44.8 million for the fiscal year 2021 was £1.5 million lower than it otherwise would have been as a direct result of the COVID-19 pandemic. The reduction in registered occupancy, the reduction in community hours and the increase in underlying unit level staff costs accounted for a decrease of £1.2 million, £0.8 million and £5.6 million, respectively, while reduced underlying agency costs (which reduced staff costs by a proportionate amount) and other costs partially offset such decrease by £4.9 million and £1.1 million, respectively. We also estimate that we incurred additional expenditure of approximately £9.0 million during the year due to the COVID-19 pandemic. This includes the increase in staff costs and costs related to the various response measures we have undertaken such as investing in personal protective equipment, infection control and lockdown bonus allowances, which totalled approximately £4 million each. Such additional expenditure was partially offset by £7.3 million in cost reimbursement provided by the UK government through local authorities. See also "*—Impact on industry*".

We seek to maintain sufficient amounts of liquidity with an appropriate balance of cash, debt and equity to provide financial flexibility. As at 31 March 2021, we had cash and cash equivalents of £40.7 million, compared to £80.1 million as at 31 March 2020. This decline was largely due to the repayment of £45 million in respect of the Existing Revolving Credit Facility on 17 September 2020.

Impact on industry

The impact of the COVID-19 pandemic on our overall industry remains uncertain. While the COVID-19 pandemic temporarily suppressed some new care placements, neither the overall demand for specialist care and support services nor the strategic direction of the sector have been adversely impacted by the COVID-19 pandemic.

The UK government has acknowledged the critical role of the social care sector during the COVID-19 pandemic and released funding of £3.2 billion to Local Authorities to pass to social care providers, including Voyage Care. In addition, the UK government made available another £600 million and £546 million in specific funds identified as the 'Adult Social Care Infection Control Fund' and the 'Adult Social Care Infection Control Fund – round 2'. A further £149 million identified as the 'Adult Social Care Rapid Testing Fund' and £120 million identified as the 'Workforce Capacity Fund for Adult Social Care' were made available by the UK government during the fiscal year 2021, the latter of which was designed to support measures that generated additional adult social care workforce capacity. In March 2021, the UK government made available £341 million identified as the 'Adult Social Care Infection Control and Testing Fund' (which was applicable between 1 April 2021 and 30 June 2021) and another £251 million identified as the 'Adult Social Care Infection Control and Testing Fund' (which was applicable between 1 July 2021 to 30 September 2021) for social care providers. Most recently, the UK government announced an additional £388 million to prevent the spread of infection in social care settings, including £25 million to support care workers to access COVID-19 and flu vaccines over the 2021/2022 winter months. In the fiscal year 2021, we received £7.3 million in cost reimbursement across the various funds named above. In the fiscal year 2022, we have thus far received another £1.8 million in cost reimbursement.

Recent acquisition

On 3 September 2021, we acquired Woodley House Limited, a registered care provider, for £3.6 million, net of cash acquired on balance sheet and net of settlement of directors' loans. Our acquisition of Woodley House Limited added 20 new beds to our Registered Care Division.

Trading update

Based on our financial results for the two months ended 30 November 2021, we believe our business is continuing to perform in line with expectations.

We generated revenue for the two months ended 30 November 2021 of £49.2 million compared to £46.3 million for the two months ended 30 November 2020. This increase was primarily due to increases of registered occupancy and community hours.

We generated Underlying Adjusted EBITDA for the two months ended 30 November 2021 of £8.4 million compared to £7.5 million for the two months ended 30 November 2020. This increase was primarily due to increases of registered occupancy and community hours, partially offset by increased levels of agency costs.

These financial results have been prepared by, and are the responsibility of, management and are solely based on management accounts, which have not been and will not be audited or reviewed in accordance with generally accepted auditing standards. The data for the two months ended 30 November 2021 presented above is not intended to be a comprehensive statement of our financial or operational results for such periods or as of such dates. In addition to the inherent risks and uncertainties associated with using data derived from management accounts, the impact of the COVID-19 pandemic has created heightened and unprecedented risks and uncertainties and has resulted in atypical, non-routine transactions and activities which increase the likelihood that the management accounts presented in this Offering Memorandum may not be in line with the financial data we report in our financial information for the three months ended 31 December 2021, the fiscal year ending 31 March 2022 or any future period. As such, you should not place reliance on this data when making an investment decision. We caution you that these financial results for the two months ended 30 November 2021 should not be regarded as an indication, forecast or representation by us or any other person regarding our financial performance for the three months ended 31 December 2021, the fiscal year ending 31 March 2022 or any future period. See "Forward-looking statements", "Risk factors" and "Management's discussion and analysis of financial condition and results of operations" for a discussion of certain of the factors that could affect our performance and results of operations. KPMG LLP has not audited, reviewed or compiled these results and you should not place undue reliance thereon.

Acquisition of Voyage Care by Wren House

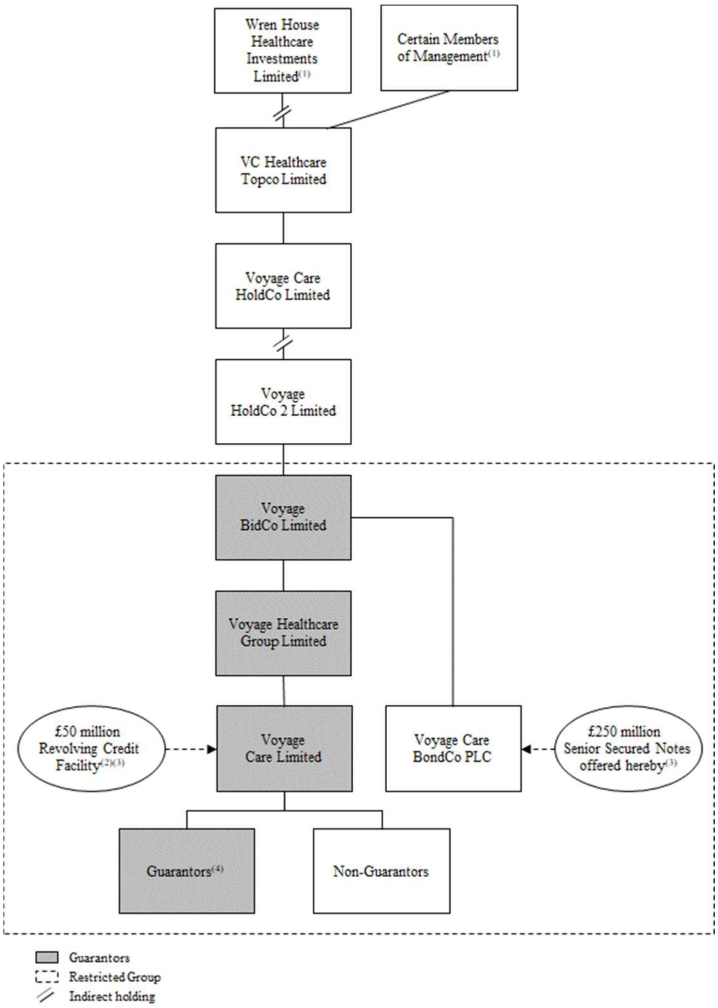
On 20 December 2021, Vienna Investco Limited, a newly-incorporated entity formed by Wren House Healthcare Investments Limited, a subsidiary of Wren House, entered into a sale and purchase agreement pursuant to which it agreed to acquire the entire issued share capital of Voyage Care HoldCo Limited from Partners Group, Duke Street and certain members of Voyage Care's former and current senior management team (the "**Acquisition**"). The Acquisition completed on 14 January 2022. As part of the Acquisition, certain members of Voyage Care's current senior management team agreed to roll over a certain percentage of their sale proceeds into a newly incorporated holding company, VC Healthcare Topco Limited, alongside Wren House. In connection with the Acquisition, Wren House and the reinvesting members of senior management paid approximately £330 million for 100% of the equity in Voyage Care HoldCo Limited (excluding transaction costs of Wren House). See "*Principal shareholders*".

Founded in 2013, Wren House is a global asset manager based in London, United Kingdom, with a mandate to source, execute and manage substantial direct infrastructure investments globally across the Energy & Utilities, Transport and Core Plus sectors, including Social Infrastructure, Telecom and Energy. Wren House has since successfully executed on this mandate, having invested close to US$6.5 billion in the period since making its first investment in March 2015 and the date of this Offering Memorandum. Wren House is fully owned and funded by the Kuwait Investment Authority ("**KIA**"), the sovereign wealth fund of the State of Kuwait. Wren House is currently investing out of its second multi-billion dollar allocation from the KIA, seeking to deploy significant equity cheques, with a flexible target return framework that is considered in conjunction with the specific risk profile of each individual investment opportunity. As a responsible investor, Wren House seeks sustainable returns focusing on protecting its invested capital through an active partnership approach with management to drive growth and operational efficiencies. Recent transactions include Wren House's acquisition of i3 Broadband, an Illinois-based fibre-to-the-home provider, in December 2020, and its acquisition of Almaviva Capital, a private healthcare operator based in the Île-de-France, South of France and Corsica regions, in December 2021.

Our corporate and financing structure

The following simplified diagram summarises aspects of our corporate structure and principal outstanding financing arrangements after giving effect to the Transactions.

All entities shown below are 100% wholly owned unless otherwise indicated. See "*Description of the Notes*" and "*Description of other indebtedness*" for more information.



(1) See "*Principal shareholders*".

(2) The Revolving Credit Facility is for a committed amount of £50 million of secured credit borrowings and will be secured by first-priority security interests in the Collateral. Borrowings under the Revolving Credit Facility will be guaranteed by the Issuer as well as the same entities that will guarantee the Notes. See "*Description of other indebtedness—Revolving Credit Facility*".

(3) The obligations of the Issuer and the Guarantors under the Indenture and the Revolving Credit Facility Agreement will be secured by a first-priority security interest in, subject to the Agreed Security Principles, substantially all of the assets of the Issuer and the Guarantors, the share capital of the Issuer held by the Company and the share capital of each Guarantor (other than the Company), as described under "*—The Offering—Security*" and "*Description of the Notes—Security*". Pursuant to the terms of the Intercreditor Agreement, any liabilities in respect of obligations under the Revolving Credit Facility Agreement and certain hedging obligations, if any, will have priority relative to liabilities in respect of obligations under the Notes in relation to any proceeds received upon any enforcement action over any Collateral. Any remaining proceeds received upon any enforcement action over any Collateral will be applied *pro rata* to the repayment of all obligations under the Indenture, including the Notes, and any other senior secured Indebtedness of the Issuer and the Guarantors permitted to be incurred and secured by the Collateral pursuant to the Indenture and the Intercreditor Agreement.

(4) Our companies include the following Guarantors, which will guarantee the Notes (on a senior basis) as at the Issue Date: the Company, Voyage 1 Limited, Voyage 2 Unlimited, Voyage Care Limited, Voyage Healthcare Group Limited, Voyage Limited, Voyage Specialist Healthcare Limited and Solor Care Group Limited. As at and for the twelve months ended 30 September 2021, the Guarantors represented 91.6% of our revenue, 93.7% of our total assets and generated 84.8% of Underlying Adjusted EBITDA. Such Guarantors and the Issuer will also guarantee borrowings under the Revolving Credit Facility. As at 30 September 2021, after giving effect to the Transactions, on a consolidated basis, our subsidiaries that will not issue or guarantee the Notes had outstanding debt in an amount of £7.2 million (comprising lease liabilities).

The offering

The following is a brief summary of certain terms of the Offering. It may not contain all the information that is important to you. For additional information regarding the Notes and the Guarantees, see "Description of the Notes" and "Description of other indebtedness—Intercreditor Agreement".

Issuer	Voyage Care BondCo PLC.
Notes	£250,000,000 aggregate principal amount of 5⅞% Senior Secured Notes due 2027.
Issue date	On or about 3 February 2022.
Issue price	100.0% (plus accrued interest, if any, from the Issue Date).
Maturity date	15 February 2027.
Interest payment dates	Semi-annually in arrear on 15 February and 15 August of each year, beginning on 15 August 2022. Interest will accrue from the Issue Date.
Denomination	Each Note will have a minimum denomination of £100,000 and integral multiples of £1,000 in excess thereof.
Ranking of the Notes	The Notes will:

- be general senior obligations of the Issuer;
- be secured by first-priority liens over the Collateral, but will receive proceeds from enforcement of security over the Collateral only after any obligations secured on a super priority basis, including lenders of the Revolving Credit Facility and counterparties to certain hedging obligations, if any, have been paid in full, as described below under "*—Security*";
- be *pari passu* in right of payment with all existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Notes, including indebtedness incurred under the Revolving Credit Facility;
- be effectively subordinated to all existing and future secured indebtedness of the Issuer that is secured by assets that do not secure the Notes, to the extent of the value of the assets securing such indebtedness;
- be structurally subordinated to all indebtedness and other liabilities of the Issuer's existing and future subsidiaries that do not guarantee the Notes;
- be senior in right of payment to all existing and future indebtedness of the Issuer that is subordinated in right of payment to the Notes; and
- be unconditionally guaranteed by the Guarantors on a senior secured basis.

The Notes will be subject to the terms of the Intercreditor Agreement. See "*Description of other indebtedness—Intercreditor Agreement*".

Guarantees .... On the Issue Date, the Notes will be unconditionally guaranteed on senior secured basis by the Company, Voyage 1 Limited, Voyage 2 Unlimited, Voyage Care Limited, Voyage Healthcare Group Limited, Voyage Limited, Voyage Specialist Healthcare Limited and Solor Care Group Limited. In addition, pursuant to the covenant described under "*Description of the Notes—Certain covenants—Additional guarantees*", any other Restricted Subsidiary (as defined under "*Description of the Notes—Certain definitions*") of the Company that guarantees borrowings under the Revolving Credit Facility will, subject to the Agreed Security Principles, guarantee the Notes on a senior secured basis.

As at and for the twelve months ended 30 September 2021, the Guarantors represented 91.6% of our revenue, 93.7% of our total assets and generated 84.8% of Underlying Adjusted EBITDA.

As at 30 September 2021, after giving effect to the Transactions, on a consolidated basis, our subsidiaries that will not issue or guarantee the Notes had outstanding debt in an amount of £7.2 million (comprising lease liabilities).

The Guarantees will be subject to contractual and legal limitations, and may be released under certain circumstances. See "*Description of the Notes—Security—Release*" and "*Risk factors—Risks related to the Notes—There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes and the Guarantees will be released automatically and under which the Guarantees will be released automatically, without your consent or the consent of the relevant Trustee*".

Ranking of the Guarantees.... Each Guarantee will be a general senior obligation of the relevant Guarantor and will:

- be a general obligation of that Guarantor;
- be secured by first-priority liens over the Collateral, but will receive proceeds from enforcement of security over the Collateral only after any obligations secured on a super priority basis, including lenders of the Revolving Credit Facility and counterparties to certain hedging obligations, if any, have been paid in full, as described below under "*—Security*";
- be *pari passu* in right of payment with all existing and future indebtedness of such Guarantor that is not subordinated in right of payment to such Guarantee, including its obligations under the Revolving Credit Facility Agreement;
- be effectively subordinated to all existing and future secured indebtedness of such Guarantor that is secured by assets that do not secure such Guarantee, to the extent of the value of the assets securing such indebtedness;
- be structurally subordinated to all indebtedness and other liabilities of such Guarantor's existing and future subsidiaries that do not guarantee the Notes; and
- be senior in right of payment to all existing and future indebtedness of such Guarantor that is subordinated in right of payment to such Guarantee.

The Guarantees will be subject to the terms of the Intercreditor Agreement. See "*Description of other indebtedness—Intercreditor Agreement*".

Security .... The Notes and the Guarantees will, subject to the Agreed Security Principles, be secured by first-priority interests, including: (1) fixed and floating charges over (a) certain freehold and certain long leasehold property owned by the Issuer and the Guarantors, (b) the share capital of the Issuer held by the Company and the share capital of each Guarantor (other than the Company), (c) the intellectual property, equipment, goodwill and uncalled capital and certain receivables and bank accounts of the Issuer and each Guarantor and (d) the interests of the Issuer and each Guarantor in any hedging agreements; (2) assignments by way of security of the rights of the Issuer and each Guarantor in any insurance policies and agreements evidencing intra group liabilities owed by the Company and certain of its subsidiaries; and (3) floating charges over substantially all of the assets of the Issuer and each Guarantor which are not effectively subject to a fixed charge or a security assignment, but excluding, amongst others, certain items including current and future acquired leasehold property (other than certain long leasehold properties) and certain freehold property, bank accounts where cash is held that is owned by or held on behalf of service users and interests in other contracts or agreements where the grant of security would be prohibited either absolutely, conditionally or otherwise prevented under the agreements governing such items.

General.................................... The security interests over the Collateral may be released under certain circumstances. See "*Description of the Notes—Security—Release*" and "*Risk factors—Risks related to the Notes—There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes and the Guarantees will be released automatically and under which the Guarantees will be released automatically, without your consent or the consent of the relevant Trustee*".

Additional amounts................ Any payments made by or on behalf of the Issuer or any Guarantor under or with respect to the Notes or Guarantees, as applicable, will be made without withholding or deduction for or on account of taxes unless required by law. If any such withholding or deduction is required by law in a Tax Jurisdiction (as defined in "*Description of the Notes—Additional amounts*"), the Issuer or the relevant Guarantor will, subject to certain exceptions, pay the additional amounts necessary so that the net amount received after the withholding or deduction is not less than the amount that would have been received in the absence of the withholding or deduction. See "*Description of the Notes—Additional amounts*".

Optional redemption............. Prior to 15 February 2024, 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 plus the applicable "make-whole" premium described in this Offering Memorandum, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of redemption.

On or after 15 February 2024, the Issuer will be entitled at its option to redeem all or a portion of the Notes at the redemption prices set forth under the caption "*Description of the Notes—Optional redemption*", plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of redemption.

Prior to 15 February 2024, the Issuer may redeem up to 40% of the aggregate principal amount of the Notes at the applicable redemption price specified in this Offering Memorandum with the net cash proceeds from certain equity offerings, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of redemption; provided that at least 50% of the original aggregate principal amount of the Notes remains outstanding immediately after the redemption.

Optional redemption for tax reasons .... In the event of certain developments affecting taxation or in certain other circumstances, 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, but excluding, the date of redemption. See "*Description of the Notes—Redemption for changes in taxes*".

Change of control .... Upon the occurrence of certain events constituting a change of control, the Issuer may be required to offer to repurchase the Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest to the date of purchase. A change of control, however, will not be deemed to have occurred if a specified consolidated leverage ratio is not exceeded in connection with such event. See "*Description of the Notes—Repurchase at the option of Holders—Change of control*".

Certain covenants .... The Indenture, among others, will restrict the ability of the Company and its restricted subsidiaries to:

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

Each of these covenants is subject to significant exceptions and qualifications. In addition, certain of the covenants will be suspended if and for as long as the Notes achieve and maintain investment grade ratings. See "*Description of the Notes—Certain covenants*".

Use of proceeds .... The proceeds from the sale of the Notes will be used, together with cash, to redeem in full our Existing Notes (including accrued but unpaid interest) and to pay fees and expenses incurred in connection with the Transactions. See "*Use of proceeds*".

Transfer restrictions .... We have not registered the Notes or the Guarantees under the U.S. Securities Act. You may only offer or sell Notes in a transaction exempt from or not subject to the registration requirements of the U.S. Securities Act. See "*Notice to investors*". We have not agreed to, or otherwise undertaken, to register the Notes under the U.S. Securities Act.

No prior market......................	The Notes will be new securities for which there is currently no established trading market. Although certain of 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 will be made to the Authority for the listing of and permission to deal in the Notes on the Official List of the Exchange. There can be no assurance that the Notes will be listed on the Official List of the Exchange, that such permission to deal in the Notes will be granted or that such listing will be maintained.
Governing law for the Notes, Guarantees and the Indenture	New York.
Governing law for the Intercreditor Agreement and the Security Documents	England and Wales.
Trustee.....................................	Deutsche Trustee Company Limited.
Registrar	Deutsche Bank Luxembourg S.A.
Listing Agent	Carey Olsen Corporate Finance Limited.
Paying Agent and Transfer Agent...................................	Deutsche Bank AG, London Branch.
Security Agent	Lloyds Bank plc.

Summary consolidated financial data

The Issuer was formed on 2 January 2013 for the purpose of issuing securities. Other than obligations relating to the Existing Notes, the Issuer has no material assets or liabilities and it has not engaged in any activities other than those related to the issuing and servicing of the Existing Notes and making this Offering for the purposes of refinancing the Existing Notes. All historical financial information included in this section and "*Selected historical financial data*" is that of the Company and its consolidated subsidiaries.

The historical consolidated financial information presented as at and for the years ended 31 March 2021, 2020 and 2019 has been derived from our audited consolidated financial statements which have been prepared in accordance with IFRS and are included elsewhere in this Offering Memorandum. In addition, the historical consolidated financial information presented as at and for the six months ended 30 September 2021 and 2020 has been derived from our unaudited condensed consolidated financial statements which have been prepared in accordance with IFRS and are included elsewhere in this Offering Memorandum.

The financial information presented for the twelve months ended 30 September 2021 is derived from adding the unaudited historical condensed consolidated interim statement of profit and loss for the six months ended 30 September 2021 to the audited historical consolidated statement of profit and loss for the fiscal year 2021 and subtracting the unaudited historical condensed consolidated interim statement of profit and loss for the six months ended 30 September 2020, each of which has been prepared in accordance with IFRS. The statement of profit and loss for the twelve months ended 30 September 2021 has been prepared for illustrative purposes only and is not necessarily representative of our results of operations for any future period or our financial condition at any future date and is not prepared in the ordinary course of our financial reporting or in accordance with IFRS.

In this Offering Memorandum, we present certain non IFRS measures that we use to evaluate our operating and financial performance as well as liquidity, which are not required by, or presented in accordance with, IFRS. We also present in this Offering Memorandum a specific split of our operating expenses, which management uses to track the operating and financial performance as well as liquidity of the Group. In addition, we present certain other financial measures, which are derived from the audited historical consolidated financial information and the unaudited historical condensed consolidated financial information presented elsewhere in this Offering Memorandum. We believe that these non IFRS and other financial measures are useful indicators of our ability to incur and service our indebtedness and can assist certain investors, security analysts and other interested parties in evaluating us. We further believe that the non IFRS measures presented in this Offering Memorandum are relevant measures for assessing our performance and liquidity because they are adjusted for certain items which, we believe, are not indicative of our underlying operating performance and/or liquidity position. Pro Forma Underlying Adjusted EBITDA is, in our view, a particularly useful measure of our recent performance because it reflects the full year impact of the Underlying Adjusted EBITDA contribution of (i) our recent acquisition of Day Opportunities Limited and Woodley House Limited, (ii) the implementation of a new procurement system and (iii) cost optimisations with respect to DCAs, in each case as if they had occurred or been fully implemented on 1 October 2020. Other pro forma measures that we present in this Offering Memorandum have been prepared to give pro forma effect to the Transactions, including the Offering and the use of proceeds therefrom, in each case as if they had occurred as at 30 September 2021 (with respect to data derived from our balance sheet) or 1 October 2020 (with respect to data derived from our statement of profit and loss).

Non IFRS measures are used by different companies for differing purposes and are often calculated in ways that reflect the particular circumstances of those companies. You should exercise caution in comparing the non IFRS measures as reported by us to such metrics or other similar metrics as reported by other companies. None of our non IFRS measures is a measurement of performance or liquidity under IFRS and you should not consider those measures as alternative measures to evaluate our performance or liquidity. The non IFRS measures do not necessarily indicate whether cash flow will be sufficient or available to meet our cash requirement and may not be indicative of our historical operating results, nor are such measures meant to be predictive of our future results. Moreover, any pro forma financial measure presented in this Offering Memorandum is based upon available information and certain assumptions that we believe are reasonable under the circumstances. Any such pro forma financial information is for informational purposes only, and does not purport to present what our results of operations and financial condition would have been had these transactions actually or certain other events described in more detail herein occurred on these dates, nor does it project our results of operations for any future period or our financial condition at any future date. While certain pro forma financial information has been derived from historical financial information prepared in accordance with or on the basis of IFRS, such financial information contains financial measures other than those used in accordance with IFRS and should not be considered in isolation from or as a substitute for our historical financial information. The pro forma financial information presented in this Offering Memorandum is not intended to represent pro forma financial information prepared in accordance with the requirements of Regulation S-X promulgated under the U.S. Securities Act or other SEC requirements, the Prospectus Regulation, the UK Prospectus Regulation or any generally accepted accounting standards.

The following tables should be read in conjunction with, and are qualified in their entirety by reference to, our financial statements and the accompanying notes included elsewhere in this Offering Memorandum. The tables below should also be read together with the section entitled "*Management's discussion and analysis of financial condition and results of operations*". Except for information related to our other operating metrics, the information contained in the following tables has been derived from our (i) audited historical consolidated financial statements as at and for the fiscal years ended 31 March 2021, 2020 and 2019, respectively, which have been prepared in accordance with IFRS and (ii) unaudited historical condensed consolidated financial statements as at and for the six months ended 30 September 2021 and 2020, which have been prepared in accordance with IFRS.

Profit and loss data	**For the year ended 31 March**			**For the six months ended 30 September**		**For the twelve months ended 30 September**
(£ in millions)	**2019**	**2020**	**2021**	**2020**	**2021**	**2021**
Revenue	**249.8**	**267.0**	**274.2**	**134.0**	**144.8**	**285.0**
Operating expenses	(227.3)	(241.3)	(248.5)	(122.5)	(130.5)	(256.5)
Underlying Adjusted EBITDA	**41.2**	**45.1**	**44.8**	**20.9**	**23.6**	**47.5**
Non-underlying items	(1.3)	(1.6)	(3.0)	(1.2)	(1.0)	(2.8)
Adjusted EBITDA	**39.9**	**43.5**	**41.8**	**19.7**	**22.6**	**44.7**
Depreciation and impairment	(15.3)	(15.9)	(15.0)	(7.2)	(7.1)	(14.9)
Profit / (loss) on disposal of non-current assets[(1)]	0.3	0.5	1.6	0.3	0.1	1.4
Amortisation of intangible assets	(2.4)	(2.4)	(2.6)	(1.3)	(1.3)	(2.6)
Operating profit	**22.5**	**25.7**	**25.7**	**11.6**	**14.3**	**28.5**
Finance income	0.1	0.1	0.2	0.1	0.0	0.1
Finance expense	(19.5)	(19.4)	(19.9)	(10.2)	(9.6)	(19.3)
Profit / (loss) before taxation	**3.1**	**6.4**	**6.0**	**1.4**	**4.7**	**9.3**
Taxation	(0.9)	(1.5)	(2.6)	(0.3)	(4.4)	(6.7)
Profit / (loss) for the period	**2.2**	**4.9**	**3.4**	**1.1**	**0.3**	**2.6**

Balance sheet data	**As at 31 March**			**As at 30 September**	
(£ in millions)	**2019**	**2020**	**2021**	**2020**	**2021**
Non-current assets	435.7	411.1	416.5	412.5	422.5
Current assets					
Trade and other receivables	*25.6*	*27.1*	*23.2*	*20.9*	*25.5*
Corporation tax receivable	*0.6*	—	*0.5*	*0.3*	*0.3*
Cash and cash equivalents	*18.7*	*80.1*	*40.7*	*39.3*	*40.3*
Assets classified as held for sale	*2.8*	*1.0*	—	*2.0*	—
Total assets	**483.3**	**519.3**	**480.9**	**475.0**	**488.6**
Non-current liabilities					
Loans and borrowings	*263.6*	*264.5*	*261.1*	*263.6*	*261.2*
Tax liabilities	*10.9*	*10.9*	*11.8*	*10.2*	*14.9*
Employee benefits	*0.3*	*0.2*	*0.4*	*0.2*	*0.3*
Provisions	*0.5*	*1.0*	*1.0*	*1.0*	*1.1*
Current liabilities	74.6	104.4	65.2	60.6	69.3
Equity	133.4	138.2	141.5	139.3	141.7
Total equity and liabilities	**483.3**	**519.3**	**480.9**	**475.0**	**488.6**

Cash flow data	For the year ended 31 March			For the six months ended 30 September	
(£ in millions)	**2019**	**2020**	**2021**	**2020**	**2021**
Net cash generated from operating activities	20.6	31.3	30.0	15.5	13.7
Net cash generated from / (used in) investing activities	(22.8)	11.9	(19.2)	(9.0)	(11.9)
Net cash generated from / (used in) financing activities	4.0	18.2	(50.2)	(47.4)	(2.2)
Net increase / (decrease) in cash and cash equivalents in the period	**1.8**	**61.5**	**(39.4)**	**(40.9)**	**(0.4)**

Non IFRS and other financial measures(2)	For the year ended 31 March			For the six months ended 30 September		For the twelve months ended 30 September
(£ in millions, except as otherwise stated)	**2019**	**2020**	**2021**	**2020**	**2021**	**2021**
Adjusted EBITDA(3)	39.9	43.5	41.8	19.7	22.6	44.7
Underlying Adjusted EBITDA(3)	41.2	45.1	44.8	20.9	23.6	47.5
Underlying Adjusted EBITDA Margin (%)(4)	16.5	16.9	16.3	15.6	16.3	16.7
Cash Conversion (%)(5)	79.4	78.9	75.7	72.7	67.4	72.7
Adjusted Free Cash Flow(6)	32.7	35.6	33.9	15.2	15.9	34.6
Total CAPEX(7)	23.0	12.5	19.3	11.3	8.5	16.5
Development CAPEX	*14.5*	*3.0*	*8.3*	*5.6*	*0.8*	*3.5*
Maintenance CAPEX	*7.0*	*7.1*	*7.4*	*3.3*	*6.5*	*10.7*
IT CAPEX	*1.6*	*2.5*	*3.6*	*2.4*	*1.1*	*2.3*

Operating expenses(2)	For the year ended 31 March			For the six months ended 30 September		For the twelve months ended 30 September
(£ in millions)	**2019**	**2020**	**2021**	**2020**	**2021**	**2021**
Underlying unit level staff costs(8)	155.4	167.8	182.5	90.1	93.6	186.0
Underlying agency costs(9)	8.2	7.4	2.7	1.2	3.4	4.9
Underlying direct overheads(10)	24.3	24.2	22.4	11.2	12.3	23.5
Underlying central overheads(11)	20.7	22.5	21.8	10.6	11.9	23.1
Underlying depreciation and impairment of property, plant and equipment(12)	14.8	13.7	14.0	6.9	7.1	14.2
Underlying (profit) / loss on disposal of non-current assets(13)	(0.3)	(0.5)	(1.6)	0.5	(0.1)	(2.2)
Underlying amortisation of intangible assets(14)	2.4	2.4	2.6	1.3	1.3	2.6
Total underlying operating expenses	**225.4**	**237.5**	**244.4**	**121.8**	**129.5**	**252.1**
Total non-underlying items before taxation(15)	1.8	3.8	4.1	0.7	1.0	4.4
Operating expenses	**227.3**	**241.3**	**248.5**	**122.5**	**130.5**	**256.5**

Other operating data	As at and for the year ended 31 March			As at and for the six months ended 30 September		As at and for the twelve months ended 30 September
(£, except as otherwise stated)	**2019**	**2020**	**2021**	**2020**	**2021**	**2021**
Registered Care Division						
Registered capacity (number)	2,053	2,014	2,033	2,011	2,036	2,036
Occupancy (number)	1,927	1,898	1,868	1,872	1,904	1,904
Occupancy rate (%)	93.9	94.2	91.9	93.1	93.5	93.5
Average occupancy rate (%)	93.4	94.3	92.8	93.8	92.9	92.4
Average weekly fees	1,694	1,730	1,798	1,768	1,859	1,844
Community Based Care Division						
Supported people (number)	1,466	1,610	1,538	1,553	1,616	1,616
Direct care hours (number)	90,349	97,907	102,050	100,102	105,367	105,367
Average direct care hours (number)	85,630	97,598	99,248	97,331	106,076	103,620
Average hourly rate	18.20	18.61	19.24	18.72	19.47	19.61

Pro forma financial measures[(2)]	**As at and for the twelve months ended 30 September 2021**
(£ in millions, except as otherwise stated)	
Pro Forma Underlying Adjusted EBITDA[(16)]	48.7
Pro Forma Cash[(17)]	22.6
Pro Forma Interest Expense[(18)]	15.9
Ratio of Pro Forma Underlying Adjusted EBITDA to Pro Forma Interest Expense	3.1x
Pro Forma Net Debt[(19)]	244.9
Ratio of Pro Forma Net Debt to Pro Forma Underlying Adjusted EBITDA	5.0x
Pro Forma Senior Secured Net Debt[(20)]	227.4
Ratio of Pro Forma Senior Secured Net Debt to Pro Forma Underlying Adjusted EBITDA	4.7x

(1) Profit / (loss) on disposal of non-current assets for the fiscal year 2021 and the six months ended 30 September 2020 includes a profit on termination of lease obligations of £0.8 million.

(2) None of the non IFRS and other financial measures presented in this Offering Memorandum are measures of performance or liquidity under IFRS and you should not consider any of these measures as an alternative to (a) operating profit or profit for the period as measures of our operating performance, (b) cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs or (c) any other measures of performance or liquidity under IFRS. In evaluating these non IFRS and other financial measures, you should be aware that, as analytical tools, these measures are subject to certain limitations. In addition, you should be aware that we are likely to incur expenses similar to the adjustments in this presentation in the future and that certain of these items could be considered recurring in nature. Our presentation of the non IFRS and other financial measures should not be construed as an inference that our future results will be unaffected by unusual items. For further information, see, in particular, the discussions on non-underlying items in our financial statements included elsewhere in this Offering Memorandum. Because our calculations of these non IFRS and other financial measures may not be identical to the way our competitors calculate these measures, our presentation of such measures may not be comparable to similarly titled measures of other companies. See "*Presentation of financial and other information—Non IFRS and other financial measures*". Investors should also note that EBITDA-based measures presented in this Offering Memorandum are calculated differently from "Consolidated EBITDA" as defined and used in the Indenture. See "*Description of the Notes—Certain Definitions*" for definitions of "Consolidated EBITDA" in the Indenture.

In addition, any pro forma financial measure presented in this Offering Memorandum is based upon available information and certain assumptions that we believe are reasonable under the circumstances. Any such pro forma financial information is for informational purposes only, and does not purport to present what our results of operations and financial condition would have been had these transactions actually or certain other events described in more detail herein occurred on these dates, nor does it project our results of operations for any future period or our financial condition at any future date. These pro forma financial measures should be read in conjunction with the information contained in "*Selected historical financial data*", "*Management's discussion and analysis of financial condition and results of operations*" and the consolidated financial statements and related notes thereto appearing elsewhere in this Offering Memorandum and is not intended to represent pro forma financial information prepared in accordance with the requirements of Regulation S-X promulgated under the U.S. Securities Act or other SEC requirements, the Prospectus Regulation, the UK Prospectus Regulation or any generally accepted accounting standards. See "*Presentation of financial and other information—Non IFRS and other financial measures*".

(3) We define Adjusted EBITDA as Underlying Adjusted EBITDA prior to adjustments for the effects of non-underlying items. We define Underlying Adjusted EBITDA as profit / (loss) for the period as adjusted for taxation, finance expense, amortisation of intangible assets, profit / (loss) on disposal of non-current assets, depreciation and impairment of property and the effects of certain items considered to be non-underlying. The following table provides a reconciliation from profit / (loss) for the period to Adjusted EBITDA and from Adjusted EBITDA to Underlying Adjusted EBITDA for each of the periods indicated:

	For the year ended 31 March			**For the six months ended 30 September**		**For the twelve months ended 30 September**
(£ in millions)	**2019**	**2020**	**2021**	**2020**	**2021**	**2021**
Profit / (loss) for the period	2.2	4.9	3.4	1.1	0.3	2.6
Taxation	0.9	1.5	2.6	0.3	4.4	6.7
Finance expense	19.5	19.4	19.9	10.2	9.6	19.3
Finance income	(0.1)	(0.1)	(0.2)	(0.1)	(0.0)	(0.1)
Amortisation of intangible assets	2.4	2.4	2.6	1.3	1.3	2.6
Profit / (loss) on disposal of non-current assets[(a)]	(0.3)	(0.5)	(1.6)	(0.3)	(0.1)	(1.4)
Depreciation and impairment	15.3	15.9	15.0	7.2	7.1	15.0
Adjusted EBITDA	**39.9**	**43.5**	**41.8**	**19.7**	**22.6**	**44.7**
Non-underlying items[(b)]	1.3	1.6	3.0	1.2	1.0	2.8
Underlying Adjusted EBITDA	**41.2**	**45.1**	**44.8**	**20.9**	**23.6**	**47.5**

(a) Profit / (loss) on disposal of non-current assets for the fiscal year 2021 and the six months ended 30 September 2020 includes a profit on termination of lease obligations of £0.8 million.

(b) Non-underlying items include certain cash and non-cash or non-underlying charges. For the year ended 31 March 2019 these comprise costs incurred in the issue and reclassification of loan notes as well as one-off project costs to invest in head office and operational functions. For the year ended 31 March 2020 these comprise costs of preparing for the impact of the COVID-19 pandemic such as building stocks of personal protective equipment as well as one-off project costs to invest in head office and operational functions. For the year ended 31 March 2021 these comprise reimbursements and expenditures as a result of the COVID-19 pandemic such as personal protective equipment and certain staff, professional fees relating to a procurement costs reduction project along with one-off project to improve procurement capabilities and reduce operating costs. For the six months ended 30 September 2020 these comprise reimbursements and expenditures as a result of the COVID-19 pandemic, the acquisition of the freehold interest in a leasehold property and consultancy fees relating to a one-off project to improve procurement capabilities and reduce operating costs. For the six months ended 30 September 2021 these comprise reimbursements and expenditures as a result of the COVID-19 pandemic as well as restructuring costs. For the twelve months ended 30 September 2021 these comprise reimbursements and expenditures as a result of the COVID-19 pandemic as well as restructuring costs.

(4) We define Underlying Adjusted EBITDA Margin as Underlying Adjusted EBITDA divided by revenue.

(5) We define Cash Conversion as Underlying Adjusted EBITDA less Maintenance CAPEX and IT CAPEX, divided by Underlying Adjusted EBITDA.

(6) We define Adjusted Free Cash Flow as Underlying Adjusted EBITDA less Maintenance CAPEX and IT CAPEX. The following table provides a reconciliation from net cash generated from operating activities for the period to Underlying Adjusted EBITDA and from Underlying Adjusted EBITDA to Adjusted Free Cash Flow for each of the periods indicated:

	For the year ended 31 March			**For the six months ended 30 September**		**For the twelve months ended 30 September**
(£ in millions)	**2019**	**2020**	**2021**	**2020**	**2021**	**2021**
Net cash generated from operating activities	20.6	31.3	30.0	15.5	13.7	28.2
Interest paid	17.2	17.0	17.5	9.1	8.4	16.8
Taxes paid	1.0	0.8	3.1	1.8	1.2	2.5
Operating cash flow	**38.8**	**49.2**	**50.6**	**26.5**	**23.3**	**47.4**
Increase / (decrease) in trade and other receivables	4.1	(1.2)	(2.5)	(4.7)	2.3	4.4
Increase in trade and other payables	(2.1)	(1.1)	(4.4)	(2.5)	(1.4)	(3.3)
Decrease / (increase) in accruals and deferred income	(1.0)	(3.2)	(1.9)	0.4	(1.5)	(3.8)
Decrease / (increase) in provisions, employee benefits and other financial liabilities	0.1	(0.1)	(0.1)	—	(0.1)	(0.2)
Adjusted EBITDA	**39.9**	**43.5**	**41.8**	**19.7**	**22.6**	**44.7**
Non-underlying items[(a)]	1.3	1.6	3.0	1.2	1.0	2.8
Underlying Adjusted EBITDA	**41.2**	**45.1**	**44.8**	**20.9**	**23.6**	**47.5**
Maintenance CAPEX	(7.0)	(7.1)	(7.4)	(3.3)	(6.5)	(10.7)
IT CAPEX	(1.6)	(2.5)	(3.6)	(2.4)	(1.1)	(2.3)
Adjusted Free Cash Flow	**32.7**	**35.6**	**33.9**	**15.2**	**15.9**	**34.6**

(a) Non-underlying items include certain cash and non-cash or non-underlying charges. For the year ended 31 March 2019 these comprise costs incurred in the issue and reclassification of loan notes as well as one-off project costs to invest in head office and operational functions. For the year ended 31 March 2020 these comprise costs of preparing for the impact of the COVID-19 pandemic such as building stocks of personal protective equipment as well as one-off project costs to invest in head office and operational functions. For the year ended 31 March 2021 these comprise reimbursements and expenditures as a result of the COVID-19 pandemic such as personal protective equipment and certain staff, professional fees relating to a procurement costs reduction project along with one-off project to improve procurement capabilities and reduce operating costs. For the six months ended 30 September 2020 these comprise reimbursements and expenditures as a result of the COVID-19 pandemic, the acquisition of the freehold interest in a leasehold property and consultancy fees relating to a one-off project to improve procurement capabilities and reduce operating costs. For the six months ended 30 September 2021 these comprise reimbursements and expenditures as a result of the COVID-19 pandemic as well as restructuring costs. For the twelve months ended 30 September 2021 these comprise reimbursements and expenditures as a result of the COVID-19 pandemic as well as restructuring costs.

(7) We define Total CAPEX as the sum of Development CAPEX, Maintenance CAPEX and IT CAPEX. Development CAPEX comprises build costs and other professional expenses in connection with new builds and conversions of existing properties. Development CAPEX also includes costs in connection with the acquisition of property which we originally lease for our operations and where we later agree to acquire the property from the lessor as well as the purchase of motor vehicles. Maintenance CAPEX comprises service related routine capital expenditure and non-service related capital expenditure with respect to supporting our head office function and includes purchases of new replacement equipment and fixtures. IT CAPEX comprises of service related routine capital expenditure and non-service related capital expenditure with respect to software and hardware used for the operations of our Group.

(8) Underlying unit level staff costs comprise expenditure in relation to the Group's employees who deliver direct care and support to the people we support.

(9) Underlying agency costs comprise expenditure in relation to third-party staffing agencies who deliver direct care and support to the people we support.

(10) Underlying direct overheads comprise supplementary expenditure required to deliver the care and support to the people we support (direct costs to run the Group's services).

(11) Underlying central overheads comprise expenditure in relation to the Group's head office function who support the running of the business and therefore indirectly support the delivery of care and support.

(12) Underlying depreciation and impairment of property, plant and equipment comprises the write off of property, plant and equipment to their residual value over their estimated useful life.

(13) Underlying (profit) / loss on disposal of non-current assets comprise the difference between the net disposal proceeds received and the net book value of non-current assets at the time of disposal.

(14) Underlying amortisation of intangible assets comprises the write off of intangible assets to their residual value over their estimated useful life.

(15) Total non-underlying items before taxation includes non-underlying items, as presented in the reconciliation from Adjusted EBITDA to Underlying Adjusted EBITDA, of £1.3 million, £1.6 million and £3.0 million for the fiscal years 2019, 2020 and 2021, respectively, £1.2 million and £1.0 million for the six months ended 30 September 2020 and 2021, respectively, as well as £2.8 million for the twelve months ended 30 September 2021.

(16) We define Pro Forma Underlying Adjusted EBITDA, as adjusted to give effect to the full year impact of the Underlying Adjusted EBITDA contribution of (a) our recent acquisitions, (b) the implementation of a new procurement system and (c) cost optimisations with respect to DCAs, in each case as if they had occurred or been fully implemented on 1 October 2020. The following table provides a reconciliation from Underlying Adjusted EBITDA to Pro Forma Underlying Adjusted EBITDA for the twelve months ended 30 September 2021:

	For the twelve months ended 30 September
(£ in millions)	**2021**
Underlying Adjusted EBITDA	47.5
Estimated full year impact of recent acquisitions[(a)]	0.6
Estimated full year impact of new procurement system[(b)]	0.3
Estimated full year impact of cost optimisations[(c)]	0.3
Pro Forma Underlying Adjusted EBITDA	**48.7**

(a) Represents the estimated full year impact on our Underlying Adjusted EBITDA for the twelve months ended 30 September 2021 of our acquisition of Day Opportunities Limited (two registered care services and three community based care service and related assets), which we acquired on 15 December 2020, and our acquisition of Woodley House Limited (one registered care service), which we acquired on 3 September 2021, as if such acquisitions had been completed on 1 October 2020. We estimate that Day Opportunities Limited contributed £0.1 million from 1 October 2020 to, but excluding, 15 December 2020. We estimate that Woodley House Limited contributed £0.5 million from 1 October 2020 to, but excluding, 3 September 2021. This estimate also assumes that we will provide care for the people occupying these placements for a full twelve months.

The cost estimates used to formulate the adjustments related to the acquisitions of Day Opportunities Limited and Woodley House Limited were based on historical results as well as estimated run rates calculated by third parties. Future costs may vary from these estimates and calculations due to, among others, changes in the type and amount of care required and changes in the local labour market. While the adjustments related to the acquisitions of Day Opportunities Limited and Woodley House Limited assume the relevant contracts with the Local Authorities will be in effect for a full twelve months, the terms of these contracts allow the Local Authorities to terminate the relevant agreement on three to six months' written notice. Based upon our operating history, management believes that early termination of these contracts is unlikely in the absence of a serious and uncorrected violation of applicable laws or regulations.

(b) Represents the estimated full year impact on our Underlying Adjusted EBITDA for the twelve months ended 30 September 2021 of implementing a new procurement system, as if such system had been fully implemented on 1 October 2020. The estimated net effect is based on (i) management estimates and third-party industry benchmarking of potential cost savings, which we expect will result from improved data available to our Group and a reduction of procurement costs for good and services we purchase in the ordinary course of business, and (ii) incremental operational expenses that will offset the cost savings. The implementation of the new procurement system commenced in December 2021, the system solution has been deployed and configured, system testing is largely complete and the first phase is expected to go live during February 2022, with the project expected to be completed by 31 March 2022.

(c) Represents the estimated full year impact on our Underlying Adjusted EBITDA for the twelve months ended 30 September 2021 of cost optimisations with respect to DCAs that already have been or are in the process of being implemented, as if such optimisations had been fully implemented on 1 October 2020. We expect to achieve such cost optimisations through (i) reducing the number of regional office locations that manage and administer the care services provided through our Community Based Care Division, (ii) centralising our operating support teams and redeploying certain staff and (iii) consolidating and optimising staff training through a dedicated team and distance learning. The estimated full year impact is based is based on run rate cost savings we have achieved from 1 March 2021 to 30 September 2021.

(17) Pro Forma Cash represents cash and cash equivalents of £40.3 million as at 30 September 2021, as adjusted to give effect to the Transactions and cash used in connection with the Acquisition. See "*Use of proceeds*" and "*Capitalisation*".

(18) Pro Forma Interest Expense represents interest payable, as adjusted to give effect to the Transactions, including commitment fees on the £50 million of undrawn commitments under the Revolving Credit Facility.

(19) Pro Forma Net Debt represents loans and borrowings (including lease liabilities), as adjusted to give effect to the Transactions, less Pro Forma Cash.

(20) Pro Forma Senior Secured Net Debt represents senior secured loans and borrowings, as adjusted to give effect to the Transactions, less Pro Forma Cash.

RISK FACTORS

An investment in the Notes involves a high degree of risk. You should carefully consider the following risks, together with 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, individually or together, 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. This section describes the risks and uncertainties that we believe are material, but these risks and uncertainties may not be the only ones that we face. Additional risks and uncertainties, including those not currently known to us or that are presently deemed immaterial, may also harm us and affect your investment. The order in which the risks are presented does not necessarily reflect the likelihood of their occurrence or the magnitude of their potential impact on our business, financial position, results of operations and prospects or on the value of the Notes.

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

The COVID-19 pandemic could have a significant adverse effect on our business, results of operations and financial condition or prospects, and the ultimate outcome of the COVID-19 pandemic remains uncertain.

In December 2019, an outbreak of the novel strain of coronavirus SARS-CoV-2 ("**COVID-19**") was identified in Wuhan, China. This COVID-19 outbreak has since spread and grown globally, including the UK, and was declared a global pandemic by the World Health Organization in March 2020. Although the ultimate severity and impact of the COVID-19 pandemic remains uncertain, the COVID-19 pandemic and measures taken to combat it have had, and are expected to continue to have, a significant negative impact on the UK economy and our industry as a whole. The measures taken to combat COVID-19 include restrictions on public life, lockdowns, social distancing protocols for staff and visitors of people we support as well as the general advice to stay at home given the health risks associated with COVID-19.

The COVID-19 pandemic has already put some strain on our business and our ability to maintain the high level of care for the people we support. We have seen a number of negative financial impacts of the COVID-19 pandemic, including: temporary reduction in registered occupancy due to delays in on-boarding new joiners; temporary reduction in community hours resulting from cancelled shifts relating to shielding needs among our support staff and temporary closures at our day centres; increase in staff costs to cover higher than normal absences as a result of staff having to self-isolate; and costs related to the various response measures we have undertaken such as investing in personal protective equipment, infection control and lockdown bonus allowances which we paid to compensate for overtime work during the COVID-19 pandemic, in the form of hourly rate supplements of £1 or £2 for overtime hours worked to all of our permanent hourly paid care workers. Although we have also seen some indirect positive impacts of COVID-19 on our balance sheet, including decreases in certain operational costs such as employee training costs and agency costs, we estimate that overall, we incurred additional expenditures of approximately £9.0 million during the fiscal year 2021, and we estimate our Underlying Adjusted EBITDA in the period was £1.5 million lower than it would have been as a direct result of the COVID-19 pandemic. In response to the COVID-19 pandemic, we temporarily closed certain day care services and furloughed a total of 731 employees over the period between March 2020 and September 2021. These employees were either in the later stages of pregnancy or were shielding (due to underlying health conditions) for short-term periods. Furthermore, the COVID-19 pandemic has caused us to modify some of our business practices, and we may take further actions as may be required by government authorities or that we determine are in the best interests of our employees, people we support, partners, vendors and suppliers. In particular, we have taken the appropriate social distancing precautions to protect the people we support, our employees and members of the public. This includes the provision of personal protective equipment in accordance with national guidelines and undertaking risk assessments appropriate to specific care activities. We have also introduced a work-from-home programme for our head office staff, reduced business travels and implemented other infection control policies and procedures across our services. Certain of these modifications also lead to increased operational risks. For example, working from home could increase cybersecurity risks. There is no certainty that such modifications will be sufficient to mitigate the risks posed by COVID-19, and illness and workforce disruptions could continue to lead to unavailability of key personnel and harm our ability to perform critical functions.

The long-term impact of the COVID-19 pandemic on our business remains uncertain and will ultimately depend on a number of factors that cannot be accurately predicted at this time. These factors include, but are not limited to, the duration (including the extent of any resurgence or the occurrence of new variants in the future, as shown by the recent surge of the so called Omicron variant) and the ultimate severity of the COVID-19 pandemic, the timing of and manner in which containment efforts are reduced or lifted and the length of time it takes for normal economic and operating conditions to resume, which are all beyond our knowledge and control. Moreover, there are no comparable recent events that provide us with guidance. For these reasons, we cannot reasonably estimate the long-term impact of the COVID-19 pandemic on our business with any certainty nor can we provide any assurance that the COVID-19 pandemic will not have a material adverse effect on our business, financial condition or results of operations. To the extent the COVID-19 pandemic adversely affects our business, financial condition or results of operations, it may also have the effect of heightening other risks described in this section of this Offering Memorandum.

While the impact of the COVID-19 pandemic on our overall industry remains uncertain, it is estimated that there are already 100,000 staff vacancies in the care home sector largely due to labour shortages caused by the COVID-19 pandemic as well as the withdrawal of the UK from the EU. See "*—Legal, political and economic uncertainty following the UK's exit from the EU could adversely impact our business, results of operations and financial condition*". On 16 June 2021, the UK government announced that starting from November 2021 anyone working in a CQC-registered care home in England for residents requiring nursing or personal care must have received two doses of a COVID-19 vaccine as a condition of their employment. The UK government estimates that this decision could result in the sector losing approximately 40,000 care workers, with a worst-case scenario rising to a loss of approximately 68,000 care workers. Since the majority of our employees will be subject to the new government regulation, there is a risk that we end up losing some of our employees, either due to us having to lay off the employees who do not receive both doses of vaccination as required or such employees voluntarily terminating their employment. Any significant staff shortage caused by the new government regulation or as a result of the COVID-19 pandemic could have a material adverse effect on our business, results of operations and financial condition or prospects. At the same time, the rapid spread of the so called Omicron variant has caused, and may continue to cause, a significant number of our staff members to be required to self-isolate. This has adversely impacted, and may continue to adversely impact, our ability to provide care and support and thereby our business, results of operations and financial condition.

Furthermore, the COVID-19 pandemic may continue to cause severe economic, market and other disruptions worldwide. We cannot guarantee that conditions in the credit lending, capital and other financial markets will not deteriorate as a result of the COVID-19 pandemic, that our access to capital and other sources of funding will not become constrained or expensive, or that the credit or capital markets will be available in the future to fund our obligations. In addition, the terms of future debt agreements could include more restrictive covenants or require incremental collateral, which may restrict our business operations or make such debt unavailable due to our covenant restrictions then in effect. If we are unable to access the credit or capital markets in the longer term, on commercially reasonable terms or at all, our ability to carry out growth and business development initiatives would be limited, thereby potentially limiting our future growth opportunities.

The current status of the COVID-19 pandemic around the world remains serious, and while there is cause for optimism (with the continuing progress on vaccinations across the countries we operate in), there can be no assurance that vaccinations will have lasting effectiveness and that measures to reopen communities will not be reversed in response to a resurgence in COVID-19 outbreaks. Negative economic developments, including due to global or local recessions, higher unemployment rates, diminished levels of consumer confidence, declines in income levels and the loss of wealth have in the past, and may in the future, result in decreased demand in our industry. The ongoing COVID-19 pandemic may be associated with further or continued decline in economic activity and increases in unemployment levels which may negatively impact the demand for our services.

Moreover, national and local governments have imposed, and may continue to impose, limitations and restrictions on the operation of our business in response to any future COVID-19 resurgence, and the impact of those restrictions may have a detrimental effect on our ability to operate (including but not limited to social distancing and other health and safety related measures). In the UK, due to the rise in cases as a result of the so called Omicron variant, the government has moved to the so called 'Plan B' in December 2021, which includes compulsory face coverings in some settings, asking people to work-from-home and introducing vaccine passports. Compliance with such regulations and any additional restrictions requires the application of financial and human resources and increases costs to the potential detriment of our business. Failure by us to comply, or the perception of non-compliance, with any such regulations may lead to enforcement actions against us with possible financial costs, and could also damage our brands and reputation.

We rely on publicly funded purchasers in the UK, such as Local Authorities and CCGs, for substantially all our revenue and the loss or reduction of such revenue could adversely impact our business, results of operations and financial condition or prospects.

Payments for our services by UK publicly funded purchasers, such as Local Authorities and CCGs, account for almost our entire revenue. There is a risk that budget constraints, public spending cuts or other financial pressures could cause such publicly funded local purchasers to spend less money on the type of services that we provide (either in the aggregate or per unit of services), or that political or UK government policy changes could mean that fewer services are purchased by publicly funded local purchasers, which could materially reduce our revenue or margins. While the UK government has made one-off additional budget available for social care (including as a result of the COVID-19 pandemic), it continues to delay publication of its reforms to the long-term funding of social care, thereby increasing funding pressures from the Local Authorities and NHS, with most Local Authorities and CCGs trying to reduce their expenditure across the sector.

Some recent developments in UK budget policy may ameliorate some of the funding cuts, including, among others, an additional grant of £300 million over the next year to spend on adult and child social care services and a total of £2.1 billion for Local Authorities through the improved Better Care Fund, which integrates NHS and social care through a single local pooled budget. In response to the COVID-19 pandemic, the UK government also released further funding of £3.2 billion to Local Authorities to pass to social care providers, including Voyage Care. In addition, the UK government made available another £600 million and £546 million in specific funds identified as the 'Adult Social Care Infection Control Fund' and the 'Adult Social Care Infection Control Fund – round 2'. A further £149 million identified as the 'Adult Social Care Rapid Testing Fund' and £120 million identified as the 'Workforce Capacity Fund for Adult Social Care' were made available by the UK government during the fiscal year 2021, the latter of which was designed to support measures that generated additional adult social care workforce capacity. In March 2021, the UK government made available £341 million identified as the 'Adult Social Care Infection Control and Testing Fund' (which was applicable between 1 April 2021 and 30 June 2021) and another £251 million identified as the 'Adult Social Care Infection Control and Testing Fund' (which was applicable between 1 July 2021 to 30 September 2021) for social care providers. The UK government also announced an additional £388 million to prevent the spread of infection in social care settings, including £25 million to support care workers to access COVID-19 and flu vaccines over the 2021/2022 winter months. As part of the Autumn Budget and spending review presented to UK Parliament on 27 October 2021, the UK government set out its budgeted spending for the fiscal years 2022/2023 to 2024/2025. The budget took further steps to improve the support for health and social care. The Autumn Budget provides for a 4.1% CAGR (or £30 billion) increase in health spending in England (including NHS) by 2024/2025. Under the Autumn Budget, the UK government aims to spend £162 billion a year by 2024/2025.

However, even if such new measures are implemented, there can be no assurance that the additional amounts raised will fully compensate for any shortfalls caused by central government spending cuts or the COVID-19 pandemic. Furthermore, there can also be no assurance that Local Authorities or publicly funded local purchasers that commission our services will not reduce healthcare spending or spending on the types of services that we provide, regardless of the availability of such funds. Any such reduction in spending could have a material adverse effect on our average weekly fees, hourly rates and occupancy rates, which would have a corresponding negative impact on our business, results of operations and financial condition or prospects.

Any uncertainty as to political trends or changes in policies in relation to outsourcing of healthcare and social care services could cause us to delay or cancel our strategic plans and could increase the cost of implementing those plans. Budget cuts in health or social care spending or the re-allocation of public funds to services which we currently do not provide could have an adverse effect on our ability to acquire new contracts and maintain or increase the fees we currently charge for our services.

Changes in tax legislation, policies or its interpretation or increases in tax rates may have a significant negative effect on our business.

Changes to our tax rates, and in particular our corporation tax rate, could affect our future results of operations. In March 2021, the UK government announced that the corporation tax rate will increase from the current rate of 19% to 25% starting from 1 April 2023. We incurred £1.8 million of corporation tax charges in relation to the fiscal year 2021, and had the new 25% tax rate applied to this amount, our corporation tax charge would have been approximately £2.4 million. Our profit for the fiscal year 2021 would have decreased by £4.7 million under a 25% tax rate, as the increase in current taxation would have been aggregated with a net increase in deferred tax assets in the amount of £4.1 million. There is no guarantee that the government will not seek to further increase the corporation tax rate or increase other tax rates in the future. Our future effective tax rates could also be unfavourably affected by changes in global tax laws or the interpretation of tax laws and, as a consequence, could have a material adverse effect on our cash flows, results of operations and financial condition. Changes in other taxation policies could also adversely affect our results of operations. See "—*We operate in a highly regulated business environment, which is subject to political scrutiny. Failure to comply with regulations could lead to substantial penalties, including the loss of registration on some or all of our care homes as well as damage to our reputation*". In addition, we rely upon generally accepted interpretations of tax laws in the jurisdictions in which we operate. We cannot be certain that these interpretations are accurate or that the relevant responsible local tax authority is in agreement with our views. Challenges by local tax authorities may lead to an imposition of additional taxes that we do not currently pay or collect, or to a loss or reduction to tax assets, any of which could have a material adverse effect on our business, results of operations and financial condition.

The majority of our revenue is not guaranteed, and any reduction in demand for our services could have a material adverse effect on our business, results of operations and financial condition or prospects.

Certain of the people we support in our Registered Care Division are funded on spot contracts. Under these contracts, the rates are individually negotiated and payment is dependent on continued occupancy of beds and consistent usage of services by the people we support. Spot fees are agreed with the Local Authority or CCGs based on the needs of the individual, the level of care required and the type of accommodation needed. The decision to use our services is at the sole discretion of the relevant Local Authority or CCG and there is no guarantee that previous spot market purchasing volumes and unit prices by Local Authorities or CCGs will continue in the future. Furthermore, the terms of these contracts generally allow them to be terminated by either party with only a short notice period. Although we believe that we have strong relationships with Local Authorities and CCGs generally, these existing relationships cannot be relied upon to guarantee future placements of people to be supported or that the existing people we support will not be referred elsewhere. Even if the relevant contracts are not terminated, the scope of services provided may be reduced which would cause a decrease in our revenue.

A significant part of our community based care business is awarded through tenders. Tenders are awarded directly to us through a contract to provide a pre-agreed number of support hours at a pre-determined fee rate over an agreed term that typically ranges from two to seven years. While these arrangements provide some visibility on the volume of care and level of revenue, ordinarily, commissioners may terminate the contracts with three or six months' notice. Further, the Local Authorities from whom we win tenders are under no obligation to award us additional tenders and are under no obligation to renew the tender at the end of the expiration of its term. Additionally, the actual volume of care delivered and paid for under tenders may vary with the actual needs of the people we support. Framework agreements, under which we are classified as an approved provider, among a number of approved providers, allow us to participate in periodic tenders of care and support individuals as needs arise. We are not guaranteed any level of care and support hours or number of people supported under these framework agreements, and thus our revenue can differ from the assumptions made at the time any such framework agreement was entered into. In addition, non-participation under any framework agreement may limit our ability to win additional tenders for the duration of such framework agreement.

In our Community Based Care Division, in certain cases we own the supported living site used in connection with the care and support we provide, and lease the property to a housing association, which then manages the property, issues tenancies and collects rent received by tenants and other charges on our behalf. When we open new long-term supported living sites, our standard service level agreement with the housing association typically includes a void and nomination clause, pursuant to which, after the first six months initial void funding expires, we agree to compensate the housing association for the core rent element of the housing benefit claim to cover this rent on any remaining void units. In return for covering the core rent void, we typically receive a 8% void allowance. We estimate that a 1% variance in average occupancy across our supported living sites that are subject to a void and nomination clause as at 30 September 2021 (excluding supported living sites that had been open for less than six months) corresponds to void allowance costs of approximately £42,000. As at 30 September 2021, average occupancy across our supported living sites which were subject to a void allowance clauses (excluding supported living sites that had been open for less than six months) was approximately 90%. If these supported living sites experience a significant increase in vacancies, we may be liable for void costs under the voids and nomination, which could lead to a reduction in our profitability and have a negative impact on our business, results of operations and financial condition.

If we are unable to win tenders, or upon winning tenders, if we are unable to fully integrate the services we are awarded, we might not achieve the level of growth we anticipate and our financial conditions and results of operations may be adversely impacted.

Our current business strategy includes bidding on tenders and obtaining community based care placements of supported people from tenders, which may include situations in which we take over the provision of existing services from an incumbent provider that had been managing care prior to our tender award. We might not be able to successfully identify suitable tenders to bid for, or accurately assess the value, strengths, liability and potential profitability of the tenders we will bid for in the future. In addition, we might not be able to effectively provide bids for the tenders that will be suitable for us once we have accurately identified such opportunities. An inability to bid and win tenders in the future may adversely affect our growth and revenue.

Even though bidding for tenders involves a lower capital expenditure than acquisitions, we might not be able to assess successfully the effort or expenditure that is required to roll out a new service or fully integrate the existing services we acquire from incumbent service providers. Any failure to build services or properly integrate acquired businesses or locations won through tenders could have a material adverse effect on our business, results of operations, financial condition or prospects.

We are in part reliant on referrals from officials at Local Authorities, CCGs and families, and there is no guarantee that the historic or current levels of referrals will be maintained in the future.

Our business depends, in part, on officials referring people in need of support to us for care and on families wishing to use our services. As such, it is important that strong relationships are fostered and maintained with these officials, and that we maintain our reputation as a quality service provider with these care managers and families. The effectiveness of our relationships may be reduced or eliminated with changes in the personnel holding various staff positions. We may also lose some of our key staff members who have these relationships with officials. Officials at Local Authorities or the CCGs may decide to refer individuals elsewhere, resulting in a decrease in the number of referrals made to us. A deterioration in such relationships, a deterioration in our reputation with Local Authorities, CCGs or families, or the decision by one or more commissioners to refer individuals to our competitors or to stop referring them to us would have an adverse effect on our occupancy rates, which would have a corresponding negative impact on our business, results of operations and financial condition or prospects.

We may not achieve fee rate increases or may suffer fee rate decreases, which could have an adverse impact on our business, results of operations and financial condition.

The fee rates that we charge for our services are agreed with Local Authorities and CCGs and are generally subject to annual adjustments on 1 April. In addition, our fees may be subject to review with the typical method of review being based on various care cost calculators or methodologies used by Local Authorities and CCGs, which are typically derived from data based on assumed average industry costs. Our fees may be challenged or negotiated using these fee calculation tools or methodologies. Although we have traditionally been successful in increasing fees each year, the UK government's continuing economic policy to reduce central government funding to Local Authorities (or to limit increases in such funding to less than the amounts required) means that purchasers of our services, particularly publicly funded entities, may not agree to fee rate increases or may in fact request that our weekly fees be reduced and we may have to enter into negotiations to do so. We expect our labour costs to rise in the fiscal year 2022, mainly due to the increase in the national living wage and the resulting increased wage owed to employees who earn above the national living wage. If these or other operating cost increases in the business exceed the rise in our fee rates (which are the basis of our revenue), including any increases which may be provided for under certain of our tender contracts, we would have to absorb such excess costs and this could have an adverse impact on our business, results of operations and financial condition.

Negative publicity and media coverage critical of us or our sector may harm our results.

Despite the internal structure that we have implemented to audit and reinforce high standards, from time to time, like other providers of similar services, we have experienced incidents, including medical and health and safety incidents and fatalities, which have led to negative publicity. Most of the people we support have complex conditions, are considered vulnerable and often require a substantial level of care and supervision. There is a risk that one or more people we support could be harmed by one or more of our employees or by another person or persons we support, or one or more of our employees could be harmed by one or more of the people we support either intentionally, through negligence or by accident. A serious incident involving harm to one or more of the people we support could result in negative publicity. Furthermore, the damage to our reputation or to the reputation of the relevant service from any such incident could be exacerbated by any failure on our part to respond effectively to such an incident. While we have implemented rigorous clinical and other governance and reporting procedures, carry out substantial employee trainings, employee inductions and employment reference procedures, including a criminal background check, for all frontline staff and deploy public relations resources to manage both positive and negative publicity, there can be no assurances that an event giving rise to significant negative publicity would not occur, and such negative publicity could have a material adverse effect on our brand, our reputation and our occupancy rates, which would have a corresponding negative impact on our business, results of operations, financial condition or prospects.

Specifically, media coverage of the sector in which we operate has, from time to time, included reports critical of the current trend toward privatisation and the quality of service provided by those who operate in our sector. Media criticism of any service providers operating in our sector could negatively impact the public's perception of our sector overall. Adverse media coverage about providers of these services in general, and Voyage Care in particular, could also lead to increased regulatory scrutiny in some areas (leading to higher compliance costs), and could adversely affect our brand and our ability to obtain or retain contracts.

Investigations or regulatory action taken by the CQC, Local Authority or any other regulatory body could also result in negative publicity which could, in turn, affect our ability to continue to offer particular services or to operate. In addition, action taken by the CQC, Local Authority or the NHS in relation to one or more of our services or us directly, regardless of the substantive merit or the eventual outcome of such action, may have a material adverse effect on our reputation and our ability to attract and/or retain the people we support, expand our business or seek registration for new services, either locally or nationally.

We operate in a highly regulated business environment, which is subject to political scrutiny. Failure to comply with regulations could lead to substantial penalties, including the loss of registration on some or all of our care homes as well as damage to our reputation.

Our business is subject to a high level of regulation and oversight, in particular from the CQC, the independent regulator for health and adult social care in England as well as the CIW in Wales and the Care Inspectorate in Scotland. The regulatory requirements relevant to our business span the range of our operations from the initial establishment of new care homes or regional registered care offices, each of which are subject to individual registration requirements, to the recruitment and appointment of staff, maintenance of occupational health and safety, upholding duty of care to the people we support, administration of controlled drugs, abiding by clinical standards, regulating conduct of our professional and care staff and other aspects of our operations. The regulations relating to our operations differ between England, Wales and Scotland. See "*Regulation*" for further details on the key regulations to which we are subject.

Inspections by regulators can be carried out on both an announced and, in most cases, an unannounced basis depending on the specific regulatory provisions relating to the different services we provide. A failure to comply with regulations, the receipt of a poor rating or a lower rating, the receipt of a negative report that leads to a determination of regulatory non-compliance or a failure to cure any defect noted in an inspection report could result in reputational damage, fines, the revocation or suspension of the registration of any care home or service or a decrease in, or cessation of, the services provided by us at any given location (with the exact consequences of a regulatory breach depending on whether it occurs in England, Wales or Scotland). Additionally, where services are funded by Local Authorities, such authorities also monitor performance. If such authorities or the regulators find shortcomings in the quality of care, they may impose punitive measures. These can, for example, include the suspension of new placements of people (referred to as "suspensions") and, in extreme cases, removal of all individuals placed by that authority, which can have implications for the referral activity of other authorities as well. Suspensions are imposed by the regulators under various circumstances, including where there are strong indicators that there is a risk of significant harm to the people we support through one of our services, and such risk is continuing, sustained and not manageable, or if any other relevant and serious incident, concerns or situation had occurred.

The care home sector is subject to extensive and complex regulation and frequent regulatory change. We cannot guarantee that current laws and regulations will not be modified or replaced in the future, whether in response to public pressure or otherwise. Future developments and amendments to laws and regulations may be more restrictive on our operations and/or costly to comply with and could have a material adverse effect on our business, financial condition or results of operations.

Quality deficiencies could adversely impact our brand, our reputation, our ability to market our services effectively and our occupancy rates, which would have a corresponding negative impact on our business, results of operations and financial condition or prospects.

Our future growth will partly depend on our ability to maintain our reputation for high quality services, and any quality deficiency could adversely impact our sales and marketing activities, as well as demand for our services. Factors such as health and safety incidents, problems with our services, negative press or general customer dissatisfaction could lead to deterioration in the level of our quality ratings or the public perception of the quality of our services, which in turn could lead to a decrease in the number of individuals supported, including individuals making use of their personal social care budgets, and referrals. Any impairment of our reputation, loss of goodwill or damage to the value of our brand name could have a material adverse effect on our business, occupancy rates, results of operations and financial condition or prospects.

Our ability to grow our business relies upon the acquisition of care businesses to expand our capacity, as well as organic growth driven by continuing demand.

The success of our business is directly related to the number of people we support. We employ a number of strategies to increase the total number of people we support; periodically acquiring registered care businesses, winning tenders predominantly for community based care and taking over other services where the existing provider may be unable to continue providing them. Therefore, the continued growth of our business relies on our ability to successfully acquire additional capacity. While successful tenders for community based care is critical to the continued expansion of our Community Based Care Division, acquisition of registered care homes is especially important for the growth of our Registered Care Division. However, there may be insufficient opportunities in the market to purchase care homes from other providers on favourable terms or at all. As such, there can be no guarantee that we will have sufficient opportunities to expand our capacity through acquisitions. Moreover, any additional capacity that we acquire as part of an asset purchase requires recruitment of further personnel and regulatory permissions to operate. For example, in asset purchase transactions, we are subject to Transfer of Undertakings (Protection of Employment) (TUPE) Regulations, which protect the rights of employees when the assets are transferred. Accordingly, we may be unable to add capacity if we are unable to obtain or comply with the required regulatory permissions, or if we are unable to recruit the necessary personnel. See "—*We depend on our ability to attract, retain and train experienced and/or staff in a number of disciplines and any reduction in the number of such individuals or an increase in the wages and salaries necessary to attract and retain them could negatively impact our business, results of operations, financial condition or prospects*" and "—*We operate in a highly regulated business environment, which is subject to political scrutiny. Failure to comply with regulations could lead to substantial penalties, including the loss of registration on some or all of our care homes as well as damage to our reputation*".

Our ability to grow our business also relies on organic growth through an increase in occupancy at our existing registered care homes and expansion of direct care hours delivered in our Community Based Care Division. We achieve such increase in occupancy and expansion of direct care hours predominantly through winning contract tenders and generating a satisfactory return on these investments. As such, our ability to grow our revenue and future financial prospects may be adversely affected if we are unable to identify areas of business or particular care services where we see opportunities for growth and/or if we are unsuccessful in our bids for tenders. See "—*The majority of our revenue is not guaranteed, and any reduction in demand for our services could have a material adverse effect on our business, results of operations and financial condition or prospects*" and "—*If we are unable to win tenders, or upon winning tenders, if we are unable to fully integrate the services we are awarded, we might not achieve the level of growth we anticipate and our financial conditions and results of operations may be adversely impacted*". Moreover, our ability to grow organically will also depend on the recruitment of personnel, and we cannot guarantee that we will be able to hire, train and/or retrain necessary staff to efficiently deliver care in the event of successful bids on future tenders. Any delays in expansion caused by difficulties in respect of any of the above factors may lead to cost overruns and longer periods before a return is generated on an investment.

In addition, organic growth of our Community Based Care Division is 'capex light' and particularly dependent on third-party developers and investors to build, or buy and refurbish, supported living accommodation, in which we provide care and support services. Since we typically do not develop properties ourselves, we rely on development and investment appetite from third parties (as well as the requisite planning permissions) for any organic growth in our Community Based Care Division to continue. Moreover, there is a risk to organic growth if social housing providers discontinue renting out properties. This could occur, for example, if social housing regulators challenge the financial stability of social housing providers and/or scrutinise compliance of social housing providers with applicable laws, all of which could affect the operating model of registered social housing providers that typically rely on long-term lease agreements for supported living accommodation. Accordingly, we cannot guarantee that any resulting changes to the operating model of registered social housing providers does not diminish our own growth prospects.

If we are unable to identify, complete and successfully integrate acquisitions, our ability to grow our business may be limited and our business, financial condition and results of operations may be adversely impacted.

Our growth has been, in part, attributable to acquisitions of other businesses or operations in sectors in which we already operate, such as our most recent acquisitions of three specialised registered care services (September 2018), Fox Elms Community Care Limited (July 2019), Day Opportunities Limited (December 2020) and Woodley House Limited (September 2021), and we may make other acquisitions in the future as part of our expansion strategy. The success of a potential future acquisition strategy depends on our ability to identify suitable acquisition targets, to assess the value, strengths, weaknesses, liabilities and potential profitability of such acquisition targets, to negotiate acceptable terms and to integrate the operations of such businesses, once acquired. Our successful integration of acquired businesses will depend on our ability to effect any required changes in operations or personnel, and, in case of acquired residential facilities, may require renovation or other capital expenditure or the funding of unforeseen liabilities. The integration and operation of any future acquisitions may expose us to certain risks, including difficulties in integrating the acquired businesses in a cost-effective manner, the establishment of effective management information and financial control systems and unforeseen legal, regulatory, contractual, labour or other issues arising out of the acquisitions. Any failure to properly integrate acquired businesses or locations could have a material adverse effect on our business, occupancy rates, results of operations, financial condition or prospects.

We may not be able to identify, complete and successfully integrate acquisitions in the future, and our failure to do so may limit our ability to grow our business. If we are unable to acquire businesses and efficiently integrate suitable acquisition candidates or services acquired through tenders, our future growth may be adversely impacted.

We may become involved in legal proceedings based on negligence or breach of a contractual or statutory duty from the people we support or their family members or from employees or former employees.

From time to time, we are subject to complaints and claims from the people we support and their family members alleging professional negligence, medical malpractice or mistreatment, some of which may involve claims for substantial damages, and may incur significant legal costs. Lawsuits may be filed based on these claims by any party, either individually or as a class in a class-action lawsuit. Similarly, there may be substantial claims from employees or former employees in respect of personal injuries sustained in the performance of their duties, which may be of varying types including accidental injury and immediate physical restraint injuries from physical intervention. We may also be subject to negligence and personal injury claims from third parties alleging that they have been harmed by the people we support, whether inside or outside our facilities, including in connection with the transportation services we provide to the people we support.

Although we maintain insurance coverage including medical malpractice, public liability and employers' liability, these proceedings could harm our reputation and have a material adverse impact on our business.

We are not insured against current or former employees making claims against us in relation to breaches of employment legislation, wrongful discharge or discrimination. In these cases, we may incur significant legal fees in defending such proceedings and a large award of damages may be made against us. In addition, in the normal course of our business, we are subject to certain regulatory and administrative proceedings, and there can be no assurance that we will be able to successfully defend all such cases. For example, in the case of a death of one of the people we support, we will sometimes become a party to CQC investigations and inquests regarding the cause of death. While we provide various evidence as part of the proceedings and challenge the final determination when we disagree, there is a risk that we may not be able to obtain favourable results in all such proceedings in the future. See "*Regulation*".

We may fail to deal with clinical and other waste in accordance with applicable regulations or otherwise be in breach of relevant medical, health and safety or environmental laws and regulations.

As part of our normal business activities, we create and then store clinical and other waste, which may produce effects harmful to the environment or human health. The storage and transportation of such waste is strictly regulated. Our waste disposal services are outsourced and should the relevant service provider fail to comply with these regulations, we could face sanctions or fines, which could adversely affect our brand, reputation, business or financial condition. More generally, our business is subject to laws and regulations relating to the environment and public health. If applicable laws and regulations were to become stricter, we could incur additional compliance costs, which could in turn adversely affect our business and operations.

Health and safety risks are inherent in the services that we provide and are constantly present in our services. These risks are exacerbated by the COVID-19 pandemic, which has required us to introduce additional health and safety protocols to avoid the spread of COVID-19 and its variants (including the so called Omicron variant) among the people we support, as well as our employees. Any health and safety incident, including in particular any sudden increase in COVID-19 infection rates among the people we support and/or our employees, could be particularly serious because the people we support are predominantly dependent persons and therefore highly vulnerable.

Some of our activities are particularly exposed to significant medical risks relating to the transmission of infections or the prescription and administration of drugs for the people we support. Our activities are also exposed to risks relating to food and water quality, as well as fire safety and the risk that the people we support may cause harm to themselves, other people we support or our employees. If any of the above medical or health and safety risks were to materialise, we may be held liable or fined, and any registration certificate could be suspended or withdrawn for failure to comply with applicable regulations, which may have a material adverse impact on our business, results of operations and financial condition or prospects.

Moreover, new environmental laws and regulations may also have a significant impact on our business and financial results. In 2019, the UK government announced a plan for a comprehensive gas boiler ban for all new homes built after 2025, as part of its environmental initiative to reduce net carbon emissions to zero by 2050. The plan has recently been reaffirmed under the updated 'Future Home Standard', which is currently making its way through the UK Parliament. While in the near term the gas boiler ban by itself may only have limited effect on our balance sheet, if any, there is a risk that certain businesses might be required to stop using gas boilers altogether as part of the ban, especially for those businesses that frequently work with the government. See "—*Instability in the supply of utility services and energy prices may adversely affect our financial conditions and results of operations*". Any similar environmental policies or regulations that the UK government or Local Authorities introduce in the future could also lead to significant compliance costs, which may in turn have a material adverse impact on our business, results of operations and financial condition or prospects.

Our insurance may be inadequate, premiums may increase and, if there is a significant deterioration in our claims experience, insurance may not be available on acceptable terms.

We maintain medical malpractice, public liability, employers' liability, cyber security, motor fleet and property insurance, as well as insurance for certain other claims, which we believe is consistent with our sector's practice such as directors and officers or professional indemnity insurance. However, claims not covered by our insurance or in excess of our insurance coverage may arise, such as property losses resulting from fire, natural disaster, war, terrorism or other causes outside our control. Furthermore, there can be no certainty that we will be able to obtain insurance coverage in the future on acceptable terms or without substantial premium increases or at all, particularly if there is deterioration in our claims experience history. A successful claim against us not covered by or in excess of our insurance coverage could have a material adverse effect on our business, results of operations and financial condition or prospects.

We operate in a competitive environment and face competition from other for-profit and not-for-profit entities for individuals requiring care as well as for appropriate sites on which to expand our care homes.

We face current and prospective competition for individuals requiring care from numerous local, regional and national providers of registered and community based care. Some of our competitors are public sector bodies such as foundation trusts, which are not subject to the same economic pressures as private organisations, entities that operate on a not-for-profit basis or charitable organisations.

We also compete for suitable sites for development opportunities and for the acquisition of existing businesses or locations. In this regard we also face competition from public sector entities that may benefit from the same advantage described above, as well as private sector entities. Competition could limit our ability to attract and retain individuals requiring support and expand our business, any of which could have a material adverse effect on our business, results of operations, financial condition and prospects.

The challenges we face in maintaining and growing our Community Based Care Division, and the threat of the replacement of registered care homes with community based care, could negatively impact our future prospects.

We face an ongoing challenge in dealing with a number of authorities who favour placing individuals with learning disabilities into supported living and other community settings rather than a registered environment. The largest component of our learning disabilities service is based on a registered business model and, while we have invested in developing community based care, we may lose existing people we support or referrals that would otherwise have entered one of our registered care homes to a placement for care in alternative settings. Even where an opportunity exists, availability of appropriate housing or an inability to find it expeditiously may impede our ability to offer supported living solutions.

Registered care home providers face the threat that increasing amounts of registered care home capacity will be replaced in the future by supported living arrangements, in which learning disabled people in need of long-term care will be accommodated in flats and/or houses as tenants while receiving home care and other community based services from social services departments or independent providers, rather than living in registered care homes. If we are unable to maintain occupancy rates in our Registered Care Division, such development could have a material adverse effect on our business, results of operations, financial condition and prospects.

We depend on our ability to attract, retain and train experienced and/or staff in a number of disciplines and any reduction in the number of such individuals or an increase in the wages and salaries necessary to attract and retain them could negatively impact our business, results of operations, financial condition or prospects.

We compete with various providers, including private, not-for-profit and public sector employers, as well as employers in other relevant sectors such as retail, hospitality and customer service, in attracting and retaining personnel. In general, as we recruit our staff from the local areas where our services are located, there is a risk we may experience a shortage of suitable talents in any such areas. Any labour shortage on a national or a global level can also make it more difficult for us to attract and retain personnel. See also "*—The COVID-19 pandemic could have a significant adverse effect on our business, results of operations and financial condition or prospects, and the ultimate outcome of the COVID-19 pandemic remains uncertain*" and "*—Legal, political and economic uncertainty following the UK's exit from the EU could adversely impact our business, results of operations and financial condition*". Furthermore, regulatory changes could require us to hire more personnel or, if we cannot find and recruit more personnel, to reduce the number of individuals cared for in registered care homes or community based care settings. An inability to attract or retain a sufficient number of personnel for any reason may lead to staff shortages, which may affect our quality of services and/or our ability to maintain or grow our business. While we have introduced recruitment incentive schemes, such as the 'Refer a Friend' programme through which we pay £500 for a successful referral and £2,000 for three successful referrals, as well as various incentives to retain our existing employees, such as pay increases in targeted locations, holiday buy-back schemes and Christmas gift vouchers which we have provided for all of our staff, there is no guarantee we will be able to attract and retain the number of staff we need even with such initiatives. Any staff shortages could have a material adverse effect on our business, results of operations and financial condition.

If various national minimum wage and national living wage regulations change or are interpreted differently, our payroll costs will increase which may have a material adverse effect on our results of operations and financial condition.

Labour represents our single largest cost item and our payroll costs are affected by a number of factors, including the availability of personnel, changes in service models, budgetary pressures, national minimum wage, national living wage and other minimum wage regulation and contractual requirements imposed by the entities which commission our services. Recent increases in the national minimum wage and national living wage rate are expected to continue putting upward pressure on our payroll costs. Furthermore, wage pressures due to planned further increases in the national living wage and national minimum wage, and competing public and private sector pay will increase our operating costs and may decrease our operating margins. In addition, our costs will continue to rise with the increased national insurance contribution to be paid by employers from 6 April 2022, and we may be unable to offset these increased costs if we do not benefit from a corresponding increase in funding.

We believe that our payroll arrangements are fully compliant with applicable rules and regulations but there is a risk of them being interpreted differently or changing in the future. It is therefore possible that we suffer claims that we have not fully complied with applicable rules and regulations.

The realisation of any of the risks associated with our payroll arrangements would increase our payroll costs and could have a material adverse effect on our business, results of operations and financial condition or prospects.

If our underlying input costs increase, our results of operations and financial condition could be materially adversely affected.

We have significant fixed costs including insurance and utilities costs. Our annual insurance costs could also rise due to developments in the insurance market or our claims history. Utility costs can also have an impact on our operating profit. See "*—Instability in the supply of utility services and energy prices may adversely affect our financial conditions and results of operations*". There can be no assurance that insurance costs and utility and fuel costs will not grow at a faster rate than our revenue. In such circumstances, our profitability could be materially and adversely affected. The realisation of any of these risks could have a materially adverse effect on our results of operations and financial condition or prospects.

Instability in the supply of utility services and energy prices may adversely affect our financial conditions and results of operations.

We rely on a stable supply of utility services to operate our care homes. Any disruption in the supply chain or fluctuation in energy prices may adversely affect our ability to maintain a comfortable living environment for the people we support, especially during the winter months when we have to supply constant heating for all of our care homes. The overall quality of care we are able to provide and our business may be negatively impacted as a result. See "*—We may fail to deal with clinical and other waste in accordance with applicable regulations or otherwise be in breach of relevant medical, health and safety or environmental laws and regulations*".

The recent surge in global energy prices and disruption in supply chains has significantly heightened such risk. Gas, coal and electricity prices have all risen to their highest level in decades, and it is expected that these prices will not return to their normal levels for at least the foreseeable future. Although we will be able to benefit from our relatively low rates until our current gas and electricity contracts expire on 31 March 2022 and 30 September 2022, respectively, there is a risk that our utility costs could significantly increase under our next contracts if the trend persists. While the exact price will depend on various factors such as the contract type, our initial estimates show that both gas and electricity costs could more than double under the new contracts. Any such increase in gas and/or electricity costs could have a material adverse effect on our business, financial condition and results of operations.

Possible changes to the payment of housing benefit for supported accommodation could materially adversely affect our revenue generated from our Community Based Care Division.

On 15 September 2016 the Secretary of State for Work and Pensions announced possible changes to the payment of housing benefit for supported accommodation, which is the type of accommodation which the people we support in our Community Based Care Division generally occupy. Supported accommodation is currently exempt from the cap on the amounts payable as housing benefit which applies to other forms of social housing. As a result, the housing benefit payable for supported accommodation typically exceeds the capped amounts payable for other forms of social housing. The announcement stated that this regime will continue until 2020 following which the intention is that a new regime will be put in place.

While the government subsequently restated its plan and announced in 2018 that housing benefit will continue to cover individual costs for supported accommodation beyond the current cap, any change to the housing benefit regime could adversely impact revenue from our current supported accommodation as well as the viability of new developments intended to provide supported accommodation. Such a development could curtail the anticipated growth in our Community Based Care Division and have a materially adverse effect on our results of operations and financial condition.

The senior management team is critical to our continued performance.

We rely upon the members of our senior management team and, in particular, their relationships with, and their understanding of the requirements of, the relevant regulatory authorities, our landlords and suppliers and the relevant publicly funded entities in the industry in which we operate and with which we contract to provide our services. We have put in place policies and remuneration designed to retain and incentivise management; however, there can be no guarantee that we will be able to retain and incentivise management or to find suitable replacements should any of them leave us. Should senior management leave in significant numbers or if a critical member of senior management were to leave unexpectedly, it could adversely affect our business, results of operations, financial condition or prospects.

We handle sensitive personal data relating to the people we support and our staff in the ordinary course of our business, and any failure to maintain the confidentiality of such data could result in legal liability and reputational harm.

We process sensitive personal data as part of our business. There is a risk that this data could become public if there were a security breach in respect of such data. While we have policies and procedures in place to prevent such breaches, if one were to occur, we could face liability under data protection laws and sanctions such as fines. We could also lose the goodwill of our clients and/or suffer damage to our brand and reputation, all of which could have an adverse effect on our business, results of operations, financial performance or prospects.

Our internal control systems may fail to prevent the misappropriation of funds or assets by our staff or by third parties.

We have internal procedures to safeguard assets and manage resources. Any deficiencies or failures in such procedures, or other factors such as negligence, may have an impact on our ability to deter theft, fraud, misappropriation or embezzlement by our employees, other agents of the Group or from third parties. Moreover, the vulnerability of the people we support may create opportunities for malicious individuals to misappropriate funds or assets from the people we support. Members of staff with access to cash or other assets of the Group or, to cash, assets or belongings of the people we support may take advantage of their position to engage in unlawful activities, which could be detrimental to us, the people we support, public or private funders or third parties.

We cannot assure you that the projections or assumptions used, estimates made or procedures followed in the Valuation Report of our property portfolio are correct, accurate or complete.

This Offering Memorandum refers to a Valuation Report with respect to our freehold and long leasehold properties on both a portfolio basis and on the basis of the aggregate of the individual value of each freehold and long leasehold property. Property valuations (including those used in the Valuation Report) are prepared on the basis of various assumptions, estimates and projections. In particular, the Valuation Report did not include a review of all of our properties and is thus based on a sample of site visits, information provided by management and certain assumptions, including but not limited to the assumptions that (i) we have good and marketable title to our properties, (ii) we have obtained all requisite regulatory, planning and other permissions (including the requisite energy performance certificates) in order to operate our business and (iii) there is no contamination, deleterious materials, asbestos or inherent defects at the properties and the properties comply with all statutory and other requirements. In addition, the Valuation Report assumes that the properties are free from any unusual or onerous or contrary restrictions, encumbrances, outgoings or other third party rights, that a good title can be shown to all parts of the properties and that all covenants have been complied with. In respect of those properties that were subject to site visits (but not otherwise) and site and ground condition enquiries (as part of the statutory enquiries), the results of which indicate that the relevant properties fall within areas affected by flooding, coal mining or radon gas, the Valuation Report is specifically made on the assumption that the relevant properties have appropriate insurance in the event of flooding and any specialist reports or enquiries (in the event of radon gas or coal mining) would not reveal any significant concerns. The valuations are also based on the projected mature trading potential of our properties, including assumptions regarding capital expenditure levels. We cannot assure you that the assumptions or projections used, estimates made or procedures followed in the Valuation Report are correct, accurate or complete. Further, the Valuation Report expressly does not contain a valuation of any portion of our business that is not connected to our freehold and long leasehold properties. Actual results may differ materially from the assumptions and projections used and estimates made in the Valuation Report, for example due to changes in the demand of our services, changes in the levels of referrals from Local Authorities and changes in fee rates.

Other appraisers may reach different valuations of our property portfolio. Moreover, the value determined in the Valuation Report could be significantly higher than the amount that would be obtained from the actual sale of our property portfolio, especially in a distressed or liquidation scenario or if the properties are sold on an individual basis. Accordingly, the Valuation Report should not be considered a representation of the actual present or future value of our property portfolio. The realisable value of our property portfolio at any given time will depend on various factors, including:

- market, economic and health care industry conditions, including demand and capacity for health care services;
- whether any additional property sales are anticipated;
- the effect any sale may have on the remaining portfolio;
- the availability of buyers;
- the availability of financing;
- the time period in which the properties are to be sold;
- the supply of similar properties;
- the condition of the properties;
- regulatory and political risks, including obtaining any necessary consents required to transfer our health care operations; and
- other operational cost risks.

In addition, we anticipate that the appraised value of our property portfolio will change over time, and it may change materially. After the Offering, neither third parties nor we will provide the holders of the Notes with revised valuations and we expressly disclaim any duty to update such valuation under any circumstance.

Our business is dependent on certain information and technology systems, and the failure to effectively maintain, protect, develop or update these systems or cyber security attacks on these systems could have a negative impact on our business.

Our business and financial performance depends on the effective operation of our information and technology systems. Our information and technology platform supports, among others, billing and financial information and reporting processes, and it is essential that key systems, software and hardware are operational at all times in order for us to effectively manage and operate our business. Any material disruption to the operation of our technical infrastructure, including as a result of legislative and regulatory changes, may materially and negatively affect our business, prospects, financial condition and results of operations. Interruptions to our systems, whether due to system failures, computer viruses, software errors, physical or electronic break-ins or other factors, could affect the security of our business.

Electronic break-ins and cyber security attacks continue to increase in both prevalence and sophistication throughout the digital world with the potential to corrupt, affect or destroy key systems and data, including the confidentiality, integrity and availability of our data and systems. Given that techniques used in these break-ins and attacks change frequently and often are not recognised until launched against a target, it may be impossible to properly secure our systems. In addition, technical advances or a continued expansion and increased complexity of our digital offering could increase the likelihood of security breaches. The risk of electronic break-ins and cyber security attacks includes breaches and attempted breaches not only of our own services and systems, but also of those of our employees, contractors, business partners, and other third parties as well as of third-party systems on which we rely to operate our digital platforms.

Successful breaches, employee malfeasance, or human or technological error could result in, for example, unauthorised access to, disclosure, modification, misuse, loss, or destruction of our data or systems or those of our customers or other third parties, theft of sensitive, regulated, or confidential data including personal information and intellectual property, loss of access to critical data or systems through ransomware, destructive attacks or other means, and business delays, service or system disruptions or denials of service. In addition, the fast-paced, evolving, pervasive and sophisticated nature of certain cyber threats and vulnerabilities, as well as the scale and complexity of the business and infrastructure, make it possible that certain threats or vulnerabilities will be undetected or unmitigated in time to prevent an attack on one of our customers and its customers. Problems with the reliability, availability or security of our systems and digital service offerings could harm our reputation, result in a loss of vendors or buyers or necessitate additional costs, fines or penalties, any of which could harm our business, prospects, financial condition and results of operations.

The management of cybersecurity and related risks became more important during the COVID-19 pandemic. We have become more reliant on our technical infrastructure, in large part due to the work-from-home programme we introduced for our head office staff. See "*—The COVID-19 pandemic could have a significant adverse effect on our business, results of operations and financial condition or prospects, and the ultimate outcome of the COVID-19 pandemic remains uncertain*". As a result, various aspects of the day-to-day management of our operations are increasingly handled through our information and technology systems, from employee communications to patient management. At the same time, however, the risk of cyber security attacks including hacking and ransom attacks has increased in general, as more people are now also working from home using their personal networks. There also have been several recent incidents of phishing and other cyber security attacks against the NHS, which also exposes us to operational risks, since the NHS is one of our major clients, and we depend on the uninterrupted service of their website and other online platforms for the placements we obtain through the NHS. Any cyber security attacks against us, coupled with our increased exposure due to the COVID-19 pandemic, could have a material adverse effect on our business, prospects, financial condition and results of operations.

Much of our physical information and technology infrastructure (including servers, website hosting, database storage and wide area networks) is supplied by service providers via managed services contracts. Technical or other service problems faced by our managed service providers could adversely affect the experience of our customers. Any financial or operational difficulties faced by our managed service providers or any of the third-party service providers with whom they contract may have adverse effects on our business, the nature and extent of which are difficult to predict.

As technology improves and as our operations grow in size, scope and complexity, we will need to improve and upgrade our systems and infrastructure, which may require substantial financial, operational and technical resources. Delays or difficulties in implementing new or enhanced systems may impair our ability to provide services to our customers, leading to a material adverse effect on our business, prospects, financial condition and results of operations.

Legal, political and economic uncertainty following the UK's exit from the EU could adversely impact our business, results of operations and financial condition.

The macroeconomic environment has been negatively influenced by the uncertainty caused by the withdrawal of the UK from the EU ("**Brexit**"). On 31 January 2020, the UK ceased to be a member of the EU, and the EEA and the Trade and Cooperation Agreement concluded on 24 December 2020 since governs the relations between the EU and UK. Despite the implementation of the Trade and Cooperation Agreement, there remains significant uncertainty as to how Brexit will affect the UK economy and relations between the UK and the EU. Due to the size and importance of the UK economy, enhanced by the economic uncertainty and unpredictability caused by the COVID-19 pandemic, there may continue to be instability in the market.

While our business is wholly located in the UK, has no cross-border trading and only a minimal number of our workforce are EU nationals, it is not possible to predict fully the effects of Brexit on the UK economy and our business. In the event Brexit results in the obstruction of the free movement of EU citizens into the UK, we could suffer a reduction in our ability to recruit personnel for the services we provide including care workers, which could lead to a reduction in our ability to provide quality care for all of the people we support. While we have not experienced any significant staff shortage so far, the Skills for Care workforce report estimates that there are already 100,000 staff vacancies in the care home sector largely due to labour shortages caused by Brexit and the COVID-19 pandemic. While the UK government has granted emergency working visas for foreign workers in other sectors such as truck drivers or farm workers to address labour shortage, it has not yet announced any such plan for care home staff. See "*—The COVID-19 pandemic could have a significant adverse effect on our business, results of operations and financial condition or prospects, and the ultimate outcome of the COVID-19 pandemic remains uncertain*". The aforementioned potential impacts of Brexit, as well as other unforeseeable effects on the markets in which we operate and our industry, could have a material adverse effect on our business, results of operations and financial condition or prospects.

If Scotland holds a referendum that results in them leaving the UK in order to stay within the EU, we might have to reorganise our business in Scotland and any future growth possibilities in Scotland may be affected. This may adversely affect our financial status and our ability to increase our revenue through growth in Scotland.

Volatility in the global capital and credit markets as well as significant developments in macroeconomic and political conditions that are out of our control could have a material adverse effect on our business, results of operations and financial condition or prospects.

Our business can be affected by a number of factors that are beyond our control such as general macroeconomic conditions, conditions in the financial services markets, geopolitical conditions and other general political and economic developments, including as a result of Brexit (see "—*Legal, political and economic uncertainty following a UK exit from the EU could adversely impact our business, results of operations and financial condition*") or the COVID-19 pandemic (see "—*The COVID-19 pandemic could have a significant adverse effect on our business, results of operations and financial condition or prospects, and the ultimate outcome of the COVID-19 pandemic remains uncertain*"). Any increase in market volatility and liquidity disruptions in the global capital and credit markets could materially impact our ability to obtain debt financing on reasonable terms or at all. As a result, there can be no assurance that the deterioration in financial markets will not impair our ability to obtain financing in the future, including, but not limited to, our ability to incur additional indebtedness. In particular, we have historically financed the development of new registered care homes and the modification of our existing registered care homes through debt financing and cash flows from the business. While we intend to seek to finance new and existing developments from similar sources in the future, there may be insufficient cash reserves to fund the budgeted capital expenditure and market conditions and other factors may prevent us from obtaining debt financing on appropriate terms or at all. If conditions in the UK or the global economy become unstable or weaken, this could materially adversely impact our occupancy rates, which would have a corresponding negative impact on our business, results of operations and financial condition or prospects.

We may be required to pay increased pension contributions as a result of re-evaluations of the Voyage Retirement Benefit Scheme (the "UK Defined Benefit Plan"), the value of which is dependent on market conditions and actuarial assumptions or if the UK Pensions Regulator issues a contribution notice or financial support direction.

The defined benefit scheme we operate is the UK Defined Benefit Plan. Voyage 2 Unlimited is the principal and sole employer of the UK Defined Benefit Plan. As part of the most recent triennial assessment on 1 April 2020, the UK Defined Benefit Plan had a deficit of £455,000. In order to eliminate this deficit, we have agreed to contribute £100,000 per annum for each of the fiscal years ended 31 March 2021 through to 31 March 2024. However, while these cash funding obligations are set in accordance with applicable pension legislation and agreed between us and independent trustees, we cannot guarantee that our future cash contributions will not further increase and undermine our capacity to satisfy our debt obligations, including the Notes.

Valuations of all defined benefit plans are dependent upon market conditions and the actuarial methods and assumptions used and are based on known pension liabilities at the valuation date. There are various risks that could adversely affect the valuation of the UK Defined Benefit Plan and consequently our funding obligations, such as a significant adverse change in the market value of the pension assets of the UK Defined Benefit Plan, an increase in pension liabilities, longer life expectancy of pension plan members, a change in the discount rate or a change in investment strategy by the trustees of the UK Defined Benefit Plan.

Moreover, under the Pensions Act 2004 and the Pensions Act 2008, the UK Pensions Regulator may issue a contribution notice to Voyage 2 Unlimited as principal employer of the UK Defined Benefit Plan or any person who is connected with or is an associate of Voyage 2 Unlimited where the UK Pensions Regulator is of the opinion that the relevant person has been a party to an act, or a deliberate failure to act, which had as its main purpose (or one of its main purposes) the avoidance of pension liabilities or has a materially detrimental effect on the UK Defined Benefit Plan without sufficient mitigation having been provided.

If the UK Pensions Regulator considers that Voyage 2 Unlimited is 'insufficiently resourced' or a 'service company', it may impose a financial support direction requiring it or any member of the Group, or any person associated or connected with Voyage 2 Unlimited, to put in place financial support in relation to the UK Defined Benefit Plan.

Risks related to our ownership

The interests of our controlling shareholders may be inconsistent with the interests of holders of the Notes.

The interests of our principal shareholder, in certain circumstances, may conflict with your interests as holders of the Notes. Following the completion of the Acquisition in January 2022, Wren House controls the Group. See "*Principal shareholders*". As a result, Wren House has, and will continue to have, directly or indirectly, the power, among others, to affect our legal and capital structure and our day-to-day operations, as well as the ability to elect and change our management and to approve any other changes to our operations. For example, Wren House could vote to cause us to incur additional indebtedness, to sell certain material assets or make dividends, in each case, so long as the Indenture, the Revolving Credit Facility Agreement and the Intercreditor Agreement so permit. The interests of Wren House could conflict with interests of holders of the Notes, particularly if we encounter financial difficulties or are unable to pay our debts when due. Wren House could also have an interest in pursuing acquisitions, divestitures, financings, dividend distributions or other transactions that, in its judgment, could enhance its equity investments although such transactions might involve risks to the holders of the Notes. Over time, Wren House, as our new principal shareholder, may also make changes to our personnel and their responsibilities as well as our strategic focus, operations, or business plan. Any such changes could impact our strategy as set out in "*Business—Our strategy*." We may not be able to properly manage any such shift in focus, and any changes to our business may ultimately prove unsuccessful and may have a material adverse effect on our business, financial position and results of operations. In addition, Wren House may come to own or control businesses that directly compete with our business or that do business with us. Furthermore, the Notes will may continue to remain outstanding following a change of control if such event constitutes a Specified Change of Control (as defined under "*Description of the Notes—Certain definitions*"). See "*—Risks related to the Notes—We may not be able to obtain the funds required to repurchase the Notes upon a change of control*".

Risks related to our financial profile

Our substantial leverage and debt service obligations could adversely affect our business and prevent us from fulfilling our obligations with respect to the Notes and the Guarantees.

We are, and following the Transactions, will continue to be, highly leveraged. We cannot guarantee that we will be able to generate sufficient cash flow from operations to service our debt obligations on an ongoing basis. As at 30 September 2021, after giving effect to the Transactions, we would have had total financial liabilities of £250 million representing the Notes and an additional £17.5 million in lease liabilities. We would also have had £50 million available to draw under the Revolving Credit Facility. See "*Capitalisation*".

The degree to which we will remain leveraged following the Transactions could have important consequences to holders of the Notes offered hereby, including, but not limited to:

- making it difficult for us to satisfy our obligations with respect to the Notes;
- increasing our vulnerability to, and reducing our flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of our cash flow from operations to the payment of principal of, and interest on, indebtedness, thereby reducing the availability of such cash flow, and limiting the ability to obtain additional financing to, fund working capital, capital expenditure, acquisitions, joint ventures, or other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the competitive environment and the industry in which we operate;
- placing us at a competitive disadvantage as compared to our competitors, to the extent that they are not as highly leveraged; and
- limiting our ability to borrow additional funds and increasing the cost of any such borrowing.

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.

Despite our substantial leverage, we may still be able to incur more debt under the Indenture, which could further exacerbate the risks described above. Any debt that we incur at a non-guarantor subsidiary level would be structurally senior to the Notes. Any debt that benefits from "super-priority" liens would receive proceeds from enforcement of Collateral prior to the Notes, and any current or future debt secured by assets that do not also secure the Notes would be effectively senior to the Notes to the extent of the value of such property and assets. Additionally, we could raise additional debt that could be secured or could mature prior to the Notes. Although the Indenture and the Revolving Credit Facility Agreement will contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness that could be incurred in compliance with those restrictions could be substantial. In addition, the Indenture and the Revolving Credit Facility Agreement will not prevent us from incurring obligations that do not constitute indebtedness under those agreements.

For further information regarding our substantial leverage and for more information about our outstanding indebtedness, see also "*Management's discussion and analysis of financial condition and results of operations*" and "*Description of other indebtedness*".

We are subject to restrictive debt covenants that may limit our ability to finance our future operations and capital needs and to pursue business opportunities and activities.

The Indenture will restrict, among others, our ability to:

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

All of these limitations will be subject to significant exceptions and qualifications. See "*Description of the Notes—Certain covenants*". The covenants to which we are subject could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest.

In addition, we will be subject to the affirmative and negative covenants contained in the Revolving Credit Facility Agreement. In particular, the Revolving Credit Facility Agreement requires us to maintain a specified minimum amount of Consolidated EBITDA (as such term is defined in the Revolving Credit Facility Agreement), tested quarterly if (on a quarter date) our Revolving Credit Facility, less the amount of cash and cash equivalents held by the Group as at that date, is drawn by more than 40%. Our ability to meet that financial covenant can be affected by events beyond our control, and we cannot assure you that we will meet such financial covenant. A breach of any of those covenants, ratios or restrictions could result in an event of default under the Revolving Credit Facility Agreement. Upon the occurrence of any event of default that is continuing under the Revolving Credit Facility Agreement, subject to applicable cure periods and other limitations on acceleration or enforcement, the relevant creditors could cancel the availability of the Revolving Credit Facility Agreement and elect to declare all amounts outstanding under the Revolving Credit Facility, together with accrued interest, immediately due and payable. In addition, a default under the Revolving Credit Facility Agreement could lead to an event of default and acceleration under other debt instruments that contain cross-default or cross-acceleration provisions, including the Indenture. If our creditors, including the creditors under the Revolving Credit Facility, accelerate the payment of those amounts, we cannot assure you that our assets and the assets of our subsidiaries would be sufficient to repay in full those amounts, to satisfy all other liabilities of our subsidiaries that would be due and payable and to make payments to enable us to repay the Notes. In addition, if we are unable to repay those amounts, our creditors could proceed against any Collateral granted to them to secure repayment of those amounts.

We will require a significant amount of cash to service our debt and sustain our operations, which we may not be able to generate or raise.

Our ability to make principal or interest payments when due on our indebtedness, including the borrowings under the Revolving Credit Facility and our obligations under the Notes, and to fund our ongoing operations, will depend on our future performance and ability to generate cash, which, to a certain extent, is subject to the success of our business strategy as well as general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other 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 currently anticipated revenue growth, cost savings and operating improvements will be realised or that future debt and equity financing will be available to us in an amount sufficient to enable us to pay our debts when due, including the Notes, or to fund our other liquidity needs including the repayment at maturity of the then outstanding amount under the Revolving Credit Facility, which will mature three months prior to the maturity of the Notes. See "*Management's discussion and analysis of financial condition and results of operations*".

The commitments under the Revolving Credit Facility can be further increased, assuming we have the ability to incur such additional debt under the restrictive covenants included in the Indenture. See "*Description of other indebtedness*" and "*Description of the Notes*". At the maturity of loans under the Revolving Credit Facility, the Notes or any other debt that we may incur, if we do not have sufficient cash flows from operations and other capital resources to pay our debt obligations, or to fund our other liquidity needs, we may be required to refinance or restructure our indebtedness.

If our future cash flows from operations and other capital resources (including borrowings under the Revolving Credit Facility) 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 capital expenditure;
- sell assets;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of our debt, including the Notes, on or before maturity.

The type, timing and terms of any future financing, restructuring, asset sales or other capital raising transactions will depend on our cash needs and the prevailing conditions in the financial markets. 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. In such an event, we may not have sufficient assets to repay all of our debt.

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 Indenture and the Revolving Credit Facility Agreement, will 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, financial condition and results of operations. There can be no assurance that any assets that we could be required to dispose of could be sold or that, if sold, the timing of such sale and the amount of proceeds realised from such sale would be acceptable. If we are unsuccessful in any of these efforts, we may not have sufficient cash to meet our obligations.

Borrowings under the Revolving Credit Facility Agreement will bear interest at floating rates that could rise significantly, increasing our costs and reducing our cash flow.

Borrowings under the Revolving Credit Facility Agreement will bear interest at floating rates of interest per annum equal to the Sterling Over Night Index Average risk-free rate ("**SONIA**"), as adjusted periodically, plus a spread. Fluctuations in SONIA or changes in the way SONIA is calculated may increase our overall interest burden and could have a material adverse effect on our ability to service our debt obligations. Although we may enter into and maintain certain hedging arrangements designed to fix our applicable interest rate in the future, there can be no assurances that we will do so or that hedging will 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 debt under the Revolving Credit Facility Agreement, to the extent not fixed by means of hedging arrangements, would correspondingly increase, thus reducing cash flow.

In addition, there is a risk that (i) market participants may be discouraged from continuing to administer or contribute to a regulated benchmark, (ii) regulatory reforms trigger changes in the rules or methodologies used for the benchmark or (iii) benchmarks may disappear. Accordingly, any proposal to cease the determination or publication of any benchmark, changes in the manner of administration of any benchmark, or actions by regulators or law enforcement agencies could result in changes to the manner in which SONIA is determined, which could require an adjustment to the terms and conditions, or result in other consequences, in respect of any debt linked to such benchmark. Any of the above changes or any other consequential changes as a result of international, national or other proposals for reform or other initiatives may result in a sudden or prolonged increase in any affected benchmark, which could have a material adverse effect on the value of and return on any floating rate debt linked to such benchmark and on our ability to service debt that bears interest at floating rates of interest.

The audit reports of KPMG LLP included in this Offering Memorandum include statements purporting to limit the persons that may rely on such reports and the opinions contained therein.

The audit reports of KPMG LLP for the fiscal years ended 31 March 2019, 31 March 2020 and 31 March 2021, which are included in this Offering Memorandum, include a statement to the effect that KPMG LLP does not assume responsibility to anyone (including holders of Notes) other than the members of the Company for its audit reports or the opinions it has formed. KPMG LLP has undertaken its audit work to state to members of the Company those matters that it is required to state to them in an auditor's report and for no other purpose.

The U.S. Securities and Exchange Commission 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 U.S. Securities Act, or in a report filed under the U.S. Securities Exchange Act of 1934. If a U.S. 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 UK. 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.

Risks related to the Notes

Creditors under the Revolving Credit Facility, any credit facility that refinances or replaces the Revolving Credit Facility and certain hedging obligations, if any, are entitled to be repaid with the proceeds of the Collateral sold in any enforcement sale in priority to the Notes. Holders of the Notes will not control decisions regarding the Collateral in certain circumstances.

The Notes and the Guarantees will be secured initially on a first-priority basis by the same Collateral securing the obligations under the Revolving Credit Facility Agreement and certain hedging obligations, if any. In addition, under the terms of the Indenture, we will be permitted to incur significant additional indebtedness and other obligations that may be secured by the same Collateral on a *pari passu* basis with the Notes and, in certain circumstances receive proceeds from enforcement of Collateral prior to the Notes. The Indenture and the Intercreditor Agreement will not limit the amount of hedging that can be "super priority" hedging.

In the event of enforcement of the Collateral securing the Notes, pursuant to the Intercreditor Agreement, creditors under the Revolving Credit Facility Agreement, any credit facility that refinances or replaces the

Revolving Credit Facility and certain hedging liabilities will be entitled to be repaid with the proceeds of the Collateral sold in any enforcement sale in priority to the Notes. As such, in the event of a foreclosure of the Collateral, holders of the Notes may not be able to recover on the Collateral if the then outstanding claims under the Revolving Credit Facility Agreement, any credit facility that refinances or replaces the Revolving Credit Facility and such hedging obligations are greater than the proceeds realised. Any proceeds from an enforcement sale of the Collateral will, after all obligations under the Revolving Credit Facility Agreement, any credit facility that refinances or replaces the Revolving Credit Facility and such hedging obligations have been discharged from such recoveries, be applied *pro rata* in repayment of the Notes and any other obligations secured by the Collateral that are permitted to rank *pari passu* and are secured on a *pari passu* basis with the Notes. As a result, proceeds from the sale of Collateral in connection with any enforcement action may be insufficient to pay claims under the Notes.

The Intercreditor Agreement will provide that a common Security Agent, who will also serve as the security agent for the lenders under the Revolving Credit Facility Agreement, our hedging obligations (if any), the Notes and any additional debt secured by the Collateral permitted to be incurred by the Indenture, will act only as provided for in the Intercreditor Agreement. The Intercreditor Agreement will regulate the ability of the Trustee or the holders of the Notes to instruct the Security Agent to take enforcement action. To the extent we incur additional indebtedness that is secured by the Collateral on a *pari passu* basis with the Notes, your voting interest in an instructing group will be diluted commensurate with the amount of indebtedness we incur.

The lenders under the Revolving Credit Facility Agreement and creditors in respect of the hedging obligations, if any, may have interests that are different from the interests of holders of the Notes and they may, subject to the terms of the Intercreditor Agreement, elect to pursue their remedies under the security documents at a time when it would be disadvantageous for the holders of the Notes to do so; however the senior secured creditors may assume the enforcement at any time, subject to the limitations as between them. See "*Description of other indebtedness—Intercreditor Agreement*".

In addition, if the Security Agent sells the Collateral as a result of an enforcement action in accordance with the Intercreditor Agreement, claims under the Notes and the Guarantees and the liens over any other assets of such entities securing such Notes and Guarantees may be released. See "*Description of other indebtedness—Intercreditor Agreement*" and "*Description of the Notes—Security—Release*".

The Collateral may not be sufficient to secure the obligations under the Notes.

The Notes and the Guarantees will, subject to the Agreed Security Principles, be secured by first-priority security interests in the Collateral described in this Offering Memorandum, which Collateral also secures the obligations under the Revolving Credit Facility Agreement and certain hedging obligations, if any. The Revolving Credit Facility contains a mechanism under which commitments under the Revolving Credit Facility may be increased and any such increase will also benefit from first-priority security interests in the Collateral. Upon a refinancing of the Revolving Credit Facility, or if the lenders under the Revolving Credit Facility Agreement consent to an increase under the Revolving Credit Facility, the amount that will benefit from "super-priority" first-priority security interests in the Collateral may be increased up to the amount permitted under the Indenture. The Collateral may secure additional debt ranking *pari passu* with the Notes, to the extent permitted by the terms of the Indenture and the Intercreditor Agreement. The rights of the holders of the Notes to the Collateral may therefore be diluted by any increase in the debt secured by first-priority liens on the Collateral.

If there is an event of default on the Notes, the holders of the Notes will be secured only by the Collateral, which will, subject to the Agreed Security Principles and certain exceptions, consist of: (1) fixed and floating charges over (a) certain freehold and certain long leasehold property owned by the Issuer and the Guarantors, (b) the share capital of the Issuer held by the Company and the share capital of each Guarantor (other than the Company), (c) the intellectual property, equipment, goodwill and uncalled capital and certain receivables and bank accounts of the Issuer and each Guarantor and (d) the interests of the Issuer and each Guarantor in any hedging agreements; (2) assignments by way of security of the rights of the Issuer and each Guarantor in any insurance policies and agreements evidencing intra group liabilities owed by the Company and certain of its subsidiaries; and (3) floating charges over substantially all of the assets of the Issuer and each Guarantor which are not effectively subject to a fixed charge or a security assignment, but excluding, amongst others, certain items including current and future acquired leasehold property (other than certain long leasehold properties) and certain freehold property, bank accounts where cash is held that is owned by or held on behalf of service users and interests in other contracts or agreements where the grant of security would be prohibited either absolutely, conditionally or otherwise prevented under the agreements governing such items. There is no guarantee that the value of the Collateral will be sufficient to enable the Issuer to satisfy its obligations under the Notes. 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 value of the Collateral is based on certain assumptions and the Valuation Report has been prepared based on a sampling, which may be prone to valuation gaps and uncertainties. See "*Risks related to our business—We cannot assure you that the projections or assumptions used, estimates made or procedures followed in the Valuation Report of our property portfolio are correct, accurate or complete*". The fair market value of the Collateral may be subject to fluctuations based on factors that include, among others, general economic conditions, industry conditions and similar factors. The amount to be received upon an enforcement of such Collateral will depend upon many factors, including, among others, the ability to sell the Collateral in an orderly sale, the condition of the economies in which operations are located and the availability of buyers, whether or not our business is sold as a going concern, the ability to readily liquidate the Collateral and the fair market value and condition of the Collateral. 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 our assets in the event of an enforcement action. The book value of the Collateral should not be relied on as a measure of realisable value for such assets. All or a portion of the Collateral may be illiquid and may have no readily ascertainable market value. Likewise, we cannot assure you that there will be a market for the sale of the Collateral, or, if such a market exists, that there will not be a substantial delay in our liquidation. In addition, the share charges of an entity may be of no value if that entity is subject to an insolvency or bankruptcy proceeding.

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, the Trustee or investors as holders of the Notes to realise 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 Guarantees, investors (to the extent not repaid from the proceeds of the sale of the Collateral) would have only an unsecured claim (if the relevant guarantee has not been released) 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 realised upon enforcement of the Collateral.

In addition, the Collateral may not be liquid, and its value to other parties may be less than its value to us. Likewise, we cannot assure you that there will be a market for the pledged shares or other Collateral or that, if such market does exist, there will not be substantial delays in their liquidation. In addition, the value of this Collateral may fluctuate over time.

The granting of the security interests in connection with the Offering, or the incurrence of permitted debt in the future, may create or restart hardening periods.

The granting of security interests to secure the Notes and the Guarantees may create hardening periods for such security interests in certain jurisdictions. The granting of shared security interests to secure future indebtedness permitted to be secured on the Collateral may restart or reopen such hardening periods in particular, as the Indenture will permit the release and retaking of security granted in favour of the Notes in certain circumstances including in connection with the incurrence of future indebtedness. The applicable hardening period for these new security interests can run from the moment each new security interest has been granted, perfected or recreated. At each time, if the security interest granted, perfected or re-created were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be declared void or ineffective and/or it may not be possible to enforce it. If the grantor of such security interest were to become subject to a bankruptcy or winding up proceeding after the Issue Date, any charges or security interest in Collateral delivered after the Issue Date would face a greater risk than security interests in place on the Issue Date of being avoided by the grantor or by its trustee, receiver, liquidator, administrator or similar authority, or otherwise set aside by a court, as a preference under insolvency law. To the extent that the grant of any security interest is voided, holders of the Notes would lose the benefit of the security interest. See "*Limitations on validity and enforceability of the Guarantees and security interests*".

The same rights and risks will also apply with respect to future security interests granted in connection with the accession of further subsidiaries as additional Guarantors and the granting of security interests over their relevant assets and equity interests for the benefit of holders of the Notes. See "*Description of the Notes—Security*".

Your rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral.

Under applicable law, a security interest in certain assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party and/or the grantor, as applicable, of the security. The liens on the Collateral securing the Notes may not be perfected with respect to the claims of such Notes if we fail or are unable to take the actions required to perfect any of these liens.

Absent perfection, the holder of the security interest may have difficulty enforcing such holder's 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. In addition, a debtor may discharge its obligation by paying the security provider until, but not after, the debtor receives a notification of the existence of the security interest granted by the security provider in favour of the security taker over the claims the security taker (as creditor) has against the debtor. Finally, since the ranking of pledges is 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 came into force for third parties earlier (by way of registration in the appropriate register or by notification) has priority. None of the Trustee or the Security Agent have any obligation to monitor the acquisition of additional property or rights that constitute collateral or the perfection of, or to take steps to perfect, any security interest in the Notes against third parties.

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 Guarantees will not be granted directly to the holders of the Notes but will be granted only in favour of the Security Agent, which will hold the Collateral for the lenders under the Revolving Credit Facility and our hedging obligations (if any), holders of the Notes and holders of any additional debt secured by Collateral permitted to be incurred under the Indenture. The Indenture will provide (along with the Intercreditor Agreement) 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 relevant Trustee, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent in respect of the Collateral.

Security over certain Collateral will not be perfected on the date on which the Notes are issued.

Security over certain Collateral will not be perfected on the date on which the Notes are issued. If we or any Guarantor were to become subject to a bankruptcy proceeding after the date on which the Notes are issued but before a relevant grant of security is made, any such creation or perfection steps would face a greater risk of being invalidated than if we had taken such steps on the date on which the Notes were issued. Any such security interest created or perfected after the date on which the Notes are issued will be treated under bankruptcy law as if it were delivered to secure previously existing debt, which is materially more likely to be avoided as a preference by the bankruptcy court than if the steps were taken at the time at which the Notes are issued. To the extent that the grant or perfection of any such security interest is avoided as a preference, you would lose the benefit of such security interest.

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 will allow the Issuer and the Guarantors to remain in possession of, retain exclusive 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 either Indenture would result therefrom, the Issuer and the Guarantors may, among others, without any release or consent by the Security Agent, conduct ordinary course activities with respect to the Collateral, such as selling, factoring, abandoning or otherwise disposing of Collateral and making ordinary course cash payments, including repayments of indebtedness. Furthermore, in respect of any sale and leaseback transaction in respect of the property portfolio, the lease back to the Issuer or any of the Guarantors will not be subject to any security interest.

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

The Collateral securing the Notes will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture and the Intercreditor Agreement and accepted by other creditors that have the benefit of security interests in the Collateral from time to time. In addition, with respect to the property portfolio, the security relating to freehold property will be subject to any restrictions, encumbrances, covenants, outgoings, local land charges or other third party rights which might otherwise have been discoverable through a review of the title deeds and registered title to the properties or through carrying out certain searches against the properties including, but not limited to, local land charges searches, drainage and water enquiries and highway land searches. The existence of any such exceptions, defects, encumbrances, liens, restrictions, covenants, outgoings, local land charges, third party rights and other imperfections could adversely affect the value of the Collateral securing the Notes, as well as the ability of the Security Agent to realise or foreclose on such Collateral. Furthermore, the first-priority ranking of security interests with respect to the Notes can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, statutory liens or recharacterisation under the laws of certain jurisdictions.

The security interests of the Security Agent will be subject to practical problems generally associated with the realisation of security interests in the Collateral. For example, the enforcement of share pledges or real estate security, whether by means of a sale or an appropriation, may be subject to certain specific requirements and the Security Agent may need to obtain the consent 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. We also cannot assure you that the consents 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. A sale of properties on an individual basis, rather than as part of a going concern, would likely realise much lower proceeds of enforcement.

In addition, we are required to register our various operations with national regulators. Such requirements may, depending on the circumstances, restrict foreclosure on the Collateral or may require us to incur significant cost and expense as a result of or to satisfy such requirements. Further, there can be no assurance that any applicable governmental authorities will facilitate enforcement or foreclosure action. If any regulatory re-registrations or notifications that are required are not made or are delayed, the foreclosure may be delayed, a temporary shutdown of operations may result and the value of the Collateral may be significantly decreased.

The value of the Collateral may decrease because of obsolescence, impairment or certain casualty events.

The value of the properties that the Issuer and the other Guarantors own or lease and the real estate serving as Collateral may be adversely affected by depreciation and normal wear and tear or because of certain events that may cause damage to these properties. Although the Indenture will contain covenants restricting impairment of security interests, the Issuer and the Guarantors will not be required to maintain or improve the condition of the Collateral. The Issuer will be initially obliged under the Revolving Credit Facility Agreement to maintain insurance with respect to the Collateral, but the proceeds of such insurance may not be sufficient to rebuild or restore such properties to their original condition prior to the occurrence of the events that caused the insured damages. Those insurance policies will most certainly not cover all the events that may conceivably result in damage to the Collateral.

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

Under various circumstances, the Collateral securing the Notes and the Guarantees will be released automatically, including:

- in connection with any sale, assignment, transfer, conveyance or other disposition of such property or assets (i) to a Person that is not (either before or after giving effect to such transaction) the Company or any of its Restricted Subsidiaries, if the sale or other disposition does not violate the "Asset sale" provisions of the Indenture or (ii) if such assets become subject to an equivalent Lien in favour of the Security Agent for the benefit of the holders of the Notes concurrently with such sale, assignment, transfer, conveyance or other disposition; provided that such sale, assignment, transfer, conveyance or other disposition of such property or assets is permitted by the Indenture;

- in the case of a Guarantor that is released from its guarantee pursuant to the terms of the Indenture, the release of the property and assets, and capital stock, of such Guarantor;

- if the Company designates any of its Restricted Subsidiaries (other than the Issuer) 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 Restricted Subsidiary;

- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided under the captions "*Description of the Notes—Legal defeasance and covenant defeasance*" and "*Description of the Notes—Satisfaction and discharge*";

- in connection with certain enforcement actions taken by the creditors under certain of our secured indebtedness in accordance with the Intercreditor Agreement as described under "*Description of other indebtedness—Intercreditor Agreement*";

- upon the full and final payment of the Notes and performance of all obligations of the Issuer and the Guarantors under the Indenture and the Notes;

- in accordance with the "Amendment, supplement and waiver" provisions of the Indenture; and

- in accordance with the "Impairment of security interest" provisions of the Indenture.

Even though the holders of the Notes share in the Collateral securing the Notes ratably with the lenders under the Revolving Credit Facility, under certain circumstances, the creditors under the Revolving Credit Facility Agreement and certain of our hedging arrangements will control enforcement actions with respect to the Collateral through the Security Agent, whether or not the holders of the Notes agree or disagree with those actions. See "*Description of other indebtedness—Intercreditor Agreement*".

Under various circumstances, the Guarantees will be released automatically, including:

- in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger, consolidation, amalgamation or combination) to a person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale or other disposition does not violate the "Asset sale" provisions of the Indenture;

- in connection with any sale or other disposition of Capital Stock of that Guarantor (or Capital Stock of any Parent Holdco (as defined under "*Description of the Notes—Certain definitions*") of such Guarantor (other than the Company)) to a person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale or other disposition does not violate the "Asset sale" provisions of the Indenture and the Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;

- in order to effectuate a merger, consolidation, conveyance or transfer conducted in compliance with the covenant described under "*Description of the Notes*—Certain covenants—Merger, consolidation or sale of assets";

- if the Company designates any Restricted Subsidiary that is a Guarantor to be an unrestricted subsidiary in accordance with the applicable provisions of the Indenture;

- in connection with certain enforcement actions taken by the creditors under certain of our secured indebtedness in accordance with the Intercreditor Agreement as described under "*Description of other indebtedness—Intercreditor Agreement*";

- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided under the captions "*Description of the Notes—Legal defeasance and covenant defeasance*" and "*Description of the Notes—Satisfaction and discharge*";

- upon the full and final payment of the Notes and performance of all obligations of the Issuer and the Guarantors under the Indenture and the Notes;

- so long as no Event of Default (as defined under "*Description of the Notes—Certain definitions*") has occurred and is continuing, in connection with the solvent winding up, liquidation or reorganisation of any Guarantor that is an Immaterial Subsidiary (as defined under "*Description of the Notes—Certain definitions*"), provided that substantially all of the assets of such Guarantor that are distributed pursuant to such solvent winding up, liquidation or reorganisation are distributed to other Guarantors; and

- in accordance with the "Amendment, supplement and waiver" provisions of the Indenture.

In addition, the guarantees of the Company will be released in the circumstances described in bullets five, six, seven and nine above.

In addition, the Guarantees and security interests will be subject to release upon a distressed disposal as contemplated under the Intercreditor Agreement. See "*Description of other indebtedness—Intercreditor Agreement*" and "*Description of the Notes*".

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

Owners of the book-entry interests will not be considered owners or holders of Notes unless and until definitive notes are issued in exchange for book-entry interests. Instead, the common depositary (or its nominee) for Euroclear and Clearstream will be the sole registered holder of the Notes in global form.

Payments of principal, interest and other amounts owing on or in respect of the Notes in global form will be made to the Paying Agent, which will make payments to Euroclear and Clearstream. Thereafter, such payments will be credited to Euroclear and Clearstream participants' accounts that hold book-entry interests in the Notes in global form and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, none of the Issuer, the Guarantors, the Trustee or any paying agent will have any responsibility or liability for any aspect of the records relating to or payments of interest, principal or other amounts to Euroclear and Clearstream, or to owners of book-entry interests. Accordingly, if you own a book-entry interest in the Notes, you must rely on the procedures of Euroclear and Clearstream and, if you are not a participant in Euroclear and/or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Notes under the Indenture.

Owners of book-entry interests will not have the direct right to act upon our solicitations for consents or requests for waivers or other actions from holders of the Notes, including enforcement of security for the Notes and the Guarantees. Instead, if you own a book-entry interest, you will be reliant on the common depositary (as registered holder of the Notes) to act on your instructions and/or will be permitted to act directly only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream or, if applicable, from a participant. We cannot assure you that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any requested actions or to take any other action on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until the relevant definitive registered Notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear and Clearstream. We cannot assure you that the procedures to be implemented through Euroclear and Clearstream will be adequate to ensure the timely exercise of rights under the Notes.

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 others, 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 listing of and permission to deal in the Notes on the Official List of the Exchange, we cannot assure you that such permission to deal will be granted or 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 Official List of the 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 Exchange may have a material effect on a holder’s ability to resell the Notes in the secondary market.

In addition, the Indenture will allow us to issue additional notes in the future, which could adversely impact the liquidity of the Notes.

You may not be able to recover in civil proceedings for U.S. securities law violations.

The Issuer, the Guarantors and the Guarantors’ respective subsidiaries are organised outside the United States, and our business is conducted entirely outside the United States. The directors and executive officers of the Issuer and the Guarantors are non-residents of the United States. Although we and the Guarantors will submit to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws, you may be unable to effect service of process within the United States on these directors and executive officers. In addition, as all of the assets of the Issuer, the Guarantors and the Guarantors’ respective subsidiaries and those of their directors and executive officers are located outside of the United States, you may be unable to enforce judgments obtained in the U.S. courts against them. Moreover, in light of decisions of the U.S. Supreme Court, actions of the Issuer and the Guarantors may not be subject to the civil liability provisions of the federal securities laws of the United States.

The United States is not currently bound by a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards, rendered in civil and commercial matters with England and Wales. There is, therefore, doubt as to the enforceability in England and Wales of civil liabilities based upon U.S. securities laws in an action to enforce a U.S. judgment in England and Wales. In addition, the enforcement in England and Wales of any judgment obtained in a U.S. court based on civil liabilities, whether or not predicated solely upon U.S. federal securities laws, will be subject to certain conditions. There is also doubt that an England and Wales court would have the requisite power or authority to grant remedies sought in an original action brought in such jurisdictions on the basis of U.S. securities laws violations. See “*Enforcement of civil liabilities*”.

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 Guarantees have not been, and will not be, registered under the U.S. 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 U.S. Securities Act and the applicable securities laws of any state or any other jurisdiction. The Notes are not being offered for sale in the United States except to QIBs in accordance with Rule 144A. We have not agreed to or otherwise undertaken to register the Notes with the U.S. Securities and Exchange Commission (including by way of an exchange offer). 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.

Risks related to our structure

The Issuer is a finance subsidiary that has no revenue generating operations of its own and depends on cash received under its intercompany loan in order to be able to make payments on the Notes.

The Issuer is a finance subsidiary that was formed in order to offer and issue securities. The Issuer conducts no business operations of its own, and has not engaged in, and will not be permitted to engage in, any activities other than those relating to its finance activities. The Issuer will be dependent upon payments from other members of the Group to meet its obligations, including its obligations under the Notes. We intend to provide funds to the Issuer in order for the Issuer to meet its obligations under the Notes through interest payments on one or more intercompany loans. If the other members of the Group do not fulfil their obligations under the intercompany loans, the Issuer will not have any other source of funds that would allow it to make payments to the holders of 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. Applicable tax laws may also subject such payments to further taxation. 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 Notes will be structurally subordinated to the liabilities of non-Guarantor members of the Group.

Some, but not all, of the members of the Group will guarantee the Notes. As at and for the twelve months ended 30 September 2021, the Guarantors represented 91.6% of our revenue, 93.7% of our total assets and generated 84.8% of Underlying Adjusted EBITDA. As at 30 September 2021, after giving effect to the Transactions, on a consolidated basis, our subsidiaries that will not issue or guarantee the Notes had outstanding debt in an amount of £7.2 million (comprising lease liabilities). Unless a member of the Group is a Guarantor, such member 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 companies, including lenders under bank financing agreements, are entitled to payments of their claims from the assets of such non-guarantor 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 company becomes insolvent, is liquidated, reorganised 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 company; and
- creditors of such non-guarantor company, including trade creditors, 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 Guarantee will be structurally subordinated to the creditors (including trade creditors) and any preferred stockholders of our non-guarantor subsidiaries.

English insolvency laws and other jurisdictions may provide you with less protection than U.S. bankruptcy law.

The Issuer and other members of the Group, including the Guarantors, are incorporated under the laws of England and Wales. Accordingly, insolvency proceedings with respect to any of those entities would be likely to proceed under, and be governed by, English insolvency law. English insolvency law may not be as favourable to investors as the laws of the United States or other jurisdictions with which investors are familiar. In the event that any one or more of the Issuer or the Guarantors experiences financial difficulty, it is not possible to predict with certainty the outcome of insolvency or similar proceedings.

In the event that any one or more of the Issuer, the Guarantors, any future Guarantors, if any, 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 preferential transfers, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. 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 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*".

Each Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defences that may limit its validity and enforceability.

Each Guarantee provides the holders of the Notes with a direct claim against the relevant Guarantor. However, the Indenture will provide that each Guarantee will be limited to the maximum amount that can be guaranteed by the relevant Guarantor without rendering the relevant Guarantee, as it relates to that Guarantor, voidable or otherwise ineffective or limited under applicable law, and enforcement of each Guarantee would be subject to certain generally available defences. See "*Limitations on validity and enforceability of the Guarantees and security interests*".

Enforcement of any of the Guarantees against any Guarantor will be subject to certain defences available to guarantors in the relevant jurisdiction. Although laws differ among these jurisdictions, these laws and defences generally include those that relate to corporate purpose or benefit, fraudulent conveyance or transfer, voidable preference, insolvency or bankruptcy challenges, financial assistance, preservation of share capital, thin capitalisation, capital maintenance or similar laws, regulations or defences affecting the rights of creditors generally. If one or more of these laws and defences are applicable, a Guarantor may have no liability or decreased liability under its Guarantee depending on the amounts of its other obligations and applicable law. Limitations on the enforceability of judgements obtained in New York courts in such jurisdictions could limit the enforceability of any Guarantee against any Guarantor. In addition, the laws, regulations or other governmental measures introduced in response to the COVID-19 pandemic may have the effect of imposing a moratorium on or otherwise delaying or limiting the ability to enforce or pursue certain remedies in respect of the Guarantees.

Although laws differ among various jurisdictions, in general, under bankruptcy or insolvency law and other laws, a court could (i) avoid or invalidate all or a portion of a Guarantor's obligations under its Guarantee, (ii) direct that the holders of the Notes return any amounts paid under a Guarantee to the relevant Guarantor or to a fund for the benefit of the Guarantor's creditors or (iii) take other action that is detrimental to you, typically if the court found that:

- the relevant Guarantee was incurred with actual intent to give preference to one creditor over another, hinder, delay or defraud creditors or shareholders of the Guarantor or, in certain jurisdictions, when the granting of the Guarantee has the effect of giving a creditor a preference or when the recipient was aware that the Guarantor was insolvent when it granted the relevant Guarantee;

- the Guarantor did not receive fair consideration or reasonably equivalent value or corporate benefit for the relevant Guarantee and the Guarantor (i) was insolvent or rendered insolvent because of the relevant Guarantee, (ii) was undercapitalised or became undercapitalised because of the relevant Guarantee or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;

- the relevant Guarantee was 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

- the amount paid or payable under the relevant Guarantee was in excess of the maximum amount permitted under applicable law.

These or similar laws may also apply to any future guarantee granted by any of our subsidiaries pursuant to the Indenture.

We cannot assure you which standard a court would apply in determining whether a Guarantor was 'insolvent' at the relevant time or that, regardless of the method of the valuation, a court would not determine that a Guarantor was insolvent on that date, or that a court would not determine, regardless of whether or not a Guarantor was insolvent on the date its Guarantee was issued, that payments to holders of the Notes constituted preferences, fraudulent transfers or conveyances on other grounds.

The liability of each Guarantor under its Guarantee will be limited to the amount that will result in such Guarantee not constituting a preference, fraudulent conveyance or improper corporate distribution or otherwise being set aside. However, there can be no assurance as to what standard a court will apply in making a determination of the maximum liability of each Guarantor. There is a possibility that the entire Guarantee may be set aside, in which case the entire liability may be extinguished.

If a court decided that a Guarantee was a preference, transaction at an undervalue, fraudulent transfer or conveyance or similar and voided such Guarantee, or held it unenforceable for any other reason, you may cease to have any claim in respect of the relevant Guarantor and would be a creditor solely of the Issuer and, if applicable, of any other Guarantor under the relevant Guarantee that has not been declared void. In the event that any Guarantee is invalid or unenforceable, in whole or in part, or to the extent the agreed limitation of the Guarantee obligations apply, the Notes would be effectively subordinated to all liabilities of the applicable Guarantor, and if we cannot satisfy our obligations under the Notes or any Guarantee is found to be a preference, transaction at an undervalue, fraudulent transfer or conveyance or is otherwise set aside, we cannot assure you that we can ever repay in full any amounts outstanding under the Notes.

The payment of dividends or principal and interest on the intercompany loan to the Issuer will reduce the distributable profits and reserves available to satisfy the obligations under the Guarantees and Security Documents. We are under no obligation to maintain a specific level of distributable profits and reserves, and, if we have distributable profits and reserves, we may make dividend payments or payments of principal and interest on the intercompany loan that reduce our distributable profits and reserves to zero. We intend to make dividends and enter into intercompany loans to service indebtedness and for tax-planning purposes. There can be no assurances that we will have distributable profits and reserves available to satisfy the obligations under the Guarantees and Security Documents, whether or not we distribute dividends or enter into intercompany loans. The payment of dividends or principal or interest on the intercompany loan to service our debt obligations (including under the Notes) will deplete the distributable reserves available to satisfy the obligations under the Guarantees. In addition, the payment under the Guarantees and the enforcement of security interests under the relevant Security Documents may require certain prior corporate formalities to be completed, including, but not limited to, obtaining an audit report, shareholders' resolutions and board resolutions.

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'. Upon the occurrence of a change of control, we will be required to offer to repurchase all outstanding Notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of repurchase. 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 or that the restrictions in our Revolving Credit Facility Agreement, the Indenture, the Intercreditor Agreement or our other than existing contractual obligations would allow us to make such required repurchases. A change of control may result in an event of default under, or acceleration of, our Revolving Credit Facility and 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 Company 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 Revolving Credit Facility Agreement, under certain circumstances, we are required to repay a *pro rata* amount of debt under our Revolving Credit Facility 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 an event constituting a change of control occurs at a time when the Group is prohibited 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, which would, in turn, constitute a default under the Revolving Credit Facility Agreement. See "*Description of the Notes—Repurchase at the option of Holders—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 re-organisation, 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 as defined in the Indenture. Except as described under "*Description of the Notes—Repurchase at the option of Holders—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 re-organisation, restructuring, merger, recapitalisation or similar transaction.

In addition, the occurrence of certain events that might otherwise constitute a change of control will be deemed not to be a change of control if at the time our consolidated leverage ratio is less than a certain specified level. See "*Description of the Notes—Change of control*" and "*Description of the Notes—Certain definitions—Specified Change of Control Event*".

The definition of Change of Control in the Indenture will include a disposition of all or substantially all of 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 precise established 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 Company's assets and its 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 is required to make an offer to repurchase the Notes.

You may face currency exchange risks or adverse tax consequences by investing in the Notes denominated in currencies other than your reference currency.

The Notes are or will be, as applicable, denominated and payable in pound sterling. If you are U.S. dollar, euro or other non-sterling investor, an investment in the Notes will entail foreign exchange related risks due to, among other factors, possible significant changes in the value of the sterling relative to U.S. dollar or other relevant currencies because of economic, political or other factors over which we have no control. Depreciation of the sterling against the U.S. dollar, euro or other relevant currencies could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you when the return on the Notes is translated into the currency by reference to which you measure the return on your investments. Investments in the Notes by U.S. investors may also have important tax consequences as a result of foreign currency exchange gains or losses, if any. See "*Tax Considerations—Certain United States federal income tax consequences*."

USE OF PROCEEDS

The gross proceeds from the Offering are expected be £250.0 million in the aggregate, which will be used, together with cash, to redeem in full our Existing Notes (including accrued but unpaid interest) and to pay fees and expenses incurred in connection with the Transactions. The estimated sources and uses of the funds are shown in the table below. Actual amounts are subject to adjustments and may vary from estimated amounts depending on several factors, including cash, the amount of outstanding indebtedness, our working capital needs, and actual fees and expenses.

Sources		**Uses**	
(£ in millions)			
Notes offered hereby[1]	250.0	Redemption in full of Existing Senior Secured Notes[2]	215.0
Cash	10.0	Redemption in full of Existing Second Lien Notes[3]	35.0
		Accrued and unpaid interest with respect to the Existing Notes[2][3]	4.1
		Estimated commissions, fees and other transaction expenses[4]	5.9
Total sources	260.0	**Total uses**	260.0

(1) Represents the gross proceeds from the Notes offered hereby at an issue price of 100.0%.

(2) The outstanding principal amount of the Existing Senior Secured Notes is £215.0 million as at the date of this Offering Memorandum. As part of the Transactions, our outstanding Existing Senior Secured Notes will be redeemed on the Issue Date. The amount required to redeem the Existing Senior Secured Notes comprises the principal outstanding amount of the Existing Senior Secured Notes plus accrued but unpaid interest, assuming a redemption date and Issue Date of 3 February 2022.

(3) The outstanding principal amount of the Existing Second Lien Notes is £35.0 million as at the date of this Offering Memorandum. As part of the Transactions, our outstanding Existing Second Lien Notes will be redeemed on the Issue Date. The amount required to redeem the Existing Second Lien Notes comprises the principal outstanding amount of the Existing Second Lien Notes plus accrued but unpaid interest, assuming a redemption date and Issue Date of 3 February 2022.

(4) Reflects our estimate of fees and expenses associated with the Transactions and other commissions, advisory and other professional fees and other transaction costs. This amount does not reflect cash in an amount of £7.7 million used in connection with the Acquisition.

CAPITALISATION

The following table sets forth the cash and cash equivalents and capitalisation, as at 30 September 2021, of the Company (i) on an actual basis; and (ii) as adjusted to give effect to the Acquisition and the Transactions, including use of the proceeds from the Offering. You should read this table in conjunction with the information in "*Use of proceeds*", "*Management's discussion and analysis of financial condition and results of operations*" and the financial information included herein.

	As at 30 September 2021	
(£ in millions)	**Actual**	**As adjusted**
Cash and cash equivalents[(1)]	**40.3**	**22.6**
Existing Senior Secured Notes[(2)]	215.0	—
Existing Revolving Credit Facility	—	—
Notes offered hereby[(3)]	—	250.0
Revolving Credit Facility	—	—
Total senior secured debt	**215.0**	**250.0**
Existing Second Lien Notes[(4)]	35.0	—
Lease liabilities	17.5	17.5
Third-party debt	**267.5**	**267.5**
Shareholders' equity[(5)]	141.7	138.9
Loans and borrowings (excluding lease liabilities) and shareholders' equity	**391.7**	**388.9**

(1) As at 30 September 2021, cash and cash equivalents was £40.3 million. The "As adjusted" column represents Pro Forma Cash, which we define as cash and cash equivalents of £40.3 million as at 30 September 2021, adjusted to give effect to the use of cash in an amount of £10.0 million in connection with the Transactions, assuming an Issue Date of 3 February 2022, and the use of cash in an amount of £7.7 million in connection with the Acquisition. See "*Use of proceeds*". Pro Forma Cash does not adjust for other movements in cash and cash equivalents after 30 September 2021, including a semi-annual interest payment on the Existing Notes in the amount of £8.1 million. As at 31 December 2021, cash and cash equivalents was approximately £37.9 million.

(2) As part of the Transactions, our outstanding Existing Senior Secured Notes will be redeemed on the Issue Date as set forth in "*Use of proceeds*". As at the date of this Offering Memorandum, the outstanding principal amount of the Existing Senior Secured Notes is £215.0 million.

(3) As part of the Transactions, the Issuer is offering £250,000,000 5⅞% aggregate principal amount of Senior Secured Notes due 2027.

(4) As part of the Transactions, our outstanding Existing Second Lien Notes will be redeemed on the Issue Date as set forth in "*Use of proceeds*". As at the date of this Offering Memorandum, the outstanding principal amount of the Existing Second Lien Notes is £35.0 million.

(5) Shareholders' equity consists of shareholders' equity. As adjusted, shareholders' equity reflects a decrease of £2.9 million reflecting the write-off of capitalised debt issue costs in relation to our Existing Notes, which are being redeemed in full as part of the Transactions. The "As adjusted" column does not reflect any adjustments with respect to capitalised debt issue costs with respect to the Notes or any adjustments with respect to the Acquisition. In connection with the Acquisition, Wren House and the reinvesting members of senior management paid approximately £330 million for 100% of the equity in Voyage Care HoldCo Limited (excluding transaction costs of Wren House). See "*Principal shareholders*".

SELECTED HISTORICAL FINANCIAL DATA

The Issuer was formed on 2 January 2013 for the purpose of issuing securities. Other than obligations relating to the Existing Notes, the Issuer has no material assets or liabilities and it has not engaged in any activities other than those related to the issuing and servicing of the Existing Notes and making this Offering for the purposes of refinancing the Existing Notes. All historical financial information included in this section and "*Summary—Summary consolidated financial data*" is that of the Company and its consolidated subsidiaries.

The historical consolidated financial information presented as at and for the years ended 31 March 2021, 2020 and 2019 has been derived from our audited consolidated financial statements which have been prepared in accordance with IFRS and are included elsewhere in this Offering Memorandum. In addition, the historical consolidated financial information presented as at and for the six months ended 30 September 2021 and 2020 has been derived from our unaudited condensed consolidated financial statements which have been prepared in accordance with IFRS and are included elsewhere in this Offering Memorandum.

The following tables should be read in conjunction with, and are qualified in their entirety by reference to, our financial statements and the accompanying notes included elsewhere in this Offering Memorandum. The tables below should also be read together with the section entitled "*Management's discussion and analysis of financial condition and results of operations*". The information contained in the following tables has been derived from our (i) audited historical consolidated financial statements as at and for the fiscal years ended 31 March 2021, 2020 and 2019, respectively, which have been prepared in accordance with IFRS and (ii) unaudited historical condensed consolidated financial statements as at and for the six months ended 30 September 2021, which have been prepared in accordance with IFRS.

Profit and loss data	**For the year ended 31 March**			**For the six months ended 30 September**	
(£ in millions)	**2019**	**2020**	**2021**	**2020**	**2021**
Revenue	**249.8**	**267.0**	**274.2**	**134.0**	**144.8**
Operating expenses	(227.3)	(241.3)	(248.5)	(122.5)	(130.5)
Underlying Adjusted EBITDA	**41.2**	**45.1**	**44.8**	**20.9**	**23.6**
Non-underlying items	(1.3)	(1.6)	(3.0)	(1.2)	(1.0)
Adjusted EBITDA	**39.9**	**43.5**	**41.8**	**19.7**	**22.6**
Depreciation and impairment	(15.3)	(15.9)	(15.0)	(7.2)	(7.1)
Profit / (loss) on disposal of non-current assets(1)	0.3	0.5	1.6	0.3	0.1
Amortisation of intangible assets	(2.4)	(2.4)	(2.6)	(1.3)	(1.3)
Operating profit	**22.5**	**25.7**	**25.7**	**11.6**	**14.3**
Finance income	0.1	0.1	0.2	0.1	0.0
Finance expense	(19.5)	(19.4)	(19.9)	(10.2)	(9.6)
Profit / (loss) before taxation	**3.1**	**6.4**	**6.0**	**1.4**	**4.7**
Taxation	(0.9)	(1.5)	(2.6)	(0.3)	(4.4)
Profit / (loss) for the period	**2.2**	**4.9**	**3.4**	**1.1**	**0.3**

(1) Profit / (loss) on disposal of non-current assets for the fiscal year 2021 and the six months ended 30 September 2020 includes a profit on termination of lease obligations of £0.8 million.

Balance sheet data	As at 31 March			As at 30 September	
(£ in millions)	**2019**	**2020**	**2021**	**2020**	**2021**
Non-current assets	435.7	411.1	416.5	412.5	422.5
Current assets					
Trade and other receivables	*25.6*	*27.1*	*23.2*	*20.9*	*25.5*
Corporation tax receivable	*0.6*	—	*0.5*	*0.3*	*0.3*
Cash and cash equivalents	*18.7*	*80.1*	*40.7*	*39.3*	*40.3*
Assets classified as held for sale	*2.8*	*1.0*	—	*2.0*	—
Total assets	**483.3**	**519.3**	**480.9**	**475.0**	**488.6**
Non-current liabilities					
Loans and borrowings	*263.6*	*264.5*	*261.1*	*263.6*	*261.2*
Tax liabilities	*10.9*	*10.9*	*11.8*	*10.2*	*14.9*
Employee benefits	*0.3*	*0.2*	*0.4*	*0.2*	*0.3*
Provisions	*0.5*	*1.0*	*1.0*	*1.0*	*1.1*
Current liabilities	74.6	104.4	65.2	60.6	69.3
Equity	133.4	138.2	141.5	139.3	141.7
Total equity and liabilities	**483.3**	**519.3**	**480.9**	**475.0**	**488.6**

Cash flow data	For the year ended 31 March			For the six months ended 30 September	
(£ in millions)	**2019**	**2020**	**2021**	**2020**	**2021**
Net cash generated from operating activities	20.6	31.3	30.0	15.5	13.7
Net cash generated from / (used in) investing activities	(22.8)	11.9	(19.2)	(9.0)	(11.9)
Net cash generated from / (used in) financing activities	4.0	18.2	(50.2)	(47.4)	(2.2)
Net increase / (decrease) in cash and cash equivalents in the period	**1.8**	**61.5**	**(39.4)**	**(40.9)**	**(0.4)**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read together with, and is qualified in its entirety by reference to, our financial statements, and the related notes thereto, included in this Offering Memorandum. The following discussion should also be read in conjunction with the sections entitled "Summary—Summary consolidated financial data" and "Selected historical financial data". Except for the historical information contained herein, the discussions in this section contain forward-looking statements that reflect our plans, estimates and beliefs and involve risks and uncertainties. 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 "Risk factors" and "Forward-looking statements".

Some of the measures used in this Offering Memorandum are not measurements of financial performance under IFRS, but have been prepared on the basis of IFRS amounts, and should not be considered as an alternative to (a) operating profit or profit for the period as measures of our operating performance, (b) cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs or (c) any other measures of performance or liquidity under IFRS.

Business overview

We believe we are a leading provider of registered care homes, measured in terms of beds, with a significant presence in community based care for adults with learning disabilities and other related complex and challenging support needs across the UK. We supported 3,406 people as at 31 March 2021, comprising 1,868 individuals supported through our Registered Care Division and a further 1,538 individuals supported through our Community Based Care Division. The vast majority of people we support have lifelong conditions and high acuity needs, which have been assessed as either 'profound' or 'severe' by Local Authorities and the NHS and therefore require ongoing care services to help them look after themselves.

The non-discretionary nature of these high acuity, long-term conditions, the long average length of stay in our Registered Care Division and the multi-year duration of the contracts and framework agreements in our Community Based Care Division provide us with revenue visibility and a degree of resilience to government spending pressures. As at 31 March 2021, approximately 69% of the people we support in our Registered Care Division have been in our care for more than five years and some of the people we support have been in our care for more than 20 years. Approximately 31% of the people we support in our Registered Care Division are 40 years of age or younger, and 75% are 60 years of age or younger, which contributes to a long average length of stay in those services. Similarly, the contracts and framework agreements in our Community Based Care Division typically range from two to seven years in duration.

Of the care we provide, 96% is paid for by Local Authorities and CCGs, and as at 31 March 2021, we generated revenue from over 250 of these publicly funded purchasers across the UK. Our longstanding relationships with Local Authorities and the CCGs are built on our strong reputation for providing quality services to the people we support. We offer care in a range of settings, including both registered residential care homes and care delivered in people's own homes, allowing us to cater for the needs of people we support and the agencies which commission our care. Our 'person-centred' approach to care ensures that we deliver quality, bespoke care packages tailored to the complex, high acuity care needs of the people we support in any care setting. We believe our flexible, high quality approach provides us with a competitive advantage compared to other care providers in the private sector, as evidenced by 95% of our services inspected achieving a rating of 'Good' or 'Outstanding' from the CQC as at 31 March 2021. In Wales and Scotland, all of our services are 'compliant' with their respective inspection regimes. In addition, as Local Authorities increasingly adopt a model that provides personal budgets for social care, which allows individuals and their families to choose providers themselves, we believe our good reputation and our high quality standards give us a key competitive advantage.

The typical person we support in each of our divisions is between the ages of 18 and 65, has high dependency needs, allied medical needs, may present challenging behaviour, may have difficulty communicating verbally and/or may cause harm to themselves or a member of the community without appropriate care. With approximately 11,000 staff as at 30 September 2021, we strive to meet each individual's requirements and develop bespoke care packages tailored to their needs. Individual care plans are reviewed and amended on a regular basis to address changing support needs and to ensure that we continue to provide a personalised level of care that is appropriate for each individual. Due to the high acuity care needs of our client group, we typically provide a considerable amount of care for each person we support.

In our Registered Care Division, we typically have at least two support staff members for every three individuals during the day. This level of support is reflected in our average weekly fee of £1,798 per person for the fiscal year 2021. In our Community Based Care Division, as at 31 March 2021, we provided care and support to 1,538 individuals living in their own homes, delivering approximately 66 hours of care per week per person at an average hourly rate of £19.25.

The quality of our services is monitored and assured internally by our QSR, which is mandated to meet every two months or as required, to receive and review key outcome measures and individual service performance. This enables the QSR to maintain oversight of the management and quality of care by the organisation. The organisation also monitors and assesses quality, safety and risk at the senior management level. We are continually improving our quality assurance programmes to ensure that we have measures in place to proactively address quality concerns and regulatory requirements. We continue to update our SRS dashboard (an early warning indicator of potential quality issues), which uses information from various management data systems and collates the risk scores for each service. The reporting that is derived from the SRS dashboard helps identify the services that are at the highest potential risk in terms of the safe and effective delivery of care.

Key factors affecting our results of operations and comparability

Revenue

We monitor revenue for both of our divisions. Revenue in our Registered Care Division is driven by our occupancy rates, which mainly depend on referrals, and the fee rates that we are able to charge for such occupied beds. The fee rates that we are able to charge for our occupied beds vary in part depending on the acuity of the needs of a person who occupies a given bed; we are able to charge higher fees for providing care to those with higher acuity care needs, commensurate with the more intensive services required in such circumstances. Accordingly, the relative acuity of the needs of the people we support also drives our revenue. The referrals are driven by the reputation of the service that we provide, the level of local demand, proactive targeted marketing activity and the relationships that have been nurtured by our operations team with the relevant referring party. Our consistently high occupancy rates of approximately 90% reflect our relationships with Local Authorities and CCGs, our reputation for quality, our ability to offer bespoke and complex care packages and our flexibility to adapt to the particular environment in which we operate our registered care homes and have contributed to our ability to generate relatively stable revenue.

Revenue in our Community Based Care Division has been driven by the number of placements, which, in turn, is dependent on our reputation for high quality service, our relationships with Local Authorities or CCGs, our ability to be awarded individual placements for supported people under framework agreements and our ability to be selected by individuals who choose their own care provider using funds provided by Local Authorities or CCGs, as well as on the fee rates that we are able to charge for the delivery of care and support to the people we support. Revenue in our Community Based Care Division is also driven by the relative acuity of the needs of the people whom we support.

Registered Care Division

Registered capacity

Changes in the amount of our registered capacity has had a significant effect on our results of operations, because our registered capacity determines the maximum number of individuals that we can provide care to in our Registered Care Division at any given time.

From 31 March 2019 until 30 September 2021, we have reduced registered capacity by net 16 beds. We have closed nine registered care homes and deregistered two registered care homes as we responded to changing local dynamics driving an increased migration to community based care services. This reduction was partially offset by a combination of acquisitions and organic growth by developing new care homes through conversion of purchased property and extensions of our existing care homes. Our ability to deregister our existing registered care homes allows us to continue to use our property portfolio to provide care and support and is demonstrative of our ability to use our resources efficiently.

As at 30 September 2021, we had registered capacity of 2,036 beds in our Registered Care Division, representing a net increase of three beds in our Registered Care Division from registered capacity of 2,033 beds as at 31 March 2021, primarily due to the acquisition of 20 beds in connection with the Woodley House Limited acquisition. During the six months ended 30 September 2021, we temporarily closed one registered care home with 10 beds, deregistered four additional beds and recorded other capacity adjustments as we responded to changing local dynamics driving an increased migration to community based care services.

As at 31 March 2021, we had registered capacity of 2,033 beds in our Registered Care Division, representing a net increase of 19 beds in our Registered Care Division from registered capacity of 2,014 beds as at 31 March 2020, primarily due to the acquisition of 12 beds in connection with the Day Opportunities acquisition on 15 December 2020 and the opening of one care home with 24 new beds. During the fiscal year 2021, we closed two registered care homes with 12 beds and recorded other capacity adjustments as we responded to changing local dynamics driving an increased migration to community based care services.

As at 31 March 2020, we had registered capacity of 2,014 beds in our Registered Care Division, representing a net decrease of 39 beds in our Registered Care Division from registered capacity of 2,053 beds as at 31 March 2019, primarily due to the closure of 47 existing beds across six care homes, the deregistration of three existing beds and other capacity adjustments, which was partially offset by an increase in 12 new beds through the opening of two new care homes.

Occupancy and occupancy rates

Our occupancy rates reflect the demand for our services, which is principally driven by our relationships with Local Authorities and the NHS, our reputation for quality, our ability to offer bespoke and complex care packages and our flexibility to adapt the environment of our registered care homes to suit the individual needs of the people we support. Our ability to deregister a registered care home and let it to a registered social landlord and provide hours based care services through our Community Based Care Division also bolsters our ability to maintain consistently high occupancy rates and make efficient use of our property portfolio, as we are able to reposition our properties to meet changes in local demand while maintaining the right number of beds in our Registered Care Division. In addition to occupancy rates, we formally monitor admissions, leavers and the progress of referrals for vacancies on a weekly or fortnightly basis in order to ensure that we efficiently manage our vacancies and maximise our earnings.

For the six months ended 30 September 2021 and 2020, the average occupancy rate for beds in our Registered Care Division was 92.9% and 93.8%, respectively. For the twelve months ended 30 September 2021, the average occupancy rate for beds in our Registered Care Division was 92.4%. For the fiscal years 2021, 2020 and 2019, the average occupancy rate for beds in our Registered Care Division was 92.8%, 94.3% and 93.4%, respectively. Our occupancy rates have remained consistent even as our number of beds grew historically through both organic growth and acquisitions.

Community Based Care Division

Supported people

The number of supported people in our Community Based Care Division can have a significant effect on our results because the number of supported people determines the number of care hours that we are asked to provide in our Community Based Care Division at any given time. The number of supported people in our Community Based Care Division is primarily driven by the number of placements, which, in turn, is dependent on our reputation for high quality service, our relationships with Local Authorities or CCGs, our ability to be awarded individual placements for supported people under framework agreements and our ability to be selected by individuals who choose their own care provider using funds provided by Local Authorities or CCGs, as well as on the fee rates that we are able to charge for the delivery of care and support to supported people. Revenue in our Community Based Care Division is also driven by the relative acuity of the needs of supported people.

As at 30 September 2021, we supported 1,616 people in our Community Based Care Division, representing a net increase of 78, from 1,538 as at 31 March 2021. This increase was primarily due to new service openings offset by service closures resulting in a net 25 new people placed with us and the deregistration of one of our registered care homes resulting in four additional people moving to the Community Based Care Division, along with a net increase of 48 new people supported within our existing services.

As at 31 March 2021, we supported 1,538 people in our Community Based Care Division, representing a net decrease of 72, from 1,610 as at 31 March 2020, primarily due to the loss of 51 placements of supported people primarily due to the COVID-19 pandemic and another 51 due to service closures. This decrease was partially offset by a net gain of 30 people placed with us due to new service openings and natural churn.

As at 31 March 2020, we supported 1,610 people in our Community Based Care Division, representing a net increase of 144, from 1,466 as at 31 March 2019, primarily due to our acquisition of 30 placements for supported people as part of our acquisition of Fox Elms and a gain of 140 people through tender wins of placements for people supported, and a net increase of 12 new people supported within our existing services. This increase was partially offset by the loss of 41 placements due to service closures.

Fee rates

Fee rates depend on the individual needs of the people we support, the complexity of care required and the type of accommodation needed. People with high acuity support needs, such as people with learning disabilities, ABI and other complex and challenging support needs that are categorised as 'profound' and 'severe', require high levels of care services and therefore services provided to such individuals generate higher average weekly fees than services provided for other types of care.

We offer our services to people with high acuity support needs in registered care homes through our Registered Care Division and in their own homes through our Community Based Care Division. The fee rate for each person we support varies depending on the division through which we provide such support. The fee rates that we are able to charge in our Community Based Care Division are generally lower than those that we are able to charge in our Registered Care Division, as we are ordinarily only able to charge fees in our Community Based Care Division for the provision of care and support and not for the provision of accommodation, as we are able to do in our Registered Care Division. While our operating expenses in our Community Based Care Division are generally lower than those incurred in our Registered Care Division, the profit margins that we are able to realise in our Community Based Care Division are still typically lower than those that we are able to realise in our Registered Care Division. However, the lower margins in our Community Based Care Division are offset by the fact that expansion of our Community Based Care Division requires little to no capital expenditure due to the use of third-party developers.

Our fees may be increased or decreased based on reviews of an individual's needs conducted by Local Authorities and CCGs, with whom we agree our fees and from which we derive the majority of our revenue. The fee rates that we charge for our services are agreed with Local Authorities and CCGs and have historically been subject to annual adjustments on 1 April, though tender contracts in our growing Community Based Care Division may contain multi-year fee schedules or formulas. In addition, our fees may be subject to review, with newly assessed fees typically being derived from data based on assumed average industry costs.

Further, the increases of the national living wage and the national minimum wage have resulted in an increase in our staff costs in many cases, with no immediate corresponding increase in our fee rates. For the fiscal years 2021, 2020 and 2019, our pay inflation (representing such statutory increases and a premium we consistently pay over local competition) was £7.5 million, £5.0 million and £5.3 million, respectively. In order to mitigate the effects of these increased costs on our profitability, we are conducting negotiations with the Local Authorities and CCGs with whom we contract for our services to increase our fee rates, and we have so far been able to agree fee increases of 3% on average across 65 Local Authorities for the fiscal year 2022 compared to revenue for the fiscal year 2021. For the fiscal years 2021, 2020 and 2019, we were able to increase our fees by 3.0% (or £8.4 million), 2.3% (or £6.2 million) and 3.4% (£4.7 million), respectively. We may not be able to obtain fee rate increases that are equivalent to our increased costs, and such failure will affect the comparability of our results across the periods that we present in this Offering Memorandum. In addition, we often negotiate fee rate increases after 1 April in any given year, and these fee rate increases that we secure are usually retroactively applicable from 1 April of the fiscal year in which we agree such fee rate increase. As the national living wage and the national minimum wage increase on 1 April every year, our results for certain periods may not reflect the effects of fee rate increases that we are able to secure to the extent that we have not secured such increases by 1 April.

Average weekly fees for our Registered Care Division for the six months ended 30 September 2021 were £1,859, representing a net increase of £91, from average weekly fees of £1,768 for the six months ended 30 September 2020, primarily due to agreed fee inflation.

Average weekly fees for our Registered Care Division for the fiscal year 2021 were £1,798, representing a net increase of £68, from average weekly fees of £1,730 for the fiscal year 2020, primarily due to agreed fee inflation as well as to changes in the needs of certain of the people we support.

Average weekly fees for our Registered Care Division for the fiscal year 2020 were £1,730, representing a net increase of £36, from average weekly fees of £1,694 for the fiscal year 2019, primarily due to acquisitions of placements for the provision of support, as well as to changes in the needs of certain of the people we support.

The average hourly rate in our Community Based Care Division for the six months ended 30 September 2021 was £19.47, representing a net increase of £0.75 per direct hour, from the average hourly rate of £18.72 for the six months ended 30 September 2020, primarily due to agreed fee inflation.

The average hourly rate in our Community Based Care Division for the fiscal year 2021 was £19.24, representing a net increase of £0.63 per direct hour, from the average hourly rate of £18.61 for the fiscal year 2020, primarily due to fee increases driven by increases in the national living wage and the national minimum wage, which we have then been able to pass on to those who pay for our care.

The average hourly rate in our Community Based Care Division for the fiscal year 2020 was £18.61, representing a net increase of £0.41 per direct hour, from the average hourly rate of £18.20 for the fiscal year 2019, primarily due to fee increases driven by increases in the national living wage and the national minimum wage, which we have then been able to pass on to those who pay for our care.

Quality of service and reputation

Our quality of service and reputation plays an important role in enabling us to gain new business through the conversion of referrals and in retaining people we currently support, who tend to remain with us on a long-term basis, due to the lifelong nature of their conditions.

The quality of our care services is assessed externally by the CQC. Our quality ratings and reputation are important in enabling us to secure more placements for people supported from Local Authorities and the NHS, who seek high quality care, which is attractive to both purchasers and the people we support. In addition, we believe that we are better positioned to agree more favourable fees for our services on the basis of quality and our reputation.

Parents or advocates of learning disabled people also have a significant influence on placement decisions, regardless of fees. This places high quality operators at a significant advantage. As parents become aware of the better services available for their children from market data and ratings, we believe they have a strong influence on the Local Authorities' and CCG's purchasing decisions.

As a Group, we have an average unit size of eight beds across our Registered Care Division, to address purchasers' preference for smaller units that replicate a normal domestic setting as closely as possible. We believe this setting also enables us to offer quality and bespoke care packages to the people we support. The high acuity care needs of the people we support typically requires support levels of at least two support staff members for every three individuals during the day.

We make significant routine investments in the maintenance of our homes as reflected in our profit and loss accounts, where we recorded additional repair costs of £1.5 million and £1.2 million for the six months ended 30 September 2021 and 2020, respectively, and £2.7 million, £2.7 million and £2.5 million for the fiscal years ended 31 March 2021, 2020 and 2019, respectively. We recorded Maintenance CAPEX of £6.5 million and £3.3 million for the six months ended 30 September 2021 and 2020, respectively, and £7.4 million, £7.1 million and £7.0 million for the fiscal years ended 31 March 2021, 2020 and 2019, respectively. We seek to control our Maintenance CAPEX through the use of our own maintenance team comprised of approximately 40 employees who carry out general maintenance in our properties on a regular basis, addressing most day-to-day maintenance concerns as they arise. The recent increase in Maintenance CAPEX during the six months ended 30 September 2021 (as compared to the six months ended 30 September 2020) was primarily due to the lower Maintenance CAPEX requirements during the COVID-19 pandemic and a catch-up effect in fiscal year 2022.

Demands on and availability of public funding

Almost all learning disability services in the UK are funded by the public sector, the majority of which are funded and commissioned by Local Authorities and CCGs across the UK. Demand for our services is significantly affected by the availability of public funding made available for social services. For the fiscal year 2021, our services were predominantly commissioned by Local Authorities, representing 81% of our invoices, while services commissioned by CCGs, who provide funding where the people we support have health needs in addition to an assessed learning disability, represented 15% of our invoices and the remaining 4% of our invoices were issued to people we support, as assessed by the relevant Local Authority, in each case. Invoices issued do not include all necessary adjustments which are required to derive revenue in accordance with IFRS, including movements in accrued and deferred revenue and movements in the credit note provision.

Historically, the learning disabilities market has experienced fee rate increases at or above the rate of inflation. Due to Local Authorities experiencing budgetary pressures, fee rate increases may be limited in the short-term. Local Authorities are expected to respond to cost pressures by seeking to increase usage of community care, such as we provide through our Community Based Care Division. Care homes at the higher end of the learning disability acuity scale are considered to be better insulated from these pressures, given the non-discretionary nature of such care services.

The amount of funding available affects the number of people that can be supported in our sector, the amount of care that can be provided to each person and the fees we may charge. Budget constraints, public spending cuts or other financial pressures, including as a result of the COVID-19 pandemic, could have a material adverse impact on our results of operations. See "*Risk factors—Risks related to our business—We rely on publicly funded purchasers in the UK, such as Local Authorities and CCGs, for substantially all our revenue and the loss or reduction of such revenue could adversely impact our business, results of operations and financial condition or prospects*".

Business acquisitions

Our asset base has historically been developed through the re-positioning and extensions of existing facilities, new builds, as well as acquisitions. Our acquisitions are carefully selected, and we have made five business acquisitions over the past five years. Specifically:

- On 3 September 2021, we acquired Woodley House Limited, a registered provider, for £3.6 million, net of cash acquired on balance sheet and net of settlement of directors' loans. Our acquisition of Woodley House Limited added 20 new beds to our Registered Care Division.

- On 15 December 2020, we acquired Day Opportunities Limited, a registered and supported living care provider for specialist care, for £4.8 million, net of cash acquired on balance sheet. Our acquisition of Day Opportunities Limited added 12 new beds to our Registered Care Division and 1,500 direct care hours to our Community Based Care Division.

- On 2 July 2019, we acquired Fox Elms Community Care Limited, a specialist supported living care company in Gloucester, for £2.2 million, net of cash acquired on balance sheet and net of settlement of directors' loans. Our acquisition of Fox Elms Community Care Limited added 2,700 direct care hours to our Community Based Care Division.

- On 4 September 2018, we acquired three specialised registered care services from an elderly care provider in the North East, for £2.3 million, net of cash acquired on balance sheet. Our acquisition of the three specialised registered care services added 43 new beds to our Registered Care Division.

- On 22 August 2017, we acquired Children's Complex Care Limited (formerly known as Focused Healthcare Limited), which provides specialist complex nursing care for children in London, for £18.9 million, net of cash acquired on balance sheet. Our acquisition of Focused Healthcare Limited added 5,170 direct care hours to our Community Based Care Division.

Underling unit level staff costs, underlying agency costs and overheads

Underlying unit level staff costs and underlying agency costs are our most significant expense. Underlying unit level staff costs and underlying agency costs accounted for 87.3% and 87.7% of our aggregate operating costs less depreciation and impairment of property, plant and equipment, profit / (loss) on disposal of non-current assets and amortisation of intangible assets for the six months ended 30 September 2021 and 2020, respectively. For the fiscal years 2021, 2020 and 2019, underlying unit level staff costs and underlying agency costs accounted for 88.0%, 86.5% and 85.7%, respectively. Our underlying unit level staff costs and underlying agency costs are affected by:

- our discretionary pay awards, which are periodic salary increases for some of our employees;
- increases in the national minimum wage and the national living wage (where possible, we negotiate fee rate increases with Local Authorities and CCGs in order to pass along the impact of any such increases);
- increases in national insurance rates;
- increases in wage rates for staff in other service industries (with which we compete for staff);
- legislation governing employee pensions, in particular legislation governing the automatic enrolment of employees into a workplace pension and minimum employer contribution rates (as we are required to contribute to pension schemes for qualifying employees); and
- bonus schemes, being annual and other schemes operating at any one time.

Underlying unit level staff costs and underlying agency costs change due to a number of factors, including: number of care hours provided, change in the mix of needs of the person supported and length of service and qualifications of our staff members, with wages of staff members typically increasing with length of service. Underlying unit level staff costs and underlying agency costs are also affected by external agency costs. We attempt to reduce our reliance on external agency staff through the use of our bank of casual workers (paid on an hourly basis as required). Where we are unable to call upon our bank of casual workers, we are compelled to incur external agency costs, which accounted for 2.3% and 0.9% of our revenue for the six months ended 30 September 2021 and 2020, respectively and 1.0%, 2.8% and 3.3% of our revenue for the fiscal years 2021, 2020 and 2019, respectively.

Our future staff costs may increase as a result of discretionary fee awards, increases in the national minimum wage and national living wage and pensions legislation. See "*Risk factors—Risks related to our business—If various national minimum wage and national living wage regulations change or are interpreted differently, our payroll costs will increase which may have a material adverse effect on our results of operations and financial condition*".

Besides underlying unit level staff costs and underlying agency costs, which represent the direct people costs for the delivery of care and support to the people we support, our results of operations are also affected by underlying direct overheads and Group overheads. Underlying direct overheads represent the supplementary costs required to deliver the care and support (i.e., direct costs to run our services). Underlying central overheads are central function costs to support the running of the business and therefore indirectly support the delivery of care and support.

The following table provides a reconciliation of underlying unit level staff costs, underlying agency costs and overheads for each of the periods indicated:

	For the year ended 31 March			For the six months ended 30 September		For the twelve months ended 30 September
(£ in millions)	**2019**	**2020**	**2021**	**2020**	**2021**	**2021**
Underlying unit level staff costs[1]	155.4	167.8	182.5	90.1	93.6	186.0
Underlying agency costs[2]	8.2	7.4	2.7	1.2	3.4	4.9
Underlying direct overheads[3]	24.3	24.2	22.4	11.2	12.3	23.5
Underlying central overheads[4]	20.7	22.5	21.8	10.6	11.9	23.1
Underlying depreciation and impairment of property, plant and equipment[5]	14.8	13.7	14.0	6.9	7.1	14.2
Underlying (profit)/loss on disposal of non-current assets[6]	(0.3)	(0.5)	(1.6)	0.5	(0.1)	(2.2)
Underlying amortisation of intangible assets[7]	2.4	2.4	2.6	1.3	1.3	2.6
Total underlying operating expenses	**225.4**	**237.5**	**244.4**	**121.8**	**129.5**	**252.1**
Total non-underlying items before taxation[8]	1.8	3.8	4.1	0.7	1.0	4.4
Operating expenses	**227.3**	**241.3**	**248.5**	**122.5**	**130.5**	**256.5**

(1) Underlying unit level staff costs comprise expenditure in relation to the Group's employees who deliver direct care and support to the people we support.

(2) Underlying agency costs comprise expenditure in relation to third-party staffing agencies who deliver direct care and support to the people we support.

(3) Underlying direct overheads comprise supplementary expenditure required to deliver the care and support to the people we support (direct costs to run the Group's services).

(4) Underlying central overheads comprise expenditure in relation to the Group's head office function who support the running of the business and therefore indirectly support the delivery of care and support.

(5) Underlying depreciation and impairment of property, plant and equipment comprises the write off of property, plant and equipment to their residual value over their estimated useful life.

(6) Underlying (profit)/loss on disposal of non-current assets comprise the difference between the net disposal proceeds received and the net book value of non-current assets at the time of disposal.

(7) Underlying amortisation of intangible assets comprises the write off of intangible assets to their residual value over their estimated useful life.

(8) Total non-underlying items before taxation includes non-underlying items, as presented in the reconciliation from Adjusted EBITDA to Underlying Adjusted EBITDA, of £1.3 million, £1.6 million and £3.0 million for the fiscal years 2019, 2020 and 2021, respectively, £1.2 million and £1.0 million for the six months ended 30 September 2020 and 2021, respectively, as well as £2.8 million for the twelve months ended 30 September 2021.

Other operating costs

Our other operating costs are principally comprised of operating costs to support our care homes. Key items of expenditure are occupancy-related costs such as food and consumables. Non-occupancy-related costs include rent, council tax, utilities (gas, electricity, water), property maintenance, insurance, vehicle rental and running costs. In addition, while growth in our Community Based Care Division requires modest capital expenditure, start-up costs associated with increasing service capacity in the different regions in which we operate affect our operating costs. See "*Risk factors—Risks related to our business—If we are unable to win tenders, or upon winning tenders, if we are unable to fully integrate the services we are awarded, we might not achieve the level of growth we anticipate and our financial conditions and results of operations may be adversely impacted*".

Principal statement of profit and loss items

Revenue

Revenue represents total fees receivable from Local Authorities and CCGs for services provided to the people we support.

Operating expenses

Operating expenses comprises of (i) direct expenses and consumables, (ii) staff costs, (iii) operating lease rentals, (iv) depreciation, (v) impairment of property, plant and equipment, (vi) (profit) / loss on disposal of assets, (vii) profit on termination of lease obligation, (viii) amortisation of intangible assets, (ix) other external charges and (x) receipts in respect of VAT on the Group's day care activities.

Direct expenses and consumables

Direct expenses and consumables include direct costs incurred in operating services on a day-to-day basis, including home provisions, day care activities, registration fees and therapists, particularly for those people we support with ABI.

Staff costs

Staff costs consist of wages, salaries and employee benefits, employers' national insurance, pension costs and other costs such as statutory sick pay.

Operating lease rentals

Operating lease rentals consist of commitments under non-cancellable operating leases over land and buildings as well as other assets such as plant and machinery.

Depreciation

Depreciation comprises the write off of the cost of property, plant and equipment to their residual value over their estimated useful life. Non-current assets once classified as held for sale are not depreciated, and are stated at the lower of previous carrying value and fair value.

Impairment of property, plant and equipment

Impairment of property, plant and equipment comprises the write off of the cost of property, plant and equipment to their residual value over their estimated useful life. Non-current assets once classified as held for sale are not depreciated or amortised, and are stated at the lower of previous carrying value and fair value.

(Profit) / loss on disposal of assets

(Profit) / loss on disposal of assets represents the difference between the net disposal proceeds received and the net book value of non-current assets at the time of disposal.

Profit on termination of lease obligation

Profit on termination of lease obligation consists of the accounting profit made when leases are exited and IFRS 16 balance sheet positions are released.

Amortisation of intangible assets

Intangible assets with finite useful lives that are acquired separately or in a business combination are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The carrying amounts of intangible assets are reviewed annually to determine whether the assets have suffered an impairment loss.

Other external charges

Other external charges consist of indirect costs incurred in running and maintaining services, Local Authority rates, council tax, repairs, utilities, training and professional fees.

Receipts in respect of VAT on the Group's day care activities

Receipts in respect of VAT on the Group's day care activities consists of reimbursement receipts from customers of VAT for a historical change in the VAT treatment of day care activities.

Finance income

Finance income consists of interest received on current account and deposit account balances.

Finance expense

Finance expenses on bank loans primarily consist of interest payable and fees relating to the Existing Notes, as well as other finance costs including the interest on the Existing Revolving Credit Facility.

Taxation

Taxation is based on the profit or loss for the year and takes into account deferred taxation movements.

Results of operations

Six months ended 30 September 2021 compared to six months ended 30 September 2020

The table below sets out our results of operations for the six months ended 30 September 2021, compared to the six months ended 30 September 2020.

Profit and loss data (£ in millions)	**For the six months ended 30 September**	
	2020	**2021**
Revenue	**134.0**	**144.8**
Operating expenses	(122.5)	(130.5)
Underlying Adjusted EBITDA	**20.9**	**23.6**
Non-underlying items	(1.2)	(1.0)
Adjusted EBITDA	**19.7**	**22.6**
Depreciation and impairment	(7.2)	(7.1)
Profit / (loss) on disposal of non-current assets(1)	0.3	0.1
Amortisation of intangible assets	(1.3)	(1.3)
Operating profit	**11.6**	**14.3**
Finance income	0.1	0.0
Finance expense	(10.2)	(9.6)
Profit / (loss) before taxation	**1.4**	**4.7**
Taxation	(0.3)	(4.4)
Profit / (loss) for the period	**1.1**	**0.3**

(1) Profit / (loss) on disposal of non-current assets for the six months ended 30 September 2020 includes a profit on termination of lease obligations of £0.8 million.

Revenue

Revenue increased by £10.8 million, or 8.0% to £144.8 million for the six months ended 30 September 2021 from £134.0 million for the six months ended 30 September 2020, primarily due to both the growth in our Community Based Care Division and an increase in fees that we are able to charge primarily in our Registered Care Division. Our revenue by segment for the six months ended 30 September 2021 and 2020 was as follows:

(£ in millions)	**For the six months ended 30 September**	
	2020	**2021**
Registered Care Division	87.2	91.1
Community Based Care Division	46.9	53.7
Total	**134.0**	**144.8**

Operating expenses

Operating expenses increased by £8.0 million, or 6.5% to £130.5 million for the six months ended 30 September 2021 from £122.5 million for the six months ended 30 September 2020. Operating expenses by expense items for the six months ended 30 September 2021 and 2020 was as follows:

	For the six months ended 30 September	
(£ in millions)	**2020**	**2021**
Direct expenses and consumables	4.6	3.7
Staff costs	97.2	102.8
Operating lease rentals	0.4	0.4
Depreciation	6.9	7.1
Impairment of property, plant and equipment	0.3	—
(Profit) / loss on disposal of assets	0.5	(0.1)
Profit on termination of lease obligation	(0.8)	—
Amortisation of intangible assets	1.3	1.3
Other external charges	12.1	15.5
Receipts in respect of VAT on the Group's day care activities	—	(0.1)
Total	**122.5**	**130.5**

Direct expenses and consumables

Direct expenses and consumables decreased by £0.9 million, or 19.6% to £3.7 million for the six months ended 30 September 2021 from £4.6 million for the six months ended 30 September 2020, primarily due to a reduction in certain elements of COVID-19 expenditure.

Staff costs

Staff costs increased by £5.6 million, or 5.8% to £102.8 million for the six months ended 30 September 2021 from £97.2 million for the six months ended 30 September 2020, primarily due to certain inflationary pay rises, increases in national living wage and national minimum wage, and staff required to support the growth in our business. This increase was partially offset by the mix of staffing shifting towards agency due to the effects of certain staff members recruited during the COVID-19 pandemic returning to their previous roles outside the sector, the continued impact of staff needing to isolate, and some tightening of local employment markets.

Operating lease rentals

Operating lease rentals remained stable at £0.4 million for the six months ended 30 September 2021, as compared to the six months ended 30 September 2020.

Depreciation

Depreciation expense increased by £0.2 million to £7.1 million for the six months ended 30 September 2021 from £6.9 million for the six months ended 30 September 2020.

Impairment of property, plant and equipment

Impairment of property, plant and equipment decreased by £0.3 million to £0.0 million for the six months ended 30 September 2021 from £0.3 million for the six months ended 30 September 2020.

(Profit) / loss on disposal of assets

For the six months ended 30 September 2021, we had a profit on disposal of assets of £0.1 million. For the six months ended 30 September 2020, we had a loss on disposal of assets of £0.5 million. This change was primarily due to the carrying value of the particular assets sold compared to its proceeds.

Profit on termination of lease obligation

For the six months ended 30 September 2021, we had a loss on termination of lease obligation of £0.8 million. For the six months ended 30 September 2020, we did not record any profit on termination of lease obligation.

Amortisation of intangible assets

Amortisation of intangible assets remained stable at £1.3 million for the six months ended 30 September 2021, as compared to the six months ended 30 September 2020.

Other external charges

Other external charges increased by £3.4 million, or 28.1% to £15.5 million for the six months ended 30 September 2021 from £12.1 million for the six months ended 30 September 2020, primarily due to lower levels of spend during the COVID-19 pandemic returning to normal.

Receipts in respect of VAT on the Group's day care activities

For the six months ended 30 September 2021, we had receipts in respect of VAT on the Group's day care activities of £0.1 million. For the six months ended 30 September 2020, we did not record any receipts in respect of VAT on the Group's day care activities.

Underlying Adjusted EBITDA

Underlying Adjusted EBITDA increased by £2.7 million, or 12.9% to £23.6 million for the six months ended 30 September 2021 from £20.9 million for the six months ended 30 September 2020. Our Underlying Adjusted EBITDA by segment for the six months ended 30 September 2021 and 2020 was as follows:

	For the six months ended 30 September	
(£ in millions)	**2020**	**2021**
Registered Care Division	16.4	17.8
Community Based Care Division	4.5	5.8
Total	**20.9**	**23.6**

Finance income

Finance income decreased by £0.1 million to £0.0 million for the six months ended 30 September 2021 from £0.1 million for the six months ended 30 September 2020.

Finance expense

Finance expense decreased by £0.6 million, or 6.3% to £9.6 million for the six months ended 30 September 2021 from £10.2 million for the six months ended 30 September 2020, primarily due to lower interest expense resulting from the repayment of drawings under the Existing Revolving Credit Facility.

Taxation

A taxation charge of £4.4 million was reported for the six months ended 30 September 2021 compared to taxation charge of £0.3 million for the six months ended 30 September 2020.

Year ended 31 March 2021 compared to year ended 31 March 2020

The table below sets out our results of operations for the year ended 31 March 2021, compared to the year ended 31 March 2020.

Profit and loss data ***(£ in millions)***	**For the year ended 31 March**	
	2020	**2021**
Revenue	**267.0**	**274.2**
Operating expenses	(241.3)	(248.5)
Underlying Adjusted EBITDA	**45.1**	**44.8**
Non-underlying items	(1.6)	(3.0)
Adjusted EBITDA	**43.5**	**41.8**
Depreciation and impairment	(15.9)	(15.0)
Profit / (loss) on disposal of non-current assets(1)	0.5	1.6
Amortisation of intangible assets	(2.4)	(2.6)
Operating profit	**25.7**	**25.7**
Finance income	0.1	0.2
Finance expense	(19.4)	(19.9)
Profit / (loss) before taxation	**6.4**	**6.0**
Taxation	(1.5)	(2.6)
Profit / (loss) for the period	**4.9**	**3.4**

(1) Profit / (loss) on disposal of non-current assets for the fiscal year 2021 includes a profit on termination of lease obligations of £0.8 million.

Revenue

Revenue increased by £7.2 million, or 2.7% to £274.2 million for the year ended 31 March 2021 from £267.0 million for the year ended 31 March 2020, primarily due to fee increases, which are estimated to have contributed £8.0 million in revenue. This increase was also due to estimated volume growth of £4.6 million, which was particularly driven by growth in our Community Based Care Division. This increase was partially offset by the impact of the COVID-19 pandemic, estimated to have decreased revenue by £5.4 million and the impact from the loss of housing benefit revenue as a result of the sale of freehold property in September 2019, which is estimated to have amounted to £0.8 million. Our revenue by segment for the year ended 31 March 2021 and 2020 was as follows:

(£ in millions)	**For the year ended 31 March**	
	2020	**2021**
Registered Care Division	172.8	175.4
Community Based Care Division	94.2	98.8
Total	**267.0**	**274.2**

Operating expenses

Operating expenses increased by £7.2 million, or 3.0% to £248.5 million for the year ended 31 March 2021 from £241.3 million for the year ended 31 March 2020. Operating expenses by expense items for the year ended 31 March 2021 and 2020 was as follows:

(£ in millions)	**For the year ended 31 March**	
	2020	**2021**
Direct expenses and consumables	7.9	8.3
Staff costs	185.7	199.2
Operating lease rentals	0.9	0.6
Depreciation	13.7	14.0
Impairment of property, plant and equipment	2.2	1.1
(Profit) / loss on disposal of assets	(0.5)	(1.6)
Amortisation of intangible assets	2.4	2.6
Other external charges	29.2	24.3
Receipts in respect of VAT on the Group's day care activities	(0.1)	—
Total	**241.3**	**248.5**

Direct expenses and consumables

Direct expenses and consumables increased by £0.4 million, or 5.0% to £8.3 million for the year ended 31 March 2021 from £7.9 million for the year ended 31 March 2020, primarily due to a net increase in COVID-19 related expenditure.

Staff costs

Staff costs increased by £13.5 million, or 7.3% to £199.2 million for the year ended 31 March 2021 from £185.7 million for the year ended 31 March 2020, primarily due to certain inflationary pay rises, increases in national living wage and national minimum wage, and staff required to support the growth in our business and increases relating to the COVID-19 pandemic and pay incentives offered to retain continuity of staff delivery during the COVID-19 pandemic.

Operating lease rentals

Operating lease rentals decreased by £0.3 million to £0.6 million for the year ended 31 March 2021 from £0.9 million for the year ended 31 March 2020.

Depreciation

Depreciation expense increased by £0.3 million to £14.0 million for the year ended 31 March 2021 from £13.7 million for the year ended 31 March 2020.

Impairment of property, plant and equipment

Impairment of property, plant and equipment decreased by £1.1 million, or 50% to £1.1 million for the year ended 31 March 2021 from £2.2 million for the year ended 31 March 2020.

(Profit) / loss on disposal of assets

For the year ended 31 March 2021, profit on disposal of assets increased by £1.1 million to £1.6 million for the year ended 31 March 2021 from £0.5 million for the year ended 31 March 2020, primarily due to the carrying value of the particular assets sold compared to its proceeds.

Amortisation of intangible assets

Amortisation of intangible assets increased by £0.2 million to £2.6 million for the year ended 31 March 2021 from £2.4 million for the year ended 31 March 2020.

Other external charges

Other external charges decreased by £4.8 million, or 16.5% to £24.3 million for the year ended 31 March 2021 from £29.2 million for the year ended 31 March 2020, primarily due to a reduction in activity due to the COVID-19 pandemic, which was partially offset by increases in insurance premiums.

Receipts in respect of VAT on the Group's day care activities

For the year ended 31 March 2021, we did not record any receipts in respect of VAT on the Group's day care activities. For the year ended 31 March 2020, we had receipts in respect of VAT on the Group's day care activities of £0.1 million.

Underlying Adjusted EBITDA

Underlying Adjusted EBITDA decreased by £0.3 million to £44.8 million for the year ended 31 March 2021 from £45.1 million for the year ended 31 March 2020. Our Underlying Adjusted EBITDA by segment for the year ended 31 March 2021 and 2020 was as follows:

	For the year ended 31 March	
(£ in millions)	**2020**	**2021**
Registered Care Division	33.8	34.0
Community Based Care Division	11.3	10.8
Total	**45.1**	**44.8**

Finance income

Finance income increased by £0.1 million to £0.2 million for the year ended 31 March 2021 from £0.1 million for the year ended 31 March 2020.

Finance expense

Finance expense increased by £0.5 million, or 2.6% to £19.9 million for the year ended 31 March 2021 from £19.4 million for the year ended 31 March 2020, primarily due to the increased borrowings under the Existing Revolving Credit Facility during the fiscal year 2021.

Taxation

A taxation charge of £2.6 million was reported for the year ended 31 March 2021 compared to taxation charge of £1.5 million for the year ended 31 March 2020.

Year ended 31 March 2020 compared to year 31 March 2019

The table below sets out our results of operations for the year ended 31 March 2020, compared to the year ended 31 March 2019.

Profit and loss data	For the year ended 31 March	
(£ in millions)	**2019**	**2020**
Revenue	**249.8**	**267.0**
Operating expenses	(227.3)	(241.3)
Underlying Adjusted EBITDA	**41.2**	**45.1**
Non-underlying items	(1.3)	(1.6)
Adjusted EBITDA	**39.9**	**43.5**
Depreciation and impairment	(15.3)	(15.9)
Profit / (loss) on disposal of non-current assets	0.3	0.5
Amortisation of intangible assets	(2.4)	(2.4)
Operating profit	**22.5**	**25.7**
Finance income	0.1	0.1
Finance expense	(19.5)	(19.4)
Profit / (loss) before taxation	**3.1**	**6.4**
Taxation	(0.9)	(1.5)
Profit / (loss) for the period	**2.2**	**4.9**

Revenue

Revenue increased by £17.2 million, or 6.9% to £267.0 million for the year ended 31 March 2020 from £249.8 million for the year ended 31 March 2019, primarily due to like-for-like growth of £11.5 million and fee increases, which are estimated to have contributed £5.7 million in revenue. Our revenue by segment for the year ended 31 March 2020 and 2020 was as follows:

	For the year ended 31 March	
(£ in millions)	**2019**	**2020**
Registered Care Division	167.7	172.8
Community Based Care Division(1)	82.1	94.2
Total	**249.8**	**267.0**

(1) Includes revenue of £20.0 million from our historic Focused Healthcare Division for the fiscal year 2019.

Operating expenses

Operating expenses increased by £13.9 million, or 6.1% to £241.3 million for the year ended 31 March 2020 from £227.3 million for the year ended 31 March 2019. Operating expenses by expense items for the year ended 31 March 2020 and 2019 was as follows:

	For the year ended 31 March	
(£ in millions)	**2019**	**2020**
Direct expenses and consumables	7.7	7.9
Staff costs	170.9	185.7
Operating lease rentals	1.0	0.9
Depreciation	14.8	13.7
Impairment of property, plant and equipment	0.4	2.2
(Profit) / loss on disposal of assets	(0.3)	(0.5)
Amortisation of intangible assets	2.4	2.4
Other external charges	30.6	29.2
Receipts in respect of VAT on the Group's day care activities	(0.3)	(0.1)
Total	**227.3**	**241.3**

Direct expenses and consumables

Direct expenses and consumables increased by £0.2 million to £7.9 million for the year ended 31 March 2020 from £7.7 million for the year ended 31 March 2019.

Staff costs

Staff costs increased by £14.8 million, or 8.7% to £185.7 million for the year ended 31 March 2020 from £170.9 million for the year ended 31 March 2019, primarily due to certain inflationary pay rises, staff required to support the growth in our business and increases in staff costs as a result of increases in the national minimum wage, which was partially offset by lower sleep-in costs.

Operating lease rentals

Operating lease rentals decreased by £0.1 million to £0.9 million for the year ended 31 March 2020 from £1.0 million for the year ended 31 March 2019.

Depreciation

Depreciation expense increased by £1.1 million, or 7.4% to £13.7 million for the year ended 31 March 2020 from £14.8 million for the year ended 31 March 2019.

Impairment of property, plant and equipment

Impairment of property, plant and equipment increased by £1.8 million to £2.2 million for the year ended 31 March 2020 from £0.4 million for the year ended 31 March 2019.

(Profit) / loss on disposal of assets

For the year ended 31 March 2020, profit on disposal of assets increased by £0.2 million to £0.5 million from £0.3 million for the year ended 31 March 2019.

Amortisation of intangible assets

Amortisation of intangible assets remained stable at £2.4 million for the year ended 31 March 2021, as compared to the year ended 31 March 2020.

Other external charges

Other external charges decreased by £1.5 million, or 4.9% to £29.2 million for the year ended 31 March 2020 from £30.6 million for the year ended 31 March 2019, primarily due to a reduction in agency costs and non-underlying costs incurred during the issue of loan notes.

Receipts in respect of VAT on the Group's day care activities

Receipts in respect of VAT on the Group's day care activities decreased by £0.2 million to £0.1 million for the year ended 31 March 2020 from £0.3 million for the year ended 31 March 2019.

Underlying Adjusted EBITDA

Underlying Adjusted EBITDA increased by £3.9 million, or 9.5% to £45.1 million for the year ended 31 March 2020 from £41.2 million for the year ended 31 March 2019. Our Underlying Adjusted EBITDA by segment for the year ended 31 March 2020 and 2019 was as follows:

	For the year ended 31 March	
(£ in millions)	**2019**	**2020**
Registered Care Division	32.5	33.8
Community Based Care Division[(1)]	8.7	11.3
Total	**41.2**	**45.1**

(1) Includes Underlying Adjusted EBITDA of £2.5 million from our historic Focused Healthcare Division for the fiscal year 2019.

Finance income

Finance income remained stable at £0.1 million for the year ended 31 March 2020, as compared to the year ended 31 March 2019.

Finance expense

Finance expense decreased by £0.1 million to £19.4 million for the year ended 31 March 2020 from £19.5 million for the year ended 31 March 2019.

Taxation

A taxation charge of £1.5 million was reported for the year ended 31 March 2020 compared to taxation charge of £0.9 million for the year ended 31 March 2019.

Liquidity and capital resources

Following the consummation of the Transactions, our principal sources of liquidity will be our existing cash and cash equivalents, cash generated from operations and any borrowings under our Revolving Credit Facility. Our principal uses of cash after the consummation of the Transactions will be to fund capital expenditures, provide working capital, meet debt service requirements and finance our strategic plans, including possible acquisitions.

We believe that our operating cash flows and borrowing capacity under the Revolving Credit Facility expected to be made available at closing will be sufficient to meet our requirements and commitments for the foreseeable future. However, we are highly leveraged and have significant debt service obligations. Our actual financing requirements will depend on a number of factors, many of which are beyond our control. See "*Risk factors—Risks related to our financial profile—We will require a significant amount of cash to service our debt and sustain our operations, which we may not be able to generate or raise*".

As at 30 September 2021, our cash balance (comprised of cash at bank and in hand) was £40.3 million, representing a decrease of £0.3 million from £40.7 million as at 31 March 2021. This decrease was primarily due to investments in property, plant and equipment, the acquisition of Woodley House Limited and interest paid to service existing borrowings, which was partially offset by cash generated from operating activities. As at 31 March 2021, our cash balance (comprised of cash at bank and in hand) was £40.7 million, representing a decrease of £39.5 million, or 49.2% from £80.1 million as at 31 March 2020. This decrease was primarily due to the repayment of all outstanding borrowings under the Existing Revolving Credit Facility in the amount of £45.0 million. As at 31 March 2020, our cash balance (comprised of cash at bank and in hand) was £80.1 million, representing an increase of £61.5 million from £18.7 million as at 31 March 2019. This increase was primarily due to the net drawdown under the Existing Revolving Credit Facility in the amount of £45.0 million, cash generated from the sale of freehold property and improved working capital.

As a result of the timing of our monthly payroll expenditures, the repayment of accrued interest and the collection of fees, our working capital has regular swings. In particular, our monthly payroll expenditures are made two business days before the 10th day of each month, employment tax liabilities by the 22nd day of each month and the repayment of accrued interest every six months. Our fees, however, are collected throughout the course of the month. For the fiscal years 2021, 2020 and 2019, our changes in working capital were £8.9 million, £5.7 million and negative £1.0 million.

The following table illustrates our cash flows from the indicated sources for the periods presented:

Cash flow data	**For the year ended 31 March**			**For the six months ended 30 September**	
(£ in millions)	**2019**	**2020**	**2021**	**2020**	**2021**
Net cash generated from operating activities	20.6	31.3	30.0	15.5	13.7
Net cash generated from / (used in) investing activities	(22.8)	11.9	(19.2)	(9.0)	(11.9)
Net cash generated from / (used in) financing activities	4.0	18.2	(50.2)	(47.4)	(2.2)
Net increase / (decrease) in cash and cash equivalents in the period	**1.8**	**61.5**	**(39.4)**	**(40.9)**	**(0.4)**

Net cash generated from operating activities

Net cash generated from operating activities decreased by £1.8 million, or 11.6% to £13.7 million for the six months ended 30 September 2021 from £15.5 million for the six months ended 30 September 2020. This decrease was primarily due to lower cash inflow from working capital mainly due to trade debtors, which was partially offset by lower tax and interest payments.

Net cash generated from operating activities decreased by £1.3 million, or 4.3% to £30.0 million for the year ended 31 March 2021 from £31.3 million for the year ended 31 March 2020. This decrease was primarily due to the increase in an increase in tax and interest payments offset by higher cash generated from working capital. For the year ended 31 March 2021 and 2020, interest paid on the Existing Notes and borrowings under the Existing Revolving Credit Facility was £17.2 million and £17.0 million, respectively.

Net cash generated from operating activities increased by £10.7 million, or 51.9% to £31.3 million for the year ended 31 March 2020 from £20.6 million for the year ended 31 March 2019. This increase was primarily due to an increase in profit for the period and improvements in working capital. For the year ended 31 March 2020 and 2019, interest paid on the Existing Notes and borrowings under the Existing Revolving Credit Facility was £17.0 million and £17.3 million, respectively.

Net cash generated from / (used in) investing activities

For the six months ended 30 September 2021, we used £11.9 million in investing activities, mainly including £3.6 million in connection with the acquisition of subsidiaries, £8.5 million of investments to improve the existing portfolio or support the growth and development of the Group, which was partially offset by the receipt of £0.1 million proceeds as a result of the disposal of certain freehold properties.

For the six months ended 30 September 2020, we used £9.0 million in investing activities, mainly including £11.3 million in connection with the acquisition of freehold properties and investments to improve the existing portfolio or support the growth and development of the Group, which was partially offset by the receipt of £2.1 million proceeds as a result of the disposal of certain freehold properties.

For the year ended 31 March 2021, we used £19.2 million in investing activities, mainly including £19.2 million in connection with the acquisition of freehold properties and investments to improve the existing portfolio or support the growth and development of the Group, £4.8 million for the acquisition of subsidiaries, which was partially offset by the receipt of £4.7 million proceeds as a result of the disposal of certain freehold properties.

For the year ended 31 March 2020, we generated £11.9 million from investing activities, mainly including £27.6 million in connection with the disposal of certain freehold properties, which was partially offset by the payment of £12.0 million in connection with the acquisition of freehold properties and investments to improve the existing portfolio or support the growth and development of the Group.

For the year ended 31 March 2019, we used £22.8 million in investing activities, mainly including £22.5 million in connection with the acquisition of freehold properties and investments to improve the existing portfolio or support the growth and development of the Group and £2.3 million for the acquisition of subsidiaries, which was partially offset by the receipt of £2.4 million proceeds as a result of the disposal of certain freehold properties.

Net cash generated from / (used in) financing activities

For the six months ended 30 September 2021, we used £2.2 million in financing activities primarily due to property and vehicle lease payments.

For the six months ended 30 September 2020, we used £47.4 million in financing activities primarily due to the repayment of all outstanding borrowings under the Existing Revolving Credit Facility in the amount of £45.0 million.

For the year ended 31 March 2021, we used £50.2 million in financing activities primarily due to the repayment of all outstanding borrowings under the Existing Revolving Credit Facility in the amount of £45.0 million and payments for property and vehicle leases in the amount of £5.2 million.

For the year ended 31 March 2020, we generated £18.2 million from financing activities primarily due to the net drawdown under the Existing Revolving Credit Facility in the amount of £22.0 million, which was partially offset by payments for property and vehicle leases in the amount of £3.8 million.

For the year ended 31 March 2019, we generated £4.0 million from financing activities primarily due to the net drawdown under the Existing Revolving Credit Facility in the amount of £8.0 million, which was partially offset by payments for property and vehicle leases in the amount of £4.0 million.

Capital expenditure

Our capital expenditure incurred during the six months ended 30 September 2020 and 2021 and the fiscal years ended 31 March 2021, 2020 and 2019 is set out below:

	Year ended 31 March			Six months ended 30 September	
(£ in millions)	**2019**	**2020**	**2021**	**2020**	**2021**
Development CAPEX	14.5	3.0	8.3	5.6	0.8
Maintenance CAPEX	7.0	7.1	7.4	3.3	6.5
IT CAPEX	1.6	2.5	3.6	2.4	1.1
Total CAPEX	**23.0**	**12.5**	**19.3**	**11.3**	**8.5**

Development CAPEX primarily comprises build costs and other professional expenses in connection with new builds and conversions of existing properties. Development CAPEX also includes costs in connection with the acquisition of property which we originally lease for our operations and where we later agree to acquire the property from the lessor as well as the purchase of motor vehicles. Our future Development CAPEX amounts will be discretionary, and we may adjust spending in any period according to our strategy to continue to selectively expand capacity and evaluate opportunities that enhance our profitability. We intend to finance all of our projected Development CAPEX through a combination of cash flows from operations and borrowings under our Revolving Credit Facility where necessary. Community developments are generally financed via a third-party developer or investor, although on occasion we will use our cash flows and borrowings under the Revolving Credit Facility to finance these developments. We believe that our current cash balance and net cash expected to be provided by operating activities along with availability under our Revolving Credit Facility will be sufficient to meet our anticipated operating requirements for at least the next twelve months.

Maintenance CAPEX primarily comprises service related routine capital expenditure and non-service related capital expenditure with respect to supporting our head office function and includes purchases of new replacement equipment and fixtures. The recent increase in Maintenance CAPEX during the six months ended 30 September 2021 (as compared to the six months ended 30 September 2020) was primarily due to the lower Maintenance CAPEX requirements during the COVID-19 pandemic and a catch-up effect in fiscal year 2022. A significant portion of our properties are relatively new and require less Maintenance CAPEX than older homes. In addition, we employ a team of approximately 41 maintenance operatives to carry out general maintenance in our properties on a regular basis. Due to the small size and domestic nature of our care homes, we are able to carry out regular maintenance and control our expenses by using our designated team to address most maintenance concerns as they arise. Our policy of regular maintenance is aimed to ensure a consistent standard of quality across our care homes and minimises the need for significant works. We expect our Maintenance CAPEX to increase as our property portfolio ages, as more frequent and intensive maintenance will be required to maintain our current standards.

IT CAPEX comprises of service related routine capital expenditure and non-service related capital expenditure with respect to software and hardware used for the operations of our Group. We rely on IT systems to support our operations and administration, which consist of IT infrastructure and networks, proprietary software and licensed software. As we continue to develop our IT capability, we expect to spend IT CAPEX to acquire and develop new software to enhance the scope and efficiency of our operations. We would support this development by spending IT CAPEX on developing our infrastructure and networks in order to support the growth of the Group and to maintain and enhance our cyber security. We expect that our current cash balance, future cash flows and the availability of borrowings under the Revolving Credit Facility will be enough to meet our anticipated requirements.

Contractual obligations

The following table summarises our material contractual obligations as at 31 March 2021 as adjusted to give effect to the Transactions. The following table excludes any future interest payments that we would be required to make. The table also excludes any amount that will be available under the Revolving Credit Facility as well as any payments under any hedging agreements and any interest payable.

(£ in millions)	Within 1 year	Between 2 and 5 years	More than 5 years	Total
Notes offered hereby[1]	—	—	250.0	250.0
Total	**—**	**—**	**250.0**	**250.0**

(1) Represents the aggregate principal amount of the Notes offered hereby.

Off-balance sheet arrangements

As at 31 March and 31 December 2021, we had no undisclosed off-balance sheet arrangements.

Qualitative and quantitative disclosures about market risk

Our activities and debt financing expose us to a variety of financial risks, the most significant of which are interest rate risk, price risk, credit risk and liquidity risk. Our overall risk management strategy seeks to minimise the potential adverse effects of such risks.

Interest rate risk

On or about the Issue Date, we expect to have access to the Revolving Credit Facility with a total size of £50 million and maturity three months prior to the maturity of the Notes. Loans under the Revolving Credit Facility will initially bear interest at rates per annum equal to SONIA, subject to a 0% floor, plus a margin of 3.25% per annum (which shall be subject to reduction in accordance with a ratchet linked to the consolidated senior secured net leverage ratio). While we do not expect to draw the Revolving Credit Facility on the Issue Date, we may in the future be exposed to interest rate risk relating to material changes in SONIA. To maximise interest receivable surplus cash is deposited each evening in a flexible interest bearing current account which is linked to SONIA and which lowers our net exposure to interest rate risk.

Price risk

We are not exposed to commodity price risk (other than purchases of consumables), but as a provider of care services, we are subject to both general and industry specific wage pressures, including legislative changes concerning the national living wage and the national minimum wage.

In addition, contracts with Local Authorities and CCGs accounted for 96% of revenue for the fiscal year 2021. There is a risk that budget constraints, public spending cuts and other financial pressures could cause such publicly funded purchasers to spend less money on the type of service that we provide. We continue to diligently monitor any impact for the Group in our negotiations with publicly funded purchasers.

Credit risk

Financial instruments that may potentially expose us to credit risk primarily consist of cash and cash equivalents and trade receivables. Credit exposure in relation to customers is limited given 96% of our revenue (for the fiscal year 2021) is attributable to publicly funded bodies. We have no significant concentrations of credit risk, with the exposure spread over many Local Authorities and CCGs.

Liquidity risk

Our operational cash flow is largely stable and predictable given the contractual and recurring nature of the core business activity. We manage our exposure to liquidity risk by preparing short-term and long-term cash flow forecasts, reflecting known commitments and anticipated projects. Borrowing facilities are arranged as necessary to finance projected cash requirements, including capital expenditure and acquisitions. Adequate headroom is maintained for general corporate purposes including working capital. Interest on our shareholder loans is not immediately cash settled.

Critical accounting policies

The preparation of financial information in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial information and the reported amounts of revenue and expenses during the years then ended. Management bases its estimates on historical experience and various other assumptions that are considered to be reasonable in the particular circumstances. Actual results may differ from these estimates.

Business combinations and goodwill

Acquisitions are accounted for using the acquisition method as at the acquisition date and costs incurred in relation to the acquisition are expensed and included within operating expenses.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. If the contingent consideration is not classified as equity, changes to fair value are recognised in the statement of profit and loss.

Any deferred consideration payable is recognised at fair value at the acquisition date and changes to fair value are recognised in the statement of profit and loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the fair value of net identifiable assets acquired and liabilities assumed. Goodwill is tested for impairment annually. If the consideration is lower than the fair value of the net assets of the acquired subsidiary, the difference is recognised in statement of profit and loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Intangible assets

Intangible assets with finite useful lives that are acquired separately or in a business combination are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The carrying amounts of intangible assets are reviewed annually to determine whether the assets have suffered an impairment loss. The estimated useful lives are as follows:

Customer relationships	2 – 8 years
Non-compete	2 – 3 years
Brands..	2 – 4 years

Purchased software that is not integral to the functionality of the related equipment is capitalised and amortised on a straight-line basis over its estimated useful life. The estimated useful life is as follows:

Software not integral	3 years

Non-current assets held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amount will be recovered primarily through a sale transaction rather than through continuing operational use. Reclassification will only take place if (i) the asset is available for immediate sale in its present condition, (ii) the asset will be subject to terms for a normal sale of such asset and (iii) management are committed to the sale and expect the sale to be completed within one year from the date of classification.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated nor amortised.

In the statement of profit and loss for the fiscal year, and for the comparable period of the previous fiscal year, revenue and expenses for discontinued operations are reported separately from revenue and expenses from continuing operations, down to the level of profit / (loss) after taxation.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure incurred in bringing the asset into working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Depreciation is charged to the statement of profit and loss on a straight-line basis at rates calculated to write off the cost of each asset to its residual value over its estimated useful life. The depreciation rates in use are:

Freehold land..	Nil
Freehold buildings..................................	2%
Motor vehicles..	25%
Fixtures, fittings and equipment.............	20%
Computers integral	33%
Right-of-use assets	Duration of lease

Gains and losses of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and are recognised net within the statement of profit and loss.

Impairment of goodwill and property, plant and equipment

The carrying amounts of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the property, plant and equipment may not be recoverable.

Calculation of recoverable amount

The recoverable amount of property, plant and equipment is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating operating segment exceeds its recoverable amount. Impairment losses are recognised in the statement of profit and loss unless it arises on previously revalued property, plant and equipment. An impairment loss on revalued property, plant and equipment is recognised in the statement of profit and loss if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of other comprehensive income until the carrying amount reaches the asset's depreciated historic cost.

Impairment losses recognised in respect of income-generating operating segments are allocated first to reduce the carrying amount of any goodwill allocated to income-generating operating segments, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the operating segment on a *pro rata* or more appropriate basis. An income generating operating segment is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or group of assets.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are stated at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised at fair value less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost less any impairment losses.

Trade and other payables

Trade and other payables are stated at cost.

Revenue

Revenue in respect of the provision of care services represents the fair value of fee income receivable for the period and is recognised in respect of the care that has been provided in the relevant period. Revenue invoiced in advance is included in deferred income, until the service is provided, while revenue billed in arrears is included in accrued income until billed.

Non-underlying items

The Group separately identifies and discloses certain items, referred to as non-underlying items, by virtue of size, nature and occurrence. This is consistent with the way that financial performance is measured by senior management and assists in providing a meaningful analysis of operating results by excluding items that may not be part of the ordinary activity of the business.

Financing income and expense

Interest income and interest payable is recognised in the statement of profit and loss as it accrues, using the effective interest method.

Financing expenses comprise interest payable on the Notes and other third party borrowings and unwinding of the discount on provisions and lease liabilities. In addition, transaction costs that are directly attributable to the arrangement of borrowings are capitalised and recognised in the statement of profit and loss using the effective interest method.

Taxation including deferred taxation

The charge for taxation is based on the profit or loss for the year and comprises current and deferred taxation. Income tax is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Tax currently payable is based on the taxable profit for the period. Taxable profit differs from profit before taxation as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Tax is calculated using tax rates enacted or substantively enacted at the date of the statement of financial position.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Government grants

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in the statement of profit and loss on a systematic basis over the periods in which the Group recognises the expenditure for which the grants are intended to compensate.

Employee benefits

The assets of all pension plans are held separately from those of the Group, in separately administered funds.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate company and will have no legal obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of profit and loss in the period during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets are deducted. The Group determines the net interest on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit asset.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that has maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Re-measurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets and the effect of the asset ceiling. The Group recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in the statement of profit and loss.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

Segment reporting

Segment results that are reported include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, finance costs and tax assets and liabilities.

FRS 101 disclosure exemptions

As the consolidated financial statements of the Group include the equivalent disclosures, the Company has taken the exemption under FRS 101 available in respect of the following disclosures:

- a cash flow statement;
- the effects of new but not yet effective IFRSs; and
- disclosures in respect of transactions with wholly owned subsidiaries.

Leases

Definition of a lease

The Group assesses whether a contract is or contains a lease based on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

As a lessee, the Group recognises right-of-use assets and lease liabilities for most leases. The Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value (e.g., short-term vehicle hire). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Significant accounting policies

The Group recognises a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgements to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Adopted IFRS not yet applied

The following pronouncements, issued by the IASB, have not yet been endorsed by the UK, are not yet effective and have not yet been adopted by the Group:

- FRS 17 Insurance Contracts;
- Amendments to IAS 1 Presentation of Financial Statements – Classification of liabilities as current or non-current;

- Amendments to IFRS 3 Business Combinations – Reference to the conceptual framework;
- Amendments to IAS 16 Property, Plant and Equipment – Proceeds before intended use;
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous contracts – cost of fulfilling a contract;
- Amendments to IAS 1 Presentation of Financial Statements – disclosure of accounting policies;
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – definition of accounting estimates;
- Amendments to IFRS 16 Leases – COVID-19 related rent concessions beyond 30 June 2021; and
- Annual improvements to IFRS standards 2018-2020 cycle.

The above standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

INDUSTRY

Unless otherwise stated, all references to policy and market structure should be taken to refer to England, where we conduct the majority of our activities. The devolved governments of Scotland and Wales have a substantial degree of control over their own health and social care spending policy and operate independently from the English system, including under different regulations.

Overview of the adult specialist care market

We believe we are a leading provider of registered care homes in the UK. We have a separate Registered Care Division that provides registered care homes, which are residential homes where specialist care is provided for people with high acuity needs in a safe setting. The registered care homes are directly registered with the CQC. We have also built an established presence in community based care services in the UK through our Community Based Care Division. Our community based DCAs are registered with the CQC and the care and support we provide is in the person's own home which may be in one of our supported living locations.

As at 31 March 2021, we provided specialist care to approximately 3,400 adults and children with learning disabilities, autism, ABI, PW, specialism behavioural support services, children's transition services and mental health. The majority of people we support have lifelong conditions and high acuity needs, which can be considered as either 'profound' or 'severe' by Local Authorities and the NHS and therefore require on-going care services, either in registered residential or community based care settings, to help them look after themselves.

Learning disabilities

The provision of care to individuals with learning disabilities is a specialised sector within the complex care segment of the social care industry. The vast majority of learning disability services are funded by Local Authorities, with contributions from the NHS, and ultimately funded by the Department of Health. Provision of care is dominated by the independent sector ('for-profit' and 'not-for-profit') which accounts for approximately 91% of the total market in England for learning disability in adults aged 18 to 64 in residential settings (*LaingBuisson*, Adult Specialist Care UK Market Report 4th edition, page 36).

People with learning disabilities often require lifelong support and individuals usually remain with the same service provider for several years or even decades. Learning disabilities may occur as a result of genetics or developmental issues caused at birth. They tend to be identified early in life and are a lifelong condition. Individuals with learning disabilities may have difficulty communicating and suffer a reduced ability to understand or remember new or complex information or learn new skills. Such individuals may also suffer from a lack of adaptive social functioning, causing a reduced ability to cope independently. Individuals with learning disabilities often have high acuity support needs.

Individuals with learning disabilities, which includes specific conditions such as autism, epilepsy, behavioural difficulties and similar, may exhibit some or all of the following characteristics:

Intellectual impairment: Such impairment is measured in terms of IQ and ranges from 'profound' (i.e., an IQ of less than 20), 'severe' (i.e., an IQ of 20 to 35), 'moderate' (i.e., an IQ of 35 to 50) and 'mild' (i.e., an IQ of 50 to 70).

Social or adaptive dysfunction: Individuals with learning disabilities may have difficulty communicating and may suffer a reduced ability to understand or remember new or complex information or learn new skills. Such individuals may also suffer from a lack of adaptive social functioning, causing a reduced ability to cope independently.

Early onset: Learning disabilities may occur as a result of genetics or development factors at birth. They tend to be identified in the developmental period of life and are a lifelong condition.

Complex support needs: Individuals with learning disabilities often require high levels of care. In addition to their learning disabilities, it is common for such individuals to be diagnosed with secondary disabilities such as mental health problems or, alternatively, physical disabilities or other medical conditions, such as epilepsy or autism.

Learning disabilities vary in severity and the specific level of care required will differ between individuals. Consequently, the impact on demand for formal social care will differ depending on the levels of eligibility, severity and needs in the learning disability population. Family members are often unable to effectively care for learning disabled individuals for a variety of reasons, including behavioural difficulty and/or the inability to encourage development without specialised help. Persons, including a carer, who need care or support are entitled to an assessment under the Care Act 2014 (the "**Care Act**"). Local Authorities must then apply a national eligibility threshold to determine whether the assessed individual is eligible for government sponsored care. Through creating a new national minimum threshold for eligibility requirements, the Care Act aims to ensure that there is clarity and consistency for Local Authority determinations on eligibility. The eligibility framework is generally divided into four categories: 'profound', 'severe', 'moderate' or 'mild'. A majority of the people we support fall within the top two categories, 'profound' and 'severe'. There is a growing demand for social care services from families, especially for those individuals coming through the school and college system, and in particular, for those individuals who have been diagnosed with autism (more than half of whom have a learning disability).

Acquired brain injury / Brain injury rehabilitation

ABI is an umbrella term utilised for any injuries to the brain sustained after birth, excluding neurodegenerative conditions such as multiple sclerosis and motor neurone disease. The most common forms of ABI are traumatic brain injury ("**TBI**", or otherwise referred to as 'head injury') and stroke. Other causes include a brain tumour, meningitis, aneurysm, haemorrhage, encephalitis, anoxia, and other conditions. One of the ways to treat ABI is BIR, which is a significant segment of the mental health market and has in recent years been a focus for new entries and diversification among a range of mental health and other healthcare providers. TBI and BIR services cover a wide range of services, from post-hospital discharge to long-term care, and across different registration categories, some being provided in hospitals and some in care homes. There are some providers that use the term 'complex care' to describe the services they provide, which may extend also to spinal injuries and ventilator dependent patients.

Nearly all patients start their treatment in an acute NHS hospital. Once the acute treatment phase is over and the patient is stabilised, the patient is either sent home in the care of primary or community based care services or to an NHS or independent sector residential rehabilitation unit (provided that the relevant funding is available). Occupancy rates in the ABI sector are typically lower than the 90% rate typically achieved for other social care residential services, primarily due to the relatively short length of stay for individuals with ABIs, which is measured in weeks or months rather than years. There is also a growth in the number of the providers which specialise in providing ABI rehabilitation services and other complex care in the home environment which would have previously been provided only in residential settings.

Mental health

The mental health sector comprises of a number of inter-related services covering different conditions, which, when combined, create a system of care. The NHS mental health services provides support for a wide range of illnesses, depression, anxiety disorders, psychosis, obsessive compulsive disorders, eating disorders, trauma-related conditions, perinatal mental health conditions, children's mental health, drugs and alcohol services, dementia, ADHD and autistic spectrum disorders.

Most of the people who receive support from mental health services are supported by mental health services as part of a community based care service, rather than being supported in a hospital. Generic community mental health teams ("**CMHTs**") are multidisciplinary teams that support people living in the community who have complex or serious mental health problems. CMHTs provide assessment and treatment for the population of a defined sector (usually stratified by age: child, adult and old age), who are referred by a general practitioner or other health professionals. CMHTs in collaboration with service users, draw up a care plan covering the needs and goals of an individual and co-ordinate care. Early intervention in psychosis services and assertive outreach teams (implemented alongside Crisis Resolution and Home Treatment teams as part of the National Service Framework for Mental Health) are specialised community based mental health care teams focused on providing treatment and support for specific groups, the former for young people between the ages of 16 and 35 who are experiencing their first episode of psychosis, the latter for people with long-term mental health problems with more complex needs and requiring intensive support.

Prader-Willi syndrome

Prader-Willi syndrome is a rare genetic condition that causes a range of physical symptoms (e.g., excessive appetite), learning difficulties and behavioural problems.

Specialist Behavioural Support Services

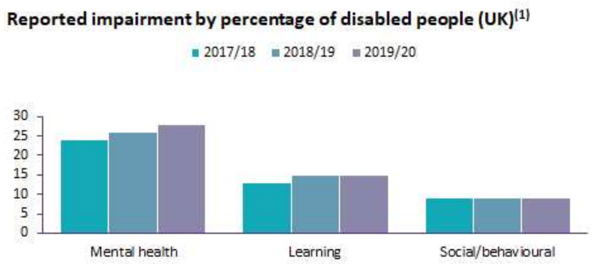
Specialist behavioural support services are provided to people with learning disabilities who are preparing for a discharge from a long-term hospital stay or are at risk of admission to hospital due to complex behaviours. This level of care is considered a step-down from in-patient hospital care. There is a substantial effort from Local Authorities to move people towards more community based treatment, which affords a better standard of living.

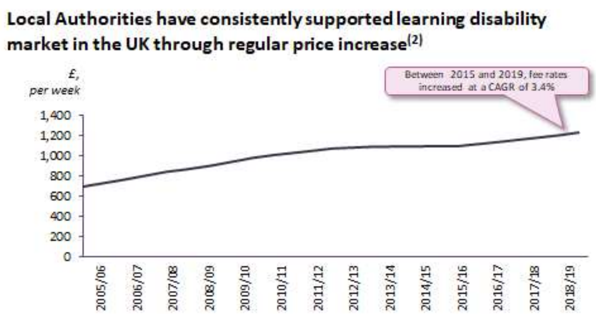
Market size and value

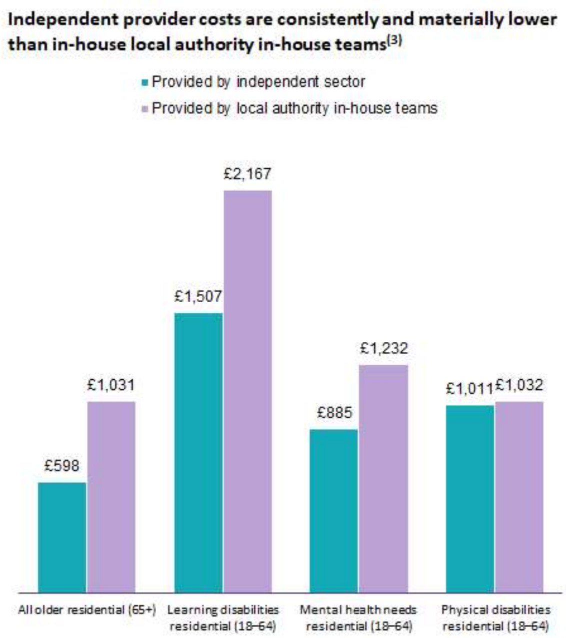
The UK government has earmarked £147.1 billion in funding for health services (including the NHS) for 2021/22, with the Local Authorities in England having spent approximately £21 billion in 2020/2021 on adult social care. In 2021, the UK government pledged to invest a further £5.4 billion in adult social care over the next three years to deliver several funding and system reform commitments.

According to LaingBuisson, during 2018/19, learning disability accounted for approximately £7.6 billion, or 61% of the total adult specialist care market value of £12.5 billion in the UK (LaingBuisson, *Adult Specialist Care UK Market Report 4th edition*, page ii).

The following graphics provide an overview about some of the key characteristics of the segments of the UK market in which we are active.







Sources: (1) ONS, Public Health England; (2) People with learning disabilities in England, Adult social care: 2018 update. (3) LaingBuisson Adult Specialist Care—UK Market Report, 2020 4th edition, page 114, table 1.26.

Learning disabilities

According to LaingBuisson, total gross public and private expenditure on non-residential learning disability services by social services in England grew at a CAGR of 6.5% from 2015 to 2019 and was driven by above-inflation fee increases and an increase in places for community based care (LaingBuisson, *Adult Specialist Care UK Market Report 4th edition*, page 76). Community based care for adults with learning disabilities has been one of the most rapidly expanding categories with council-paid supported living expenditure increasing at a

CAGR of 11.3% from 2015 to 2019 for adults with learning disabilities (LaingBuisson, *Adult Specialist Care UK Market Report 4th edition*, page 76).

According to research published in 2020 by LaingBuisson, there were an estimated 1.2 million adults with learning disabilities in England in 2020, representing around 2.2% of the adult population (LaingBuisson, *Adult Specialist Care UK Market Report 4th edition*, page 72). Of these adults with learning disabilities, approximately 151,000 received some kind of care and support in March 2019, either through residing in registered care homes, NHS hospitals, supported accommodation or supported group homes (LaingBuisson, *Adult Specialist Care UK Market Report 4th edition*, page 72). In addition, as of 2017 the NHS estimated that there were 286,000 children in England aged 0-17 years in 2017 with learning disabilities who, while being currently cared for by the school system, can be expected to require some level of adult learning disability services as they come of age.

According to LaingBuisson, the annualised value of the UK market for social care in residential settings for adults aged 18 to 64 with learning disabilities was £3.0 billion in 2018/19, with England comprising the majority of such value at £2.7 billion (LaingBuisson, *Adult Specialist Care UK Market Report 4th edition*, page 37). The independent sector (private and voluntary combined) dominates the supply of both residential and non-residential care services revenue in England and the UK, accounting for approximately 90% of all revenue in each of these two markets (LaingBuisson, *Adult Specialist Care UK Market Report 4th edition*, page 37).

According to LaingBuisson, as at July 2020, there were an estimated 45,909 places for care in residential settings across the UK (with an estimated 40,040 places in England alone) catering primarily to adults with learning disabilities aged 18-64 years (LaingBuisson, *Adult Specialist Care UK Market Report 4th edition*, page 38, table 1.5). Approximately 67% of registered care homes in England are operated by private (for-profit) providers, 29% by voluntary (not-for-profit) providers, with the remaining 4% operated by statutory sector providers, which are the Local Authorities and the NHS (LaingBuisson, *Adult Specialist Care UK Market Report 4th edition*, page 38 table 1.5).

Acquired brain injury / Brain injury rehabilitation

As of 2020, there was estimated to be over 450,000 people in England living with severe disability as a result of a stroke (LaingBuisson, *Adult Specialist Care UK Market Report 4th edition*, page 99). According to LaingBuisson, in 2020 and 2021, the market size for care for people who have suffered an ABI in residential settings (hospitals and care homes) was estimated at around £936 million in the UK, covering NHS in-house provision (approximately 29%), independent sector hospitals (approximately 18%) and care homes (approximately 53%), both publicly or privately funded (LaingBuisson, *Adult Specialist Care UK Market Report 5th edition,* figure 1.37). Independent sector operators are estimated to account for approximately £667 million (£166 million in hospitals and £501 million in care homes) or approximately 71% of the total, while NHS in-house provision accounts for the remaining approximately £269 million (approximately 29%) (LaingBuisson, *Adult Specialist Care UK Market Report 5th edition,* figure 1.37). This excludes community based rehabilitation services for people in their own homes as the majority of people with brain injury receive fairly minimal rehabilitation services at home.

Under-investment from the NHS has resulted in much of its patient load transferring to independent providers. This, in addition to generally buoyant demand, has resulted in a recent increase in market share for the provision of BIR by the independent sector.

Mental health

According to NHS Digital, the number of people in contact with secondary NHS mental health services was 2.9 million in 2019 and 2020, though this number also includes those who have received an assessment and who have not necessarily been offered any substantive intervention.

Within this population, the number of people who spent time in hospital as part of being in contact with secondary mental health services during 2019/20 was approximately 100,000. These patients consume the majority of NHS spending on mental health and learning disabilities.

The aggregate value of the social care market for working age adults with mental health needs was estimated at £1.2 billion in the UK in 2018/19 for residential and non-residential care services combined, with

£1.1 billion in England alone (LaingBuisson, *Adult Specialist Care UK Market Report 4th edition*, page 41, table 1.7).

History of specialist care services

The UK government has traditionally taken the primary role in providing care for people with learning disabilities not living in private households. The type of care provided was previously typified by large asylums and characterised by social isolation with an emphasis on 'maintenance' as opposed to individual development.

The 1971 white paper 'Better Services for the Mentally Handicapped' was a catalyst for change. This set out an agenda to assist people with learning disabilities to live as normal a life as possible. The change in government approach resulted in a reduction in the number of places for the learning disabled within hospitals and institutions, which were replaced by smaller, purpose-built homes in the heart of the community.

In 1993, Local Authorities, in collaboration with health service and independent sector agencies, became statutorily responsible for assessing need and commissioning services with the publishing of the National Health Service and Community Care Act 1990 (the "**Community Care Act**"). In 2003, the UK government produced guidance to Local Authorities called 'Fair Access to Care Services' on eligibility criteria for adult social care. This was an attempt to achieve a consistent approach for all Local Authorities when assessing needs of individuals. Four bands of need were established, which are applied by Local Authorities and CCGs responsible for assessing community care needs of people who live in their area. The Community Care Act has subsequently updated the eligibility criteria.

In November 2010, the coalition government published its report 'Vision for Social Care', which recommended accelerating the process of outsourcing care services to the private sector and providing more control to individuals and their family carers.

In April 2011, the responsibility between the NHS and Local Authorities for adults with learning disabilities changed. The transfer of funding is now made directly from the Department of Health to Local Authorities, with significantly increased sums being spent through Local Authorities.

In June 2013, the Better Care Fund was announced by the UK government to improve integration in health and social care and was subsequently implemented in 2015. It is underpinned by the Community Care Act, and creates a single pooled budget to give the NHS and local government an incentive to work together more closely and make the wellbeing of the people the focus of health and care services.

In April 2015, the Community Care Act replaced most previous laws to provide a coherent approach to adult social care in England. Part One of the Community Care Act (and its statutory guidance) consolidated and modernised the framework of care and support law, setting out new duties for Local Authorities and partners, and new rights for service users and carers. The Community Care Act aims to achieve: (i) clearer, fairer care and support; (ii) wellbeing, physical, mental and emotional, of both the person receiving care and their carer; (iii) prevention and delay of the need for care and support; and (iv) placing people in control of their care. The new statutory principle of individual 'wellbeing' is the foundation of the Community Care Act, and is the driving force behind care and support.

In 2015, NHS England (along with five other national delivery partners) developed the Transforming Care Programme, in response to the 'Winterbourne View' abuse scandal. The programme aims to achieve a better community infrastructure, resulting in: (i) a substantial reduction in the number of people with a learning disability and/or autism placed in inpatient settings; (ii) the prevention of people living in inpatient services and a reduction in length of stay for those people admitted to an inpatient facility; and (iii) better quality of care, support and life for people with a learning disability and/or autism.

In October 2015, the Local Government Association ("**LGA**"), Association of Directors of Adult Social Services ("**ADASS**") and NHS England published *Building the right support*, a national plan to reduce inpatient provision and enhance community capacity for people with a learning disability and/or autism. This set out the ambition to mobilise commissioning collaborations of CCGs, NHS England specialised commissioners and Local Authorities across England and create Transforming Care Partnerships ("**TCPs**"). By February 2016, 48 TCPs had been established and are developing three-year transformation plans aimed at re-shaping services to meet local needs and reducing in-patient beds by up to 50% as community based care services are developed.

From 2015 to 2019, the NHS embarked on a *Transforming Care model transformation programme*. The programme aimed to implement a national service model to improve the lives of children, young people and adults with a learning disability and/or autism who display behaviours that challenge, including those with a mental health condition. The goal was to develop community base care services and close inpatient facilities so fewer people with learning disability and/or autism will need to go into a hospital for their care and hundreds of hospital beds across England could close. For those that do need this more specialist support in a hospital, the NHS outlined that their length of stay should be as short as possible.

To support the change, a new financial framework was developed:

- NHS England's specialised commissioning budget for learning disability and autism services aligned with the new transforming care partnerships;

- CCGs encouraged to pool their budgets with Local Authorities while recognising their continued responsibility for NHS Continuing Healthcare;

- For people who have been in hospital the longest, the NHS provided a 'dowry'-money to help with moving people home; and

- Investment provided to CCGs to develop new community support before closing inpatient provisions.

Integration of health and social care, which is currently at the top of the conservative government's agenda, receives support in principle if not in policy detail from opposition parties. Effective integration is rightly or wrongly seen as the most promising medium to long-term solution to achieving better value from the limited public sector resources available for health and social care. Prior to the COVID-19 pandemic, aspirations for more substantial new funding were focused on the Comprehensive Spending Review 2020 (CSR). This was due to start in July 2020, but was delayed by the COVID-19 pandemic and no new date has been set as at the date of this Offering Memorandum. Prior to the COVID-19 pandemic, there was a reasonable expectation that the UK government, which had signalled an end to austerity, would seek to address the social care funding issue. The UK government has already borrowed a significant amount of money, and they are expected to be examining all claims for more public spending very closely going forward.

Funding and policy environment

As part of the Autumn Budget and spending review presented to UK Parliament on 27 October 2021, the UK government set out its budgeted spending for the fiscal years 2022/2023 to 2024/2025. The budget took further steps to improve support for health and social care. The Autumn Budget provides for a 4.1% CAGR (or £30 billion) increase in health spending in England (including NHS) by 2024/2025. The UK government aims to spend £177 billion a year on health and social care by 2024/2025.

Learning disabilities

Almost all learning disability services in the UK are funded by the public sector, with the majority being funded and commissioned by Local Authorities across the UK. Each such Local Authority sets its own commissioning strategies, fee rates and form of service agreement between providers and purchasers. Where individual needs encompass health as well as social care requirements, public sector funding is also sourced from CCGs, although this represents a relatively minor element of total learning disability funding. The budget available to Local Authorities is, therefore, a key factor determining the scale and growth of learning disability services, the majority of which are provided by the independent sector (mainly for-profit) providers.

Historically, the learning disabilities market has experienced fee rate increases at or above the rate of inflation. However, due to Local Authorities experiencing budgetary pressures, fee rate increases may be constrained over the coming periods. Local Authorities are expected to respond to cost pressures by seeking to increase usage of outreach-type services and community based care services. Care homes for individuals with learning disabilities at the higher end of the acuity scale are considered to be better insulated from these pressures, given the non-discretionary nature of such care services and support needs. In an industry characterised by spot contracts and multiple purchasers, fees are agreed on an individual basis to reflect the bespoke nature of care packages.

Key watchwords of 'personalisation', 'self-directed care' and 'transformation' have risen to the top of the UK government's social policy agenda in recent years, which has brought about the introduction of personal and individual budgets. These are having a fundamental impact on how social care services are commissioned for adults with learning disabilities and mental health problems, particularly when the choice of care provider is increasingly at the discretion of each individual service user. The *Direct Payments and Personal Budgets* initiative aims to give people more information on and control over how their needs are being met. Direct payments are cash payments given to service users in place of receiving community care services they have been assessed as needing. The service user assumes full responsibility for organising all of their own care. Personal budgets are an allocation of funding given to people after an assessment for care which should be sufficient to meet their assessed needs.

As personalisation or self-directed support policy progresses nationally, the uptake of direct payments has increased. According to LaingBuisson, as at 31 March 2020 the UK market size of people with learning difficulties was approximately £7.6 billion (LaingBuisson, *Adult Specialist Care UK Market Report 4th edition*, page ii). The Personal Social Services Research Unit estimates that the number of adults in England aged 18 to 64 with learning difficulties using publicly funded social care will increase at an expected CAGR of 2.1% from 2025 to 2030 and at an expected CAGR of 1.8% from 2025 to 2035.

Acquired brain injury / Brain injury rehabilitation

About three-quarters of patients who receive BIR in independent hospitals are believed to be funded by the NHS. Most of the remaining patients are funded through general insurance (e.g., motor and accident insurance), or are self-funded. Private medical insurance ("**PMI**") is not a significant funder of BIR because of the long-term nature of services which are usually outside PMI cover.

Social services, for their part, generally restrict their funding to care homes further down the care pathway, where 'rehabilitation' merges into long-term care. Private pay is negligible in this working age adults segment.

Long-term non-residential social care for people who have suffered from acquired brain injury can take the form of a whole range of low to medium level services and employment of personal assistants which may be funded by a mix of social services, insurance and ordinary income.

Mental health

In March 2021, the UK government announced their mental health recovery plan, including £500 million in funding. The focus areas of the plan include:

- £189 million of funding to accelerate delivery of key mental health commitments under the NHS Long Term Plan in 2021/2022;
- £111 million dedicated to support workforce growth and training;
- A total of £170 million to finance actions to tackle critical backlogs as a result of the COVID-19 pandemic, including funding to support discharge (£87 million), funding for learning disabilities and autism (£31 million), and preparation for reforms of the Mental Health Act 1983 (£3 million); and
- Funding reserved to adapt and evolve mental health support for workforce where needed (£10 million).

Market structure and competition

Adult specialist care services

Voyage Care is one of the market leaders of adult specialist care services, providing care homes, supported living and outreach services principally for learning disabled people. Other leading competitors include: Lifeways Group, owned by the Canadian private equity company Omers PE and focused primarily on supported living for learning disabled and other client groups; the not-for-profit Mencap, which provides a range of care home and supported living services primarily for people with learning disabilities; and the not-for-profit group Leonard Cheshire Disability, a provider of care homes, homecare and supported living services for people with physical disabilities. According to LaingBuisson, the independent sector remains heavily fragmented, with the top four independent providers (both for-profit and not-for-profit) by revenue accounting for only 7.5% market share in the adult specialist care services market, and the top ten independent providers (both for-profit and not-for-profit) by revenue accounting for 13.7% market share (LaingBuisson, *Adult Specialist Care UK Market Report 4th edition*, page 184, table 4.1).

The following table summarises the market shares of the leading providers of adult specialist care services in the UK in 2018/2019.

Organisation	Sector	Accounts year ended	Annual(ised) turnover from accounts (£ in million)	Estimated turnover from adult specialist care (£ in million)	Market share (in %)	Cumulative market share (in %)
Lifeways Group	For-profit	Aug-18	267	-	2.1%	2.1%
Voyage Care	For-profit	Mar-19	250	-	2.0%	4.1%
Priory Group (adult care division)	For-profit	Dec-18	225	-	1.8%	5.9%
Dimensions (UK) Ltd	Not-for-profit	Mar-19	197	-	1.6%	7.5%
Mencap (trading activities)	Not-for-profit	Mar-19	170	-	1.4%	8.9%
Leonard Cheshire Disability (trading activities)	Not-for-profit	Mar-19	145	-	1.2%	10.0%
Turning Point	Not-for-profit	Mar-19	131	-	1.0%	11.1%
CareTech (adult services division)[1]	For-profit	Sep-19	124	-	1.0%	12.1%
Achieve Together[2]	For-profit	Mar-19	107	-	0.9%	12.9%
Community Integrated Care[3]	Not-for-profit	Mar-19	-	93	0.7%	13.7%
Accomplish (formerly Tracscare)	For-profit	Mar-19	84	-	0.7%	14.3%
Hft (trading activities)	Not-for-profit	Mar-19	80	-	0.6%	15.0%
Exemplar Health Care	For-profit	Mar-19	76	-	0.6%	15.6%
Four Seasons Health Care[4]	For-profit	Dec-18	-	70	0.6%	16.1%
Active Care Group	For-profit	Mar-19	70	-	0.6%	16.7%
The Disabilities Trust	Not-for-profit	May-19	50	-	0.4%	17.1%
Heathcotes Group Ltd	For-profit	Mar-19	47	-	0.4%	17.5%
Salutem Healthcare	For-profit	Mar-19	35	-	0.3%	17.8%
All other providers			10,282	-	82.2%	100%
TOTAL ADULT SPECIALIST CARE MARKET			**12,503**		**100%**	

Source: LaingBuisson Adult Specialist Care—UK Market Report, 2020 fourth edition, page 184, table 4.1.

(1) For the year ending September 2019, CareTech's total revenue was £395 million, to which the adult services division contributed £123.6 million.

(2) The Regard Group was renamed Achieve Together following its acquisition by AMP Capital and merger with Care Management Group. £107 million is the annualised revenue calculated from or the year ending March 2019

(3) For the year ending March 2019, Community Integrated Care's total revenue was stated as £127 million split into £93 million for younger adults and £34 million for older people.

(4) Four Seasons specialist homes are split between its Care Homes and Huntercombe Divisions. LaingBuisson's estimate is based on capacity (from the LaingBuisson database) times occupancy (average of the two divisions from the latest annual accounts) times estimated average fees (average of the two divisions from the latest annual accounts).

Voyage Care is a market leader in adult specialist care services by number of beds. Due to the relative small size of its care home portfolio in comparison to its market leading presence in the supported living segment, Lifeways is ranked seventh. The care home segment is almost as fragmented as the sector as a whole, with the top four independent providers (both for-profit and not-for-profit) accounting for only 8.8% of beds in the adult specialist care services market and the top 20 independent providers (both for-profit and not-for-profit) accounting for 21.2% of beds in the adult specialist care services market (LaingBuisson, Adult Specialist Care UK Market Report 4th edition, page 188, table 4.4).

The following table summarises the independent sector (for-profit and not-for-profit) specialist care home groups in the UK in 2020 by bed capacity, including all adult specialist care services client types and groups with more than 150 adult specialist care services beds:

Organisation	Sector	Homes	Beds	Penetration (beds) (in %)	Cumulative penetration (beds) (in %)
Priory Group	P	212	2,255	2.8%	2.8%
Voyage Care	P	252	2,019	2.5%	5.4%
Leonard Cheshire	V	76	1,366	1.7%	7.1%
CareTech	P	151	1,329	1.7%	8.8%
Achieve Together	P	144	1,158	1.5%	10.2%
Four Seasons Health Care	P	26	821	1.0%	11.2%
Lifeways Group	P	71	774	1.0%	12.2%
Exemplar Health Care	P	27	690	0.9%	13.1%
Salutem Healthcare	P	71	675	0.8%	13.9%
PrimeLife	P	29	668	0.8%	14.8%
Accomplish	P	86	596	0.7%	15.5%
Caring Homes	P	65	576	0.7%	16.2%
Cygnet Health Care	P	52	564	0.7%	17.0%
Elysium Healthcare	P	36	556	0.7%	17.7%
Choice Care Group	P	62	527	0.7%	18.3%
Mencap	V	67	496	0.6%	18.9%
Heathcotes Group	P	58	485	0.6%	19.5%
Valorum Care	P	17	459	0.6%	20.1%
The Disabilities Trust	V	35	437	0.5%	20.7%
Potens	P	38	422	0.5%	21.2%
Barchester Healthcare Ltd	P	5	393	0.5%	21.7%
Hft	V	38	391	0.5%	22.2%
Sussex Health Care Ltd	P	13	388	0.5%	22.7%
Sanctuary Group	V	26	385	0.5%	23.2%
Allied Care Ltd	P	35	364	0.5%	23.6%
Milestones Trust	V	35	310	0.4%	24.0%
Livability	V	27	308	0.4%	24.4%
Select Healthcare Ltd	P	15	300	0.4%	24.8%
St Anne’s Community Services	V	31	257	0.3%	25.1%
National Care Group Ltd	P	21	257	0.3%	25.4%
Sense	V	40	252	0.3%	25.7%
The National Autistic Society	V	33	249	0.3%	26.0%
Rushcliffe Care Ltd	P	8	245	0.3%	26.4%
Swanton Care & Community Ltd	P	22	241	0.3%	26.7%
MacIntyre Care	V	29	239	0.3%	27.0%
Community Integrated Care	V	45	239	0.3%	27.3%
Turning Point	V	27	233	0.3%	27.5%
FitzRoy	V	21	229	0.3%	27.8%
Dimensions (managed in-house)	V	36	222	0.3%	28.1%
Action on Hearing Loss	V	23	200	0.3%	28.4%
PJ Care	P	3	185	0.2%	28.6%
Careline Lifestyles	P	7	181	0.2%	28.8%
MCCH Society Ltd	V	20	178	0.2%	29.1%
Norwood	V	19	175	0.2%	29.3%
Ramsay Health Care UK	P	3	174	0.2%	29.5%
Bupa Care Homes	P	3	174	0.2%	29.7%
United Response	V	31	174	0.2%	29.9%
David Lewis	V	8	166	0.2%	30.1%
Milewood Healthcare Ltd	P	16	166	0.2%	30.3%
Fieldbay Ltd	P	6	165	0.2%	30.6%
Making Space	V	11	163	0.2%	30.8%
Rethink Mental Illness	V	17	161	0.2%	31.0%
Linkage Community Trust	V	17	154	0.2%	31.2%
Together	V	12	152	0.2%	31.3%
Kisimul Group	P	21	151	0.2%	31.5%
Other independent sector capacity		4,898	54,486	68.5%	100.0%
Total independent sector capacity		**7,197**	**79,580**	**100%**	

Source: LaingBuisson Adult Specialist Care—UK Market Report, 2020 fourth edition, page 188, table 4.4.

* Sector: P = Private or ‘For-profit’; V = Voluntary or Not-for-profit.

** Category: 1 UK Publicly Quoted Company or Subsidiary; 2 Non-UK Publicly Quoted Company or Subsidiary; 5 Private Company or Limited Liability Partnership; 6 Partnership or Individual Owned; 7 Provident Association or Subsidiary; 8 Voluntary Sector Organisation; 9 Organisation formed to operate former Local Authority homes; 10 Local Authority Provider; 11 NHS Provider; 12 Local Authority Trading Company; 13 Public Service Mutual; 14 Housing Association/Social Landlord; 15 Social Enterprise; 16 Social Enterprise (For-Profit).

(1) Care homes plus a small number of residential substance abuse rehabilitation services.

(2) Learning disabilities, Mental Health, Eating Disorders, Younger Adults (<65), Physical Disabilities, Sensory Impairments, BIR and Substance Misuse.

Learning disabilities

Since the Community Care Act became effective in April 1993, the learning disabilities market has become highly fragmented with a large number of providers. The independent sector remains highly fragmented, with the top four independent providers accounting for only 13.1% of the market in terms of beds and the top 20 independent providers accounting for 27.4% of the market in terms of beds (LaingBuisson, *Adult Specialist Care UK Market Report 4th edition*, page 191, table 4.5).

Competition in the sector also consists of smaller bespoke registered care home providers. A number of operators, including most of the not-for-profit organisations, such as Mencap and The Home Farm Trust have tended to focus on the provision of less-capital intensive outreach-type services to individuals with less acute support needs.

We compete with other care homes that operate in each locality, which is primarily based on the local reputation of each individual care home. We compete with competitors for Local Authority and CCG placements.

The following table summarises the independent sector (for-profit and not-for-profit) care home groups in the UK in 2020 by bed capacity, primary client type learning disabilities and groups with more than 150 beds:

Organisation	**Sector**	**Homes**	**Beds**	**Penetration (beds) (in %)**	**Cumulative penetration (beds) (in %)**
Voyage Care	P	223	1,719	4.1%	4.1%
Priory Group	P	163	1,617	3.9%	7.9%
CareTech	P	133	1,101	2.6%	10.6%
Achieve Together	P	135	1,056	2.5%	13.1%
Lifeways Group	P	62	574	1.4%	14.4%
Caring Homes	P	63	565	1.3%	15.8%
Cygnet Health Care	P	49	533	1.3%	17.1%
Mencap	V	67	496	1.2%	18.2%
Salutem Healthcare	P	53	423	1.0%	19.3%
Choice Care Group	P	49	411	1.0%	20.2%
Hft	V	38	391	0.9%	21.2%
Heathcotes Group	P	42	365	0.9%	22.0%
Allied Care Ltd	P	30	321	0.8%	22.8%
Four Seasons Health Care	P	11	320	0.8%	23.6%
Potens	P	30	313	0.7%	24.3%
Sussex Health Care Ltd	P	10	306	0.7%	25.0%
The National Autistic Society	V	33	249	0.6%	25.6%
Elysium Healthcare	P	26	247	0.6%	26.2%
Accomplish	P	37	242	0.6%	26.8%
MacIntyre Care	V	29	239	0.6%	27.4%
FitzRoy	V	21	229	0.5%	27.9%
Dimensions	V	36	222	0.5%	28.4%
National Care Group Ltd	P	15	218	0.5%	29.0%
Community Integrated Care	V	42	203	0.5%	29.4%
St Anne's Community Services	V	26	201	0.5%	29.9%
PrimeLife	P	11	200	0.5%	30.4%
Milestones Trust	V	22	198	0.5%	30.9%
Sense	V	30	194	0.5%	31.3%
Turning Point	V	22	176	0.4%	31.7%
Norwood	V	19	175	0.4%	32.2%
Sanctuary Group	V	14	172	0.4%	32.6%
United Response	V	30	169	0.4%	33.0%
Leonard Cheshire	V	24	163	0.4%	33.4%
Milewood Healthcare Ltd	P	15	159	0.4%	33.7%
David Lewis	V	7	154	0.4%	34.1%
Other independent sector capacity		3,358	27,666	65.9%	100%
Total independent sector capacity		**4,975**	**41,987**	**100%**	

Source: LaingBuisson Adult Specialist Care—UK Market Report, 2020 fourth edition, page 191, table 4.5.

* Sector: P = Private or 'For-profit'; V = Voluntary or Not-for-profit.

The type and format of services in the sector varies considerably. The demand from purchasers is generally for smaller homes, which replicate a normal domestic dwelling (including communal and garden spaces) but are equipped to support people with learning disabilities, ABI and other related complex and challenging support needs.

Acquired brain injury / Brain injury rehabilitation

BIR is provided by both registered hospitals and care homes, with significant overlap in service users and no clear distinction between the programmes they offer. Exemplar Healthcare is the market leader in the brain injury or BIR space, with 8.2% of independent sector hospital and care home capacity (LaingBuisson, *Adult Specialist Care UK Market Report 4th edition*, page 194, table 4.8). US-based Acadia has the second largest market share through its ownership of Priory Group and Partnerships in Care. Though the two companies still operate separately, they are expected to merge their operations. The not-for-profit Royal Hospital for Neuro-disability which runs a single, large hospital in London dedicated to BIR has the third largest market share, and Voyage Care has the fourth largest market share.

Like physical disabilities, the BIR segment of the market is less fragmented than the adult specialist care services sector as a whole. The concentration ratio for BIR providers (share of independent sector bed capacity controlled by the four largest suppliers) is 27.4%, while the top ten control 53.2% (LaingBuisson, *Adult Specialist Care UK Market Report 4th edition*, page 194, table 4.8).

The following table shows the major independent (for-profit and not-for-profit) care homes/hospital groups in the UK in 2020 by combined hospital and care home bed capacity and groups with more than 50 beds in 2020:

Organisation	Sector	Beds in hospital units for ABI (2019)	Beds in care homes for ABI (2020)	Total hospital and care home beds	Penetration (beds) (in %)	Cumulative penetration (beds) (in %)
Exemplar Health Care	P	-	429	429	8.2%	8.2%
Elysium Healthcare	P	95	284	379	7.3%	15.5%
Four Seasons Health Care	P	90	244	334	6.4%	21.9%
Barchester Healthcare Ltd	P	30	255	285	5.5%	27.4%
The Disabilities Trust	V	67	218	285	5.5%	32.8%
Priory Group	P	91	171	262	5.0%	37.9%
Royal Hospital for Neuro-disability	V	220	-	220	4.2%	42.1%
Voyage Care	P	-	219	219	4.2%	46.3%
PJ Care	P	-	185	185	3.5%	49.8%
Ramsay Health Care UK	P	-	174	174	3.3%	53.2%
Careline Lifestyles	P	-	160	160	3.1%	56.2%
Accomplish	P	-	151	151	2.9%	59.1%
Fieldbay Ltd	P	-	145	145	2.8%	61.9%
Sue Ryder	V	-	143	143	2.7%	64.7%
Christchurch Group	P	25	112	137	2.6%	67.3%
Cuerden Care	P	-	121	121	2.3%	69.6%
Lifeways Group	P	-	110	110	2.1%	71.7%
Select Healthcare Ltd	P	-	108	108	2.1%	73.8%
CareTech	P	-	103	103	2.0%	75.8%
Affinity Care Management	P	-	86	86	1.6%	77.4%
TRU Ltd	P	-	84	84	1.6%	79.0%
Cygnet Health Care Ltd	P	68	0	68	1.3%	80.3%
Renal Health Ltd	P	-	60	60	1.2%	81.5%
Rushcliffe Care Ltd	P	-	60	60	1.2%	82.6%
The Richardson Partnership for Care	P	-	57	57	1.1%	83.7%
Castel Froma Neuro Care Limited	V	-	57	57	1.1%	84.8%
Shelley Park Ltd	P	-	53	53	1.0%	85.8%
Raphael Hospital Group	P	-	53	53	1.0%	86.8%
Daughters of Charity of St Vincent de Paul	V	-	52	52	1.0%	87.8%
Sussex Health Care Ltd	P	-	51	51	1.0%	88.8%
Other independent sector capacity		141	442	583	11.2%	100%
Total independent sector capacity		827	4,387	5,214	100%	
NHS BIR beds (estimate)		1,670	-	1,670		
Total independent sector + NHS capacity		**2,497**	**4,387**	**6,884**		

Source: LaingBuisson Adult Specialist Care—UK Market Report, 2020 fourth edition, page 194, table 4.8.

* Sector: P = Private or 'For-profit'; V = Voluntary or Not-for-profit.

Mental health

The independent sector (private and voluntary combined) dominates the supply of mental health services for adults aged 18 to 64 with revenue of £1.1 billion in England alone (97% of the English total) (LaingBuisson, *Adult Specialist Care UK Market Report 4th edition*, page 41, table 1.7).

The following table shows the size of social care market for working age adults (between age 18 and 64) with mental health needs, by service type and provider sector, in 2018 and 2019 in England and estimates for the UK market:

Organisation	Public sector (£m)	Independent sector (£m)	Total (£m)	Independent sector penetration (%)
Care home fees	10	616	625	98%
Council funded non-residential social care of which:	27	376	403	93%
Homecare	2	59	61	97%
Supported living	6	137	143	96%
Direct payments	1	57	58	99%
Other social care services	19	122	141	87%
NHS commissioned continuing healthcare (‘complex care’) at home		50	50	100%
Other NHS commissioned homecare and supported living		18	18	100%
Private and other funded homecare and supported living		14	14	100%
Total England	**37**	**1,073**	**1,110**	**97%**
Total UK*	**43**	**1,158**	**1,201**	**96%**

Source: LaingBuisson Adult Specialist Care—UK Market Report, 2020 fourth edition, page 41, table 1.7.

* UK council funded non-residential social care costs extrapolated *pro rata* with population in absence of consistent data for all constituent parts of the UK.

A more detailed breakdown of the residential care market, including care home capacity, occupied beds and the value of fees in care homes with and without nursing, is shown in the table below.

The following table shows the volume and annualised value of social care services in residential settings for working age adults (between age 18 and 64) with mental health needs, by provider sector, in 2018 and 2019 in England and estimates for the UK market:

Organisation	Homes	Places	Residents	£ million
Private nursing	145	3,876	3,411	185
Private residential (without nursing)	690	8,651	7,613	340
Total for-profit supply	835	12,527	11,024	525
Voluntary nursing	36	630	554	27
Voluntary residential (without nursing)	165	1,785	1,571	64
Total not-for-profit supply	201	2,415	2,125	91
NHS residential care	9	134	121	6
Local authority staffed premises	7	75	68	4
Total public supply	**16**	**209**	**188**	**10**
Total care in residential settings England	**1,052**	**15,151**	**13,337**	**625**
Total care in residential settings UK	**1,226**	**17,506**	**15,410**	**723**

Source: LaingBuisson Adult Specialist Care—UK Market Report, 2020 fourth edition, page 42, table 1.8.

Market outlook and growth

Population

The Personal Social Services Research Unit forecasts that the population of adults in England aged 18 to 64 using publicly funded social care will increase at a CAGR of 2.7% from 2015 to 2025, with forecasts of an increase at a CAGR of 2.1% from 2025 to 2030 and a further increase at a CAGR of 1.8% from 2025 to 2035. This growth in the learning disability population is expected to result in an increase in the number of individuals who will receive social services funded support.

This growth is driven primarily by:

Ageing family carers and increased life expectancy of current learning disability population. The growing learning disability population is being cared for by ageing family carers, due to medical advances increasing the life expectancy of the current learning disability population.

Delayed motherhood. The increase in the number of women giving birth at a later age carries increased risk and a greater chance of learning and other disabilities.

Survival rates. Medical advances have resulted in improved survival rates with respect to affected individuals in the first year of life over the past twenty years. Individuals in this increased learning disability population are now entering adulthood.

Awareness. There is a continued increase in public awareness and appreciation for learning difficulties, which is highlighting more people that require support.

In addition, the number of individuals who will receive social services is impacted by the progressive implementation of the Care Standards Act 2000 which has resulted in increasingly stringent regulatory requirements and could lead to closures of single-unit or small multi-unit providers, thereby reducing capacity in the short-term.

Registered care homes market growth

The independent sector care home funding for learning disabilities and mental health has increased from 2014/15 to 2018/2019 at a CAGR of 0.4% (LaingBuisson, *Adult Specialist Care UK Market Report 4th edition*, page 76). This flat trend is expected to continue as Local Authorities and CCGs progressively shift towards promoting care in local communities. It is expected that some registered care home capacity will be replaced or repositioned in the future to accommodate community based care arrangements, in which learning disabled and mentally ill people in need of long-term care will be accommodated in housing as tenants or owners, while receiving homecare and other community based care services from social services providers. However, whilst Local Authorities and CCGs have clearly stated that community based care services is the type of service area that they wish to grow and develop moving forward, they also recognise the significant residual role of registered care homes.

The fragmented provider base for registered care homes, where a significant number of the providers are single-unit or small multi-unit providers, creates considerable scope for consolidation opportunities for both acquired capacity as well as major transformational acquisitions readily available to larger care home operators.

Community based care services market growth

Care hour requirements of community based care are outpacing epidemiological trends as a result of an ageing population surviving with multiple long-term conditions and the reduced provision of informal care provision. There is additional capacity for growth in the market for community based care, and as the number of hours of care delivered continues to rise, there will be a number of structural changes in the way care is delivered:

Transition from in-patient settings into the community. Driven by the NHS Transforming Care model transformation programme, which aims to develop community based care services and close inpatient facilities, so fewer people with learning disabilities and/or autism will need to go into hospitals for their care. This could lead to the closure of hundreds of hospital beds across England. Most Local Authorities and CCGs now pursue a policy of placing clients in community based care arrangements rather than registered care homes, recognising that community based care arrangements offer greater independence, dignity and inclusiveness for clients, as well as the fact that such arrangements are consistent with most clients' choice (over care homes).

Increasing complexity of homecare. Community based care will be more complete and more complex, as hospital and care home functions transition to this new setting, enabled by technology and driven by providers' new models of care.

Increasing dependence on staff. Demand for more staff overall and more highly skilled staff in community based care settings will increase.

As the overall market for community based care grows, so too will its addressability by private providers as statutory players continue to retreat from the sector due to cost pressures and diversification of commissioning and provision. While the majority of community based care in our core markets is already delivered by the private sector according to LaingBuisson, there remains some opportunity to capture further market share from statutory and third party providers (LaingBuisson, *Adult Specialist Care UK Market Report 4th edition*, page 41, table 1.7, page 37, table 1.4, page ii).

REGULATION

The regulatory regime governing the care services industry in each of England, Wales and Scotland is complex and multifaceted. See "*Risk factors—Risks related to our business—We operate in a highly regulated business environment, which is subject to political scrutiny. Failure to comply with regulations could lead to substantial penalties, including the loss of registration on some or all of our care homes as well as damage to our reputation*". Each regulatory regime is made up of a culmination of different statutes, regulations and minimum standards (the "**Laws and Regulations**"). All of the Laws and Regulations are predominantly protective in nature and share the same general underlying purpose to protect vulnerable persons from exploitation or harm.

Separate local enforcement bodies in each of England, Wales and Scotland enforce the relevant Laws and Regulations. These enforcement bodies control and administer the registration, inspection and complaints procedures set out under the applicable Laws and Regulations (which, as noted above, differ between the various UK jurisdictions). The enforcement bodies have the power to cancel a care service provider's registration, impose conditions on it or refuse to register a care service provider for various grounds prescribed under the Laws and Regulations applicable in each jurisdiction. They can prosecute for breaches. Accordingly, any substantial changes to the existing Laws and Regulations, that alter our ability to provide quality care services at a competitive cost, could have a material adverse effect on both the sustainability, reputation and growth of our business, as well as increasing the barriers of entry in the care services industry. See "*Risk factors—Risks related to our business—We operate in a highly regulated business environment, which is subject to political scrutiny. Failure to comply with regulations could lead to substantial penalties, including the loss of registration on some or all of our care homes as well as damage to our reputation*".

England and Wales

An overview of the Laws and Regulations that we consider to be most relevant to our businesses is set out below.

The care home sector in England and Wales is subject to extensive and complex regulation and frequent regulatory change, especially in England, where the majority of our operations are based. Different national regulators and regulatory regimes operate in each home nation. While regulation differs between these jurisdictions, it shares the same general underlying purpose of protecting vulnerable persons from exploitation or harm. It also sets out the rules governing the quality of care delivered, staffing, physical design, record keeping and required services for individuals.

The national regulators control and administer the registration, and inspection procedures set out under the applicable regulatory regimes. They also have the power to cancel a care service provider's registration, impose conditions on it or refuse to register a care service provider in certain circumstances (for example, if the service is being carried on otherwise that in accordance with the relevant requirements). They also have the power to prosecute for breach of regulations.

In addition to specific sector-related Laws and Regulations described below, our care homes are also subject to a variety of Laws and Regulations of general applicability. Examples include various planning law restrictions, building regulations and other regulations (such as on fire safety, asbestos management, waste management, energy efficiency, food hygiene and health and safety) and the requirements of the Data Protection Act 1998 in relation to personal data of individuals. There are particular regulations relating to health records, subject access requests (rights to access are modified in respect of health records) and sensitive personal data. The Freedom of Information Act 2000 applies to information held by providers on behalf of a public authority and data disclosed by providers to public authorities. Where residents at care homes display challenging behaviour or are otherwise a nuisance to neighbours, the police have powers under the Anti-social Behaviour, Crime and Policing Act 2014 to issue a 'closure order' requesting a court to order a temporary closure of any care home associated with significant and persistent disorder or persistent serious nuisance to a community. This is however rare.

The Health and Social Care Act 2008 (applicable to England)

The HSCA superseded the CSA with respect to adult social care in England and established the CQC as the registration and regulatory body for health and adult social care in England. Under the HSCA, service providers carrying out 'regulated activities' (such as providing 'accommodation for persons who require nursing or personal care', which we carry out in the operation of our care homes, and providing 'personal care', which we do under our Community Supported Living and Outreach divisions) must be registered with the CQC. Where the service provider is a company, each regulated activity/location must also have a registered manager. Companies must also nominate an individual ("**the nominated individual**") who is:

(a) employed as a director, manager or secretary of the body; and

(b) responsible for supervising the management of the carrying on of the regulated activity by the body.

Regulations also require that only 'fit persons' as defined in those regulations are appointed as directors of registered providers. CQC checks that this is the case.

The HSCA empowers the Secretary of State for Health and Social Care in England to issue regulations containing legally binding obligations on care providers. There are numerous regulations made pursuant to the HSCA but, to date, the most important regulations under the HSCA are (i) the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014 ("**Regulated Activities Regulations**"), which set out which activities are subject to registration, the requirements relating to persons carrying on or managing a regulated activity and the 'Fundamental Standards' required in relation to the provision of services and (ii) the Care Quality Commission (Registration) Regulations 2009 ("**Registration Regulations**"), which set out additional registration and notification requirements and provisions relating to the publication of information. Breach of many of those regulations is a criminal offence, though in some cases only if the breach resulted in avoidable harm, a service user being exposed to a significant risk of such harm or loss of property of a service user due to theft.

With respect to the Regulated Activities Regulations, such an offence is punishable by (at the discretion of the CQC) a warning notice, fixed penalty notice or caution (as an alternative to prosecution) or by prosecution, which in respect of breaches of regulations relating to the care and protection of residents, may result upon conviction in an unlimited fine for each offence. CQC has prosecuted many care providers who failed to deliver appropriate care.

Breach of the Registration Regulations (which generally relate to the provision of information to the CQC) is punishable, on summary conviction, by a fine. In some circumstances, the CQC may also take action to cancel or suspend registration, vary the conditions of registration or impose conditions of registration if any of the statutory grounds are met. There are statutory provisions for this to be done urgently if required.

As required by HSCA, the CQC publishes guidance on compliance with the regulations entitled 'Guidance for providers on meeting the regulations' (March 2015) (the "**Guidance**"). The Guidance consists of the points providers must have regard to when providing regulated activities.

The duty to comply with regulatory requirements falls on the registered person, which is defined as both the registered manager and the registered provider.

CQC also rates each provider or each location that a regulated activity is provided in (depending on the type of service). The ratings are based on five 'key questions':

(1) Is the service Safe?

(2) Is the service Effective?

(3) Is the service Caring?

(4) Is the service Responsive?

(5) Is the service Well-led?

CQC publishes Key Lines of Enquiry ("**KLOEs**"), which provide prompts to inspectors and providers in relation to each key question. CQC publishes different KLOEs for different types of service (e.g., residential social care, community adult social services, acute hospitals).

Each key question is rated with one of four ratings: inadequate, requires improvement, good and outstanding. CQC publishes characteristics of ratings for each question, providing descriptions of provision that may fall into each rating.

An aggregate rating for the provider or location is provided based on the ratings for each key question.

Regulation and Inspection of Social Care (Wales) Act 2016 ("RISCA") (applicable to Wales)

Care homes and Domiciliary Care Agencies in Wales are regulated under the Regulation and Inspection of Social Care (Wales) Act 2016, and Welsh regulations. The Care Inspectorate Wales ("**CIW**") is the agency responsible for regulating services.

The RISCA enables the National Assembly for Wales to issue regulations containing legally binding obligations on registered care providers governing their operations including in matters such as the activities which require registration, the fees for registration, the timing when the national regulator must be notified of certain matters, the frequency of quality audits to be carried out by registered providers and the decision as to what breaches of regulations constitute a criminal offence.

The system is not dissimilar to that in England, including the duty to comply with regulatory requirements falling on the registered person, which is defined as both the registered manager and the registered provider.

Civil enforcement powers

As noted above, the HSCA and RISCA include civil enforcement powers. The regulators have powers to impose new conditions or vary existing conditions on registration, and to suspend or cancel registration. A commonly used enforcement power is to place a prohibition via a condition on the registration prohibiting new admissions to a unit without the consent of the regulator. These powers are potentially very significant for a care provider because the regulator can effectively render the continuation of some or all of the care provider's operations unlawful. In practice this would mean the removal of some or all of the people we support from affected services. All criminal and civil enforcement powers may have a serious effect on the reputation and the profits of the care provider.

Inspection reports

The HSCA and RISCA require that the CQC in England and CIW in Wales inspect registered establishments and agencies in order to ensure that they comply with all regulatory requirements.

CQC conducts unannounced inspections and has extensive statutory powers in relation those inspections. Comprehensive inspections inspect against all five key questions and usually result in a rating decision by CQC. Focused inspections concentrate on particular issues, for example to check progress on a previous area of non-compliance and do not usually result in a new rating. CQC has a duty to publically publish reports of its inspections. Ratings are also published by CQC, and providers have a duty to publish them on their own websites and to display them prominently.

The CQC website provides profiles for each location of a registered provider. The profiles prominently display the most recent overall rating for the location, as well as the ratings under each key question. A summary of the latest inspection is available from a drop down box. There are tabs on the profile page titled 'Inspection Summary', which contains a summary of the findings under each question at the last inspection, 'Reports', which contain both summaries of all available inspections and links to the full reports, 'Registration Info' and 'Contact'.

CQC has a 'Special measures' procedure that applies to:

- services rated 'inadequate' overall; and
- services rated as inadequate in relation to one or more key question and following a further inspection, which should be within six months, the service is found again to be inadequate in relation to one or more key question and has not made sufficient progress.

Services will normally be re-inspected six months after the service has been put into special measures. If at that inspection the service is rated as 'inadequate', CQC will take measures to prevent the operator from carrying on regulated activities at that location. Usually there will be a further inspection within a further six months before CQC makes a final decision on whether to pursue closure of the service. CQC will also normally take other enforcement action during a Special measures procedure such as issuing warning notices or imposing or varying conditions on the registration for that site.

CIW has a searchable online directory of registered providers which links to copies of CIW inspection reports.

Inspections by regulators in England and Wales can be carried out on both an announced and, in most cases, an unannounced basis depending on the specific regulatory provisions relating to the different services provided. A failure to comply with regulations, the receipt of a poor inspection report rating or a lower rating or the receipt of a negative report that leads to a determination of regulatory non-compliance or a failure to cure any defect noted in an inspection report may result in reputational damage, fines, the revocation or suspension of the registration of any care home or service or a decrease in, or cessation of, the services provided at any given location. Commissioners may also suspend or cancel contracts in response to poor regulatory performance.

In addition to conducting inspections, the CQC also monitors the compliance of providers by gathering information from a range of other sources, including the people they support and connected persons, public representative groups, whistleblowers and other regulators. Profile pages include information on how to provide comment on a particular service. The CQC also uses the information supplied to it directly from registered providers via statutory notifications when certain events, incidents or changes take place to help monitor compliance. It has proposed to alter its inspection processes to place increased weight on third party information of this sort.

Mental Capacity Act 2005 ("MCA")

The MCA applies to providers of care services to people aged 16 and over who live in England and Wales and who are unable to make all or some decisions for themselves. It sets out the process for determining whether a person lacks mental capacity at a particular time. The MCA also sets out the legal framework for making decisions on behalf of those who lack capacity and when liability may arise for actions in connection with the care or treatment of persons who lack capacity to consent to such actions. In addition to the MCA itself, providers in England and Wales must also have regard to the MCA Code of Practice, which provides guidance on the MCA.

The MCA is, therefore, particularly relevant to care homes that care for individuals who lack capacity to reason or make appropriate decisions, for example individuals who lack mental capacity and refuse necessary medication or need to be restrained from time to time for their own safety.

The MCA also provides a statutory regime to authorise deprivations of liberty of incapacitated adults in a care home or hospital when for the purposes of receiving care or treatment and the detention is in their best interests and necessary to prevent harm to them. 'Deprivation of Liberty' in this context means that the person is under continuous supervision and control and is not free to leave. The care provider must in such cases apply to the Local Authority for an authorisation of the deprivation of liberty (a "**DOLs Authorisation**"). The Local Authority will carry out a range of assessments before determining whether to grant or decline the application. If granted, the person subject to the authorisation has a range of protections and rights under the scheme. Challenges to this process can be referred to the Court of Protection. The same court can also deal with disputes regarding the care or treatment of a person lacking capacity.

From April 2022, it is currently proposed that DOLs Authorisations will be replaced when they expire (or a new deprivation of liberty arises) by the Liberty Protection Safeguards ("**LPS**"). The LPS will seek to deliver improved outcomes for people who are or who need to be deprived of their liberty. The LPS intend to put the rights and wishes of the people affected at the centre of all decision making on deprivation of liberty. People who may have an LPS authorisation include those with dementia, autism and other learning disabilities where there is a lack of relevant capacity.

The Mental Capacity (Amendment) Act 2019 ("**MCA 2019**") enacted this new regime to replace DOLs Authorisations. The new regime is contained within schedule AA1 of the MCA 2019. However, it is not yet in force, as the implementation has been delayed as a result of the COVID-19 pandemic. Although it is currently proposed that the new regime should come into force in April 2022, the code of practice to support the new regime has not been issued yet, and the implementation date therefore remains uncertain.

At one time it was expected that care home managers would have a significantly enhanced role in LPS and required to collate and organise many of the reports needed to authorise a deprivation of liberty. However, the latest guidance (from the minutes of the LPS steering group at the Department of Health and Social Care) in October 2020 acknowledged that the government would not be implementing this aspect of the MCA 2019, and there has been no change or update as at the date of this Offering Memorandum.

Pre-employment checks

Before employing a person for the purposes to work in a care service, the registered persons must carry out one or more of the following checks from the DBS:

Standard DBS check: Checks for criminal convictions, cautions, reprimands and warnings. The check is required, for example, for anyone working in a children's home or in employment which is concerned with the provision of care services to vulnerable adults or which is of such a kind as to enable a person, in the course of his normal duties, to have access to vulnerable adults in receipt of such services.

Enhanced DBS check: Checks for the information provided under a standard DBS check together with any information a local senior police officer considers relevant to the person's suitability to work with children or vulnerable adults. That may include, for example, details of investigations that did not lead to prosecutions. Such checks are required in respect of anyone carrying out 'regulated activities' as defined in the Safeguarding Vulnerable Groups Act 2006 ("**SVGA**"). Note that regulated activities in this context is not the same as regulated activities under HSCA. An enhanced check will be required for most staff.

After carrying out the DBS checks, a registered person may employ the person with convictions provided that the employer is satisfied as to the suitability of the person to work in the relevant role.

Vulnerable Adults / Children Barred lists: The DBS maintains lists of people who are barred from working with vulnerable adults and/or children. People may be included on those lists either automatically (for example due to certain serious convictions) or subject to the right of the individual to make representations before being included on the list or lists. It is an offence to employ a person for the purposes of a regulated activity as defined in the SVGA if the person is included on the applicable list or lists, and separately, it is a regulatory requirement to check whether a person is on the list or lists before employing them.

There is also a duty under the SVGA to refer an employee to the DBS if permission for the person to work is withdrawn (or would have been withdrawn had the person not otherwise ceased to work) and the employer thinks that the person:

- has been cautioned or convicted of a relevant (automatic barring) offence;

- engaged in relevant conduct in relation to children and/or adults (i.e., an action or inaction (neglect) that has harmed a child or vulnerable adult or put them at risk of harm); or

- satisfied the harm test in relation to children and / or vulnerable adults (i.e., there has been no relevant action or inaction, but the person may harm or cause harm or put at risk of harm or incite another to harm, a vulnerable adult or child).

A failure to comply with the duty is an offence punishable by a fine.

Regulations also prescribe other matters that must be ascertained in pre-employment checks such as identification, employment history, references and qualifications.

The Mental Health Act 2007 (the "Mental Health Act")

The Mental Health Act, which amended the Mental Health Act 1983, and the MCA, introduced significant changes in the area of mental health care. These changes included the introduction of supervised community treatment, the broadening of the range of mental health professionals responsible for the treatment of patients without their consent, an introduction of a single definition of mental disorder, and the redefinition of the criteria for detention. Critically, the Mental Health Act regulates the manner in which an individual can be detained against the individual's will. In particular, it places the burden on the entity detaining a person to prove that the entity has the right to hold the detainee. This places a substantial regulatory burden on care home operators to ensure compliance with the law if they accommodate residents who are detained under the Mental Health Act. The Mental Health Act Commission previously had monitoring functions with regard to the operation of the Mental Health Act, but such functions are now undertaken by the CQC.

Duty of candour

In 2015, following the investigation into incidents of poor treatments in an English hospital, a duty of candour was recommended and subsequently introduced in England by regulation 20 of the Regulated Activities Regulations. There is a general duty upon providers to be open and honest with people who use their services in relation to care and treatment, especially when untoward events occur. Providers must follow certain requirements in the event of a notifiable safety incident, including informing the relevant person about the incident, providing reasonable support and providing, in person:

- a true account of all the information known to the provider;
- an apology; and
- details of the further enquires to be made.

A written notification must subsequently be sent including the information listed above together with the outcome of any further investigations. 'Relevant persons' means the service user, or someone lawfully acting on their behalf if they have died, lack capacity or are under 16 years of age.

Notifiable safety incidents are defined in the regulations as any unintended or unexpected incident that occurred in respect of a service user during the provision of a regulated activity that, in the reasonable opinion of a health care professional, appears to have resulted in one or more consequences listed in the regulation, which range from death to prolonged pain or prolonged psychological harm, or treatment is needed to prevent one of more serious consequences in the list.

It is a criminal offence to fail to provide the initial notification to the service user in accordance with the specific requirements, which is punishable by the CQC with a fine. It is not an offence to fail to comply with the subsequent follow up written notification, which will include more information. However, any breach of regulation may be relied upon by CQC when carrying out its regulatory functions. The duty of candour can be expected to result in more claims against providers and investigations into their conduct, and the sector has already seen prosecutions by CQC for failing to comply.

On 1 June 2020, the Health and Social Care (Quality and Engagement) (Wales) Act became law, incorporating a duty of candour. The Welsh government is now working to bring the act into force in Spring 2023.

Criminal offences

A range of criminal offences applies to both individuals and corporations in respect of care delivery.

The Criminal Courts and Justice Act 2015 created two new offences, ill-treatment and wilful neglect, which apply to individual care workers and care provider organisations. Prior to the introduction of those offences, prosecutions for a statutory offence of ill-treatment or wilful neglect could only occur in respect of persons receiving treatment for mental disorder, or in respect of persons who lack mental capacity. The new offences are of much wider applicability, applying whenever a person 'has the care' of another person by virtue of being a care worker, subject to certain exceptions. An individual care worker, if convicted, could receive up to five years imprisonment and/or a fine.

The new offences occur when the test for the care worker offence is satisfied and:

(1) the care provider's activities are managed or organised in a way which amounts to a gross breach of a relevant duty of care owed by the care provider to the individual who is ill-treated or wilfully neglected; and

(2) in the absence of the breach, the ill-treatment or wilful neglect would not have occurred or would have been less likely to occur.

The provider is liable upon conviction to an unlimited fine and a remedial or publicity order. The provisions came into force on 1 April 2015.

There are separate offences for ill-treatment or wilful neglect of incapacitated adults under the Mental Capacity Act 2005, ill-treatment or wilful neglect of those receiving treatment for a mental disorder in a care home or hospital under the Mental Health Act 1983 and cruelty to children under the Children and Young Persons Act 1933, although as explained above, none of those offences incur corporate liability.

The offence of corporate manslaughter under the Corporate Manslaughter and Corporate Homicide Act 2007 came into force on 6 April 2008. Organisations can be convicted if serious management failures constituting a gross breach of a duty of care led to a person's death. An organisation is guilty of an offence under this section only if the way in which its activities are managed or organised by its senior management is a substantial element in the breach. There have been convictions under this legislation including charges brought against a care home group (which ultimately led to a conviction) and an NHS Trust (which did not lead to a conviction). Convicted corporations are liable to unlimited fines, remedial orders and publicity orders.

New sentencing guidelines for health and safety offences and corporate manslaughter have been used from 1 February 2016 and have led to much higher fines in such cases. Courts are required to assess the overall seriousness of the offence based on certain criteria. The range of fines which apply depend on the seriousness of the offence and the turnover of the organisation. Fines could reach several millions of pound for the most serious health and safety offences for the largest organisations.

Many safety incidents in the care sector could involve breaches of both health and safety law and care specific regulations. A memorandum of understanding was entered between the CQC, the Health and Safety Executive and Local Authorities, which came into effect in April 2015. It outlines the respective responsibilities of each body when dealing with health and safety incidents in the health and adult social care sectors. Generally, incidents relating to service users will be prosecuted by CQC. Accordingly, judges have regard to the new sentencing guidelines mentioned above when sentencing in respect of an offence prosecuted by CQC.

Prosecutions for regulatory breaches can also be brought against certain officers of providers where the offence is due to their consent, connivance or neglect.

Other industry specific matters

Care for the majority of people supported in care homes is publicly funded by Local Authorities and by health authorities (usually in England by the local CCGs). Such authorities enter into contracts with care home providers whereby the care home provider agrees to provide a measurable quality of care (sometimes higher than that required by the Laws and Regulations). Most Local Authorities and CCGs will monitor performance of contractual standards as a separate process to the inspection process carried out by the relevant regulators. This is, in effect, an additional and separate level of 'regulation' and can have a significant impact on our business as contracts with such authorities will generally have wide-ranging punitive provisions for non-performance by care providers. These can, for example, include the suspension of placements by Local Authorities and health authorities and, in extreme cases, removal of all residents placed by such authorities. Local Authorities and health authorities are required to communicate with each other in relation to the welfare of residents, and if a number of authorities make placements in a particular care home and one such authority suspends placements, the others will be informed and will generally follow suit.

There is similar regulation in respect of those residents in care homes which are registered to provide nursing care. For example, in England, those residents who require nursing care provided directly or indirectly by a registered nurse have a contribution to their nursing care funded by the local CCG. While the accommodation and personal care (as opposed to nursing care) is still arranged by the Local Authority, the CCG may contract with the care home in relation to the care provided directly or indirectly by a registered nurse, and may similarly monitor compliance with contractual quality standards. Arrangements regarding this vary between areas. In some cases, the Local Authority pays the nursing contribution to the care home and collects it from the CCG, while in other areas, the CCG pays it directly.

When nursing and health needs reach an assessed high level, the patient may be entitled to free NHS care, resulting in the Local Authority contract ceasing and being replaced by a new 'Continuing Care' contract with the CCG or, for certain specialist services, NHS England. As with Local Authorities, compliance monitoring by CCGs of both nursing care and Continuing Care contracts may lead to suspension of placements or, in extreme cases, removal of residents. The importance of contract monitoring by Local Authorities and health authorities is growing because the CQC has made it clear that it will rely increasingly on self-assessment by providers and notifications of concerns by outside agencies such as Local Authorities and health authorities in deciding whether to take regulatory action.

There is a further level of regulation which all Local Authorities must have in place, namely provision for the safeguarding of vulnerable adults and vulnerable children. The Care Act 2014 put safeguarding on a statutory footing for the first time. Local Authorities must establish 'Safeguarding Adults Boards', the objective of which is to protect people in its areas. The Local Authority must also make the enquires it thinks are necessary to enable it to decide whether any action should be taken if it has reasonable cause to suspect that an adult in its area:

(a) has needs for care and support (whether or not the authority is meeting any of those needs);

(b) is experiencing, or is at risk of, abuse or neglect; and

(c) as a result of those needs is unable to protect himself or herself against the abuse or neglect or the risk of it.

Local Authorities must also carry out 'Safeguarding Adults Reviews' in certain circumstances, for example when someone dies as a result of neglect or abuse and there is a concern that the Local Authority could have done more to protect them. Statutory Guidance is provided that Local Authorities must follow in relation to the provisions.

Allegations of abuse, either individually or on an institutional basis (and 'abuse' is widely defined), may be made by anyone including relatives of residents, visiting doctors or, increasingly frequently, by members of staff of the care provider who are encouraged by the relevant authorities to contact the safeguarding authority if they suspect or have knowledge of lack of care. Once a Local Authority is in receipt of an allegation of abuse, the Local Authority will appoint one of its officers as the chair of a multi-agency committee which will then investigate the allegation of abuse. In most cases, an investigating committee will consist of members drawn from Local Authorities contracting with the home, CCGs contracting with the home, other health professionals and, in serious cases, the police. CQC and others will also attend if invited. Providers are usually invited to meetings, but not always. One consequence of the appointment of an investigating committee is that Local Authorities (and CCGs) may, as indicated above, suspend placements and in extreme cases remove all residents until they are satisfied that either the allegation is unfounded or that the home has provided sufficient assurance that the situation leading to the abuse will not reoccur. Such investigations may take several weeks, and sometimes months, and the profits of the registered provider could therefore be seriously affected. Adverse findings could also lead to serious reputational damage. The fact that safeguarding is now on a statutory basis is likely to increase the risk of regulatory action or even prosecution arising.

Non-industry specific regulatory matters

In addition to specific sector-related laws and regulations described above, our care homes are also subject to a variety of laws and regulations of general applicability which may also carry prosecution powers. Examples include various planning law restrictions, building regulations and other regulations governing issues such as the misuse of drugs, fire safety, asbestos management, waste management, energy efficiency, food hygiene and health and safety. Breach of such regulations is generally a criminal offence and could result in enforcement action, reputational damage and fines. Such a breach could also potentially lead to the relevant national care regulator revoking or suspending the registration of any related care home or service or a decrease in, or cessation of, the services provided at any given location.

Care Act 2014

The Care Act 2014 introduced a range of new measures relevant to the care sector. As explained above, this included putting safeguarding on a statutory footing for the first time. The Care Act 2014 also introduced a new system of market oversight. The introduction of such new measures followed the collapse in 2011 of the then largest independent provider of residential care, Southern Cross. A system of checks on the finances of care companies that meet a certain risk threshold (based on size, scale, regional or sub-regional market share or the specialist services offered) is intended to give early warning of problems and to challenge financial models which could be unsustainable or compromise quality. CQC is responsible for the administration of the scheme.

Following the Winterbourne View scandal in 2011 and the Cygnet Whorlton Hall scandal in 2019, there has been a steady increase of the pressure on commissioners to avoid commissioning residential placements (care homes) and long-term hospital stay for those with learning difficulties in favour of other provision, particularly supported community living. Services for those with a learning disability have been under increasing scrutiny.

Any substantial changes to the existing regulatory regimes (including the proposals outlined above) that alter our ability to provide quality care services at a competitive cost, could have a material adverse effect on the both the sustainability and growth of our business, as well as increasing the barriers of entry in the care services industry.

The Care Act 2014 also introduced a proposed cap on care costs, whereby the sum an individual would pay towards their care costs (but not the accommodation or 'hotel' element of such costs) would be capped at £72,000 regardless of the means. While the implementation was first deferred until 2020, before getting scraped altogether in 2017, the UK government recently announced that the increased cap of £86,000 will apply under the Care Act 2014 starting in October 2023. The Care Act 2014 also provided that self-funders could require Local Authorities to arrange care on their behalf subject to the individual paying the fees. This raised concerns that providers may no longer be able to charge self-funders more than Local Authority funded residents. Many providers state that they rely on such cross-subsidisation. An increase to the upper capital limit, below which individuals are eligible for financial help for their care, from the current level of £23,250 to £118,000, was also proposed. The proposal was similarly put on hold until the UK government recently announced that, along with the implementation of the cap on care costs as discussed above, there will be an increase to £100,000 for the upper capital limit under the Care Act 2014. It should be noted that these funding issues are of greater significance to the older persons market than the learning disability market, as individuals with learning disabilities are rarely able to fund their own care.

Coronavirus Act 2020

The Coronavirus Act 2020 was designed to protect public health and ensure sufficient preparation for a worst-case scenario during the COVID-19 pandemic. The act ensures that:

- the NHS had the capacity to deal with the peak of the virus;
- critical societal functions are protected and able to continue; and
- effective support packages are in place for people and businesses.

These powers have been varied and wide ranging but they are temporary and designed to be switched on when necessary, and off when no longer needed. The Coronavirus Act 2020 requires government ministers to publish a two-month and one-year report on the status of the non-devolved provisions. The applicability of the law and guidance issued during the pandemic has varied depending on the seriousness of the risks caused by the COVID-19 pandemic. The reports relating to current status are available on the government website www.gov.uk.

Scotland

Public Services Reform (Scotland) Act 2010 ("PSRSA")

On 1 April 2011 legislation governing the care industry in Scotland was overhauled by the PSRSA. In addition, the PSRSA created new bodies to take over the roles and responsibilities of the former Care Commission. The body assigned to deal with the bulk of social care responsibilities is Social Care and Social Work Improvement

Scotland (http://www.CareInspectorate.com/) (known since September 2011 as the "**Care Inspectorate**"). The Care Inspectorate, in particular, regulates the provision of care home services in Scotland. The regulation of healthcare is now handled by Healthcare Improvement Scotland (www.healthcareimprovementscotland.org) ("**HIS**"). PSRSA also establishes the Scottish Health Council, which supports NHS Boards in planning and providing healthcare provision in such a way that involves patients, carers and communities.

National Health Service (Scotland) Act 1978 ("NHSSA")

The PSRSA amended the NHSSA to include a very wide definition of independent health care services (section 10F NHSSA) capable of being further modified following consultation at Scottish Ministerial level (for example, a wider definition of "independent clinic", which forms part of the "independent health care services" was inserted into the NHSSA in 2016). It also established a new task force, Healthcare Improvement Scotland (Section 10A NHSSA). The NHSSA also gives Scottish Ministers the power to prepare and publish various standards applicable to the health service and independent health care services.

The Adults with Incapacity (Scotland) Act 2000 ("Incapacity Act")

The Incapacity Act came into force fully by October 2003 and sets out the regulatory regime in Scotland for intervening in the affairs of adults (people aged 16 or over) who lack the capacity to take some or all decisions for themselves. The Incapacity Act (among others) also sets out the parameters within which an authorised establishment may manage a resident's affairs, in particular, by creating a system allowing managers of authorised establishments to manage, upon application and subsequent review, the finances (and moveable property) of adults who lack the capacity to take some or all decisions for themselves (the "**Part 4 regime**"). The Incapacity Act includes a 'care home service' within the definition of 'registered establishment' and consequently 'authorised establishments'. The Care Inspectorate and Healthcare Improvement Scotland are the supervisory bodies of the Part 4 regime.

The Incapacity Act establishes The Mental Welfare Commission (www.mwcscot.org.uk) ("**MWC**") which is a body tasked with protecting the rights and welfare of individuals with learning disabilities, mental illness and any other mental disorder. While aimed at more medically related services, MWC may have some crossover depending on the care in question.

National Health Service and Community Care Act 1990

This requires that reviews of community care provision plans must to be consulted on by health boards, councils, voluntary organisations and other bodies that appear to the local authority to provide housing or community care services in the area. This may include certain independent care providers.

Community Care and Health (Scotland) Act 2002 ("CCHSA")

This deals with matters such as the financing of social care, individual carer's assessments and carer information strategies. The CCHSA will be followed where a local authority finances, in full or in part, the care of someone in an independent care home.

Mental Health (Care and Treatment) (Scotland) Act 2003

This Act further develops the remit of the MWC and also creates the Mental Health Tribunal for Scotland. It largely applies to local authorities and their role in the treatment and management of mental illness, including detention, compulsion and restriction orders, medical treatment and the handling of offences and convictions.

The Care Inspectorate

The Care Inspectorate has a general oversight role in relation to furthering the improvement of quality social services under the direction and guidance of the Scottish Ministers. The Care Inspectorate deals with, *inter alia*, issues relating to social services, including care services, and also has a general oversight role in relation to the regulation of care homes. As well as a requirement to investigate complaints and provide information to the public about the availability and quality of social services, the Care Inspectorate has a statutory requirement to take appropriate enforcement action.

Healthcare Improvement Scotland ("HIS")

HIS is the body to which an independent healthcare service is required to apply for registration. Provisions relating to registration, enforcement and complaints are largely the same as those applicable to the Care Inspectorate, including the appeal regime. Any action or decision must take into account the National Care Standards. Where appropriate, HIS is obliged to consult with the MWC. Local authorities, health boards and similar bodies should also consult any reports issued by HIS.

The remit of HIS concerns the furthering of improvement in quality healthcare under the direction of the Scottish Ministers. This includes monitoring, supporting and providing advice and information on the availability and quality of services provided by both the health service and independent health care services. HIS has a statutory duty to inspect independent health care services. If services are joint healthcare and care services, HIS and the Care Inspectorate can undertake joint inspections.

HIS is required to carry out its functions in line with three principles (1) to protect and enhance the safety and welfare of individuals (2) to identify, promulgate and promote good practice and (3) to promote and encourage the provision of services in a manner which takes account of HIS guidance and other information. HIS also recommend consultation of the NICE guidance.

Regulations

The current and most relevant regulations to the Group in Scotland are: (i) Regulation of Care (Requirements as to Care Services) (Scotland) Regulations 2002 (SSI 2002/114); (ii) Healthcare Improvement Scotland (Requirements as to Independent Health Care Services) Regulations (SSI 2011/182); (iii) Social Care and Social Work Improvement Scotland (Requirements for Care Services) Regulations (SSI 2011/210); (iv) Healthcare Improvement Scotland (Applications and Registration) Regulations (SSI 2011/35); (v) Healthcare Improvement Scotland (Inspections) Regulations (SSI 2011/18) and (vi) Public Services Reform (Scotland) Act 2010 (Health and Social Care) Savings and Transitional Provisions Order (2011/121).

Like the regulations in England and Wales, the regulations in Scotland are mandatory, legally enforceable and each type of care service provider is required to meet their own set of service specific regulations. If any care service provider fails to meet any of the applicable regulations, the Care Inspectorate and HIS can take a number of different enforcement actions depending on the seriousness of the breach.

Health and Social Care Standards

The Scottish Government Health and Social Care Standards came into effect in April 2018. The new standards replace the National Care Standards that was previously in force. The Care Inspectorate and Healthcare Improvement Scotland led a development group that co-produced the new standards, working alongside the people who use care services, providers of care and other agencies. The standards now apply across all health and social care provision in Scotland. They are for use in social care, early learning and childcare, children's services, social work, health provision and community justice.

The Scottish Government published guidance entitled Health and Social Care Standards: My Support, My Life in June 2017 (https://www.gov.scot/publications/health-social-care-standards-support- life/).

Inspection

The Care Inspectorate and HIS conduct inspections of care providers, both announced and, in most cases, unannounced. Both the Care Inspectorate and HIS use a variety of inspection tools and plans, all of which require us to be prepared in line with statute and Scottish Ministerial guidance and are kept under review.

Care services are awarded a 'grade' at their Care Inspectorate inspection. The grades awarded to services at inspections describe how well those services are performing against the Care Inspectorate's quality themes and statements. Inspectors use their professional knowledge and experience, along with the NCS, to determine the most appropriate grades.

HIS inspections are carried out on a similar basis, with grades being allocated after an evaluation of an independent healthcare service's performance against various quality standards.

In terms of section 108 of the PSRSA, the purpose of HIS inspections may include (1) reviewing and evaluating the effectiveness of services; (2) encouraging improvement of services; (3) enabling consideration of recommendations; (4) investigating any incident or cause for concern; and (5) enabling consideration of the need for an improvement or condition notice. It is likely that the Care Inspectorate purposes will also be similar. Prior to issuing any report following an inspection, HIS provide the care service with a copy of the report and allow it an opportunity to comment.

Enforcement

The Care Inspectorate and HIS take a graduated approach to enforcement. In most cases the following steps will be adhered to: (i) making a recommendation, which will usually be noted in inspection reports and complaints resolution letters following discussion with the care service provider; (ii) making a requirement, by which the relevant body will issue a requirement to remedy to the care service provider if a regulation is being breached; (iii) a formal enforcement, such as a condition notice or improvement notice; and finally (iv) a formal enforcement in the form of a cancellation notice, which may be taken where the timescale for meeting the terms of an improvement notice has expired without compliance. The Care Inspectorate and HIS have emergency procedure powers under section 65 of the PSRSA and section 10T of the NHSSA respectively, which allow them to act (with approval of a sheriff) to cancel or vary the conditions of a registration forthwith where a significant risk to health, welfare or safety of individuals justifies this.

Any regulatory breaches potentially amounting to criminal offences that are investigated by industry regulators may be reported to the Crown Office and Procurator Fiscal Service ("**COPFS**"), which would then consider whether there is sufficient evidence of a criminal offence and substantial public interest for a criminal prosecution. COPFS serves the sole prosecutorial function in Scotland, and sudden deaths in care settings will be reported to COPFS in furtherance of its duty to investigate all sudden and suspicious deaths in Scotland. Decisions will be made by the specialised Scottish Fatalities Investigation Unit of COPFS on whether a prosecution or Fatal Accident Inquiry (FAI) is required in respect of any sudden death in care settings.

BUSINESS

Business overview

We believe we are a leading provider of registered care homes, measured in terms of beds, with a significant presence in community based care for adults with learning disabilities and other related complex and challenging support needs across the UK. We supported 3,406 people as at 31 March 2021, comprising 1,868 individuals supported through our Registered Care Division and a further 1,538 individuals supported through our Community Based Care Division. The vast majority of people we support have lifelong conditions and high acuity needs, which have been assessed as either 'profound' or 'severe' by Local Authorities and the NHS and therefore require ongoing care services to help them look after themselves.

The non-discretionary nature of these high acuity, long-term conditions, the long average length of stay in our Registered Care Division and the multi-year duration of the contracts and framework agreements in our Community Based Care Division provide us with revenue visibility and a degree of resilience to government spending pressures. As at 31 March 2021, approximately 69% of the people we support in our Registered Care Division have been in our care for more than five years and some of the people we support have been in our care for more than 20 years. Approximately 31% of the people we support in our Registered Care Division are 40 years of age or younger, and 75% are 60 years of age or younger, which contributes to a long average length of stay in those services. Similarly, the contracts and framework agreements in our Community Based Care Division typically range from two to seven years in duration.

Of the care we provide, 96% is paid for by Local Authorities and CCGs, and as at 31 March 2021, we generated revenue from over 250 of these publicly funded purchasers across the UK. Our longstanding relationships with Local Authorities and the CCGs are built on our strong reputation for providing quality services to the people we support. We offer care in a range of settings, including both registered residential care homes and care delivered in people's own homes, allowing us to cater for the needs of people we support and the agencies which commission our care. Our 'person-centred' approach to care ensures that we deliver quality, bespoke care packages tailored to the complex, high acuity care needs of the people we support in any care setting. We believe our flexible, high quality approach provides us with a competitive advantage compared to other care providers in the private sector, as evidenced by 95% of our services inspected achieving a rating of 'Good' or 'Outstanding' from the CQC as at 31 March 2021. In Wales and Scotland, all of our services are 'compliant' with their respective inspection regimes. In addition, as Local Authorities increasingly adopt a model that provides personal budgets for social care, which allows individuals and their families to choose providers themselves, we believe our good reputation and our high quality standards give us a key competitive advantage.

The typical person we support in each of our divisions is between the ages of 18 and 65, has high dependency needs, allied medical needs, may present challenging behaviour, may have difficulty communicating verbally and/or may cause harm to themselves or a member of the community without appropriate care. With approximately 11,000 staff as at 30 September 2021, we strive to meet each individual's requirements and develop bespoke care packages tailored to their needs. Individual care plans are reviewed and amended on a regular basis to address changing support needs and to ensure that we continue to provide a personalised level of care that is appropriate for each individual. Due to the high acuity care needs of our client group, we typically provide a considerable amount of care for each person we support.

In our Registered Care Division, we typically have at least two support staff members for every three individuals during the day. This level of support is reflected in our average weekly fee of £1,798 per person for the fiscal year 2021. In our Community Based Care Division, as at 31 March 2021, we provided care and support to 1,538 individuals living in their own homes, delivering approximately 66 hours of care per week per person at an average hourly rate of £19.25.

The quality of our services is monitored and assured internally by our QSR, which is mandated to meet every two months or as required, to receive and review key outcome measures and individual service performance. This enables the QSR to maintain oversight of the management and quality of care by the organisation. The organisation also monitors and assesses quality, safety and risk at the senior management level. We are continually improving our quality assurance programmes to ensure that we have measures in place to proactively address quality concerns and regulatory requirements. We continue to update our SRS dashboard (an early warning indicator of potential quality issues), which uses information from various management data systems and collates the risk scores for each service. The reporting that is derived from the SRS dashboard helps identify the services that are at the highest potential risk in terms of the safe and effective delivery of care.

Our competitive strengths

Our business benefits from a number of competitive strengths, some of which are summarized below.

Positive industry fundamentals in a growing market.

Our business benefits from a number of underlying market drivers, including growth in the number of people with diagnosed learning disabilities, substantial needs in the ABI support market, and a long-term trend towards increased outsourcing of complex care to the independent sector. Learning disabilities and ABI represent long-term conditions requiring ongoing support. As a result, individuals with complex, high acuity support needs are likely to require care services for the duration of their lives. As at 31 March 2020, an estimated 1.2 million (or 2.2%) of the adult population in England were diagnosed with a learning disability (LaingBuisson, *Adult Specialist Care UK Market Report 4th edition*, pages 29 and 72). The Learning Disabilities Observatory forecasts that the learning disability population (including critical and substantial needs only) will increase by a CAGR of 1.57% from 2020 to 2030. Additionally, due in part to medical advances resulting in increased life expectancy of the current learning disability and specialist care population, we believe the growth in the number of people with 'profound' and 'severe' needs will result in increased outsourcing of complex care needs to the independent sector as family carers continue to age. We expect that this trend will also be supported by the lower costs of the independent sector compared to services provided by local authority in-house teams, with, amongst others, lower costs of services for people with learning disabilities and mental health needs in 2018/19 (LaingBuisson, *Adult Specialist Care UK Market Report 4th edition*, page 114, table 1.26). Finally, the demand for our services is further supported by Local Authorities' statutory duty to provide social care and meet the needs of service users. In light of this statutory obligation, Local Authorities' expenditure on social care for adult learning disabilities is largely considered stable, thus further strengthening the resiliency of our business.

In addition, the shift in the market towards community based care presents us with an opportunity to grow our business. While registered care remains a key element of the social care market, Local Authorities, NHS Trusts and CCGs have shifted their focus to promoting care within local communities, within homes and on a more individualized basis. According to research by LaingBuisson, in the learning disability market, a core area for Voyage, £1.3 billion, or 17% of national spending, was dedicated to supported living services in 2018/2019 (LaingBuisson, *Adult Specialist Care UK Market Report 4th edition*, page 38, figure 1.5). As at 30 September 2021, we were providing 105,367 weekly direct care hours, which is approximately 1% of revenue of the total national spending on all learning disabilities in the UK. Our recent record of tender wins and hours expansion makes us confident of our potential to grow in this market.

We believe that as a leading operator in the learning disability and specialist care sectors we are able to benefit from our strong market position in a competitively favourable market. We operate in a highly regulated and fragmented sector, with services drawing a high degree of public and political sensitivity and scrutiny. In the face of increasing regulation, single unit or small multi-unit residential providers, and smaller local or regional community based providers, are more likely to be adversely affected due to their small operations becoming economically unviable. In addition, in order to compete for tenders for hours based community care contracts, it is important to be able to demonstrate a track record of quality and performance, which distinguishes us from many would be competitors. As a long-standing operator, we have built relationships with Local Authorities that new, smaller operators may find difficult to replicate. In addition, our reputation, well-invested infrastructure and scale provide us with significant competitive advantages.

Leading market position and nationwide coverage, with a strong reputation for quality.

We believe we are a leading provider of registered care homes for adults with learning disabilities and other related complex and challenging support needs in the UK, by revenue and placements. We were recognised as the Community Support Provider of the Year for 2021 by HealthInvestor. We supported approximately 3,400 people as at 31 March 2021 across 263 registered properties and 324 supported living properties. Our leading market position, combined with our national footprint in a highly fragmented market, facilitates our long-standing relationships with over 250 Local Authorities and CCGs in the sectors in which we operate. This, in turn, makes us a provider of choice specialising in care for people with high acuity support needs across the UK. In addition, we believe that our relationships across the learning disability and specialist care sectors and our provision of a diverse range of complex care services among our divisions position us well to adapt to changes in government policy, including enhanced choices for the people we support and a greater role for the independent sector in both health and social care. We are recognised for our high quality care, and we are one of the few specialist care providers with multiple services that are rated 'Outstanding' by CQC as illustrated in the table below. We believe this focus on quality of service enables us to achieve high levels of occupancy in the residential care homes in which we provide our services, achieving an occupancy rate of approximately 90% or more for the last five years. We also believe that our reputation for high quality care and the strength of the Voyage brand have allowed us to successfully grow our Community Based Care Division by winning new tenders.

	Outstanding	**Good**	**Requires improvement**	**Inadequate**
Voyage	5%	90%	5%	<1%
Mencap	3%	90%	7%	<1%
Achieve	3%	89%	7%	<1%
Choicecare	12%	79%	9%	<1%
Priory	6%	75%	15%	4%
Caretech	2%	78%	20%	<1%
Lifeways	0%	79%	21%	<1%
Cygnet	6%	70%	19%	4%
UK sector average	**5%**	**81%**	**13%**	**approx. 1%**

(1) Management estimates based on data from CQC Care Directory (September 2021).

We have a robust quality assurance framework, which ensures a regular review of each of our service locations to ensure that consistent care and quality standards are met. Each home or service manager typically undertakes quarterly self-audits against all regulatory and operational policy standards. Our operations managers then validate these audits and review the actions that have been identified for improvement in the initial self-audit. The results of these audits are captured and reported using our audit portal and are reviewed as part of our business review process. We also conduct independent quality audits, the results of which are factored into our SRS. The SRS results are reviewed by our Chief Operating Officer, our Quality Director and the relevant regional managing director. Where service risks are identified, a de-risk plan is put in place using a service risk reduction report. The Company's board of directors reviews key risks and issues that have been identified through our governance process on a monthly basis. In addition, the Company's board of directors has established a Quality, Safety and Risk Committee, which meets every other month and supports the Company's board of directors by monitoring quality standards on a more detailed basis by providing an independent and detailed review of support provided, complaints, and clinical incidents. Further, we have recently constituted a service improvement team to support the integration of new services and occasional improvements to existing services. As at 31 March 2021, 95% of our services inspected achieved a rating of 'Good' or 'Outstanding' against the requirements promulgated by the CQC. We believe our high quality standards set us apart from other providers. Quality of care is a key and differentiating factor for us and we believe is gaining increasing focus by Local Authorities and the CCGs in making placement decisions for the people we support.

Robust business model with diverse services, purchasers and offerings.

We believe that our business is resilient due to the defensive qualities of our services, including limited care alternatives and the non-discretionary nature of the care provided, and, in the case of our Registered Care Division, the long average length of stay of the people we support. Unlike some other sectors of the care industry, the provision of funding by Local Authorities and CCGs with respect to the services we provide is of a relatively non-discretionary nature. The provision of care to people with high acuity support needs necessitates the provision of more specialised services and a high ratio of care staff to people we support. Our Registered Care Division generally has at least two support staff members for every three resident individuals during the day (but extending, in certain circumstances, to three support staff members to one individual), while, in the month ended 30 September 2021, our Community Based Care Division delivered an average of 66 direct care hours a week to each person we support. Our services are purchased by a large number of publicly funded purchasers in the UK. Our business benefits from long-standing and strong relationships with a large number of Local Authorities and CCGs, with current placements for the people we support coming from over 250 Local Authorities and CCGs. Payment decisions within Local Authorities and CCGs are made on a local basis and, as such, no single publicly funded local purchaser accounted for more than 5% of our revenue for the fiscal year 2021. Our diverse range of bespoke care services across our Registered Care Division and Community Based Care Division enable us to serve an extensive range and number of individuals with specialist care and support needs where those who we support can be considered as having ‘profound’ or ‘severe’ needs and allows us to respond flexibly to changes in preferences for different care provision formats.

Furthermore, our Community Based Care Division has benefitted from recent trends towards hours-based care within an individual’s own home, and it is well positioned to continue to benefit from these trends going forward. Growth in the Community Based Care Division generally requires modest capital expenditure, and has been primarily driven by our ability to win community care tenders from Local Authorities as well as placements of people supported under framework agreements with Local Authorities.

We have also been able to leverage our scale and reputation for high quality service to take over placements for the people we support in our Community Based Care Division from smaller service providers who are not able to offer the same level of high quality care across the scope of geographically, clinically complex or otherwise challenging services as we are able to provide. Take overs of this type are often at the request of the relevant Local Authority, and as such allow us to increase capacity with little to no capital expenditure or start-up expense. Finally, as Local Authorities increasingly adopt a model that provides personal budgets for social care, allowing individuals and their families to choose providers themselves, we believe our good reputation and our high quality standards gives us a key competitive advantage.

Strong freehold asset base with operational flexibility.

Our business is well-invested with a high quality, predominantly freehold and thus flexible property asset base, which can be managed and repositioned as necessary to meet the needs of the people we support. As at 31 March 2021, we hold the freehold interest in 232 of our registered care homes, representing 89% of our registered care homes, with the remaining 31 of our registered homes being leasehold properties (with in some instances lease periods of more than 33 years remaining), we maintain flexibility to both manage and to reposition our property portfolio, including repurposing registered care homes into properties let to social landlords who in turn let them to tenants who are supported through our Community Based Care Division. As at 31 March 2021, we had a registered capacity of 2,033 in our Registered Care Division and we benefit from a large proportion of purpose-built homes.

According to the Valuation Report, the market value, as assessed by Christie & Co, of our freehold and long leasehold properties and care services in their existing use and present condition as at the date of the Valuation Report and as fully equipped operational entities having regard to trading potential, is in the order of £436 million, assuming that such properties are sold as one business, producing fair maintainable operating profit. For further information on the Valuation Report, see “*Business—Valuation Report*”.

Resilient revenue and Adjusted EBITDA performance with high cash flow visibility.

The majority of the people we support have a lifelong condition thereby providing visibility of expected revenue and cash flows. We have had a high occupancy rate of over 92% in our Registered Care Division for the last three years. Approximately 69% of the people we support in our Registered Care Division have been with us for more than five years, which has generated stable revenue. Due to high occupancy, effective cost controls (including underlying central overheads) and the minimisation of expensive external agency costs, we have been able to improve our results in this division.

Furthermore, our Community Based Care Division has been able to take advantage of shifts towards hours-based provision of care and support in the supported person’s own home by entering into framework agreements, call-off contracts and other contractual arrangements with Local Authorities and CCGs, allowing for individuals to be supported on an as-needed basis. These tender contracts typically range from two to seven years, allowing us considerable visibility on future revenue.

Over time, we have managed to maintain or increase fees in our Registered Care Division in the face of public spending austerity, and to mitigate cost pressures created by the national minimum wage, increasing revenue and preserving Adjusted EBITDA in the face of these headwinds. We believe that this achievement reflects the largely non-discretionary nature of the care we provide for the people we support and the strong demand for our high quality, high acuity bespoke services. At the same time we have managed to maintain high levels of cash conversion. For the six months ended 30 September 2021 and the fiscal years 2021, 2020 and 2019, we achieved Cash Conversion of 67.4%, 75.7%, 78.9% and 79.4%, respectively. We have also been able to look for ways to expand our business to drive up revenue and EBITDA, and have made significant gains with our expansion of the community based care business and tender wins.

Strong senior management team and shareholders with experience in social care sector.

Our senior management team has a wealth of experience in the social care services industry and has a well balanced mix of strategic leadership and organisational development expertise, industry experience and financial management skills, supported by a strong team of operational managers. In addition, our senior management team has a proven track record of successfully integrating acquisitions and winning new tenders from Local Authorities and CCGs in our Community Based Care Division. We also benefit from the experience and support of our principal shareholder, Wren House, a leading infrastructure investor with strong experience in investing in healthcare services and infrastructure assets globally.

Our business strategy

Continue to demonstrate leadership in quality of care and measurement of outcomes.

We have a proud tradition and solid reputation for the delivery of high quality care, and we strive to adhere rapidly to new regulations to maintain our care quality. We have demonstrated this through the number of services rated as ‘Good’ or ‘Outstanding’ by the CQC (95% as at 30 September 2021, versus an industry average of comparable services in the UK of 86% as at 30 September 2021). We continue to enhance this reputation further through defined, measurable and demonstrable progress in outcomes for the people we support. Through these and the continuance of our focus on high quality care, we have continued to clearly differentiate our services from those of our competitors.

This continuing drive for higher quality has continued to strengthen our ability to retain existing business, acquire new services, win tenders and referrals, and place us in a favourable position to take over failing services.

We are dedicated to providing high quality care by cultivating expertise in the services we provide. We are specialists in our field and have recruited staff that are well trained in supporting people with learning disabilities, autism, brain injury rehabilitation (“**BIR**”), Prader-Willi syndrome (“**PW**”), as well as in providing specialism behavioural support services (“**SBSS**”), children’s transition services and general mental health services. Our ongoing commitment to training ensures that we are and remain a leader in meeting care requirements and that all our staff can maintain the highest standard of care. Further, we align to the government key watchwords of ‘personalisation’, ‘self-directed care’ and ‘transformation’ to maximize the quality of care that we provide to the people we support.

Optimise growth in response to new opportunities.

We plan to achieve most of our growth organically, with an emphasis on non-capital intensive growth of our Community Based Care Division, along with targeted acquisitions that meet our strict criteria. Our plan also includes continued robust maintenance of our Registered Care Division to ensure ongoing incremental gains by filling available capacity and maintaining a high level of occupancy. We may also choose to selectively take advantage of opportunities to develop further registered services including in the specialised areas of BIR, PW, SBSS, children’s transition services and general mental health services.

Organic growth potential exists in several areas: significant community care tender wins and increases in the number of people we support through framework agreements with Local Authorities; absorption of services currently run by third parties through negotiated takeovers; and the further development of specialist care services. There has been a strong recent trend by Local Authorities and CCGs to move away from the purchase of additional registered care home services and towards the purchase of additional community based care services delivered within a person’s own home. Community based care services are generally billed by hours of care delivered instead of on a long-term occupancy basis, and in some cases are seen as more efficient than registered care home settings. We believe that our organic growth strategy led by community based care is well positioned to accommodate this trend.

Community care tender wins often have a significant impact on our business, as these placements of people supported usually involve providing care to a number of persons in a specific geographic area with contract durations of two to seven years, providing considerable visibility on future revenue. Further, we tender for framework agreements which enable us to bid for the placements through call-off contracts offered by the relevant Local Authority or CCG.

A further organic growth opportunity lies in working with third-party developers and investors to develop supported living services in our Community Care Division, in line with local commissioner needs to grow our community care offering. Additionally, we drive this type of organic growth by securing rental properties which are then sublet to the people we support, and often paid for by enhanced housing benefits, which is a further 'capex light' route to growth.

Absorption of third-party services occurs where we are recommended by a Local Authority to run 'orphan' services (learning disability care services not run by a specialist provider), or to run geographically, clinically complex or otherwise challenging services. Acquisitions of these placements of people supported is often for little or no consideration, allowing for expansion of our services with minimal upfront capital expenditure.

Due to the fragmented nature of our industry, we also expect opportunities to arise for accretive acquisitions. Since the beginning of 2014, we have acquired eight smaller care service providers throughout England; most recently, on 3 September 2021, we acquired Woodley House Limited, which provides registered autism services, for £3.6 million, net of cash acquired on balance sheet and net of settlement of directors' loans. We believe that further acquisition opportunities may arise from time to time which may allow us to expand into suitable specialised market segments adjacent to our current offerings. We believe our expertise and resources will allow us to integrate acquired businesses efficiently and achieve synergies.

We also expect opportunities to arise from time to time for the Company to develop supported living sites. We have site development models that are specifically tailored to residential sites and supported living sites. For residential sites, we may (1) purchase sites that are fit for purpose and ready for operations and placements upon purchase, (2) purchase sites that require further development, through either building on lands or reconfiguring existing developments, or (3) take leases, although we have historically done so only in exceptional circumstances. For supported living sites, we may (1) enter into a contract with housing associations that have taken leases from investor or developer, (2) develop sites on our own when there is a need for quick development, (3) take short-term rents through the residential letting market and work with housing associations that sublease the sites from us or (4) take on tender contracts that include existing properties and work with housing associations or housing providers as necessary, although tender contracts may not include existing properties or may have a requirement to provide the properties ourselves. Among these, (1) is the most preferred approach in acquiring supported living sites.

Continue to be the care provider of choice through balancing residential and community based care.

We will strive to become the partner of choice for both Local Authority and CCG care commissioners as well as the people we support. Our strong relationships with local commissioners and CCGs, predicated on our reputation for quality, have long been a key to our business. We will continue to focus on developing these relationships and evolving our business to meet commissioners' changing needs and priorities while delivering services that give confidence and positive outcomes to the people we support, their families and their advocates.

While there has been a strong recent trend by Local Authority and CCG commissioners to move away from the purchase of additional registered care home services and towards the purchase of additional community based care services, Local Authorities and the NHS have also stated their intent to enable supported individuals to have personal choice of provider, though it is likely that commissioners will remain pivotal in choosing service providers. We expect that our growth strategy will allow us to balance our offerings more evenly between our Community Based Care Division and our Registered Care Division. We believe this will allow our offerings to reflect more closely the needs of the market, helping us to better manage our relationships with our customers and to be their care provider of choice.

Invest in efficient, specialised and scalable innovations.

Building our business and brand for the future is tied to innovation and we strive to gain a reputation for pioneering initiatives to respond to market needs. We endeavour to create new and innovative services that lead to improvements in care and care outcomes for the people we support.

Our reputation for quality includes being user friendly for those who commission our care, as well as delivering great care to the people we support. To support our strategy, we aim to drive efficiency in our operations both from the perspectives of commissioners and the people we support, and focus on clear and efficient processes. To assist us in achieving our goal to deliver high quality 'person-centred' outcomes for the people we support, we have developed a sophisticated quality questionnaire that measures the outcomes for the people we support across several years. The results that we gather through the questionnaire provide statistically significant insights, which we believe helps us to improve the quality of our services.

We have made use of technology as a key efficiency enabler in our Registered Care Division and Community Based Care Division. For example, a ‘celltrack’ system has been recently introduced for our staff in the Community Based Care Division, which connects us with the relevant employees in a dispersed workforce and allows us to seamlessly communicate staffing instructions and industry guidance as well as assisting with risk management and compliance, demonstrating our continuous improvement culture.

We continue to implement IT developments to further develop our efficiency and we are introducing digital solutions (such as our transition to an electronic care records system) to enhance the care we provide.

Promote employee engagement.

Critical to the success of our business is having the right environment for people to deliver on our quality of care and growth objectives. Our growth plans, focused on our Community Based Care Division, are expected to require relatively modest capital expenditures but substantial recruitment and retention of qualified care workers. This will be achieved through having the right people with appropriate skills in a clear organisational structure, complemented by a strong reward and recognition programme. Jobs in the care industry are both challenging and rewarding, and we need to support and celebrate appropriately.

Our business has a positive employee reputation and we aim to be the ‘employer of choice’ in the learning disabilities and specialist care sectors. We expect that this will improve recruitment, reduce attrition and improve staff retention, which will increase our efficiency and allow us to grow successfully.

In response to recent developments in the employment market in certain parts of the UK, we have implemented several initiatives to assist in the recruitment and retention of staff and to reduce agency usage and support growth by making more care hours available. These include pay increases in targeted locations, the payment of the national living wage, instead of the national minimum wage, to all of our employees under 23, a temporary winter overtime premium of £2 per hour, a £50 Christmas gift voucher for all of our staff, an enhanced ‘Refer a Friend’ program, holiday buy-back schemes, access to the so called Blue Light card, a discount service for employees in the healthcare sector, and welcome bonuses. See “*Business—Employees*”.

History

We were established in 1988 under the name ‘Milbury’ to provide long-term care for people with learning disabilities as a result of the UK government’s introduction of its ‘Care in the Community’ policy, aimed at moving people with learning disabilities from long-term institutions, such as hospitals, into care facilities that replicate a normal domestic setting. In September 2001, we were acquired by Duke Street. In April 2006, we were sold to HgCapital and SL Capital Partners and in November of 2007, our business was rebranded under the ‘Voyage Care’ name. In August 2014, we were acquired by a consortium led by Partners Group and Duke Street. Most recently, in January 2022, we were acquired by Wren House, our current principal shareholder.

We have consistently sought opportunities to optimise our business operations through the development of additional capacity. In the years following 2006, we focused on enhancing our properties and business through various capital development projects, which have cumulatively added over 350 available beds to the Group. In 2010, we diversified our operations by offering hours based care and from 2015, have invested in the infrastructure to support further high quality growth in our Community Based Care Division. Our Community Based Care Division is less asset-intensive than our Registered Care Division and aligns with current market dynamics. The main acquisitions we have completed since 2012 are:

- April 2012: We acquired Solor Care, a learning disability care provider, for £27.7 million, net of cash acquired on balance sheet. This consolidated our existing services in the North, Midlands and Southern England, while extending our presence in South East England through the addition of 92 care homes.

- March 2013: We acquired Independent Living Group, a personalised support and care provider for people with complex needs, for £12.9 million, net of cash acquired on balance sheet.

- November 2013: We acquired Ingleby Care, a service providing support to adults with learning disabilities and additional complex needs, as well as home based care for those over the age of 65, through a mixture of residential, supported living and domiciliary services, for £5.8 million, net of cash acquired on balance sheet.

- June 2014: We acquired Primary Care UK, which specialises in providing supported living services for adults with learning disabilities and older people, including those with communication difficulties and additional complex needs, for £1.1 million, net of cash acquired on balance sheet.

- August 2014: We acquired Skills for Living, a specialist provider of care and support for people with learning disabilities in the Hinckley and Burbage areas, for £5.4 million, net of cash acquired on balance sheet.

- March 2015: We acquired Redcliffe House, a registered autism services provider, for £1.3 million, net of cash acquired on balance sheet.

- August 2017: We acquired Focused Healthcare, a specialist complex nursing business for children in London, for £18.9 million, net of cash acquired on balance sheet.

- September 2018: We acquired three specialist registered care services from an elderly care provider in the North East, for £2.3 million, net of cash acquired on balance sheet.

- July 2019: We acquired Fox Elms Community Care Limited, a specialist supported living care company in Gloucester, for £2.2 million, net of cash acquired on balance sheet and net of settlement of directors' loans.

- December 2020: We acquired Day Opportunities Limited, a registered and supported living care provider, for £4.8 million, net of cash acquired on balance sheet.

- September 2021: We acquired Woodley House Limited, a registered provider, for £3.6 million, net of cash acquired on balance sheet and net of settlement of directors' loans.

Our strategy includes expanding our capacity and diversifying our offering of services to people with high acuity learning disabilities. As part of this strategy, we continue to evaluate acquisition opportunities that may assist us in achieving our financial and strategic objectives.

The entities we have acquired to date have all been fully integrated with our operations.

We believe our longstanding reputation for quality, our proven track record of regulatory compliance and the development of good commissioner relationships has strengthened our ability to expand capacity. In particular, our ability to adapt to increasing levels of regulation provides us with a competitive advantage. From 1 April 2006 to 31 March 2021, the number of people we support has increased from approximately 1,500 to approximately 3,400. We have achieved this growth through a combination of organic growth, such as the addition of "bolt-on" capacity in our existing care homes as well as the roll-out of new build and conversion of homes (which provides additional residential capacity), selective strategic acquisitions of other businesses or homes that fit within our business plan and an increased focus and investment in our Community Based Care Division. We have continued to make selective acquisitions of suitable assets and to win new business for community based care service placements of supported people. As a result, we have continued to expand our Registered Care Division and Community Based Care Division. For the twelve months ended 30 September 2021, our Registered Care Division generated revenue of £178.3 million and our Community Based Care Division generated revenue of £100.6 million. We continue to explore potential additional opportunities to tender for community based care service placements of supported people, as well as acquisitions, which we intend to fund through any combination of new debt, including borrowings under the Revolving Credit Facility, equity injections from our shareholders and/or cash.

People we support

While we provide the majority of our services in England, we also have five DCA offices registered in Wales, of which two are fully operational, and one DCA office and six registered care homes in Scotland. DCA offices are responsible for local management and administrative work, as well as the recruitment and training of care workers for our Community Based Care Division. The people we support generally have high acuity support needs, which can be considered as either ‘profound’ or ‘severe’ by Local Authorities and the CCGs and therefore require long-term care to help them look after themselves.

As part of our care packages, we provide many of the people we support with regularly planned activities, including (i) learning disabled focused college classes, evening clubs and day centres, (ii) physical activities such as horse riding and swimming, (iii) leisure activities, including arts and crafts, interaction with animals, attending concerts and days out and (iv) visiting nature centres. We also assist the people we support in developing daily living skills, such as cooking, using public transport and learning basic shopping skills, to help them achieve as much independence in their personal lives as possible.

A large number of our care homes include facilities used for physiotherapy and sensory stimulation as well as activity rooms for creative activities and the use of musical instruments. Many of the people we support are unable to communicate verbally and may have difficulty using traditional non-verbal communication methods, and we believe the ability to create music and to control sound is highly valued by these people.

We primarily provide care services for adults with learning disabilities, complex autism and ABIs and other related complex and challenging support needs. As at 30 September 2021, 91.3% of the people we support in our Registered Care Division and Community Based Care Division had a learning disability (including autism spectrum disorders, epilepsy related disorders and other similar conditions), 6.2% were undergoing BIR, 2% were in Children’s Complex Care and 0.5% required specialist behavioural support. As at 30 September 2021, approximately 69% of the people we support in our Registered Care Division have been in our care for more than five years and certain individuals have been in our care for more than 20 years.

We place great emphasis on providing tailored care packages for each individual and review their care plans annually. This approach is undertaken through our ‘person centred’ planning process, which places the emphasis on the individual and guides the action of our support staff to ensure each individual’s care plan is realised. This approach involves following the routines preferred by the people we support including incorporating people, places and services that are important to them and providing the level of support they require. In addition, based on individual feedback from the people we support, we prepare a personalised profile for each person, which summarises important information about their personal preferences including what is important to them and how best to support them. These profiles are available to support workers for each person we support and help us to maintain a ‘person centred’ approach to each individual.

Learning disabilities

People with learning disabilities often require lifelong support and individuals usually remain with the same service provider for several years or even decades. Learning disabilities may occur as a result of genetics or developmental issues caused at birth. They tend to be identified early in life and are a lifelong condition. Such impairment is measured in terms of IQ and ranges from ‘profound’ (i.e., an IQ of less than 20), ‘severe’ (i.e., an IQ of 20-35), ‘moderate’ (i.e., an IQ of 35-50) and ‘mild’ (i.e., an IQ of 50-70). Individuals with learning disabilities may have difficulty communicating and suffer a reduced ability to understand or remember new or complex information or learn new skills. Such individuals may also suffer from a lack of adaptive social functioning, causing a reduced ability to cope independently. Individuals with learning disabilities often have high acuity support needs.

In 2003, the UK government produced guidance directed towards Local Authorities called ‘Fair Access to Care Services’ on eligibility criteria for adult social care. This was an attempt to achieve a consistent approach for all Local Authorities when assessing needs of individuals, and the Care Act 2014 has provided further guidance in this respect. We predominantly provide services to individuals with ‘profound’ and ‘severe’ care needs and other related complex and challenging support needs, including PW, Asperger’s Syndrome and autistic spectrum disorder, as well as those suffering from challenging behaviour and severe physical disabilities. It is common for individuals with learning disabilities to be diagnosed with secondary disabilities such as mental health problems or, alternatively, physical disabilities or other medical conditions, such as epilepsy or autism.

Our support workers are trained to provide specialised care including, where required, communication through Makaton (a form of communication that uses manual signs, graphic symbols and speech), MAPA (Management of Actual or Potential Aggression) to manage challenging behaviour, and high levels of personal care, including assistance with eating and personal hygiene and medical assistance to manage conditions such as epilepsy. We also rely on third-party specialists to provide medical care and services to the people we support.

Acquired brain injury

An ABI is a condition that results from a head injury after birth, such as a traumatic brain injury ("**TBI**"), or from other causes, such as oxygen starvation or haemorrhage. TBI is the most common type of ABI, and is usually associated with injuries arising from road traffic accidents, strokes, suicide attempts, assaults, sports injuries, falls and recreational injuries. ABIs may also result from alcohol or drug misuse. In most cases, the first year of therapeutic care after an ABI is critical in helping individuals to re-acquire skills lost as a consequence of their injury.

ABIs are often accompanied by behavioural and physical disorders. These include personality change, anxiety, depression, paranoia and severe short-term memory loss. Support for individuals with an ABI may include teaching independent basic life skills such as the ability to dress oneself as well as therapy provided by us and third-party providers to assist the people we support in coping with physical and psychological conditions.

We have been working with people with ABIs since 2002 and currently provide support to these people through both of our divisions. To address the specific needs of some of the people we support with ABIs, we have developed specialised care homes for such individuals, which are separate to those for the people we support with learning disabilities. As at 30 September 2021, we were able to provide care to 214 individuals with ABIs in 28 locations across the UK.

Following a thorough assessment, our skilled support staff teams work intensively with each individual to help them rediscover old skills that may have been lost as a result of the injury, or acquire new skills to help minimise the effects of their injury. We offer a wide range of living options and flexible individual support packages, which enable individuals to gradually build a more independent life. As at the date of this Offering Memorandum, 16 of our locations are accredited by Headway, the brain injury association.

Individuals with ABIs will stay with us for varying lengths of time according to their needs, progress, rehabilitation pathway, long-term plans and personal preferences.

Prader-Willi syndrome

Prader-Willi syndrome is a rare genetic condition that causes a range of physical symptoms (e.g., excessive appetite), learning difficulties and behavioural problems. We offer 12 Prader-Willi syndrome specialist services.

Specialist Behavioural Support Services

Specialist behavioural support services are provided to people with learning disabilities who are preparing for a discharge from a long-term hospital stay or are at risk of admission to hospital due to complex behaviours. This level of care is considered a step-down from in-patient hospital care. There is a substantial effort from Local Authorities to move people towards more community based treatment, which affords a better standard of living.

Our Divisions

We provide care for people in our two divisions, our Registered Care Division and our Community Based Care Division.

Registered Care Division

Our Registered Care Division provides care to adults in our 263 registered care homes as at 30 September 2021. Our Registered Care Division accounted for £178.3 million or 64% of total revenue for the twelve months ended 30 September 2021. As at 30 September 2021, we held the freehold interest in 232 of our registered care homes and seven of our registered care homes were held on a long leasehold basis (each with a lease period of over 33 years remaining), collectively representing 93% of our registered care homes by number of beds.

As at 30 September 2021, we had 2,036 beds in our Registered Care Division, of which 1,904 beds were occupied. As at 31 March 2019, 2020 and 2021, we had 2,053, 2,014 and 2,033 beds, respectively, in our Registered Care Division, with average occupancy rates of 93.4%, 94.3% and 92.8% for the fiscal years 2019, 2020 and 2021, respectively.

The average weekly fee per person we support in our Registered Care Division for the twelve months ended 30 September 2021 was £1,844. For the fiscal years ended 31 March 2019, 2020 and 2021, the average weekly fee per person we support in our Registered Care Division was, respectively, £1,694, £1,730, and £1,798.

We have a strong focus on providing high quality services in a manner that replicates a typical domestic setting as closely as possible. Our registered care homes have an average of eight beds, providing a more personal environment compared to the larger facilities operated by certain of our competitors. We offer 24 hour care services in our registered care homes, with typically at least two support staff members for every three individuals we support during the day. There is a registered manager for each registered care home, the appointment of whom is subject to regulatory approval. To the extent the people we support require nursing services, our registered care homes also have access to the appropriate professional staff, including nurses.

Some of our registered care homes allow us to provide care to the people we support on a short-term basis in order to provide respite to their family carers. Our respite services play an important role for some family carers and allow us to provide support to individuals living with their families. As at 30 September 2021, we had 23 respite beds in our homes throughout England, consisting of 20 beds under block contracts and three beds under spot contracts. We provide respite for people with a variety of needs, including people with physical disabilities, in addition to their primary learning disability or ABI. The people we support can choose to take part in activities, which are tailored to their interests, or to continue with their usual daily routines.

We are subject to regulation with respect to our staffing levels, staff qualifications and the physical quality of our care homes. Each registered care home must obtain registration from the relevant regulator in England, Wales and Scotland, and our registered care homes are also subject to announced and, in most cases, unannounced inspections by the CQC. See "*Risk factors—Risks related to our business—We operate in a highly regulated business environment, which is subject to political scrutiny. Failure to comply with regulations could lead to substantial penalties, including the loss of registration on some or all of our care homes as well as damage to our reputation*". In addition, our open-home policy and active encouragement of multiple visitors, including family members of the people we support, neighbours, social workers and our internal governance teams, increases our ability to identify any potential regulatory or other concerns when they first arise.

We aim to create a community atmosphere in each home. The people we support are supervised and assisted while maintaining as much independence as possible and are encouraged to make their own decisions as to how they want to live. The people we support are able to engage in studies and recreational activities and to participate in the running of the care home, including participating in cooking and gardening, as well as organising recreational activities for their households.

A number of our registered care homes include step-down living flats and bungalows, which are located on the same grounds as our registered care homes but are detached from the main house. These facilities give the people we support the opportunity to build their daily living skills and independence, while still remaining in a supported environment, where care is available to them as needed. This provides the people we support with the assurance of support staff being available, while providing them with the space and facilities to learn new skills and determine whether they enjoy a more independent lifestyle. In turn, we are able to support individuals in building the skills they need to live alone. The length of time spent in these flats and bungalows varies according to the individuals' respective needs. Some individuals move out and lead independent lives within a few months, while others require lengthier stays before they feel confident leading independent lives. However, after a trial period, some individuals decide that they do not want to live independently.

We also have one registered care home for elderly individuals, which accounted for less than 0.6% of revenue for the twelve months ended 30 September 2021.

Community Based Care Division

Our Community Based Care Division is an important part of our business. Through our Community Based Care Division, we provide care to people in their homes, rather than in one of our registered care homes, thereby helping them to more independently manage their individual support needs. We also provide nursing care at the homes of the people we support through our Community Based Care Division, as well as specialist domiciliary care to individuals (including children) suffering from brain or spinal injuries and neurological conditions through our Voyage Specialist Healthcare operations. Also included within our Community Based Care Division is Children's Complex Care, which supports young individuals living with their families who require specialist care or nursing. Within our Community Based Care Division, the people we support, a family member or an advocate ordinarily makes decisions regarding the provision of this care. We also provide limited day care services outside the homes of the people we support through our Community Based Care Division. These services consist of day time activities including sports, creative arts, day trips or social events, horse riding, attending trampoline sessions, fishing, hydro therapy, cycling, bowling, as well as visits to the cinema, theatre, local historical sites, museums, sea life centres and safari parks. We currently operate eight day care centres.

In many cases, the people we support through our Community Based Care Division live in individual or communal supported living accommodation provided by registered social landlords (such as housing associations) that are registered with the Homes and Communities Agency, while in other cases the people we support may live with private landlords. In certain of these cases, we may own the housing used in connection with the care and support we provide. In these circumstances, we lease the property to a housing association, which then manages the property and collects rent received by tenants and other charges on our behalf. As tenants, the people we support typically receive housing benefits that allow them to pay rent. The level of housing benefit they receive is not subject to customary caps, which reflects the recognition that specially adapted accommodation, including adaptive technology such as, for instance, hoists, may be required. Our care and support fees are paid directly by the relevant Local Authorities and CCGs. In each case, the revenue that we generate is dependent on the availability of public funding. See "*Risk factors—Risks related to our business—We operate in a highly regulated business environment, which is subject to political scrutiny. Failure to comply with regulations could lead to substantial penalties, including the loss of registration on some or all of our care homes as well as damage to our reputation*". In other cases, the people we support live in privately arranged accommodation.

Management and administration of the care services provided through our Community Based Care Division is provided offsite through DCAs.

For the twelve months ended 30 September 2021, our Community Based Care Division accounted for £100.6 million or 36% of revenue. As at 30 September 2021, we provided support to 1,616 individuals living in their own homes, and we delivered 103,620 average weekly direct hours of care for the twelve months ended 30 September 2021, with the provision of support averaging approximately 66 hours per week per person we support at an average hourly rate of £19.61. Our Community Based Care Division has continued to grow, as demonstrated by the below chart showing the progression of our average weekly direct hours of care from June 2018 to September 2021:

Period (three months ended)	**Average weekly direct hours of care provided**
June 2018	82,600
September 2018	83,300
December 2018	86,400
March 2019	90,200
June 2019	93,900
September 2019	98,100
December 2019	98,700
March 2020	99,700
June 2020	95,700
September 2020	99,000
December 2020	101,000
March 2021	101,300
June 2021	107,000
September 2021	105,200

In addition, although we encourage the use of public transport wherever possible, we also own and lease vehicles, which we use to collect the people we support from their homes and take them to activities. We use experienced drivers with the appropriate adapted vehicles. The people we support are escorted on the journey by the same support staff who support them at the activities to give the individual consistency and stability.

Profile of the people we support

Registered Care Division

The people we support through our Registered Care Division vary in age from 18 years old to over 90 years old. The following table sets out the range of ages of the people we support as at 30 September 2021:

Age range of the people we support	% of total people we support
18 to 21 years	1.5%
22 to 30 years	7.6%
31 to 40 years	21.7%
41 to 50 years	18.4%
51 to 60 years	25.9%
61 to 70 years	16.6%
Over 71 years	8.2%
Total	**100%**

As at 30 September 2021, approximately 49.3% of the people we support through our Registered Care Division were aged 50 or under, and therefore are likely to stay with us for a long period of time and represent a more stable revenue stream.

As at 30 September 2021, approximately 69.4% of the people we support in our Registered Care Division have been with us for more than five years and certain individuals have been in our care for more than 20 years. While individual spot contracts normally have a four-week notice period to terminate the contract, a spot contract can last for the life of the individual, as long as the care home or service can provide care appropriate to their needs. Separately, our block contracts cover a number of beds (rather than the number of people we support) over a designated period regardless of actual occupancy. The number of our block contracts only represents a minimal number of our beds. See "—*Types of care service agreements*". Regardless of the nature of the contract, the people we support are likely to remain in our care on a long-term basis. This long average length of care provides us with a visible and predictable annuity style revenue stream. The average length of stay of the people we support through our Registered Care Division as at 30 September 2021 is summarised in the following table:

Average length of stay	% of total people we support
Less than 1 year	5.2%
1 to 2 years	6.3%
2 to 3 years	5.6%
3 to 4 years	6.4%
4 to 5 years	7.0%
More than 5 years	69.4%
Total	**100%**

Community Based Care Division

The people we support through our Community Care Based Care Division vary in age from one year old to over 90 years old. The following table sets out the range of ages of the people we support as at 30 September 2021:

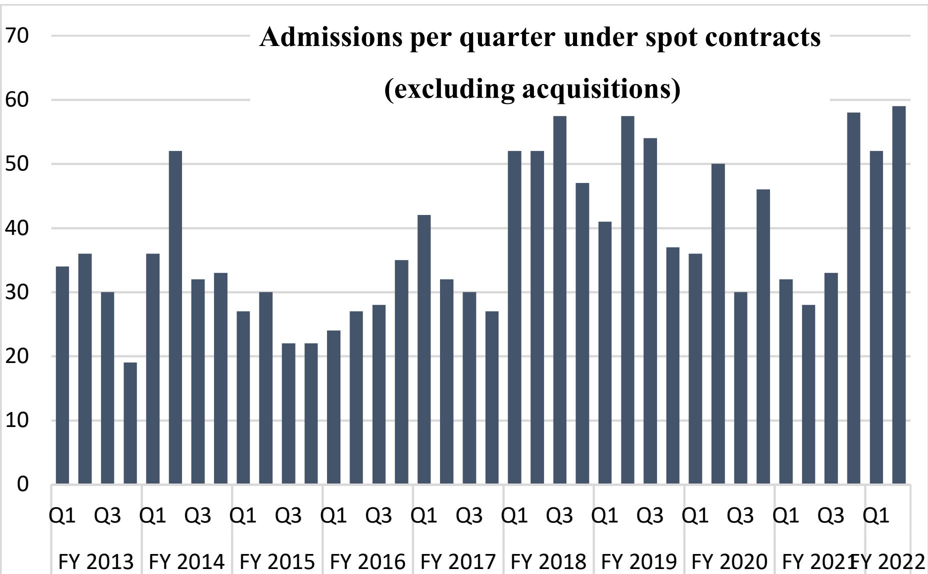
Age range of the people we support	% of total people we support
0 to 17 years	4.5%
18 to 21 years	5.2%
22 to 30 years	18.5%
31 to 40 years	20.4%
41 to 50 years	15.4%
51 to 60 years	19.2%
61 to 70 years	11.3%
Over 71 years	5.4%
Total	**100%**

Referral process

Registered Care Division

The admission of new individuals within our Registered Care Division is the responsibility of our operations team, transition/placement managers and referral line team. We believe that the referral process is based on, and driven by, the reputation of the service that we provide, the level of local demand, proactive targeted marketing activity and the relationships that have been nurtured by our operations team with the relevant referring party. When an individual is referred to us, we conduct an initial care and support needs assessment in order to determine what level of care and support a person requires and whether we can support their needs, based on a range of factors including our expertise, capacity in our services or ability to source appropriate accommodation, and the timeframe within which support is required. This assessment is then followed by our 'person centred' review that details how the care and support is to be tailored to the individual's needs. The assessment process involves gathering information from the current service provider and family carers, as well as getting to know the individual. In order to evaluate the needs of the individual and our ability to meet these needs, we would typically visit the person in their existing care environment. Following an assessment, a care plan and fee proposal will be prepared and submitted to the relevant Local Authority or CCG for approval. During transition and following admission, we conduct regular review meetings with the people we support and their assigned care manager or social worker to ensure expectations are being met.

The following chart illustrates our quarterly admissions under spot contracts, excluding from acquisitions, in our Registered Care Division since 2013:



Admissions during each quarter are offset by discontinuations in the provision of care for certain of the people we support. The number of people we support reflects gross admissions, less any discontinuations in the provision of care.

Community Based Care Division

As in our Registered Care Division, the process for obtaining placements of supported people in our Community Based Care Division is largely driven by our reputation for high quality service and by our relationships with Local Authorities and the CCGs. We ordinarily obtain placements of the people we support in our Community Based Care Division in three different ways:

(i) We may become an approved provider of care and support services under a framework agreement with a Local Authority or CCG. Once we have obtained approved provider status, we are then eligible to bid for the placements of people that the Local Authority or CCG may assign under the framework agreement. In some circumstances, these bids may be for individual placements of supported persons or for placements of groups of people in a single property or multiple locations.

(ii) We may be awarded placement tenders for the people we support by the relevant authority outside of a framework agreement. Under these types of placements of supported people, we are typically commissioned to provide care and support to a significant number of grouped individuals. While we may win tenders to operate newly created placements for people to be supported, we are also frequently awarded tenders to replace an existing care and support provider who is not able to provide the same high quality and complex care and support that we are able to provide, or where placements are being re-tendered due to contract expiry or changes in provision.

(iii) We may be selected directly by an individual requiring care and support or their carer, without the direct involvement of any relevant Local Authority or CCG. In these cases, funding for care and support is usually provided directly by the relevant authority to the individual requiring care or their carer, but the decision with respect to how those funds are used is made by the individual requiring care or their next of kin or advocate.

Our focus on providing quality services and our established relationships with Local Authorities and the CCGs have enabled us to grow our Community Based Care Division.

Types of care service agreements

Registered Care Division

Spot contracts

Local Authorities and the NHS generally place individuals on a 'spot' contract, which is an individual placement agreement. Spot contracts generally have a four-week notice period to terminate the contract. Spot contracts provide greater operational flexibility and are more appropriate for bespoke care packages to meet the high acuity support needs of the people we support, since they more accurately reflect the cost of individual care.

Respite contracts

We also provide care and support to a small number of individuals under respite contracts, where the individual stay is short-term in nature. As at 30 September 2021, we had 23 respite contracts, three of which were under block agreements with the relevant Local Authority, pursuant to which we receive fees from the relevant Local Authority regardless of whether the beds are occupied.

Community Based Care Division

Framework contracts

We operate a portion of our Community Based Care Division under framework agreements with Local Authorities or CCGs. These framework agreements are for fixed durations, have fixed fee rates and are non-exclusive. Accordingly, there is no guarantee that placements of people to be supported with care and support services will be awarded under these agreements, and we only derive revenue under such agreements by being awarded placements for supported people.

Tender contracts

We also operate a portion of our Community Based Care Division through individually negotiated contracts put in place when we are awarded placement tenders by the relevant authority. We are typically awarded care and support service to supported people for a period of between two and seven years under these contracts; however, the tenderer usually has the right to terminate these contracts by providing three months' or six months' notice and the actual volume of care delivered and paid for may vary with the actual needs of the people we support.

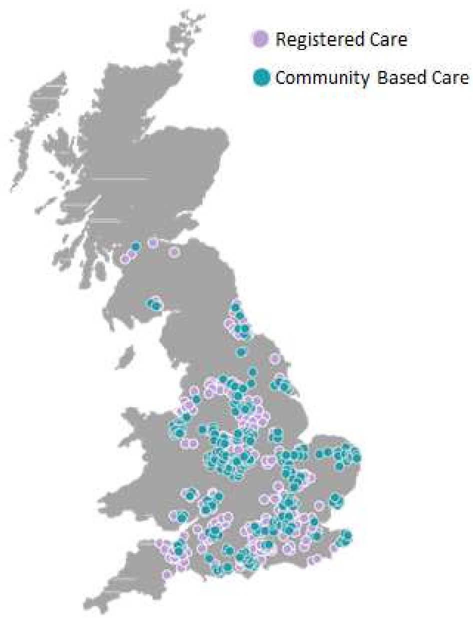
Individual placement contracts

We also enter into individual contracts directly with certain people we support who have selected us without the direct involvement of any relevant authority.

Properties

Geographic distribution

We have a geographically diverse portfolio of care services and homes throughout the UK. The following map illustrates the geographic distribution of the 314 care homes for which we held either a freehold or long leasehold (each with a lease period of over 33 years remaining) as at 30 September 2021:



We provide care and support through our Community Based Care Division in multiple locations throughout the UK.

Property profile

As at 30 September 2021, the profile of our freehold and leasehold properties was as follows:

Current asset portfolio	Care homes	Beds
Registered Care Division		
Freehold and long leasehold(2)	239	1893
Leasehold	24	143
Third Party	0	0
Total	**263**	**2036**
Community Based Care Division(1)		
Freehold and long leasehold(2)	26	97
Leasehold	3	10
Other (including Land, Daycare)		
Freehold and long leasehold(2)	15	n/a
Leasehold	7	n/a
Total Freehold and Leasehold	**314**	**2143**

(1) Properties we own which we let to social landlords, who later rent such properties to the people we support through our Community Based Care Division.

(2) Freehold properties include five Capital Grant Properties. The value attributed to such Capital Grant Properties is £6.5 million in the Valuation Report.

Our freehold beds have been added through the organic roll-out of new builds and the conversion of homes. Historically, we have primarily focused on buying land in areas where we have existing strong relationships with Local Authorities and the NHS, and on building new homes tailored to the particular individuals' needs that we have identified in that area. We have acquired planning permissions for two of our existing sites, and we currently have planning applications or pre-applications submitted for a further seven sites.

For the twelve months ended 30 September 2021, our most profitable registered care home represented 1.8% of our Underlying Adjusted EBITDA and our most profitable DCA in our Community Based Care Division represented 5.9% of our Underlying Adjusted EBITDA, suggesting no reliance on any single service.

Capacity and occupancy levels

The non-discretionary nature of such high acuity, long-term conditions combined with the long average length of stay of the people we support (i.e., lengths of stay of 11 years) provides us with visibility of expected occupancy levels. We have consistently achieved occupancy rates of approximately 90% or more for the past nine years in our Registered Care Division.

Valuation Report

In May 2021, we retained Christie & Co to perform a valuation of our portfolio of freehold and long leasehold properties and associated care services and to prepare the Valuation Report based on their findings. The Valuation Report includes a valuation on a portfolio basis and also includes a valuation of the aggregate of the individual value of each of our freehold and long leasehold properties on a standalone basis. Christie & Co prepared the Valuation Report in accordance with the Royal Institute of Chartered Surveyors' Professional Standards. The Valuation Report has a valuation date of 15 June 2021.

Basis of valuation

The Valuation Report determined market value on the basis of both a single portfolio approach and a property-by-property approach. Under the single portfolio approach, each freehold and long leasehold property was valued according to its existing use and present condition as a fully equipped operational entity having regard to trading potential, with the entire portfolio sold in a single transaction. Under the property-by-property approach, each freehold and long leasehold property was valued according to its existing use and present condition as a fully equipped operational entity having regard to trading potential, with each property sold on an individual basis. The findings of the Valuation Report are summarised below.

In order to conduct the valuation, we provided Christie & Co with the full year management accounts per property for the fiscal years 2021, 2020 and 2019 and the budget per property for the fiscal year 2022. We also provided Christie & Co information including our average occupancy rates, individual residents' fee rates (including funding sources), staffing hours, staff pay rates and other specific cost items as required. Additionally, Christie & Co researched registration and inspections reports and planning authority records on a selective basis.

General terms and assumptions

All properties were valued on the basis of their existing use, which Christie & Co assumed to be the authorised use under planning legislation and in accordance with the use registered with the relevant regulatory agency. Christie & Co also assumed that each of the properties was fit for its current purpose. During the course of the valuation, Christie & Co did not make any detailed statutory enquiries or investigations (such as those relating to registration, planning permissions or site and ground conditions) apart from those made in connection with the properties that Christie & Co inspected on site. For those properties, Christie & Co made statutory enquiries, including site and ground enquiries. Where such enquiries indicated that a particular property falls within an area affected by flooding, coal mining or radon gas, the valuation with respect to such property has been made specifically on the assumption that such properties are covered by the appropriate insurance to mitigate risks related to such areas.

The valuation also assumed a normal repair and maintenance budget and took our capital expenditure plan into consideration. Christie & Co noted that they consider the properties that were subject to on-site inspection to be fit for their current purposes and to generally be in a good state of repair, subject to specific items of disrepair in each case. Christie & Co assumed that the properties that were subject to a 'desktop' review (as explained further below) are in a suitable state of repair and condition and that there is no requirement for immediate capital expenditure with respect to such properties. Additionally, the valuation took into account the central and regional costs that would be required to operate the business on an ongoing basis.

In undertaking its work, Christie & Co has assumed that no contaminative or potentially contaminative uses have been carried out at or on the properties. Christie & Co has not undertaken an asbestos containing material inspection and therefore has not made any allowance for any potential liability in this regard.

The market value of each property on a standalone basis determined by Christie & Co assumes that we will produce a sustainable level of FMOP, which is a proxy for EBITDAM, as such term is commonly used and typically refers to earnings before interest, tax, depreciation and amortisation, and further adjusted for management charges on the portfolio valuation. FMOP represents Christie & Co's view on where the business is expected to trade, in line with Christie & Co's assessment as set forth in the Valuation Report. In addition, the Valuation Report is subject to the terms and condition set forth therein and the 'shelf life' of the Valuation Report is limited due to various macroeconomic factors affecting the UK and Eurozone.

Special terms and assumptions

Christie & Co also conducted on-site inspections of 97 properties, which represented approximately 34% of our 284 freehold and leasehold properties, including eight long leasehold assets. We and Christie & Co agreed the sample was representative of our portfolio's freehold properties. The remaining properties that were not inspected were valued on a 'desktop' basis. The desktop valuations assume that the quality of the desktop review properties are of a broadly similar quality to that exhibited by the inspected properties and that a physical inspection of any of the properties would not reveal any adverse matters that would otherwise impact upon Christie & Co's opinion of value.

Portfolio attributes

Christie & Co also considered our portfolio's key qualities in comparison to the larger market for care services. Christie & Co noted that we have been providing specialist care services for many years and offer a diverse range of services through our Registered Care Division and Community Based Care Division.

Portfolio valuation methodology

Christie & Co considered the existing use approach as the most appropriate methodology for valuing our properties and, on this basis, arrived at its assessment of FMOP. Christie & Co considered the likely level of revenue and costs for each individual property in order to arrive at their opinion of FMOP, which was then aggregated. Christie & Co then adjusted the amount of FMOP to reflect central costs. Such central costs were apportioned to various segments of our business. Lastly, Christie & Co added, as further adjustments, the aggregate of the individual value of the Community Based Care Division's property values and a small number of non-operational assets held. On the basis of the foregoing, Christie & Co assessed FMOP to be in the order of £36.2 million. Christie & Co then assigned a multiple of FMOP and included the aforementioned aggregated values to arrive at its final valuation.

Key findings

In Christie & Co's opinion, the market value of our freehold and long leasehold properties and care services in their existing use and present condition as at the date of the Valuation Report, as fully equipped operational entities having regard to trading potential and assuming that such properties are sold as one business, producing FMOP as assessed by Christie & Co, is in the order of £436 million. The table below sets forth the existing use value Christie & Co attributes to the freehold and long leasehold aspects of our business, based on property type and services offered and assuming that these properties are sold in a single transaction.

(£ in millions)	**Value (rounded)**
Registered Care Division (Property and business)(1)	412.7
Community Based Care Division (Business attaching to owned assets only)	11.0
Community Based Care Division (Property)	8.7
Day care centres	0.2
Non-operational assets	3.5
Market value of the property portfolio	**435.9**

(1) Freehold properties include five Capital Grant Properties. The value attributed to such Capital Grant Properties is £6.5 million in the Valuation Report.

Between the date used by Christie & Co to arrive at its valuation contained in the Valuation Report and 30 September 2021, we have temporarily closed one freehold property. This property was attributed an aggregate value (assessed on a property-by-property basis) of £0.5 million in the Valuation Report. We have also added one new freehold property in this period, as a result of the Woodley House Limited acquisition.

Funding

Almost all learning disability care services in the UK are funded by the public sector, the majority of which are funded and commissioned by Local Authorities across the UK, each of which sets its own commissioning strategies, fee rates and form of service contracts between providers and purchasers. For the fiscal year 2021, our services were predominantly commissioned by Local Authorities, representing 81% of our invoices, while services commissioned by CCGs, who provide funding where the people we support have health needs in addition to an assessed learning disability, represented 15% of our invoices and the remaining 4% of our invoices were issued to people we support, as assessed by the relevant Local Authority, in each case. For the fiscal year 2021, our largest customer represented 5% of our invoices. Invoices issued do not include all necessary adjustments which are required to derive revenue in accordance with IFRS, including movements in accrued and deferred revenue and movements in the credit note provision.

Historically, the learning disabilities and specialist care markets have experienced fee rate increases at or above the rate of inflation. For example, for the period between 2015 and 2019, fee rates increased at a CAGR of 3.4%, while UK inflation was 0.37% (2015), 1.01% (2016), 2.56% (2017), 2.29% (2018) and 1.74% (2019) over the same period. However, due to Local Authorities experiencing budgetary pressures (including as a result of the COVID-19 pandemic), fee rate increases have been curtailed in recent years. Local Authorities are expected to respond to cost pressures by seeking to increase utilisation of community based care, including the services provided by our Community Based Care Division. Care homes at the higher end of the learning disability and specialist care acuity scale are considered to be better insulated from these pressures, given the non-discretionary nature of such care services.

For the twelve months ended 30 September 2021, the average weekly fees per person was £1,844 for our Registered Care Division, compared to £1,768 per person for the twelve months ended 30 September 2021. For the twelve months ended 30 September 2021, the average hourly rate for our Community Based Care Division amounted to £19.61 per direct hour, compared to £18.75 per direct hour for the twelve months ended 30 September 2020.

As we assess the requirements of each person we support and develop a bespoke care package, the fee rate for each person we support is agreed separately with the Local Authority or the CCG and is generally subject to annual adjustments on 1 April. Fee rates depend on the individual needs of the person we support, the type of accommodation needed and the complexity of care required. Our Chief Operating Officer and regional managing directors use their discretion to set appropriate prices for each placement for people we support based on a number of factors, as well as negotiating annual fee increases with Local Authorities or the CCGs.

Local Authorities and the CCGs, with whom we agree our fees and derive the majority of our revenue, may review the needs of a person we support and increase or decrease our fees accordingly. The reviews may result in an increase or decrease in the number of hours of care paid for by the commissioner. In addition, our fees may be subject to review, with the typical method of review being based on the care funding calculator used by Local Authorities and the NHS, which is derived from data based on assumed average industry costs. We also occasionally challenge fee decreases and request increased fees for contracts where we believe the fees do not adequately compensate us for the services provided. In such cases, we have developed a number of operational strategies to maximise fee increases and mitigate the effects of fee decreases. All fees we receive are contractually renegotiable at any time, but we mainly renegotiate fees either annually to reflect increases in our costs or when we believe we are believe the fees received do not accurately reflect the value of the services we provide.

Registration process

Under current regulations, service providers must be registered with the relevant regulator (the CQC in England, the CIW in Wales and the Care Inspectorate in Scotland) for each separate regulated activity provided. Each regulated activity and/or location must also have a registered manager. Registration depends on an assessment of the fitness of the registered provider, the registered manager and the location itself. The registration of the personal care services delivered in our Community Based Care Division is achieved by registering a DCA office. The DCA office is the location from where the management and administration of community based care is delivered.

Day care services are not required to be registered with our regulators.

Once a service provider is registered for a regulated activity, the process of registering additional locations for that activity is made simpler by way of a reduced application process. For each new location registered, the required ‘add a location’ registration forms (one for the service provider and one for the manager) must be completed with the relevant information (including details of the care home or domiciliary care office to be added and the regulated activity). It typically takes up to 12 weeks to complete the registration of a new location, although the regulators target is ten weeks from receipt of the relevant application forms.

The relevant regulators may, in some circumstances, vary or remove the conditions of a registration with the result that one or more locations are removed from the registration. In most cases, the CQC would only make such a decision if it had concerns about the provider’s compliance with requirements in the way that they deliver a regulated activity. See “—*Quality assurance—External reviews*”. Generally, such action would be preceded by a ‘notice of proposal’ followed by a ‘notice of decision’. Failure to comply with such notices may result in legal action, removal of the location from registration and/or a maximum fine on summary conviction of £3,250,000.

Quality assurance

We recognise that given the challenging needs of the people we support, we operate in a high risk environment and we consistently develop and implement the appropriate systems and processes in order to actively manage and monitor such risks.

Led by our Chief Operating Officer, our team of six regional managing directors and the Children’s Complex Care managing director, 41 operations managers and 260 service managers, typically undertake a series of audits/quality reviews on a quarterly basis, which incorporate a review of all service records including compliance, regulatory reporting, health and safety, human resources and finances of the people we support. The audit and governance processes provide effective assurance of quality, independent of our operations team, with all of our registered care homes now receiving a minimum annual independent audit. Our quality and compliance team continue to be independent of operations and report through to our Director of Quality. The Director of

Quality is responsible for providing the business with a robust quality framework and risk assurance programme, while identifying and delivering our improvement and transformation activities.

We are continually developing our quality assurance programmes to ensure that we have measures in place to address quality concerns and regulatory requirements. We have implemented a SRS dashboard developed by our quality and compliance team that uses information from various systems and collates the risk scores for each service. The SRS programme automatically pulls data from different sections of our computer network and is constantly updated. The SRS report helps identify the services that are at the highest risk in terms of safe and effective delivery of care and enables us to devise effective plans to manage such services.

The Director of Quality reports directly to our Chief Executive Officer and has a direct, independent link to the Chair of our Quality, Safety and Risk Committee ("**QSR**"), which is a subcommittee of the Company's board of directors, to ensure proper governance regarding quality management. Our QSR is chaired by an independent senior industry expert. The committee is tasked with providing an independent review of support provided, complaints, and clinical incidents to ensure that compliance with the relevant standards and regulations have been achieved, and where compliance has not been achieved, that exceptions are reported and appropriately addressed. The committee also supports and advises management to help provide a safe and secure care, support and clinical environment for the people we support. Our regulatory and registration function provides oversight and management of the required registrations for both managers and services, and provides a key link for the provision of information to our regulators.

In our experience recruitment and retention of our support staff is key to ensuring we continue to maintain our market leading service quality. We have a dedicated recruitment team that is required to apply a thorough and consistent recruitment process comprising various interview stages and reference and background checks, including a DBS check, to ensure we adequately evaluate candidates in compliance with regulatory requirements.

Our focus on quality of care services is core to all of our operations. We have developed an approach to quality assurance based on the following key principles: (i) the people we support should be central to any quality assurance process; (ii) simple and accessible policies and procedures to ensure legal obligations are met; (iii) immediate escalation of any problems to senior management; and (iv) systems that produce clear information to increase management efficiency.

We have developed an in-house quality assurance system, which integrates any requirements or recommendations of an annual internal assurance audit of our care homes and community based care service activities, internal quarterly self-audits with validation by operations managers, external audits by regulatory bodies and reviews by our QSR into a single action plan.

In our organisation, we drive a culture of openness and honesty throughout our business, and positive and negative feedback from families, the people we support, staff and other people who are willing to provide feedback is both encouraged and acted upon. Most recently, we have piloted a feedback tool that we expect to roll out across our entire organisation. The tool collects feedback from staff, external professional, families and people we support, and outcomes from the corresponding surveys are subsequently included in our quality audits. In addition, we have an independent feedback mechanism for whistleblowing, where anonymity is preserved through our use of a third party law firm to handle and record initial whistleblowing disclosures.

We strive to deliver high quality 'person-centred' outcomes for the people we support. We periodically undertake individual care and support needs assessments as part of our 'person-centred' review process in order to develop personalised care and support guidance for each person that we support. These assessments provide a summary of the important information about the personal preferences of the people we support, including what is important to them and how best to support them. These profiles are prepared and made available to our support staff in order to assist them in maintaining a 'person-centred' approach to meeting each person's individual care and support needs.

Service Risk Scorecard and Risk Reduction Reports

The SRS report is comprised of a reporting framework which assigns metrics to regulatory and strategic non-financial performance measures in order to produce a standardised view of quality performance and provide an indication of potential risk. The performance measures reflected in the SRS include (but are not limited to), staff sickness levels, agency usage, incidents and accidents referred to external agencies, staff training outcomes and regulatory compliance.

The SRS affords both reporting by performance measure and collective reporting by home or service, portfolio or region. The SRS also allows us to generate risk reduction reports, which are useful tools for documenting and addressing identified risks.

The SRS is also used to provide reporting to the board of directors and the QSR, in addition to providing a management tool which prompts a full service review by operations managers when a home or service achieves a high risk score.

Business Review—Quality Element

Bi-monthly business reviews are chaired by our Chief Operating Officer. The quality element of the business review provides managing directors with an identification of homes and services which are actually or potentially struggling to meet quality standards. Our early detection of potential quality issues helps us to avoid compliance issues before they are raised in the course of external inspections or complaints. The quality review specifically considers the outcomes associated with internal audits, accidents, incidents and events, disclosures and complaints.

Homes and services identified through quality reviews as underperforming against internal quality standards or at risk of underperforming are subject to a risk reduction review, which is completed by the operations manager and following which a formal report of actions is submitted to the risk and governance manager.

In addition to the setting of improvement actions, the quality reviews also identify key information and outcomes which are reported directly to the QSR. The QSR has the remit to challenge outcomes, actions and reports and also to identify or mandate further actions required to either manage risks or improve the quality of care and support.

In addition to having a clearly articulated vision and set of values, we align the priorities of every member of our staff from our support workers all the way through management to the Chief Executive Officer. Our goal is to deliver high quality ‘person centred’ outcomes for the people we support. Everyone in our organisation, from our support staff to management, strive to achieve common goals. Our central focus is providing high quality and personalised care for the people we support.

Assurance Audits—Annual and Quarterly

We have an extensive suite of policy and procedure documents which consolidate the legal and regulatory requirements to which we are subject into easy to understand and achievable standards. These standards are reviewed on a quarterly basis and collectively used to create a suite of quarterly audit documents. The quarterly audits are utilised by managers to self-audit their individual home and service. The introduction or amendment of any policy or procedure automatically results in the amendment of internal audit standards. Following completion of an audit, managers are required to submit their score onto a portal which tracks quarterly results.

These audits are validated in the same quarter by a review undertaken by the operations manager and the outcome of the audit is recorded on the audit portal. The operations manager audit also includes a review and sign off of the home or service consolidated action plan.

The standards used in quarterly audits are further reflected in the independent assurance audit undertaken by the team of quality and compliance managers. The quality and compliance audit result is communicated to the relevant managing directors, operations managers and to the Director of Quality. In the event a home or service does not achieve the required pass rate the quality and compliance manager maintains contact to monitor and track the completion of non-compliant standards.

Annual service reviews

In addition to regular home and service audits, we conduct an annual review of our Registered Care Division and Community Based Care Division, which provides an opportunity for the people we support and the related stakeholders to provide formal feedback.

External reviews

Providers of registered care homes and services in England (with or without nursing care) must meet a number of fundamental standards under the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014. These fundamental standards relate to:

Regulation 8: General

Regulation 9: Person centred care

Regulation 10: Dignity and respect

Regulation 11: Need for consent

Regulation 12: Safe care and treatment

Regulation 13: Safeguarding service users from abuse and improper treatment

Regulation 14: Meeting nutritional and hydration needs

Regulation 15: Premises and equipment

Regulation 16: Receiving and acting on complaints

Regulation 17: Good governance

Regulation 18: Staffing

Regulation 19: Fit and proper persons employed

Regulation 20: Duty of candour

Regulation 20A: Requirement as to display of performance assessments.

The regulatory requirements applicable in Wales and Scotland are similar to those set out above for England.

The fundamental standards set out above were implemented in April 2015 and represent a significantly more demanding regulatory framework than the framework to which we were previously subject. Notwithstanding these changes, 95% of our services inspected in England had achieved a rating of 'Good' or 'Outstanding' from the CQC as at 31 March 2021. Fourteen locations held a rating of 'Outstanding'. Additionally, 100% of homes and services registered in Scotland and Wales were found to be 'compliant' when inspected by their regulators.

Our QSR committee

The Chief Executive Officer, Chief Operating Officer and the Director of Quality participate in meetings of our QSR committee, which are convened by the chair of our QSR committee, Alan Rosenbach (a senior industry expert who formerly held senior management positions with the CQC), and supported by two non-executive directors. Our QSR committee meets every two months, or more often if required. QSR provides an independent review of support provided, complaints, and clinical incidents to ensure that compliance with the relevant standards and regulations has been achieved, and where compliance has not been achieved that exceptions are reported and appropriately addressed. The committee also supports and advises management to help provide a safe and secure care, support and clinical environment for the people we support.

Other quality control forums

We have a number of mechanisms in place to encourage effective and transparent communication between the people we support, their families, our support staff and management. These various formal and informal means of communication enable us to identify issues as soon as they come to light and to address them appropriately. Our regional and national forums allow the people we support to put forward suggestions with respect to our strategic operations. Our 'See Something, Say Something' service enables the people we support to confidentially report concerns to our management about the service we provide. Moreover, in addition to having an internal audit team, we also have 'quality checkers' in place that consist of the people we support. These 'quality checkers' regularly visit our locations and collect feedback about the quality of our services from the perspective of the people we support.

In addition, the people we support, their families, support staff and others can report concerns through the use of postcards addressed to the Director of Quality, which can be completed anonymously if preferred. Also, our care and support related policies are produced in various accessible formats to cater for the people we support who may be unable to communicate verbally. During induction all support staff are informed about our whistleblowing policy, which was introduced in 2000. Whistleblowing disclosures are independently reviewed by a third-party legal advisor, who oversees a 24 hour phone and email service.

Employees

The number of staff we employed as at 31 March 2021 was approximately 11,300 and included 10,414 care support staff and service managers, 68 nurses and therapists, seven managing directors, 41 operations managers, 369 other service staff and 430 central overhead staff. Also included in the numbers above were 1,700 bank staff who we use on a contingency basis. We have a dedicated recruitment team that applies a thorough and consistent recruitment process based on our bespoke system, comprising various interview stages and reference and background checks, including thorough referencing and checks to ensure we adequately evaluate candidates' suitability in compliance with regulatory requirements. Furthermore, we provide various on-the-job training programmes through face to face and electronic learning formats to enhance the skills of our support staff and managers. These efforts, among other impacts (including as a result of the COVID-19 pandemic), have enabled us to increase our staff and minimise the use of external agency staff to approximately 1.1% of total direct care hours across our services for the fiscal year 2021, compared to 3.0% and 3.2% for the fiscal years 2020 and 2019, respectively. See "*Risk factors—Risks related to our business—The COVID-19 pandemic could have a significant adverse effect on our business, results of operations and financial condition or prospects, and the ultimate outcome of the COVID-19 pandemic remains uncertain*". External agency staff are employed by third-party staffing agencies and are not our employees. See "*Risk factors—Risks related to our business—If various national minimum wage and national living wage regulations change or are interpreted differently, our payroll costs will increase which may have a material adverse effect on our results of operations and financial condition*" and "*Management's discussion and analysis of financial condition and results of operations—Staff costs*".

Employees involved in providing care in our Registered Care Division and Community Based Care Division, including administration staff, are trained in the support needs of the people we support and emergency response techniques. Our training programmes include training designed to meet the requirements imposed by regulation and additional training designed to meet our internal quality care standards. We have an in-house learning and development team which is dedicated to delivering courses on all relevant subjects, enabling our employees to gain the necessary skill set, knowledge and confidence to achieve our high standards of care for the people we support. Our in-house learning and development team is also registered with the UK government's Office for Standards in Education, Children's Services and Skills (Ofsted) and has achieved a 'Good' rating, which is the second highest among the four grades that are given out under the Ofsted's rating system. Furthermore, we have a dedicated qualifications department that delivers professional development at all levels through the government apprenticeship schemes. We are statutorily required to provide training to our employees who provide care including the support staff. As part of our goal to deliver high quality care, in the year ended 31 March 2020 we provided 3,584 days of face-to-face training events. These were temporarily reduced to 2,690 days for the year ended 31 March 2021 as a responsive measure to the COVID-19 pandemic. In addition, our new hires generally complete up to 25 e-learning modules, including the statutorily required trainings. Our training programmes also go beyond statutory requirements and include service-specific and specialist training. We continue to invest in training in order to ensure that our employees are fully up-to-date in the best ways of providing care for the people we support, and our related expenditures in the fiscal year 2021 totalled approximately £2.0 million, which was a decrease from approximately £2.5 million in the fiscal year 2020. This was mainly due to our efforts to increase the amount of training delivered remotely through video conferencing which minimised face-to-face training during the COVID-19 pandemic and enabled us to deliver the same amount of training for lower cost and with employees trained in our services without the need to spend time and expense travelling to a different location for the training.

While staff turnover for individuals new to the care sector is relatively high, as at 31 March 2021, 269 out of 291 of our services had in place a registered manager. We attribute this retention of more experienced staff to the fact that we have developed a system of career progression in a supportive culture, which offers scope for additional training and development. Employee incentive plans include bonus payments, staff welfare schemes and various other programmes aimed at rewarding and motivating staff for exceptional performance. Employee pay and benefit packages are linked to their respective qualifications. We closely monitor staff turnover and retention as we seek to maintain as much stability as we can in our teams. It is our objective to achieve the staff retention rate that is higher than the sector average. We have implemented a staff feedback tool, and we actively encourage staff feedback through various forums including the Managers' Briefing Call, service visits by senior management, town hall meetings and exit interviews. We also monitor local employment markets and pay rates as well as staff turnover and stability. These initiatives all help us understand underlying trends in staffing and recruitment in addition to key issues for our employees so that we can adapt our recruitment and retention policies as appropriate.

In response to recent developments in the employment market in certain parts of the UK, we have implemented several initiatives to assist in the recruitment and retention of staff and to reduce agency usage and support growth by making more care hours available. These include pay increases in targeted locations, the payment of the national living wage, instead of the national minimum wage, to all of our employees under 23, a temporary winter overtime premium of £2 per hour, a £50 Christmas gift voucher for all of our staff, an enhanced 'Refer a Friend' program, holiday buy-back schemes, access to the so called Blue Light card, a discount service for employees in the healthcare sector, and welcome bonuses. While it is likely the related costs will continue to rise due to various factors such as inflation and policy changes such as the planned increase in the national minimum wage by 6.6% to £9.50 in April 2022 as well as the recently announced increase in employers contribution to national insurance for the customers we receive through the Local Authorities and NHS. See "*Risk factors—Risks related to our business—We depend on our ability to attract, retain and train experienced and/or staff in a number of disciplines and any reduction in the number of such individuals or an increase in the wages and salaries necessary to attract and retain them could negatively impact our business, results of operations, financial condition or prospects*".

Furthermore, we have a human resources department which works closely with our employees to foster consultation in all matters, ensures fair pay for all and facilitates flexible working where feasible. We recognise that human rights principles of fairness, respect, equality, dignity and autonomy are at the heart of good care provision. It is also known that there is a strong link between the quality of care and equality for staff, which requires our efforts to establish basic fairness and build an inclusive culture that recognises and celebrates diversity. It is our expectation that our employees, and not just the people we support, visitors and others, are treated with consideration, dignity and respect and are free from harassment or intimidation at all times. This expectation is communicated to our employees through an equality, diversity and human rights policy available on the Group's intranet. Moreover, our various internal policies ensure any discrimination will not be tolerated, either directly or indirectly, in recruitment or during employment. We demonstrate our commitment by promoting equal opportunities for current and potential employees, building an environment free from discrimination, bullying, harassment or any other challenging behaviour and providing support and encouragement to our employees to develop their careers and maximise their contribution. We are committed to having a diverse workforce in terms of gender, ethnicity, background and experience at all levels within the Group. We also recognise that a diverse senior executive team, in terms of gender and ethnicity as well as experience, background, skills and knowledge, is essential for the success of our business.

To enhance engagement with our staff at all levels, we have developed and implemented a number of initiatives across recruitment, wellbeing, reward and recognition, induction, equality and diversity as well as learning and development. As an example, we have developed an initiative called a 'People Strategy' expected to be executed over the next three years, which contains the following three key pillars:

(1) Recruit: use a smooth and engaging recruitment process to recruit the right people whose personal values align with ours;

(2) Engage: ensure employees feel valued and are rewarded for their efforts to promote stable and well-supported staff teams that know and understand the people we support and who support one another; and

(3) Maximise: establish a framework to help people recognise employees' strengths and areas for development and address them through continued learning.

We rely on a dedicated bank of casual workers (paid on an hourly basis as required) to provide flexible cover when required. This flexible cover allows us to provide quality care at an efficient cost.

We contribute to two government sponsored defined benefit schemes and a number of individual pension schemes. We also contribute to pension schemes for those employees who qualify for automatic enrolment into a workplace pension under legislation governing employee pensions and offer certain staff the chance to participate in a group personal pension plan and previously participated in a closed Group-funded defined benefit scheme for past employees. In response to the COVID-19 pandemic, we also paid lockdown bonus allowances to compensate for overtime work, in the form of hourly rate supplements of £1 or £2 for overtime hours worked to all of our permanent hourly paid care workers.

Insurance

We maintain insurance of the type, and in the amounts, that we believe are commercially reasonable and appropriate for our operational and risk profile. Our insurance programme includes the following coverage: medical malpractice insurance, public liability insurance and employers' liability insurance as well as coverage for property damage and business interruption risks, directors and officers liability insurance, cyber security, coverage for group personal accident and professional indemnity and comprehensive insurance on motor vehicles operated by our employees.

For the future, we do not anticipate a material increase in premiums but if a substantial claim did arise, or the conditions of the underwriting markets changed, this could affect the ability to obtain existing insurance programmes on the same terms, costs or at all. See "*Risk factors—Risks related to our business—Our insurance may be inadequate, premiums may increase and, if there is a significant deterioration in our claims experience, insurance may not be available on acceptable terms*".

Legal and regulatory proceedings

In the normal course of its business, we may be involved in legal proceedings. These fall broadly into the following three categories:

- Complaints and claims by the people we support, their family members or regulatory bodies in relation to our operations, which typically fall under our medical malpractice or public liability insurance policies.

- Complaints and claims by employees in relation to injuries sustained in the course of their employment.

- Complaints and claims from current or former employees in relation to alleged breaches of employment legislation, which do not fall under any of our insurance policies if resolved by an employment tribunal or settled privately.

In addition, a coroner's inquest (or the Welsh or Scottish equivalent thereof as applicable) may occasionally take place where there is a death of an individual at one of our homes. The police may be involved in these proceedings.

We do not believe that the adverse resolution of any pending disputes, claims or litigation, individually or in the aggregate, would have a material adverse effect on our business, results of operations or financial condition. However, the result of any pending disputes or litigation cannot be predicted with any certainty. We are not currently subject to any legal proceedings that we believe to be material to our business as a whole. See "*Risk factors—Risks related to our business—We may become involved in legal proceedings based on negligence or breach of a contractual or statutory duty from the people we support or their family members or from employees or former employees*."

MANAGEMENT

The Issuer

The Issuer was incorporated on 2 January 2013 and is a wholly owned finance subsidiary of the Company. The board of directors of the Issuer is composed of the following members:

Name	Title
Andrew Cannon	Director
Shaun Parker	Director

Summarised below is a brief description of the experience of the individuals who serve as members of the board of directors of the Issuer.

Andrew Cannon (Chief Executive Officer) joined as Chief Executive Officer in August 2015. Prior to joining Voyage Care, Mr. Cannon was the Managing Director of Bupa Care Services, leading a team of 27,000 people across 300 residential homes and five care villages and caring for 40,000 people. Prior to this, Mr. Cannon was Director of Healthcare Delivery at Bupa, responsible for service call centres, claims (UK and India), administration services and a network of treatment 'Centres of Excellence' across the UK. A qualified accountant with an MBA in European Business (distinction) and a BA Hons, Mr. Cannon's previous experience was in a variety of sectors. Mr. Cannon has worked for British Airways, MyTravel and Greenalls, and immediately prior to Bupa, Mr. Cannon was the Finance Director of a private-equity backed telecommunications business. In addition to his role at Voyage Care, Mr. Cannon is also a Board member of Care England, the registered charity that represents independent care providers.

Shaun Parker (Chief Financial Officer) is an experienced finance professional with over 25 years in Finance Director and Chief Financial Officer roles. During this time Mr. Parker has worked for Mars Petcare in the UK and Germany, Diageo in the U.S. and the UK, and CPP Group in the UK. Immediately prior to joining Voyage Care, Mr. Parker was CFO of Tunstall Healthcare Group, the leading provider of alarm equipment and response solutions to support elderly and vulnerable people in their homes. Mr. Parker has extensive experience of finance leadership in growing businesses as well as leading corporate transactions, including numerous refinancings, an IPO, and mergers and acquisitions. In addition to his role at Voyage Care, Mr. Parker is also a non-executive Director of Zen Internet Limited, an award winning Internet Service Provider.

VC Healthcare Topco Limited

Prior to the Acquisition, the main decision body for Voyage Care was the board of directors of Voyage Care HoldCo Limited. Following the consummation of the Acquisition, the main decision body for Voyage Care is the board of directors of VC Healthcare Topco Limited, a company registered under Jersey law. VC Healthcare Topco Limited was incorporated on 5 January 2022 in connection with the Acquisition and is the indirect parent entity of the Company. The board of directors of VC Healthcare Topco Limited is composed of the following members:

Name	Title
Gregory Pestrak	Interim Chair and Non-executive director
Andrew Cannon	Director and Chief Executive Officer
Philip Bownes	Non-executive director
Benedetto de Biasio	Non-executive director

Pending the appointment of a new non-executive chair (to be appointed following an ongoing search process), Mr. Pestrak has been appointed as the Interim Chair.

Summarised below is a brief description of the experience of the individuals who serve as members of the board of directors of VC Healthcare Topco Limited.

Andrew Cannon (Chief Executive Officer) – see "—*The Issuer*".

Gregory Pestrak (Interim Chair and Non-executive director) is a Managing Director at Wren House and a member of its Executive Committee, where his focus is on asset management across the portfolio. Mr.

Pestrak represents Wren House on the Board of London City Airport, where he is the Chair of the Remuneration Committee, and of Associated British Ports, and until December 2021, was member of the Operating Company Board of Thames Water. Prior to joining Wren House in July 2017, Mr. Pestrak was a Partner in KPMG's Global Strategy Group based in the UK, where he was the infrastructure lead from 2009. Mr. Pestrak has 17 years consulting experience, working globally with financial investors and management teams to drive performance improvement. Prior to his career in consulting, Mr. Pestrak worked in Finance with Rothschild Asset Management and Jardine Fleming Asset Management in Hong Kong and the UK. Mr. Pestrak is also a director of Wren House Healthcare Investments Limited, which oversees Wren House's investments in the healthcare infrastructure sector, and is responsible for the asset management of Wren House's investment in Almaviva, a French private healthcare operator.

Philip Bownes (Non-executive director) is General Counsel at Wren House and is a member of its Executive Committee. He is primarily responsible for legal and compliance matters associated with Wren House, the transactions it undertakes and the assets it manages. Mr. Bownes also manages Wren House's external legal relationships and advising Wren House's Board and senior management. Mr. Bownes has been involved in all acquisitions and disposals carried out by Wren House since it was first established in 2013, including the recent acquisition of Almaviva Capital and the acquisition of Voyage Care. Mr. Bownes is a member of the Board of a number of Wren House's subsidiary companies. Mr. Bownes is a qualified solicitor with over 15 years of experience. Prior to joining Wren House in May 2014, Mr. Bownes worked in private practice for Slaughter and May's London and Hong Kong offices and the London office of White and Case.

Benedetto de Biasio (Non-executive director) is a senior member of the investment team at Wren House and focuses on origination and execution of global infrastructure investments. For the past three years, Mr. de Biasio has focussed on the social infrastructure sector, leading the Wren House team on the successful acquisition of Almaviva Capital in 2021, as well as the acquisition of Voyage Care. Prior to this, Mr. de Biasio was involved in the successful execution of a number of Wren House's investments in the Energy & Utility space such as Viesgo and GPG . Prior to joining Wren House in April 2014, Mr. de Biasio worked for Morgan Stanley's investment banking division in London and New York where he focused on Power & Utilities and infrastructure M&A and in UBS's Securities Lending & Financing department based in Zurich. Mr. de Biasio is also a supervisory board member of Almaviva Holdings, the main Board of the Almaviva Group, a French private healthcare operator based in the Île-de-France, South of France and Corsica regions.

Executive committee

Our executive committee has responsibility for the day-to-day management of Voyage Care. It is composed of the following members:

Name	Title
Andrew Cannon	Chief Executive Officer
Shaun Parker	Chief Financial Officer
Jayne Davey	Chief Operating Officer
Amanda Griffiths	Director of Quality
Matthew Flinton	Commercial Director

Summarised below is a brief description of the experience of the individuals who serve as members of our executive committee.

Andrew Cannon (Chief Executive Officer) – see "—*The Issuer*".

Shaun Parker (Chief Financial Officer) – see "—*The Issuer*".

Jayne Davey (Chief Operating Officer) was appointed to the board of Voyage Care HoldCo Limited on 1 October 2015 and has served as Chief Operating Officer since February 2015. Ms. Davey had previously been our Director of Quality and Improvement since March 2013. For over fifteen years Jayne has held a number of senior positions both within the health and social care sector and for large corporate, quality led, service businesses. Ms. Davey joined from Saga Healthcare where she was the Director responsible for the quality, safety and governance functions along with other key support and customer facing services.

Amanda Griffiths (Director of Quality) joined in 2013 as Head of Quality, Safety and Governance and was made Director of Quality in March 2015. Ms. Griffiths leads the Quality team and provides guidance for the wider business on all regulatory and safety matters. Ms. Griffiths has a clinical nursing background with experience in the care home industry since 1988. Ms. Griffiths held multiple senior positions before starting at Voyage Care, including Clinical Risk and Assurance manager at Bupa Care Homes and Director of Service Improvement at MHA.

Matthew Flinton (Commercial Director) joined in January 2015, and has 13 years' experience in the care sector. Mr. Flinton was Legal Director for Bupa UK for two years before joining Voyage Care as Commercial Director. Prior to that Mr. Flinton was Legal Director for the Bupa Care Services division, which operated care homes in the UK, Spain, Australia and New Zealand for six years. While at Bupa, Mr. Flinton led mergers and acquisitions, commercial, regulatory and policy teams and projects in social care in the UK and internationally. Previous roles include being a corporate finance partner at national law firm, Addleshaw Goddard.

Committees

Prior to the Acquisition, the board of directors of Voyage Care HoldCo Limited had established a Quality, Safety and Risk Committee, an Audit Committee, a Remuneration Committee and an Investment Committee. VC Healthcare Topco Limited established similar committees with effect from completion of the Acquisition. The purpose and responsibilities of each committee are summarised below.

Quality, Safety and Risk Committee

The QSR provides independent challenge and review which drives quality improvements and the performance of best practice throughout the organisation. The QSR uses appropriate metrics about how Voyage Care is fulfilling its purpose and aims to continually improve feedback loops and delivery. In addition, the QSR provides an independent review of serious care, support and clinical incidents to ensure that, in all cases referred to the QSR, compliance with the relevant standards and regulations has been achieved, or exceptions reported. The QSR will also support and advise the Group to help provide a safe and secure care, support and clinical environment in the services, so to maximise the prospects of successful outcomes for all people we support.

Audit Committee

The purpose of the Audit Committee is to review the financial statements and controls of the Group on behalf of the board of directors of VC Healthcare Topco Limited. The Audit Committee is responsible for being assured that the principles and policies comply with statutory requirements and with the best practices in accounting standards. The Audit Committee will also consult with the external auditors reviewing key risk areas, seeking to satisfy itself that the internal control and compliance environment is adequate and effective and recommending to the board of directors of VC Healthcare Topco Limited the appointment and level of remuneration of the external auditors.

Remuneration Committee

The function of the Remuneration Committee is to provide oversight of the terms and conditions of senior employees on behalf of the board of directors of VC Healthcare Topco Limited. The Remuneration Committee is responsible for considering and recommending to the board of directors of VC Healthcare Topco Limited all matters concerning the remuneration of the senior managers, amendments to the terms of the senior managers' service contracts, and all proposed appointments of new senior managers.

Investment Committee

The purpose of the Investment Committee is to review all significant investment proposals and according to their size and the judgement of the Investment Committee, either to decide on whether they should be pursued or to make recommendations to the board of directors of VC Healthcare Topco Limited in that respect. The Investment Committee is responsible for ensuring that the board of directors of VC Healthcare Topco Limited is informed on the status of proposals pending and approved, reviewing selected prior investments made to evaluate returns against those anticipated and annually reviewing investment strategy and considering the best use of funds against that strategy and the returns available.

PRINCIPAL SHAREHOLDERS

General

All of the outstanding shares of the Company are indirectly held by VC Healthcare Topco Limited, and all of the outstanding shares of the Issuer are held by the Company.

Acquisition of Voyage Care by Wren House

On 20 December 2021, Vienna Investco Limited, a newly-incorporated entity formed by Wren House Healthcare Investments Limited, a subsidiary of Wren House, entered into a sale and purchase agreement pursuant to which it agreed to acquire the entire issued share capital of Voyage Care HoldCo Limited from Partners Group, Duke Street and certain members of Voyage Care's former and current senior management team (the "**Acquisition**"). The Acquisition completed on 14 January 2022. As part of the Acquisition, certain members of Voyage Care's current senior management team agreed to roll over a certain percentage of their sale proceeds into a newly incorporated holding company, VC Healthcare Topco Limited, alongside Wren House.

As at the date of this Offering Memorandum, the capital of VC Healthcare Topco Limited is comprised of three classes of ordinary shares, namely class A ordinary shares (4,417,749 shares), class B ordinary shares (82,250 shares) and class C ordinary shares (313,433 shares, with a further 186,567 shares authorised to be issued at a later point in time) and one class of preference shares (6,104,317 shares). The preference shares entitle their holders to receive a fixed cumulative dividend at a rate of 8% per annum of their issue price, compounding annually and which will accrue and not be payable until redemption of the preference shares (except in certain circumstances, including by resolution of the board of VC Healthcare Topco Limited). Following payment of all accrued but unpaid preference dividends on the preference shares and prior to an exit event, the holders of the class A ordinary shares and class B ordinary shares are entitled to receive dividends pro rata to their shareholding regardless of the class of A ordinary shares or B ordinary shares held by the relevant shareholder. On a winding-up, other return of capital or exit event, the assets or proceeds of such event will be distributed or allocated (as applicable) to the holders of preference shares and ordinary shares pursuant to an agreed order of priority set out in the articles, which provides a ratcheted return for the holders of the class C ordinary shares on the achievement of certain specified return thresholds. Holders of class B ordinary shares, class C ordinary shares and preference shares do not have the right to vote at general meetings of VC Healthcare Topco Limited, except in relation to the variation or abrogation of any rights attached to the class B ordinary shares, class C ordinary shares or the preference shares, respectively. Holders of class A ordinary shares have one vote per class A ordinary share they hold.

The breakdown of shares of VC Healthcare Topco Limited is as follows:

	Number of shares
Wren House	4,417,749 Class A Shares
Management, directors and employees	82,250 Class B Shares
	313,433 Class C Shares
	6,104,317 Preference Shares

Founded in 2013, Wren House is a global asset manager based in London, United Kingdom, with a mandate to source, execute and manage substantial direct infrastructure investments globally across the Energy & Utilities, Transport and Core Plus sectors, including Social Infrastructure, Telecom and Energy. Wren House has since successfully executed on this mandate, having invested close to US$ 6.5 billion in the period since making its first investment in March 2015 and the date of this Offering Memorandum. Wren House is fully owned and funded by the Kuwait Investment Authority ("**KIA**"), the sovereign wealth fund of the State of Kuwait. Wren House is currently investing out of its second multi-billion dollar allocation from the KIA, seeking to deploy significant equity cheques, with a flexible target return framework that is considered in conjunction with the specific risk profile of each individual investment opportunity. As a responsible investor, Wren House seeks sustainable returns focusing on protecting its invested capital through an active partnership approach with management to drive growth and operational efficiencies. Recent transactions include Wren House's acquisition of i3 Broadband, an Illinois-based fibre-to-the-home provider, in December 2020, and its acquisition of Almaviva Capital, a private healthcare operator based in the Île-de-France, South of France and Corsica regions, in December 2021.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Consultancy fees

In the year ended 31 March 2021, the consultancy fees we accrued and/or paid to Duke Street and Partners Group, our principal shareholders during that period, were £300,000 each.

Duke Street is a member of PEPCO Services LLP, an entity that supplied services and consultancy to the Group. In the year ended 31 March 2021, we paid fees of £792,000 to PEPCO Services LLP.

Other services and related fees

Partners Group, one of our former principal shareholders, is the parent company of Chambertin (Holdings) Limited and its subsidiaries. Civica UK Limited, a subsidiary of Chambertin (Holdings) Limited, supplied software solutions including licence fees to the Group. In the year ended 31 March 2021, we paid fees of £779,000 to Civica UK Limited, with £79,000 outstanding as at 31 March 2021.

Advances

As at 31 March 2021, Voyage 1 Limited recognised an advance of £295,888 to Viking Investments LP, an affiliate of the Company at that point in time. The receivable bears a rate of interest of 10% per annum and interest of £51,448 was recognised during the year ended 31 March 2021. As at 31 March 2021, the amount due was £551,350, which is repayable on demand at any time together with accrued interest.

Funding

A Non-Executive Director of Voyage Care Holdco Limited at that time is a Non-Executive Director for the Education and Skills Funding Agency, which paid the Group in the year ended 31 March 2021 refunds in relation to training fees, which were recorded as income of £589,000 for the year ended 31 March 2021.

Employees

During the year ended 31 March 2021, close family members of key management personnel were employed by the Group in administration roles and received remuneration totalling £36,000, with £2,000 outstanding as at 31 March 2021.

Acquisition of Voyage Care by Wren House

See "*Principal Shareholders*" for a description of the acquisition of Voyage Care by Wren House and the re-investment of certain members of our senior management in January 2022.

DESCRIPTION OF OTHER INDEBTEDNESS

The following summary of certain provisions of the documents listed below governing certain of our indebtedness do not purport to describe all of the applicable terms and conditions of such arrangements and are qualified in their entirety by reference to the actual agreements. Capitalised terms used in the following summaries and not otherwise defined in this Offering Memorandum have the meanings ascribed to them in their respective agreements.

Revolving Credit Facility

Overview and structure

In connection with the refinancing, the Company, the Issuer and the Guarantors will enter into a new £50 million super senior revolving credit facility agreement dated on or about the Issue Date (the "**Revolving Credit Facility Agreement**") with, among others, Lloyds Bank plc, as facility agent and security agent.

The Revolving Credit Facility may be utilised by any current or future borrower under the Revolving Credit Facility Agreement in Sterling or any other optional currency approved by the Lenders by the drawdown of cash advances or the issue of letters of credit and ancillary facilities. The Revolving Credit Facility may be used for financing or refinancing the Group's working capital and/or general corporate purposes (including, for the avoidance of doubt, capital expenditure and acquisition of any assets, shares or business otherwise permitted under the Revolving Credit Facility Agreement).

In addition, the Company may elect to request additional facilities either as a new facility or as additional tranches of the Revolving Credit Facility (the "**Additional Facility Commitments**"). The Company and the lenders may agree to certain terms in relation to the Additional Facility Commitments, including the margin and the termination date (each subject to parameters as set out in the Revolving Credit Facility Agreement) and the availability period.

The Revolving Credit Facility may be utilised from the Issue Date until the date falling one month prior to the maturity date of the Revolving Credit Facility in respect of the facility and in relation to any additional facility thereunder, the date specified in the applicable additional facility notice.

Interest and fees

Loans under the Revolving Credit Facility will initially bear interest at rates per annum equal to SONIA, subject to a 0% floor, plus a margin of 3.25% per annum (which shall be subject to reduction in accordance with a ratchet linked to the consolidated net senior secured leverage ratio). The margin on any loans under an Additional Facility Commitment will be agreed between the Company and the relevant lenders.

A commitment fee is payable on the aggregate undrawn and uncancelled amount of the Revolving Credit Facility from the Issue Date to the end of the availability period for the Revolving Credit Facility at a rate of 35% of the applicable margin for the Revolving Credit Facility. The commitment fee is payable quarterly in arrear, on the last date of availability of the Revolving Credit Facility and on the date the Revolving Credit Facility is cancelled in full or on the date on which a lender cancels its commitment.

Default interest is calculated as an additional 1% per annum on the overdue amount.

The Company is also required to pay customary agency fees to the facility agent and the security agent and an arrangement fee to the arrangers in connection with the Revolving Credit Facility.

Repayments

Each advance will be repaid on the last day of the interest period relating thereto, subject to a netting mechanism against amounts to be drawn on such date. All outstanding amounts under the Revolving Credit Facility will be repaid on the maturity date which is the date falling 57 months after the Issue Date. The termination date for a facility under an Additional Facility Commitment is the date agreed between the Company and the relevant lenders but may not fall earlier than the original scheduled maturity date for the Revolving Credit Facility. Amounts repaid by the borrowers on loans made under the Revolving Credit Facility may be reborrowed during the availability period for that facility, subject to certain conditions.

Mandatory prepayment

The Revolving Credit Facility Agreement allows for voluntary prepayments (subject to *de minimis* amounts). The Revolving Credit Facility Agreement also permits each lender to require the mandatory prepayment of all amounts due to that lender upon a Change of Control (as defined in the Revolving Credit Facility Agreement).

Guarantees

The Company, the Issuer and the Guarantors have provided an unconditional and irrevocable guarantee of all amounts payable to the finance parties under the Revolving Credit Facility Agreement and the hedging banks under any secured hedging agreements, subject to limitations imposed by applicable law, and certain of the Agreed Security Principles.

The Revolving Credit Facility Agreement requires that (subject to the Agreed Security Principles) each subsidiary of the Company incorporated in the UK that is or becomes a Material Subsidiary (which definition includes, among others, any member of the Group that has earnings before interest, tax, depreciation and amortisation representing 5% or more of Consolidated EBITDA of the Group) following the Issue Date will, if so required by the Majority Lenders, be required to become a guarantor under the Revolving Credit Facility Agreement within the time period specified therein.

Furthermore, if on the last day of a financial year of the reporting group under the Revolving Credit Facility, the guarantors represent less than 80% of the Consolidated EBITDA of the Group (subject to certain exceptions), within 60 days of delivery of the annual audited consolidated financial statements for the relevant financial year, such other restricted subsidiaries of the Company (subject to Agreed Security Principles) are required to become additional guarantors until the requirement is satisfied (to be calculated as if such additional guarantors had been guarantors on such last day of the relevant financial year).

Security

The Revolving Credit Facility is secured (subject to Agreed Security Principles) by the same Collateral as the Notes.

In addition, any Material Subsidiary or other member of the Group which becomes a guarantor of the Revolving Credit Facility is required (subject to Agreed Security Principles) to grant security over its material assets in favour of the security agent under the Revolving Credit Facility.

Representations and warranties

The Revolving Credit Facility Agreement contains certain customary representations and warranties (subject to certain exceptions and qualifications and with certain representations and warranties being repeated), including status and incorporation, power, authority, binding obligations, non-conflict with constitutional documents, laws or other obligations, consents and filings, no litigation, no labour disputes, no defaults, environmental warranties, intellectual property, compliance with applicable laws, taxation, no filings and stamp taxes, *pari passu* ranking, insolvency, no security and indebtedness, good title to material assets, financial statements, pensions, insurance, governing law and original financial statements.

Covenants

The Revolving Credit Facility Agreement contains customary affirmative loan style covenants and restrictive covenants. Set out below is a brief description of such covenants, which are subject to deals specific exceptions. In addition, the Revolving Credit Facility Agreement contains a financial covenant (see "*—Financial Covenant*").

The Revolving Credit Facility contains an information covenant under which, among others, the Company is required to deliver to the facility agent annual financial statements, quarterly financial statements and compliance certificates.

Incurrence covenants

The Revolving Credit Facility Agreement contains incurrence covenants and related definitions (with certain adjustments and exceptions) that replicate those to be contained in the Indenture.

Affirmative covenant

The Revolving Credit Facility Agreement also requires certain members of the Group to observe certain affirmative covenants, including covenants relating to maintenance of any material authorisations required by law or regulation, compliance with laws, *pari passu* ranking, maintenance of insurance and material intellectual property, funding of pensions, the environment, maintenance of guarantor and security coverage, further assurances, sanctions and anti-corruption laws and holding company covenants.

Notes purchase condition

The Revolving Credit Facility Agreement also contains a "notes purchase condition" covenant. Subject to certain exceptions set out in the Revolving Credit Facility Agreement, the Company may not, and shall procure that no other member of the Group will, repay, prepay, purchase, defease, redeem or otherwise acquire or retire the principal amount of the Notes or any indebtedness ranking *pari passu* with the Notes (or any replacement or refinancing thereof as permitted under the Revolving Credit Facility Agreement from time to time) prior to its scheduled repayment date in any manner which involves the payment of cash consideration of the Group to a person which is not a member of the Group. The exceptions to such covenant include (among other things) payments that do not exceed 50% of the aggregate original principal amount of the Senior Secured Debt (as such term is defined in the Revolving Credit Facility Agreement) in existence as at the Issue Date or incurred at any time after the Issue Date.

Financial covenant

The Revolving Credit Facility Agreement requires that, on and from the accounting date after the end of the first full accounting quarter after the Issue Date, Consolidated EBITDA for any measurement period shall not be less than £26,200,000, provided that at 5 p.m. London time on the last day of the relevant measurement period, the aggregate amount of all outstanding utilisations under the Revolving Credit Facility (other than ancillary facilities or bank guarantees), less the amount of cash and cash equivalents held by the Group on such date does not exceed 40%. of the total Revolving Credit Facility commitments at that time (the "**Springing Threshold**").

The Company is permitted to prevent or cure breaches of the financial covenant by among others applying any cure amount (being amounts received by the Company in cash pursuant to any new equity or permitted subordinated debt) as if Consolidated EBITDA had been increased by such amount. There is no requirement to apply any cure amount in prepayment of the Revolving Credit Facility. No more than four cure amounts may be taken into account during the term of the Revolving Credit Facility and new cure amounts may not be applied on consecutive accounting dates. The Company may also cure breaches of the financial covenant by repaying utilisations under the Revolving Credit Facility to or below the Springing Threshold.

Events of default

The Revolving Credit Facility Agreement contains events of default, with certain adjustments, as those applicable to the Notes as set forth in the section entitled "*Description of the Notes—Events of Default and Remedies*". In addition, the Revolving Credit Facility Agreement contains the following events of default (subject in each case to customary grace periods, materiality thresholds and exceptions):

- non-payment;
- breach of the financial covenant (subject to cure rights);
- inaccuracy of a representation or statement when made in any material respect;
- unlawfulness, repudiation, rescission, invalidity or unenforceability of the finance documents entered into in connection with the Revolving Credit Facility;

- breach of the terms of the Intercreditor Agreement by any member of the Group (including the Company); and
- audit qualification.

Governing law

The Revolving Credit Facility Agreement is governed by and construed in accordance with English law although certain of the covenants and defaults, which are included in the Revolving Credit Facility Agreement and largely replicate those contained in the Indenture governing the Notes, will be construed in accordance with New York law (without prejudice to the fact that the Revolving Credit Facility is governed by English law).

Intercreditor Agreement

General

To establish the relative rights of certain of our creditors under our financing arrangements, the Company and certain of its subsidiaries (including the Guarantors) (together the "**Debtors**") have entered into the Intercreditor Agreement dated on or about the date of the Offering with, among others, the Security Agent, the lenders under our Revolving Credit Facility Agreement (together with any other facility permitted to be designated as a 'Senior Facilities Agreement' under the Intercreditor Agreement, a "**Senior Facilities Agreement**"), any lenders under any Senior Facilities Agreement (together with lenders under the Revolving Credit Facility Agreement, the "**Senior Lenders**"), the counterparts under certain hedging agreements (the "**Hedging Counterparties**" and together with the Senior Lenders, the "**Senior Creditors**") and the senior agent under our Revolving Credit Facility (together with any agent under any other Senior Facilities Agreement, the "**Senior Facility Agent**"). The Intercreditor Agreement is governed by English law and sets out, among others, the relative ranking of certain indebtedness of the Debtors, the relative ranking of certain security granted by the Debtors, when payments can be made in respect of debt of the Debtors, when Enforcement Action can be taken in respect of that indebtedness, the terms pursuant to which certain of that indebtedness will be subordinated upon the occurrence of certain insolvency events and turnover provisions.

The following description is a summary of certain provisions contained in the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety and, the Intercreditor Agreement, and not the description that follows, defines certain rights (and restrictions on entitlement) of the Debtors. Capitalised terms set forth and used in this section may have different meanings from the meanings given to such terms and used elsewhere in this Offering Memorandum.

Ranking and priority

Priority of debt

The Intercreditor Agreement provides that the liabilities owed by the Debtors to the holders of any Notes and the trustee in relation to such Notes (together, the "**Senior Note Creditors**"), the Senior Creditors and any creditors in respect of any other permitted future debt that is designated as "Permitted Senior Financing Debt" (the "**Permitted Senior Financing Creditors**" and together with the Senior Creditors and the Senior Note Creditors, the "**Senior Secured Creditors**"), the holders of notes designated as "the Second Lien Notes" and the creditors under certain permitted future debt that is designated as "Permitted Second Lien Financing Debt" (the "**Second Lien Creditors**" and together with the Senior Secured Creditors, the "**Primary Creditors**") shall rank in right and priority of payment in the following order and are postponed and subordinated to any prior ranking liabilities as follows:

- *first*, the liabilities owed to the Senior Lenders ("**Senior Lender Liabilities**"), the liabilities owed under any Notes (the "**Senior Notes Liabilities**"), the liabilities owed under the Permitted Senior Financing Debt (the "**Permitted Senior Financing Liabilities**"), the liabilities owed to the Hedging Counterparties, (the "**Hedging Liabilities**"), the agent liabilities owed to the Senior Facility Agent, the agent liabilities owed to the Senior Creditor Representative and the Second Lien Representative and amounts due to the trustee under any Notes (the "**Senior Note Trustee**") and Second Lien Notes (the "**Second Lien Note Trustee**") *pari passu* and without any preference between them; and

- *second*, the liabilities owed under any Second Lien Notes (the "**Second Lien Notes Liabilities**") and the liabilities owed under certain permitted future debt that is designated "Permitted Second Lien Financing Debt" (the "**Permitted Second Lien Financing Liabilities**") *pari passu* between themselves and without any preference between them. The holders of any Second Lien Notes and creditors under Permitted Second Lien Financing Debt are together, the "**Second Lien Creditors**".

Until the date the Senior Lender Liabilities, the Hedging Liabilities, the Senior Notes Liabilities and the Permitted Senior Financing Liabilities have been discharged (the "**Senior Discharge Date**"), Second Lien Creditors may not take any steps to appropriate the assets of the Debtors subject to the Security Documents in connection with any Enforcement Action (as defined below), other than as expressly permitted by the Intercreditor Agreement.

The Intercreditor Agreement does not purport to rank any of the investor liabilities or the intra-group liabilities (together, the "**Subordinated Liabilities**") as between themselves. The creditors of the Subordinated Liabilities are referred to herein as the "Subordinated Creditors".

Priority of security

The security shall secure the relevant liabilities (but only to the extent that such security is expressed to secure the relevant liabilities) in the following order:

- *first*, the Senior Lender Liabilities, the Senior Notes Liabilities, the Permitted Senior Financing Liabilities, the Hedging Liabilities (the "**Senior Liabilities**"), the agent liabilities owed to the Senior Facility Agent, the agent liabilities owed to the Senior Creditor Representative and Second Lien Representative and amounts due to the Senior Notes Trustee and any Second Lien Notes Trustee *pari passu* and without preference among them;

- *second*, the Second Lien Notes Liabilities the Permitted Second Lien Financing Liabilities (together, the "**Second Lien Liabilities**") *pari passu* and without preference among them.

Additional and/or refinancing debt

The creditors under the Intercreditor Agreement acknowledge in the Intercreditor Agreement that the Debtors (or any of them) may wish to (i) incur incremental borrowing liabilities (including guarantees of such liabilities) or (ii) refinance or replace borrowing liabilities (including incurring guarantee liabilities in respect of such refinancing or replacement), such liabilities are intended to rank *pari passu* with any other liabilities and/or share *pari passu* in any security and/or to rank behind any other liabilities and/or to share in any security behind any such other liabilities.

Permitted payments

The Debtors may make payments of the Senior Liabilities at any time, provided that, prior to the date on which all liabilities owed to the Senior Creditors are discharged in full, following the occurrence of a Senior Distress Event which is continuing no Debtor may make Payments of Senior Lender Liabilities, Senior Notes Liabilities or Permitted Senior Financing Liabilities except for Recoveries (as defined below) distributed in accordance with the provisions set out below the caption "—*Application of Proceeds*", provided further that:

(i) for the avoidance of doubt, unless any such payment constitutes proceeds of a type expressly referred to in the turnover provisions of the Intercreditor Agreement, that payment shall not be required to be paid to the Security Agent by any Senior Secured Creditor pursuant to (or otherwise be subject to the provisions of) such turnover provision;

(ii) any such prohibited payment will remain owing by the relevant Debtor(s) in accordance with the terms of the relevant Secured Debt Document (as defined below); and

(iii) the operation of this provision shall not prevent a Senior Secured Creditor from receiving any payment of Senior Lender Liabilities, Senior Notes Liabilities or Permitted Senior Financing Liabilities (as the case may be) from any distribution or dividend out of any Debtor's unsecured assets (*pro rata* to each unsecured creditor's claim) made by a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer appointed in respect of any Debtor or any of its assets (without prejudice to any applicable obligations under the turnover provisions).

Prior to the Senior Discharge Date, any member of the Group may make any payment in respect of the Second Lien Liabilities at any time (such payments, the "**Permitted Second Lien Payments**"):

(i) if:

(A) the payment is of: (1) any of the principal amount of the Second Lien Liabilities which is either not prohibited by the Senior Facilities Agreement, any senior notes indenture or any Permitted Senior Financing Debt document or paid on or after the final maturity date of the relevant Second Lien Liabilities (subject to certain conditions); or (2) any other amount which is not an amount of principal or capitalised interest;

(B) no Second Lien Payment Stop Notice (as defined below) is outstanding; and

(C) no payment default (exceeding £100,000) under the Senior Facilities Agreement, the Notes, or the Permitted Senior Financing Debt ("**Senior Payment Default**") (as applicable) has occurred and is continuing;

(ii) if the Senior Creditors whose credit participation at that time aggregate more than 50% of the aggregate of all unpaid and undrawn commitments under the Senior Facilities Agreement and all Hedging Liabilities (the "**Majority Senior Creditors**") and the required creditors or representative, as applicable, in respect of the Notes and any other Permitted Senior Financing Debt (collectively, the "**Required Senior Consent**") give prior consent to that payment being made;

(iii) if the payment is of certain amounts due to any Second Lien Notes Trustee for its own account;

(iv) of any costs and expenses of any holder of security in relation to protection, preservation or enforcement of such security;

(v) of costs, commissions, taxes, fees and expenses incurred in respect of or in relation to (or reasonably incidental to) any of any Second Lien Notes indenture and any Permitted Second Lien Financing Debt documents;

(vi) if the payment is funded directly or indirectly with Permitted Second Lien Financing Debt;

(vii) if the payment is funded with amounts permitted by the Senior Facilities Agreement to be paid to any sponsor, affiliate of a sponsor, any permitted holder or any other person holding a direct or indirect interest in the Company; or

(viii) of any other amount not exceeding £1 million (or its equivalent) in aggregate in any financial year of the Company; and

On or after the Senior Discharge Date, any member of the Group may make payments directly or indirectly in respect of the Second Lien Liabilities.

Payment blockage provisions

Until the Senior Discharge Date, except with the Required Senior Consent, the Second Lien Debt Issuer shall not make (and the Company shall procure that no other member of the Group shall make), and neither any Second Lien Notes Trustee, any holder of Second Lien Notes or the Permitted Second Lien Financing Creditors may receive from any other members of the Group, any Permitted Second Lien Payment (other than certain amounts due to any Second Lien Notes Trustee for its own account), if:

- a Senior Payment Default is continuing; or

- an event of default under the Senior Facilities Agreement, the Notes, any senior notes indenture and/or any other Permitted Senior Financing Agreement (a "**Senior Event of Default**") (other than a Senior Payment Default) is continuing, from the date which is one business day after the date on which any of the Senior Facility Agent, the Trustee and any representative of Permitted Senior Financing Debt (together, the "**Senior Agents**") delivers a payment stop notice (a "**Second Lien Payment Stop Notice**") specifying the event or circumstance in relation to that Senior Event of Default to the Company, the Security Agent, any Second Lien Notes Trustee and any representative of Second Lien Financing Debt (together with any Second Lien Notes Trustee, the "**Second Lien Agents**") until the earliest of:

- the date falling 179 days after delivery of that Second Lien Payment Stop Notice;

- the date on which a Second Lien Debt Default occurs for failure to pay principal at the original scheduled maturity of the Second Lien Liabilities;

- in relation to payments of the Second Lien Liabilities, if a standstill period is in effect at any time after delivery of that payment stop notice, the date on which that standstill period expires;

- the date on which the relevant Senior Event of Default has been remedied or waived in accordance with the Senior Facilities Agreement, any senior notes indenture or any Permitted Senior Financing Debt document (as applicable) and if relevant Secured Liabilities have been accelerated, such acceleration has been rescinded;

- the date on which the Senior Agent which delivered the relevant Second Lien Payment Stop Notice delivers a notice to the Company, the Security Agent and the Second Lien Agents cancelling the Second Lien Payment Stop Notice;

- the Senior Discharge Date; and

- the date on which the Security Agent, any Second Lien Notes Trustee or any Second Lien Creditor Representative takes Enforcement Action (as defined below) permitted under the Intercreditor Agreement against a Debtor.

Unless each Second Lien Agent (acting on the instructions of the Majority Second Lien Creditors) waive this requirement, (i) a new Second Lien Payment Stop Notice may not be delivered unless and until 360 days have elapsed since the delivery of the immediately prior Second Lien Payment Stop Notice and (ii) no Second Lien Payment Stop Notice may be delivered by a Senior Agent in reliance on a Senior Event of Default more than 60 days after the date that Senior Agent received notice of that Senior Event of Default.

The Senior Agents may only serve one Second Lien Payment Stop Notice with respect to the same event or set of circumstances. Subject to the immediately preceding paragraph, this shall not affect the right of the Agents to issue a Second Lien Payment Stop Notice in respect of any other event or set of circumstances.

No Second Lien Payment Stop Notice may be served in respect of a Senior Event of Default which had been notified to the Agents at the time at which an earlier Second Lien Payment Stop Notice was issued.

Neither any Second Lien Note issuer nor any Debtor shall be released from the liability to make any payment (including of default interest, which shall continue to accrue) under any Second Lien Notes indenture and any Permitted Second Lien Financing Debt document by the operation of the provisions described above even if its obligation to make such payment is restricted at any time by the terms of any of those provisions.

The accrual and capitalisation of interest (if any) in accordance with any Second Lien Notes indenture and any Permitted Second Lien Financing Debt document shall continue notwithstanding the issue of a Second Lien Payment Stop Notice.

Cure of Payment Stop

If:

(i) at any time following the issue of a Second Lien Payment Stop Notice or the occurrence of a Senior Payment Default, that Second Lien Payment Stop Notice ceases to be outstanding and/or (as the case may be) the Senior Payment Default ceases to be continuing; and

(ii) the relevant Second Lien Debt Issuer or the relevant Debtor then promptly pays to the Second Lien Creditors an amount equal to any payments which had accrued under any Second Lien Notes indenture and any Permitted Second Lien Financing debt documents and which would have been Permitted Second Lien Payments but for that Second Lien Payment Stop Notice or Senior Payment Default,

then any event of default (including any cross default or similar provision under any other debt document) which may have occurred as a result of that suspension of payments shall be waived and any Second Lien Enforcement Notice which may have been issued as a result of that event of default shall be waived, in each case without any further action being required on the part of the creditors.

Restrictions on enforcement by Second Lien Creditors

Until the Senior Discharge Date, except with the prior consent of or as required by an Instructing Group (as defined below):

(i) no Second Lien Creditor shall direct the Security Agent to enforce, or otherwise require the enforcement of any security; and

(ii) no Second Lien Creditor shall take or require the taking of any Enforcement Action in relation to the guarantees by a member of the Group of any of the obligations of any member of the Group under the Second Lien Notes finance documents and/or Permitted Second Lien Financing Debt documents,

except as permitted under the provisions set out under the caption "—*Permitted Second Lien Enforcement*" below, provided, however, that no such action required by the Security Agent need be taken except to the extent the Security Agent otherwise is entitled under the Intercreditor Agreement to direct such action.

"**Enforcement Action**" is defined as:

(a) in relation to any liabilities:

 (i) the acceleration of any liabilities or the making of any declaration that any liabilities are prematurely due and payable (other than as a result of it becoming unlawful for a Senior Secured Creditor or a Second Lien Creditor to perform its obligations under, or of any voluntary or mandatory prepayment arising under, any of the debt documents);

 (ii) the making of any declaration that any liabilities are payable on demand;

 (iii) the making of a demand in relation to a liability that is payable on demand;

 (iv) the making of any demand against any member of the Group in relation to any guarantee liabilities of that member of the Group;

 (v) the exercise of any right to require any member of the Group to acquire any liability (including exercising any put or call option) against any member of the Group for the redemption or purchase of any liability but excluding any such right which arises as a result of the permitted debt purchase transactions provisions of the Senior Facilities Agreement (or any other similar or equivalent provision of any of the Senior Facilities Agreement finance documents, the Notes finance documents, the Permitted Senior Financing Debt documents, the hedging agreements regulated by the Intercreditor

Agreement, the Second Lien Notes finance documents and/or the Permitted Second Lien Financing Debt documents (the "**Secured Debt Documents**")) and/or any other acquisition of liabilities, acquisition or transaction which any member of the Group is not prohibited from entering into by the terms of the Secured Debt Documents and excluding any mandatory offer arising as a result of a change of control or asset sale (howsoever described) as set out in the Notes finance documents or the Second Lien Notes finance documents (or any other similar or equivalent provision of any of the Secured Debt Documents);

(vi) the exercise of any right of set-off, account combination or payment netting against any member of the Group in respect of any liabilities other than the exercise of any such right:

(A) as close-out netting by a Hedge Counterparty or by a hedging ancillary lender;

(B) as payment netting by a Hedge Counterparty or by a hedging ancillary lender;

(C) as inter-hedging agreement netting by a Hedge Counterparty;

(D) as inter-hedging ancillary document netting by a hedging ancillary lender; and/or

(E) which is otherwise permitted by the terms of any of the Secured Debt Documents, in each case to the extent that the exercise of that right gives effect to a permitted payment; and

(vii) the suing for, commencing or joining of any legal or arbitration proceedings against any member of the Group to recover any liabilities;

(b) the premature termination or close-out of any hedging transaction under any hedging agreement, save to the extent permitted by the Intercreditor Agreement;

(c) the taking of any steps to enforce or require the enforcement of any security (including the crystallisation of any floating charge forming part of the security);

(d) the entering into of any composition, compromise, assignment or similar arrangement with any member of the Group which owes any liabilities, or has given any security, guarantee or indemnity or other assurance against loss in respect of the liabilities (other than any action permitted under the Intercreditor Agreement or any debt buy-back, tender offer, exchange offer or similar or equivalent arrangement not otherwise prohibited by the debt documents); or

(e) the petitioning, applying or voting for, or the taking of any steps (including the appointment of any liquidator, custodian, administrative receiver, compulsory manager, trustee, receiver, examiner, administrator, judicial manager or similar officer) in relation to the winding up, dissolution, examinership, administration, judicial management or reorganisation of any member of the Group which owes any liabilities, or has given any security, guarantee, indemnity or other assurance against loss in respect of any of the liabilities, or any of such member of the Group's assets or any suspension of payments or moratorium of any indebtedness of any such member of the Group, or any analogous procedure or step in any jurisdiction, except that the following shall not constitute Enforcement Action:

(i) the taking of any action falling above which is necessary (but only to the extent necessary) to preserve the validity, existence or priority of claims in respect of liabilities, including the registration of such claims before any court or governmental authority and the bringing, supporting or joining of proceedings to prevent any loss of the right to bring, support or join proceedings by reason of applicable limitation periods;

(ii) a Senior Secured Creditor or Second Lien Creditor bringing legal proceedings against any person solely for the purpose of: (a) obtaining injunctive relief (or any analogous remedy outside England and Wales) to restrain any actual or putative breach of any debt document to which it is party, (b) obtaining specific performance (other than specific performance of an obligation to make a payment) with no claim for damages or (c) requesting judicial interpretation of any provision of any debt document to which it is party with no claim for damages;

(iii) bringing legal proceedings against any person in connection with any securities violation, securities or listing regulations or common law fraud;

(iv) to the extent entitled by law, the taking of any action against any creditor (or any agent, trustee or receiver acting on behalf of that creditor) to challenge the basis on which any sale or disposal is to take place pursuant to the powers granted to those persons under any relevant documentation; or

(v) any person consenting to, or the taking of any other action pursuant to or in connection with, any merger, consolidation, reorganisation or any other similar or equivalent step or transaction initiated or undertaken by a member of the Group (or any analogous procedure or step in any jurisdiction) that is not prohibited by the terms of the Secured Debt Documents to which it is a party.

Permitted Second Lien enforcement

The restrictions set out in the caption "—*Restrictions on Enforcement by Second Lien Creditors*" above will not apply if:

(a) an event of default under any Second Lien Notes Indenture or Permitted Second Lien financing agreement (the "**Relevant Second Lien Default**") is continuing;

(b) each Senior Agent has received a notice of the Relevant Second Lien Default specifying the event or circumstance in relation to the Relevant Second Lien Default from any Second Lien Notes Trustee or the Permitted Second Lien Debt representative, as the case may be;

(c) a Second Lien Standstill Period (as defined below) has elapsed; and

(d) the Relevant Second Lien Default is continuing at the end of the relevant Second Lien Standstill Period.

Promptly upon becoming aware of an event of default under any Second Lien Notes indenture or Permitted Second Lien financing agreement, any Second Lien Notes Trustee or the Permitted Second Lien Debt representative, as the case may be, may by notice (a "**Second Lien Enforcement Notice**") in writing notify the Senior Agents of the existence of such event of default.

Second Lien Standstill Period

In relation to a Relevant Second Lien Default, a Second Lien Standstill Period shall mean the period beginning on the date (the "**Second Lien Standstill Start Date**") the relevant Senior Agent serves a Second Lien Enforcement Notice on each of the Senior Agents in respect of such Second Lien Event of Default and ending on the earlier to occur of:

(a) the date falling 179 days after the Second Lien Standstill Start Date;

(b) the date the Senior Secured Parties take any Enforcement Action in relation to a particular guarantor of any Second Lien Notes and any Permitted Second Lien Financing Debt (a "**Second Lien Guarantor**"), *provided*, *however*, that if a Second Lien Standstill Period ends pursuant to this paragraph, any Second Lien Notes finance parties and the Permitted Second Lien Debt creditors may only take the same Enforcement Action in relation to the Second Lien Guarantor as the Enforcement Action taken by the Senior Secured Parties against such Second Lien Guarantor and not against any other member of the Group;

(c) the date of an insolvency event in relation to the Second Lien Debt Issuer or a particular Second Lien Guarantor against whom Enforcement Action is to be taken;

(d) the expiry of any other Second Lien Standstill Period outstanding at the date such first mentioned Second Lien Standstill Period commenced (unless that expiry occurs as a result of a cure, waiver or other permitted remedy);

(e) the date on which the consent of each of the Senior Facility Agent (acting on the instructions of the Majority Senior Lenders), any Senior Notes Trustee (acting on behalf of the holders of the Notes) and any representative of creditors under Permitted Senior Financing Debt (acting on behalf of the creditors of any Permitted Senior Financing Debt) has been obtained; and

(f) a failure to pay the principal amount outstanding under any Second Lien Notes or on any Permitted Second Lien Financing Debt, as the case may be, at the final stated maturity of the amounts outstanding under any Second Lien Notes or on the Permitted Second Lien Financing Debt, as the case may be (subject to certain conditions),

(the "**Second Lien Standstill Period**").

Turnover by Primary Creditors

Subject to certain exceptions, the Intercreditor Agreement provides that if any Primary Creditor receives or recovers from any member of the Group the proceeds of any enforcement of any Transaction Security (or, following a distress event which is continuing, any other proceeds of, or arising from, any of the Charged Property which should otherwise have been received, recovered or realised by the Security Agent pursuant to the terms of the Debt Documents) except in accordance with provisions under the caption "*—Application of Proceeds*", that Primary Creditor will:

(a) in relation to receipts and recoveries not received or recovered by way of set-off:

    (i) hold an amount of that receipt or recovery equal to the relevant liabilities (or if less, the amount received or recovered) on trust for the Security Agent and promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

    (ii) promptly pay an amount equal to the amount (if any) by which the receipt or recovery exceeds the relevant liabilities to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

(b) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that receipt or recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Turnover by Second Lien Creditors and Subordinated Creditors

Subject to certain exceptions, the Intercreditor Agreement provides that if, prior to the Senior Discharge Date any Second Lien Creditor or prior to the Final Discharge Date any Subordinated Creditor receives or recovers from any member of the Group:

(a) any payment or distribution of, or on account of or in relation to any of the Second Lien Notes Liabilities, the Permitted Second Lien Financing Liabilities or the Subordinated Liabilities which is not either: (A) a payment or distribution not otherwise prohibited by the terms of the Intercreditor Agreement; (B) or made in accordance with the provisions set out below under the caption "*—Application of proceeds*";

(b) subject to certain exceptions, any amount by way of set-off in respect of any of the liabilities owed to it which does not give effect to a payment permitted under the Intercreditor Agreement;

(c) any amount:

(i) on account of, or in relation to, any of the Second Lien Notes Liabilities, the Permitted Second Lien Financing Liabilities or the Subordinated Liabilities after the occurrence of a distress event (including as a result of any other litigation or proceedings against a member of the Group other than after the occurrence of an insolvency event in respect of that member of the Group); or

(ii) by way of set-off in respect of any of the Second Lien Notes Liabilities, the Permitted Second Lien Financing Liabilities or the Subordinated Liabilities owed to it after the occurrence of a distress event,

other than, in each case, (A) any amount received or recovered in accordance with the provisions set out below the caption "—*Application of proceeds*" or (B) in the case of intra group liabilities, any amount received or recovered in accordance with the Intercreditor Agreement; or

(d) subject to certain exceptions, any distribution in cash or in kind or payment of, or on account of or in relation to, any of the Second Lien Notes Liabilities, the Permitted Second Lien Financing Liabilities or the Subordinated Liabilities owed by any member of Group which is not in accordance with the provisions set out in the caption "—*Application of proceeds*" and which is made as a result of, or after, the occurrence of an insolvency event in respect of that member of Group,

that Second Lien Creditor or Subordinated Creditor (as applicable) will, subject to certain exceptions: (i) in relation to receipts and recoveries not received or recovered by way of set-off (x) hold an amount of that receipt or recovery equal to the relevant liabilities (or if less, the amount received or recovered) on trust for the Security Agent and subject to receiving payment instructions and any other relevant information from the Security Agent, promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement and (y) subject to receiving payment instructions and any other relevant information the Security Agent, promptly pay an amount equal to the amount (if any) by which the receipt or recovery exceeds the relevant liabilities to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) in relation to receipts and recoveries received or recovered by way of set-off, subject to receiving payment instructions and any other relevant information from the Security Agent, promptly pay an amount equal to that receipt or recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Enforcement of security

Enforcement instructions

The Security Agent may refrain from enforcing the security unless instructed otherwise by (i) an Instructing Group (as defined below) or (ii) if required as set out under the third paragraph of this section, the Majority Second Lien Creditors (as defined below).

Subject to the security having become enforceable in accordance with its terms (i) an Instructing Group or (ii) to the extent permitted to enforce or to require the enforcement of the security prior to the Senior Discharge Date, the Majority Second Lien Creditors, may give or refrain from giving, instructions to the Security Agent to enforce, or refrain from enforcing, the security as they see fit.

Prior to the Senior Discharge Date, (i) if an Instructing Group has instructed the Security Agent not to enforce or to cease enforcing the security or (ii) in the absence of instructions from an Instructing Group, and, in each case, an Instructing Group has not required any Debtor to make a distressed disposal, the Security Agent shall give effect to any instructions to enforce the security which the Majority Second Lien Creditors are then entitled to give to the Security Agent under the terms of the Intercreditor Agreement.

Subject to certain provisions of the Intercreditor Agreement, no secured party shall have any independent power to enforce, or to have recourse to enforce, any security or to exercise any rights or powers arising under the security documents nor enforce or have any recourse to security except through the Security Agent.

"**Instructing Group**" means at any time:

(a) prior to the Senior Discharge Date:

(i) in relation to any instructions to the Security Agent to enforce the security or refrain or cease from enforcing the security or to take any other Enforcement Action:

(A) those Senior Instructing Group Creditors whose Senior Secured Credit Participations at that time aggregate to more than 50% of the Total Senior Instructing Group Credit Participations at that time; and/or

(B) prior to the Senior Lender Discharge Date, the Majority Senior Creditors,

in each case as applicable in accordance with the provisions set out under the caption "—*Consultation Period*"; or

(ii) in relation to any other matter, the Majority Senior Creditors and the Senior Notes/Permitted Senior Financing Required Holders.

(b) on or after the Senior Discharge Date but before the discharge of all Second Lien Liabilities, and subject always to the provisions set out under the caption "—*Restrictions on enforcement by Second Lien Creditors*", the Majority Second Lien Creditors.

In this definition of "**Instructing Group**":

"**Majority Second Lien Creditors**" means, at any time, those Second Lien Creditors whose Second Lien Credit Participations at that time aggregate to more than 50% of the total aggregate amount of all Second Lien Credit Participations at that time.

"**Permitted Senior Financing Required Holders**" means, in respect of any direction, approval, consent or waiver, the Permitted Senior Financing Creditors of the principal amount of Permitted Senior Financing Debt required to vote in favour of such direction, consent or waiver under the terms of the relevant Permitted Senior Financing Documents or, if the required amount is not specified, the holders holding at least the majority of the principal amount of the then outstanding Permitted Senior Financing Debt, in accordance with the relevant Permitted Senior Financing Documents.

"**Second Lien Credit Participation**" means:

(a) in relation to a Second Lien Note holder, the principal amount of outstanding Second Lien Notes Liabilities held by that Second Lien Note holder; and

(b) in relation to a Permitted Second Lien Financing Debt creditor, the aggregate amount of its commitments under each Permitted Second Lien Financing Debt agreement (drawn or undrawn and calculated in a manner consistent with the senior commitments) and/or the principal amount of outstanding Permitted Second Lien Financing Debt held by that Permitted Second Lien Financing Debt creditor (as applicable and without double counting).

"**Senior Instructing Group Creditors**" means:

(a) prior to the Senior Lender Discharge Date, the Senior Secured Creditors (other than the Senior Creditors); and

(b) on and after the Senior Lender Discharge Date, the Senior Secured Creditors (other than the Senior Lenders).

"**Senior Lender Discharge Date**" means the first date on which all Senior Lender liabilities have been fully and finally discharged, whether or not as the result of an enforcement, and the Senior Lenders are under no further obligation to provide financial accommodation to any of the Debtors under any of the Senior Facilities Agreement documents.

"**Senior Notes/Permitted Financing Credit Participations**" means the aggregate of all the Senior Secured Credit Participations at any time of the holders of the Notes and the Permitted Senior Financing Debt creditors.

"**Senior Notes/Permitted Senior Financing Required Holders**" means, at any time, those Senior Notes Required Holders and Permitted Senior Financing Required Holders whose Senior Secured Credit Participations at that time aggregate more than 50% of the Total Senior Secured Credit Participations (as defined below) at that time.

"**Senior Notes Required Holders**" means, in respect of any direction, approval, consent or waiver, the holders of the Notes required to vote in favour of such direction, approval, consent or waiver under the terms of the Indenture or, if the required amount is not specified, the holders holding at least the majority of the principal amount of the then outstanding Notes, in accordance with the Indenture.

"**Senior Secured Credit Participation**" means:

(a) in relation to a Senior Creditor, its Senior Credit Participation in relation to the Senior Facilities Agreement and the hedging agreements only;

(b) in relation to a holder of the Notes, the principal amount of outstanding Notes liabilities held by that holder of the Notes; and

(c) in relation to a Permitted Senior Financing Debt creditor, the aggregate amount of its commitments under each Permitted Senior Financing Debt agreement (drawn or undrawn and calculated in a manner consistent with the senior commitments) and/or the principal amount of outstanding Permitted Senior Financing Debt held by that Permitted Senior Financing Debt creditor (as applicable and without double counting).

"**Total Senior Instructing Group Credit Participations**" means:

(a) prior to the Senior Lender Discharge Date, the aggregate of all the Senior Secured Credit Participations at any time (excluding the Senior Secured Credit Participations of the Senior Creditors); and

(b) on and after the Senior Lender Discharge Date, the aggregate of all the Senior Secured Credit Participations at any time (excluding the Senior Secured Credit Participations of the Senior Lenders).

"**Total Senior Secured Credit Participations**" means the aggregate of all the Senior Secured Credit Participations at any time.

Manner of enforcement

If the security is being enforced as set forth above under the caption "*—Enforcement instructions*", the Security Agent shall enforce the security in such manner (including, without limitation, the selection of any administrator, examiner or equivalent officer of any Debtor to be appointed by the Security Agent) as:

(a) an Instructing Group; or

(b) prior to the Senior Discharge Date, if (i) the Security Agent has, pursuant to the third paragraph of the "*—Enforcement of security*" section above, given effect to instructions given by the Majority Second Lien Creditors to enforce the security, and (ii) an Instructing Group has not given instructions as to the manner of enforcement of the security, the Majority Second Lien Creditors,

shall instruct, or, in the absence of any such instructions, as the Security Agent sees fit, in each case consistent with the security enforcement principles set out in the Intercreditor Agreement.

Consultation period

(a) Subject to paragraph (d) below, before giving any instructions to the Security Agent to enforce the security or refrain or cease from enforcing the security or to take any other Enforcement Action, the agent(s) of the Creditors represented in the Instructing Group concerned (and, if applicable, any relevant Hedge Counterparties) shall consult with each other agent, Hedge Counterparty and the Security Agent in good faith about the instructions to be given by the Instructing Group for a period of not less than 30 days from the date on which details of the proposed instructions are received by such Agents, Hedge Counterparties and the Security Agent (or such shorter period as each Agent, Hedge Counterparty and the Security Agent shall agree) (the "**Consultation Period**"), and only following the expiry of a Consultation Period shall the Instructing Group be entitled to give any instructions to the Security Agent to enforce the security or refrain or cease from enforcing the security or take any other Enforcement Action.

(b) Subject to paragraph (c) below, in the event conflicting instructions are received from any other Instructing Group, the Security Agent shall enforce the security, refrain or cease from enforcing the security or, as the case may be, take the relevant other Enforcement Action in accordance with the instructions given by those Senior Instructing Group Creditors whose Senior Secured Credit Participations at that time aggregate to more than 50% of the Total Senior Instructing Group Credit Participations at that time (in each case provided that such instructions are consistent with any applicable requirements of the Intercreditor Agreement) and the terms of all instructions given by any other Instructing Group shall be deemed revoked.

(c) Prior to the Senior Lender Discharge Date, if:

(i) the Senior Creditors have not been fully repaid within six months of the end of the first Consultation Period;

(ii) the Security Agent has not commenced any enforcement of the security (or a transaction in lieu thereof) or other Enforcement Action within three months of the end of the first Consultation Period; or

(iii) an insolvency event has occurred and the Security Agent has not commenced any enforcement of the security (or a transaction in lieu thereof) or other Enforcement Action at that time,

then the Security Agent shall follow the instructions given by the Majority Senior Creditors (in each case provided that such instructions are consistent with any applicable requirements of the Intercreditor Agreement and the security documents).

(d) Subject to paragraph (c) above, no agent or Hedge Counterparty shall be obliged to consult in accordance with paragraph (a) above and an Instructing Group shall be entitled to give any instructions to the Security Agent to enforce the security or take any other Enforcement Action prior to the end of a Consultation Period (in each case provided that such instructions are consistent with any applicable requirements of the Intercreditor Agreement and the security documents) if:

(i) the security has become enforceable as a result of an insolvency event; or

(ii) the Instructing Group or any agent of the Creditors represented in the Instructing Group determines in good faith (and notifies each other agent, the Hedge Counterparties and the Security Agent) that to enter into such consultations and thereby delay the commencement of enforcement of the security would reasonably be expected to have a material adverse effect on:

(A) the Security Agent's ability to enforce any of the security; or

(B) the realisation proceeds of any enforcement of the security,

and, where this paragraph (d) applies:

(1) any instructions shall be limited to those necessary to protect or preserve the interests of the Senior Secured Creditors on behalf of

which the relevant Instructing Group is acting in relation to the matters referred to in (A) and (B) above; and

(2) the Security Agent shall act in accordance with the instructions first received.

Proceeds of disposals

Non-Distressed Disposals

The Security Agent is irrevocably authorised and instructed (at the request and cost of the relevant Debtor or the Company) to promptly release (or procure that any other relevant person releases):

(a) any security (and/or any other claim relating to a debt document) over any asset which is the subject of:

(i) a disposal not prohibited by the terms of the Senior Facilities Agreement, any senior notes indenture, any Permitted Senior Financing Debt agreement, any Second Lien Notes indenture and any Permitted Second Lien Financing Debt agreement (each a "**Debt Financing Agreement**") (including a disposal to a member of the Group, but without prejudice to any obligation of any member of the Group in a Debt Financing Agreement to provide replacement security) or the requisite level of consent has been obtained for such disposal pursuant to and in accordance with such Debt Financing Agreement; or

(ii) any other transaction not prohibited by the terms of any Debt Financing Agreement pursuant to which that asset will cease to be held or owned by a member of the Group;

(b) any security (and/or any other claim relating to a debt document) over any document or agreement in order for any member of the Group to effect any amendment or waiver in respect of that document or agreement or otherwise exercise any rights, comply with any obligations or take any action in relation to that document or agreement (in each case to the extent not prohibited by the terms of any Debt Financing Agreement);

(c) any security (and/or any other claim relating to a debt document) over any asset of any member of the Group which has ceased to be a Debtor; and

(d) any security (and/or any other claim relating to a debt document) over any other asset to the extent that such release is in accordance with the terms of the Debt Financing Agreements.

In the case of a disposal of shares or other ownership interests in a Debtor (or any holding company of any Debtor), or any other transaction pursuant to which a Debtor (or any holding company of any Debtor) will cease to be a member of the Group or a Debtor, the Security Agent shall promptly release (or procure the release of) that Debtor and its subsidiaries from all present and future liabilities under the Secured Debt Documents and the respective assets of such Debtor and its subsidiaries from the security and the Secured Debt Documents.

Distressed Disposals

A "**Distressed Disposal**" is a disposal of an asset which is (a) being effected at the request of an Instructing Group in circumstances where the security has become enforceable in accordance with the terms of the relevant security documents, (b) being effected by enforcement of security in accordance with the terms of the relevant security documents or (c) being disposed of to a third party subsequent to a distress event.

If a Distressed Disposal of any asset is being effected, the Security Agent is irrevocably authorised (at the cost of the relevant Debtor or the Company and without any consent, sanction, authority or further confirmation from any creditor or Debtor):

(a) to release the security or any other claim over that asset and execute and deliver or enter into any release of that security or claim and issue any letters of non-crystallisation of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable;

(b) if the asset which is disposed of consists of shares in the capital of a Debtor to release:

(i) that Debtor and any subsidiary of that Debtor from all or any part of its borrowing liabilities, its guarantee liabilities and its other liabilities;

(ii) any security granted by that Debtor or any subsidiary of that Debtor over any of its assets; and

(iii) any other claim of an investor, an intra-group lender, or another Debtor over that Debtor's assets or over the assets of any subsidiary of that Debtor,

on behalf of the relevant creditors, Debtors and agents;

(c) if the asset which is disposed of consists of shares in the capital of any holding company of a Debtor, to release:

(i) that holding company and any subsidiary of that holding company from all or any part of its borrowing liabilities, its guarantees liabilities and its other liabilities;

(ii) any security granted by that holding company or any subsidiary of that holding company over any of its assets; and

(iii) any other claim of any investor, any intra-group lender or another Debtor over that holding company's assets or the assets of any subsidiary of that holding company,

on behalf of the relevant creditors, Debtors and agents;

(d) if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a Debtor and the Security Agent (acting in accordance with the Intercreditor Agreement) decides to dispose of all or any part of the liabilities or the Debtor liabilities owed by that Debtor or holding company or any subsidiary of that Debtor or holding company:

(i) (if the Security Agent (acting in accordance with the Intercreditor Agreement) does not intend that any transferee of those liabilities or Debtor liabilities (the "**Transferee**") will be treated as a Primary Creditor or the Security Agent, any receiver or delegate and each of the agents, the arrangers, the Senior Secured Creditors and the Second Lien Creditors (each a "**Secured Party**") for the purposes of the Intercreditor Agreement), to execute and deliver or enter into any agreement to dispose of all or part of those liabilities or Debtor liabilities, *provided* that, notwithstanding any other provision of any debt document, the Transferee shall not be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement; and

(ii) (if the Security Agent (acting in accordance with the Intercreditor Agreement) does intend that any Transferee will be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement), to execute and deliver or enter into any agreement to dispose of: all (and not part only) of the liabilities owed to the Primary Creditors and all or part of any other liabilities and the Debtor liabilities,

on behalf of, in each case, the relevant creditors and Debtors;

(e) if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a Debtor (the "**Disposed Entity**") and the Security Agent (acting in accordance with the Intercreditor Agreement) decides to transfer to another Debtor (the "**Receiving Entity**") all or any part of the Disposed Entity's obligations or any obligations of any subsidiary of that Disposed Entity in respect of the intra-group liabilities or the Debtor liabilities, to execute and deliver or enter into any agreement to:

(i) agree to the transfer of all or part of the obligations in respect of those intra-group liabilities or Debtor liabilities on behalf of the relevant intra-group lenders and Debtors to which those obligations are owed and on behalf of the Debtors which owe those obligations; and

(ii) (if the Receiving Entity is a holding company of the Disposed Entity which is also a guarantor of Senior Liabilities) to accept the transfer of all or part of the obligations in respect of those intra-group liabilities or Debtor liabilities on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of those intra-group liabilities or Debtor liabilities are to be transferred.

The net proceeds of each Distressed Disposal (and the net proceeds of any disposal of liabilities or Debtor liabilities) shall be paid to the Security Agent for application in accordance with the provisions set out under the caption "—*Application of Proceeds*" as if those proceeds were the proceeds of an enforcement of the security and, to the extent that any disposal of liabilities or Debtor liabilities has occurred, as if that disposal of liabilities or Debtor liabilities had not occurred.

In the case of a Distressed Disposal (or a disposal of liabilities) effected by, or at the request of, the Security Agent (acting in accordance with the Intercreditor Agreement), the Security Agent shall take reasonable care to obtain a fair market price in the prevailing market conditions (though the Security Agent shall not have any obligation to postpone any such Distressed Disposal or disposal of liabilities in order to achieve a higher price).

Where borrowing liabilities in respect of any Senior Liabilities would otherwise be released pursuant to the Intercreditor Agreement, the creditor concerned may elect to have those borrowing liabilities transferred to the Company, in which case the Security Agent is irrevocably authorised (to the extent legally possible and at the cost of the relevant Debtor or the Company and without any consent, sanction, authority or further confirmation from any creditor or Debtor) to execute such documents as are required to so transfer those borrowing liabilities.

Subject to the immediately following paragraph, in the case of a Distressed Disposal effected by or at the request of the Security Agent, unless the consent of each Senior Agent is otherwise obtained, it is a further condition to any release, transfer or disposal that the proceeds of such disposal are in cash (or substantially all in cash) and such sale or disposal is made pursuant to a public auction in respect of which the Primary Creditors are entitled to participate or where a financial adviser has delivered an opinion in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view.

If prior to the discharge date for any Second Lien Notes or any Permitted Second Lien Financing Debt, a Distressed Disposal is being effected such that the guarantees of any Second Lien Notes and the guarantees of any Permitted Second Lien Financing Debt or any security over the assets of a Second Lien Debt Issuer or any Second Lien guarantor will be released and/or the Second Lien Notes Liabilities and any Permitted Second Lien Financing Liabilities will be released or disposed of, it is a further condition to the release that either:

(a) any Second Lien Notes Trustee and any Permitted Second Lien Debt representative has approved the release; or

(b) where shares or assets of a guarantor of Second Lien Notes or Permitted Second Lien Debt or assets of a Second Lien Debt Issuer are sold:

(i) the proceeds of such sale or disposal are in cash (or substantially in cash);

(ii) all claims of the Senior Secured Creditors (other than in relation to performance bonds or guarantees or similar instruments) against a member of the Group (if any), all of whose shares (other than any minority interest not owned by members of the Group) are sold or disposed of pursuant to such Enforcement Action, are unconditionally released and discharged or sold or disposed of concurrently with such sale (and are not assumed by the purchaser or one of its affiliates), and all security under the security documents in respect of the assets that are sold or disposed of is simultaneously and unconditionally released and discharged concurrently with such sale, provided that, if each Senior Agent (acting reasonably and in good faith):

(A) determines that the Senior Secured Creditors will recover a greater amount if such claim is sold or otherwise transferred to the purchaser or one of its affiliates and not released or discharged; and

(B) serves a written notice on the Security Agent confirming the same,

the Security Agent shall be entitled to sell or otherwise transfer such claim to the purchaser or one of its affiliates; and

(iii) such sale or disposal is made:

(A) pursuant to a public auction in respect of which the Primary Creditors are entitled to participate; or

(B) where a financial adviser has delivered an opinion in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view.

Application of proceeds

Order of application

The Intercreditor Agreement provides that all amounts from time to time received or recovered by the Security Agent pursuant to the terms of any debt document or in connection with the realisation or enforcement of all or any part of the security (for the purposes of this "*—Application of Proceeds*" section and the "*—Equalisation of the Senior Secured Creditors*" section, the "**Recoveries**") shall be applied by the Security Agent at any time, to the extent permitted by applicable law (and subject to the provisions of this "*—Application of Proceeds*" section), in the following order of priority:

(a) in discharging any sums owing to the Senior Facility Agent (in respect of the amounts due to the Senior Facility Agent), any creditor representative in respect of the liabilities under the Permitted Senior Financing Debt (a "**Senior Creditor Representative**"), any Permitted Second Lien Debt creditor representative (in respect of amounts due to such representative) or any Senior Notes Trustee amounts or Second Lien Notes Trustee amounts, or any sums owing to the Security Agent, any receiver or any delegate on a *pro rata* and *pari passu* basis;

(b) in payment of all costs and expenses incurred by any agent or Primary Creditor in connection with any realisation or enforcement of the security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent under the Intercreditor Agreement;

(c) in payment to the Senior Facility Agent on its own behalf and on behalf of the senior arrangers and the Senior Lenders; and the Hedge Counterparties, for application towards the discharge of:

(i) the liabilities of the Debtors owing to the arrangers under or in connection with the Senior Facilities Agreement and the Senior Lender Liabilities (in accordance with the terms of the relevant finance documents); and

(ii) the Hedging Liabilities (on a *pro rata* basis between the Hedging Liabilities of each Hedge Counterparty);

on a *pro rata* basis and *pari passu* between the immediately preceding paragraphs (i) and (ii) above;

(d) in payment to each Notes Trustee on its own behalf and on behalf of the holders of the Notes; and each Senior Creditor Representative on its own behalf and on behalf of the arrangers with respect to the Permitted Senior Financing Debt and the Permitted Senior Financing Debt creditors; and for application towards the discharge of:

(i) the Senior Secured Notes Liabilities (other than sums owing to the Security Agent) (in accordance with the terms of the senior notes finance documents); and

(ii) the liabilities of the Debtors owed to the arrangers of the Permitted Senior Financing Debt and the Permitted Senior Financing Liabilities (other than the liabilities owing to a creditor representative);

on a *pro rata* basis and *pari passu* between the immediately preceding paragraphs (i) and (ii) above;

(e) in payment to each Second Lien Notes Trustee on its own behalf and on behalf of any Second Lien Note holders; and each Second Lien Creditor Representative on its own behalf and on behalf of the arrangers under the Permitted Second Lien Financing Debt and the Permitted Second Lien Financing Debt creditors,

for application towards the discharge of:

(i) the Second Lien Notes Liabilities (other than any sums owing to the Security Agent) (in accordance with the terms of the Second Lien Notes finance documents); and

(ii) the liabilities of the Debtors owed to the arrangers of the Permitted Second Lien Financing Debt and the Permitted Second Lien Financing Liabilities (other than the liabilities owing to a creditor representative),

on a *pro rata* basis and *pari passu* between the immediately preceding paragraphs (i) and (ii) above;

(f) if none of the Debtors is under any further actual or contingent liability under any Secured Debt Document, in payment to any person to whom the Security Agent is obliged to pay in priority to any Debtor; and

(g) the balance, if any, in payment to the relevant Debtor.

Equalisation of the Senior Secured Creditors

The Intercreditor Agreement provides that if, for any reason:

(a) any Senior Creditor Liabilities remain unpaid after the enforcement date and the resulting losses are not borne by the Senior Creditors in the proportions which their respective exposures at the enforcement date bore to the aggregate exposures of all the Senior Creditors at the enforcement date, the Senior Creditors will make such payments among themselves as the Security Agent shall require to put the Senior Creditors in such a position that (after taking into account such payments) those losses are borne in those proportions; and

(b) any Senior Notes Liabilities and/or Permitted Senior Financing Liabilities remain unpaid after the enforcement date and the resulting losses are not borne by the Senior Secured Notes Creditors and Permitted Senior Financing Creditors in the proportions which their respective exposures at the enforcement date bore to the aggregate exposures of all the Senior Notes Creditors and the Permitted Senior Financing Creditors at the enforcement date, the Senior Notes Creditors and the Permitted Senior Financing Creditors will make such payments among themselves as the Security Agent shall require to put the Senior Notes Creditors and the Permitted Senior Financing Creditors in such a position that (after taking into account such payments) those losses are borne in those proportions.

(c) any Second Lien Notes Liabilities and/or Permitted Second Lien Financing Liabilities remains unpaid after the Enforcement Date and the resulting losses are not borne by the Second Lien Creditors in the proportions which their Second Lien Credit Participations at the Enforcement Date bore to the aggregate Second Lien Credit Participations of all Second Lien Creditors at the Enforcement Date, the Second Lien Creditors will make such payments, from such Recoveries actually applied, among themselves as the Security Agent shall require to put the Second Lien

Creditors in such a position that (after taking into account such payments) those losses are borne in those proportions.

Required consents

The Intercreditor Agreement provides that, subject to certain exceptions, it and/or a security document may be amended or waived only with the written consent of:

(a) if the relevant amendment or waiver (the "**Proposed Amendment**") is prohibited by the Senior Facilities Agreement, the Senior Facility Agent (acting on the instructions of the requisite Senior Lenders in accordance with the applicable provisions of the Senior Facilities Agreement);

(b) if the Proposed Amendment is prohibited by the terms of any senior notes indenture, the Trustee;

(c) if any Permitted Senior Financing Debt has been incurred and the Proposed Amendment is prohibited by the terms of the relevant Permitted Senior Financing Debt agreement, the representative in respect of that Permitted Senior Financing Debt (if applicable, acting on the instructions of the Majority Permitted Senior Financing Creditors);

(d) if the Proposed Amendment is prohibited by the terms of any Second Lien Notes indenture, the Second Lien Notes Trustee;

(e) if any Permitted Second Lien Financing Debt has been incurred and the Proposed Amendment is prohibited by the terms of the relevant Permitted Second Lien Financing Debt agreement, the representative in respect of that Permitted Second Lien Financing Debt (if applicable, acting on the instructions of the Majority Permitted Second Lien Financing Creditors);

(f) if a Hedge Counterparty is providing hedging to a Debtor under a hedging agreement, that Hedge Counterparty (in each case only to the extent that the relevant amendment or waiver adversely affects the continuing rights and/or obligations of that Hedge Counterparty and is an amendment or waiver which is expressed to require the consent of that Hedge Counterparty under the applicable hedging agreement, as notified by the Company to the Security Agent at the time of the relevant amendment or waiver);

(g) the investors as permitted under the Intercreditor Agreement; and

(h) the Company.

Notwithstanding the foregoing, any amendment or waiver of any Secured Debt Document that is made or effected in connection with any incurrence of additional and/or refinancing debt or Non-Distressed Disposal is binding on all parties to the Intercreditor Agreement.

The Intercreditor Agreement or a security document may be amended or waived by the Company and the Security Agent without the consent of any other party, to cure defects or omissions, resolve ambiguities or inconsistencies or reflect changes in each case of a minor technical or administrative nature, or as otherwise for the benefit of all or any of the Secured Parties. Any amendment, waiver or consent which relates only to the rights or obligations applicable to creditors under a particular Debt Financing Agreement (and which does not materially and adversely affect the rights or interests of creditors under other Debt Financing Agreements) may be approved with only the consent of the agent in respect of that Debt Financing Agreement and the Company.

Option to purchase

If an acceleration event occurs and is continuing and notice has been given by creditors holding a simple majority of the Senior Notes Liabilities or creditors holding a simple majority of Permitted Senior Financing Debt, they shall have the right to purchase the Senior Lender Liabilities as set forth in the Intercreditor Agreement.

If a senior acceleration event occurs and is continuing and notice has been given by the Second Lien agents, they shall have the right to purchase Senior Secured Lender Liabilities as set forth in the Intercreditor Agreement.

General

The Intercreditor Agreement will contain provisions dealing with:

(a) close-out rights for the Hedging Liabilities;

(b) permitted payments (including without limitation, the repayment of Second Lien Liabilities and the payment of permitted distributions in each case to the extent permitted under the terms of the finance documents relating to the Notes and the Permitted Second Lien Financing Debt);

(c) incurrence of future debt that will allow certain creditors and agents with respect to such future debt, to accede to the Intercreditor Agreement and benefit from, and be subject to, the provisions of the Intercreditor Agreement so long as not prohibited under the Senior Facilities Agreement or any senior notes indenture and in compliance with the agreed parameters for such class of debt;

(d) the ability to replace the Senior Facilities Agreement with a replacement facility benefiting from a similar position under the terms of the Intercreditor Agreement; and

(e) payments received by creditors which are not permitted by the Intercreditor Agreement shall be required to be held on trust for the Security Agent and provided to the Security Agent for application in accordance with the provisions set forth under "—*Application of Proceeds*".

Governing law

The Intercreditor Agreement will be governed by and construed in accordance with English law.

DESCRIPTION OF THE NOTES

Voyage Care BondCo PLC (the "**Issuer**") will issue £250 million aggregate principal amount of 5⅞% Senior Secured Notes (the "**Notes**") under an indenture (the "**Indenture**") between, among others, the Issuer, Voyage BidCo Limited (the "**Company**"), Deutsche Trustee Company Limited, as trustee (the "**Trustee**"), and Lloyds Bank plc, as security agent, in a private transaction that is not subject to the registration requirements of the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"). Unless the context requires otherwise, references in this "*Description of the Notes*" to the Notes include the Notes and any additional Notes having identical terms and conditions to the Notes (the "**Additional Notes**") that are issued. The terms of the Notes include those set forth in the Indenture. The Indenture will not incorporate or include by way of reference or be subject to any of the provisions of the U.S. Trust Indenture Act of 1939, as amended.

The proceeds of the Offering of the Notes sold on the Issue Date will be used by the Issuer to fund a loan to the Company, which in turn will use the funds received, together with cash, to redeem in full the Issuer's existing notes and to pay expenses of the Offering of the Notes as set forth in this Offering Memorandum under the caption "*Use of proceeds*".

The following description is a summary of the material provisions of the Indenture and the Notes and refers to the Intercreditor Agreement. This does not restate those agreements in their entirety. We urge you to read the Indenture, the Notes and the Intercreditor Agreement because they, and not this description, define your rights as holders of the Notes. Copies of the Indenture, the form of Note and the Intercreditor Agreement will be available as set forth below under "*—Additional information*".

Certain defined terms used in this description but not defined below under "*—Certain definitions*" have the meanings assigned to them in the Indenture. You can find the definitions of certain terms used in this description under the subheading "*—Certain definitions*". In this description, the term "Issuer" refers only to Voyage Care BondCo PLC and its successors and not to any of its Subsidiaries, and the "Company" refers to Voyage BidCo Limited and its successors and not to any of its Subsidiaries.

The registered holder of a Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

Brief description of the Notes and the Notes Guarantees

The Notes

The Notes:

- will be general obligations of the Issuer;
- will be secured by first-priority Liens over the Collateral, but will receive proceeds from enforcement of security over the Collateral only after any obligations secured on a super priority basis, including lenders under the Revolving Credit Facility and counterparties to certain Hedging Obligations, have been paid in full;
- will be *pari passu* in right of payment with all existing and future Indebtedness of the Issuer that is not subordinated in right of payment to the Notes, including Indebtedness incurred under the Revolving Credit Facility;
- be effectively subordinated to all existing and future secured indebtedness of the Issuer that is secured by assets that do not secure the Notes, to the extent of the value of the assets securing such indebtedness;
- be structurally subordinated to all indebtedness and other liabilities of the Issuer's existing and future subsidiaries that do not guarantee the Notes;
- will be senior in right of payment to all existing and future Indebtedness of the Issuer that is subordinated in right of payment to the Notes; and

- will be unconditionally guaranteed by the Guarantors.

The Notes Guarantees

The Notes will be guaranteed by the Guarantors. The Notes Guarantee of each Guarantor:

- will be a general obligation of that Guarantor;
- will be secured by first-priority Liens over the Collateral, but will receive proceeds from enforcement of security over the Collateral only after any obligations secured on a super priority basis, including lenders under the Revolving Credit Facility and counterparties to certain Hedging Obligations, have been paid in full;
- will be *pari passu* in right of payment with all existing and future Indebtedness of such Guarantor that is not subordinated in right of payment to such Notes Guarantee, including its obligations under the Revolving Credit Facility;
- be effectively subordinated to all existing and future secured indebtedness of such Guarantor that is secured by assets that do not secure such Guarantee, to the extent of the value of the assets securing such indebtedness;
- be structurally subordinated to all indebtedness and other liabilities of such Guarantor's existing and future subsidiaries that do not guarantee the Notes; and
- will be senior in right of payment to all existing and future Indebtedness of such Guarantor that is subordinated in right of payment to such Notes Guarantee.

Not all of the Company's Subsidiaries will guarantee the Notes. In the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor Subsidiaries, the non-guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Company. As at and for the twelve months ended September 30, 2021, the Guarantors represented 91.6% of our revenue, 93.7% of our total assets and generated 84.8% of Underlying Adjusted EBITDA.

The operations of the Company are conducted through its Subsidiaries and, therefore the Company depends on the cash flow of its Subsidiaries to meet its obligations, including to fund the Issuer with amount to service its obligations under the Notes. The Notes and the Notes Guarantees will be effectively subordinated in right of payment to all Indebtedness and other liabilities and commitments (including trade payables and lease obligations) of the Company's non-guarantor Subsidiaries. Any right of the Company or any other Guarantor to receive assets of any of its non-guarantor Subsidiaries upon that non-guarantor Subsidiary's liquidation or reorganization (and the consequent right of the holders of the Notes to participate in those assets) will be effectively subordinated to the claims of that non-guarantor Subsidiary's creditors, except to the extent that the Company or such other Guarantor is itself recognized as a creditor of the non-guarantor Subsidiary, in which case the claims of the Company or such other Guarantor, as the case may be, would still be subordinated in right of payment to any security in the assets of the non-guarantor Subsidiary and any Indebtedness of the non-guarantor Subsidiary senior to that held by the Company or such other Guarantor. As at September 30, 2021, after giving effect to the Transactions, on a consolidated basis, our subsidiaries that will not issue or guarantee the Notes had outstanding debt in an amount of £7.2 million (comprising lease liabilities).

As of the Issue Date, all of the Company's Subsidiaries will be "Restricted Subsidiaries" for the purposes of the Indenture. However, under the circumstances described below under the caption "*—Certain covenants—Designation of restricted and unrestricted subsidiaries*", the Company will be permitted to designate Restricted Subsidiaries as "Unrestricted Subsidiaries". The Company's Unrestricted Subsidiaries will not be subject to many of the restrictive covenants in the Indenture. The Company's Unrestricted Subsidiaries will not guarantee the Notes.

Principal, maturity and interest

The Issuer will issue £250 million in aggregate principal amount of Notes in this Offering. The Issuer may issue Additional Notes under the Indenture from time to time after this Offering. Any issuance of Additional

Notes will be subject to all of the covenants in the Indenture, including the covenant described below under the caption "*—Certain covenants—Incurrence of indebtedness and issuance of preferred stock*". The Notes and any Additional Notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase, except as otherwise provided in the Indenture; *provided that* any Additional Notes that are not fungible with the original Notes for U.S. federal tax purposes shall not have the same CUSIP, ISIN or other applicable securities identifier as the original Notes. The Issuer will issue Notes in denominations of £100,000 and integral multiples of £1,000 in excess thereof. The Notes will mature on February 15, 2027.

Interest on the Notes will accrue at the rate of 5⅞% per annum. Interest on the Notes will be payable semi-annually in arrear on February 15 and August 15, commencing on August 15, 2022, to holders of record on the immediately preceding Business Day.

Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. The interest amount will be calculated by applying the applicable rate to the aggregate principal outstanding of the Notes. Interest on overdue principal and interest, including Additional Amounts (as defined herein), if any, will accrue at a rate that is 1% higher than the then applicable interest rate on the Notes. In no event will the rate of interest on the Notes be higher than the maximum rate permitted by applicable law.

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more paying agents (each, a "**Paying Agent**") for the Notes. The initial Paying Agent will be Deutsche Bank AG, London Branch, in London.

The Issuer will also maintain one or more registrars (each, a "**Registrar**") and will also maintain a transfer agent (a "**Transfer Agent**"). The initial Registrar will be Deutsche Bank Luxembourg S.A. The initial Transfer Agent will be Deutsche Bank AG, London Branch. The Paying Agent, Transfer Agent and Registrar, as applicable, will maintain a register reflecting ownership of the Notes in the form of definitive registered notes (the "**Definitive Registered Notes**") outstanding from time to time and will make payments on and facilitate transfers of Definitive Registered Notes on behalf of the Issuer.

The Issuer may change the Paying Agent, the Registrar or the Transfer Agent without prior notice to the holders. For so long as the Notes are listed on the Official List of The International Stock Exchange (the "**Exchange**"), and if and to the extent that the rules of The International Stock Exchange Authority Limited (the "**Authority**") so require, the Issuer will notify the Exchange of any change of Paying Agent, Registrar or Transfer Agent.

Transfer and exchange

Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act ("**Rule 144A**") will initially be represented by one or more global Notes in registered form without interest coupons attached (the "**144A Global Note**"), and Notes outside the United States pursuant to Regulation S under the U.S. Securities Act ("**Regulation S**") will initially be represented by one or more global Notes in registered form without interest coupons attached (the "**Regulation S Global Note**" and, together with the 144A Global Notes, the "**Global Notes**").

During the "40-day Distribution Compliance Period" (as such term is defined in Rule 902 of Regulation S), Book-Entry Interests in the Regulation S Global Note may be transferred only to non-U.S. Persons under Regulation S or to persons whom the transferor reasonably believes are "qualified institutional buyers" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with applicable transfer restrictions and any applicable securities laws of any state of the United States or any other jurisdiction. The Notes will be subject to certain other restrictions on transfer and certification requirements, as described under "*Notice to investors*".

Ownership of interests in the Global Notes (the "**Book-Entry Interests**") will be limited to persons that have accounts with Euroclear 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 or Clearstream will be effected by

Euroclear or Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants.

Book-Entry Interests in the 144A Global Note may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Note only upon delivery by the transferor of a written certification (in the form to be provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S.

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 and integral multiples of £1,000 in excess thereof, upon receipt by the relevant Registrar of instructions relating thereto and any certificates and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant which 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 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 and integral multiples of £1,000 in excess thereof, to persons who take delivery thereof in the form of Definitive Registered Notes. 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, furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, furnish certain certificates and opinions, and pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the holder, other than any Taxes payable in connection with such transfer or exchange.

Notwithstanding the foregoing, the Issuer is not required to register the transfer of any Definitive Registered Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of the Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of 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; or

(4) which the holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Sale Offer.

Additional amounts

All payments made by or on behalf of the Issuer under or with respect to the Notes (whether or not in the form of Definitive Registered Notes) or any of the Guarantors with respect to any Notes Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future 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) any jurisdiction in which the Issuer or any Guarantor is then incorporated, organized or otherwise resident for tax purposes or any political subdivision thereof or therein or (2) any jurisdiction from or through which payment is made by or on behalf of the Issuer or any Guarantor (including the jurisdiction of any Paying Agent) or any political subdivision thereof or therein (each, a "**Tax Jurisdiction**") will at any time be required to be made from any payments made by or on behalf of the Issuer under or with respect to the Notes or any of the Guarantors under or with respect to any Notes Guarantee, including payments of principal, redemption price, purchase price, interest or premium, the Issuer or the relevant Guarantor, as applicable, will pay such additional amounts (the "**Additional Amounts**") as may be necessary in order that the net amounts received in respect of such payments after such withholding, deduction or imposition (including any such withholding, deduction or imposition from such Additional Amounts) will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; *provided, however*, that no Additional Amounts will be payable with respect to:

(1) any Taxes that would not have been imposed but for the existence of any actual or deemed (pursuant to applicable Tax law of the relevant Tax Jurisdiction, such as, if applicable, a connection of a partnership that is attributed to the partners/beneficial owners) present or former connection between the holder or the beneficial owner of the Notes and the relevant Tax Jurisdiction (including being a citizen or resident or national or domiciliary of, incorporated in, or carrying on a business or maintaining a permanent establishment in, or being physically present in, such jurisdiction for Tax purposes), other than the holding of such Note, the enforcement of rights under such Note or under a Notes Guarantee or the receipt of any payments in respect of such Note or a Notes Guarantee;

(2) any Taxes imposed as a result of the presentation of a Note for payment (where Notes are in the form of Definitive Registered Notes and presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30 day period);

(3) any estate, inheritance, gift, value added, sales, personal property, transfer or similar Taxes;

(4) any Taxes payable other than by deduction or withholding from payments under, or with respect to, the Notes or with respect to any Notes Guarantee;

(5) any Taxes imposed or withheld by reason of the failure of the holder or beneficial owner of Notes to comply with any written request made at least 60 days prior to the relevant payment date by or on behalf of the Issuer addressed to the holder or the beneficial owner to provide any certification, identification, information, documents or evidence concerning the nationality, residence, identity or connection with the Relevant Taxing Jurisdiction of the Holder or such beneficial owner or to make any declaration or similar claim or satisfy any other reporting requirements, which, in each case, is required by statute, treaty, regulation or administrative practice of a Tax Jurisdiction, as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the Tax Jurisdiction (including, without limitation, a certification that the holder or beneficial owner is not resident in the Tax Jurisdiction), but in each case, only to the extent the holder or beneficial owner is legally able to provide such certification, identification, information, documents, evidence, declaration or similar claim;

(6) any Tax imposed on or with respect to any payment by the Issuer or the relevant Guarantor to the holder if such holder is a fiduciary or partnership or person other than the sole beneficial owner of such payment to the extent that Taxes would not have been imposed on such payment had such holder been the sole beneficial owner of such Notes;

(7) any Taxes imposed pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code (or any amended or successor version that is substantially comparable), any agreements entered into pursuant to Section 1471(b) of the Code and any intergovernmental agreements (and related legislation or official administrative guidance) implemented with respect to the foregoing; or

(8) any combination of items (1) through (7) above.

In addition to the foregoing, the Issuer and the Guarantors will also pay and indemnify the holder for any present or future stamp, issue, registration, court or documentary Taxes, or any other excise or property Taxes, charges or similar levies (including penalties, interest and any other reasonable expenses related thereto) which are levied by any Tax Jurisdiction on the execution, delivery, issuance, or registration of any of the Notes, the Indenture, any Notes Guarantee or any other document or instrument referred to therein, or the receipt of any payments with respect thereto, or enforcement of, any of the Notes or any Notes Guarantee.

If the Issuer or any Guarantor, as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes or any Notes Guarantee, each of the Issuer or the relevant Guarantor, as the case may be, will deliver to the Trustee and the Paying Agent on a date that is at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises less than 45 days prior to that payment date, in which case the Issuer or the relevant Guarantor shall notify the Trustee promptly thereafter) an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officer's Certificate(s) must also set forth any other information necessary to enable the Paying Agent to pay such Additional Amounts to holders on the relevant payment date. The Issuer and the relevant Guarantor will provide the Trustee with documentation satisfactory to the Trustee evidencing the payment of Additional Amounts. The Trustee and the Paying Agent shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

The Issuer or the relevant Guarantor will make all withholdings and deductions required by law and will remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. The Issuer or the relevant Guarantor will use its reasonable efforts to obtain Tax receipts from each Tax authority evidencing the payment of any Taxes so deducted or withheld. The Issuer or the relevant Guarantor will furnish to the Trustee, within a reasonable time after the date the payment of any Taxes so deducted or withheld is made, certified copies of Tax receipts evidencing payment by the Issuer or a Guarantor, as the case may be, or if, notwithstanding such entity's efforts to obtain receipts, receipts are not obtained, other evidence of payments (reasonably satisfactory to the Trustee) by such entity. Upon reasonable request, copies of Tax receipts or other evidence of payments, as the case may be, will be made available by the Trustee to the holders or beneficial owners of the Notes.

Whenever in the Indenture or in this "*Description of the Notes*" there is mentioned, in any context, the payment of amounts based upon the principal amount of the Notes or of principal, interest or of any other amount payable under, or with respect to, any of the Notes or any Notes Guarantee, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligations will survive any termination, defeasance or discharge of the Indenture, any transfer by a holder or beneficial owner of its Notes, and will apply, *mutatis mutandis*, to any jurisdiction in which any successor Person to the Issuer or any Guarantor is incorporated, engaged in business or otherwise resident for tax purposes or any jurisdiction from or through which such Person makes any payment on the Notes (or any Notes Guarantee) and any department or political subdivision thereof or therein.

Notes Guarantees

The Notes will be guaranteed by each Guarantor. These Notes Guarantees will be joint and several obligations of the Guarantors. Each Notes Guarantee is a full and unconditional guarantee of the Issuer's obligations under the Notes, subject to the contractual limitations discussed below.

The obligations of the Guarantors will be contractually limited under the applicable Notes Guarantees to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, fraudulent conveyance and other legal restrictions applicable to the Guarantors and their respective shareholders, directors and general partners. For a description of such contractual limitations, please see "*Limitations on validity and enforceability of the Guarantees and security interests*".

The Notes Guarantee of a Guarantor other than the Company will be released:

(1) in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale or other disposition does not violate the "Asset sale" provisions of the Indenture;

(2) in connection with any sale or other disposition of Capital Stock of that Guarantor (or Capital Stock of any Parent Holdco of such Guarantor (other than the Company)) to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale or other disposition does not violate the "Asset sale" provisions of the Indenture and the Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;

(3) in order to effectuate a merger, consolidation, conveyance or transfer conducted in compliance with the covenant described under "*—Certain covenants—Merger, consolidation or sale of assets*."

(4) if the Company designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;

(5) in connection with certain enforcement actions taken by the creditors under certain of our secured Indebtedness in accordance with the Intercreditor Agreement as described under "*Description of other indebtedness—Intercreditor Agreement*";

(6) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "*—Legal defeasance and covenant defeasance*" and "*—Satisfaction and discharge*";

(7) upon the full and final payment of the Notes and performance of all Obligations of the Issuer and the Guarantors under the Indenture and the Notes;

(8) so long as no Event of Default has occurred and is continuing, in connection with the solvent winding up, liquidation or reorganization of any Guarantor that is an Immaterial Subsidiary, *provided* that substantially all of the assets of such Guarantor that are distributed pursuant to such solvent winding up, liquidation or reorganization are distributed to other Guarantors; or

(9) as described under the caption "*—Amendment, supplement and waiver*".

In addition, the Notes Guarantee of the Company will be released in the circumstances described in clauses (5), (6), (7) or (9) above. Upon any occurrence giving rise to a release of a Notes Guarantee, as specified above, the Trustee, subject to receipt of an Officer's Certificate from the Issuer and/or relevant Guarantor, will execute any documents reasonably required in order to evidence or effect such release, discharge and termination in respect of such Notes Guarantee. Neither the Issuer, the Trustee nor any Guarantor will be required to make a notation on the Notes to reflect any such release, discharge or termination.

Security

General

The Notes and the Notes Guarantees will be secured by first-ranking Liens over the Collateral on the Issue Date. The Collateral will be pledged pursuant to the Security Documents to the Security Agent on behalf of the holders of the secured obligations that are secured by the Collateral, including the Trustee and the holders of the Notes.

The Collateral granted on the Issue Date will comprise of: (1) fixed and floating charges over (a) certain freehold and certain long leasehold property owned by the Issuer and the Guarantors, (b) the share capital of the Issuer held by the Company and the share capital of each Guarantor (other than the Company), (c) the intellectual property, equipment, goodwill and uncalled capital and certain receivables and bank accounts of the Issuer and each Guarantor and (d) the interests of the Issuer and each Guarantor in any hedging agreements; (2) assignments by way of security of the rights of the Issuer and each Guarantor in any insurance policies and agreements evidencing intra group liabilities owed by the Company and certain of its subsidiaries; and (3) floating charges over substantially all of the assets of the Issuer and each Guarantor which are not effectively subject to a fixed charge or a security assignment, but excluding certain items including current and future acquired leasehold property (other than certain long leasehold properties) and certain freehold property, bank accounts where cash is held that is owned by or held on behalf of service users and interests in other contracts or agreements where the grant of security would be prohibited either absolutely, conditionally or otherwise prevented under the agreements governing such items.

Any additional security interests that may in the future be pledged to secure obligations under the Notes, the Notes Guarantees and the Indenture would also constitute Collateral.

Subject to the terms of, and limitations under, the Security Documents, these security interests will secure the payment and performance when due of the obligations of the Issuer and the Guarantors under the Notes, the Indenture and the Notes Guarantees.

Subject to the terms of the Indenture, the Revolving Credit Facility and the Security Documents, the Issuer and the Guarantors will have the right to remain in possession and retain exclusive control of the Collateral securing the Notes, to freely operate the property and assets constituting Collateral and to collect, invest and dispose of any income therefrom (including any and all dividends, distributions or similar cash and non-cash payments in respect of Capital Stock of the Guarantors that is part of the Collateral).

Release

Subject to the terms of the Intercreditor Agreement or any Additional Intercreditor Agreement, to the extent a release is required by a Security Document, upon receipt of an Officer's Certificate, the Security Agent shall release, and the Trustee shall, if so requested, direct the Security Agent to release, without the need for consent of the holders, Liens over the property and other assets constituting Collateral securing the Notes and the Notes Guarantees:

(1) in connection with any sale, assignment, transfer, conveyance or other disposition of such property or assets (including by way of merger, consolidation, amalgamation or combination) (i) to a Person that is not (either before or after giving effect to such transaction) the Company or any of its Restricted Subsidiaries, if the sale or other disposition does not violate the "Asset sale" provisions of the Indenture or (ii) if such assets become subject to an equivalent Lien in favor of the Security Agent for the benefit of the holders of the Notes concurrently with such sale, assignment, transfer, conveyance or other disposition; *provided* that such sale, assignment, transfer, conveyance or other disposition of such property or assets is permitted by the Indenture;

(2) in the case of a Guarantor that is released from its Notes Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and Capital Stock, of such Guarantor;

(3) if the Company designates any of its Restricted Subsidiaries (other than the Issuer) 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 Restricted Subsidiary;

(4) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "*—Legal defeasance and covenant defeasance*" and "*—Satisfaction and discharge*";

(5) in connection with certain enforcement actions taken by the creditors under certain of our secured Indebtedness in accordance with the Intercreditor Agreement as described under "*Description of other indebtedness—Intercreditor Agreement*";

(6) upon the full and final payment of the Notes and performance of all Obligations of the Issuer and the Guarantors under the Indenture and the Notes;

(7) as described under the caption "*—Amendment, supplement and waiver*"; or

(8) as described under the caption "*Certain covenants—Impairment of security interest*".

Intercreditor Agreement

To establish the relative rights of certain creditors of the Company, the Guarantors and the Issuer under the financing arrangements, including, without limitation, the Notes, the Revolving Credit Facility and certain Hedging Obligations, Company, the Guarantors and the Issuer, the agent under the Revolving Credit Facility, the Trustee and the Security Agent will enter into the Intercreditor Agreement. Please see "*Description of other indebtedness—Intercreditor Agreement*". Pursuant to the terms of the Intercreditor Agreement, any liabilities in respect of obligations under the Revolving Credit Facility and certain Hedging Obligations that are permitted to be incurred by clause (8) of the definition of Permitted Debt and permitted to be secured on the Collateral (please see "*—Certain definitions—Permitted Collateral Liens*") and certain other Indebtedness will receive priority with respect to any proceeds received upon any enforcement over any Collateral. Any proceeds received upon any enforcement over any Collateral, after all obligations under the Revolving Credit Facility have been repaid and such Hedging Obligations and certain other Indebtedness have been discharged from such recoveries, will be applied *pro rata* in repayment of all obligations under the Indenture and the Notes and any other Indebtedness of the Issuer and the Guarantors permitted to be incurred and secured by the Collateral on a *pari passu* basis pursuant to the Indenture and the Intercreditor Agreement.

Optional redemption

At any time prior to February 15, 2024, the Issuer may on any one or more occasions redeem up to 40% of the aggregate principal amount of Notes issued under the Indenture, upon not less than 10 nor more than

60 days' notice, at a redemption price equal to 105.875% of the principal amount of the Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to but excluding the date of redemption (subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date), with the net cash proceeds of an Equity Offering of (i) the Company or (ii) any Parent Holdco of the Company to the extent the proceeds from such Equity Offering are contributed to the Company's common equity capital or are paid to the Company as consideration for the issuance of ordinary shares of the Company or as Subordinated Shareholder Debt; *provided* that:

(1) at least 50% of the aggregate principal amount of the Notes originally issued under the Indenture (excluding Notes held by the Company and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 120 days of the date of the closing of such Equity Offering.

At any time prior to February 15, 2024, the Issuer may on any one or more occasions redeem all or a part of the Notes upon not less than 10 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to but excluding the date of redemption, subject to the rights of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date.

On or after February 15, 2024, the Issuer may on any one or more occasions redeem all or a part of Notes upon not less than 10 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes redeemed, to but excluding the applicable date of redemption, if redeemed on or after the dates indicated below, subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date:

Date	**Redemption Price**
February 15, 2024	102.93750%
February 15, 2025	101.46875%
February 15, 2026	100.00000%

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on but excluding the applicable redemption date.

Any redemption and notice may, at the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent (including, without limitation, the incurrence of Indebtedness the proceeds of which will be used to redeem the Notes). In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice may state that, at the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed; *provided* that in no case shall the notice have been delivered less than 10 days or more than 60 days prior to the date on which such redemption (if any) occurs.

Redemption for changes in taxes

The Issuer may redeem the Notes, in whole but not in part, at its discretion at any time upon giving not less than 10 nor more than 60 days' prior notice to the holders of the Notes (which notice will be irrevocable and given in accordance with the procedures described in "*—Selection and notice*"), at a redemption price equal to 100% of the aggregate principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Issuer for redemption (a "**Tax Redemption Date**") and all Additional Amounts (if any) then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date and Additional Amounts (if any) in respect thereof), if on the next date on which any amount would be payable in respect of the Notes, the Issuer is or would be required to pay Additional Amounts, and the Issuer cannot avoid any such payment obligation by taking reasonable measures available (provided that changing the jurisdiction of incorporation or tax residence of the Issuer or a Guarantor is not a reasonable measure for purposes of this section), and the requirement arises as a result of:

(1) any amendment to, or change in, the laws, treaties or any regulations, rulings or protocols promulgated thereunder of a relevant Tax Jurisdiction which change or amendment is announced and becomes effective on or after the Issue Date (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the Issue Date, such later date); or

(2) any amendment to, or change in, an official written interpretation or application of such laws, treaties, regulations or rulings (including by virtue of a holding, judgment, order by a court of competent jurisdiction or a change in published administrative practice) which amendment or change is publicly announced and becomes effective on or after the Issue Date (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the Issue Date, such later date)

(each of the foregoing clauses (1) and (2), a "**Change in Tax Law**").

The Issuer will not give any such notice of redemption earlier than 60 days prior to the earliest date on which the Issuer would be obligated to make such payment or withholding if a payment in respect of the Notes was then due, and the obligation to pay Additional Amounts must be in effect at the time such notice is given. Prior to the publication or, where relevant, mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer will deliver to the Trustee (a) an Officer's Certificate stating that obligation to pay such Additional Amounts cannot be avoided by the Issuer taking reasonable measures available to it; and (b) a written opinion of independent tax counsel to the Issuer of recognized standing qualified under the laws of the relevant Tax Jurisdiction and reasonably satisfactory to the Trustee (such approval not to be unreasonably withheld) to the effect that the Issuer has or will become obligated to pay such Additional Amounts as a result of a Change in Tax Law.

The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion of counsel as sufficient evidence of the existence and satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders.

Sinking fund

The Issuer is not required to make sinking fund payments with respect to the Notes.

Repurchase at the option of holders

Change of control

If a Change of Control occurs, each holder of Notes will have the right to require the Issuer to repurchase all or any part (in integral multiples of £1,000; *provided* that Notes of £100,000 or less may only be redeemed in whole and not in part) of that holder's Notes pursuant to a Change of Control Offer on the terms set forth in the Indenture. In the Change of Control Offer (as defined below), the Issuer will offer a payment in cash equal to 101% of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes repurchased to the date of purchase (the "**Change of Control Payment**"), subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date.

No later than the date that is 60 days after any Change of Control, the Issuer will send a notice (the "**Change of Control Offer**") to each Holder of any such Notes, by email or otherwise in accordance with the procedures set forth in the Indenture, with a copy to the Trustee, stating that a Change of Control Offer is being made and offering to repurchase Notes on the date (the "**Change of Control Payment Date**") specified in the notice, which date will be no earlier than 10 days and no later than 60 days from the date such notice is sent, pursuant to the procedures required by the Indenture and described in such notice. The Issuer will comply with the requirements of Rule 14e-1 under the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**") and any other applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Issuer will comply with any applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

On the Change of Control Payment Date, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuer.

If any Definitive Registered Notes have been issued, the Paying Agent will promptly wire to each holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee (or an authentication agent approved by it, upon receipt of an authentication order from the Issuer,) will, at the cost of the Issuer, promptly authenticate and mail to each holder of Definitive Registered Notes a new Definitive Registered Note equal in principal amount to the unpurchased portion of the Notes surrendered, if any; *provided* that each such new Definitive Registered Note will be in an aggregate principal amount that is at least £100,000 or an integral multiple of £1,000 excess thereof. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described above that require the Issuer to make a Change of Control Offer following a Change of Control 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 will not contain provisions that permit the holders of the Notes to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The ability of the Issuer to repurchase Notes pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that constitute a Change of Control would constitute a mandatory prepayment event under the Revolving Credit Facility. In addition, certain events that may constitute a change of control under the Revolving Credit Facility may not constitute a Change of Control under the Indenture. The future Indebtedness of the Company and its Subsidiaries may also contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the holders of the Notes of their right to require the Issuer to repurchase the Notes could cause a default under such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer. Finally, the ability of the Issuer to pay cash to the holders of the Notes, and any other Indebtedness then becoming payable, upon a repurchase may be limited by its then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases. 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*".

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if (1) 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 properly tendered and not withdrawn under the Change of Control Offer, or (2) a notice of redemption has been given pursuant to the Indenture as described above under the caption "*—Optional redemption*", unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require the Issuer to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Company and its Restricted Subsidiaries taken as a whole to another Person or group may be uncertain. In addition, the definitions of "Change of Control" and "Permitted Holders" expressly permit a third party to obtain control of the Company in a transaction which is a Specified Change of Control Event without any obligation to make a Change of Control Offer.

The provisions under 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 consent of the holders of a majority in principal amount of the Notes prior to the occurrence of the Change of Control.

If and for so long as the Notes are listed on the Exchange, and if and to the extent that the rules of the Authority so require, the Issuer will notify the Authority of any Change of Control Offer.

Asset sales

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless:

(1) the Company (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value (determined at the time of contracting such Asset Sale) of the assets or Equity Interests issued or sold or otherwise disposed of; and

(2) at least 75% of the consideration received in the Asset Sale by the Company or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following will be deemed to be cash:

(3) any liabilities, as recorded on the balance sheet of the Company or any Restricted Subsidiary (other than contingent liabilities), that are assumed by the transferee of any such assets and as a result of which the Company and its Restricted Subsidiaries are no longer obligated with respect to such liabilities or are indemnified against further liabilities;

(4) any securities, notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 90 days following the closing of the Asset Sale, to the extent of the cash or Cash Equivalents received in that conversion;

(5) any Capital Stock or assets of the kind referred to in clauses (2) or (4) of the next paragraph of this covenant;

(6) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Sale, to the extent that the Company and each Restricted Subsidiary are released from any guarantee of such Indebtedness in connection with such Asset Sale;

(7) consideration consisting of Indebtedness of the Issuer or any Guarantor received from Persons who are not the Company or any Restricted Subsidiary that is cancelled; and

(8) any Designated Non-Cash Consideration received by the Company or any of its Restricted Subsidiaries in such Asset Sales having an aggregate Fair Market Value, when taken together with all other Designated Non-Cash Consideration received pursuant to this clause (8) that is at that time outstanding, not to exceed the greater of £15 million or 30% of Consolidated EBITDA, measured at the time of the receipt of such Designated Non-Cash Consideration (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).

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, the Company (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Proceeds (at the option of the Company or Restricted Subsidiary):

(1) to repay, repurchase, prepay or redeem (a) Indebtedness of the Issuer, the Company or any other Guarantor incurred pursuant to clause (1) of the second paragraph of the covenant entitled "*—Certain covenants—Incurrence of indebtedness and issuance of preferred stock*", or any Indebtedness secured on the Collateral on a "super priority" basis, (b) Indebtedness of a Restricted Subsidiary of the Company that is not a Guarantor or the Issuer (and in each case, other than Indebtedness that is owed to the Company or a Restricted Subsidiary), and (c) obligations under the Notes and any *pari passu* Indebtedness that is secured by a Lien on the Collateral that ranks equal to the Lien on the Collateral

securing the Notes and that is not subordinated in right of payment to the Notes or any Notes Guarantee pursuant to an Asset Sale Offer (as defined below) or to one or more redemptions of the Notes;

(2) to acquire all or substantially all of the assets of, or any Capital Stock of, another Permitted Business;

(3) to make a capital expenditure;

(4) to acquire other assets that are used or useful in a Permitted Business;

(5) enter into a commitment approved by the Board of Directors or otherwise binding on the Company to apply the Net Proceeds pursuant to clause (2), (3) or (4) of this paragraph; *provided* that such commitment shall be treated as a permitted application of the Net Proceeds from the date of such commitment until the earlier of (x) the date on which such acquisition or expenditure is consummated, and (y) the 180th day following the expiration of the aforementioned 365 day period; or

(6) any combination of the foregoing.

Pending the final application of any Net Proceeds, the Company (or the applicable Restricted Subsidiary) may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by the Indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the second paragraph of this covenant will constitute "**Excess Proceeds**". When the aggregate amount of Excess Proceeds exceeds £10 million, within ten Business Days thereof, or at any earlier time at the Company's election, the Issuer will make an offer (an "**Asset Sale Offer**") to all holders of Notes and may, to the extent the Company so elects, make an offer to holders of other Indebtedness that is *pari passu* with the Notes or any Notes Guarantees to purchase, prepay or redeem the maximum principal amount of Notes and such other *pari passu* Indebtedness (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to (i) (solely in the case of the Notes) 100% of the principal amount, which shall be repurchased in integral multiples of £1,000, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase, prepayment or redemption; provided that Notes of £100,000 or less may only be redeemed in whole and not in part; and (ii) (solely in the case of any other *pari passu* Indebtedness) no greater than 100% of the principal amount, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase, prepayment or redemption, subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company and its Restricted Subsidiaries may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and other *pari passu* Indebtedness tendered into (or to be prepaid or redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds, or if the aggregate principal amount of Notes tendered pursuant to an Asset Sale Offer that is an application of Net Proceeds pursuant to clause (1) of the second paragraph of this covenant exceeds the amount of the Net Proceeds so applied the Notes and such other *pari passu* Indebtedness, if applicable, will be selected to be purchased on a *pro rata* basis (or in the manner described under "*—Selection and notice*"), based on the amounts tendered or required to be prepaid or redeemed in integral multiples of £1,000; provided that Notes of £100,000 or less may only be redeemed in whole and not in part. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero. Neither the Trustee nor the Registrar shall be liable for any selections made in accordance with this paragraph.

The Issuer will comply with the requirements of Rule 14e-1 under the U.S. Exchange Act and any other applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to a Change of Control Offer, an Asset Sale Offer or a Notes Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control or Asset Sale provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control or Asset Sale provisions of the Indenture by virtue of such compliance.

Selection and notice

If less than all of the Notes are to be redeemed at any time, the Paying Agent or the Registrar, as applicable, will select Notes for redemption on a *pro rata* basis (or, in the case of Notes issued in global form as discussed under "*Book-entry, delivery and form*", based on a method that most nearly approximates a *pro rata* selection), unless otherwise required by law or applicable stock exchange or depository requirements. Neither the Trustee, the Paying Agent nor the Registrar shall be liable for any selections made by it in accordance with this paragraph. No Notes of £100,000 or less can be redeemed in part.

If and for so long as the Notes are listed on the Exchange, and if and to the extent the rules of the Authority so require, the Issuer shall notify the Authority of such redemption and, in addition to such publication, not less than 10 nor more than 60 days' prior to the redemption date, email such notice to Holders at their respective addresses as they appear on the registration books of the Registrar; *provided* that, for so long as any Notes are represented by Global Notes, notices of redemption to Holders will be delivered to Euroclear and Clearstream (and such delivery will be deemed to satisfy the requirements of this paragraph), each of which shall give notices to the holders of the Book-Entry Interests.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. 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 Notes called for redemption.

If the due date for any redemption payment in respect of the Notes is not a Business Day, payment shall be made on the next succeeding day that is a Business Day and no interest shall accrue for the intervening period. If a regular record date is not a Business Day, the record date shall not be affected.

Certain covenants

Restricted payments

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Company's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Company's or any of its Restricted Subsidiaries' Equity Interests in their capacity as holders (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Company) other than dividends or distributions payable to the Company or a Restricted Subsidiary;

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company or any Parent Holdco of the Company;

(3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness of the Issuer or any Guarantor that is Subordinated Indebtedness (excluding any intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries), except (i) a payment of interest or principal at the Stated Maturity thereof or (ii) the purchase, repurchase or other acquisition of Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal installment or scheduled maturity, in each case due within one year of the date of such purchase, repurchase or other acquisition;

(4) make any payment (except through capitalization) on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Subordinated Shareholder Debt; or

(5) make any Restricted Investment,

(all such payments and other actions set forth in these clauses (1) through (5) above being collectively referred to as "**Restricted Payments**"), unless, at the time of any such Restricted Payment:

(a) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(b) the Company would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least £1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in clause (1) of the first paragraph of the covenant described below under the caption "*—Incurrence of indebtedness and issuance of preferred stock*"; and

(c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries since the Issue Date (excluding Restricted Payments permitted by clauses (2), (3), (4), (5), (6), (7), (8), (9), (10), (11) and (12) of the next succeeding paragraph), is less than the sum, without duplication, of:

(i) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from the beginning of the fiscal quarter commencing immediately prior to the Issue Date to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); *plus*

(ii) 100% of the aggregate net cash proceeds and the Fair Market Value of marketable securities or other property received by the Company since the Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Company (other than Disqualified Stock and Excluded Contributions) or from the issue or sale of convertible or exchangeable Disqualified Stock of the Company or convertible or exchangeable debt securities of the Company, in each case that have been converted into or exchanged for Equity Interests of the Company (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of the Company) or from the issuance or sale of Subordinated Shareholder Debt (other than an issuance or sale to a Subsidiary of the Company); *plus*

(iii) to the extent that any Restricted Investment that was made after the Issue Date is (a) sold, disposed of or otherwise cancelled, liquidated or repaid, 100% of the aggregate amount received in cash and the Fair Market Value of the property and marketable securities or other property received by the Company or any Restricted Subsidiary, or (b) made in an entity that subsequently becomes a Restricted Subsidiary, 100% of the Fair Market Value of the Restricted Investment of the Company and its Restricted Subsidiaries as of the date such entity becomes a Restricted Subsidiary; *plus*

(iv) to the extent that any Unrestricted Subsidiary of the Company designated as such after the Issue Date is redesignated as a Restricted Subsidiary or is merged or consolidated into the Company or a Restricted Subsidiary, or all of the assets of such Unrestricted Subsidiary are transferred to the Company or a Restricted Subsidiary, the Fair Market Value of the property received by the Company or Restricted Subsidiary or the Company's Restricted Investment in such Subsidiary as of the date of such redesignation, merger, consolidation or transfer of assets, to the extent such investments reduced the restricted payments capacity under this clause (c) and were not previously repaid or otherwise reduced; *plus*

(v) 100% of any dividends or distributions received by the Company or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary, to the extent that such dividends or distributions were not otherwise included in the Consolidated Net Income of the Company for such period, to the extent that such dividend or distribution does not reduce the amount of Investments outstanding under clause (11) of the definition of "Permitted Investment"; *plus*

(vi) upon the full and unconditional release of a Restricted Investment that is a guarantee made by the Company or one of its Restricted Subsidiaries to any Person, an amount equal to the amount of such guarantee,

provided that upon a Specified Change of Control Event, all amounts calculated pursuant to this clause (c) shall be reset to zero and all references to the Issue Date in this clause (c) shall thereafter refer to the date of such Specified Change of Control Event.

The preceding provisions will not prohibit the following (each, a "**Permitted Payment**"):

(1) the payment of any dividend or the consummation of any redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of the Indenture;

(2) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of the substantially concurrent sale or issuance (other than to a Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock), Subordinated Shareholder Debt or from the substantially concurrent contribution of common equity capital to the Company; *provided* that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph and will not be considered to be net cash proceeds from an Equity Offering for purposes of the "*Optional redemption*" provisions of the Indenture;

(3) the repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Company or any Guarantor that is contractually subordinated to the Notes or to any Notes Guarantee with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;

(4) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Restricted Subsidiary or any Parent Holdco held by any current or former officer, director, employee or consultant of the Company or any of its Restricted Subsidiaries, or held by any vehicle, trust, plan or other arrangement directly or indirectly on behalf of or for the benefit of any such person or persons; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed £3 million plus £2 million for each calendar year elapsed after the Issue Date (with unused amounts in any calendar year being carried over to succeeding calendar years); and *provided*, *further*, that such amount in any calendar year may be increased by an amount not to exceed the cash proceeds from the sale of Equity Interests of the Company or a Restricted Subsidiary received by the Company or a Restricted Subsidiary during such calendar year, in each case to members of management, directors or consultants of the Company, any of its Restricted Subsidiaries or any Parent Holdco of the Company to the extent the cash proceeds from the sale of Equity Interests have not otherwise been applied to the making of Restricted Payments pursuant to clause (c)(ii) of the preceding paragraph or clause (2) of this paragraph and are not Excluded Contributions;

(5) (a) the repurchase of Equity Interests deemed to occur upon the exercise of stock options to the extent such Equity Interests represent a portion of the exercise price of those stock options, and (b) so long as no Default has occurred and is continuing or would be caused thereby, any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness (i) (x) from Net Proceeds to the extent permitted under "Asset sales" above, but only if the Company shall have first complied with the terms described under "Asset sales" and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness, and (y) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or (ii) 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 (x) if the Company shall have first complied with the terms described under "—*Change of control*" and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or

retiring such Subordinated Indebtedness and (y) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest;

(6) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Company or any preferred stock of any Restricted Subsidiary issued on or after the Issue Date in accordance with the covenant described below under the caption "*—Incurrence of indebtedness and issuance of preferred stock*";

(7) payments of cash, dividends, distributions, advances or other Restricted Payments by the Company or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (x) the exercise of options or warrants or (y) the conversion or exchange of Capital Stock of any such Person;

(8) advances or loans to (a) any future, present or former officer, director, employee or consultant of the Company or a Restricted Subsidiary to pay for the purchase or other acquisition for value of Equity Interests of the Company (other than Disqualified Stock), or any obligation under a forward sale agreement, deferred purchase agreement or deferred payment arrangement pursuant to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or other agreement or arrangement or (b) any management equity plan, employee benefit trust or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Equity Interests of the Company (other than Disqualified Stock); *provided* that the total aggregate amount of Restricted Payments made under this clause (8) does not exceed the greater of £2 million or 4% of Consolidated EBITDA in any calendar year with unused amounts from such calendar year (but not including unused amounts from any prior calendar year) being available for use during succeeding calendar years;

(9) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary to the holders of its Equity Interests (other than the Company or any Restricted Subsidiary) then entitled to participate in such dividends on a *pro rata* basis or otherwise in compliance with the terms of the instruments governing such Equity Interests;

(10) Permitted Parent Payments;

(11) Restricted Payments that are made with Excluded Contributions;

(12) so long as no Default or Event of Default has occurred and is continuing, the payment of Management Fees;

(13) so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, following a Public Equity Offering that results in a Public Market of the Capital Stock of the Company or a Parent Holdco, the payment of dividends on the Capital Stock of the Company up to the greater of (a) 6% per annum of the net cash proceeds received by the Company in any such Public Equity Offering or any subsequent Public Equity Offering of such Capital Stock, or the net cash proceeds of any such Public Equity Offering or subsequent Public Equity Offering of such Capital Stock of any Parent Holdco that are contributed in cash to the Company's equity (other than through the issuance of Disqualified Stock or Excluded Contributions); *provided*, that if such Public Equity Offering was of Capital Stock of a Parent Holdco, the net proceeds of any such dividend are used to fund a corresponding dividend in equal or greater amount on the Capital Stock of such Parent Holdco; and (b) following the Public Equity Offering, an amount equal to the greater of (i) 6% of the Market Capitalization and (ii) 7% of the IPO Market Capitalization; *provided* that after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Net Leverage Ratio for the Company and its Restricted Subsidiaries shall be equal to or less than 4.75 to 1.0; and

(14) so long as no Default or Event of Default has occurred and is continuing, (i) Restricted Payments in an aggregate amount not to exceed the greater of £20 million or 40% of Consolidated EBITDA since the Issue Date and (ii) any Restricted Payment provided that pro forma for such Restricted Payment the Consolidated Net Leverage Ratio for the Company and its Restricted Subsidiaries shall be equal to or less than 4.5 to 1.0.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. Unsecured Indebtedness shall not be deemed to be subordinate or junior to secured Indebtedness by virtue of its nature as unsecured Indebtedness.

Incurrence of indebtedness and issuance of preferred stock

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "**incur**") any Indebtedness (including Acquired Debt), and the Company will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided*, *however*:

(1) that the Company may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock and the Issuer and any Guarantor may incur Indebtedness (including Acquired Debt) and issue preferred stock, if the Fixed Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or preferred stock is issued, as the case may be, would have been at least 2.0 to 1.0, in each case, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or preferred stock had been issued, as the case may be, at the beginning of such four quarter period; and

(2) if the Indebtedness to be incurred is Senior Secured Indebtedness, the Issuer and any Guarantor may incur such Senior Secured Indebtedness if the Consolidated Net Senior Secured Leverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred is less than 5.0 to 1.0 determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the Indebtedness had been incurred at the beginning of such four quarter period.

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "**Permitted Debt**"):

(1) the incurrence by the Issuer and the Guarantors of Indebtedness under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (1) not to exceed £50 million or, if greater, 100% of Consolidated EBITDA, *plus* 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) Indebtedness outstanding on the Issue Date after giving effect to the issuance of the Notes and the application of the proceeds thereof;

(3) the incurrence by the Issuer and the Guarantors of Indebtedness represented by the Notes (other than Additional Notes) and the related Notes Guarantees (including any future Notes Guarantees);

(4) the incurrence by the Company or any Restricted Subsidiary of Indebtedness representing Capital Lease Obligations, mortgage financings or purchase money obligations 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 in respect of sale and leaseback transactions, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred or issued to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (4), not to exceed the greater of £20 million or 40% of Consolidated EBITDA at any time outstanding;

(5) the incurrence by the Company or any Restricted Subsidiary of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge any Indebtedness (other than intercompany Indebtedness) incurred under the first paragraph of this covenant or clause (2), (3), (5) or (13) of this paragraph;

(6) the incurrence by the Company or any Restricted Subsidiary of intercompany Indebtedness between or among the Company or any Restricted Subsidiary; *provided* that:

(a) if the Issuer or any Guarantor is the obligor of such Indebtedness and the payee is not the Issuer or a Guarantor, such Indebtedness must be unsecured and ((i) except in respect of the intercompany current liabilities incurred in the ordinary course of business in connection with the cash management operations of the Company and its Restricted Subsidiaries and (ii) only to the extent legally permitted (the Company and its Restricted Subsidiaries having completed all procedures required in the reasonable judgment of directors of officers of the obligee or obligor to protect such Persons from any penalty or civil or criminal liability in connection with the subordination of such Indebtedness)) expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the Notes, in the case of the Company, or the Notes Guarantee, in the case of a Guarantor, to the extent required by the Intercreditor Agreement; and

(b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary, will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the issuance by any Restricted Subsidiary to the Company or to any of its Restricted Subsidiaries of preferred stock; *provided* that:

(a) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than the Company or a Restricted Subsidiary; and

(b) any sale or other transfer of any such preferred stock to a Person that is not either the Company or a Restricted Subsidiary,

will be deemed, in each case, to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this clause (7);

(8) the incurrence by the Company or any Restricted Subsidiary of Hedging Obligations not for speculative purposes (as determined in good faith by the Company or such Restricted Subsidiary, as the case may be);

(9) the guarantee by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of this covenant; *provided* that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes or a Notes Guarantee, then the guarantee must be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed;

(10) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness in respect of workers' compensation claims, self-insurance obligations, captive insurance companies, bankers' acceptances, performance and surety bonds in the ordinary course of business;

(11) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within 30 Business Days;

(12) Indebtedness represented by guarantees of any Management Advances;

(13) Indebtedness of any Person 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 (other than Indebtedness incurred to provide all or any portion of the funds used 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) or Indebtedness of the Company,

the Issuer or any Guarantor incurred in relation to any such acquisition, merger, consolidation, amalgamation or combination; *provided, however*, with respect to this clause (13), that at the time of the acquisition or other transaction pursuant to which such Indebtedness was incurred or deemed to be incurred (a) the Company would have been able to incur £1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving effect to the incurrence of such Indebtedness pursuant to this clause (13) calculated on a *pro forma* basis or (b) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such acquisition or other transaction on a *pro forma* basis;

(14) Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for customary indemnification, obligations in respect of earnouts 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 Equity Interests of a Subsidiary, *provided* that 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;

(15) Indebtedness of the Company and its Restricted Subsidiaries in respect of (A) letters of credit, surety, performance or appeal bonds, completion guarantees, judgment, advance payment, customs, VAT or other tax guarantees or similar instruments issued in the ordinary course of business of such Person and not in connection with the borrowing of money, including letters of credit or similar instruments in respect of self-insurance and workers compensation obligations, and (B) any customary cash management, cash pooling or netting or setting off arrangements, including customary credit card facilities, entered into 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;

(16) guarantees by the Company or any Restricted Subsidiary granted to any trustee of any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust scheme approved by the Board of Directors of the Company, so long as the proceeds of the Indebtedness so guaranteed are used to purchase Equity Interests of the Company (other than Disqualified Stock); *provided* that the amount of any net cash proceeds from the sale of such Equity Interests of the Company will be excluded from clause (c)(ii) of the first paragraph of the covenant described above under the caption "*—Restricted payments*" and will not be considered to be net cash proceeds from an Equity Offering for purposes of the "*Optional redemption*" provisions of the Indenture; and

(17) the incurrence of Indebtedness by the Company or any of its Restricted Subsidiaries in an aggregate principal amount at any time outstanding, including all Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (17), not to exceed the greater of £25 million or 50% of Consolidated EBITDA.

Notwithstanding anything to the contrary contained herein, if the Indebtedness (or any part thereof) to be incurred pursuant to this covenant is intended to rank senior to the Notes or the Notes Guarantees with respect to proceeds distributions of any enforcement of any of the Collateral, such Indebtedness (or any part thereof) may only be incurred pursuant to: (i) clause (1) of the definition of Permitted Debt and (ii) clause (8) of the definition of Permitted Debt (but only to the extent the Hedging Obligations are only of the type referred to in clause (3) of the definition of Permitted Collateral Liens). For purposes of determining compliance with this "*Incurrence of indebtedness and issuance of preferred stock*" covenant, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (17) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, the Company, in its sole discretion, will be permitted to classify such item of Indebtedness on the date of its incurrence and only be required to include the amount and type of such Indebtedness in one of such clauses and will be permitted on the date of such incurrence to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, from time to time to reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant. The accrual of interest or preferred stock dividends, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness, the reclassification of preferred stock as Indebtedness due to a change in accounting principles, and the payment of dividends on preferred stock or Disqualified Stock in the form of additional shares of the same class of preferred stock or Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this covenant.

For purposes of determining compliance with any pound sterling-denominated restriction on the incurrence of Indebtedness, the sterling equivalent of the aggregate principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the Applicable Test Date; 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 aggregate principal amount of such Permitted Refinancing Indebtedness does not exceed the aggregate principal amount of such Indebtedness being refinanced, plus any amount to pay premium (including tender premium), accrued and unpaid interest, expenses, defeasance costs and fees in connection therewith; (b) the sterling equivalent of the aggregate 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 Exchange Protection 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 Exchange Protection 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 Exchange Protection Agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

Notwithstanding anything in this covenant to the contrary, in the case of any Indebtedness incurred to refinance Indebtedness initially incurred in reliance on a clause of the second paragraph of this covenant measured by reference to a percentage of Consolidated EBITDA at the time of an Applicable Test Date, if such refinancing would cause the percentage of Consolidated EBITDA restriction to be exceeded if calculated based on the percentage of Consolidated EBITDA on the Applicable Test Date of such refinancing, such percentage of Consolidated EBITDA restriction shall not be deemed to be exceeded so long as the principal amount of such Permitted Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced.

The amount of any Indebtedness outstanding as of any date will be:

(1) in the case of any Indebtedness issued with original issue discount, the amount of the liability in respect thereof determined in accordance with IFRS;

(2) the principal amount of the Indebtedness, in the case of any other Indebtedness;

(3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:

    (a) the Fair Market Value of such assets at the date of determination; and

    (b) the amount of the Indebtedness of the other Person; and

(4) the principal amount of any Disqualified Stock of the Company or a Restricted Subsidiary, or preferred stock of a Restricted Subsidiary, which 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.

Liens

The Company will not and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind securing Indebtedness upon any of their property or assets, now owned or hereafter acquired, except (1) in the case of any property or asset that does not constitute Collateral, Permitted Liens and (2) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Dividend and other payment restrictions affecting Restricted Subsidiaries

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to the Company or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Company or any Restricted Subsidiary;

(2) make loans or advances to the Company or any Restricted Subsidiary; or

(3) sell, lease or transfer any of its properties 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 period to) loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness incurred by the Company or any Restricted Subsidiary, in each case, shall not be deemed to constitute such an encumbrance or restriction.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) (a) any agreements as in effect on the Issue Date or (b) any other agreement or instrument with respect to the Company or any Restricted Subsidiary in effect or entered into on the Issue Date and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements referred to in clauses (a) and (b) above; *provided* that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Issue Date or the Issue Date, as applicable (as determined in good faith by the Company) or would not, in the good faith determination of the Company, materially impair the ability of the Issuer to make payments on the Notes;

(2) the Indenture, the Notes, the Notes Guarantees, the Revolving Credit Facility, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents;

(3) agreements governing other Indebtedness permitted to be incurred under the provisions of the covenant described above under the caption "*—Incurrence of indebtedness and issuance of preferred stock*" and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the restrictions therein are not materially less favorable to the holders of the Notes than is customary in comparable financings (as determined in good faith by the Company);

(4) applicable law, rule, regulation or order or the terms of any license, authorization, concession or permit;

(5) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the Indenture to be incurred;

(6) customary non-assignment and similar provisions in contracts, leases and licenses entered into in the ordinary course of business;

(7) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on the property purchased or leased of the nature described in clause (3) of the preceding paragraph;

(8) any agreement for the sale or other disposition of the Capital Stock or all or substantially all of the property and assets of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;

(9) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced as determined in good faith by the Company or would not in the good faith determination of the Company, materially impair the ability of the Issuer to make payments on the Notes;

(10) Liens permitted to be incurred under the provisions of the covenant described above under the caption "*—Liens*" that limit the right of the debtor to dispose of the assets subject to such Liens;

(11) customary provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements in the ordinary course of business (including agreements entered into in connection with a Restricted Investment), which limitation is applicable only to the assets that are the subject of such agreements;

(12) restrictions 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 contracts entered into in the ordinary course of business; and

(13) any encumbrance or restriction existing under any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (1) through (12), or in this clause (13); *provided* that the terms and conditions of any such encumbrances or restrictions are no more restrictive in any material respect than those under or pursuant to the agreement so extended, renewed, refinanced or replaced or would not in the good faith determination of the Company, materially impair the ability of the Issuer to make payments on the Notes.

Merger, consolidation or sale of assets

Neither of the Company or the Issuer will: (1) consolidate or merge with or into another Person (whether or not it is the surviving corporation) or (2) in the case of the Company, sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole, in either case, in one or more related transactions, to another Person, unless:

(1) either: (a) the Company or the Issuer is the surviving Person; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Company or the Issuer, as the case may be) or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made is an entity organized or existing under the laws of any member state of the European Union, Switzerland, Canada, any state of the United States or the District of Columbia;

(2) the Person formed by or surviving any such consolidation or merger with the Company or the Issuer, as the case may be, (if other than the Company or the Issuer) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of the Company or the Issuer, as the case may be, under the Notes, the Notes Guarantees, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents to which the Company or the Issuer, as applicable, is a party;

(3) immediately after such transaction, no Default or Event of Default exists;

(4) In the case of the Company only, the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made would, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period (i) be permitted to incur at least £1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in clause (1) of the first paragraph of the covenant described above under the caption "*—Incurrence of indebtedness and issuance*

of preferred stock" or (ii) have a Fixed Charge Coverage Ratio not less than it was immediately prior to giving effect to such transaction; and

(5) The Company or the Issuer, as the case may be, delivers to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officer's Certificate and opinion of counsel, in each case, stating that such consolidation, merger or transfer and such supplemental indenture comply with this covenant and that all conditions precedent in the Indenture relating to such transaction have been satisfied and that the Indenture, the Notes and the applicable Notes Guarantee constitute legal, valid and binding obligations of the Company or the Issuer, as the case may be, or the Person formed by or surviving any such consolidation or merger (as applicable) enforceable in accordance with their terms.

A Guarantor (other than a Guarantor whose Notes Guarantee is to be released in accordance with the terms of the Notes Guarantee and the Indenture as described under "*—Notes Guarantees*") will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not such Guarantor is the surviving corporation) or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of such Guarantor and its Subsidiaries that are Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) either:

(a) such Guarantor is the surviving Person; or

(b) the Person formed by or surviving any such consolidation or merger (if other than such Guarantor) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of such Guarantor under its Notes Guarantee, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents to which it is a party;

(2) immediately after giving *pro forma* effect to such transaction or transactions (and treating any Indebtedness which becomes an obligation of the surviving corporation as a result of such transaction as having been incurred by the surviving corporation at the time of such transaction or transactions), no Default or Event of Default exists; and

(3) the Company delivers to the Trustee an Officer's Certificate and opinion of counsel, in each case, stating that such consolidation, merger or transfer and such supplemental indenture comply with this covenant and that all conditions precedent in the Indenture relating to such transaction have been satisfied and that the Indenture and the Notes Guarantee constitute legal, valid and subsidiary obligations of the Guarantor or the Person formed by or surviving any such consolidation and merger (as applicable) enforceable in accordance with their terms.

In addition, none of the Issuer, the Company or any other Guarantor will, directly or indirectly, lease all or substantially all of the properties and assets of it and its Subsidiaries which are Restricted Subsidiaries taken as a whole, in one or more related transactions, to any other Person.

This "*Merger, consolidation or sale of assets*" covenant will not apply to (a) any consolidation or merger of any Restricted Subsidiary that is not a Guarantor into the Issuer or a Guarantor, (b) any consolidation or merger among Guarantors and (c) any consolidation or merger among the Issuer and any Guarantor; *provided* that, if the Issuer is not the surviving entity of such merger or consolidation, the relevant Guarantor is an entity organized or existing under the laws of any member state of the European Union, Switzerland, Canada, any state of the United States or the District of Columbia and clauses (2) and (5) of the first paragraph of this covenant will be complied with. Clauses (3) and (4) of the first paragraph and clause (2) of the second paragraph of this covenant will not apply to any merger or consolidation of the Issuer or any Guarantors with or into an Affiliate solely for the purpose of reincorporating the Issuer or such Guarantor in another jurisdiction.

Transactions with affiliates

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, make any payment to or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Company (each, an "**Affiliate Transaction**") involving aggregate payments or consideration in excess of the greater of £5 million or 10% of Consolidated EBITDA, unless:

(1) the Affiliate Transaction is on terms that are no less favorable to the Company or the 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; and

(2) the Company delivers to the Trustee, with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of the greater of £10 million or 20% of Consolidated EBITDA, a resolution of the Board of Directors of the Company set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the Company.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(1) any employment agreement, collective bargaining agreement, consultant, employee benefit arrangements with any employee, consultant, officer or director of the Company or any Restricted Subsidiary, including under any stock option, stock appreciation rights, stock incentive or similar plans, entered into in the ordinary course of business;

(2) transactions between or among the Company and/or its Restricted Subsidiaries;

(3) transactions with a Person (other than an Unrestricted Subsidiary of the Company) that is an Affiliate of the Company solely because the Company owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(4) payment of reasonable and customary fees and reimbursements of expenses (pursuant to indemnity arrangements or otherwise) of officers, directors, employees or consultants of the Company or any of its Restricted Subsidiaries;

(5) any issuance of Equity Interests (other than Disqualified Stock) of the Company to Affiliates of the Company;

(6) any Restricted Payment that is permitted pursuant to the covenant described above under the caption "—*Restricted payments*";

(7) any Permitted Investment;

(8) the incurrence of any Subordinated Shareholder Debt;

(9) transactions pursuant to, or contemplated by any agreement in effect on the Issue Date and transactions pursuant to any amendment, modification or extension to such agreement, so long as such amendment, modification or extension, taken as a whole, is not-materially more disadvantageous to the holders of the Notes than the original agreement as in effect on the Issue Date;

(10) Management Advances and the payment of Management Fees; and

(11) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services or providers of employees or other labor, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture that are fair to the Company or the Restricted Subsidiaries, in the reasonable determination of the members of the Board of Directors of the Company or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated Person.

Financial calculations

When calculating the satisfaction of or availability under any Applicable Metric in the Indenture in connection with any Applicable Transaction, the date of determination of such Applicable Metric shall, at the option of the Company, be any Applicable Test Date. If the Company elects to determine any Applicable Metric as of any Applicable Test Date, it shall give pro forma effect to any other Applicable Transactions that have occurred up to (and including) such Applicable Test Date; *provided* that the *pro forma* calculation may exclude any non-recurring fees, costs and expenses attributable to any Applicable Transaction.

If compliance with an Applicable Metric is established in accordance with the prior paragraph, such Applicable Metric shall be deemed to have been complied with (or satisfied) for all purposes; *provided* that (1) the Company may elect, in its sole discretion, to recalculate any Applicable Metric on the basis of a more recent Applicable Test Date, in which case, such date of redetermination shall thereafter be deemed to be the relevant Applicable Test Date for purposes of such Applicable Metrics; and (2) save as contemplated in clause (1) above, compliance with any Applicable Metric shall not be determined or tested at any time after the relevant Applicable Test Date for such transaction and any actions or transactions related thereto.

If any Applicable Metric for which compliance was determined or tested as of an Applicable Test Date would at any time after the Applicable Test Date have been exceeded or otherwise failed to have been complied with as a result of fluctuations in such Applicable Metric (or any other Applicable Metric), such Applicable Metric will not be deemed to have been exceeded or failed to have been complied with as a result of such fluctuations.

If any related requirements and conditions (including as to the absence of any continuing Default or Event of Default) for which compliance or satisfaction was determined or tested as of the Applicable Test Date would at any time after the Applicable Test Date not have been complied with or satisfied (including due to the occurrence or continuation of a Default or an Event of Default), such requirements and conditions will not be deemed to have been failed to be complied with or satisfied (and such Default or Event of Default shall be deemed not to have occurred or be continuing).

If an item of Indebtedness (or any portion thereof) is committed, incurred or issued, any Lien is committed or incurred or any other transaction is undertaken or any Applicable Metric is tested in reliance on a ratio-based basket based on the Fixed Charge Coverage Ratio, the Consolidated Senior Secured Leverage Ratio, Consolidated Net Senior Secured Leverage Ratio, the Consolidated Leverage Ratio, the Consolidated Net Leverage Ratio or any other ratio based Applicable Metric, such ratios shall be calculated without regard to the incurrence of any Indebtedness to finance the working capital needs of the Company and its Restricted Subsidiaries under any revolving facility, letter of credit facility, bank guarantee facility or bonding facility and/or other debt which is available to be re-drawn (including under the Revolving Credit Facility, any guarantee facility or any ancillary facility under the Revolving Credit Agreement) and, for the avoidance of doubt, any undrawn commitments for Indebtedness (including under a revolving facility or guarantee facility) shall be disregarded for the purposes of testing the Applicable Metric.

Subject to the covenant described under "*—Incurrence of indebtedness and issuance of preferred stock,*" if a proposed action, matter, transaction or amount (or a portion thereof) is incurred or entered into pursuant to a fixed amount (the "**numerical permission**") and at a later time would subsequently be permitted under a ratio-based permission, unless otherwise elected by the Company, such action, matter, transaction or amount (or a portion thereof) shall automatically be reclassified to such ratio-based permission.

For any relevant Applicable Metric set by reference to a fiscal year, a calendar year, a four-quarter period or any other similar annual period (each an "**Annual Period**"):

(1) at the option of the Company, the maximum amount so permitted under such Applicable Metric during such Annual Period may be increased by: (A) an amount equal to 100% of the difference (if positive) between the permitted amount in the immediately preceding Annual Period and the amount thereof actually used or applied by the Company and its Restricted Subsidiaries during such preceding Annual Period (the "**Carry Forward Amount**"); and/or (B) an amount equal to 100% of the permitted amount in the immediately following Annual Period and the permitted amount in such immediately following Annual Period shall be reduced by such corresponding amount (the "**Carry Back Amount**"); and

(2) to the extent that the maximum amount so permitted under such Applicable Metric during such Annual Period is increased in accordance with clause (1) of this paragraph, any usage of such Applicable Metric

during such Annual Period shall be deemed to be applied in the following order: (A) first, against the Carry Forward Amount; (B) second, against the maximum amount so permitted during such Annual Period prior to any increase in accordance with clause (1) of this paragraph; and (C) third, against the Carry Back Amount.

For the purpose of this section and to the extent any Applicable Metric is used as the basis (in whole or in part) for permitting any transaction or making any determination under the Indenture (including on a pro forma basis) no item shall be included or excluded more than once where to do so would result in double counting.

Notwithstanding anything to the contrary in the Indenture, when calculating any financial definition or ratio under the Indenture, the Company shall be permitted to exclude all or any part of any expenditure or other negative item (and/or the impact thereof) directly or indirectly relating to or resulting from (1) the issuance of the Notes and the application of the proceeds thereof; (2) any other acquisition, Investment or other joint venture permitted by the terms of the Indenture or the impact from purchase price accounting; (3) start-up costs for new businesses and branding or re-branding of existing businesses; (4) costs or expenses relating to employee relocation, retraining, severance and termination, business interruption, reorganization and other restructuring or cost cutting measures, the rationalization, re-branding, start up, reduction or elimination of product lines, assets or businesses, the consolidation, relocation or closure of retail, administrative or production locations and other similar items (for the avoidance of doubt, excluding any related capital expenditure); and/or (5) research and development expenditure (and the capitalization thereof).

Additional Notes Guarantees

The Company will not cause or permit any of its Restricted Subsidiaries that are not Guarantors, directly or indirectly, to guarantee the payment of, assume or in any manner become liable with respect to any other Indebtedness of the Issuer or a Guarantor under the Revolving Credit Facility (or other Indebtedness that is incurred under clause (1) of the definition of Permitted Debt) or any Public Debt exceeding £5 million in principal amount, in whole or in part unless such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture providing for the guarantee of the payment of the Notes by such Restricted Subsidiary, which guarantee will be senior to or *pari passu* with such Restricted Subsidiary's guarantee of such other Indebtedness.

Subject to the Agreed Security Principles, any such Restricted Subsidiary will, no later than the earlier of (i) 60 days after the execution of such supplemental indenture and (ii) the date on which such Restricted Subsidiary grants security to secure its liabilities under any Credit Facilities, grant security over its existing and future assets to secure its Notes Guarantee; and the Company will cause all of the Capital Stock in such Restricted Subsidiary owned by the Company and its Restricted Subsidiaries to be pledged to secure the Notes and the Notes Guarantees; *provided* that, for so long as the Revolving Credit Facility is outstanding, no security need be granted over assets that are not also subject to security granted in favor of the Revolving Credit Facility.

Each additional Notes Guarantee and any security will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Notwithstanding the foregoing paragraphs in this covenant, the Company shall not be obligated to cause such Restricted Subsidiary to Guarantee the Notes or secure the Notes or the Notes Guarantees thereof to the extent that granting such Notes Guarantee by such Restricted Subsidiary or granting such security would (i) be inconsistent with the Agreed Security Principles, or (ii) reasonably be expected to give rise to or result in a violation of applicable law which, in any case, cannot be prevented or otherwise avoided through measures reasonably available to the Company or the Restricted Subsidiary (including "whitewash" or similar procedures) or any liability for the officers, directors or shareholders of such Restricted Subsidiary.

Impairment of security interest

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, take or knowingly or negligently 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 Liens on the Collateral permitted by the definition 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 of the Notes, and the Company will not, and will not cause or permit any of its Restricted Subsidiaries to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the holders of the Notes and the other beneficiaries described in the Security Documents and the Intercreditor Agreement, any interest whatsoever in any of the Collateral; *provided* that (a) nothing in this provision will restrict the discharge or release of the Collateral in accordance with the Indenture, the Security Documents and the Intercreditor Agreement and (b) the Company and its Restricted Subsidiaries may incur Permitted Collateral Liens; and *provided further, however*, that, subject to the foregoing clause (a) (except to the extent that such Collateral is to become subject to a Lien following such release or discharge), no Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified or replaced, unless contemporaneously with such amendment, extension, replacement, restatement, supplement, modification or renewal, the Company delivers to the Trustee one of the following: (1) a solvency opinion from an internationally recognized investment bank or accounting firm, in form and substance reasonably satisfactory to the Trustee confirming the solvency of the Company and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, supplement, modification or replacement; (2) a certificate from the board of directors or chief financial officer of the Company (acting in good faith), in the form set forth as an exhibit to the Indenture that confirms the solvency of the Person granting such Lien after giving effect to any transaction related to such amendment, extension, renewal, restatement, replacement, supplement, modification or release or (3) an opinion of counsel, in form and substance reasonably satisfactory to the Trustee (subject to customary exceptions and qualifications), confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, the Lien or Liens securing the Notes created under the Security Documents so amended, extended, renewed, restated, supplemented, modified or replaced are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, and that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement.

At the direction of the Company and without the consent of the holder of Notes, the Security Agent may from time to time enter into one or more amendments to the Security Documents to: (i) cure any ambiguity, omission, defect or inconsistency therein, (ii) (but subject to compliance with the first paragraph of this covenant) provide for Permitted Collateral Liens, (iii) add to the Collateral or (iv) make any other change thereto that does not adversely affect the rights of the holders of the Notes in any material respect.

In the event that the Company complies with this covenant, the Trustee and the Security Agent will (subject to customary protections and indemnifications) consent to such amendment, extension, renewal, restatement, supplement, modification or replacement with no need for instructions from holders of the Notes.

Collateral

The Company will, and will procure that each of its Subsidiaries will, at its 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 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. The Company will, and will procure that each of its 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.

Additional or amended intercreditor agreement

The Indenture will provide that, at the request of the Company, at the time of, or prior to, the incurrence by the Issuer, the Company or any other Guarantor of Indebtedness permitted pursuant to the covenant described under "*—Incurrence of indebtedness and issuance of preferred stock*", the Company, the Issuer, the relevant Guarantors, the Trustee and the Security Agent will (without the consent of the holders of the Notes) enter into an additional intercreditor agreement (each an "**Additional Intercreditor Agreement**") on terms substantially similar to the Intercreditor Agreement (or more favorable to the holders of the Notes) or an amendment to or an amendment and restatement of the Intercreditor Agreement (which amendment does not adversely affect the rights of holders of the Notes); *provided* that such Intercreditor Agreement or Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or the Security Agent or adversely affect the rights, duties, liabilities or immunities of the Trustee or the Security Agent under the Indenture, any Additional Intercreditor Agreement or the Intercreditor Agreement.

The Indenture will provide that each holder of a Note, by accepting such Note, will be deemed to have agreed to and accepted the terms and conditions of each Intercreditor Agreement and Additional Intercreditor Agreement and any amendment referred to in the preceding paragraph and the Trustee or the Security Agent will not be required to seek the consent of any holders of Notes to perform its obligations under and in accordance with this covenant.

Limitation on activities of the Issuer

The Issuer may not carry on any business or own any material assets other than:

(1) the offering, sale, issuance and servicing, purchase, redemption, refinancing or retirement of the Notes or the incurrence of other Indebtedness permitted by the terms of the Indenture or performance of the terms and conditions of such Indebtedness, to the extent such activities are otherwise permissible under the Indenture and the granting of Liens permitted pursuant to the covenant described above under the caption "*—Liens*";

(2) rights and obligations arising under the Indenture, the Intercreditor Agreement and the Security Documents;

(3) the ownership of cash and Cash Equivalents;

(4) making Investments in the Notes;

(5) directly related or reasonably incidental to the establishment and/or maintenance of its corporate existence; or

(6) other activities not specifically enumerated above that are *de minimis* in nature.

Except in accordance with the covenant described under the caption "*—Merger, consolidation or sale of assets*", the Issuer:

(1) will not merge, consolidate, amalgamate or otherwise combine with or into another Person (whether or not the Issuer is the surviving corporation);

(2) will not sell, convey, assign, transfer, lease or otherwise dispose of all or substantially all of its properties or assets to any Person or group of persons;

(3) will remain a wholly-owned Restricted Subsidiary of the Company; and

(4) will not change its center of main interests (as that term is used in Article 3(1) of The Council of the European Union Regulation No. 1346/2000 on Insolvency Proceedings) to be in any jurisdiction outside of the United Kingdom.

Designation of restricted and unrestricted subsidiaries

The Board of Directors of the Company may designate any Restricted Subsidiary other than the Issuer to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the covenant described above under the caption "*—Restricted payments*" or under one or more clauses of the definition of Permitted Investments, as determined by the Company. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Company may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if that redesignation would not cause a Default.

Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a copy of a resolution of the Company's Board of Directors giving effect to such designation and an Officer's Certificate certifying that such designation complies with the preceding conditions and was permitted by the covenant described above under the caption "*—Restricted payments*". If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary will 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 the caption "*—Incurrence of indebtedness and issuance of preferred stock*", the Company will be in default of such covenant. The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary*; provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption "*—Incurrence of indebtedness and issuance of preferred stock*", calculated on a *pro forma* basis as if such designation had occurred at the beginning of the applicable reference period; and (2) no Default or Event of Default would be in existence following such designation.

Payments for consent

The Company will not, and will not cause or 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 of Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid and is paid to all holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

Maintenance of listing

The Company will use its commercially reasonable efforts to maintain the listing of the Notes on a "recognized stock exchange" as defined in Section 1005 of the Income Tax Act 2007 of the United Kingdom.

Reports

For so long as any Notes are outstanding, the Company will furnish to the Trustee the following reports:

(1) within 120 days after the end of the Company's fiscal year beginning with the fiscal year ended 31 March 2022, annual reports containing the following information: (a) audited consolidated balance sheet of the Company as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Company for the three 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 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 (and which have not already been the subject of pro forma information provided by the Company); (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition and liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies; (d) a description of the business, management and shareholders of the Company, material affiliate transactions and material debt instruments; and (e) 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, quarterly reports 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 quarterly and year to date periods ending on the unaudited condensed balance sheet date, and the comparable prior year periods for the Company, together with condensed footnote disclosure; (b) unaudited *pro forma* income statement 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 (and which have not already been the subject of pro forma information provided by the Company); (c) an operating and financial review of the unaudited financial statements, including a discussion of the consolidated financial condition and results of operations of the Company and any

material change between the current quarterly period and the corresponding period of the prior year; and (d) material recent developments; and

(3) promptly after the occurrence of any material acquisition, disposition or restructuring of the Company and the Restricted Subsidiaries, taken as a whole, or any changes of the Chief Executive Officer or Chief Financial Officer at the Company or change in auditors of the Company or any other material event that the Company announces publicly, a report containing a description of such event,

provided, however, that the reports set forth in clauses (1), (2) and (3) above will not be required to (i) contain any reconciliation to U.S. generally accepted accounting principles or (ii) include separate financial statements for any Guarantors or non-guarantor Subsidiaries of the Company.

In addition, if the Company has designated any of its Subsidiaries as Unrestricted Subsidiaries and such Subsidiaries are Significant Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph will include 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.

All financial statements will be prepared in accordance with IFRS. Except as provided for above, no report need include separate financial statements for the Company or Subsidiaries of the Company or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this Offering Memorandum. At the Company's election it may also include financial statements of Voyage Holdings Limited in lieu of those for the Company; *provided* that if the financial statements of Voyage Holdings Limited are included in such report a reasonably detailed description of material differences between the financial statements of Voyage Holdings Limited and the Company shall be included for any period after the Issue Date and, in the event that Voyage Holdings Limited conducts any material operating activities except through the Company and its Subsidiaries, will include a reasonably detailed reconciliation of the Company's results to those of Voyage Holdings Limited.

In addition, for so long as any Notes remain outstanding, the Company has agreed that it will furnish to the holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act.

Contemporaneously with the furnishing of such reports discussed above, the Company will also post such report on a website maintained by the Company or any of its Restricted Subsidiaries.

The Issuer will also make available copies of all reports required by clauses (1) through (3) of the first paragraph of this covenant, if and so long as the Notes are listed on the Official List of the Exchange, and if and to the extent the rules of the Authority so require, at the registered office of the Issuer.

Suspension of certain covenants when Notes rated investment grade

If on any date following the Issue Date:

(1) the Notes have achieved Investment Grade Status; and

(2) no Default or Event of Default shall have occurred and be continuing on such date,

then, beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (such period, the "**Suspension Period**"), the covenants specifically listed under the following captions in this Offering Memorandum will no longer be applicable to the Notes and any related default provisions of the Indenture will cease to be effective and will not be applicable to the Company and its Restricted Subsidiaries:

(1) "*—Repurchase at the option of holders—Asset sales*";

(2) "*—Restricted payments*";

(3) "*—Incurrence of indebtedness and issuance of preferred stock*";

(4) "—*Dividend and other payment restrictions affecting Restricted Subsidiaries*";

(5) "—*Designation of restricted and unrestricted subsidiaries*";

(6) "—*Transactions with affiliates*"; and

(7) clause (4) of the first paragraph of the covenant described under "—*Merger, consolidation or sale of assets*".

Such covenants will not, however, be of any effect with regard to the actions of the Company and the Restricted Subsidiaries properly taken during the continuance of the Suspension Period; *provided* that (1) with respect to the Restricted Payments made after any such reinstatement, the amount of Restricted Payments will be calculated as though the covenant described under the caption "—*Restricted payments*" had been in effect prior to, but not during, the Suspension Period and (2) all Indebtedness incurred, or Disqualified Stock or preferred stock issued, during the Suspension Period will be classified to have been incurred or issued pursuant to clause (2) of the second paragraph of the caption "—*Incurrence of indebtedness and issuance of preferred stock*". Upon the occurrence of a Suspension Period, the amount of Excess Proceeds shall be reset at zero.

The Issuer shall notify the Trustee that the two conditions set forth in the first paragraph under this covenant have been satisfied, provided that such notification shall not be a condition for the suspension of the covenants set forth above to be effective. The Trustee shall not be obliged to notify holders of such event.

There can be no assurance that the Notes will ever achieve or maintain an Investment Grade Status.

Events of Default and remedies

Each of the following is an "**Event of Default**":

(1) default for 30 days in the payment when due of interest or Additional Amounts, if any, with respect to the Notes;

(2) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes;

(3) failure by the Issuer or relevant Guarantor to comply with the provisions described under the caption "—*Certain covenants—Merger, consolidation or sale of assets*";

(4) failure by the Issuer or relevant Guarantor for 60 days after written notice (i) to the Issuer by the Trustee or (ii) to the Issuer and the Trustee by the holders of at least 30% in aggregate principal amount of the Notes then outstanding voting as a single class to comply with any of the agreements in the Indenture (other than a default in performance, or breach, or a covenant or agreement which is specifically dealt with in clauses (1), (2) or (3));

(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), whether such Indebtedness or guarantee now exists, or is created after the Issue Date, if that default:

    (a) is caused by a failure to pay principal of, or interest or premium, if any, on, such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "**Payment Default**"); or

    (b) results in the acceleration of such Indebtedness prior to its express maturity,

    and, in each case, either (i) 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 £20 million or more or (ii) such Indebtedness is secured by a Permitted Collateral Lien pursuant to clauses (1), (2), (3), (4) or (5) thereof;

(6) failure by the Company or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, to pay final judgments entered by a court or courts of competent jurisdiction aggregating in excess of £20 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments shall not have been discharged or waived and there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of an appeal, waiver or otherwise, shall not have been in effect;

(7) except as permitted by the Indenture (including with respect to any limitations), any Notes Guarantee of a Guarantor that is a Significant Subsidiary or any group of Guarantors that, taken together, would constitute a Significant Subsidiary is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor that is a Significant Subsidiary or any group of Guarantors that, taken together, would constitute a Significant Subsidiary, or any Person acting on behalf of any such Guarantor or Guarantors, denies or disaffirms its obligations under its Notes Guarantee;

(8) (i) any security interest created by any Security Document ceases to be in full force and effect (except as permitted by the terms of the Indenture, the Intercreditor Agreement and the Security Documents) or any assertion by the Company or any of its Restricted Subsidiaries that any Collateral is not subject to a valid, perfected security interest (except as permitted by the terms of the Indenture, the Intercreditor Agreement and the Security Documents); or (ii) the repudiation by the Company or any of its Restricted Subsidiaries of any of its material obligations under any Security Document, in each case affecting Collateral with an aggregate Fair Market Value equal to or greater than £20 million; and

(9) certain events of bankruptcy or insolvency described in the Indenture with respect to the Issuer, the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary.

In the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to the Company or any Guarantor that is a Significant Subsidiary or any group of Guarantors that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable immediately without further action or notice or other act on the part of the Trustee or any holders of Notes. If any other Event of Default occurs and is continuing, the Trustee or the holders of at least 30% in aggregate principal amount of the then outstanding Notes by written notice to the Issuer (and to the Trustee if such notice is given by the holders) may and the Trustee, upon the written request of such holders, shall declare all amounts in respect of the Notes to be due and payable immediately.

Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of the Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or Additional Amounts or premium, if any.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case 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 holders of Notes unless such holders have offered to the Trustee indemnity and/or security satisfactory to the Trustee against any loss, liability or expense. Except (subject to the provisions described under "*—Amendment, supplement and waiver*") to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts when due, no holder of a Note may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such holder has previously given the Trustee notice that an Event of Default is continuing;

(2) holders of at least 30% in aggregate principal amount of the then outstanding Notes have requested, in writing, that the Trustee pursue the remedy;

(3) such holders have offered 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 request and the offer of security and/or indemnity; and

(5) holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

The holders of not less than a majority in aggregate principal amount of the Notes outstanding may, on behalf of the holders of all outstanding Notes, waive any past default under the Indenture and its consequences, except a continuing default in the payment of the principal of premium, if any, any Additional Amounts or interest on any Note held by a non-consenting holder (which may only be waived with the consent of each holder of Notes affected).

The Issuer will be required to deliver to the Trustee annually a statement regarding compliance with the Indenture.

No personal liability of directors, officers, employees and stockholders

No director, officer, employee, incorporator or stockholder of the Issuer or any Guarantor, as such, will have any liability for any obligations of the Issuer or any Guarantor under the Notes, the Indenture and the Notes Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under applicable securities laws.

Legal defeasance and covenant defeasance

The Issuer may at any time, at the option of its Board of Directors evidenced by a resolution set forth in an Officer's Certificate, elect to have all of its obligations discharged with respect to the outstanding Notes and all obligations of the Guarantors discharged with respect to their Notes Guarantees ("**Legal Defeasance**") except for:

(1) the rights of holders of outstanding Notes to receive payments in respect of the principal of, or interest (including Additional Amounts) or premium, if any, on, such Notes when such payments are due from the trust referred to below;

(2) the Issuer's obligations with respect to the Notes concerning issuing temporary Notes, registration 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;

(3) the rights, powers, trusts, duties and immunities of the Trustee and the Security Agent, and the Issuer's and the Guarantors' obligations in connection therewith; and

(4) the "*Legal defeasance and covenant defeasance*" provisions of the Indenture.

In addition, the Issuer may, at its option and at any time, elect to have the obligations of the Issuer and the Guarantors released with respect to certain covenants (including its obligation to make Change of Control Offers and Asset Sale Offers) that will be described in the Indenture ("**Covenant Defeasance**") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, all Events of Default described under "*—Events of Default and remedies*" (except those relating to payments on the Notes or, solely with respect to the Issuer, bankruptcy or insolvency events) will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Issuer must irrevocably deposit with the Trustee (or such entity designated by the Trustee for this purpose), in trust, for the benefit of the holders of the Notes, cash in sterling, non-callable U.K. Government Securities or a combination of cash in sterling and non-callable U.K. Government Securities, in amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, or interest (including Additional Amounts and premium, if any) on the outstanding Notes on the stated date for payment thereof

or on the applicable redemption date, as the case may be, and the Issuer must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;

(2) in the case of Legal Defeasance, the Issuer must deliver to the Trustee an opinion reasonably acceptable to the Trustee of United States counsel confirming that (a) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the holders and beneficial owners of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Issuer must deliver to the Trustee an opinion reasonably acceptable to the Trustee of United States counsel confirming that the holders and beneficial owners of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) the Issuer must deliver to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of preferring the holders of Notes over the other creditors of the Issuer or the Guarantors with the intent of defeating, hindering, delaying or defrauding any creditors of the issuer, the Guarantors or others; and

(5) the Issuer must deliver to the Trustee an Officer's Certificate and an opinion of counsel, subject to customary assumptions and qualifications, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Amendment, supplement and waiver

Except as provided otherwise in the succeeding paragraphs, the Indenture, the Notes, the Notes Guarantees, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing Default or Event of Default or compliance with any provision of the Indenture, the Notes, the Notes Guarantees, the Intercreditor Agreement, any Additional Intercreditor Agreement or any Security Document may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes).

Unless consented to by the holders of at least 90% of the aggregate principal amount of then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), without the consent of each holder of Notes affected, an amendment, supplement or waiver may not (with respect to any Notes held by a non-consenting holder):

(1) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption of the Notes (other than provisions relating to the covenants described above under the caption "*—Repurchase at the option of holders*");

(3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(4) impair the right of any holder of Notes to receive payment of principal of and interest on such holder's Notes on or after the due dates therefore or to institute suit for the enforcement of any payment on or with respect to such holder's Notes or any guarantee in respect thereof;

(5) waive a Default or Event of Default in the payment of principal of, or interest, Additional Amounts or premium, if any, on, the Notes (except a rescission of acceleration of the Notes by the holders of at least

a majority in aggregate principal amount of the then outstanding Notes and a waiver of the Payment Default that resulted from such acceleration);

(6) make any Note payable in money other than that stated in the Notes;

(7) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of Notes to receive payments of principal of, or interest, Additional Amounts or premium, if any, on, the Notes;

(8) waive a redemption payment with respect to any Note (other than a payment required by one of the covenants described above under the caption "*—Repurchase at the option of holders*");

(9) release any Guarantor from any of its obligations under its Notes Guarantee or the Indenture, except in accordance with the terms of the Indenture and the Intercreditor Agreement;

(10) release the Lien on Collateral granted for the benefit of the holders of Notes, except in accordance with the terms of the relevant Security Document, the Indenture and the Intercreditor Agreement; or

(11) make any change in the preceding amendment and waiver provisions.

Notwithstanding the preceding, without the consent of any holder of Notes, the Issuer, the Guarantors and the Trustee may amend or supplement the Indenture, the Notes, the Notes Guarantees, the Intercreditor Agreement, any Additional Intercreditor Agreement or any Security Document:

(1) to cure any ambiguity, defect or inconsistency;

(2) to 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;

(3) to provide for the assumption of the Issuer's or a Guarantor's obligations to holders of Notes and Notes Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Issuer's or such Guarantor's assets, as applicable;

(4) to make any change that would provide any additional rights or benefits to the holders of Notes or that does not adversely affect the legal rights under the Indenture of any such holder in any material respect;

(5) to conform the text of the Indenture, the Notes Guarantees, the Notes or the Security Documents to any provision of this Description of the Notes to the extent that such provision in this Description of the Notes was intended to be a verbatim recitation of a provision of the Indenture, the Notes Guarantees, the Notes or the Security Documents;

(6) to release any Notes Guarantee in accordance with the terms of the Indenture;

(7) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture as of the Issue Date;

(8) to allow any Guarantor to execute a supplemental indenture and/or a Notes Guarantee with respect to the Notes;

(9) to 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);

(10) to enter into additional or supplemental Security Documents;

(11) to add additional parties to the Intercreditor Agreement or any Security Document to the extent permitted hereunder or thereunder; or

(12) to evidence and provide the acceptance of the appointment of a successor Trustee or the Security Agent under the Indenture or to evidence and provide the acceptance of the appointment of a Security Agent under the Intercreditor Agreement, any Additional Intercreditor Agreement or any Security Document.

The consent of the holders of Notes will not be necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

In formulating its opinion on such matters, the Trustee shall be entitled to rely absolutely on such evidence as it deems appropriate, including an opinion of counsel and an Officer's Certificate.

For the avoidance of doubt, no amendment to or deletion of, or actions taken in compliance with, the covenants contained in the Indenture shall be deemed to impair or affect any rights of holders of the Notes to receive payment of principal of, or premium, if any, or interest, on the Notes.

Satisfaction and discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder, when:

(1) either:

(a) all Notes that have been authenticated and delivered, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer or discharged from such trust as provided for in the Indenture, have been delivered to the Trustee for cancellation; or

(b) all Notes that have not been delivered to the Paying Agent for cancellation have become due and payable by reason of the mailing of a notice of redemption by the Paying Agent in the name, and at the expense, of the Issuer or otherwise or will become due and payable within one year and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee (or such other entity designated by the Trustee for this purpose) as trust funds in trust solely for the benefit of the holders, cash in sterling, non-callable U.K. Government Securities or a combination of cash in sterling and non-callable U.K. Government Securities, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Paying Agent for cancellation for principal, premium and Additional Amounts, if any, and accrued interest to the date of maturity or redemption;

(2) the Issuer or any Guarantor has paid or caused to be paid all sums payable by the Issuer and the Guarantors under the Indenture; and

(3) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Issuer must deliver an Officer's Certificate and an opinion of independent counsel to the Trustee stating that all conditions precedent in the Indenture relating to satisfaction and discharge of the Indenture have been satisfied such satisfaction and discharge will not result in a breach or violation of, or constitute a default under, the Indenture or any other material agreement or instrument governed by New York law to which the Issuer, any Guarantor or any Restricted Subsidiary of the Company is a party or by which the Issuer, any Guarantor or any Restricted Subsidiary of the Company is bound; *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)).

Judgment currency

Any payment on account of an amount that is payable in sterling which is made to or for the account of any holder or the Trustee in lawful currency of any other jurisdiction (the "**Judgment Currency**"), whether as a result of any judgment or order or the enforcement thereof or the liquidation of the Issuer or any Guarantor, shall constitute a discharge of the Issuer or the Guarantor's obligation under the Indenture and the Notes or Notes Guarantee, as the case may be, only to the extent of the amount of sterling that such holder or the Trustee, as the case may be, could purchase in the London foreign exchange markets with the amount of the Judgment Currency in accordance with normal banking procedures at the rate of exchange prevailing on the first Business Day following receipt of the payment in the Judgment Currency. If the amount of sterling that could be so purchased is less than the amount of sterling originally due to such holder or the Trustee, as the case may be, the Issuer and the Guarantors shall indemnify and hold harmless the holder or the Trustee, as the case may be, from and against all loss or damage arising out of, or as a result of, such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in the Indenture or the Notes, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any holder or the Trustee from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

Concerning the Trustee

The Issuer shall promptly deliver written notice to the Trustee after becoming aware of the occurrence of a Default or an Event of Default. If the Trustee becomes a creditor of the Issuer or any Guarantor, the Indenture limits the right of the Trustee 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; however, if it has actual knowledge is has acquired a conflicting interest it must eliminate such conflict within 90 days or resign as Trustee.

The holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture will provide that in case an Event of Default occurs and is continuing of which a responsible officer of the Trustee has received written notice, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes, unless such holder has offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

The Issuer and the Guarantors jointly and severally will indemnify the Trustee for certain claims, liabilities and expenses incurred without gross negligence, willful misconduct or fraud on its part, arising out of or in connection with its duties.

Listing

Application will be made to list the Notes on the Exchange. There can be no assurance that the application to list the Notes on the Exchange will be approved and settlement of the Notes is not conditioned on obtaining this listing.

Additional information

Anyone who receives this Offering Memorandum may, following the Issue Date, obtain a copy of the Indenture, the form of Note, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement without charge by writing to the Issuer.

So long as the Notes are listed on the Exchange and if and so long as the rules of the Exchange so require, copies, current and future, of all of the Company's annual audited consolidated financial statements may be obtained, free of charge, during normal business hours at the offices of the listing agent.

Governing law

The Indenture, the Notes and the Notes Guarantees will be governed by, and construed in accordance with, the laws of the State of New York. The Intercreditor Agreement will be governed by English law.

Consent to jurisdiction and service of process

In relation to any legal action or proceedings arising out of or in connection with the Indenture and the Notes and the Notes Guarantees, the Issuer and each Guarantor 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.

Enforceability of judgments

Since a substantial portion of the assets of the Issuer and the Guarantors are outside the United States, any judgment obtained in the United States against the Issuer or any Guarantor, may not be collectable within the United States. Please see "*Enforcement of civil liabilities*".

Notices

All notices to Holders will be validly given if emailed to them at their respective email addresses in the register of the Holders, if any, maintained by the Registrar. In addition, if and for so long as the Notes are listed on the Official List of the Exchange, and if and to the extent that the rules of the Authority so require, the Issuer will notify the Authority of any notices with respect to the Notes. 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, for further transmission to the holders of Book-Entry Interests.

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 emailed, such notice shall be deemed to have been given on the later of such publication and the day after being so emailed. Any notice or communication emailed to a Holder shall be emailed to such Person's email addresses in the register of the Holders and shall be sufficiently given to such Holder if so emailed within the time prescribed. Failure to email, cause to be delivered or otherwise transmit 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 emailed or delivered 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 Additional Amounts, if any, on the Notes will be prescribed five 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 three years after the applicable due date for payment of interest.

Certain definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all defined terms used therein, as well as any other capitalized terms used herein for which no definition is provided.

"**Acquired Debt**" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"**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 purposes of this definition, "control", as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "*controlling*", "*controlled by*" and "*under common control with*" have correlative meanings.

"**Agreed Security Principles**" means the Agreed Security Principles, as described in this Offering Memorandum, attached to the Indenture.

"**Applicable Metric**" means any financial covenant or financial ratio or incurrence-based permission, test, basket or threshold in the Indenture (including any financial definition or component thereof and any financial ratio, test, basket or threshold or permission based on the calculation of Consolidated EBITDA, the Consolidated Senior Secured Leverage Ratio, Consolidated Net Senior Secured Leverage Ratio, the Consolidated Leverage

Ratio, the Consolidated Net Leverage Ratio or the Fixed Charge Coverage Ratio), any Default, Event of Default or other relevant breach of the Indenture.

"**Applicable Premium**" means, with respect to any Note on any redemption date, the greater of:

(1) 1.0% of the principal amount of the Note; or

(2) the excess of:

(a) the present value at such redemption date of (i) the redemption price of the Note at February 15, 2024 (such redemption price being set forth in the table appearing above under the caption "—*Optional redemption*"), plus (ii) all required interest payments due on the Note through February 15, 2024 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Gilt Rate as of such redemption date plus 50 basis points; over

(b) the principal amount of the Note,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer may engage.

For the avoidance of doubt, calculation of the Applicable Premium shall not be a duty or obligation of the Trustee, the Registrar or any Paying Agent.

"**Applicable Reporting Date**" means, as at any date of determination, at the Company's election (which election the Company may revoke and re-make at any time and from time to time):

(1) the last day of the most recent fiscal quarter in respect of which a report or financial statements have been delivered pursuant to the terms of the covenant described under "—*Certain covenants—Reports*," with such Applicable Metric determined by reference to such report or financial statements, whichever is more recent; or

(2) the last day of the most recently completed Annual Period for which the Company and its Restricted Subsidiaries have sufficient available information to be able to determine such Applicable Metric, with such Applicable Metric determined by reference to such available information.

"**Applicable Test Date**" means the Applicable Transaction Date or, at the Company's election (which election the Company may revoke and re-make at any time and from time to time), the Applicable Reporting Date prior to any Applicable Transaction Date.

"**Applicable Transaction**" means any Investment, acquisition, disposition, sale, merger, joint venture, consolidation or other business combination transaction, incurrence, Change of Control, assumption, commitment, issuance, repayment, repurchase or refinancing of Indebtedness, Disqualified Stock or preferred stock and the use of proceeds thereof, any creation of a Lien, any Restricted Payment, any Affiliate Transaction, any designation of a Restricted Subsidiary or Unrestricted Subsidiary, any Asset Sale or any other transaction for which an Applicable Metric shall be determined; *provided* that, if any such transaction (the "**first transaction**") is being effected in connection with another such transaction (the "**second transaction**"), the second transaction shall also be an Applicable Transaction with respect to the first transaction.

"**Applicable Transaction Date**" means, in relation to any Applicable Transaction, at the Company's election (which election the Company may revoke and re-make at any time and from time to time):

(1) the date of any letter, definitive agreement, instrument, put option, scheme of arrangement or similar arrangement in relation to such Applicable Transaction (unilateral, conditional or otherwise);

(2) the date that any commitment, offer, announcement, communication or declaration (unilateral, conditional, or otherwise) with respect to such Applicable Transaction is made or received;

(3) the date that any notice, which may be revocable or conditional, of any repayment, repurchase or refinancing of any relevant Indebtedness is given to the holders of such Indebtedness;

(4) the date of consummation, incurrence, payment or receipt of payment in respect of the Applicable Transaction;

(5) any other date determined in accordance with the Indenture; or

(6) any other date relevant to the Applicable Transaction determined by the Company in good faith.

"**Asset Sale**" means:

(1) the sale, lease, conveyance or other disposition of any assets by the Company or any of its Restricted Subsidiaries; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of 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 "*—Repurchase at the option of holders—Change of control*" and/or the provisions described above under the caption "*—Certain covenants—Merger, consolidation or sale of assets*" and not by the provisions described under the caption "*—Repurchase at the option of holders—Asset sales*"; and

(2) the issuance of Equity Interests by any Restricted Subsidiary or the sale by the Company or any of its Restricted Subsidiaries of Equity Interests in any Subsidiary of the Company (in each case, other than directors' qualifying shares).

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

(1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than the greater of £15 million or 30% of Consolidated EBITDA;

(2) a transfer of assets or Equity Interests between or among the Company and any Restricted Subsidiary;

(3) an issuance of Equity Interests by a Restricted Subsidiary to the Company or to another Restricted Subsidiary;

(4) the sale, lease or other transfer of accounts receivable, inventory or other assets in the ordinary course of business and any sale or other disposition of damaged, worn-out or obsolete assets or assets that are no longer useful in the conduct of the business of the Company and its Restricted Subsidiaries;

(5) licenses and sublicenses by the Company or any of its Restricted Subsidiaries in the ordinary course of business;

(6) any surrender or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;

(7) the granting of Liens not prohibited by the covenant described above under the caption "*—Certain covenants—Liens*";

(8) the sale or other disposition of cash or Cash Equivalents;

(9) a Restricted Payment that does not violate the covenant described above under the caption "*—Certain covenants—Restricted payments*", a Permitted Investment or any Permitted Payment or, for the purposes only of the second paragraph of the provisions described under "Asset Sales," any transaction if and to the extent the proceeds thereof are applied to make Permitted Investments, Restricted Payments or Permitted Payments;

(10) the disposition 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 foreclosure, condemnation or any similar action with respect to any property or other assets or a surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind; and

(12) the disposition of assets to a Person who is providing services (the provision of which have been or are to be outsourced by the Company or any Restricted Subsidiary to such Person) related to such assets.

"**Asset Sale Offer**" has the meaning assigned to that term in the Indenture governing the Notes.

"**Beneficial Owner**" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the U.S. Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the U.S. Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms "**Beneficially Owns**", "**Beneficially Owned**" and "**Beneficial Ownership**" have corresponding meanings.

"**Board of Directors**" means:

(1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the board of directors of the general partner of the partnership;

(3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

"**Business Day**" means a day other than a Saturday, Sunday or other day on which banking institutions in London or New York or a place of payment under the Indenture are authorized or required by law to close.

"**Capital Lease Obligation**" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet (excluding the footnotes thereto) prepared in accordance with IFRS as in effect on the Issue Date, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"**Capital Stock**" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"**Cash Equivalents**" means:

(1) direct obligations (or certificates representing an interest in such obligations) issued by, or unconditionally guaranteed by, the government of any member state of the European Union, the United States of America or Switzerland (including, in each case, any agency or instrumentality thereof), as the case may be, the payment of which is backed by the full faith and credit of the relevant member state of the European Union or the United States of America or Switzerland, as the case may be, and which are not callable or redeemable at the Company's option;

(2) overnight bank deposits, time deposit accounts, certificates of deposit, banker's acceptances and money market deposits with maturities (and similar instruments) of 12 months or less from the date of

acquisition issued by a bank or trust company which is organized under, or authorized to operate as a bank or trust company under, the laws of any member state of the European Union or of the United States of America or any state thereof or Switzerland; *provided* that such bank or trust company has capital, surplus and undivided profits aggregating in excess of £250,000,000 (or the foreign currency equivalent thereof as of the date of such investment) and whose long-term debt is rated "P-1" or higher by Moody's or "A-1" or higher by S&P or the equivalent rating category of another internationally recognized rating agency;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) above entered into with any financial institution meeting the qualifications specified in clause (2) above;

(4) commercial paper having one of the two highest ratings obtainable from Moody's or S&P and, in each case, maturing within one year after the date of acquisition; and

(5) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (4) of this definition.

"**Change of Control**" means the occurrence of any of the following:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Subsidiaries, taken as a whole, to any Person (including any "person" (as that term is used in Section 13(d)(3) of the U.S. Exchange Act)) other than the Permitted Holders (other than any such sale, lease, transfer, conveyance or other disposition of all or substantially all of the assets of the Company to an Affiliate of the Company for the purpose of reincorporating the Company in another jurisdiction provided that such transaction complies with the covenant described under the caption "*—Certain covenants—Merger, consolidation or sale of assets*");

(2) the adoption of a plan relating to the liquidation or dissolution of the Company; or

(3) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any Person (including any "person" (as defined above), other than the Permitted Holders, becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Company, measured by voting power rather than number of shares; *provided* that any Voting Stock of which any Permitted Holder is the "beneficial owner" (other than deemed beneficial ownership derived from membership in a "group") shall not be included in any Voting Stock of which any such person or group is the "beneficial owner" (as so defined), unless that person or group is not an affiliate of a Permitted Holder and has greater voting power with respect to that Voting Stock.

provided that, in each case, a Change of Control shall not be deemed to have occurred if such Change of Control is also a Specified Change of Control Event.

"**Clearstream**" means Clearstream société anonyme or any successor thereof.

"**Collateral**" means the rights, property and assets securing the Notes and the Notes Guarantees as described in the section entitled "*—Security*" and any rights, property or assets over which a Lien has been granted to secure the Obligations of the Issuer and the Guarantors under the Notes, the Notes Guarantees and the Indenture.

"**Consolidated EBITDA**" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus the following to the extent deducted in calculating such Consolidated Net Income, without duplication:

(1) provision for taxes based on income or profits of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; *plus*

(2) without double counting, the consolidated interest expense and the Fixed Charges of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; *plus*

(3) depreciation, amortization (including, without limitation, amortization of intangibles and deferred financing fees) and other non-cash charges and expenses (including without limitation write downs and impairment of property, plant, equipment and intangibles and other long-lived assets and the impact of purchase accounting on the Company and its Restricted Subsidiaries for such period) of the Company and its Restricted Subsidiaries (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period or amortization of a prepaid cash charge or expense that was paid in a prior period) for such period; *plus*

(4) any expenses, charges or other costs related to the issuance of any Capital Stock, any Permitted Investment, acquisition, disposition, recapitalization, listing or the incurrence of Indebtedness permitted to be incurred under the covenant described above under the caption "*—Certain covenants—Incurrence of indebtedness and issuance of preferred stock*" (including refinancing thereof) whether or not successful, including (i) such fees, expenses or charges related to any incurrence of Indebtedness issuance and (ii) any amendment or other modification of any incurrence; *plus*

(5) any foreign currency translation losses (including losses related to currency remeasurements of Indebtedness) of the Company and its Restricted Subsidiaries; *plus*

(6) (a) any extraordinary, exceptional or unusual loss or charge, or (b) any non-cash charges or reserves in respect of any integration; *plus*

(7) the amount of any minority interest expense consisting of subsidiary income attributable to minority equity interests of third parties in any non-wholly owned Restricted Subsidiary in such period or any prior period, except to the extent of dividends declared or paid on, or other cash payments in respect of, Equity Interests held by such parties; *plus*

(8) the amount of (i) 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—Transactions with affiliates*," and (ii) any fees and other compensation paid to the members of the board of directors (or the equivalent thereof) of the Company or any Parent Holdco; *plus*

(9) all expenses incurred directly in connection with any early extinguishment of Indebtedness; *minus*

(10) any foreign currency translation gains (including gains related to currency remeasurements of Indebtedness) of the Company and its Restricted Subsidiaries; *minus*

(11) any extraordinary, exceptional or unusual gain; *plus*

(12) 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) or other items classified by the Company as extraordinary, exceptional, unusual or nonrecurring items plus the release of provisions 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); *minus*

(13) non-cash items increasing such Consolidated Net Income for such period (other than any non-cash items increasing such Consolidated Net Income pursuant to clauses (1) through (11) of the definition of Consolidated Net Income), other than the reversal of a reserve for cash charges in a future period in the ordinary course of business, *plus*

(14) any COVID Adjustment,

in each case, on a consolidated basis and determined in accordance with IFRS.

Consolidated EBITDA shall be measured for the period of the most recent four consecutive fiscal quarters ending prior to the date for which such internal consolidated financial statements of the Company are available, for the relevant Applicable Test Date. All Applicable Metrics described in this definition will be calculated as set forth under "*—Certain covenants—Financial calculations*."

In addition, for purposes of calculating the Consolidated EBITDA for any relevant period for all purposes under the Indenture:

(1) the reasonably anticipated full run rate effect of registered or hours based care contract wins that have been awarded on or prior to the date of determination but which have not yet been fully reflected in the relevant period will be given *pro forma* effect (as calculated in good faith by a responsible financial or chief accounting officer of the Company) as if the full run rate effect had occurred on the first day of the four-quarter reference period;

(2) (a) acquisitions that have been made by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries or (b) Investments in any Person that thereby becomes a Restricted Subsidiary, or otherwise has acquired any company, any business or site, or any group of assets constituting an operating unit of a business or site, or made a capital investment for the refurbishment of a site, including in connection with a transaction causing a calculation to be made hereunder, in each case during the four-quarter reference period or subsequent to such reference period and on or prior to the relevant Calculation Date, or that are to be made on the relevant Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Issuer and may include anticipated synergies and expense and cost reductions) as if the full run rate effect had occurred on the first day of the four-quarter reference period; *provided*, that the pro forma calculation may give effect to anticipated acquisitions or Investments which have not yet occurred but which have become subject to a definitive purchase agreement or contract, where the Indebtedness to be incurred is to finance such acquisitions or Investment in whole or in part and such Indebtedness, if incurred prior to the completion of any such acquisition or Investment, is funded into escrow and released to the Company or any Restricted Subsidiary only in connection with the completion of such acquisition or Investment;

(3) the Company or any Restricted Subsidiary has made or implemented a Specified Transaction or Group Initiative, including any such Specified Transaction or Group Initiative 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 on a full run-rate basis, including anticipated synergies and cost savings, as if such Specified Transaction or Group Initiative occurred and was fully implemented on the first day of such period;

(4) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the relevant Calculation Date, will be excluded;

(5) any Person that is a Restricted Subsidiary on the relevant Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period; and

(6) any Person that is not a Restricted Subsidiary on the relevant Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period.

"**Consolidated Leverage Ratio**" means, as of any date of determination, the Consolidated Senior Secured Leverage Ratio, calculated as though "Consolidated Senior Secured Leverage" were defined to include all Indebtedness other than Hedging Obligations.

"**Consolidated Net Income**" means, with respect to any specified Person for any period, the aggregate of the net income (loss) of such Person and its Subsidiaries which are Restricted Subsidiaries for such period, on a consolidated basis (excluding the net income (loss) of any Unrestricted Subsidiary), determined in accordance with IFRS and without any reduction in respect of preferred stock dividends; *provided* that:

(1) the net income (loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary which is a Subsidiary of the Person;

(2) solely for the purpose of determining the amount available for Restricted Payments under (c)(i) of the first paragraph under the caption "*—Certain covenants—Restricted payments*", any net income (loss) of any Restricted Subsidiary (other than any Guarantor) will be excluded if such 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 Issuer (or any Guarantor that holds the Equity Interests of such Restricted Subsidiary, as applicable) 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 the Notes or the Indenture or (c) contractual restrictions in effect on the Issue Date with respect to the Restricted Subsidiary and other restrictions with respect to such Restricted Subsidiary that taken as a whole, are not materially less favorable to the Holders of the Notes than such restrictions in effect on the Issue Date, 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 (other than any Guarantor), 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 the Company) will be excluded;

(4) any one time non-cash charges or any amortization or depreciation resulting from purchase accounting, in each case, in relation to any acquisition of, or merger or consolidation with, another Person or business or resulting from any reorganization or restructuring involving the Company or its Subsidiaries will be excluded;

(5) the cumulative effect of a change in accounting principles will be excluded;

(6) any extraordinary, exceptional or nonrecurring gains or losses or any charges in respect of any restructuring, redundancy or severance (in each case as determined in good faith by the Company) will be excluded;

(7) 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 or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations will be excluded;

(8) any non-cash compensation charge or expenses arising from any grant of stock, stock options or other equity-based awards will be excluded;

(9) any goodwill or other intangible asset impairment, charge, amortization, expense or write-off, including debt issuance costs will be excluded;

(10) all deferred financing costs written off and premium paid in connection with any early extinguishment of Indebtedness and any net gain or loss from any write-off or forgiveness of Indebtedness will be excluded; and

(11) the impact of any capitalized interest (including accreting or pay-in-kind interest) on any Subordinated Shareholder Debt will be excluded.

"**Consolidated Net Leverage Ratio**" means, as of any date of determination, the Consolidated Leverage Ratio, calculated as though Indebtedness of the Company and its Restricted Subsidiaries were reduced by an amount equal to the cash and Cash Equivalents held by the Company and its Restricted Subsidiaries as of such date of determination; *provided* that to the extent that cash or Cash Equivalents are contributed to the Company as equity or Subordinated Shareholder Debt in connection with a transaction which is a Specified Change of Control Event, then if and to the extent that such cash or Cash Equivalents enable the applicable Consolidated Net Leverage Ratio for such Specified Change of Control Event to be met, the relevant amount of cash or Cash Equivalents shall be deemed excluded from the calculation of clause (c)(ii) of the first sentence of the "*Restricted* *payments*” covenant, and may not be deemed to have been contributed as an Excluded Contribution, or to increase the amount of Restricted Payments that may be made pursuant to clause (2) of the second sentence of the “*Restricted payments*” covenant.

“**Consolidated Net Senior Secured Leverage Ratio**” means, as of any date of determination, the Consolidated Senior Secured Leverage Ratio, calculated as though the Senior Secured Indebtedness of the Company and its Restricted Subsidiaries were reduced by an amount equal to the cash and Cash Equivalents held by the Company and its Restricted Subsidiaries as of such date of determination.

“**Consolidated Senior Secured Leverage**” means, as of any date of determination, the sum of the total amount of Senior Secured Indebtedness (other than Hedging Obligations) of the Company and its Restricted Subsidiaries on a consolidated basis.

“**Consolidated Senior Secured Leverage Ratio**” means, as of any date of determination, the ratio of (a) the Consolidated Senior Secured Leverage of the Company on such date to (b) the Consolidated EBITDA of the Company for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems Disqualified Stock or preferred stock subsequent to the commencement of the period for which the Consolidated Senior Secured Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Senior Secured Leverage Ratio is made (the “**Calculation Date**”), then the Consolidated Senior Secured Leverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Company) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period.

“**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, in each case, 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.

“**continuing**” means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

“**COVID Adjustment**” means the amount representing management’s estimate of the reduction in Consolidated EBITDA due to the COVID-19 pandemic, as determined by the Company in good faith, in an amount not to exceed 10% of Consolidated EBITDA for such period.

“**Credit Facility**” means, one or more debt facilities, instruments or arrangements incurred (including the Revolving Credit Facility or commercial paper facilities and overdraft facilities) or commercial paper facilities or indentures or trust deeds or note purchase agreements, in each case, with banks, other institutions, funds or investors, providing for revolving credit loans, term loans, performance guarantees, 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, bonds, notes debentures or other corporate debt instruments or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or trustees or other banks or institutions and whether provided under the Revolving Credit Facility 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 Facilities" 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, issuers 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 Exchange Protection Agreement**" means, in respect of any Person, any foreign exchange contract, currency swap agreement, currency option, cap, floor, ceiling or collar or agreement or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates as to which such Person is a party.

"**Default**" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"**Designated Non-Cash Consideration**" means the Fair Market Value of non-cash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Sale 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 or Cash Equivalents received in connection with a subsequent sale of such Designated Non-Cash Consideration.

"**Disqualified Stock**" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, (1) matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the six-month anniversary of the date that the Notes mature or (2) provides for, either mandatorily or at the option of the holder of the Capital Stock, the payment of dividends or distributions (other than in the form of Equity Interests that are not Disqualified Stock). Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption "*—Certain covenants—Restricted payments*". For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Disqualified Stock, such Fair Market Value to be determined as set forth herein.

"**Equity Interests**" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"**Equity Investors**" means Wren House Infrastructure Management Limited and its Affiliates and any trust, fund, company, partnership or other Person owned, managed, sponsored or advised by Wren House Infrastructure Management Limited or its Affiliates.

"**Equity Offering**" means an underwritten sale of Capital Stock (other than Disqualified Stock) of the Company or a Parent Holdco of the Company pursuant to which the net cash proceeds are contributed to the Company in the form of a subscription for, or a capital contribution in respect of, Capital Stock (other than Disqualified Stock) of the Company or as Subordinated Shareholder Debt of the Company.

"**Euroclear**" means Euroclear SA/NV or any successor thereof.

"**European Union**" means the European Union as of the Issue Date.

"**Excluded Contributions**" means the net cash proceeds, property or assets received by the Company after the Issue Date from:

(1) contributions to its Equity Interests; and

(2) the sale (other than to a Subsidiary of the Company) of Capital Stock (other than Disqualified Stock) of the Company,

in each case designated as "Excluded Contributions" pursuant to an Officer's Certificate (which shall be designated no later than the date on which such Excluded Contribution has been received by the Company), 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 the caption "*—Certain covenants—Restricted payments*" hereof.

"**Fair Market Value**" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress of either party, determined in good faith by the Company's Chief Executive Officer, Chief Financial Officer or a responsible accounting or financial officer of the Company.

"**Fitch**" means Fitch Ratings Limited or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"**Fixed Charge Coverage Ratio**" means, with respect to any specified Person for any period, the ratio of the Consolidated EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "**Calculation Date**"), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Company) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom, as if the same, including the realization of the full run rate effect of synergies and expense reductions, had occurred at the beginning of the applicable four-quarter reference period; *provided*, *however*, that the *pro forma* calculation of Fixed Charges shall not give effect to (i) any Indebtedness incurred on the Calculation Date pursuant to the provisions described in the second paragraph under "*—Certain covenants—Incurrence of indebtedness and issuance of preferred stock*" or (ii) the discharge on the 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—Incurrence of indebtedness and issuance of preferred stock*".

In addition, for purposes of calculating the Fixed Charge Coverage Ratio, the Consolidated Senior Secured Leverage Ratio, Consolidated Net Senior Secured Leverage Ratio, the Consolidated Leverage Ratio and the Consolidated Net Leverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Company and may include anticipated synergies and expense and cost reductions) as if they had occurred on the first day of the four-quarter reference period; *provided*, that the *pro forma* calculation may give effect to anticipated acquisitions which have not yet occurred but which have become subject to a definitive purchase agreement or contract, where the Indebtedness to be incurred is to finance such acquisitions in whole or in part and such Indebtedness, if incurred prior to the completion of any such acquisition, is funded into escrow and released to the Company or any Restricted Subsidiary only in connection with the completion of such acquisition;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period; and

(6) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness).

"**Fixed Charges**" means, with respect to any Person for any period, the sum of:

(1) without duplication, interest payable (whether in cash or capitalized) on Indebtedness of such Person and its Restricted Subsidiaries for such period, excluding any expense associated with Subordinated Shareholder Debt; *plus*

(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; *plus*

(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; determined on a consolidated basis in accordance with IFRS; *plus*

(4) any interest on Indebtedness of another Person that is guaranteed by such Person or one of its Subsidiaries which are Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Subsidiaries which are Restricted Subsidiaries, but only to the extent such interest is actually paid by the Person guaranteeing or securing such Indebtedness, or by its Restricted Subsidiaries.

"**Gilt Rate**" means, with respect to any redemption date, the yield to maturity as of such redemption date of U.K. Government Securities with a fixed maturity (as compiled by the Office for National Statistics and published in the most recent financial statistics that have become publicly available at least two Business Days in London prior to such redemption date (or, if such financial statistics are no longer published, any publicly available source of similar market data)) most nearly equal to the period from such redemption date to February 15, 2024; *provided*, *however*, that if the period from such redemption date to February 15, 2024 is less than one year, the weekly average yield on actually traded U.K. Government Securities denominated in sterling adjusted to a fixed maturity of one year shall be used; and provided further, that in no case shall the Gilt Rate be less than zero.

"**Group Initiative**" means any restructuring, changes in operating model, operating expense reduction, operating improvement, cost savings programs, procurement initiatives or, in each case, other similar initiative.

"**guarantee**" means a guarantee other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business, of all or any part of any Indebtedness (whether arising by agreements to keep-well, to take or pay or to maintain financial statement conditions, pledges of assets or otherwise).

"**Guarantors**" means as of the Issue Date, each of the Company, Voyage 1 Limited, Voyage 2 Unlimited, Voyage Care Limited, Voyage Healthcare Group Limited, Voyage Limited, Voyage Specialist Healthcare Limited and Solor Care Group Limited, and following the Issue Date, any other Subsidiary of the Company that executes a Notes Guarantee in accordance with the provisions of the Indenture, and their respective successors and assigns, in each case, until the Notes Guarantee of such Person has been released in accordance with the provisions of the Indenture.

"**Hedging Obligations**" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements, (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;

(2) other agreements or arrangements designed to manage interest rates or interest rate risk; and

(3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates, including Currency Exchange Protection Agreements, or commodity prices.

"**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 Clearstream and Euroclear.

"**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. 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 as in effect from time to time; *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 (except with respect to the covenant described under the caption "*Reports*"); *provided* that such date shall not be a date prior to the Issue Date. The Company shall give notice of any such election to the Trustee.

"**Immaterial Subsidiary**" means any Restricted Subsidiary that (i) has not guaranteed any other Indebtedness of the Company or any Guarantor and (ii) (A) has Total Assets (as determined in accordance with IFRS) of less than 5% of the Company's consolidated Total Assets and (B) has Consolidated EBITDA of less than 5% of the Company's Consolidated EBITDA (in each case measured (i) for the four quarters ended most recently for which internal financial statements are available, (ii) on a *pro forma* basis giving effect to any acquisitions or depositions of companies, division or lines of business since such balance sheet date or the start of such four quarter period, as applicable and (iii) on the basis of management accounts and excluding intercompany balances, investments in subsidiaries and joint ventures and intangible assets).

"**Indebtedness**" means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables):

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments for which such Person is responsible or liable;

(3) representing reimbursement obligations in respect of letters of credit, bankers' acceptances or similar instruments (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of incurrence);

(4) representing Capital Lease Obligations;

(5) representing the balance deferred and unpaid of the purchase price of any property or services due more than one year after such property is acquired or such services are completed;

(6) representing any Hedging Obligations in respect of interest rate or currency hedging; and

(7) the principal component of all obligations, or liquidation preferences, with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any preferred stock (but excluding, in each case, any accrued dividends),

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of the specified Person prepared in accordance with IFRS. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the guarantee by the specified Person of any Indebtedness of any other Person.

The term "Indebtedness" shall not include:

(1) Subordinated Shareholder Debt;

(2) Contingent Obligations in the ordinary course of business;

(3) 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; or

(4) for the avoidance of doubt, any contingent 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 any obligations in respect of Qualified Receivables Financings.

"**Initial Public Offering**" means an Equity Offering of common stock or other common equity interests of the Company or any Parent Holdco or any successor of the Company or any Parent Holdco (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 Agreement**" means the intercreditor agreement to be dated on or before the Issue Date made between, among others, the Security Agent, the agent for the Revolving Credit Facility, the Trustee and the other parties named therein, as amended, restated or otherwise modified or varied from time to time.

"**Investment Grade Status**" shall occur when the Notes are rated Baa3 or better by Moody's and BBB− or better by S&P and BBB− or better by Fitch (or, if either such entity ceases to rate the Notes, the equivalent investment grade credit rating from any other Nationally Recognized Statistical Rating Organization selected by the Issuer as a replacement agency).

"**Investments**" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including guarantees or other obligations, but excluding advances or extensions of credit to customers or suppliers made in the ordinary course of business), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as Investments on a balance sheet (excluding the footnotes) prepared in accordance with IFRS. If the Company or any Restricted Subsidiary sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Company's Investments in such Restricted Subsidiary that were 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—Restricted payments*". The acquisition by the Company or any Restricted Subsidiary of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Company or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of the covenant described above under the caption "*—Certain covenants—Restricted payments*". Except as otherwise provided in the Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value and, to the extent applicable, shall be determined based on the equity value of such Investment.

"**IPO Entity**" means the Company or any Parent Holdco that has issued stock on a Public Equity 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 February 3, 2022.

"**Lien**" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement or any lease in the nature thereof.

"**Management Advances**" means loans or advances: (1) in respect of travel, entertainment or moving related expenses incurred in the ordinary course of business; (2) to fund purchases or repurchases of stock by or of employees, officers, directors or consultants or any vehicle, plan, trust or other similar arrangement operating directly or indirectly on behalf of or for the benefit of any such person or persons, not exceeding the greater of £5 million or 10% of Consolidated EBITDA in aggregate outstanding; (3) in respect of moving related expenses incurred in connection with any closing or consolidation of any facility or office; or (4) in the ordinary course of business and (in the case of this clause (4)) not exceeding the greater of £3 million or 6% of Consolidated EBITDA in the aggregate outstanding at any time.

"**Management Fees**" means (a) customary annual fees for the performance of monitoring services by any Permitted Holder for the Company or any of its Restricted Subsidiaries; *provided* that the cash element of such fees will not, in the aggregate, exceed the greater of £2 million or 4% of Consolidated EBITDA per annum (inclusive of out of pocket expenses); and (b) customary fees and related expenses for the performance of transaction, management, consulting, financial or other advisory services or underwriting, placement or other investment banking activities, including in connection with mergers, acquisitions, dispositions or joint ventures, by any Permitted Holder or any of its Affiliates for the Company or any Restricted Subsidiary, which payments in respect of this clause (b) have been approved by a majority of the disinterested members of the Board of Directors of the Company.

"**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.

"**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 Rule 15c3-1(c)(2)(vi)(F) under the U.S. Exchange Act.

"**Net Proceeds**" means the aggregate cash proceeds received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration or Cash Equivalents substantially concurrently received in any Asset Sale), net of (i) the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, (ii) taxes paid or payable as a result of the Asset Sale, (iii) all distributions and other payments required to be made to minority interest holders (other than the Company or any of its Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Sale, (iv) any reserve for adjustment or indemnification obligations in respect of the sale price of such asset or assets established in accordance with IFRS, and (v) all payments made on any Indebtedness incurred pursuant to clause (4) of the definition of Permitted Debt secured by any assets subject to such Asset Sale, as required in accordance with the terms of any Lien upon such assets, or which by applicable law is required be repaid out of the proceeds from such Asset Sale.

"**Non-Recourse Debt**" means Indebtedness as to which neither the Company nor any of its Restricted Subsidiaries (1) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or (2) is directly or indirectly liable as a guarantor or otherwise.

"**Notes Guarantee**" means the guarantee by each Guarantor of the Issuer's obligations under the Indenture and the Notes, executed pursuant to the provisions of the Indenture.

"**Obligations**" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"**Offering Memorandum**" means this offering memorandum, dated January 20, 2022, relating to the sale of the Notes.

"**Officer**" means, with respect to any Person, the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Treasurer, director or a responsible accounting or financial officer of such Person.

"**Officer's Certificate**" means a certificate signed by an Officer.

"**Parent Holdco**" means any Person (other than a natural person) which legally and beneficially owns more than 50% of the Voting Stock and/or Capital Stock of another Person, either directly or through one or more Subsidiaries.

"**Permitted Business**" means (1) any businesses in the care or healthcare industry, services or activities engaged in by the Company or any of its Subsidiaries on the Issue Date and (2) any businesses, services and activities engaged in by the Company or any of the Restricted Subsidiaries that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"**Permitted Collateral Liens**" means:

(1) Liens on the Collateral to secure the Notes (or the Notes Guarantees) and any Permitted Refinancing Indebtedness in respect thereof (and Permitted Refinancing Indebtedness in respect of Permitted Refinancing Indebtedness); *provided* that each of the parties thereto will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement; *provided further* that all property and assets (including, without limitation, the Collateral) securing such Additional Notes (or any guarantee of Additional Notes) or Permitted Refinancing Indebtedness secures the Notes or the Notes Guarantees on a senior or *pari passu* basis;

(2) Liens on the Collateral to secure (i) Indebtedness under Credit Facilities that is permitted by clause (1) of the definition of Permitted Debt, (ii) Senior Secured Indebtedness permitted by the first paragraph of the covenant entitled "*—Certain covenants—Incurrence of indebtedness and issuance of preferred stock*" and Permitted Refinancing Indebtedness in respect thereof (and Permitted Refinancing Indebtedness in respect of such Permitted Refinancing Indebtedness) and (iii) Indebtedness that would be permitted by clause (13) of the definition of Permitted Debt and that is incurred by the Company, the Issuer or a Guarantor (provided that in the case of clause (iii), at the time of the acquisition or other transaction pursuant to which such Indebtedness was incurred (a) the Company would have been able to incur £1.00 of additional Senior Secured Indebtedness pursuant to the first paragraph of the covenant entitled "*—Certain covenants—Incurrence of indebtedness and issuance of preferred stock*" after giving effect to the incurrence of such Indebtedness, calculated on a *pro forma* basis or (b) the Consolidated Net Senior Secured Leverage Ratio would not be greater than it was immediately prior to giving effect to such acquisition or other transaction on a *pro forma* basis), and Permitted Refinancing Indebtedness in respect thereof; *provided* that, in each case, all property and assets (including, without limitation, the Collateral) securing such Indebtedness also secures the Notes or the Notes Guarantees (which security, when securing Indebtedness to be incurred pursuant to clause (1) of the definition of Permitted Debt may rank senior to the Liens securing the Notes with respect to distributions of proceeds of any enforcement of Collateral); *provided further* that each of the parties thereto will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement;

(3) Liens on the Collateral securing Hedging Obligations (other than Hedging Obligations in respect of commodity prices) permitted by clause (8) of the definition of Permitted Debt to the extent such Hedging Obligations related to Indebtedness referred to in clauses (1) or (2) above or clauses (5) and (6) below and any Permitted Refinancing Indebtedness in respect thereof (and any Permitted Refinancing Indebtedness in respect of such Permitted Refinancing Indebtedness) and such Indebtedness is also secured by the Collateral, *provided* that the property and assets (including, without limitation, the Collateral) securing such Indebtedness or Hedging Obligations will also secure the Notes or the Notes Guarantees (which security in favor of the Notes may rank junior to that securing such Hedging Obligations with respect to distributions of proceeds of any enforcement of Collateral, *provided further*

that each of the parties thereto will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement);

(4) Liens on the Collateral that are fixed charges incurred to secure Indebtedness permitted by clause (4) of the definition of Permitted Debt covering only the assets acquired with or financed by such Indebtedness;

(5) Liens on the Collateral to secure Indebtedness of the Company or any Guarantor permitted by clause (17) of the definition of Permitted Debt; *provided* that all property and assets (including, without limitation, the Collateral) securing such Indebtedness also secures the Notes or the Notes Guarantees; *provided further* that each of the parties thereto or their representative will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement;

(6) Liens that are junior to the Liens securing the Notes; *provided further* that each of the parties thereto or their representative will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement; and

(7) Liens on the Collateral that are (i) "Permitted Liens" (other than Liens described in one or more of clauses (1), (2), (5), (10), (11), (28) or (29) of the definition thereof) or (ii) Liens on bank accounts granted to cash management banks securing cash management obligations.

"**Permitted Holders**" means the Equity Investors and their Affiliates and Related Parties. Any person or group whose acquisition of beneficial ownership constitutes (1) a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture or (2) a Change of Control which is also a Specified Change of Control Event, will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"**Permitted Investments**" means:

(1) any Investment in the Company or in a Restricted Subsidiary;

(2) any Investment in cash and Cash Equivalents;

(3) any Investment by the Company or any Restricted Subsidiary in a Person, if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described above under the caption "*—Repurchase at the option of holders—Asset sales*";

(5) any acquisition of assets or Capital Stock solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Company or Subordinated Shareholder Debt;

(6) any Investments received in compromise or resolution of (a) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Company or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (b) litigation, arbitration or other disputes;

(7) Investments in receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business;

(8) Investments represented by Hedging Obligations, which obligations are permitted by clause (8) of the second paragraph of the covenant entitled "*—Certain covenants—Incurrence of indebtedness and issuance of preferred stock*";

(9) Investments in the Notes and any other Indebtedness of the Company or any Restricted Subsidiary;

(10) any guarantee of Indebtedness permitted to be incurred by the covenant described above under the caption "*—Certain covenants—Incurrence of indebtedness and issuance of preferred stock*";

(11) Investments in joint ventures in a Permitted Business or in Unrestricted Subsidiaries having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (11) that are at the time outstanding not to exceed the greater of £10 million or 20% of Consolidated EBITDA;

(12) any Investment existing on, or made pursuant to binding commitments existing on, the Issue Date by the Company or any Restricted Subsidiary of the Company and any Investment consisting of an extension, modification or renewal of any such Investment existing on, or made pursuant to a binding commitment existing on, the Issue Date; *provided* that the amount of any such Investment may be increased (a) as required by the terms of such Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(13) Investments acquired after the Issue Date as a result of the acquisition by the Company or any Restricted Subsidiary 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 above under the caption "*—Certain covenants—Merger, consolidation or sale of assets*" after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(14) Management Advances;

(15) any Investment to the extent made using as consideration Capital Stock of the Company (other than Disqualified Stock), Subordinated Shareholder Debt or Capital Stock of any Parent Holdco); and

(16) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (16) that are at the time outstanding not to exceed the greater of £15 million or 30% of Consolidated EBITDA; *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 above under the caption "*—Certain covenants—Designation of restricted and unrestricted subsidiaries*", such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (3) of the definition of "Permitted Investments" and not this clause.

"**Permitted Liens**" means:

(1) Liens in favor of the Company or any Restricted Subsidiary;

(2) Liens on property (including Capital Stock) of a Person existing at the time such Person becomes a Restricted Subsidiary or is merged with or into or consolidated with the Company or any Restricted Subsidiary; *provided* that such Liens do not extend to any assets other than those of the Person that becomes a Restricted Subsidiary or is merged with or into or consolidated with the Company or any Restricted Subsidiary;

(3) Liens to secure the performance of statutory obligations, trade contracts, insurance, surety or appeal bonds, workers compensation obligations, leases (including, without limitation, statutory and common law landlord's liens), performance bonds, surety and appeal bonds, or other obligations of a like nature incurred in the ordinary course of business (including Liens to secure letters of credit issued to assure payment of such obligations);

(4) Liens to secure Indebtedness permitted by clause (4) of the second paragraph of the covenant entitled "*—Certain covenants—Incurrence of indebtedness and issuance of preferred stock*" covering only the assets acquired with or financed by such Indebtedness;

(5) Liens securing Indebtedness under Hedging Obligations, which obligations are permitted by clause (8) of the second paragraph of the covenant described above under the caption "*—Certain covenants—Incurrence of indebtedness and issuance of preferred stock*";

(6) Liens existing on the Issue Date;

(7) Liens for taxes, assessments or governmental charges or claims that (a) are not yet due and payable or (b) are being contested in good faith by appropriate proceedings;

(8) Liens imposed by law, such as carriers', warehousemen's, landlord's and mechanics' Liens, in each case, incurred in the ordinary course of business;

(9) survey exceptions, easements 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 or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that 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 such Person;

(10) Liens created for the benefit of (or to secure) the Notes (or the Notes Guarantees);

(11) Liens to secure any Permitted Refinancing Indebtedness permitted to be incurred under the Indenture; *provided*, *however*, that:

(a) the new Lien is limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to such property or proceeds or distributions thereof); and

(b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (x) the outstanding principal amount, or, if greater, committed amount, of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged with such Permitted Refinancing Indebtedness and (y) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;

(12) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;

(13) filing of Uniform Commercial Code financing statements under U.S. state law (or similar filings under other applicable laws) in connection with operating leases in the ordinary course of business;

(14) bankers' Liens, rights of setoff or similar rights and remedies as to deposit accounts, Liens arising out of judgments or awards not constituting an Event of Default and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(15) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;

(16) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(17) leases (including operating leases), licenses, subleases and sublicenses of assets in the ordinary course of business, and for the avoidance of doubt any Lien deemed to arise on assets disposed of by the Company or a Restricted Subsidiary in any sale and leaseback transaction, provided that such Lien solely relates to assets no longer owned by the Company or a Restricted Subsidiary;

(18) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of assets entered into in the ordinary course of business;

(19) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which the Company or any Restricted Subsidiary has easement rights or on any real property leased by the Company or any Restricted Subsidiary and subordination or similar agreements relating thereto and (b) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;

(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 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 arising from the deposit of segregated service user cash in the ordinary course of business;

(22) Liens (including put and call arrangements) on Capital Stock or other securities of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(23) pledges of goods, the related documents of title and/or other related documents arising or created in the ordinary course of the Company or any Restricted Subsidiary's business or operations as Liens only for Indebtedness to a bank or financial institution directly relating to the goods or documents on or over which the pledge exists;

(24) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement as part of any permitted disposal by the Company or a Restricted Subsidiary;

(25) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(26) Liens on any proceeds loan made by the Company or any Restricted Subsidiary in connection with any future incurrence of Indebtedness permitted under the Indenture and securing that Indebtedness;

(27) Liens created on any asset of the Company or a Restricted Subsidiary established to hold assets of any stock option plan or any other management or employee benefit or incentive plan or unit trust of the Company or a Restricted Subsidiary securing any loan to finance the acquisition of such assets;

(28) 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; and

(29) Liens securing Indebtedness of the Company and its Restricted Subsidiaries that does not exceed the greater of £10 million or 20% of Consolidated EBITDA at any one time outstanding.

"**Permitted Parent Payments**" means, without duplication as to amounts, payments to any Parent Holdco of the Company to permit such entity to pay:

(1) customary indemnification obligations of any Parent Holdco 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;

(2) obligations of any Parent Holdco in respect of directors' fees, remuneration and expenses (including director and officer insurance (including premiums therefore)) to the extent relating to the Company and its Subsidiaries (including any VAT arising thereon);

(3) professional fees and expenses of any Parent Holdco related to the ownership of the Capital Stock of the Company and, indirectly through the Company, its Subsidiaries (including, without limitation, accounting, legal, audit corporate reporting, and administrative expenses and other reasonable and normal course expenses required to maintain such Parent Holdco's corporate existence or its holding of the Capital Stock of the Company) and including any VAT arising thereon;

(4) expenses incurred by any Parent Holdco in connection with any public offering or other sale of Capital Stock or Indebtedness, whether consummated or not and including any VAT arising thereon, (i) where the net proceeds of such offering or sale are intended to be received by or contributed to the Company or a Subsidiary of the Company; or (ii) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed;

(5) any Related Taxes; and

(6) other fees, expenses and costs relating directly or indirectly to activities of any Parent Holdco and its Subsidiaries in an amount not to exceed the greater of £2 million or 4% of Consolidated EBITDA.

"**Permitted Refinancing Indebtedness**" means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, exchange, defease or discharge other Indebtedness of the Company or any of its Restricted Subsidiaries (other than intercompany Indebtedness (other than any proceeds loan)); *provided* that:

(1) the aggregate principal amount (or accreted value, if applicable), or if issued with original issue discount, aggregate issue price) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price) of the Indebtedness renewed, refunded, refinanced, replaced, exchanged, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has (a) a final maturity date that is either (i) no earlier than the final maturity date of the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged or (ii) after the final maturity date of the Notes and (b) has a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged;

(3) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is expressly, contractually subordinated in right of payment to the Notes or the Notes Guarantees, as the case may be, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes or the Notes Guarantees, as the case may be, on terms at least as favorable to the holders of Notes or the Notes Guarantees, as the case may be, as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged; and

(4) if the Company or any Guarantor was the obligor of the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged, such Indebtedness is incurred either by the Company or a Guarantor.

"**Person**" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, limited liability company or government or other entity.

"**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(a)(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 Equity Offering**" means, with respect to any Person, a bona fide underwritten public offering of the ordinary shares or common equity of such Person (other than a registration statement on Form S-8 or otherwise relating to Equity Interests issued or issuable under any employee benefit plan).

"**Public Market**" means any time after:

(1) a Public Equity Offering has been consummated; and

(2) at least 20% of the total issued and outstanding ordinary shares or common equity of the Company (or a Parent Holdco of the Company) has been distributed to investors other than the Equity Investors or any other direct or indirect shareholders of the Company as of the Issue Date.

"**Qualified Receivables Financing**" means any Receivables Financing that meets the following conditions: (1) the Board of Directors of the Company shall have determined in good faith that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Company and the Receivables Subsidiary, (2) all sales of accounts receivable and related assets are made at fair market value (as determined in good faith by the Company), and (3) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Company) and may include Standard Securitization Undertakings.

"**Receivables Financing**" means any transaction or series of transactions that may be entered into by the Company or any of its Subsidiaries pursuant to which the Company or any of its Subsidiaries may sell, convey or otherwise transfer to (a) a Receivables Subsidiary (in the case of a transfer by the Company or any of its Subsidiaries), or (b) any other Person (in the case of a transfer by a Receivables Subsidiary), or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Company or any of its Subsidiaries, and any assets related thereto, including all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interest are customarily granted in connection with asset securitization transactions involving accounts receivable.

"**Receivables Repurchase Obligation**" means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"**Receivables Subsidiary**" means a wholly owned Subsidiary of the Company (or another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Company in which the Company or any Subsidiary of the Company makes an Investment and to which the Company or any Subsidiary of the Company transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Company and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors of the Company (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Company or any other Restricted Subsidiary of the Company (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), and;

(2) to which neither the Company nor any other Restricted Subsidiary of the Company has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Company giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"**Related Parties**" means:

(1) any controlling stockholder, partner or member, or any 50% (or more) owned Subsidiary, or immediate family member (in the case of an individual), of any Equity Investor; or

(2) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners, owners or Persons beneficially holding a 50% or more controlling interest of which consist of any one or more Equity Investors and/or such other Persons referred to in the immediately preceding clause.

"**Related Taxes**" means:

(3) any Taxes required to be paid (*provided* such Taxes are in fact paid) by any Parent Holdco 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 Debt; or

(c) being a holding company parent, directly or indirectly, of the Company or any of the Company's Subsidiaries;

(4) if and for so long as the Company is a member of a group filing a consolidated or combined tax return with any Parent Holdco, any consolidated or combined Taxes measured by income for which such Parent Holdco 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 an Investment other than a Permitted Investment.

"**Restricted Subsidiary**" means any Subsidiary of the Company that is not an Unrestricted Subsidiary.

"**Revolving Credit Facility**" means that certain senior revolving credit facility agreement, dated January 20, 2022, by and among the Company, the senior lenders named therein, Lloyds Bank plc, as agent and security agent, including any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith, and, in each case, as amended, restated, modified, renewed, refunded, replaced in any manner (whether upon or after termination or otherwise) or refinanced (including by means of sales of debt securities or otherwise) in whole or in part from time to time.

"**S&P**" means Standard & Poor's Investor Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"**Security Agent**" means Lloyds Bank plc, as security agent pursuant to the Intercreditor Agreement, or any successor or replacement security agent acting in such capacity.

"**Security Documents**" means the debentures, security agreements, pledge agreements, collateral assignments, and any other instrument and document executed and delivered pursuant to the Indenture or otherwise or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time and pursuant to which the Collateral is pledged, assigned or granted to or on behalf of the Security Agent for the benefit of the holders of the Notes and the Trustee or notice of such pledge, assignment or grant is given.

"**Senior Secured Indebtedness**" means, as of any date of determination, the principal amount of any Indebtedness that is secured by a Lien over the Collateral, other than on a basis junior to the Liens.

"**Significant Subsidiary**" means, at the date of determination, any Restricted Subsidiary that together with its Subsidiaries that are Restricted Subsidiaries (1) for the most recent fiscal year, accounted for more than 10% of the consolidated revenues of the Company or (2) as of the end of the most recent fiscal year, was the owner of more than 10% of the consolidated assets of the Company.

"**Specified Change of Control Event**" means the occurrence of any event that would constitute a Change of Control pursuant to the definition thereof; *provided* that giving *pro forma* effect thereto, the Consolidated Net Leverage Ratio of the Company and its Restricted Subsidiaries would have been less than 4.5 to 1.0. Notwithstanding the foregoing, only one Specified Change of Control Event shall be permitted under the Indenture after the Issue Date.

"**Specified Transaction**" means, with respect to any period, any Investment, capital expenditure, disposal, incurrence of Indebtedness, refinancing, prepayment or repayment of Indebtedness, Restricted Payment, Subsidiary designation, restructuring, other strategic initiative or other action (including, for the avoidance of doubt, the entering into of any new contractual arrangement) of the Company or any Restricted Subsidiary (including for this purpose any Person that has become a Restricted Subsidiary or was merged or otherwise combined with or into the Company or any Restricted Subsidiary), in each case, that is elected by the Company to be treated as such.

"**Standard Securitization Undertakings**" means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Company or any Subsidiary of the Company which the Company has determined in good faith to be customary in a Receivables Financing, including those relating to the servicing of the assets of a Receivables Subsidiary, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

"**Stated Maturity**" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Issue Date, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"**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 or its Guarantees pursuant to a written agreement.

"**Subordinated Shareholder Debt**" means, collectively, any debt provided to the Company by any direct or indirect Parent Holdco of the Company or any Permitted Holder, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, 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 Debt; *provided* that such Subordinated Shareholder Debt:

(1) does not (including upon the happening of any event) mature or require any amortization or other payment of principal prior to the first anniversary of the maturity of the Notes (other than through conversion or exchange of any such security or instrument for Equity Interests of the Company (other than Disqualified Stock) or for any other security or instrument meeting the requirements of the definition);

(2) does not (including upon the happening of any event) require the payment of cash interest prior to the first anniversary of the maturity of the Notes;

(3) does not (including upon the happening of any event) provide for the acceleration of its maturity nor confers on its shareholders any right (including upon the happening of any event) to declare a default or event of default or take any enforcement action, in each case, prior to the first anniversary of the maturity of the Notes;

(4) is not secured by a Lien on any assets of the Company or a Restricted Subsidiary and is not guaranteed by any Subsidiary of the Company;

(5) is subordinated in right of payment to the prior payment in full in cash of the Notes in the event of any default, bankruptcy, reorganization, liquidation, winding up or other disposition of assets of the Company at least to the same extent as the Subordinated Liabilities (as defined in the Intercreditor Agreement) are subordinated to the Notes under the Intercreditor Agreement; or

(6) is not (including upon the happening of any event) mandatorily convertible or exchangeable, or convertible or exchangeable at the option of the holder, in whole or in part, prior to the date on which the Notes mature other than into or for Capital Stock (other than Disqualified Stock) of the Company,

provided, *however*, that any event or circumstance that results in such Indebtedness ceasing to qualify as Subordinated Shareholder Debt, 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 proceeds from the incurrence of such Indebtedness since the date of the original issuance of such Subordinated Shareholder Debt shall constitute new Restricted Payments that are deemed to have been made after the date of the original issuance of such Subordinated Shareholder Debt.

"**Subsidiary**" means, with respect to any specified Person:

(1) any corporation, association or other business 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 and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership or limited liability company of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and 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.

"**Tax**" means any tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and any other additions thereto, and, for the avoidance of doubt, including any withholding or deduction for or on account of Tax). "**Taxes**" and "**Taxation**" shall be construed to have corresponding meanings.

"**Total Assets**" means, with respect to any specified Person as of any date, the total assets of such Person, calculated on a consolidated basis in accordance with IFRS, excluding all intra-group items and investments in any Subsidiaries of such Person of or by such Person or any of its Restricted Subsidiaries.

"**U.K. Government Securities**" means direct obligations of, or obligations guaranteed by, the United Kingdom, and the payment for which the United Kingdom pledges its full faith and credit.

"**Uniform Commercial Code**" means the New York Uniform Commercial Code.

"**Unrestricted Subsidiary**" means any Subsidiary of the Company (other than the Issuer or any successor to the Issuer) that is designated by the Board of Directors of the Company as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) except as permitted by the covenant described above under the caption "*—Certain covenants—Transactions with affiliates*", is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company; and

(3) is a Person with respect to which neither the Company nor any Restricted Subsidiary has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results.

"**VAT**" means (a) any tax imposed by compliance with the Value Added Tax Act 1994; (b) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and (c) any other tax of a similar nature, whether imposed in the United Kingdom or in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in clauses (a) or (b) above, or imposed elsewhere.

"**Voting Stock**" of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"**Weighted Average Life to Maturity**" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amounts of such Indebtedness.

BOOK-ENTRY, DELIVERY AND FORM

General

The Notes sold to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Rule 144A Global Notes**"). Each series of the Notes sold to persons who are not a U.S. person outside the United States in reliance on Regulation S under the U.S. 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 Rule 144A Global Notes, the "**Global Notes**"). The Global Notes will be deposited, on the Issue 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 Rule 144A Global Notes ("**Rule 144A Book-Entry Interests**") and ownership of interests in the Regulation S Global Notes (the "**Regulation S Book-Entry Interests**" and, together with the Rule 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. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories. Except under the limited circumstances described below, Book-Entry Interests will not be issued in definitive form.

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 Global Notes will be issued only in denominations of £100,000 and in integral multiples of £1,000 in excess thereof. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair your 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 be considered the registered owners or "holders" of Notes for any purpose.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominee), as applicable, will be considered the sole holders of the Global Notes for all purposes under the respective Indentures. In addition, participants must rely on the procedures of Euroclear and Clearstream, and indirect participants must rely on the procedures of Euroclear and Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of Notes under the respective Indentures.

None of the Issuer, the Guarantors, the Transfer Agent, the Registrar, the Paying Agent or the Trustees or any of their respective affiliates will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Redemption of the Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream, as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by them 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 and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that, under the existing practices of Euroclear and Clearstream, if fewer than all of the relevant series of 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) or on such other basis as they deem fair and appropriate unless otherwise required by law or applicable stock exchange or depositary requirements.

Payments on Global Notes

The Issuer will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and additional amounts, if any) to the Paying Agent. The 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 customary procedures. All payments required to be made by or on behalf of the Issuer under or with respect to the Notes, or by any Guarantor under its applicable

Guarantee, will be made free and clear of, and 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*", as the case may be. If any such deduction or withholding is required to be made, then, to the extent described under "*Description of the Notes—Additional amounts*", the relevant Issuer or relevant Guarantor will pay additional amounts as may be necessary in order for the net amounts received after such deduction or withholding to equal the net amounts that otherwise would have been received. 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 each Indenture, the Issuer, the Trustee, the Registrar, the Transfer Agent and the Paying Agent and the relevant agents will treat the registered holders of the Global Notes (i.e., the common depositary for Euroclear or Clearstream (or its nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustees, the Registrar, the Transfer Agent, the Paying Agent 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 or for maintaining, supervising or reviewing the records of Euroclear or 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
- the records of the common depositary.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants.

Currency of 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 interests in such Notes through Euroclear and/or Clearstream in sterling.

Action by owners of Book-Entry Interests

Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of a Note (including the presentation of Notes for exchange as described above) 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, waivers or the taking of any other action in respect of the Global Notes. However, if there is an Event of Default under the relevant series of Notes, each of Euroclear and Clearstream, at the request of the holders of such Notes, reserve the right to exchange the Global Notes for definitive registered Notes in certificated form (the "**Definitive Registered Notes**"), and to distribute such Definitive Registered Notes to their participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a holder of a Note requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states that require physical delivery of such securities or to pledge such securities, such holder of Notes must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures to be set forth in the Indenture.

The Global Notes will each bear a legend to the effect set forth under "*Notice to investors*". Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "*Notice to investors*".

Transfers of Rule 144A Book-Entry Interests to persons wishing to take delivery of Rule 144A Book-Entry Interests will at all times be subject to such transfer restrictions.

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form to be provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the U.S. Securities Act or any other exemption (if available under the U.S. Securities Act).

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest 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 to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A 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 laws of any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

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 Registrar a written certificate (in the form to be 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*".

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 any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in such 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

Under the terms of each Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes:

(1) 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

(2) if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream following an event of default under the Indenture and enforcement action is being taken in respect thereof under such Indenture.

In such an event, the Issuer will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear and/or Clearstream or the Issuer (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 as provided in the Indenture, unless that legend is not required by such Indenture or applicable law.

The Issuer, the Trustees, the Transfer Agent, the Paying Agents and the Registrars shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time at the registered office of the Issuer, and such registration is a means of evidencing title to the Notes.

We will not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and/or Clearstream, as applicable.

Information concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of the settlement system are controlled by the settlement system and may be changed at any time. Neither the Issuer nor any of the Initial Purchasers are responsible for those operations or procedures.

The Issuer understands as follows with respect to Euroclear and Clearstream: Euroclear and Clearstream hold securities for participating organisations. They facilitate the clearance and settlement of securities transactions between their participants through electronic book-entry changes in 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 organisations. 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 and Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can act only 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 and/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 Notes only through Euroclear or Clearstream participants.

Global clearance and settlement under the book-entry system

Each series of the Notes represented by the Global Notes is expected to be listed on the Official List of the Exchange and any permitted secondary market trading activity in such Notes will, therefore, be required by to be settled in immediately available funds. The Issuer expects that secondary trading in any certificated Notes will also be settled in immediately available funds.

Although Euroclear and Clearstream currently 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, the Guarantors, the Initial Purchasers, the Trustees, the Registrar or the Paying Agents will have any responsibility for the performance by Euroclear, Clearstream or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial settlement

Initial settlement for the Notes will be made in pound sterling. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value of the settlement date.

Secondary market trading

The Book-Entry Interests will trade through participants of Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

TAX CONSIDERATIONS

If you are a prospective investor, you should consult your tax advisor on 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 which 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 at the date of this Offering Memorandum. These tax laws and interpretations are subject to change, possibly with retroactive or retrospective effect.

Certain United States federal income tax consequences

The following is a summary of certain United States federal income tax consequences of the purchase, ownership and disposition of Notes as at the date of this Offering Memorandum. This summary deals only with Notes that are held as capital assets by a U.S. holder (as defined below) who acquires our Notes upon original issuance at their 'issue price' (generally the first price at which a substantial amount of the Notes are sold to the public for money).

A "**U.S. holder**" means a beneficial owner of Notes that is, for United States federal income tax purposes, any of the following:

- an individual who is a 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 organised 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 thereunder as at the date of this Offering Memorandum. Those authorities may be changed, perhaps retroactively, so as to result in United States federal income tax consequences different from those summarised below. This summary does not address all aspects of United States federal income tax consequences that may be relevant to U.S. holders in light of their personal circumstances, nor does it address the Medicare tax on net investment income, United States federal estate and gift taxes or the effects of any state, local or non-United States tax laws. 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 U.S. holders who may be subject to special tax treatment, such as dealers or brokers 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, partnerships or other pass-through entities for United States federal income tax purposes (or investors therein), 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 U.S. holders whose "functional currency" is not the U.S. dollar;

- tax consequences attributable to persons being required to accelerate the recognition of any item of gross income with respect to the notes as a result of such income being recognised on an applicable financial statement; or

- alternative minimum tax consequences, if any.

If a partnership (or other entity or arrangement treated as a partnership for United States federal income tax purposes) holds our Notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partnership or a partner of a partnership considering an investment in the Notes, you should consult your tax advisors.

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 purchase, ownership and disposition of the Notes, as well as the consequences to you arising under other United States federal tax laws and the laws of any other taxing jurisdiction.

Payments of stated interest

Stated interest on a Note 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 United States federal income tax purposes. In addition to interest on the Notes (which includes any foreign tax withheld from the interest payments you receive), you will be required to include in income any additional amounts paid in respect of such tax withheld. 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. You will generally be denied a foreign tax credit for foreign taxes imposed with respect to the Notes where you do not meet a minimum holding period requirement during which you are not protected from risk of loss. The rules governing the foreign tax credit are complex. You are urged to consult your tax advisors regarding the availability of the foreign tax credit under your particular circumstances.

Interest on the Notes will be payable in pound sterling. If you use the cash basis method of accounting, you will be required to include in income (as ordinary income) the U.S. dollar value of the amount of interest received on the Notes, determined by translating the pound sterling received at the spot rate of exchange on the date such payment is received, regardless of whether the payment is in fact converted into U.S. dollars on such date. A cash basis U.S. holder will not recognise exchange gain or loss with respect to the receipt of a payment of interest in pound sterling.

If you use the accrual method of accounting for United States federal income tax purposes or if you are otherwise required to accrue interest prior to receipt, you may determine the amount of income recognised with respect to such interest in accordance with either of two methods. Under the first method you will be required to include in income (as ordinary income) for each taxable year the U.S. dollar value of the interest that has accrued on the Notes held during such year, determined by translating such interest at the average spot rate of exchange for the period or periods (or portions thereof) during which such interest accrued. Under the second method, you may elect to translate interest income at the spot rate of exchange 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 interest payment is received if such date is within five business days of the last day of the accrual period.

If you elect to use the second method, the election must be consistently applied by you to all debt instruments held by you from year to year and can be changed only with the consent of the IRS. In addition, if you use the accrual method of accounting, upon receipt of an interest payment on a Note (including, upon the sale of a Note, the receipt of proceeds which include amounts attributable to accrued but unpaid interest previously included in income), you will recognise United States source ordinary income or loss in an amount equal to the difference, if any, between the U.S. dollar value of such payment (determined by translating the pound sterling received at the spot rate of exchange on the date such payment is received) and the U.S. dollar value of the interest income you previously included in income with respect to such payment (as determined above), regardless of whether the payment is in fact converted to U.S. dollars at such time.

Sale, exchange, retirement, redemption or other taxable disposition of Notes

Upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, you will recognise gain or loss equal to the difference between the amount realised upon the sale, exchange, retirement, redemption or other taxable disposition (less an amount equal to any accrued but unpaid stated interest, which will be taxable as interest income to the extent not previously included in income as discussed above in "*–Payments of stated interest*") and your adjusted tax basis in the Note. Your adjusted tax basis in a Note will, in general, be your U.S. dollar cost for that Note. If you purchased your Note with pound sterling, your cost generally will be the U.S. dollar value of the pound sterling paid for such Note determined at the spot rate of exchange on the date of such purchase (or, in the case of a cash basis or electing accrual method taxpayer, the settlement date of the purchase as determined for United States federal income tax purposes). If your Note is sold, exchanged, retired, redeemed or otherwise disposed of in a taxable disposition for pound sterling, then your amount realised generally will be the U.S. dollar value of the pound sterling received, determined at the spot rate of exchange in effect on the date of such sale, exchange, retirement, redemption or other taxable disposition (or, in the case of a cash basis or electing accrual basis taxpayer, the settlement date of the sale, exchange, retirement or disposition, if the Note is treated as traded on an established securities market for United States federal income tax purposes). If an accrual method U.S. holder makes such an election, the election must be applied consistently to all debt instruments held by such U.S. holder from year to year and cannot be changed without the consent of the IRS. An accrual basis U.S. holder that does not make the special election will recognise exchange gain or loss upon the taxable disposition of a Note to the extent that the exchange rate on the disposition date differs from the exchange rate on the settlement date, and such exchange gain or loss will generally be treated as United States source ordinary income or loss.

Except with respect to gain or loss attributable to changes in exchange rates as discussed above and below, any gain or loss you recognise will generally be capital gain or loss and will generally be long-term capital gain or loss if you have held the Note for more than one year. Long-term capital gains of non-corporate U.S. holders (including individuals) are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss you recognise will generally be treated as United States source gain or loss.

Gain or loss recognised upon the sale, exchange, retirement, redemption or other taxable disposition of a Note that is attributable to a change in currency exchange rates with respect to the principal amount of a Note will generally be treated as exchange gain or loss. Exchange gain or loss will generally be treated as United States source ordinary income or loss. For these purposes, the principal amount of the Note is your purchase price for the Note calculated in pound sterling on the date of purchase, and the amount of exchange gain or loss recognised is equal to the difference between (i) the U.S. dollar value of the principal amount determined at the spot rate of exchange on the date of the sale, exchange, retirement, redemption or other taxable disposition of the Note, and (ii) the U.S. dollar value of the principal amount determined at the spot rate of exchange on the date you purchased the Note (or, possibly, in the case of cash basis or electing accrual basis taxpayers, the settlement dates of such purchase and taxable disposition as determined for United States federal income tax purposes). The amount of exchange gain or loss realised on the disposition of the Note (with respect to both principal and accrued interest) will be limited to the amount of overall gain or loss realised on such disposition of the Note.

Reportable transactions

Treasury Regulations meant to require the reporting of certain tax shelter transactions could be interpreted to cover 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, redemption or other taxable disposition of a foreign currency note or foreign currency received in respect of a foreign currency note to the extent that such sale, exchange, retirement, redemption 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).

If you are an individual and own "specified foreign financial assets" with an aggregate value in excess of certain minimum thresholds at any time during the tax year, you generally are required to file an information report (IRS Form 8938) with respect to such assets with your tax returns. If you do not file a required IRS Form 8938, you may be subject to substantial penalties and the statute of limitations on the assessment and collection of all United States federal income taxes for the related tax year may not close before the date which is three years after the date on which such report is filed. The Notes generally will constitute specified foreign financial assets subject to these reporting requirements, unless the Notes are held in an account at certain financial institutions. Under certain circumstances, an entity may be treated as an individual for purposes of these rules.

Backup withholding and information reporting

Generally, information reporting requirements will apply to payments of principal and interest on a Note or the proceeds from a sale or other disposition of a Note paid to you, unless you are an exempt recipient and, when required, demonstrate this fact. Additionally, if you fail to provide your taxpayer identification number, or have failed either to report in full dividend and interest income or to make certain certifications, you may be subject to backup withholding on any such payments or proceeds.

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 the required information is timely furnished to the IRS.

Certain UK taxation considerations

The comments below are of a general nature based on current UK tax law as applied in England and Wales and current HM Revenue & Customs ("HMRC") practice (which may not be binding on HMRC), both of which may be subject to change, possibly with retrospective effect and such comments are not intended to be exhaustive. They assume that there will be no substitution of the Issuer or further issues of securities that will form a single series with the Notes, and do not address the consequences of any such substitution or further issue (notwithstanding that such substitution or further issue may be permitted by the terms and conditions of the Notes). They do not necessarily apply where, for instance, income is deemed for tax purposes to be the income of any other person. They relate only to the position of persons who are the absolute beneficial owners of their Notes and any interest or premium payable on their Notes and who hold the Notes as a capital investment and may not apply to certain classes of persons such as dealers, certain professional investors, or persons connected with the Issuer. They do not purport to constitute legal or tax advice and 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 UK, should consult their professional advisers.

Withholding

While the Notes continue to be 'listed on a recognised stock exchange' within the meaning of Section 1005 of the Income Tax Act 2007, payments of interest by the Issuer may be made without withholding or deduction for or on account of UK income tax. The Exchange is a recognised stock exchange for these purposes. The Notes will be treated as listed on the Exchange where they are both admitted to trading on the Exchange and are officially listed in on the Official List of the Exchange in accordance with provisions corresponding to those generally applicable in countries in the European Economic Area.

If the Notes are not, or cease to be, so 'listed on a recognised stock exchange', interest will generally be paid by the Issuer under deduction of UK income tax at the basic rate (currently 20%), unless (i) another exception applies or (ii) the Issuer has received a direction to the contrary from HMRC in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty. If interest were paid under deduction of UK income tax, holders of Notes who are not resident in the UK may be able to recover all or part of the tax deducted if there is an appropriate provision in an applicable double taxation treaty.

If payments by a Guarantor under the Guarantees are not treated as having a UK source they should not be payable under deduction of UK income tax. If this is not the case then, depending on the correct legal analysis of the payments as a matter of UK tax law (which is uncertain), it is possible that such payments by a Guarantor (other than payments in respect of principal) would be payable under deduction of UK income tax at the basic rate (currently 20%), subject to any claim which could be made under applicable double tax treaties or any other available exceptions and reliefs, including an exception for certain payments made to entities falling within various categories enjoying a special tax status (including charities and pension funds) and certain payments to which a company within the charge to UK corporation tax or a partnership consisting of such aforementioned persons, is beneficially entitled (unless HMRC directs otherwise).

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 that would be subject to the rules on UK withholding tax outlined above and reporting requirements as outlined below.

Taxation of disposal (including redemption) and return

Holders of Notes subject to UK corporation tax

Holders of Notes who are within the charge to UK corporation tax (including non-resident holders whose Notes are used, held or acquired for the purposes of a trade carried on in the UK through a permanent establishment) will generally be subject to tax as income on all profits and gains from the Notes broadly in accordance with their statutory accounting treatment. Such holders of Notes will generally be charged in each accounting period by reference to interest and other amounts which, in accordance with generally accepted accounting practice, are recognised in determining the holder's profit or loss for that period. Fluctuations in value relating to foreign exchange gains and losses in respect of the Notes will also be brought into account.

Certain other holders of Notes

Interest

Holders of Notes who are either individuals or trustees and are resident for tax purposes in the UK or who carry on a trade, profession or vocation in the UK through a branch or agency to which the Notes are attributable will generally be liable to UK tax on the amount of any interest, discount or premium received in respect of the Notes.

Interest, discount or premium payable on the Notes is expected to have a UK source and accordingly may be chargeable to UK tax by direct assessment, irrespective of the residence of a holder of Notes. However, where the interest, discount or premium is paid without withholding or deduction on account of UK tax, such payments will generally not be assessed to UK tax in the hands of holders of the Notes (except certain trustees) who are not resident for tax purposes in the UK, except where the holder of Notes carries on a trade, profession or vocation through a branch or agency in the UK, or, in the case of a corporate holder, carries on a trade through a permanent establishment in the UK, in connection with which the interest, discount or premium is received or to which the Notes are attributable, in which case (subject to exemptions for certain categories of agent) tax may be levied on the UK 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—Additional amounts*" above would not apply if HMRC sought to assess directly the person entitled to the relevant interest, discount or premium to UK tax. However exemption from, or reduction of, such UK tax liability might be available under an applicable double taxation treaty.

Transfer (including redemption)

The Notes should constitute "qualifying corporate bonds" within the meaning of Section 117 of the Taxation of Chargeable Gains Act 1992, with the result that on a disposal of the Notes neither chargeable gains nor allowable losses should arise for the purposes of taxation of capital gains.

Stamp duty and stamp duty reserve tax

No UK stamp duty or stamp duty reserve tax should be payable on the issue of the Notes, or on a transfer of, or agreement to transfer, the Notes provided that (i) the interest on the Notes does not exceed a reasonable commercial return on the nominal amount of the Notes and (ii) any right on repayment of the Notes to an amount which exceeds the nominal amount of the Notes is 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 in the Official List of the Financial Conduct Authority and admitted to trading on the London Stock Exchange.

Information Reporting

Information relating to the Notes (including in relation to interest or payments treated as interest), their holders and beneficial owners may be required to be provided to tax authorities (including HMRC) in certain circumstances. This may include (but is not limited to) information relating to the value of the Notes, amounts paid or credited with respect to the Notes, details of the holders or beneficial owners of the Notes and information and documents in connection with transactions relating to the Notes. In certain circumstances, the information obtained by a tax authority may be provided to tax authorities in other countries.

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE GUARANTEES AND SECURITY INTERESTS

Set out below is a summary of certain limitations on the enforceability of the Guarantees and the security interests in each of the jurisdictions in which Guarantees or Collateral are being provided. It is a summary only, and bankruptcy or insolvency proceedings or a similar event could be initiated in any of these jurisdictions and in the jurisdiction of organisation of a future guarantor of the Notes. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes, the Guarantees and the security interests on the Collateral. Also set forth below is a brief description of certain aspects of insolvency law in England and Wales.

England and Wales

United Kingdom's withdrawal from the EU

Following a national referendum in June 2016, the UK exercised its right pursuant to Article 50 of the Treaty on the EU to initiate a process to withdraw from the EU and ceased to be a member of the EU on 31 January 2020 at 11:00 p.m. (London time) ("**Exit Day**"). As a result, a reference in this Offering Memorandum to the Regulation (European Union) 2015/848 on Insolvency Proceedings, as amended (the "**Recast Insolvency Regulation**"), as it applies to the UK, is to be read on or after Exit Day as a reference to such EU regulation as it forms part of domestic law by virtue of section 3 of the EUWA and, as it may have been, or may from time to time be, amended, modified or re-enacted by domestic law and shall include any subordinate legislation made from time to time under that EU regulation, as it forms part of domestic law by virtue of section 3 of the EUWA.

On Exit Day, the UK entered into a transition period which ended on 31 December 2020 at 11:00 p.m. (London time) ("**IP Day**"). During this transition period, the UK continued to be treated as a Member State, including for the purpose of the EU Insolvency Regulation. Following the transition period, the UK ceased to be treated as a Member State.

The Recast Insolvency Regulation was amended with effect from IP Day pursuant to the Insolvency (Amendment) (European Union Exit) Regulations 2019 (as amended by the Insolvency (Amendment) (European Union Exit) Regulations 2020 (SI 2020/647) and the Insolvency (Amendment) (European Union Exit) (No. 2) Regulations 2019) (SI 2019/1459) and paragraph 1, schedule 5, European Union (Withdrawal Agreement) Act 2020) (the "**Insolvency Amendment Regulations**") such that the provisions regarding mutual recognition of insolvency proceedings under the EU Insolvency Regulation, providing for the automatic recognition of insolvency proceedings commenced in other Member States, no longer apply. However, the EUWA provided for the Recast Insolvency Regulation to continue to apply, as it did pre-IP Day, to insolvency proceedings provided that the main proceedings were opened before IP Day. Therefore, and provided that the main proceedings were started before IP Day, the UK will continue to recognise insolvency proceedings commenced in other Member States, and will receive reciprocal recognition of UK insolvency proceedings.

The Insolvency Amendment Regulations, which (with the exception of the Insolvency (Amendment) (EU Exit) Regulations 2020 which came into effect immediately prior to IP Day) came into effect on Exit Day, amend EU insolvency legislation which had direct effect in the UK. In addition to any other grounds to establish jurisdiction that apply under English law, the post-IP Day Recast Insolvency Regulation (as amended by the Insolvency Amendment Regulations) expressly provides that jurisdiction to commence insolvency proceedings in the UK in respect of a debtor can be established where such proceedings are opened for the purposes of rescue, adjustment of debt, reorganization or liquidation and:

- the debtor's centre of main interests ("**COMI**") is in the UK; or
- the debtor's COMI is in a Member State (other than Denmark) and there is an establishment in the UK.

These tests are consistent with the Recast Insolvency Regulation for determining the proper jurisdiction for a debtor's insolvency proceedings and the applicable law to be used in those proceedings. However, the Insolvency Amendment Regulations extend the UK court's jurisdiction (i) provided the court considers there to be a sufficient connection with England and Wales (and that (A) there is a reasonable possibility, if a winding up order is made, of benefit to those applying for the winding up order and (B) one or more persons interested in the distribution of assets of the company is a person over whom the court can exercise jurisdiction), to wind up any foreign company which might be wound up as an unregistered company under UK insolvency laws, even if its COMI is in a Member State and it has no establishment in the UK, and (ii) to place a company incorporated in an EEA state, or having its COMI in a Member State, into administration.

While the English courts can assume jurisdiction over certain foreign companies in respect of certain insolvency proceedings on these bases, the efficacy of such proceedings will significantly depend on the likelihood and extent of subsequent recognition of such proceedings in relevant other jurisdictions (see "—*Cross-border recognition of English insolvency and restructuring proceedings*").

Insolvency

The Issuer, the Guarantors and the providers of Collateral are companies incorporated under the laws of England and Wales (each an "**English company**"). The courts of England and Wales would have jurisdiction to open insolvency proceedings, based on English insolvency laws, over an English company.

In addition, the UK Cross Border Insolvency Regulations 2006, which implement the UNCITRAL Model Law on Cross Border Insolvency (the "**Model Law**") in Great Britain and which apply to foreign insolvency proceedings (subject to certain exceptions) anywhere in the world without any condition of reciprocity, provide that certain collective foreign (i.e., non-English) proceedings in respect of an English company may be recognised by the English courts as foreign main proceedings where it has its COMI in that foreign jurisdiction or as foreign non main proceedings where it has an "establishment" (being a place of operations where it carries out a non-transitory economic activity with human means and assets or services) in such foreign jurisdiction. Should any English company have its COMI in a jurisdiction that is not within the UK, and insolvency proceedings are opened in that jurisdiction and afforded recognition by the English courts, any proceedings opened in England and Wales would be limited to the assets of the relevant company that are located in Great Britain. Upon recognition of foreign main proceedings, an automatic stay, equivalent to the stay in an English compulsory liquidation (see below), will apply to prevent certain types of creditor action in Great Britain, including commencement of proceedings concerning the debtor's assets, rights, obligations or liabilities (but the automatic stay will not affect a creditor's rights to enforce security over the debtor's property (albeit such a stay may be requested from the English court)). No automatic stay applies upon recognition of foreign non main proceedings (albeit such a stay may be requested from the English court).

Formal insolvency proceedings under the laws of England and Wales may be initiated in a number of ways. These include, in the case of administration, the company, its directors or a creditor making an application to court for an administration order or the company, its directors or the holder of a "qualifying floating charge" (discussed below) granted by the company and which has become enforceable appointing an administrator out of court, or, in the case of liquidation, by a creditor filing a petition at court to wind up the company or the company resolving by special resolution that it be wound up voluntarily.

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 obligor experiences financial difficulty, it is not possible to predict with certainty the outcome of insolvency or similar proceedings. The obligations under the Notes will be guaranteed by the Guarantees and the Notes will be secured by security interests over the Collateral. English insolvency laws and other limitations could limit the enforceability of the payment obligations of the Issuer in respect of the principal, interest and other amounts owing by the Issuer, enforceability of a Guarantee against an English obligor and the enforceability of security interests over the Collateral.

The following is a brief description of certain aspects of English insolvency law relating to certain limitations on the Guarantees and the security interests over the Collateral. The application of these laws could adversely affect investors, their ability to enforce their rights for payment of the principal, interest and other amounts owing by the Issuer, their ability to enforce their rights under the Guarantees and/or the Collateral securing the Notes and therefore may limit the amounts that investors may receive in an insolvency of a Guarantor.

Administration

The Insolvency Act 1986 (as amended, the "**Insolvency Act**") and the on-shored version of the Recast Insolvency Regulation (which pursuant to the Insolvency Amendment Regulations has been substantially amended) provide that an administrator may be appointed (whether in or out of court) in respect of a company incorporated in England, Wales, Scotland or an EEA state, a company not incorporated in an EEA state but with its COMI in a Member State (other than Denmark), a company (wherever incorporated) having its COMI in the UK or a company (wherever incorporated) with its COMI in a Member State and an "establishment" in the UK, and upon request from courts in other parts of the UK or certain other countries or territories.

Without limitation and subject to specific conditions, following an application to court for an administration order, an administration order can only be made if the court is satisfied that (a) the relevant company is or is likely to become "unable to pay its debts" and (b) the administration order is reasonably likely to achieve the purpose of administration.

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) or 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), in each case under Section 123 of the Insolvency Act. "Cash flow" insolvency is presumed if, among other matters, the company fails either to satisfy a creditor's statutory demand for a debt exceeding £750 (for a period of three weeks) or to satisfy in full or in part a judgment debt (or similar court order). The administrator must perform his functions with the objective of rescuing the company as a going concern or, if that is not reasonably practicable or if the following would achieve a better result for the company's creditors as a whole, achieving a better result for the company's creditors as a whole than would be likely upon 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, realising property to make a distribution to one or more secured or preferential creditors. The order of priority which applies to any distribution to creditors is set out below (see "*—Priority on Insolvency*").

Without limitation and subject to specific conditions, a company, the directors of such company or the holder of a "qualifying floating charge" (as defined herein) granted by the company and which has become enforceable may also appoint an administrator out of court, and different procedures apply according to the identity of the appointer.

An administrator is given wide powers to conduct the business of the company to which they are appointed and, subject to certain requirements under the Insolvency Act, dispose of the property of a company in administration (including property subject to a floating charge). The entitlement of the floating charge holder(s) to receive the proceeds of the realisation of the relevant property will be subject to any prior ranking claims in the statutory order of priority, (see "*—Priority on Insolvency*"). An administrator may also, with the prior approval of the court, deal with assets subject to a fixed charge, provided that disposing of the property is likely to promote the purpose of the administration and the administrator applies the net proceeds from the disposal towards discharging the obligations of the company to the fixed charge holder.

In addition, certain rights of creditors, including secured creditors, are curtailed in an administration. Upon the appointment of an administrator, a statutory moratorium is imposed and no step may be taken to enforce security over the company's property except with the consent of the administrator or permission of the court (although a demand for payment could be made under a guarantee granted by the company). The same requirements for consent or permission apply to the institution or continuation of legal process (including legal proceedings, execution, distress and diligence) against the company or property of the company. In either case, a court will consider discretionary factors in determining any application for permission in light of the hierarchy of statutory objectives of administration described above. An interim moratorium on similar terms will apply where an application for an administration order has been made but not yet granted or dismissed (or where an administration order has not yet taken effect) or from such time as a notice of an intention to appoint an administrator has been filed until the earlier of the appointment of an administrator and the expiry of a period of five business days (where the administrator is proposed to be appointed by the holder of a qualifying floating charge) or 10 business days (where the administrator is proposed to be appointed by the company or directors).

However, certain creditors of a company in administration may, in certain defined circumstances, be able to realise their security over certain of that company's property notwithstanding the statutory moratorium. This is by virtue of the disapplication of the moratorium in relation to a "security financial collateral arrangement" (generally, a charge over cash or financial instruments such as shares, bonds or tradeable capital market debt instruments and credit claims) under the Financial Collateral Arrangements (No. 2) Regulations 2003 (as amended) (see further below).

If an English company were to enter administration, whether it would be possible to enforce any security granted by it while the company was in administration without permission of the court or consent of the administrator would depend on whether such security constituted a financial collateral arrangement. A demand for payment could be made under any guarantee granted by the company but no legal process could be instituted against the company in connection therewith without the consent of the administrator or the permission of the court.

Accordingly, if any of the Issuer or the Guarantors or the providers of Collateral were to enter into administration, the Notes and the Guarantees and the Collateral, as applicable, could not be enforced (save to the extent that the Collateral constitutes a financial collateral arrangement) while the relevant company was in administration without the permission of the court or consent of the administrator. There can be no assurance that the Security Agent would obtain such permission of the court or consent of the administrator.

Administration, administrative receivership and floating charges

As set out above, the Insolvency Act empowers the English courts to make an administration order in respect of an English company in certain circumstances. An administrator can also be appointed out of court by the company, its directors or the holder of a qualifying floating charge granted by the company and which has become enforceable, and different procedures apply according to the identity of the appointer.

In order to empower the chargee to appoint an administrative receiver or an administrator to the company, the floating charge granted by the relevant English obligor must constitute a "qualifying floating charge" for the purposes of English insolvency law and, in the case of the ability to appoint an administrative receiver, the qualifying floating charge must, unless the security document pre-dates 15 September 2003, fall within one of the exceptions in the Insolvency Act 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). This will apply if an English obligor incurs a debt of at least £50,000,000 during the life of the arrangement and the arrangement involves the issue of a "capital markets investment" (which is defined in the Insolvency Act, but is generally a rated, listed or traded debt instrument) as well as fulfilling certain other technical requirements. 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 floating 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 capable of challenge as a transaction at an undervalue, a preference or an invalid floating charge. If an administrator is appointed, any administrative receiver will vacate office, and any receiver of any part of the company's property must resign if required to do so by the administrator.

In order to constitute a qualifying floating charge, the floating charge must be created by an instrument which (a) states that paragraph 14 of Schedule B1 to the Insolvency Act 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. The chargee will be the holder of a qualifying floating charge if such floating charge security, together (if necessary) with any fixed charge security interests, relates to the whole or substantially the whole of the relevant English obligor's property and at least one such security interest is a qualifying floating charge. Please note that carve-outs in the security document which apply to the floating charge may, on their own, or cumulatively with other carve-outs, impact the analysis of whether the 'whole or substantially the whole of the property' is covered by the charge and therefore whether the chargee is a "holder of a qualifying floating charge in respect of a company's property". Whether the assets that are subject to the floating charges and other security will constitute the whole or substantially the whole of the company's assets at the time that the floating charges are enforced will be a question of fact at that time and there is no statutory guidance as to what percentage of a company's assets should be charged to satisfy this test.

An administrator, receiver (including administrative receiver) or liquidator of the company will generally be required to ring-fence a certain percentage of the proceeds of enforcement of floating charge security for the benefit of unsecured creditors (the "**Prescribed Part**"). This applies to 50% of the first £10,000 of floating charge realisations and 20% of the remainder over £10,000, and the Prescribed Part is subject to a maximum aggregate cap of £800,000 (such cap being effected by the Insolvency Act 1986 (Prescribed Part) (Amendment) Order 2020) (except where the company's net property is available to be distributed to the holder of a first-ranking floating charge created before 6 April 2020, in which case the maximum aggregate cap is £600,000). The Prescribed Part must be made and distributed to unsecured creditors unless the cost of doing so would be disproportionate to the resulting benefits (and, if the floating charge realisations exceed £10,000, the court grants an order on the application of the insolvency officeholder on this basis). The Prescribed Part will not be available for any shortfall claims of secured creditors.

The requirement for an administrator, liquidator or receiver (including administrative receiver) to set aside a prescribed part of the company's property which is subject to a floating charge, and make it available for unsecured creditors, will not apply to any charge created or otherwise arising under a financial collateral arrangement (as described in the Financial Collateral Arrangements (No. 2) Regulations 2003 (SI 2003/ 3226)), as set out below.

Fixed charge receivership

A fixed charge receiver (as opposed to an administrative receiver, who is appointed under certain floating charges, see "*—Administration, administrative receivership and floating charges*") may be appointed over some or all of the assets secured by a fixed charge in accordance with the terms of a security document creating a fixed charge or (in limited circumstances) pursuant to statute.

If appointed under the terms of a security agreement, grounds for appointment under the terms of the charge (such as a default) must exist and the charging company must have failed to satisfy the demand made for an appointment to take place. A fixed charge receiver can be appointed in parallel to a liquidator. An administrator may require a fixed charge receiver to vacate office unless that fixed charge receiver was appointed under a charge which falls within the definition of a "security financial collateral arrangement", as per Reg. 8(4) of the Financial Collateral Regulations.

The primary duty of the fixed charge receiver is to realise the assets over which he is appointed, meaning he owes an over-riding duty of care to the appointor. This contrasts with the duty of an administrator, who performs his duties in the interests of a company's creditors as a whole. In other words, receivership is a proprietary remedy whereas administration is a collective procedure. In realising the charged assets, the receiver will need to take reasonable care to obtain the best price obtainable in the circumstances. In doing so, the fixed charge receiver will be entitled to a statutory indemnity in respect of any liabilities from the realisations made of the assets of the company (and may also have the benefit of a contractual indemnity from the appointor).

To the extent the receiver has been appointed under a crystallised floating charge, amounts will be deducted from the proceeds of the realisation of the charged assets to pay the Prescribed Part and any preferential creditors (see "*—Priority on Insolvency*").

Fixed and floating charges

The Notes benefit from fixed and floating charge security over certain Collateral owned by certain of the English obligors. There are a number of ways in which fixed charge security has an advantage over floating charge security: (a) an administrator appointed to a charging company can convert floating charge assets to cash and, where the floating charge is not created or does not otherwise arise under a security financial collateral arrangement, use such cash, or use cash subject to a floating charge, to meet administration expenses (which include the administrator's remuneration and 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, even if created after the date of a floating charge, may have priority as against the floating charge over the charged assets (provided the floating charge has not crystallised at the time the fixed charge was granted and the fixed charge holder has no notice of any restrictions); (c) provided that the floating charge is not created or does not otherwise arise under a security financial collateral arrangement, general costs and expenses (including the liquidator's remuneration) properly incurred in a winding up are payable out of the company's assets (including the assets that are the subject of the floating charge) in priority to the claims of the floating charge holder; (d) until the floating charge security crystallises, a company is entitled to deal with assets that are subject to floating charge security in the ordinary course of 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 may be subject to certain challenges under English insolvency law (see "*—Avoidance of transactions—Grant of floating charge*"); and (f) where the floating charge is not created or does not otherwise arise under a security financial collateral arrangement, floating charge security is (i) subject to the expenses of the insolvent estate, (ii) subject to the claims of certain preferential creditors (such as employee, salary claims (up to a cap per employee), employee holiday claims, certain unpaid pension contributions, and VAT and other certain tax debts due to HMRC) and (iii) as noted above, subject to the ring-fencing of the Prescribed Part (as defined herein) for unsecured creditors; (g) an administrator may dispose of or take action relating to property subject to a floating charge without the prior consent of the charge holder or court approval but the floating charge holder retains the same priority in respect of the proceeds from the disposal of the assets subject to the floating charge. With prior approval of the court, an administrator may deal with property subject to a fixed charge, provided that disposing of the property is likely to promote the administration's purpose and that the administrator applies the net proceeds from the disposal of the property in question, together with any additional money required to be added to the net proceeds so as to produce the amount determined by the court as the net amount which would be realised on a sale of the property at market value, towards discharging the obligations of the company to the charge holder.

Under English law there is a possibility that a court could recharacterise fixed security interests purported to be created by an English law governed security document as properly taking effect as floating charges; as the description given to security interests by the parties is not determinative. Whether security interests purporting to be fixed security interests will be upheld as fixed security interests rather than floating security interests will depend on, among others, whether the chargee has the requisite degree of control over the relevant chargor's ability to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the chargee in practice. Where the chargor is free to deal with the assets that are the subject of a purported fixed security interest in its discretion and without the consent of the chargee in the ordinary course, 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 in the security documents.

If any fixed security interests are recharacterised as floating security interests: (a) the proceeds of those assets could be applied in meeting other liabilities of the company in priority to the claims of the purported fixed charge holder in insolvency proceedings and (b) it is possible that any purported floating charge security may no longer relate to the whole or substantially the whole of the property of the relevant company and therefore may not constitute a "qualifying floating charge".

Scheme of arrangement

Although not an insolvency proceeding, pursuant to Part 26 of the Companies Act 2006, the English courts have jurisdiction to sanction a scheme of arrangement that effects a compromise or arrangement between a company and its creditors (or any class of its creditors) in respect of the company's obligations to those creditors. An English obligor may be able to pursue a scheme in respect of its financial liabilities. In addition, a foreign obligor which (a) is liable to be wound up under the Insolvency Act and (b) has a "sufficient connection" to England and Wales could also pursue a scheme. In practice, a foreign company is likely to satisfy the first limb of this test and the second limb has been found to be satisfied where, among others, the company's COMI is in England, the company's finance documents include (whether at the outset or following an amendment in accordance with the terms of the documents) an English governing law and/or jurisdiction clause. Further, a number of recent schemes have involved groups causing an existing or newly incorporated English company to assume primary liability (through various means) for financial obligations of the group for the sole purpose of creating the requisite nexus to pursue a scheme (in which the obligations of the existing obligors would be varied). Ultimately, each case will be considered on its particular facts and circumstances so previous cases will not necessarily determine whether or not the relevant jurisdictional requirements would be satisfied in the present case.

Before the court considers the sanction of a scheme of arrangement, affected creditors will vote on the proposed compromise or arrangement in respect of their claims in a single class or in a number of classes, depending on the existing rights of such creditors against the scheme company and any new rights that such creditors are given under or in connection with the scheme. Such compromise can be proposed by the company or its creditors. If a majority in number representing 75% or more by value of those creditors present and voting at the meeting(s) of each class of creditors vote in favour of the proposed scheme, irrespective of the terms and approval thresholds contained in the finance documents, then that scheme will (subject to the sanction of the court) be binding on all affected creditors, including those affected creditors who did not participate in the vote and those who voted against the scheme. The scheme then needs to be sanctioned by the court at a sanction hearing where the court will review, among others, whether all relevant procedural requirements have been met, whether those voting fairly represented the interests of those entitled to vote, and whether the scheme is objectively reasonable. The court has discretion as to whether to sanction the scheme as approved, make an order conditional upon modifications being made or reject the scheme. The court's sanction order will have no effect until delivered to Companies House for registration. A scheme of arrangement can often involve the release or variation of guarantees and other closely connected claims against third parties in order to ensure the effectiveness of the compromise.

Unlike an administration proceeding, the commencement of a scheme of arrangement does not automatically trigger a moratorium with respect to security enforcement or legal proceedings.

Company voluntary arrangement

English courts are empowered to oversee company voluntary arrangements in respect of companies incorporated in England, Wales, Scotland or an EEA State or with their respective COMI in the UK or a Member State (other than Denmark).

Pursuant to Part I of the Insolvency Act, a company (by its directors or its administrator or liquidator, as applicable) may propose a company voluntary arrangement to the company's shareholders and creditors which entails a compromise, or other arrangement, between the company and its creditors, typically a rescheduling or reduction of the company's debts. Provided that the proposal is approved by the requisite majority of creditors (by way of decision procedure) and shareholders (subject to the below), it will bind all unsecured creditors who were or would have been entitled to vote on the proposal. A company voluntary arrangement cannot affect the right of a secured creditor to enforce its security, except with its consent. A company voluntary arrangement also cannot affect the rights of a preferential creditor to be paid in priority to non-preferential creditors or to be paid on an unequal basis relative to other preferential creditors, except with its consent.

In order for the company voluntary arrangement proposal to be passed, it must be approved by at least 75% (by value) of the company's creditors who respond in the decision procedure, and no more than 50% (by value) of unconnected creditors may vote against it. Secured debt cannot be voted in a company voluntary arrangement but a secured creditor may vote to the extent that it is under-secured. A secured creditor who votes in the company voluntary arrangement for the whole of its debt may be deemed to have given up its security. As noted above, the company's shareholders will also vote on the company voluntary arrangement. However, if the decision of the creditors differs from the decision of the shareholders, the former will prevail unless a shareholder applies to court within 28 days and the court orders that the decision of the shareholders should prevail.

Unlike an administration proceeding, a company voluntary arrangement does not automatically trigger a moratorium with respect to security enforcement or legal proceedings.

Liquidation/Winding up

As noted above (see "—*United Kingdom's withdrawal from the EU*"), the Recast Insolvency Regulation (as amended by the Insolvency Amendment Regulations) provides that, in addition to any other grounds to establish jurisdiction that apply under English law, a company which has its COMI in the UK, or which has its COMI in a Member State and an establishment in the UK, may be subject to compulsory liquidation or (with confirmation by the court) a creditors' voluntary liquidation in the UK. In the case of compulsory liquidation, even if a foreign company has neither its COMI or an establishment in the UK, it may be wound up as an unregistered company if the court considers there to be (i) a sufficient connection with England and Wales, (ii) a reasonable possibility, if a winding up order is made, of benefit to those applying for the winding up order and (iii) one or more persons interested in the distribution of assets of the company is a person over whom the court can exercise a jurisdiction.

Liquidation is a company dissolution procedure under which the assets of a company are realised and distributed by the liquidator to creditors and (if applicable) members in the statutory order of priority prescribed by the Insolvency Act (see "—*Priority on Insolvency*"). Once the liquidator has completed this task, the company is dissolved and removed from the register of companies. There are two forms of winding up: (a) compulsory liquidation, by order of the court; and (b) voluntary liquidation, whether members' voluntary liquidation or creditors' voluntary liquidation, in each case by resolution of the company's members (save where it follows an administration). The key difference between the two types of voluntary liquidation is whether the directors of the company are willing to swear a statutory declaration as to the company's solvency over the following 12 months (if so, the process is a members' voluntary liquidation). The primary ground for the compulsory winding up of an insolvent company is that it is unable to pay its debts (as defined in Section 123 of the Insolvency Act). Note that while a creditors' voluntary liquidation (other than as an exit from administration) is initiated by a resolution of the members, not the creditors, once in place the process is subject to some degree of control by the creditors. Whereas compulsory liquidation and creditors' voluntary liquidation proceedings are available to foreign companies with sufficient nexus to the UK in addition to companies within the English courts' general jurisdiction (see above), members' voluntary liquidation proceedings are only available to companies registered in England, Wales or Scotland.

The effect of a compulsory winding up differs in a number of respects from that of a voluntary winding up. In a compulsory winding up, under Section 127 of the Insolvency Act, any disposition of the relevant company's property made after the commencement of the winding up is, unless sanctioned by the court, void. However, this will not apply to any property or security interest subject to a disposition or created or otherwise arising under a "financial collateral arrangement" under the Financial Collateral Regulations (as defined herein) and will not prevent a close-out netting provision taking effect in accordance with its terms. Subject to certain exceptions, when an order is made for the winding up of a company by the court, it is deemed to have commenced at the time of the presentation of the winding up petition.

In light of the COVID-19 pandemic, legislation was introduced which temporarily restricts the ability of creditors to present winding up petitions (and previously restricted courts from granting winding up orders). With effect from 1 October 2021, the temporary restrictions previously in place expired and were replaced by new more limited regulations (set out in Schedule 10 of the Corporate Insolvency and Governance Act 2020, as amended by the Corporate Insolvency and Governance Act 2020 (Coronavirus) (Amendment of Schedule 10) (No.2) Regulations 2021). These introduced temporary targeted measures to limit the use of winding up petitions. These measures: (a) raise the threshold upon which a winding up petition may be presented from £750 to £10,000; (b) allow a creditor to present a winding up petition only after expiry of a 21 day period during which the debtor has failed to provide a proposal for repayment satisfactory to the creditor following service of the requisite notice by the creditor; and (c) prevent landlords petitioning to wind up tenants for unpaid rent arrears (or any other amount that a tenant is liable to pay under a lease) arising as a result of coronavirus. The measures will remain in place until 31 March 2022.

Once a winding up order is made by the court, a stay of all proceedings against the company will also be imposed. No legal action may be continued or commenced against the company without permission of the court although there is no freeze on the enforcement of security.

In the context of a voluntary winding up, there is no equivalent to the retrospective effect of a winding up order; the winding up commences on the passing of the resolution to wind up. As a result, there is no equivalent of Section 127 of the Insolvency Act. There is also no automatic stay in the case of a voluntary winding up – it is for the liquidator, or any creditor or contributory of the company, to apply for a stay. This is important because, if a stay is not obtained, it means creditors, for example, can go ahead and initiate proceedings against the company (and/or enforce their security).

A liquidator has the power to bring or defend legal proceedings on behalf of the company, to carry on the business of the company as far as it is necessary for its beneficial winding up, to sell the company's property and execute documents in the name of the company and to challenge antecedent transactions.

Under English insolvency law, a liquidator has the power to disclaim any onerous property, which encapsulates 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 its creditors. However, this power does not apply to a contract that has already been substantially performed, nor can it be used to disturb accrued rights and liabilities. In addition, the power to disclaim onerous property does not apply to any financial collateral arrangement where the collateral provider or collateral taker under the arrangement is subject to winding up proceedings. Any person who suffers loss or damage as a result of any disclaimer is deemed to be a creditor of the company and is entitled to prove for the loss or debt as a debt in the winding up.

Priority on insolvency

One of the primary functions of winding up (and, where the company cannot be rescued as a going concern, one of the possible functions of administration) under English law is to realise the assets of the company in question and distribute the proceeds from those assets to the company's creditors.

In accordance with the Insolvency Act and the Insolvency Rules 2016, creditors are placed into different classes, with the proceeds from the realisation of the insolvent company's property applied in descending order of priority, as set out below. With the exception of the Prescribed Part (as defined herein), distributions generally cannot be made to a class of creditors until the claims of the creditors in a prior-ranking class have been paid in full. Unless creditors have agreed otherwise with the company, distributions are made on a *pari passu* basis, that is, the assets are distributed in proportion to the debts due to each creditor within a class.

As an exception to the principle of *pari passu* distribution, insolvency set-off, which sees an account being taken of what is due from each party to the other in respect of their mutual dealings, and whereby only any net balance owed by the company is provable in the administration or liquidation, will apply in a liquidation or distributing administration. Insolvency set-off is mandatory and automatic as at the date of liquidation or the date on which the administrator has given notice that they intend to make a distribution to creditors. The effect of insolvency set-off is effectively to afford the creditor with a potential super priority status to the extent of the amount owed by that creditor to the company, in that it receives full value for an equivalent amount of its claim against the company (in circumstances where it might otherwise, as an unsecured creditor, receive little or no dividend in respect of that element of its claim). However, insolvency set-off will not apply to all amounts owing between the creditor and debtor company; among others, claims arising after a certain cut-off date will be excluded and the requisite degree of mutuality must exist. Parties cannot waive the application of, or alter the scope or operation of, insolvency set-off by contractual agreement (insolvency set-off will displace all other rights of set-off, including contractual set-off, which have not been exercised before the time at which insolvency set-off applies).

The general priority on insolvency is as follows (in descending order of priority):

- First ranking: holders of fixed charge security (but only to the extent that the value of the secured assets is less than or equal to the value of the secured debt) and creditors with a proprietary interest in assets in the possession (but not full legal and beneficial ownership) of the debtor with respect to the assets in which they have a proprietary interest only;

- Second ranking: where a company exits a moratorium under Part A1 of the Insolvency Act and within the subsequent 12 weeks enters into administration or liquidation, any unpaid moratorium debts (any debt or liability that falls due during or after the moratorium by reason of an obligation incurred during it) and any priority pre-moratorium debts (largely comprising pre-moratorium debts for which the company did not have a payment holiday, save for financial debt accelerated during the moratorium), as well as any prescribed fees or expenses of the official receiver acting in any capacity in relation to the company. The relevant types of debt do not rank equally and there are statutory provisions setting out the order of priority in which they are paid;

- Third ranking: expenses of the insolvent estate (there are statutory provisions setting out the order of priority in which expenses are paid);

- Fourth ranking: ordinary and secondary preferential creditors.

Ordinary preferential debts include (but are not limited to) debts owed by the insolvent company in relation to: (a) contributions to occupational and state pension schemes; (b) wages and salaries of employees for work done in the four months before the insolvency date, up to a maximum of £800 per person; (c) holiday pay due to any employee whose contract has been terminated, whether the termination takes place before or after the date of insolvency and (d) bank and building society deposits eligible for compensation under the Financial Services Compensation Scheme ("**FSCS**") up to the statutory limit. As between one another, ordinary preferential debts rank equally.

Secondary preferential debts rank for payment after the discharge of the ordinary preferential debts and include claims by HMRC in respect of certain taxes including VAT, PAYE income tax (including student loan repayments), employee national insurance contributions, certain other tax debts due to HMRC as set out in section 386 and paragraph 15D of Schedule 6 to the Insolvency Act, employee national insurance ("**NI**") contributions and Construction Industry Scheme deductions (but excluding corporation tax and employer NI contributions) which are held by the company on behalf of employees and customers, as well as bank and building deposits eligible for compensation under the FSCS to the extent such claims exceed the statutory limit. As between one another, secondary preferential debts rank equally;

- Fifth ranking: provable debts of unsecured creditors to the extent of the Prescribed Part (as defined herein) only, unless the cost of distributing the same would be disproportionate to the resulting benefit to creditors;

- Sixth ranking: holders of floating charge security, according to the priority of their security. This would include any security interest that was stated to be a fixed charge in the document that created it but which, on proper interpretation by the court, was re-characterised as a floating charge;

- Seventh ranking:

- firstly, provable debts of unsecured creditors and (to the extent of any unsecured shortfall) secured creditors, in each case including accrued and unpaid interest on those debts up to the date of commencement of the relevant insolvency proceedings. To pay the secured creditors any unsecured shortfall, the insolvency officeholder can only use realisations from unsecured assets as secured creditors are not entitled to any distribution from the Prescribed Part unless the Prescribed Part is sufficient to pay out all unsecured creditors or the secured creditor elects to surrender its security;

- secondly, interest on the company's unsubordinated debts (at the higher of the applicable contractual rate and the rate determined in accordance with the Judgments Act 1838 (currently 8% per annum)) in respect of any period after the commencement of liquidation or after the commencement of an administration which has been converted into a distributing administration. However, in the case of interest accruing on amounts due under the Notes or the Guarantees, such interest due to the holders of the Notes may, if there are sufficient realisations from the secured assets, be discharged out of such security recoveries; and

- thirdly, non-provable liabilities, being liabilities that do not fall within any of the categories above and therefore are only recovered in the (unusual) event that all categories above are fully paid. This, however, does not include "currency conversion" claims following English Supreme Court's ruling dated 17 May 2017 on the Lehman Brothers case; and

- Eighth ranking: shareholders. If, after the repayment of all unsecured creditors in full, any remaining funds exist, these will be distributed to the shareholders of the insolvent company.

Subject to the above order of priority, subordinated creditors are ranked according to the terms of the subordination language in the relevant documentation.

See "*—Administration and floating charges*" above for a description of the Prescribed Part.

Avoidance of transactions

There are circumstances under English insolvency law in which the granting by an English company of security or guarantees (among other corporate actions) can be challenged. In most cases this will only arise if the company enters administration or liquidation within a specified period (as set out in more detail below) after the granting of the guarantee or security. Therefore, if during the specified period an administrator or liquidator is appointed to an English company, he or she may challenge the validity of the guarantee or security given by such company. Further, the administrator or liquidator may elect to assign such a right of action (including their proceeds) to another party who would then be entitled to pursue it.

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 made, (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 on which the winding up petition is presented to court, whereas in a voluntary liquidation it is the date on which the company passes a winding up resolution. Where liquidation follows administration, the onset of insolvency for the purposes of transactions at an undervalue and preferences 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 they are: (i) the individual's husband, wife or civil partner; or (ii) a relative of the individual; or (iii) a relative of the individual's husband, wife or civil partner; or (iv) the husband, wife or civil partner of a relative of the individual; or (v) the husband, wife or civil partner of a relative of the individual's husband, wife or civil partner. A party is associated with a company if employed by that company. A person is an associate of any person with whom he is in partnership, and of the husband, wife or civil partner or a relative of any individual with whom he is in partnership.

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.

A person is to be taken as having control of a company if the directors of the company or of another company which has control of it (or any of them) are accustomed to act in accordance with his directions or instructions, or he is entitled to exercise, or control the exercise of, one third or more of the voting power at any general meeting of the company or of another company which has control of it. Where two or more persons together satisfy either of these conditions, they are to be taken as having control of the company.

The following potential grounds for challenge may apply under English law to guarantees and security interests:

Transaction at an undervalue

Under English insolvency law, a liquidator or administrator of an English company (or an assignee of the relevant right of action) could apply to the court for an order to set aside the creation of a security interest or a guarantee (or grant other relief) if they believe that the creation of such security interest or guarantee constituted a transaction at an undervalue. A transaction might be a transaction at an undervalue if the company makes a gift to a person, if the company receives no consideration or if the company receives consideration of significantly less value, in money or money's worth, than the consideration given by such company.

Such a transaction can only be challenged on this basis if (i) at the time of the transaction or as a consequence of the transaction, the English company was or becomes unable to pay its debts (as defined in the Insolvency Act) and (ii) if the security interest or the guarantee was granted within the period of two years ending with the onset of insolvency.

In any proceedings, it is for the administrator or liquidator (or the assignee of the right of action) to demonstrate that the English company was unable to pay its debts unless the transaction was entered into by the company with a connected person (as defined in the Insolvency Act), in which case it will be presumed that the company was insolvent and the connected person must demonstrate the contrary in such proceedings.

In any case, a court will not make an order 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 it.

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 guarantee 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). An order by the court may affect the property of, or impose any obligation on, any person whether or not they are the person with whom the company entered into the transaction. However, such an order will not prejudice any interest in property which was acquired from a person other than the company in good faith and for value, or prejudice any interest deriving from such an interest, and will not require a person who received a benefit from the transaction in good faith and for value to pay a sum to the liquidator or administrator (or their assignee) except where that person was a party to the transaction or the payment is to be in respect of a preference given to that person at a time when they were a creditor of the company.

Preference

Under English insolvency law, a liquidator or administrator of an English company (or an assignee of the relevant right of action) could apply to the court for an order to set aside the creation of a security interest or a guarantee (or grant other relief) if they believe that the creation of such security interest or such guarantee constituted a preference.

A transaction will constitute a preference if it has the effect of putting a creditor of the English company (or a surety or guarantor for any of the company's debts or liabilities) in a better position in the event of the company going into insolvent liquidation than such creditor, guarantor or surety would otherwise have been in had that transaction not been entered into.

Such a transaction can only be challenged on this basis if (i) at the time of the transaction or as a consequence of the transaction, the English company was or becomes unable to pay its debts (as defined in the Insolvency Act) and (ii) if the security interest or guarantee was granted within the period of six months (if the beneficiary of the security or the guarantee is not a connected person,) or two years (if the beneficiary is a connected person), ending with the onset of insolvency.

If the court determines that the transaction constituted such a preference, the court may make such order as it thinks fit for restoring 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, subject to the same principles as are described above with respect to transactions at an undervalue).

However, the court will only make such an order if it is shown that, in deciding to give the preference, the English company was influenced by a desire to produce the preferential effect. In any proceedings, it is for the administrator or liquidator (or the assignee of the right of action) to demonstrate that the English company was unable to pay its debts at the relevant time and that the company was influenced by a desire to produce the preferential effect, unless the transaction was entered into by the company with a connected person (as defined in the Insolvency Act), in which case it will be presumed that the company was insolvent and that it 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 (it is not open to the connected person to rebut the presumption of insolvency).

Transaction defrauding creditors

Under English insolvency law, where it can be shown that a transaction was at an undervalue (as outlined above) and was made for the substantial purpose of putting assets beyond the reach of a person who is making, or may make, a claim against a company, or of otherwise prejudicing the interests of such a person in relation to the claim which that person is making or may make, the transaction may be set aside by the court as a transaction defrauding creditors. An application to the court for an order to set aside the transaction may be made by any appointed administrator or liquidator, the supervisor of any relevant company voluntary arrangement or, subject to certain conditions, the FCA, PRA and the UK Pensions Regulator. In addition, any person who is, or who is capable of being, prejudiced by the transaction may (with the leave of the court in the case of a company in administration or liquidation) also bring an application to set aside such transaction. There is no statutory time limit within which the challenge must be made (subject to the normal statutory limitation periods) and the relevant company does not need to be insolvent at the time of or as a result of the transaction, or in administration or liquidation for the provision to apply.

If the court determines that the transaction was a transaction defrauding creditors, the court can make such orders as it thinks fit to restore the position to what it would have been if the transaction had not been entered into and to protect the interests of the victims of the transaction, which may include reducing payments due under or setting aside security interests or guarantees. The relevant court order may affect the property of, or impose any obligation on, any person, whether or not he or she is the person with whom the transaction was entered into. However, such an order will not prejudice any interest in property which was acquired from a person other than the debtor company in good faith, for value and without notice of the relevant circumstances and will not require a person who received a benefit from the transaction in good faith, for value and without notice of the relevant circumstances, to pay any sum unless such person was a party to the transaction.

Extortionate credit transaction

An administrator or a liquidator company (or an assignee of the relevant right of action) can apply to court to set aside an extortionate credit transaction. 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.

Where an administrator or liquidator (or their assignee) makes an application to set aside a transaction on this basis, it is presumed that the transaction is or was extortionate unless otherwise proved. A transaction can only be challenged as an extortionate credit transaction if the company enters into liquidation or administration within three years after the date of the transaction. The court may make an order to set aside, either in whole or in part, any obligation created by the transaction (which could include obligations of sureties). It may also vary the terms of the transaction or the terms of any security for the purposes of the transaction. The court may require any party to the transaction to repay to the liquidator or administrator (or their assignee) sums already paid under the transaction and it may order the surrender of any security held for the purpose of the transaction. It should be noted that there are no provisions for the protection of third parties who acquire interests in the extortionate credit transaction (e.g., assignees of the benefit of the transaction from the person who provided credit under it).

Grant of floating charge

Under English insolvency law, if (i) a floating charge is granted by an English company within the period of one year (if the beneficiary is not a connected person) or two years (if the beneficiary is a connected person) ending with the onset of insolvency and (ii) at the time of granting the floating charge or as a consequence thereof, the English company was or becomes unable to pay its debts (as defined in the Insolvency Act), then such floating charge will be invalid except to the extent of the value of the money paid to, or goods or services supplied to, or any discharge or reduction of any debt of, the relevant English obligor at the same time as or after the creation of the floating charge (plus certain interest). The requirement for the English obligor to be insolvent at the time of (or as a result of) granting the floating charge does not apply where the floating charge is granted to a connected person.

No application to court by an administrator or liquidator (or any other person) is required to invalidate (in part or in full) the relevant fixed charge; this will happen automatically if the statutory requirements are fulfilled.

However, if the floating charge qualifies as a "security financial collateral arrangement" under the Financial Collateral Arrangements (No. 2) Regulations 2003 (as amended), the floating charge will not be invalidated on this basis.

As referred to above (see "*—Fixed and floating charges*"), note the risk of a fixed charge being recharacterised as a floating charge. If purported fixed charge security that is subsequently recharacterised has been granted within the relevant suspect period referred to above, this could render the charge invalid except to the value of the consideration provided.

Financial Collateral Arrangements (No. 2) Regulations 2003

The Financial Collateral Arrangements (No. 2) Regulations 2003 (SI 2003/3226) (the "**Financial Collateral Regulations**"), apply in respect of certain security interests granted over, and certain title transfer arrangements in, "financial collateral" (together, "**financial collateral arrangements**"). Financial collateral is defined in the Financial Collateral Regulations as cash, financial instruments or credit claims. The definition of "financial instruments" includes shares in companies and debt instruments such as bonds and claims under loans made by credit institutions. The original primary purpose of the Financial Collateral Regulations was to implement Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements (OJ 2002 L168/43) in the UK. The purpose of that directive was to simplify the process of taking financial collateral across the EU by introducing a minimum uniform legal framework.

If an arrangement qualifies as a financial collateral arrangement under the Financial Collateral Regulations, certain modifications or exclusions to English insolvency law apply which (among others) remove restrictions on enforcing security, disapply certain provisions relating to the order of payment of creditors in administration or liquidation and prohibit avoidance by the insolvency office holder of the financial collateral arrangement in certain situations. For example, security interests to which the Financial Collateral Regulations apply are not required to be registered as a registrable charge at Companies House, and are not subject to the statutory moratorium on enforcement of security that would otherwise apply when a company enters into administration. Furthermore, the Financial Collateral Regulations enable the creditor holding the security interest to appropriate (i.e., to become the absolute legal owner of) the financial collateral to which the security interest applies without the need for a court order provided the security interests have become enforceable in accordance with their terms and provided the creditor has been granted the power to appropriate in the relevant contract.

Corporate Insolvency and Governance Act 2020

On 26 June 2020, the Corporate Insolvency and Governance Act 2020 (the "**Act**") enacted fundamental reforms to the UK's existing insolvency and companies legislation. Some of these measures had been proposed in August 2018 but were fast-tracked through the UK legislative process in response to the COVID-19 pandemic. The measures include (but are not limited to) the following:

(a) *Moratorium*

The Act introduced a new standalone moratorium under Part A1 of the Insolvency Act to provide companies with a short period of breathing space within which to seek rescue options.

Subject to certain exclusions and meeting requisite conditions, any company that is liable to be wound up under the Insolvency Act is eligible for a moratorium. Ineligible companies include certain financial services companies (including banks, investment banks, insurance and securitization companies as well as parties to capital market arrangements under which a party has incurred or expects to incur a debt of at least £10 million (at any time during the life of the arrangement), including issuers of rated, listed or traded bonds). From 1 October 2021, ineligible companies also include any company that is subject to an insolvency procedure or which has entered into a moratorium, administration or company voluntary arrangement in the preceding twelve months (unless the court orders otherwise). The Guarantors are likely to fall outside the scope of being "eligible companies" for the purposes of the Part A1 moratorium by virtue of the capital markets exclusion. However, the Secretary of State for Trade and Industry may modify the criteria by reference to which a company otherwise eligible for a moratorium is excluded from being so eligible. The position as to whether or not a company is an "eligible company" may also change from time to time.

Subject to what follows, directors of any eligible non-overseas company may commence a moratorium by filing the requisite papers at court. From 1 October 2021, directors must apply to court to commence a moratorium for any eligible company that is subject to a winding up petition, whereupon the court will consider whether a moratorium will result in a better outcome for creditors as a whole than if the company were wound up without one. Directors of any eligible overseas company must also apply to the court to commence a moratorium.

Both in and out-of-court processes require a statement from the directors of the company that, in their view, the company is, or is likely to become, unable to pay its debts. Furthermore, a monitor, who is an insolvency practitioner appointed to oversee the moratorium, must separately confirm (among others) that the moratorium would likely result in the rescue of the company as a going concern. This is an ongoing requirement in order for a moratorium to continue; indeed, a monitor must terminate the moratorium if, at any time, it becomes apparent that the company is unlikely to be rescued as a going concern.

A company subject to a moratorium has the benefit of a payment holiday in relation to certain debts incurred prior to the commencement of the moratorium. However, certain other debts, including those which arise under a contract or other instrument involving financial services (which would include capital market arrangements) entered into or incurred prior to the moratorium, are exempted from payment holidays and such liabilities are therefore required to be met as and when they fall due. If the monitor thinks that the company is unable to pay such liabilities, plus any debt incurred during the moratorium, which arise or become payable during the moratorium he or she will be compelled to end the moratorium.

During a moratorium, creditors are restricted from taking enforcement measures against the company, including commencing insolvency and other legal proceedings and enforcing security without the permission of the monitor or the court (and an application to court for such permission may not be made for the purpose of enforcing any pre-moratorium debt for which the company has a payment holiday). The Act includes a carve-out for enforcement of security financial collateral (see "*—Administration*", "*—Administration and floating charges*", "*—Grant of floating charge*" and "*—Financial Collateral Arrangements (No. 2) Regulations 2003*" above) or the taking of any step to enforce a collateral security charge, which are permitted. In contrast to a moratorium arising from an administration, a floating charge may not be crystallised during this new moratorium, nor may any restrictions on the disposal of a floating charge asset be imposed.

Costs incurred during a moratorium will be treated in a similar way to expenses in an administration. Where a company exits a moratorium and subsequently enters into administration or liquidation within a 12-week period, any unpaid moratorium debts and any priority pre-moratorium debts, as well as any prescribed fees or expenses of the official receiver acting in any capacity in relation to the company, will have super-priority over any costs or claims in the administration or liquidation (except for claims of fixed charge creditors to the extent such creditors can be paid out of the assets charged and any fees and expenses of the official receiver).

Although the directors remain in full control of the relevant company during the moratorium, the company's activities are subject to oversight by the monitor. In addition, the company may not enter into certain transactions without the consent of the monitor (which the monitor may only give if they think that the relevant transaction will support the rescue of the company as a going concern). These include granting new security, making payments in respect of pre-moratorium debts for which the company has a payment holiday (unless the maximum total amount paid to a person does not exceed the greater of £5,000 or 1% of the company's total unsecured debts at the start of the moratorium), and disposals of property outside the ordinary course.

A moratorium will last for an initial period of 20 business days beginning with the business day after the day on which the moratorium comes into force, which may be extended for a further 20 business days by the directors of the company. Where an extension is proposed, statements from the directors and the monitor must be filed with the court confirming that certain qualifying conditions continue to be met (repetition by the directors and monitor of statements with respect to the insolvency of the company and prospects of rescue, respectively, and confirmation that all moratorium debts and pre-moratorium debts for which the company does not have a payment holiday have been paid or discharged). Further extensions (beyond 40 business days) will be available:

- pursuant to an out-of-court filing for a period of up to one year from commencement (but with the possibility of multiple extensions), if more than 50% (by value) of secured creditors and more than 50% (by value) of unsecured creditors vote in favour of the extension, unless more than 50% (by number) of unconnected secured creditors or unsecured creditors vote against the extension. Only creditors with pre-moratorium debt in respect of which the company has a payment holiday, which has fallen due or may fall due before the proposed revised end date of the moratorium, will have the right to vote;

- pursuant to an application by the directors to court for such period as the court sees fit;

- automatically in connection with a company voluntary arrangement until the proposal is implemented, accepted or rejected by creditors or withdrawn by the company; and

- at the court's discretion in connection with a scheme of arrangement or restructuring plan (but with the moratorium terminating upon court sanction of the scheme or plan).

(b) *Ipso facto clauses prohibited*

The Act introduced a permanent prohibition on the enforcement of certain termination clauses, and the imposition of certain amended terms, by a supplier in contracts for goods and services which would have been triggered by the commencement of insolvency proceedings against the counterparty company. Such proceedings include a company voluntary arrangement, winding up and administration, as well as the new moratorium and restructuring plan. Other rights to terminate under the contract (i.e., other than by reason of the counterparty's insolvency) are preserved, save to the extent that the event entitling the supplier to terminate the contract arose before commencement of the insolvency proceeding (in which case the right to terminate is suspended until the relevant insolvency proceeding, or any immediately succeeding insolvency proceeding, comes to an end). A supplier cannot make it a condition of continued supply during the relevant insolvency proceeding that any outstanding charges in respect of prior supplies are paid. A supplier may be allowed to terminate the contract if the company or the relevant insolvency practitioner consents, or if the court permits (where it is satisfied that the continuation of the contract would cause the supplier hardship). Financial services contracts and entities involved in financial services (among other types of excluded contracts and parties) are not affected by this new prohibition.

(c) *Restructuring plan*

The Act also provides for a new restructuring process, similar to a scheme of arrangement under the Companies Act 2006, but with a "cross-class cram-down" power that can be used to bind one or more dissenting classes of stakeholders (not only a dissenting minority within a class) to the proposed restructuring plan. Like a scheme, the new standalone restructuring plan is available to any company that is liable to be wound up under the Insolvency Act with a sufficient connection to the UK, save that the Secretary of State may by secondary legislation exclude certain types of company (including, in particular, financial market participants) from time to time. In most situations, the company itself will propose the restructuring plan but its members or creditors may also do so (as can an administrator or liquidator appointed to the company).

Unlike a scheme, there is a further threshold condition that the company must: (i) have encountered, or be likely to encounter, financial difficulties that are affecting, or will or may affect, its ability to carry on business as a going concern; and (ii) have proposed a compromise or arrangement with its creditors or members for the purpose of eliminating, reducing, preventing or mitigating such financial difficulties. Although the "financial difficulties" test falls short of requiring the company to be, or likely to become, insolvent (i.e., unable to pay its debts within the meaning of Section 123 of the Insolvency Act), recent case law indicates that restructuring plans (unlike schemes) will be considered as insolvency proceedings for the purposes of the Lugano Convention.

The process closely resembles that for schemes of arrangement, whereby a proposed restructuring plan must be filed at court as part of the proponent's application to convene a meeting of the relevant creditors and/or members (or classes thereof). At the convening hearing, the court will examine the proposed classes of stakeholders and whether it has jurisdiction to sanction the proposed restructuring plan. As with a scheme, it is for the proponent to determine whether the creditors and/or members should be divided into multiple classes, and the same class composition test applies. Creditors and members whose rights would be affected by the compromise or arrangement must be permitted to participate in a meeting to vote on the restructuring plan, unless the court is satisfied that they have no genuine economic interest in the company (which the court will determine by reference to the "relevant alternative", being whatever the court considers would be most likely to occur in relation to the company if the restructuring plan were not sanctioned). Equally, creditors whose rights are not being compromised under the restructuring plan can be excluded from voting. However, there must be legitimate commercial reasons for excluding them from the scope of the plan and full disclosure must be made. If the court is satisfied that it has jurisdiction, it will order a meeting of the relevant creditors and/or members (or classes thereof) to vote on the proposed restructuring plan. Details of such meeting(s) must be sent to every stakeholder in each class, accompanied by details of the plan and directors' material interests in the company.

The proposed restructuring plan will be voted on at the meeting(s) of the relevant creditors' and/or members (or classes thereof) and approved if the required majority of 75% by value of the creditors or members, or class of creditors or members, present and voting either in person or by proxy, vote in favour of it. In contrast to a scheme of arrangement, there is no requirement that a majority in number must also vote in favour of the plan. Where a convening application is made within 12 weeks after the end of the new standalone moratorium, any creditors in respect of "moratorium debts" and "priority pre-moratorium debts" may not participate in the vote and may not be compromised under the plan without their consent.

Following the meeting(s), a sanction hearing will be held. Here, the court will consider if the necessary plan requirements have been met and decide whether to sanction the restructuring plan. The court has discretion to sanction a plan even if the requisite majority of one or more classes of creditors or members did not vote in favour of it, thereby "cramming-down" dissenting classes, if:

(i) the court is satisfied that no member of the dissenting class(es) would be worse off if the restructuring plan were sanctioned than they would be in the "relevant alternative" (i.e., what the court considers to be the most likely alternative scenario were the plan not sanctioned); and

(ii) the restructuring plan has been approved by a number representing 75% by value of a class of creditors or members who would receive a payment, or have a genuine economic interest in the company, in the event of that "relevant alternative" scenario.

A restructuring plan sanctioned by the court will be binding on all affected parties, whether they voted in favour of it or not. The court's sanction order will have no effect until delivered to Companies House for registration (or, in the case of an overseas company not otherwise required to register particulars, published in the Gazette).

(d) *So-called "Henry VIII" powers*

The Act (as amended by the Corporate Insolvency and Governance Act 2020 (Coronavirus) (Change of Expiry Date) Regulations 2021) further confers on the UK government some extensive powers to make a range of further amendments to corporate insolvency and governance legislation under delegated regulations until 29 April 2022. For example, regulations may be made to amend or modify the conditions that must be met before an insolvency procedure applies to certain entities, or the way in which the procedure applies, or to change or disapply a person's corporate duties and liabilities.

Foreign currency

Under English insolvency law, where creditors are asked to submit formal proofs of claim for their debts, the office-holder will convert all foreign currency denominated proofs of debt into pounds sterling at a single rate for each currency determined by the office-holder by reference to the exchange rates prevailing on the "relevant date" (generally speaking, being the date on which the company entered administration or liquidation). This provision overrides any agreement between the parties. If a creditor considers the rate to be unreasonable, they may apply to the court.

Accordingly, in the event that an English obligor goes into liquidation or administration, holders of the Notes may be subject to exchange rate risk in respect of the non-sterling amount proved between the date on which such English obligor goes into liquidation or administration and the date of receipt of any amounts to which such holders of the Notes may become entitled. The English Supreme Court's ruling in the *Lehman Brothers* case established that any such holder of the Notes would not be entitled to make a claim for any losses suffered by them as a result of a fall in the value of pounds sterling between the "relevant date" and the date of any distribution.

Foreign laws

If, and to the extent that, an asset subject to security under a security document (or the obligor of any debt or other right against any person, which debt or right constitutes all or part of the property or rights subject to that security) is located in any jurisdiction other than England and Wales or is not governed by English law, the validity, priority and enforceability of that security may be affected by any applicable foreign laws.

Third party rights

Security granted over debts from, or other rights against, third parties (including contracts and insurance policies) may be subject to any rights of those third parties.

Amendments

An English court may interpret restrictively any provision purporting to allow the beneficiary of a guarantee or other suretyship to make a material amendment to the obligations to which the guarantee or suretyship relates without further reference to the guarantor or surety.

Security over shares

Security over shares granted by an English obligor or over shares of the English obligor are typically, under English law, equitable charges, not legal charges. An equitable charge arises where a chargor creates an encumbrance over the property in favour of the chargee but the chargor retains legal title to the shares. Remedies in relation to equitable charges may be subject to equitable considerations or may otherwise be at the discretion of the court.

The validity of share security and the ability of secured parties to enforce security interests over shares may additionally be affected by a failure of the charging company or related parties or (in certain circumstances) the secured parties to comply within the relevant timeframes with the disclosure and notification obligations under English company statutes in respect of persons with significant control and relevant legal entities.

Security over bank accounts

With respect to any security over bank accounts (each an "**Account Charge**") granted by an English company, the banks with which those accounts are held (each an "**Account Bank**") may have reserved their right at any time to exercise the rights of netting or set-off to which they are entitled under their cash pooling or other arrangements with that English company. As a result, and if the security granted over those accounts is merely a floating (rather than fixed) charge, the collateral constituted by those bank accounts will be subject to the relevant Account Bank's rights to exercise netting and set-off with respect to the bank accounts charged under the relevant Account Charge. Once the floating charge has crystallised and converted into a fixed charge (as it would on enforcement or the occurrence of certain insolvency events with respect to the relevant English company) and the Account Bank has been formally notified of that fact, the collateral will no longer be subject to the relevant Account Bank's netting and set-off rights unless the Account Bank has expressly reserved set-off rights in such circumstances.

Filings

The prescribed particulars in respect of a security document under which an English company purports to create security, together with a certified copy of the security document, should be delivered to the Registrar of Companies within 21 days after the date of creation of the security in accordance with Chapter A1 of Part 25 of the CA06. Failing this, the security created by the security document will (subject as mentioned in the above Chapter) be void against a liquidator or administrator and any creditor of the charging company. When security becomes so void, the debt which was intended to be secured by such security is deemed to become immediately payable. In limited circumstances, it may be possible to apply to the English courts for an order to rectify a failure to register and allow the relevant charge to be delivered for registration. The application of the above Chapter to a security interest is subject to the application of the Financial Collateral Regulations. In addition, the following categories of charge are not registrable under the above Chapter (as set out in section 859A(6) of the CA06): (i) a charge in favour of a landlord on a cash deposit given as a security in connection with the lease of land; (ii) a charge created by a member of Lloyd's (within the meaning of the Lloyd's Act 1982) to secure its obligations in connection with its underwriting business at Lloyd's; and (iii) a charge excluded from the application of section 859A of the CA06 by or under any other Act (such as charges that are exempted from registration under the Banking Act 2009). Registration may also determine the order of priority of registrable security interests and may provide notice of a pre-existing security interest for the purpose of priorities.

Enforcement

Enforcement of security and guarantees may be affected by general legal and equitable principles regarding the legality, validity and enforceability of contractual provisions and contractual obligations and liabilities (including guarantees and security).

Assignments

Any assignment of a debt or other chose in action, including by way of security, can only take effect as a legal assignment under section 136 of the Law of Property Act 1925 if it meets the requirements of that provision, which are: (i) the assignment must be in writing under the hand of the assignor; (ii) the assignment must be absolute and not purporting to be by way of charge only; and (iii) notice of the assignment must be given to the underlying obligor. If any of these requirements is not satisfied, the assignment may still constitute a valid equitable assignment. Equitable assignments, including by way of security, are subject to certain limitations, including, without limitation: (i) where an equitable interest is followed by a legal interest, the subsequent legal interest will take priority if the holder acquired it for value without notice of the equitable interest; and (ii) the priority of dealings in most equitable interests is determined by the time at which notice of such interest is given to the underlying obligor or to the person in control of that equitable interest. The first to give notice will take priority, if that person does not have actual or constructive notice of the prior interest and has given consideration for his or her interest.

PSC regime

Pursuant to Part 21A of the CA06 (and related Schedules 1A and 1B to the CA06), certain UK incorporated companies and limited liability partnerships (for the purposes of this paragraph, each a relevant company) must keep a register of certain registrable individuals and legal entities that have significant control over them. Failure of such registrable individuals or legal entities or other persons specified in Part 21A of (and Schedule 1B to) the CA06 (for the purposes of this paragraph, each a notifying party) to comply with the requirements of that Part may give relevant companies the right to issue a restrictions notice to such notifying party for the purposes of Schedule 1B to the CA06. Subject to certain exceptions, the effect of a restrictions notice is that in respect of any relevant interest in the relevant company (as defined in Schedule 1B to the CA06, for example, a share in the relevant company): (A) any transfer of (or agreement to transfer) the interest is void; (B) no rights are exercisable in respect of the interest; (C) no shares may be issued in right of the interest or in pursuance of an offer made to the interest-holder; and (D) except in a liquidation, no payment may be made of sums due from the relevant company in respect of the interest, whether in respect of capital or otherwise. Such restrictions could adversely affect the validity of the security interests over the ability of the Security Agent to enforce its rights under the English security documents.

Limitation on enforcement

The grant of a guarantee or security by an English company in respect of the obligations of another group company must satisfy certain legal requirements. More specifically, such a transaction must be allowed by the respective company's memorandum and articles of association. To the extent that the above do not allow such an action, there is the risk that the grant of the guarantee and the subsequent security can be found to be void and the respective creditor's rights unenforceable. Some comfort may be obtained for third parties if they are dealing with an English company in good faith; however, the relevant legislation is not without difficulties in its interpretation. Further, corporate benefit must be established for each English company in question by virtue of entering into the proposed transaction. Section 172 of the Companies Act 2006 provides that a director must act in the way that he or she considers, in good faith, would be most likely to promote the success of the English company for the benefit of its members as a whole. If the directors enter into a transaction where there is no or insufficient commercial benefit, they may be found to be abusing their powers as directors and such a transaction may be vulnerable to being set aside by a court. Section 172(3) of the Companies Act 2006 additionally provides that, in certain circumstances, the directors need to consider or act in the interests of the creditors of the company. While the statutory provisions do not prescribe when this duty arises, the Court of Appeal has recently held that the shift takes place when the directors know, or should know, that the company in question is or is likely to become insolvent, with "likely" in this context meaning "probable".

Security and/or guarantees granted by an English company may also be subject to potential limitations to the extent they would result in unlawful financial assistance contrary to English company law.

Cross-border recognition of English insolvency and restructuring proceedings

General position

The recognition of English insolvency and restructuring proceedings in other jurisdictions is governed by applicable treaties in respect of the mutual recognition (or otherwise) of courts' jurisdiction, proceedings and judgments and general principles of private international law such as comity and conflicts of laws rules applicable in the relevant jurisdictions.

One of the key insolvency-related treaties is the Model Law, which has been adopted in a number of jurisdictions, including the United States and the UK, where it was implemented by the Cross-Border Insolvency Regulations. The Model Law provides for recognition of certain UK insolvency proceedings in other signatory states as either foreign main proceedings (if the COMI of the relevant debtor is determined to be in the UK) or foreign non-main proceedings (if the COMI is determined to be in another jurisdiction but the debtor has an establishment in the UK) upon application by the relevant insolvency officeholder. The nature and scope of the recognition will depend on the way that the Model Law has been implemented into the domestic law of the jurisdiction in question. Conversely, the Cross-Border Insolvency Regulations provide for recognition in the UK of foreign insolvency proceedings as either main proceedings (if the proceedings are taking place in the jurisdiction where the debtor has its COMI) or non-main proceedings (if the proceedings are taking place in a jurisdiction in which the debtor has only an establishment).

The recognition of English courts' jurisdiction and orders in respect of schemes of arrangement, which are not regarded as insolvency proceedings, will be subject to treaties regarding matters relating to the jurisdiction of courts in civil proceedings and the enforcement of civil judgments such as the Hague Convention on Choice of Court Agreements 2005 (the "**Hague Convention**") and the Lugano Convention 2007 (the "**Lugano Convention**") (subject to the UK's pending application to accede to the latter) where these apply. In addition, recognition may still be available under principles of private international law and Regulation (EC) No 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations ("**Rome I**").

The recognition of English courts' jurisdiction and orders in respect of restructuring plans is a developing area of law. It remains to be seen whether restructuring plans will fall within the scope of treaties regarding matters relating to the jurisdiction of courts in civil proceedings and the enforcement of civil judgments such as the Hague Convention and the Lugano Convention or whether they will be treated more akin to insolvency proceedings and fall within related exceptions to such treaties (the one case to date in which this point has been considered adopted the latter position).

Recognition in the EU

Following the UK's departure from the EU and the expiry of the transition period, UK proceedings no longer benefit from automatic and guaranteed recognition in Member States. As the trade and cooperation terms agreed between the EU and the UK do not include a replacement regime for the current automatic recognition of UK insolvency procedures across the EU (and vice versa) or otherwise address insolvency matters, cross-border insolvencies involving the UK and one or more Member States will be subject to a degree of uncertainty and increased complexity.

Unless or until a mutual recognition agreement is reached in the future, it is likely to be more problematic for UK restructuring and insolvency proceedings to be recognised in Member States and for UK office holders to effectively deal with assets located in Member States. The general position outlined above will apply and recognition will depend on the private international law rules adopted in the relevant Member State and the need may well arise to open parallel proceedings, increasing the element of risk as well as costs. In particular in cases where the appointment of a UK office holder is made in reliance on a UK domestic approach rather than COMI rules, it is much less certain that such appointment will be recognised in other Member States. To the extent relevant proceedings are deemed to fall within the remit of contract law, Rome I may offer an alternative basis for recognition in Member States.

As a consequence, the recognition of English insolvency and restructuring proceedings across the Member States may be different from what investors may have experienced in the past when the UK was a Member State. It is not possible to predict with certainty if and to what extent proceedings will be recognised and whether investors may be adversely affected as a result.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in purchase agreements (the "**Purchase Agreements**") to be dated as at the date of this Offering Memorandum, the Issuer has agreed to sell to the Initial Purchasers, and each Initial Purchaser has agreed, severally and not jointly, to purchase the Notes from the Issuer. The Initial Purchasers are J.P. Morgan Securities plc, Barclays Bank PLC, Lloyds Bank Corporate Markets plc and NatWest Markets Plc.

The Purchase Agreements provide that the obligations of the Initial Purchasers to pay for and accept delivery of the relevant series of Notes are subject to customary closing conditions.

During the period from the date of this Offering Memorandum through and including the date that is 60 days after the date of this Offering Memorandum, the Issuer, the Guarantors will not, without the prior written consent of J.P. Morgan Securities plc, offer, sell, contract to sell or otherwise dispose of any debt securities issued or guaranteed by the Issuer, any of the Guarantors or any of the Guarantors' respective subsidiaries and having a tenor of more than one year (other than the Notes and loan notes to shareholders of the Company).

The Initial Purchasers propose to offer each series of the Notes initially at the respective offering prices set forth on the cover page of this Offering Memorandum and may include selling group members who might be granted a selling concession. After the initial Offering, the offering price and other selling terms of such series of the Notes may from time to time be changed by the Initial Purchasers without notice. If a jurisdiction requires that the Offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of any of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the Offering shall be deemed to be made by the Initial Purchasers or such affiliate on behalf of the Issuer in such jurisdiction.

Each Purchase Agreement provides that we have agreed to indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, or to contribute to payments that they may be required to make in that respect.

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act and outside the United States to certain persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act. Terms used in this paragraph have the meanings given them by Regulation S under the U.S. Securities Act. Resales of the Notes are restricted as described under "*Notice to investors*". Each purchaser of the Notes will be deemed to have made acknowledgments, representations and agreements as described under "*Notice to investors*".

In addition, until 40 days after the commencement of an Offering, an offer or sale of the Notes within the United States by a broker-dealer (whether or not it is participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A under the U.S. Securities Act.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price of the Notes set forth on the cover page of this Offering Memorandum.

No action has been taken in any jurisdiction, including the United States and UK, by any of the Issuer, Guarantors 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 the Issuer, Guarantors or the Notes in any jurisdiction where action for this purpose is required. 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, the distribution of this Offering Memorandum and resale of Notes. See "*Notice to investors*".

The Issuer and each Guarantor have also agreed that they will not 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(a)(2) of the U.S. Securities Act or the safe harbour of Rule 144A and Regulation S to cease to be applicable to the offer and sale of the Notes.

Each series of the Notes are a new issue of securities for which there currently is no market. The Issuer will make an application to list each series of the Notes on the Official List of the Exchange. However, we cannot assure you that the Notes will be admitted to the Exchange or that such admission will be maintained. Certain of the Initial Purchasers have advised us that they intend to make a market in each series of the Notes as permitted by applicable law. The Initial Purchasers are not obliged, however, to make a market in the Notes, and any market-making activity may be discontinued at any time at their sole discretion without notice. In addition, any such market-making activity will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act. Accordingly, we cannot assure you that any market for the Notes will develop, or 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 which will be favourable to you.

We expect that delivery of the Notes will be made against payment therefor on or about the date specified on the cover page of this Offering Memorandum, which will be the tenth business day (as such term is used for the purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the Notes (this settlement cycle being referred to as "**T+10**"). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the date of this Offering Memorandum or the next seven succeeding business days will be required, by virtue of the fact that the Notes initially will settle in T+10, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisor.

The Initial Purchasers may engage in over-allotment, stabilising transactions, covering transactions and penalty bids in accordance with Regulation M under the U.S. Exchange Act.

Over-allotment involves sales in excess of the relevant Offering size, which creates a short position for the Initial Purchasers. Stabilising transactions permit bidders to purchase the underlying security so long as the stabilising bids do not exceed a specified maximum. Covering transactions involve purchase 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/dealer when the Notes originally sold by that broker-dealer are purchased in a stabilising or covering transaction to cover short positions.

These stabilising transactions, covering transactions and penalty bids may cause the price of either series of the Notes to be higher than it would otherwise be in the absence of these transactions. These transactions, if commenced, may be discontinued at any time.

Each Initial Purchaser has represented and agreed that:

- it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following: a retail client as defined in point (11) of Article 4(1) of MiFID II; or a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II;

- it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the UK. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following: a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; and

- 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 of the 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 UK.

The Issuer has agreed to pay the Initial Purchasers certain customary fees for their services in connection with the Offering and to reimburse them for certain out-of-pocket expenses.

The Initial Purchasers and their respective affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The Initial Purchasers and their respective affiliates have, from time to time, performed, and may, currently and/or in the future, perform investment and corporate banking, commercial lending and banking, hedging, consulting and other commercial services in the ordinary course of business for the Group, for which they received or will receive customary fees and commission and reimbursement of expenses and may have from time to time in the past held, and may in the future hold, positions in each of the Group's securities or enter into hedging or derivative transactions with any Group company. Certain of the Initial Purchasers and/or their affiliates have advised the Group or other interested parties, and may be currently advising the Group or other interested parties, in connection with the Acquisition and/or other transactions and certain of the Initial Purchasers and/or their affiliates may advise the Group or other interested parties from time to time on other transactions in the future. Lloyds Bank plc is expected to be the facility agent and security agent under the Revolving Credit Facility. In addition, certain of the Initial Purchasers or their affiliates are lenders under our Existing Revolving Credit Facility, and certain Initial Purchasers or their affiliates are expected to be lenders under the Revolving Credit Facility.

In the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. The Initial Purchasers and/or their affiliates may receive allocations of the Notes (subject to customary closing conditions), which could affect future trading of the Notes. Certain of the Initial Purchasers or their affiliates that have a lending relationship with the Issuer and its respective affiliates routinely hedge their credit exposure to them, and the Initial Purchasers or their affiliates may in the future otherwise act as hedge counterparties to the Issuer and/or its affiliates, in each case consistent with their customary risk management policies. Typically, such Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the securities of the Issuer or its affiliates, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Initial Purchasers and their affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to partners that they acquire, long or short positions in such securities and instruments.

NOTICE TO INVESTORS

General

The Notes and the Guarantees have not been, and will not be registered under the U.S. Securities Act, or the securities laws of any other jurisdiction and, unless so registered, therefore, the Notes may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and the securities laws of any other applicable jurisdiction. Accordingly, the Notes are only to be offered and sold to:

- "qualified institutional buyers", or "QIBs" (as defined in Rule 144A under the U.S. Securities Act) in reliance on Rule 144A; and
- Persons who are not a U.S. person in offshore transactions outside the United States in reliance upon Regulation S under the U.S. Securities Act.

We use the terms "offshore transaction", "U.S. person" and "United States" with the meanings given to them in Regulation S.

The Notes will be available initially only in Book-Entry form. The Notes will be issued in one or more Global Notes bearing the legends set forth below.

Important information about the Offering

Each purchaser of the Notes (other than the Initial Purchasers), by its acceptance thereof, will be deemed to have acknowledged, represented to, warranted and agreed with the Issuer, each Guarantor and the Initial Purchasers as follows:

(1) The purchaser understands and acknowledges that the Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act or the securities laws of any other applicable jurisdiction and that the Notes are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any other securities laws, including sales pursuant to Rule 144A under the U.S. Securities Act, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act and any other applicable securities laws, or pursuant to an exemption therefrom, or in any transaction not subject thereto, and, in each case, in compliance with the conditions for transfer set forth in paragraph (4) below.

(2) The purchaser is not an "affiliate" (as defined in Rule 144 under the U.S. Securities Act) of the Issuer or any Guarantor, is are not acting on behalf of the Issuer or any Guarantor and is either:

(a) a QIB, within the meaning of Rule 144A under the U.S. Securities Act, and is aware that any sale of the Notes to them will be made in reliance on Rule 144A under the U.S. Securities Act, and such acquisition will be for their own account or for the account of another QIB; or

(b) not a "U.S. person" or purchasing for the account or benefit of a U.S. person (other than a distributor), and you are purchasing notes in an offshore transaction in accordance with Regulation S under the U.S. Securities Act and, if resident in a member state of the EEA or the United Kingdom, not an EEA retail investor or a UK retail investor.

(3) The purchaser acknowledges that none of the Issuer, the Guarantors, or the Initial Purchasers, nor any person representing any of them, has made any representation to it with respect to us or the offer or sale of any of the 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 no person other than the Issuer makes any representation or warranty as to the accuracy or completeness of this Offering Memorandum. It has had access to such financial and other information concerning the Group and the Notes, including an opportunity to ask questions of, and request information from, the Group and any of the Initial Purchasers.

(4) The purchaser is purchasing Notes for your its account, or for one or more investor accounts for which it is acting as a fiduciary or agent, 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 U.S. Securities Act or any the securities laws of any other jurisdiction, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes to a QIB pursuant to Rule 144A, in offshore transactions outside the United States pursuant to Regulation S or any other exemption from registration available under the U.S. Securities Act, or in any transaction not subject to the Securities Act. The purchaser agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to (x) the date which is one year (in the case of Rule 144 Notes) or 40 days (in the case of Regulation S Notes) after the later of the date of the original issue of the Notes and the last date on which the Issuer or any of its affiliates was the owner of such Notes (or any predecessor thereto) or (y) such later date, if any, as may be required by applicable law (the "**Resale Restriction Termination Date**") only:

(a) to the Issuer, Guarantors or any subsidiary thereof;

(b) pursuant to a registration statement that has been declared effective under the U.S. Securities Act;

(c) for so long as the Notes are eligible for resale pursuant to Rule 144A, under the U.S. Securities Act, to a person it reasonably believe is a QIB that purchases for its own account or for the account of another QIB to whom notice is given that the transfer is being made in reliance on Rule 144A;

(d) pursuant to offers and sales that occur in offshore transactions outside the United States in compliance with Regulation S under the U.S. Securities Act; or

(e) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act;

subject, in each of the foregoing cases, to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be within the seller's or account's control, and in compliance with any applicable securities laws of the states of the United States and other jurisdictions.

The purchaser acknowledges that the Issuer, the relevant Trustee, the applicable registrar and the applicable Transfer Agent reserve the right prior to any offer, sale or other transfer of the Notes (i) pursuant to clause (d) or clause (e) above prior to the Resale Restriction Termination Date of the Notes to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Issuer, the relevant Trustee, the applicable registrar and the applicable Transfer Agent and (ii) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse of the security is completed and delivered by the transferor to the trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

Each purchaser acknowledges that each Global Note will contain a legend substantially in the following form:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR OTHER SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS THE TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN

"OFFSHORE TRANSACTION" PURSUANT TO RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (2) AGREES THAT IT WILL NOT, ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO, PRIOR TO (X) THE DATE WHICH IS, IN THE CASE OF THE RULE 144A NOTES: ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF (OR IF LATER, THE ISSUE DATE OF ANY ADDITIONAL NOTES) AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS NOTE (OR ANY PREDECESSOR OF SUCH NOTE), IN THE CASE OF THE REGULATION S NOTES: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF (OR IF LATER, THE ISSUE DATE OF ANY ADDITIONAL NOTES) AND THE DATE ON WHICH THIS NOTE (OR OF ANY PREDECESSOR OF THIS NOTE) WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S) IN RELIANCE ON REGULATION S, AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAW (THE "RESALE RESTRICTION TERMINATION DATE"), OFFER, SELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE U.S. SECURITIES ACT, (D) PURSUANT TO OFFERS AND SALES TO PERSONS WHO ARE NOT A U.S. PERSON THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND; SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSES (D) AND (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND".

If the purchaser purchases the Notes, it will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in the Notes as well as to holders of the Notes.

(5) The purchaser acknowledges that the registrar will not be required to accept for registration of transfer any Notes acquired by it, except upon presentation of evidence satisfactory to the Issuer and the registrar that the restrictions set forth herein have been complied with.

(6) The purchaser acknowledges that:

(a) the Issuer, the Initial Purchasers and others will rely upon the truth and accuracy of its acknowledgements, representations, warranties and agreements set forth herein, and agrees that, if any of its acknowledgements, representations or agreements herein cease to be accurate and complete, it will notify us and the Initial Purchasers promptly in writing; and

(b) if it is acquiring any Notes as fiduciary or agent for one or more investor accounts, it represents with respect to each such account that:

(i) it has sole investment discretion; and

(ii) it has full power to make the foregoing acknowledgements, representations and agreements.

(7) The purchaser agrees that it will, and each subsequent holder is required to, give to each person to whom it transfers the Notes notice of any restrictions on the transfer of the Notes, if then applicable.

(8) If it is a 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 U.S. person or for the account or benefit of a U.S. person within the meaning of Rule 902 under the U.S. Securities Act. The "**distribution compliance period**" means the 40-day period following the Issue Date for the Notes.

(9) The purchaser acknowledges that until 40 days after the commencement of the relevant Offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the U.S. Securities Act.

(10) The purchaser understands that no action has been taken in any jurisdiction (including the United States) by the Issuer 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 the Issuer or the Notes in any jurisdiction where action for that purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth in this section of this Offering Memorandum and/or in the front of this Offering Memorandum under "*Notice to certain European investors*", "*Notice to investors in the United States*" and "*Plan of distribution*".

(11) The purchaser is not nor is it acting for the account of a retail investor in the EEA. For the purposes of this provision, a retail investor means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of MiFID II; or (ii) a customer within the meaning of Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by the PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering, selling or distributing the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

(12) The purchaser is not nor is it acting for the account of a retail investor in the UK. For the purposes of this provision, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the UK PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and, therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

This Offering Memorandum has been prepared on the basis that any offer of Notes in any Member State or EEA or in the UK will be made pursuant to an exemption under the Prospectus Regulation and the UK Prospectus Regulation, respectively, from the requirement to publish a prospectus for offers of Notes. This Offering Memorandum is not a prospectus for the purposes of the Prospectus Regulation and the UK Prospectus Regulation.

Each purchaser and subsequent transferee of a Note will be deemed to have represented and warranted that either (i) no portion of the assets used by such purchaser or transferee to acquire and hold the Notes constitutes assets of any employee benefit plan subject to Title I of ERISA, any plan, individual retirement account or other arrangement subject to Section 4975 of the Code or provisions under any federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, "Similar Law"), or any entity whose underlying assets are considered to include "plan assets" of any such plan, or account, within the meaning of U.S. Department of Labor Regulations, 29 C.F.R. §2510.3-101, as modified by Section 3(42) of ERISA or otherwise, or (ii) the purchase and holding of the Notes will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation under any applicable Similar Law.

LEGAL MATTERS

Various legal matters will be passed upon for us by Simpson Thacher & Bartlett LLP, as to matters of United States federal, New York state and English law. Certain legal matters will be passed upon for the Initial Purchaser by Latham & Watkins (London) LLP, as to matters of United States federal, New York state and English law.

INDEPENDENT AUDITORS

The consolidated financial statements of the Company as at 31 March 2021, 2020 and 2019, and for the years then ended, included in this Offering Memorandum, have been audited by KPMG LLP, independent auditors, as stated in their reports appearing herein.

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 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 here;

(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 authorised 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 authorised by us or the Initial Purchasers.

For so long as any of the Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, we will, during any period in which we are not subject to Section 13 or 15(d) under the U.S. Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) of the U.S. 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 U.S. Securities Act upon the written request of any such holder or beneficial owner. Any request should be directed to the Company.

All of the above documents will be available at the offices of the registered office of the Issuer.

We are not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture that will govern the Notes, we will agree to furnish periodic information to the holders of the Notes. See "*Description of the Notes—Certain covenants—Reports*".

ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is incorporated in England and Wales and its registered offices are in England and Wales. The Guarantors of the Notes are incorporated in and have their respective principal executive offices in England and Wales. The majority of the directors of the Issuer and the majority of the directors and executive officers of the Guarantors are non-residents of the United States, and a substantial portion of the assets of the Issuer and the Guarantors and such persons are located outside the United States. Although the Issuer and each of the Guarantors have submitted to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws, it may not be possible for investors to effect service of process within the United States upon the Issuer, a Guarantor or such persons or to enforce against any of them in U.S. courts judgments obtained in U.S. 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 in the courts of England and Wales or in actions for enforcement of judgments of U.S. courts.

If a judgment is obtained in a U.S. court against the Issuer, a Guarantor or a security provider, investors will need to enforce such judgment in jurisdictions where the relevant company has assets. You should consult with your own advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

England and Wales

The following discussion with respect to the enforceability of certain U.S. court judgments in England and Wales is based upon advice provided to the Issuer and the Guarantors by their English counsel. The United States and the UK do not have a treaty providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters (although the United States and the UK are both parties to the New York Convention on Arbitral Awards). Any judgment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities law, would not be automatically enforceable in England and Wales and would be subject to the common law rules of enforcement. In order to enforce any such judgment in England and Wales, proceedings must be initiated by way of civil law action on the judgment debt before a court of competent jurisdiction in England and Wales. In this type of action, an English court generally will not (subject to the matters identified below) reinvestigate the merits of the original matter decided by a U.S. court if:

- the relevant U.S. court had jurisdiction (under English rules of private international law) to give the judgment;

- the U.S. judgment is final and conclusive on the merits of the claim and is for a debt or definite sum of money; and

- the U.S. judgment is not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty which did not represent actual loss or a genuine pre estimate of loss or otherwise based on a U.S. law that an English court considers to be a penal, revenue or other public law.

Note that judgments given in insolvency proceedings do not form a separate category of judgment outside the common law rules of enforcement.

An English court may refuse to enforce such a judgment on a number of grounds, including, if it is established that:

- the relevant U.S. court lacked territorial or consensual jurisdiction (under English rules of private international law) or the judgment is not final and conclusive;

- the enforcement of such judgment would contravene public policy or statute in England and Wales or the European Convention on Human Rights;

- the judgement is for multiple damages;

- the judgment includes an assessment of damages that 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 Protection of Trading Interests Act 1980;

- the English proceedings were not commenced within the relevant limitation period;

- the U.S. judgment is a judgment in respect of the same subject matter involving the same parties (or their privies) as previously determined by an English court or another court whose judgment is entitled to recognition in England and Wales and is inconsistent with the earlier judgment of such court;

- the judgment has been obtained by fraud or in proceedings in which the English principles of natural justice were breached;

- the bringing of proceedings in the relevant U.S. court was contrary to an agreement under which the dispute in question was to be settled otherwise than by proceedings in that court (to whose jurisdiction the judgment debtor did not submit), for example by way of arbitration or proceedings in a different court;

- the bringing of proceedings in the relevant U.S. court was contrary to an agreement that any dispute would be settled by reference to a different governing law than that applied by the U.S. court; or

- an order has been made and remains effective under section 9 of the UK Foreign Judgments (Reciprocal Enforcement) Act 1933 applying that section to U.S. courts including the relevant U.S. court.

If an English court gives judgment for the sum payable under a U.S. judgment, the English judgment will create an obligation which can be enforced as a debt in fresh legal proceedings. It may be necessary to serve the proceedings out of the jurisdiction, and parties must consider whether it is necessary to obtain the permission of the court to do so. It may not be possible to obtain an English judgment or to enforce that judgment if the judgment debtor is subject to any insolvency or similar proceedings, or if the judgment debtor has any set-off or counterclaim against the judgment creditor.

Subject to the foregoing, investors may be able to enforce in England and Wales judgments in civil and commercial matters obtained from U.S. federal or state courts in the manner described above.

It is, however, uncertain whether an English court would impose liability on the Group in an action predicated upon the U.S. federal securities law brought in England and Wales.

LISTING AND GENERAL INFORMATION

Listing

Application will be made to The International Stock Exchange Authority Limited (the "**Authority**") for the listing of the Notes on the Official List of The International Stock Exchange (the "**Exchange**") and admission to trade on the Exchange. There can be no assurance that the Notes will be listed on the Official List of the Exchange.

Neither the admission of the Notes to the Official List of the Exchange nor the approval of this Offering Memorandum pursuant to the listing requirements of the Authority shall constitute a warranty or representation by the Authority as to the competence of the service providers to, or any other party connected with, the Issuer, the adequacy and accuracy of information contained in this Offering Memorandum or the suitability of the Issuer for investment or for any other purpose.

The Notes are only intended to be offered in the primary market to, and held by, investors who are particularly knowledgeable in investment matters.

Clearing information

The Notes sold pursuant to Regulation S and Rule 144A have been accepted for clearance through the facilities of Euroclear and Clearstream under the common codes 243645476 and 243645492, respectively. The international securities identification number (the "**ISIN**") for the Notes sold pursuant to Regulation S is XS2436454768 and the ISIN for the Notes sold pursuant to Rule 144A is XS2436454925.

Issuer

The Issuer, Voyage Care BondCo PLC, is a wholly owned subsidiary of the Company and was formed on 2 January 2013 for the purposes of facilitating the offering and issuance of securities. The Issuer does not have any independent operations. The Issuer's financial year begins on 1 April and ends on 31 March of each year. The Issuer prepares and publishes annual audited financial statements. Annual accounts are published by the Issuer on an annual basis and are available, during normal business hours, at the executive offices of the Issuer.

The Issuer has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the Offering. The creation and issuance of the Notes will be authorised by the Issuer's board of directors dated prior to the closing of the Offering.

Guarantors

Each Guarantor has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the giving of its respective Guarantee. The giving of its respective Guarantee will be authorised by the respective board of directors dated prior to the closing of the Offering. Further details of the Guarantors are set out in the following table:

Name	Date of Incorporation	Address of Registered Office	Company Number	Primary Activity
Voyage BidCo Limited	22 March 2006	Voyage Care Wall Island, Birmingham Road, Lichfield, Staffordshire, WS14 0QP	05752534	Intermediate holding company

Name	Date of Incorporation	Address of Registered Office	Company Number	Primary Activity
Voyage 1 Limited	1 February 1988	Voyage Care Wall Island, Birmingham Road, Lichfield, Staffordshire, WS14 0QP	02215899	Community care
Voyage 2 Unlimited	14 February 1992	Voyage Care Wall Island, Birmingham Road, Lichfield, Staffordshire, WS14 0QP	02689231	Community care
Voyage Care Limited	12 July 2001	Voyage Care Wall Island, Birmingham Road, Lichfield, Staffordshire, WS14 0QP	04250960	Intermediate holding company
Voyage Healthcare Group Limited	17 May 2001	Voyage Care Wall Island, Birmingham Road, Lichfield, Staffordshire, WS14 0QP	04218481	Intermediate holding company
Voyage Limited	8 February 1996	Voyage Care Wall Island, Birmingham Road, Lichfield, Staffordshire, WS14 0QP	03157168	Community care
Voyage Specialist Healthcare Limited	12 August 2005	Voyage Care Wall Island, Birmingham Road, Lichfield, Staffordshire, WS14 0QP	05534994	Community care
Solor Care Group Limited	4 October 2001	Voyage Care Wall Island, Birmingham Road, Lichfield, Staffordshire, WS14 0QP	04299004	Community care

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Voyage BidCo Limited

Condensed Consolidated Statement of Profit and Loss (unaudited)
For the 6 month period ended 30 September 2021

		6 months ended 30 September 2021			6 months ended 30 September 2020		
	Notes	Underlying	Non-underlying items[2]	Total	Underlying	Non-underlying items[2]	Total
		£000	£000	£000	£000	£000	£000
Revenue		144,816	—	144,816	134,048	—	134,048
Operating expenses	5	(129,533)	(1,009)	(130,542)	(121,752)	(701)	(122,453)
Adjusted EBITDA[1]		23,607	(1,009)	22,598	20,920	(1,181)	19,739
Depreciation and impairment of property, plant and equipment		(7,122)	—	(7,122)	(6,854)	(301)	(7,155)
Profit / (loss) on disposal of assets		125	—	125	(490)	—	(490)
Profit on termination of lease obligation		—	—	—	—	781	781
Amortisation of intangible assets		(1,327)	—	(1,327)	(1,280)	—	(1,280)
Operating profit		**15,283**	**(1,009)**	**14,274**	**12,296**	**(701)**	**11,595**
Finance income	6	36	—	36	100	—	100
Finance expense	7	(9,596)	—	(9,596)	(10,248)	—	(10,248)
Profit before taxation		**5,723**	**(1,009)**	**4,714**	**2,148**	**(701)**	**1,447**
Taxation	8	(4,617)	191	(4,426)	(330)	—	(330)
Profit for the period from continuing operations		**1,106**	**(818)**	**288**	**1,818**	**(701)**	**1,117**
Profit attributable to equity holders of the parent		**1,106**	**(818)**	**288**	**1,818**	**(701)**	**1,117**

(1) Adjusted EBITDA represents earnings before interest, tax, depreciation, amortisation, impairments and profit / (loss) on disposal of assets.

(2) Further breakdown of non-underlying items analysed in note 4.

Voyage BidCo Limited

Condensed Consolidated Statement of Other Comprehensive Income (unaudited)
For the 6 month period ended 30 September 2021

	6 months ended 30 September 2021	6 months ended 30 September 2020
	£000	£000
Profit for the period	288	1,117
Items that will not be reclassified to profit and loss		
Remeasurements of the defined benefit liability	—	—
Total comprehensive income attributable to equity holders of the parent for the financial period	**288**	**1,117**

Voyage BidCo Limited

Condensed Consolidated Statement of Financial Position
At 30 September 2021

	Notes	30 September 2021 Unaudited		30 September 2020 Unaudited		31 March 2021 Audited	
		£000	£000	£000	£000	£000	£000
Non-current assets							
Goodwill	9	50,581		46,581		48,132	
Intangible assets	10	4,552		4,997		5,714	
Property, plant and equipment	11	367,397		360,900		362,663	
			422,530		**412,478**		**416,509**
Current assets							
Trade and other receivables		25,508		20,934		23,159	
Corporation tax receivable		269		255		499	
Cash and cash equivalents		40,300		39,260		40,746	
		66,077		60,449		64,404	
Assets classified as held for sale	12	—		2,036		—	
			66,077		**62,485**		**64,404**
Total assets			**488,607**		**474,963**		**480,913**
Current liabilities							
Loans and borrowings	13	3,439		3,666		3,618	
Trade and other payables		36,601		33,078		35,192	
Accruals and deferred income		28,873		23,618		25,969	
Provisions	14	422		267		422	
			69,335		**60,629**		**65,201**
Non-current liabilities							
Loans and borrowings	13	261,190		263,623		261,096	
Tax liabilities		14,921		10,177		11,802	
Provisions	14	1,101		981		984	
Employee benefits		314		217		372	
			277,526		**274,998**		**274,254**
Total liabilities			**346,861**		**335,627**		**339,455**
Net assets			**141,746**		**139,336**		**141,458**
Equity							
Capital and reserves							
Issued share capital		—		—		—	
Share premium		252,872		252,872		252,872	
Retained earnings		(111,126)		(113,536)		(111,414)	
Total equity attributable to equity holders of the parent			**141,746**		**139,336**		**141,458**

Company registered no. 05752534

These financial statements were approved by the Board of Directors on 17 January 2022 and were signed on its behalf by:

S Parker — Director

Voyage BidCo Limited

Condensed Consolidated Statement of Changes in Equity (unaudited)
For the 6 month period ended 30 September 2021

Group	Issued share capital	Share premium	Retained earnings	Total parent equity
	£000	£000	£000	£000
At 1 April 2021	—	252,872	(111,414)	141,458
Total comprehensive income for the period				
Profit for the period	—	—	288	288
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	288	288
At 30 September 2021	**—**	**252,872**	**(111,126)**	**141,746**

For the 6 month period ended 30 September 2020

Group	Issued share capital	Share premium	Retained earnings	Total parent equity
	£000	£000	£000	£000
At 1 April 2020	—	252,872	(114,653)	138,219
Total comprehensive income for the period				
Profit for the period	—	—	1,117	1,117
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	1,117	1,117
At 30 September 2020	**—**	**252,872**	**(113,536)**	**139,336**

Voyage BidCo Limited

Condensed Consolidated Statement of Cash Flow (unaudited)
For the 6 month period ended 30 September 2021

	6 months ended 30 September 2021	6 months ended 30 September 2020
	£000	£000
Cash flows from operating activities		
Profit for the period	288	1,117
Adjustments for:		
Depreciation and impairment of property, plant and equipment	7,122	7,155
(Profit) / loss on disposal of non-current assets	(125)	490
Profit on termination of lease obligation	—	(781)
Amortisation of intangible assets	1,327	1,280
Finance income	(36)	(100)
Finance expense	9,596	10,248
Taxation	4,426	330
Movements in working capital:		
(Increase) / decrease in trade and other receivables	(2,254)	4,650
Increase / (decrease) in trade and other payables	1,376	2,452
Increase / (decrease) in accruals and deferred income	1,519	(368)
Increase in provisions, employee benefits and other financial liabilities	59	—
Cash generated from operating activities	23,298	26,473
Interest paid	(8,399)	(9,131)
Tax paid	(1,197)	(1,805)
Net cash generated from operating activities	13,702	15,537
Cash flows from investing activities		
Interest received	13	97
Payments to acquire property, plant and equipment	(8,332)	(10,691)
Payments to acquire intangible assets	(165)	(559)
Proceeds from sales of property, plant and equipment	128	2,127
Net cash outflow on acquisition of subsidiaries	(3,563)	—
Net cash used in from investing activities	(11,919)	(9,026)
Cash flows from financing activities		
Repayment of loans and borrowings	—	(45,000)
Property and vehicle lease payments	(2,229)	(2,390)
Net cash used in financing activities	(2,229)	(47,390)
Net increase / (decrease) in cash and cash equivalents in the period	(446)	(40,879)
Cash and cash equivalents at the beginning of the period	40,746	80,139
Cash and cash equivalents at the end of the period	**40,300**	**39,260**

Voyage BidCo Limited
Notes to the Condensed Consolidated Financial Statements (unaudited)
For the 6 month period ended 30 September 2021

1 Reporting entity

Voyage BidCo Limited (the Company) is a company incorporated in England and Wales. The consolidated financial statements consolidate those of the Company and its subsidiaries (together referred to as the Group). The principal activity of the Group is the provision of high quality care and support services for people with learning disabilities, brain injury rehabilitation and other related complex needs in the UK.

2 Accounting policies

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK. They do not include all of the financial information required for full annual financial statements. The Group has prepared the condensed consolidated financial statements in accordance with International Accounting Standards in comformity with the requirements of the Companies Act 2006 ("Adopted IFRSs") applicable for the 6 month period ended 30 September 2021, together with comparative period data for the 6 month period ended 30 September 2020.

The unaudited interim financial statements for the 6 month period ended 30 September 2021 have been prepared in accordance with IAS 34—Interim Financial Reporting and have been prepared on the basis of IFRS.

The condensed consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments which are stated at fair value through the Statement of Profit and Loss. Non-current assets held for sale are stated at the lower of previous carrying value and

In preparing these condensed consolidated financial statements, management have made judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, revenue and expenses. Estimates and underlying assumptions are reviewed on an on-going basis and any revisions to these estimates are recognised in the period in which the estimates are revised and in any future period affected.

The accounting policies applied in these condensed consolidated financial statements is consistent with the statutory accounts for the Group for the year ended 31 March 2021. In addition, the risks and risk management techniques identified in the statutory accounts for the Group for the year ended 31 March 2021 should be referred to in connection with these condensed consolidated financial statements as they remain applicable.

Adopted IFRS not yet applied

The following pronouncements, issued by the IASB, have not yet been endorsed by the UK, are not yet effective and have not yet been adopted by the Group:

- FRS 17 Insurance Contracts;
- Amendments to IAS 1 Presentation of Financial Statements—Classification of liabilities as current or non-current;
- Amendments to IFRS 3 Business Combinations—Reference to the conceptual framework;
- Amendments to IAS 16 Property, Plant and Equipment—Proceeds before intended use;
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets—Onerous contracts—cost of fulfilling a contract;
- Amendments to IAS 1 Presentation of Financial Statements—disclosure of accounting policies;
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—definition of accounting estimates;
- Amendments to IFRS 16 Leases—COVID-19 related rent concessions beyond 30 June 2021; and
- Annual improvements to IFRS standards 2018-2020 cycle.

The above standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

On 14 January 2022, the Group of which the Company is a member, was acquired by Vienna Investco Limited. At the period end the Group, of which the Company is a member, was funded through a combination of Shareholders' Funds, Unsecured Shareholders Loans, Senior Secured Notes, Second Lien Notes and cash generated through operating profits. These comprised £215 million of 5.875% Senior Secured Notes and £35 million of 10% Second Lien Notes, due in 2023, and a Revolving Credit Facility of £30.0 million, due 2023, of which £Nil was drawn down at 30 September 2021. At acquisition of the Group on 14 January 2022, the Private Equity Investors loan and Shareholder and Management loans were settled and replaced with Shareholder Loans of £327.9m repayable at the earlier of exit and 2032.

The Directors have prepared a 2-year forecast, together with detailed 'reasonable worst case' and 'worst case' cash flow forecasts which reflect severe but plausible downsides. This indicates that the Group will have sufficient funds to meet its liabilities as they fall due for that period. In preparing these forecasts, the Directors have completed extensive scenario planning to consider the impact to the Group's profitability of these severe but plausible downsides. The impacts on the availability of cash to meet liabilities as they fall due and the Group's compliance with the debt covenant associated with the Revolving Credit Facility were also considered. In making this assessment, the Directors have also assumed that the Revolving Credit Facility will be renewed under normal commercial terms, however, the forecasts do not indicate that the Group will be reliant on this facility.

Taking the above into consideration and the principal risks of the Group, the Directors believe that there are no material uncertainties to the Group's ability to operate as a going concern and to continue realising its assets and discharging its liabilities in the normal course of business. Therefore it is appropriate to prepare the financial statements on a going concern basis.

3 Operating segments

Information reported to senior management for the purposes of resource allocation and assessment of performance of each segment focuses on the type of care services provided by the Group. The Group operates solely within the UK therefore no geographical segment reporting has been disclosed. The primary business segments stated below are based on the Group's management and internal reporting structure.

- Registered: supporting individuals in our specially adapted homes; and
- Community Based Care: supporting individuals in their own home promoting independence.

The reported segmental information represents income and expenditure generated from external customers and external suppliers only. There were no inter-segment transactions reported during the current period (2020: £Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in the year end accounts. Segment profits represents adjusted EBITDA earned by each segment without allocation of non-underlying items as well as finance costs which is in conjunction with the information reported to senior management.

	Segment results		
For the 6 month period ended 30 September 2021	**Registered**	**Community Based Care**	**Group**
	£000	**£000**	**£000**
Revenue	91,111	53,705	**144,816**
Adjusted EBITDA (before non-underlying items)	**17,759**	**5,848**	**23,607**
Non-underlying items			(1,009)
Adjusted EBITDA (after non-underlying items)			**22,598**
Depreciation of property, plant and equipment			(7,122)
Profit on disposal of assets			125
Amortisation of intangible assets			(1,327)
Net finance expense			(9,560)
Taxation			(4,426)
Profit for the period			**288**

For the 6 month period ended 30 September 2020	Segment results		
	Registered	Community Based Care	Group
	£000	£000	£000
Revenue	87,150	46,898	**134,048**
Adjusted EBITDA (before non-underlying items)	**16,425**	**4,495**	**20,920**
Non-underlying items			(1,181)
Adjusted EBITDA (after non-underlying items)			**19,739**
Depreciation and impairment of property, plant and equipment			(7,155)
Loss on disposal of assets			(490)
Profit on termination of lease obligation			781
Amortisation of intangible assets			(1,280)
Net finance expense			(10,148)
Taxation			(330)
Profit for the period			**1,117**

4 Non-underlying items

The Group separately identifies and discloses certain items, referred to as non-underlying items, by virtue of size, nature and occurrence. This is consistent with the way that financial performance is measured by senior management and assists in providing a meaningful analysis of operating results by excluding items that may not be part of the ordinary activity of the business.

The following table details the non-underlying items that have been incurred in the period:

	Note	6 months ended 30 September 2021	6 months ended 30 September 2020
		£000	£000
Non-underlying items:			
Day Care income	a	(77)	—
Consultancy fees	b	644	612
COVID-19 related expenditure	c	2,166	4,515
COVID-19 related reimbursements	d	(1,844)	(4,262)
Project costs	e	83	85
Acquisition costs	f	37	—
Restructuring costs	g	—	231
Purchase of long-term lease	h	—	(781)
Impairment of property, plant & equipment	i	—	301
Taxation	j	(191)	—
		818	701

The key elements of the expenditure for both periods are set out below:

(a) *Day Care income*

For the 6 month period ended 30 September 2021, the Group was in receipt of funds in relation to backdated VAT on its Day Care business of £77k (6 month period ended 30 September 2020: £Nil).

(b) *Consultancy fees*

For the 6 month period ended 30 September 2021, the Group incurred costs in relation to professional advice and consultancy services of £644k (6 month period ended 30 September 2020: £612k).

(c) *COVID-19 related expenditure*

The impact of the global pandemic caused by the Covid-19 outbreak continued to increase the Group's costs during the 6 month period ended 30 September 2021 and as a result additional expenditure of £2,166k was incurred (6 month period to 30 September 2020: £4,515k).

(d) *COVID-19 related reimbursements*

During the 6 month period ended 30 September 2021, the UK Government continued to provide funding to Local Authorities to pass to social care providers to cover certain expenditure in relation to dealing with the impact of the global pandemic caused by the outbreak of Covid-19. As a result, the Group received Government funding of £1,844k for the reimbursement of costs in relation to the global pandemic (6 month period ended 30 September 2020: £4,262k).

(e) *Project costs*

The Group is undertaking a programme to improve the quality, accuracy and support for its customers by investing in its head office and operational function including the implementation of an operational ERP system, as a result fees for the 6 month period ended 30 September 2021 of £83k was incurred (6 month period ended 30 September 2020: £85k).

(f) *Acquisition costs*

For the 6 month period ended 30 September 2021, the Group incurred costs in relation to the acquisition of Woodley House Limited of £19k and aborted acquisition costs of £18k (6 month period ended 30 September 2020; £Nil).

(g) *Restructuring costs*

For the 6 month period ended 30 September 2020, the Group incurred remuneration costs of £231k in relation to restructuring its workforce (6 month period ended 30 September 2021: £Nil).

(h) Purchase of long-term lease

For the 6 month period ended 30 September 2020, the Group acquired the freehold of a leasehold property and a profit of £781k was generated due to the carrying value of the lease liability exceeding the right of use asset (6 month period ended 30 September 2021: £Nil).

(i) *Impairment of property, plant & equipment*

For the 6 month period ended 30 September 2020, the Group recognised an impairment charge due to the carrying amount of an asset exceeding its recoverable amount. As a result an impairment charge of £301k was incurred (6 month period ended 30 September 2021: £Nil).

(j) *Taxation*

For the 6 month period ended 30 September 2021, a taxation credit of £191k arose as a result of certain non-underlying items stated in the non-underlying table (6 month period ended 30 September 2020: £Nil).

5 Operating profit before taxation

	6 months ended 30 September 2021	6 months ended 30 September 2020
	£000	£000
Operating profit before taxation is stated after charging / (crediting):		
Continuing operations		
Direct expenses and consumables	3,698	4,585
Staff costs:		
Wages and salaries	94,158	89,130
Social security costs	6,776	6,342
Other pension costs	1,835	1,717
Operating lease rentals:		
Other lease rentals	200	271
Plant and machinery	153	170
Depreciation	7,122	6,854
Impairment of property, plant and equipment	—	301
(Profit) / loss on disposal of assets	(125)	490
Profit on termination of lease obligation	—	(781)
Amortisation of intangible assets	1,327	1,280
Other external charges	15,475	12,094
Receipts in respect of VAT on the Group's day care activities	(77)	—
	130,542	122,453

6 Finance income

	6 months ended 30 September 2021	6 months ended 30 September 2020
	£000	£000
Continuing operations		
Bank interest receivable	36	100

7 Finance expense

	6 months ended 30 September 2021	6 months ended 30 September
	£000	£000
Continuing operations		
Bank interest including RCF non-utilisation fees	279	876
Loan notes interest	8,892	8,836
Unwinding of lease liabilities	332	403
Other finance costs	93	133
	9,596	10,248

Loan notes interest comprises loan notes interest of £8,066k for the 6 month period ended 30 September 2021 (£8,066k for the 6 month period ended 30 September 2020) and amortisation of issue costs and original issue discount of £826k for the 6 month period ended 30 September 2021 (£770k for the 6 month period ended 30 September 2020).

8 Taxation

The Group's underlying consolidated effective tax rate in respect of continuing operations for the 6 month period ended 30 September 2021 is 80.7% (6 month period ended 30 September 2020: 15.4%).

The Group's consolidated total effective tax rate in respect of continuing operations for the 6 month period ended 30 September 2021 is 93.9% (6 month period ended 30 September 2020: 22.8%).

The Finance Act 2021 which was substantively enacted on 24 May 2021 required, that for periods ending after this date, the tax rate of 25% to be used instead of 19% when calculating deferred tax. As such, this resulted in a larger charge in the 6 month period ended 30 September 2021.

The taxation is recognised based on management's best estimate of the weighted-average annual tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period.

9 Goodwill

	30 September 2021	30 September 2020	31 March 2021
	£000	£000	£000
Cost			
Opening cost	56,688	55,137	55,137
Acquisitions (see note 16)	2,449	—	1,551
Closing cost	59,137	55,137	56,688
Accumulated impairment charge			
Opening and closing impairment	8,556	8,556	8,556
Net book value			
Closing net book value	50,581	46,581	48,132
Opening net book value	48,132	46,581	46,581

10 Intangible assets

	30 September 2021	30 September 2020	31 March 2021
	£000	£000	£000
Cost			
Opening cost	17,023	14,466	14,466
Acquisitions (see note 16)	—	—	1,476
Additions	165	559	1,090
Disposals	(72)	—	(9)
Closing cost	17,116	15,025	17,023
Amortisation			
Opening amortisation	11,309	8,748	8,748
Provided during the period	1,327	1,280	2,570
On disposals	(72)	—	(9)
Closing amortisation	12,564	10,028	11,309
Net book value			
Closing net book value	4,552	4,997	5,714
Opening net book value	5,714	5,718	5,718

11 Property, plant and equipment

	30 September 2021	30 September 2020	31 March 2021
	£000	£000	£000
Cost			
Opening cost	501,856	486,906	486,906
Acquisitions (see note 16)	1,291	—	2,206
Additions	10,621	10,844	19,947
Assets classified as held for sale	—	(1,654)	—
Disposals	(834)	(1,862)	(7,203)
Closing cost	512,934	494,234	501,856
Depreciation			
Opening depreciation	139,193	128,135	128,135
Charge for the period	7,122	6,854	13,971
Impairment	—	301	1,064
Assets classified as held for sale	—	(656)	—
Disposals	(778)	(1,300)	(3,977)
Closing depreciation	145,537	133,334	139,193
Net book value			
Closing net book value	367,397	360,900	362,663
Opening net book value	362,663	358,771	358,771

12 Non-current assets classified as held for sale

As at 30 September 2020, management have committed to a plan to sell a number of properties through a sale transaction rather than through continuing operational use. Accordingly, the properties are being presented as assets held for sale. Efforts to sell the non-current assets have started and a sale is expected to be completed within one year from the date of classification.

As at 30 September 2021, there are no assets classified as held for sale (30 September 2020: £2,036k and 31 March 2021: £Nil).

13 Loans and borrowings

	30 September 2021	30 September 2020	31 March 2021
	£000	£000	£000
Loan notes	247,115	245,519	246,289
Lease liabilities	17,514	21,770	18,245
	264,629	267,289	264,534

Loan notes include unamortised issue costs and original issue discount of £2,885k (30 September 2020: £4,481k and 31 March 2021: £3,711k) which after deducting from the loan note balance due of £250,000k results in a net loan note liability of £247,115k (30 September 2020: £245,519k and 31 March 2021: £246,289k).

As at 30 September 2021 there was accrued interest of £6,721k (30 September 2020: £6,721k and 31 March 2021: £6,721k) included within accruals disclosed within current liabilities in the Statement of Financial Position but excluded from this note. Loan note Interest is settled bi-annually in May and November.

Total debt can be analysed as falling due:

	30 September 2021	30 September 2020	31 March 2021
	£000	£000	£000
In one year or less	3,439	3,666	3,618
Between one and five years	254,709	254,514	254,278
After five years	6,481	9,109	6,818
	264,629	267,289	264,714

Loan notes

The Group issued £250 million of Loan Notes comprising £215 million Senior Secured Notes due 2023 and £35 million Second Lien Notes due 2023. In addition, the Group is party to a £45 million Revolving Credit Facility. The notes are listed on the Channel Island Stock Exchange. The interest rate and repayment terms of these loan notes are as follows:

The interest rate and repayment terms of these loan notes are as follows:

Debt instruments	Currency	Loan balance	Interest rate	Repayment terms
		£000		
Senior Secured Loan Notes	GBP	215,000	5.875%	May-23
Second Lien Notes	GBP	35,000	10.00%	Nov-23
Revolving Credit Facility				
Utilised	GBP	—	LIBOR + 3.25%	Feb-23
Non utilised	GBP	45,000	1.1%	Feb-23

14 Provisions

The Group's dilapidation provision is determined by discounting expected cash outflows at a pre-tax rate that reflects current market assessments of the time value of money. The provisions recognised will unwind over the term of each lease.

15 Financial instruments

The fair values of all assets and liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

	Carrying amount				Fair value
	Financial Liabilities at FV	Loans and receivables	Other financial assets	Total	Total
At 30 September 2021	**£000**	**£000**	**£000**	**£000**	**£000**
Financial assets not measured at fair value					
Trade and other receivables	—	21,890	—	21,890	21,890
Cash and cash equivalents	—	40,300	—	40,300	40,300
	—	62,190	—	62,190	62,190
Financial liabilities not measured at fair value					
Senior Secured Loan Notes	—	—	212,623	212,623	214,398
Second Lien Loan Notes	—	—	34,492	34,492	33,525
Trade and other payables	—	—	36,601	36,601	36,601
Lease liabilities	—	—	17,514	17,514	17,514
	—	—	301,230	301,230	302,038
At 30 September 2020					
Financial assets measured at fair value					
Trade and other receivables	—	18,765	—	18,765	18,765
Cash and cash equivalents	—	39,260	—	39,260	39,260
	—	58,025	—	58,025	58,025
Financial liabilities not measured at fair value					
Senior Secured Loan Notes	—	—	211,234	211,234	205,815
Second Lien Loan Notes	—	—	34,285	34,285	31,150
Trade and other payables	—	—	33,078	33,078	33,078
Lease liabilities	—	—	21,770	21,770	21,770
	—	—	300,367	300,367	291,813
At 31 March 2021					
Financial assets measured at fair value					
Trade and other receivables	—	21,701	—	21,701	21,701
Cash and cash equivalents	—	40,746	—	40,746	40,746
	—	62,447	—	62,447	62,447
Financial liabilities not measured at fair value					
Senior Secured Loan Notes	—	—	211,906	211,906	214,103
Second Lien Loan Notes	—	—	34,383	34,383	33,950
Trade and other payables	—	—	35,192	35,192	35,192
Lease liabilities	—	—	18,425	18,425	18,425
	—	—	299,906	299,906	301,670

16 Woodley House acquisition

On 3 September 2021, the Group acquired 100% of the issued share capital of Woodley House Limited. The principal activities of Woodley House Limited is to provide similar services to that of the Voyage Care Group with the aim to further increase Voyage's presence in the market place.

The provisional fair value of the assets acquired and the resulting goodwill is set out below:

	Book value	Fair value adjustment	Fair value
	£000	£000	£000
Property, plant and equipment	1,291	—	1,291
Trade and other receivables	33	—	33
Directors loan account	302	—	302
Cash in hand, bank	482	—	482
Trade and other payables	(64)	—	(64)
Accruals and deferred income	(55)	—	(55)
Corporation tax	(91)	—	(91)
	1,898	—	
Net assets			**1,898**
Goodwill			2,449
			4,347
Satisfied by:			
Cash			4,045
Settlement of Directors loan account and other outstanding balances			302
Total cost of acquisition			**4,347**

The acquisition cost comprises of cash consideration of £4,045k.

The Group incurred acquisition costs of £19k which have been expensed as a non-underlying item in the Statement of Profit and Loss.

As at the date of approval of the interim financial statements, the completion accounting on the transaction has not been finalised and therefore the figures stated above are provisional and subject to final amendment. There is no earn out arrangement.

17 Contingent liability

Security granted on the Senior Secured Notes, the Second Lien Notes and the Revolving Credit Facility

The Company has guaranteed the amounts due under the Senior Secured Notes, the Second Lien Notes and the Revolving Credit Facility held in Voyage Care BondCo PLC. Security has been granted over all freehold and long leasehold property.

18 Controlling party

The Company's immediate parent undertaking is Voyage HoldCo 2 Limited which is registered in England and Wales. At the period end, the Company's ultimate parent undertaking was Voyage Care HoldCo Limited which is registered in England and Wales.

Copies of the Group financial statements of Voyage Care HoldCo Limited may be obtained from: The Company Secretary, Voyage Care HoldCo Limited, Wall Island, Birmingham Road, Lichfield, Staffordshire. WS14 0QP.

Upon acquisition of the Group on 14 January 2022, the Directors consider the ultimate controlling party to be the Kuwait Investment Authority ("KIA"), which is registered at Ministries Complex, Al Murqab, P.O. Box: 64, Safat, Zip Code: 13001, Kuwait City, Kuwait.

The largest parent in which the results of the company are consolidated is that headed by VC Healthcare Topco Limited. Copies of the group financial statements are available from 3rd floor, 44 Esplanade, St Helier, JE4 9WG, Jersey.

The smallest parent in which the results of the company are consolidated is that headed by Voyage Bidco Limited. Copies of the group financial statements are available from Wall Island, Birmingham Road, Lichfield, Staffordshire, WS14 0QP.

19 Events subsequent to the balance sheet date

On 14 January 2022, the Group headed by Voyage Care Holdco Limited was acquired by Vienna Investco Limited, and the ultimate controlling party became the KIA.

Voyage BidCo Limited
Independent Auditor's Report to the Members of Voyage BidCo Limited

Opinion

We have audited the financial statements of Voyage Bidco Limited (the "Company") for the year ended 31 March 2021 which comprise the Consolidated Statement of Profit and Loss, Consolidated Statement of Other Comprehensive Income, Consolidated and Company Statement of Financial Position, Consolidated and Company Statement of Changes in Equity, Consolidated Statement of Cash Flow and related notes, including the accounting policies in note 3.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources and/or metrics relevant to debt covenants over this period were:

- The Group's ability to generate continued funding increases from its customers;
- The impact of cost increases particularly in respect of employee costs; and
- The ability of the Group to refinance its external borrowings (refer to Note 21) before they fall due and payable.

Given the level of financial resources, and the risks inherent in the cash flows, particularly the ability of the Group to refinance its external borrowings before they fall due and payable, our evaluation of the Directors' going concern assessment was of particular significance in our audit.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible, downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

We assessed the completeness of the going concern disclosure.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 2 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

Fraud and breaches of laws and regulations—ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the Audit Committee, and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading Board and Audit Committee minutes;
- Considering remuneration incentive schemes and performance targets for management, directors and other employees; and
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that Group management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included journal entries with unexpected revenue and cash account combinations;
- Evaluating the business purpose of significant unusual transactions; and
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence, and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, care quality, and certain aspects of company legislation recognising the nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Stephen Ward (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

29 June 2021

VOYAGE BIDCO LIMITED

Consolidated Statement of Profit and Loss
For the year ended 31 March 2021

		2021			2020		
	Notes	Underlying	Non-underlying items [2]	Total	Underlying	Non-underlying items [2]	Total
		£000	£000	£000	£000	£000	£000
Revenue		274,209	—	274,209	267,006	—	267,006
Operating expenses	10	(244,365)	(4,095)	(248,460)	(237,530)	(3,781)	(241,311)
Adjusted EBITDA[1]		**44,796**	**(3,031)**	**41,765**	**45,053**	**(1,601)**	**43,452**
Depreciation and impairment of property, plant and equipment	10	(13,971)	(1,064)	(15,035)	(13,696)	(2,180)	(15,876)
Profit on disposal of assets	10	1,589	—	1,589	490	—	490
Amortisation of intangible assets	10	(2,570)	—	(2,570)	(2,371)	—	(2,371)
Operating profit		29,844	(4,095)	25,749	29,476	(3,781)	25,695
Finance income	11	158	—	158	139	—	139
Finance expense	12	(19,921)	—	(19,921)	(19,431)	—	(19,431)
Profit before taxation		**10,081**	**(4,095)**	**5,986**	**10,184**	**(3,781)**	**6,403**
Taxation	13	(3,861)	1,269	(2,592)	(2,045)	514	(1,531)
Profit for the period from continuing operations		**6,220**	**(2,826)**	**3,394**	**8,139**	**(3,267)**	**4,872**
Profit attributable to equity holders of the parent		**6,220**	**(2,826)**	**3,394**	**8,139**	**(3,267)**	**4,872**

(1) Adjusted EBITDA represents earnings before interest, tax, depreciation and impairment, amortisation and profit/ (loss) on disposal of assets.

(2) Further breakdown of non-underlying items analysed in note 6.

VOYAGE BIDCO LIMITED

Consolidated Statement of Other Comprehensive Income
For the year ended 31 March 2021

	Notes	2021 £000	2020 £000
Profit for the year		3,394	4,872
Items that will not be reclassified to profit and loss			
Remeasurements of the defined benefit liability	29	(226)	(2)
Deferred tax movement for the year	23	71	(14)
		(155)	(16)
Total comprehensive income attributable to equity holders of the parent for the financial year		**3,239**	**4,856**

VOYAGE BIDCO LIMITED

Consolidated Statement of Financial Position
At 31 March 2021

	Notes	2021		2020	
		£000	£000	£000	£000
Non-current assets					
Goodwill	14	48,132		46,581	
Intangible assets	15	5,714		5,718	
Property, plant and equipment	16	362,663		358,771	
			416,509		**411,070**
Current assets					
Trade and other receivables	18	23,159		27,053	
Corporation tax receivable		499		—	
Cash and cash equivalents	19	40,746		80,139	
		64,404		107,192	
Assets classified as held for sale	20	—		1,038	
			64,404		**108,230**
Total assets			**480,913**		**519,300**
Current liabilities					
Loans and borrowings	21	3,618		48,892	
Trade and other payables	22	35,192		30,626	
Accruals and deferred income		25,969		24,136	
Corporation tax payable		—		503	
Provisions	24	422		267	
			65,201		**104,424**
Non-current liabilities					
Loans and borrowings	21	261,096		264,536	
Tax liabilities	23	11,802		10,942	
Provisions	24	984		962	
Employee benefits	29	372		217	
			274,254		**276,657**
Total liabilities			**339,455**		**381,081**
Net assets			**141,458**		**138,219**

VOYAGE BIDCO LIMITED

Consolidated Statement of Financial Position
At 31 March 2021

	Notes	2021		2020	
		£000	£000	£000	£000
Equity					
Capital and reserves					
Issued share capital	25	—		—	
Share premium		252,872		252,872	
Retained earnings		(111,414)		(114,653)	
Total equity attributable to equity holders of the parent			**141,458**		**138,219**

These financial statements were approved by the Board of Directors on 29 June 2021 and were signed on its behalf by:

S Parker
Director

Company registered number: 05752534

VOYAGE BIDCO LIMITED

Company Statement of Financial Position
At 31 March 2021

Assets	Notes	2021 £000	2020 £000
Non-current assets			
Investments	17	130,874	130,874
Current assets			
Trade and other receivables	18	480,390	459,298
Total current assets		480,390	459,298
Total assets		611,264	590,172
Current Liabilities			
Trade and other payables	22	667,309	617,776
Total current liabilities being total liabilities		667,309	617,776
Net liabilities		(56,045)	(27,604)
Equity			
Capital and reserves			
Called up share capital	25	—	—
Share premium		252,872	252,872
Profit and loss account		(308,917)	(280,476)
Equity shareholders' deficit		(56,045)	(27,604)

Under section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own Statement of Profit and Loss and related notes that form part of these approved financial statements. The amount of loss after taxation for the financial year for the Company is £28,441k (2020: £25,782k).

These financial statements were approved by the Board of Directors on 29 June 2021 and were signed on its behalf by:

S Parker
Director

Company registered number: 05752534

VOYAGE BIDCO LIMITED

Consolidated Statement of Changes in Equity

For the year ended 31 March 2021

Group	Issued share capital	Share premium	Retained earnings	Total parent equity
	£000	£000	£000	£000
At 1 April 2020	—	252,872	(114,653)	138,219
Total comprehensive income for the year				
Profit for the year	—	—	3,394	3,394
Other comprehensive income	—	—	(155)	(155)
Total comprehensive income for the year	—	—	3,239	3,239
At 31 March 2021	**—**	**252,872**	**(111,414)**	**141,458**

For the year ended 31 March 2021

Group	Issued share capital	Share premium	Retained earnings	Total parent equity
	£000	£000	£000	£000
At 1 April 2019	—	252,872	(119,509)	133,363
Total comprehensive income for the year				
Profit for the year	—	—	4,872	4,872
Other comprehensive income	—	—	(16)	(16)
Total comprehensive income for the year	—	—	4,856	4,856
At 31 March 2020	**—**	**252,872**	**(114,653)**	**138,219**

VOYAGE BIDCO LIMITED

Company Statement of Changes in Equity

For the year ended 31 March 2021

Company	Issued share capital	Share premium	Retained earnings	Total parent equity
	£000	£000	£000	£000
At 1 April 2020	—	252,872	(280,476)	(27,604)
Total comprehensive income for the year				
Loss for the year	—	—	(28,441)	(28,441)
Other comprehensive income	—	—	—	—
Total comprehensive expense for the year	—	—	(28,441)	(28,441)
At 31 March 2021	**—**	**252,872**	**(308,917)**	**(56,045)**

For the year ended 31 March 2021

Company	Issued share capital	Share premium	Retained earnings	Total parent equity
	£000	£000	£000	£000
At 1 April 2019	—	252,872	(254,694)	(1,822)
Total comprehensive income for the year				
Loss for the year	—	—	(25,782)	(25,782)
Other comprehensive income	—	—	—	—
Total comprehensive expense for the year	—	—	(25,782)	(25,782)
At 31 March 2020	**—**	**252,872**	**(280,476)**	**(27,604)**

VOYAGE BIDCO LIMITED

Consolidated Statement of Cash Flow
For the year ended 31 March 2021

	2021	2020
	£000	£000
Cash flows from operating activities		
Profit for the year	3,394	4,872
Adjustments for:		
Depreciation and impairment of property, plant and equipment	15,035	15,876
Profit on disposal of non-current assets	(1,589)	(490)
Amortisation of intangible assets	2,570	2,371
Finance income	(158)	(139)
Finance expense	19,921	19,431
Tax expense	2,592	1,531
Movements in working capital:		
Decrease in trade and other receivables	2,486	1,236
Increase in trade and other payables	4,396	1,161
Increase in accruals and deferred income	1,866	3,226
Increase in provisions, employee benefits and other financial liabilities	106	108
Cash generated from operating activities	50,619	49,183
Interest paid	(17,519)	(17,007)
Tax paid	(3,076)	(840)
Net cash generated from operating activities	30,024	31,336
Cash flows from investing activities		
Interest received	117	73
Payments to acquire property, plant and equipment	(18,201)	(12,032)
Payments to acquire intangible assets	(1,092)	(504)
Proceeds from sales of property, plant and equipment	4,717	27,565
Net cash outflow on acquisition of subsidiaries	(4,775)	(3,215)
Net cash (used in) / generated from investing activities	(19,234)	11,887
Cash flows from financing activities		
(Repayment) / proceeds from loans and borrowings	(45,000)	22,000
Property and vehicle lease payments	(5,183)	(3,770)
Net cash (used in) / generated from financing activities	(50,183)	18,230
Net (decrease) / increase in cash and cash equivalents in the period	(39,393)	61,453
Cash and cash equivalents at the beginning of the period	80,139	18,686
Cash and cash equivalents at the end of the period	**40,746**	**80,139**

1 Reporting entity

Voyage BidCo Limited (the Company) is a company incorporated in England and Wales. The consolidated financial statements consolidate those of the Company and its subsidiaries (together referred to as the Group). The principal activity of the Group is the provision of high quality care and support services for people with learning disabilities, brain injuries and other complex needs.

2 Basis of preparation

The Group financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs").

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Under section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own Statement of Profit and Loss and related notes that form part of these approved financial statements. The amount of loss after taxation for the financial year for the Company is £28,441k (2020: £25,782k).

The Group and Company financial statements have been prepared under the historical cost convention except for certain financial instruments which are stated at fair value through the Statement of Profit and Loss. Non-current assets held for sale are stated at the lower of previous carrying value and fair value.

Revenue and expenses arising on trading between group companies are eliminated on consolidation.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

The Group, of which the Company is a member, is funded through a combination of Shareholders' Funds, Unsecured Shareholders Loans, Senior Secured Notes, Second Lien Notes and cash generated through operating profits. These comprised £215 million of 5.875% Senior Secured Notes and £35 million of 10% Second Lien Notes, due in 2023, and a Revolving Credit Facility of £45.0 million, due 2023, of which £Nil was drawn down at 31 March 2021.

The Directors have prepared a 2-year forecast from April 2021, together with detailed 'reasonable worst case' and 'worst case' cash flow forecasts which reflect severe but plausible downsides. This indicates that the Group will have sufficient funds to meet its liabilities as they fall due for that period. In preparing these forecasts, the Directors have completed extensive scenario planning to consider the impact to the Group's profitability of these severe but plausible downsides including the impact of further periods of lockdown during the winter of 2021/22 based on actual experience of operating through COVID-19 since March 2020. The impacts on the availability of cash to meet liabilities as they fall due and the Group's compliance with the debt covenant associated with the Revolving Credit Facility were also considered. In making this assessment, the Directors have also assumed that the Revolving Credit Facility will be renewed under normal commercial terms, however, the forecasts do not indicate that the Group will be reliant on this facility. The Directors have also considered certain principal risks.

Consequently, the directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the consolidated and parent company financial statements on a going concern basis.

3 Accounting policies

The following accounting policies have been applied consistently dealing with items which are considered material in relation to the companies financial statements.

Business combinations and goodwill

Acquisitions are accounted for using the acquisition method as at the acquisition date and costs incurred in relation to the acquisition are expensed and included within operating expenses.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. If the contingent consideration is not classified as equity, changes to fair value are recognised in the Statement of Profit and Loss.

Any deferred consideration payable is recognised at fair value at the acquisition date and changes to fair value are recognised in the Statement of Profit and Loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the fair value of net identifiable assets acquired and liabilities assumed. Goodwill is tested for impairment annually.

If the consideration is lower than the fair value of the net assets of the acquired subsidiary, the difference is recognised in Statement of Profit and Loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Intangible assets

Intangible assets with finite useful lives that are acquired separately or in a business combination are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The carrying amounts of intangible assets are reviewed annually to determine whether the assets have suffered an impairment loss. The estimated useful lives are as follows:

Customer relationships	2 – 8 years
Non-compete	2 – 3 years
Brands	2 – 4 years

Purchased software that is not integral to the functionality of the related equipment is capitalised and amortised on a straight-line basis over its estimated useful life. The estimated useful life is as follows:

Software not integral	3 years

Non-current assets held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amount will be recovered primarily through a sale transaction rather than through continuing operational use. Reclassification will only take place if (i) the asset is available for immediate sale in its present condition; (ii) the asset will be subject to terms for a normal sale of such asset; and (iii) management are committed to the sale and expect the sale to be completed within one year from the date of classification.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated nor amortised.

In the consolidated Statement of Profit and Loss for the year, and for the comparable period of the previous year, revenue and expenses for discontinued operations are reported separately from revenue and expenses from continuing operations, down to the level of profit / (loss) after taxes.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure incurred in bringing the asset into working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Depreciation is charged to the Statement of Profit and Loss on a straight line basis at rates calculated to write off the cost of each asset to its residual value over its estimated useful life. The depreciation rates in use are:

Freehold land	Nil
Freehold buildings	2%
Motor vehicles	25%
Fixtures, fittings and equipment	20%
Computers integral	33%
Right-of-use assets	Duration of lease

Gains and losses of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and are recognised net within the Statement of Profit and Loss.

Impairment of goodwill and property, plant and equipment

The carrying amounts of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the property, plant and equipment may not be recoverable.

Calculation of recoverable amount

The recoverable amount of property, plant and equipment is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating operating segment exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss unless it arises on previously revalued property, plant and equipment. An impairment loss on revalued property, plant and equipment is recognised in the Statement of Profit and Loss if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the Statement of Other Comprehensive Income until the carrying amount reaches the asset's depreciated historic cost.

Impairment losses recognised in respect of income-generating operating segments are allocated first to reduce the carrying amount of any goodwill allocated to income-generating operating segments, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the operating segment on a pro rata or more appropriate basis. An income generating operating segment is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or group of assets.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are stated at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised at fair value less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost less any impairment losses.

Trade and other payables

Trade and other payables are stated at cost.

Revenue

Revenue in respect of the provision of care services represents the fair value of fee income receivable for the period and is recognised in respect of the care that has been provided in the relevant period. Revenue invoiced in advance is included in deferred income, until the service is provided, whilst revenue billed in arrears is included in accrued income until billed.

Non-underlying items

The Group separately identifies and discloses certain items, referred to as non-underlying items, by virtue of size, nature and occurrence. This is consistent with the way that financial performance is measured by senior management and assists in providing a meaningful analysis of operating results by excluding items that may not be part of the ordinary activity of the business.

Financing income and expense

Interest income and interest payable is recognised in the consolidated Statement of Profit and Loss as it accrues, using the effective interest method.

Financing expenses comprise interest payable on Loan Notes and other third party borrowings and unwinding of the discount on provisions and lease liabilities. In addition, transaction costs that are directly attributable to the arrangement of borrowings are capitalised and recognised in the consolidated Statement of Profit and Loss using the effective interest method.

Taxation including deferred taxation

The charge for taxation is based on the profit or loss for the year and comprises current and deferred taxation. Income tax is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Tax currently payable is based on the taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the consolidated Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Tax is calculated using tax rates enacted or substantively enacted at the date of the Statement of Financial Position.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Government grants

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in the Statement of Profit and Loss on a systematic basis over the periods in which the Group recognises the expenditure for which the grants are intended to compensate.

Employee benefits

The assets of all pension plans are held separately from those of the Group, in separately administered funds.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate company and will have no legal obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of Profit and Loss in the period during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets are deducted. The Group determines the net interest on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit asset.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that has maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Re-measurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets and the effect of the asset ceiling. The Group recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in the Statement of Profit or Loss.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

Investment in subsidiaries

Investments in subsidiaries are stated at fair value less provisions for impairment.

Segment reporting

Segment results that are reported to the Group's Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, finance costs and tax assets and liabilities.

FRS 101 disclosure exemptions

As the consolidated financial statements of the Group include the equivalent disclosures, the Company has taken the exemption under FRS 101 available in respect of the following disclosures:

- a cash flow statement;
- the effects of new but not yet effective IFRSs; and
- disclosures in respect of transactions with wholly owned subsidiaries.

Leases

A. Definition of a lease

The Group assesses whether a contract is or contains a lease based on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

B. As a lessee

As a lessee, the Group recognises right-of-use assets and lease liabilities for most leases. The Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value (e.g. Short term vehcile hire). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

i. Significant accounting policies

The Group recognises a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgements to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Adopted IFRS not yet applied

The following pronouncements, issued by the IASB, have not yet been endorsed by the UK, are not yet effective and have not yet been adopted by the Group:

- FRS 17 Insurance Contracts;
- Amendments to IAS 1 Presentation of Financial Statements—Classification of liabilities as current or non-current;
- Amendments to IFRS 3 Business Combinations—Reference to the conceptual framework;
- Amendments to IAS 16 Property, Plant and Equipment—Proceeds before intended use;
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets—Onerous contracts—cost of fulfilling a contract;
- Amendments to IAS 1 Presentation of Financial Statements—disclosure of accounting policies;
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—definition of accounting estimates;
- Amendments to IFRS 16 Leases—COVID-19 related rent concessions beyond 30 June 2021; and
- Annual improvements to IFRS standards 2018−2020 cycle.

The above standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

4 Accounting estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis and any revisions to these estimates are recognised in the period in which the estimates are revised and in any future period affected.

The key assumptions which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Impairment of goodwill

Determining whether goodwill is impaired requires judgement as to the determination of the CGUs and an estimation of the value in use of the cash generating units (CGUs) to which goodwill has been allocated. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the

CGUs, and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at 31 March 2021 was £48,132k (2021: £46,581k) (see note 14).

Customer relationships, Non-compete agreements and Brands

Management assess each acquisition to identify intangible assets that were acquired as part of the transaction. The estimation of future economic benefits generated from acquired customer relationships, non-compete agreements and brands, and the determination of the related amortisation profile, involves a significant degree of judgement based on management's estimation of future revenue, profit, customer attrition rates, and the useful lives of the assets. Changes in the estimates made by management could result in a large, but not material, reclassification between intangible assets and goodwill.

Impairment of trade receivables

Determining the extent of the impairment requires judgement as to whether certain trade debtors are deemed doubtful although not definitely irrecoverable. The Group presents trade receivable net of allowances for impairment. The Group measures allowances at an amount equal to the lifetime expected credit loss using both quantitative and qualitative information and analysis based on the Group's historical experience and forward looking information.

Assets held for sale

Determining whether an asset is classified as held for sale requires management to determine whether the conditions identified in '*IFRS 5 Non-current assets held for sale*' are met. Management believe a significant degree of judgement is required to determine whether the sale is highly probable and whether the sale will be completed within 12 months of the classification as held for sale. In addition, management are required to estimate the expected net realisable value of the assets held for sale. As at 31 March 2021, the value of assets classified as held for sale are £Nil (2020: £1,038k) (see note 20).

Dilapidations provision

Determining the extent of the provision requires an estimation of future lease and dilapidation costs and a discount rate in order to calculate the present value. The carrying amount of provision at 31 March 2021 was £1,406k (2020: £1,229k) (see note 24).

Valuation of lease liabilities and right of use assets

The application of IFRS 16 requires management to make judgements that impact the valuation of lease liabilities and the valuation of right of use assets. The following critical judgements relating to leases have been considered:

- Assessing whether a contract is or contains a lease—At the inception of a contract, management determine whether the contract is or contains a lease. Management assess whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration;
- Discount rate—Determining the incremental borrowing rate requires management to consider how much the Group would have to pay to borrow over a similar term, with a similar security, and the funds necessary to obtain an asset of a similar value to the right of use asset in a similar environment; and
- Lease term—Determining the lease term requires management to consider all facts and circumstances that create an economic incentive to exercise an extension or termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

5 Operating segments

Information reported to senior management for the purposes of resource allocation and assessment of performance of each segment focuses on the type of care services provided by the Group. The Group operates solely within the UK therefore no geographical segment reporting has been disclosed. The primary business segments stated below are based on the Group's management and internal reporting structure.

- Registered Care: supporting individuals in our specially adapted homes; and
- Community Based Care: supporting individuals in their own home.

The reported segmental information represents income and expenditure generated from external customers and external suppliers only. There were no inter-segment transactions reported during the current period (2020: £Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profits represents adjusted EBITDA earned by each segment without allocation of non-underlying items or finance costs which is consistent with the information reported to senior management.

The Group previously reported three business segments: Registered, Community Based Care and Children's Complex Care (formerly Focused Healthcare). Following the continued integration of Children's Complex Care (formerly Focused Healthcare) since its acquisition in 2018, the business segments have been updated to reflect the new structure of management reporting to senior management. The prior year segmental analysis has been restated accordingly to reflect the new structure.

	Segment results		
For the year ended 31 March 2021	**Registered**	**Community Based Care**	**Group**
	£000	**£000**	**£000**
Revenue	175,365	98,844	**274,209**
Adjusted EBITDA (before non-underlying items)	**34,019**	**10,777**	**44,796**
Non-underlying items			(3,031)
Adjusted EBITDA (after non-underlying items)			**41,765**
Depreciation and impairment of property, plant and equipment			(15,035)
Profit on disposal of non-current assets			1,589
Amortisation of intangible assets			(2,570)
Net finance expense			(19,763)
Taxation			(2,592)
Profit for the period			**3,394**

	Segment results (restated)		
For the year ended 31 March 2020 (restated)	**Registered**	**Community Based Care**	**Group**
	£000	**£000**	**£000**
Revenue	172,796	94,210	**267,006**
Adjusted EBITDA (before non-underlying items)	**33,756**	**11,297**	**45,053**
Non-underlying items			(1,601)
Adjusted EBITDA (after non-underlying items)			**43,452**
Depreciation and impairment of property, plant and equipment			(15,876)
Profit on disposal of non-current assets			490
Amortisation of intangible assets			(2,371)
Net finance expense			(19,292)
Taxation			(1,531)
Profit for the period			**4,872**

6 Non-underlying items

The Group separately identifies and discloses certain items, referred to as non-underlying items, by virtue of size, nature and occurrence. This is consistent with the way that financial performance is measured by senior management and assists in providing a meaningful analysis of operating results by excluding items that may not be part of the ordinary activity of the business.

The following table details the non-underlying items that have been incurred in the year:

	Note	2021	2020
		£000	£000
Non-underlying items:			
Day Care income	a	(19)	(138)
Consultancy fees	b	849	185
COVID-19 related expenditure	c	9,039	765
COVID-19 related reimbursements	d	(7,319)	—
Impairment of property, plant and equipment	e	1,064	2,180
Integration and acquisition costs	f	172	72
Issue of loan notes	g	—	(112)
Project costs	h	189	446
Restructuring costs	i	120	383
Taxation	j	(1,269)	(514)
		2,826	3,267

The key elements of the expenditure for both years is set out below:

(a) *Day Care income*

For the year ended 31 March 2021, the Group was in receipt of funds in relation to backdated VAT on its Day Care business of £19k (2020: £138k).

(b) *Consultancy fees*

For the year ended 31 March 2021, the Group incurred costs of £849k in relation to professional advice and consultancy services to simplify its group structure, improve procurement capabilities and reduce operating costs (2020: £185k).

(c) *COVID-19 related expenditure*

The impact of the global pandemic caused by the COVID-19 outbreak significantly increased the Group's costs during the year ended 31 March 2021 and as a result additional expenditure of £9,039k was incurred (2020: £765k).

(d) *COVID-19 related reimbursements*

During the year ended 31 March 2021, the UK Government increased the funding to Local Authorities to pass to social care providers to cover certain expenditure in relation to dealing with the impact of the global pandemic caused by the outbreak of COVID-19. As a result, the Group received Government funding of £7,319k for the reimbursement of costs in relation to the global pandemic (2020: £Nil).

(e) *Impairment of property, plant and equipment*

For the year ended 31 March 2021, the Group recognised an impairment charge for certain property, plant and equipment due to the carrying amount of assets exceeding its recoverable amount. As a result an impairment charge of £1,064k was incurred (2020: £2,180k).

(f) *Integration and acquisition costs*

For the year ended 31 March 2021, the Group incurred transaction costs of £172k in relation to the acquisition of Day Opportunities Limited (see note 30). For the year ended 31 March 2020, the Group incurred transaction costs of £72k in relation to the acquisition of Fox Elms Community Care Limited and its subsidiaries.

(g) *Issue of loan notes*

During the year ended 31 March 2020, a professional fees accrual in relation to the reclassification of Investor and Management Fixed Rate Unsecured Loan Notes was released and as a result a credit of £112k was recognised (2021: £Nil).

(h) *Project costs*

The Group is undertaking a programme to improve the quality, accuracy and support for its customers by investing in its head office and operational function including the implementation of an operational ERP system, as a result fees of £189k were incurred (2020: £446k).

(i) *Restructuring costs*

For the year ended 31 March 2021, the Group incurred remuneration costs of £120k in relation to restructuring its workforce (2020: £383k).

(j) *Taxation*

During the year ended 31 March 2021, a taxation credit of £1,269k arose as a result of certain non-underlying items stated in the non-underlying table (2020: £514k).

7 Staff numbers

The average number of persons employed by the Group (including Directors) during the year were as follows:

	Number of employees	
	2021	**2020**
Administration	460	432
Care staff	10,765	10,375
	11,225	10,807

8 Directors' remuneration

Remuneration paid to the Directors in respect of their services to the Company and other member companies of the Group:

	2021	**2020**
	£000	**£000**
Remuneration	928	666
Pension contributions	89	100
	1,017	766

The remuneration of the highest paid director was £540k (2020: £366k) and pension contributions of £64k (2020: £77k) were made to a money purchase scheme on their behalf.

One of the Directors active in the year accrued benefits under money purchase pension schemes (2020: one Director).

9 Auditor's remuneration

	2021	**2020**
	£000	**£000**
Audit of the Group financial statements	18	15
Audit of financial statements of subsidiaries	214	205
Audit related fees	232	220
Other tax advisory services	—	7
Other services	2	2
Non-audit fees	2	9
Total audit and non-audit fees	234	229

10 Operating profit before taxation

Operating profit before taxation is stated after charging:

	2021	2020
	£000	£000
Direct expenses and consumables	8,328	7,865
Staff costs:		
Wages and salaries	182,629	171,184
Social security costs	13,058	11,336
Other pension costs	3,508	3,189
Operating lease rentals:		
Other lease rentals (see note 26)	354	561
Plant and machinery (see note 26)	294	320
Depreciation of property, plant and equipment	13,971	13,696
Impairment of property, plant and equipment (see note 6)	1,064	2,180
Profit on disposal of assets	(1,589)	(490)
Amortisation of intangible assets	2,570	2,371
Other external charges	24,273	29,099
	248,460	241,311

11 Finance income

	2021	2020
	£000	£000
Bank interest receivable	158	139

12 Finance expense

	2021	2020
	£000	£000
Bank interest including RCF non-utilisation fees	1,155	869
Loan notes interest	17,672	17,567
Unwinding of discount on provisions and rate change	44	8
Unwinding of lease liabilities	783	822
Other finance costs	267	165
Total finance expense	19,921	19,431

Loan notes interest comprises interest on Senior Secured and Second Lien Notes of £16,131k (2020: £16,131k) and amortisation of issue costs and original issue discount on the Notes of £1,541k (2020: £1,436k).

13 Taxation

Recognised in the Statement of Profit and Loss	2021	2020
	£000	£000
Analysis of charge in year		
Current tax:		
UK corporation tax on losses of the period	1,750	1,816
Adjustments in respect of previous periods	191	(14)
	1,941	1,802
Deferred tax:		
Origination and reversal of timing differences	(853)	(1,373)
Adjust opening deferred tax to average rate	—	(729)
Adjustments in respect of prior periods	1,504	1,831
	651	(271)
Tax on loss on ordinary activities	2,592	1,531

Recognised directly in Statement of Other Comprehensive Income	2021	2020
	£000	£000
Current tax recognised directly in other comprehensive income	—	—
Deferred tax recognised directly in other comprehensive income	(71)	14
	(71)	14

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2021	2020
	£000	£000
Loss on ordinary activities before taxation	5,986	6,403
Current tax at 19% (2020: 19%)	1,137	1,217
Effects of:		
Income not taxable for tax purposes	(29)	(29)
Expenses not deductible for tax purposes	181	106
Fixed asset depreciation / impairment charges in excess of allowances	128	(1,603)
Transfer pricing adjustment	(17)	(15)
Group relief received	(731)	(1,589)
Adjustments in respect of prior periods	1,695	1,817
Losses eliminated	6	—
Adjust opening deferred tax to average rate	—	1,497
Deferred tax not recognised	222	130
Total tax charge (see above)	2,592	1,531

Factors that may affect future tax charges

The UK Finance Act 2016 was enacted during the year ended 31 March 2017, which included provisions for a reduction in the UK corporation tax rate to 17% with effect from 1 April 2020. Subsequently a change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted for IFRS purposes on 17 March2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. Deferred tax has been provided at a rate of 19% recognising the applicable tax rate at the point when the timing difference is expected to reverse. A further change to the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023 was announced in the Budget on 3 March 2021, and was substantively enacted on 24 May 2021. Had the rate change to 25% been substantively enacted at the balance sheet date the impact on net deferred tax liabilities would have been an increase of approximately £3.7 million.

14 Goodwill

	Goodwill
	£000
Cost	
At 1 April 2020	55,137
Acquisitions (see note 30)	1,551
At 31 March 2021	56,688
Accumulated impairment charge	
At 1 April 2020 and 31 March 2021	8,556
At 31 March 2021	48,132
At 31 March 2020 and 1 April 2020	46,581

On 15 December 2020, the Group acquired 100% of the share capital of Day Opportunities Limited. The principal activities of the company is to provide similar high quality services to that of the Voyage Care Group with the aim to further increase Voyage's presence in the market place. Goodwill of £1,551k has been capitalised in relation to the acquisition (see note 30).

The Group review goodwill for impairment on an annual basis or more frequently if there are indications that goodwill might be impaired.

A goodwill impairment charge of £Nil occurred during the year ended 31 March 2021 (2020: £Nil).

Impairment testing

Goodwill acquired in a business combination is allocated to cash generating units (CGUs) that are expected to benefit from that business combination.

Goodwill has been allocated to three identifiable CGUs, Registered services, Community Based Care and Children's Complex Care (formerly Focused Healthcare). The CGUs to which goodwill is allocated is presented below:

	Goodwill	
	2021	**2020**
	£000	**£000**
Registered	17,977	17,460
Community based care	18,689	17,655
Children's Complex Care (formerly Focused Healthcare)	11,466	11,466
	48,132	46,581

The Group performs a test for impairment on each CGU. The methodology and inputs of the impairment test is detailed below:

The recoverable amount was determined by the greater of net realisable value and value in use. In assessing value in use, the expected future cash flows were discounted to their present value using a pre-tax discount rate of 8.33% for the Registered CGU, 9.16% for the Community Based Care CGU and 10.29% for the Children's Complex Care CGU (2020: 7.98%, 8.83% and 9.95% respectively). The pre-tax discount rates reflect current market assessments of the rate of return expected on equally risky investments.

Key assumptions for the value in use calculations are those regarding weekly fees, volume of chargeable hours, costs, discount rates, growth rates and period on which forecasts are based. The cash flow projections were based on financial budgets approved by the Board of Directors for the forthcoming year and management's forecasts for five years which are based on assumptions of the business, industry and economic growth. A terminal value is placed on the value of the annual cash flows in year five.

Registered

The recoverable amount of this CGU was based on value in use using the assumptions stated above and a terminal growth rate of 1.50% (2020: 1.50%). The recoverable amount of £410.5 million (2020: £441.4 million) exceeded its carrying amount by approximately £68.5 million (2020: £98.9 million) and no impairment was required.

Community Based Care

The recoverable amount of this CGU was based on value in use using the assumptions stated above and a terminal growth rate of 2.00% (2020: 2.00%). The recoverable amount of £198.4 million (2020: £182.8 million) exceeded its carrying amount by approximately £171.6 million (£154.2 million) and no impairment was required.

Children's Complex Care (formerly Focused Healthcare)

The recoverable amount of this CGU was based on value in use using the assumptions stated above and a terminal growth rate of 1.50% (2020: 2.00%). The recoverable amount of £30.3 million (2020: £45.1 million) exceeded its carrying amount by approximately £18.3 million (2020: £31.5 million) and no impairment was required (2020: no impairment).

Sensitivities

Whilst the impairment testing did not give rise to an impairment, management note that the calculations are sensitive to certain assumptions. The below table sets out each assumption and states the increase in percentage points each assumption requires before the carrying amount equals its recoverable.

Changes required for carrying amount to equal recoverable amount (percentage points movement):

	2021	2020
Registered		
Discount rate	+1.42%	+2.01%
Budgeted revenue growth per year	(2.38)%	(3.29)%
Budgeted staff costs per year	+3.92%	+5.48%
Community Based Care		
Discount rate	+50.76%	+33.95%
Budgeted revenue growth per year	(13.92)%	(11.19)%
Budgeted staff costs per year	+18.14%	+14.43%
Children's Complex Care (formerly Focused Healthcare)		
Discount rate	+15.78%	+18.61%
Budgeted revenue growth per year	(18.57)%	(23.23)%
Budgeted staff costs per year	+27.65%	+36.75%

Management are confident that the assumptions used for assessing goodwill are appropriate at the time of the review but acknowledge it is possible circumstances may change in the future.

15 Intangible assets

	Software Costs	Customer relationships	Non-compete agreements	Brands	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2019	2,088	9,688	1,117	300	13,193
Acquisitions	—	1,122	201	18	1,341
Additions	520	—	—	—	520
Disposals	(588)	—	—	—	(588)
At 31 March 2020	2,020	10,810	1,318	318	14,466
At 1 April 2020	2,020	10,810	1,318	318	14,466
Acquisitions (see note 30)	—	1,220	242	14	1,476
Additions	1,090	—	—	—	1,090
Disposals	(9)	—	—	—	(9)
At 31 March 2021	3,101	12,030	1,560	332	17,023
Amortisation					
At 1 April 2019	1,557	4,265	989	136	6,947
Provided during the year	294	1,823	178	76	2,371
Amortisation on disposal	(570)	—	—	—	(570)
At 31 March 2020	1,281	6,088	1,167	212	8,748
At 1 April 2020	1,281	6,088	1,167	212	8,748
Provided during the year	499	1,901	91	79	2,570
Amortisation on disposal	(9)	—	—	—	(9)
At 31 March 2021	1,771	7,989	1,258	291	11,309
Net book value					
At 31 March 2021	1,330	4,041	302	41	5,714
At 31 March 2020 and 1 April 2020	739	4,722	151	106	5,718
At 1 April 2019	531	5,423	128	164	6,246

On 15 December 2020, the Group acquired 100% of the share capital of Day Opportunities Limited. Intangible assets of £1,476k have been capitalised in relation to the acquisition (see note 30).

Intangible assets meeting the relevant recognition criteria are initially measured at cost less accumulated amortisation and accumulated impairment. The amortisation charge is recognised in the Statement of Profit and Loss.

16 Property, plant and equipment

	Freehold land and buildings £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Right-of-use asset £000	Total £000
Cost					
At 1 April 2019	396,002	88,396	9,444	20,463	514,305
Acquisitions	6	12	2	—	20
Additions	1,907	10,835	768	5,677	19,187
Assets classified as held for sale	(5,945)	—	—	—	(5,945)
Disposals	(29,602)	(7,574)	(2,372)	(1,113)	(40,661)
At 31 March 2020	362,368	91,669	7,842	25,027	486,906
At 1 April 2020	362,368	91,669	7,842	25,027	486,906
Acquisitions (see note 30)	2,206	—	—	—	2,206
Additions	8,385	9,376	381	1,805	19,947
Disposals	(2,080)	(1,286)	(694)	(3,143)	(7,203)
At 31 March 2021	370,879	99,759	7,529	23,689	501,856
Depreciation and impairment					
At 1 April 2019	53,868	66,844	6,345	3,289	130,346
Charge for the year	1,142	7,841	1,499	3,214	13,696
Impairment	1,723	—	—	457	2,180
Assets classified as held for sale	(2,885)	—	—	—	(2,885)
Depreciation on disposals	(5,982)	(5,983)	(2,221)	(1,016)	(15,202)
At 31 March 2020	47,866	68,702	5,623	5,944	128,135
At 1 April 2020	47,866	68,702	5,623	5,944	128,135
Charge for the year	1,094	8,067	1,009	3,801	13,971
Impairment	1,064	—	—	—	1,064
Depreciation on disposals	(680)	(1,211)	(661)	(1,425)	(3,977)
At 31 March 2021	49,344	75,558	5,971	8,320	139,193
Net book value					
At 31 March 2021	321,535	24,201	1,558	15,369	362,663
At 1 April 2020	314,502	22,967	2,219	19,083	358,771
At 1 April 2019	342,134	21,552	3,099	17,174	383,959

An impairment charge of £1,064k relates to two freehold properties which met the definition of an asset held for sale and were sold in the period (2020: impairment charge of £1,723k relating to eight freehold properties of which two met the definition of an asset held for sale and were transferred to assets held for sale and six were disposed in the period). Freehold property identified as requiring impairment during the year has been written down to its respective net realisable value.

For the year ended 31 March 2020 an impairment charge of £457k related to one right of use asset which was written down to its respective net realisable value (2021: £Nil).

Included within freehold land and buildings is freehold land totalling £61,914k (2020: £64,721k) which is not depreciated.

Costs of £3,251k (2020: £3,856k) are included within fixed assets in respect of properties in the course of being converted into care homes which are not depreciated until the properties are brought into use.

The properties reported in the above table are subject to a registered debenture that forms security related to the Group's loans and borrowings.

17 Investments

Company	Investments in subsidiary undertakings
	£000
As at 31 March 2020	130,874
Impairment charge	—
As at 31 March 2021	130,874

The subsidiary undertakings of the Company, all of which are registered in Great Britain, are summarised as follows:

Subsidiary	Nature of business	Country of incorporation	Holding	Proportion held %
Voyage Healthcare Group Limited	Intermediate holding company	England	Ordinary	100
Voyage Care Limited*	Intermediate holding company	England	Ordinary	100
Voyage 1 Limited*	Community care	England	Ordinary	100
Voyage 2 Unlimited*	Community care	England	Ordinary	100
Voyage Limited*	Community care	England	Ordinary	100
Voyage Specialist Healthcare Limited*	Community care	England	Ordinary	100
Voyage Care BondCo PLC*	Investment company	England	Ordinary	100
Solor Care (South West) Limited*	Community care	England	Ordinary	100
Solor Care London Limited*	Community care	England	Ordinary	100
Solor Care South East (2) Limited*	Community care	England	Ordinary	100
Solor Care West Midlands Limited*	Community care	England	Ordinary	100
Solor Care Holdings (2) Limited*	Intermediate holding company	England	Ordinary	100
Solor Care Limited*	Community care	England	Ordinary	100
Solor Care South East Limited*	Community care	England	Ordinary	100
Solor Care Holdings (3) Limited*	Intermediate holding company	England	Ordinary	100
Solor Care Group Limited*	Community care	England	Ordinary	100
Evesleigh (East Sussex) Limited*	Community care	England	Ordinary	100
Evesleigh Care Homes Limited*	Community care	England	Ordinary	100
Primary Care UK Limited*	Community care	England	Ordinary	100
Skills for Living Limited*	Community care	England	Ordinary	100
Redcliffe House Limited*	Community care	England	Ordinary	100
The Cedars (Mansfield) Limited*	Community care	England	Ordinary	100
Childrens Complex Care Limited	Community care	England	Ordinary	100
(formerly Focused Healthcare Limited)*				
Focused Healthcare Limited (formerly	Intermediate holding company	England	Ordinary	100
Fox Elms Community Care Limited)*				
Fox Elms Care Limited*	Community care	England	Ordinary	100
Day Opportunities Limited*	Community care	England	Ordinary	100

* Held by a subsidiary undertaking

The registered address of the Company and its subsidiary undertakings stated above is Wall Island, Birmingham Road, Lichfield, Staffordshire, WS14 0QP.

18 Trade and other receivables

	2021		2020	
	Group	Company	Group	Company
	£000	£000	£000	£000
Trade receivables	18,394	—	23,859	—
Impairment of receivables	(513)	—	(1,761)	—
Trade receivables (net)	17,881	—	22,098	—
Other receivables	1,267	—	3,169	—
Prepayments	1,458	45	842	45
Intercompany receivables	2,553	480,345	944	459,253
	23,159	480,390	27,053	459,298

Credit risk exposures in relation to customers is limited given that the majority of the Group's revenue is attributable to publicly funded local purchasers. The Group has no significant concentrations of credit risk, with the exposure spread over a large number of Local Authorities and CCGs.

The Group presents trade receivables net of allowances for impairment. The Group measures allowances at an amount equal to the lifetime expected credit loss using both quantitative and qualitative information and analysis based on the Group's historical experience and forward looking information. During the year there was a credit to the consolidated Statement of Profit and Loss of £1,248k (2020: £165k).

The Group has £606k (2020: £302k) trade receivables that are past due but not impaired. This balance is deemed recoverable as it primarily relates to publicly funded local purchasers as mentioned above for whom the Group have strong relations and there is no history of default.

The ageing analysis of these receivables is as follows:

	2021	2020
	£000	£000
Between 91−120 days	181	57
Between 121−150 days	81	15
Greater than 150 days	344	230
	606	302

Movement in the provision for impaired receivables:

	2021	2020
	£000	£000
At 1 April	(1,761)	(1,926)
Decrease in provision for impaired receivables	1,248	165
At 31 March	(513)	(1,761)

19 Cash and cash equivalents

	2021	2020
	£000	£000
Cash and cash in hand	38,528	79,761
Cash held on behalf of people we support	346	219
Other restricted cash	1,872	159
	40,746	80,139

Cash and cash equivalents includes cash held on behalf of people we support. All interest earned on these funds is returned back to the people we support and are not included in the Statement of Profit and Loss. An equivalent liability of £346k (2020: £219k) exists for this amount and is included in note 22.

20 Non-current assets classified as held for sale

As at 31 March 2021, the assets classified as held for sale are £Nil (2020: £1,038k).

21 Loans and borrowings

	2021	2020
	£000	£000
Bank Loans	—	45,000
Loan notes	246,289	244,748
Lease liability	18,425	23,680
	264,714	313,428

Loan notes include unamortised issue costs and original issue discount of £3,711k (2020: £5,252k) which after deducting from the loan note balance due of £250 million results in a net loan note liability of £246,289k (2020: £244,748k).

As at 31 March 2021 there was accrued interest of £6,721k (2020: £6,721k) included within accruals disclosed within current liabilities in the Statement of Financial Position but excluded from this note.

Total debt can be analysed as falling due:

	2021	2020
	£000	£000
In one year or less	3,618	48,892
Between one and five years	254,278	254,596
After five years	6,818	9,940
	264,714	313,428

Loan notes

The Group issued £250 million of Loan Notes comprising £215 million Senior Secured Notes due 2023 and £35 million Second Lien Notes due 2023. The Notes are listed on the Channel Island Stock Exchange. The Notes are listed on the Channel Island Stock Exchange. Accrued interest on the Loan Notes is cash settled bi-annually. In addition, the Group is party to a £45 million Revolving Credit Facility.

The interest rate and repayment terms of these loan notes are as follows:

Debt instrument	Currency	Loan balance	Interest rate	Repayment terms
		£000		
Senior Secured Loan Notes	GBP	215,000	5.875%	May-23
Second Lien Notes	GBP	35,000	10.00%	Nov-23
Revolving Credit Facility				
Utilised	GBP	—	LIBOR +3.25%	Feb-23
Non utilised	GBP	45,000	1.1%	Feb-23

22 Trade and other payables

	2021		2020	
	Group	Company	Group	Company
	£000	£000	£000	£000
Trade payables	7,104	—	8,003	—
Other taxes and social security costs	6,993	—	5,987	—
Other payables	17,084	—	14,361	—
Amounts due to related parties	3,665	667,309	2,056	617,776
People we support money payable (see note 19)	346	—	219	—
	35,192	667,309	30,626	617,776

Amounts due to related parties have no fixed repayment date, but are classified as short term loans.

The Group has policies in place to ensure all payables are paid within the agreed credit terms.

23 Deferred tax assets and liabilities

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2020: 19%).

Group

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2021	2020	2021	2020	2021	2020
	£000	£000	£000	£000	£000	£000
Property, plant and equipment	1,857	2,723	(20,910)	(21,583)	(19,053)	(18,860)
Intangible assets	193	220	(833)	(946)	(640)	(726)
Employee benefits	71	41	—	—	71	41
Un-utilised losses	3,062	3,784	—	—	3,062	3,784
Other	4,846	4,914	(88)	(95)	4,758	4,819
Deferred tax assets / (liabilities)	10,029	11,682	(21,831)	(22,624)	(11,802)	(10,942)
Offset of tax	(10,029)	(11,682)	10,029	11,682	—	—
Net deferred tax liabilities	—	—	(11,802)	(10,942)	(11,802)	(10,942)

Movements in deferred tax during the year:

		Recognised in:			
	At 1 April 2020	Profit and loss	Changes in OCI	Acquisition of subsidiaries	At 31 March 2021
	£000	£000	£000	£000	£000
Property, plant and equipment	(18,860)	(221)	28	—	(19,053)
Intangible assets	(726)	366	—	(280)	(640)
Employee benefits	41	(13)	43	—	71
Un-utilised losses	3,784	(722)	—	—	3,062
Other	4,819	(61)	—	—	4,758
Deferred tax liabilities	(10,942)	(651)	71	(280)	(11,802)

Movements in deferred tax during the prior period:

		Recognised in:			
	At 1 April 2019	Profit and loss	Changes in OCI	Acquisition of subsidiaries	At 31 March 2020
	£000	£000	£000	£000	£000
Property, plant and equipment	(13,966)	(4,880)	(14)	—	(18,860)
Intangible assets	(759)	287	—	(254)	(726)
Employee benefits	48	(7)	—	—	41
Un-utilised losses	3,502	282	—	—	3,784
Other	230	4,589	—	—	4,819
Deferred tax liabilities	(10,945)	271	(14)	(254)	(10,942)

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where management believe it is probable that these assets will be recovered.

Deferred tax assets totalling £731k (2020: £807k) have not been recognised as it is improbable that sufficient taxable profits will arise in the related entities against which the assets can be utilised.

24 Provisions

Group	2021	2020
	£000	£000
Current dilapidations	422	267
Non-current dilapidations	984	962
Provision	1,406	1,229

The movement in provisions were:

	Dilapidations
	£000
At 1 April 2020	1,229
Amounts recognised during the year	150
Provision used during the year	(17)
Discount rate change (see note 12)	28
Unwinding of discounted amount (see note 12)	16
At 31 March 2021	1,406

The Group's dilapidations provision is determined by discounting expected cash outflows at a pre-tax rate that reflects current market assessments of the time value of money. As at 31 March 2021, a pre-tax discount rate of 1.35% was applied which is equal to the Government's risk free rate (2020: 1.75%). The provisions recognised will unwind over the term of each lease.

25 Share capital

Group and Company	2021	2020
	£000	£000
Allotted, called up and fully paid:		
4 ordinary shares of £1.00 each	—	—
	—	—

The ordinary shares entitle the holders to vote at general meetings of the Company, and to receive by way of dividend any profits of the Company available for distribution. On winding up of the Company the balance of assets, subject to special rights attached to any other class of shares, will be distributed among the ordinary shareholders.

26 Commitments

The Group had commitments under non-cancellable operating leases as follows:

	2021		2020	
	Land and buildings	Other assets	Land and buildings	Other assets
	£000	£000	£000	£000
Operating leases which expire:				
Within one year	—	—	5	3
Between two and five years	—	—	—	—
After five years	—	—	—	—
	—	—	5	3

During the year £648k was recognised as an expense in the Statement of Profit and Loss in respect of operating leases (2020: £881k) (see note 10).

27 Financial instruments

The fair values of all assets and liabilities by class together with their carrying amounts shown in the Statement of Financial Position are as follows:

	Carrying amount				Fair value
	Financial liabilities at FV	Loans and receivables	Other financial liabilities	Total	Total
	£000	£000	£000	£000	£000
For the year ended 31 March 2021					
Financial assets not measured at fair value					
Trade and other receivables	—	21,701	—	21,701	21,701
Cash and cash equivalents	—	40,746	—	40,746	40,746
	—	62,447	—	62,447	62,447
Financial liabilities not measured at fair value					
Senior Secured Loan Notes	—	—	211,906	211,906	214,103
Second Lien Loan Notes	—	—	34,383	34,383	33,950
Trade and other payables	—	—	35,192	35,192	35,192
Lease liability	—	—	18,425	18,425	18,425
	—	—	299,906	299,906	301,670
For the year ended 31 March 2020					
Financial assets not measured at fair value					
Trade and other receivables	—	26,211	—	26,211	26,211
Cash and cash equivalents	—	80,139	—	80,139	80,139
	—	106,350	—	106,350	106,350
Financial liabilities not measured at fair value					
Senior Secured Loan Notes	—	—	210,562	210,562	199,322
Second Lien Loan Notes	—	—	34,186	34,186	29,750
Revolving Credit Facility	—	—	45,000	45,000	45,000
Trade and other payables	—	—	30,626	30,626	30,626
Lease liability	—	—	23,680	23,680	23,680
	—	—	344,054	344,054	328,378

28 Related party transactions

As permitted by IAS 24 "Related party disclosures", the Company has taken advantage of the exemption for wholly owned subsidiaries not to disclose related party transactions with group entities.

During the year, the following transactions took place between the Group and its other related parties:

- Consultancy fees of £150k (2020: £150k) was accrued and £150k (2020: £150k) was paid to Duke Street LLP.
- Consultancy fees of £300k (2020: £300k) was accrued in relation to Partners Group AG.
- During the year ending 31 March 2015, Voyage 1 Limited made an Advance of £296k (2020: £296k) to Viking Investments LP, the Advance bears a rate of interest of 10% and interest of £51k (2020: £47k) was recognised during the current year. As at 31 March 2021, the amount due was £551k (2020: £500k); the Advance is repayable on demand at any time together with accrued interest.
- Partners Group AG is the parent company of Chambertin (Holdings) Limited and its subsidiaries. Civica UK Limited, a subsidiary of Chambertin (Holdings) Limited supplied software solutions including licence fees to the Voyage Care Group; fees of £779k were paid and £79k was outstanding as at 31 March 2021 (2020: £504k and £121k respectively).
- Duke Street LLP is a Member of PEPCO Services LLP. PEPCO Services LLP supplied services and consultancy to the Voyage Care Group; fees of £792k were paid and £Nil was outstanding as at 31 March 2021 (2020: £424k and £1k respectively).
- Compensation paid to key management personnel in respect of their services to the Company and other member companies of the Group:

	2021	2020
	£000	£000
Short-term employee benefits	**577**	430
Post-employment benefits	**43**	33
	620	463

Compensation of the Company and other member companies of the Group key management personnel includes salaries, non-cash benefits and contributions towards a post-employment contribution benefit plan.

- During the year, close family members of key management personnel were employed by the Group in administration roles and received remuneration totalling £36k (2020: £23k). At the year end, amounts totalling £2k (2020: £2k) were owed to the individuals.

29 Pension schemes

The Group contributes to a number of pension schemes for its employees. Details of these schemes are as follows:

The Group contributes on a defined contribution basis to the Peoples Pension under Auto-enrolment, a Group Personal Pension Plan and personal pension plans for certain managers.

The Group contributes to the National Health Service pension scheme for certain employees, whereby the Group is required to make contributions into these schemes at a percentage, as notified by the NHS pension scheme administrator, of the relevant employees' salary. The assets and liabilities of these pension schemes are managed independently of the Group. Employer contribution rates are 14.38% of pensionable salaries. The Group have no ongoing liabilities in relation to these schemes.

The Group also participates in a group funded defined benefit scheme, the Voyage Retirement Benefit Scheme, for past employees. Contributions into this scheme are made in accordance with the advice of the Royal London Group, independent actuaries. The latest triennial actuarial valuation was performed on 1 April 2020 using the projected unit method. The principal assumptions adopted in the valuation were that the discount factor would be 2.1% per annum compound and the real rate of investment over salary growth would be 0.00% per annum compound. At the date of the latest triennial actuarial valuation at 1 April 2020, the market value of the assets of the scheme was £1,548k and the actuarial value of the assets was sufficient to cover 87% of the benefits that had accrued to members, after allowing for expected future increase in earnings.

The Defined Contribution pension cost for the Group in 2021 was £3,508k (2020: £3,189k). An amount of £743k (2020: £941k) is included in accruals which represents the excess accumulated pension cost over the payment of contributions to the various Defined Contribution schemes.

IAS 19 valuation

The pension valuation for the Voyage Retirement Benefit Scheme at 1 April 2020 has been updated by the actuary on an IAS 19 basis as at 31 March 2021. The scheme has no active members (2020: none) and 14 deferred members (2020: 14). The major assumptions used in this valuation were:

	2021	2020
	%	%
Rate of increase in salaries	0.0	0.0
Rate of increase in pensions in payment	3.4	2.9
Discount rate	2.1	2.3
Inflation assumption	3.4	2.9

The assumptions relating to longevity underlying the pension liabilities at the Statement of Financial Position date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

Current pensioner aged 65: 19.4 years (male), 21.6 years (female).

Future retiree upon reaching 65: 20.6 years (male), 23.0 years (female).

The assumptions used by the actuary are the best estimate chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Scheme assets / (liabilities)

The fair value of the scheme's assets / (liabilities), which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Value at 31 March 2021	Value at 31 March 2020
	£000	£000
Fair value of plan assets		
Fair value of plan assets	2,304	1,889
Present value of scheme liabilities	(1,857)	(1,720)
Net defined benefit asset	447	169
Effect of asset ceiling / minimum funding requirements	(819)	(386)
Net recognised defined benefit liability	**(372)**	**(217)**

Movements in present value of defined benefit obligation:

	2021	2020
	£000	£000
At 1 April	1,720	1,985
Current service cost	—	—
Interest expense	24	27
Remeasurement arising from:		
Financial	133	(17)
Demographic	—	(45)
Experience	(20)	(230)
Contributions by members	—	—
Benefits paid	—	—
At 31 March	1,857	1,720

Movements in fair value of plan assets:

	2021	2020
	£000	£000
At 1 April	1,889	2,154
Interest income	29	31
Actual return on plan assets, excluding interest income	311	(371)
Contributions:		
By employer	75	75
By members	—	—
Benefits paid	—	—
At 31 March	2,304	1,889

Analysis of amounts recognised in the Statement of Profit and Loss:

	2021	2020
	£000	£000
Current service cost	—	—
Interest on present value of defined benefit obligation	24	27
Interest on fair value of plan assets	(29)	(31)
	(5)	(4)

Analysis of amounts recognised in the Statement of Other Comprehensive Income:

	2021	2020
	£000	£000
Remeasurement of defined benefit obligation	113	(292)
Return on plan assets, excluding amounts included in net interest	(311)	371
Change in effect of the asset ceiling, excluding amounts included in net interest	424	(77)
	226	2

History of plans

The history of the plans for the current and prior periods is as follows:

Statement of Financial Position	2021	2020	2019	2018	2017
	£000	£000	£000	£000	£000
Present value of scheme liabilities	(1,857)	(1,720)	(1,985)	(1,132)	(1,259)
Fair value of scheme assets	2,304	1,889	2,154	1,206	1,407
Surplus	447	169	169	74	148

The Company expects to contribute approximately £99k (2020: £75k) to its defined benefit plans in the next financial year.

30 Day Opportunities acquisition

On 15 December 2020, the Group acquired 100% of the issued share capital of Day Opportunities Limited. The principal activities of the company is to provide similar high quality services to that of the Voyage Care Group with the aim to further increase Voyage's presence in the market place.

The provisional fair value of the assets acquired and the resulting goodwill is set out below:

	Book value	Fair value adjustment	Fair value
	£000	£000	£000
Property, plant and equipment	2,206	—	2,206
Trade and other receivables	111	(21)	90
Cash in hand, bank	43	—	43
Trade and other payables	(51)	—	(51)
Accruals and deferred income	(65)	(25)	(90)
Corporation tax	(127)	—	(127)
Deferred tax	—	(280)	(280)
Net assets	2,117	(326)	**1,791**
Brands			14
Non-compete agreement			242
Customer relationships			1,220
Goodwill			1,551
			4,818
Satisfied by:			
Cash			4,463
Deferred consideration			355
Total cost of acquisition			**4,818**

The acquisition cost comprises cash consideration of £4,818k, of which £355k related to deferred consideration which was paid and in escrow prior to 31 March 2021.

From acquisition on 15 December 2020 to 31 March 2021 the business contributed revenue of £578k and a profit after tax of £162k. The revenue and profit after tax is reported within the Group's results for the year ended 31 March 2021. If acquired on 1 April 2020 the business contributions to revenue for the year to 31 March 2021 would have been £1,972k and a profit after tax of £553k.

The Group incurred acquisition costs of £172k which have been expensed as a non-underlying item in the Statement of Profit and Loss.

31 Contingent Liability

Security granted on the Senior Secured Notes, the Second Lien Notes and the Revolving Credit Facility Certain wholly owned subsidiaries in the Voyage Care Group have guaranteed the amounts due under the Senior Secured Notes, the Second Lien Notes and the Revolving Credit Facility held in Voyage Care BondCo PLC. Security has been granted over all freehold and long leasehold property.

Sleep in shifts announcement

On 19 March 2021, the Supreme Court announced its judgement on the Royal Mencap Society V Tomlinson-Blake case on the payment of sleep-in shifts for support workers. The Supreme Court ruled that for the purposes of National Minimum Wage, the number of hours worked excludes the hours workers are permitted to sleep unless they are awake for the purpose of working.

As a result of the judgement by the Supreme Court, the Directors consider that there is no possibility of a future liability and therefore the contingent liability disclosure has been removed (2020: £16 million).

32 Controlling party

The Company's immediate parent undertaking is Voyage HoldCo 2 Limited which is registered in England and Wales.

The Company's ultimate parent undertaking is Voyage Care HoldCo Limited which is registered in England and Wales.

Copies of the Group financial statements of Voyage Care HoldCo Limited may be obtained from:

The Company Secretary
Voyage Care HoldCo Limited
Wall Island
Birmingham Road
Lichfield
Staffordshire
WS14 0QP

Independent Auditor's Report to the Members of Voyage BidCo Limited

Opinion

We have audited the financial statements of Voyage BidCo Limited (the "Company") for the year ended 31 March 2020 which comprise the Consolidated Statement of Profit and Loss, Consolidated Statement of Other Comprehensive Income, Consolidated and Company Statement of Financial Position, Consolidated and Company Statement of Changes in Equity, Consolidated Statement of Cash Flow and related notes, including the accounting policies in note 3.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the Company will continue in operation.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

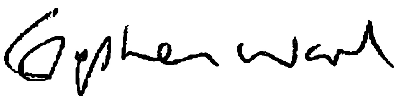
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Stephen Ward (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Date: 9 July 2020

VOYAGE BIDCO LIMITED

Consolidated Statement of Profit and Loss
For the year ended 31 March 2020

		2020			2019		
	Notes	Underlying	Non-underlying items[2]	Total	Underlying	Non-underlying items[2]	Total
		£000	£000	£000	£000	£000	£000
Continuing operations							
Revenue		267,006	—	267,006	249,798	—	249,798
Operating expenses	10	(237,530)	(3,781)	(241,311)	(225,508)	(1,765)	(227,273)
Adjusted EBITDA[1]		45,053	(1,601)	43,452	41,205	(1,319)	39,886
Depreciation and impairment of property, plant and equipment	10	(13,696)	(2,180)	(15,876)	(14,818)	(446)	(15,264)
Profit on disposal of assets	10	490	—	490	253	—	253
Amortisation of intangible assets	10	(2,371)	—	(2,371)	(2,350)	—	(2,350)
Operating profit		**29,476**	**(3,781)**	**25,695**	**24,290**	**(1,765)**	**22,525**
Finance income	11	139	—	139	77	—	77
Finance expense	12	(19,431)	—	(19,431)	(19,517)	—	(19,517)
Profit before taxation		**10,184**	**(3,781)**	**6,403**	**4,850**	**(1,765)**	**3,085**
Taxation	13	(2,045)	514	(1,531)	(1,218)	286	(932)
Profit for the year from continuing operations		**8,139**	**(3,267)**	**4,872**	**3,632**	**(1,479)**	**2,153**
Profit attributable to equity holders of the parent		**8,139**	**(3,267)**	**4,872**	**3,632**	**(1,479)**	**2,153**

(1) Adjusted EBITDA represents earnings before interest, tax, depreciation and amortisation, impairments, profit / (loss) on disposal of assets.

(2) Further breakdown of non-underlying items analysed in note 6.

VOYAGE BIDCO LIMITED

Consolidated Statement of Other Comprehensive Income
For the year ended 31 March 2020

	Notes	2020	2019
		£000	£000
Profit for the year		4,872	2,153
Items that will not be reclassified to profit and loss			
Remeasurements of the defined benefit liability	28	(2)	(1)
Deferred tax movement for the year	23	(14)	(128)
		(16)	(129)
Total comprehensive income attributable to equity holders of the parent for the financial year		**4,856**	**2,024**

VOYAGE BIDCO LIMITED

Consolidated Statement of Financial Position
At 31 March 2020

	Notes	2020		2019	
		£000	£000	£000	£000
Non-current assets					
Goodwill	14	46,581		45,452	
Intangible assets	15	5,718		6,246	
Property, plant and equipment	16	358,771		383,959	
			411,070		**435,657**
Current assets					
Trade and other receivables	18	27,053		25,612	
Corporation tax receivable		—		590	
Cash and cash equivalents	19	80,139		18,686	
		107,192		44,888	
Assets classified as held for sale	20	1,038		2,802	
			108,230		**47,690**
Total assets			**519,300**		**483,347**
Current liabilities					
Loans and borrowings	21	48,892		25,663	
Trade and other payables	22	30,626		28,926	
Accruals and deferred income		24,136		18,355	
Corporation tax payable		503		—	
Provisions	24	267		548	
Other financial liabilities	26	—		1,140	
			104,424		**74,632**
Non-current liabilities					
Loans and borrowings	21	264,536		263,634	
Tax liabilities	23	10,942		10,945	
Provisions	24	962		490	
Employee benefits	28	217		283	
			276,657		**275,352**
Total liabilities			**381,081**		**349,984**
Net assets			**138,219**		**133,363**
Equity					
Capital and reserves					
Issued share capital	25	—		—	
Share premium		252,872		252,872	
Retained earnings		(114,653)		(119,509)	
Total equity attributable to equity holders of the parent			**138,219**		**133,363**

These financial statements were approved by the Board of Directors on 9 July 2020 and were signed on its behalf by:

S Parker
Director

Company registered no. 05752534

VOYAGE BIDCO LIMITED

Company Statement of Financial Position
At 31 March 2020

	Notes	2020	2019
		£000	£000
Assets			
Non-current assets			
Investments	17	130,874	130,874
Total non-current assets		130,874	130,874
Current assets			
Trade and other receivables	18	459,298	440,085
Total current assets		459,298	440,085
Total assets		**590,172**	**570,959**
Liabilities			
Current liabilities			
Trade and other payables	22	617,776	572,781
Total current liabilities being total liabilities		617,776	572,781
Net liabilities		**(27,604)**	**(1,822)**
Equity			
Capital and reserves			
Called up share capital	25	—	—
Share premium		252,872	252,872
Profit and loss account		(280,476)	(254,694)
Equity shareholders' deficit		**(27,604)**	**(1,822)**

Under section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own Statement of Profit and Loss and related notes that form part of these approved financial statements. The amount of loss after taxation for the financial year for the Company is £25,782,000 (2019: £52,212,000).

These financial statements were approved by the Board of Directors on 9 July 2020 and were signed on its behalf by:

S Parker
Director

Company registered number 05752534

VOYAGE BIDCO LIMITED

Consolidated Statement of Changes in Equity
For the year ended 31 March 2020

Group	Issued share capital	Share premium	Retained earnings	Total parent equity
	£000	£000	£000	£000
At 1 April 2019	—	252,872	(119,509)	133,363
Total comprehensive income for the year				
Profit for the year	—	—	4,872	4,872
Other comprehensive income	—	—	(16)	(16)
Total comprehensive income for the year	—	—	4,856	4,856
At 31 March 2020	**—**	**252,872**	**(114,653)**	**138,219**

For the year ended 31 March 2019

Group	Issued share capital	Share premium	Retained earnings	Total parent equity
	£000	£000	£000	£000
At 1 April 2018	—	252,872	(122,287)	130,585
Adjustment on initial application of IFRS 16 (net of tax)	—	—	754	754
	—	252,872	(121,533)	131,339
Total comprehensive income for the year				
Profit for the year	—	—	2,153	2,153
Other comprehensive income	—	—	(129)	(129)
Total comprehensive income for the year	—	—	2,024	2,024
At 31 March 2019	**—**	**252,872**	**(119,509)**	**133,363**

VOYAGE BIDCO LIMITED

Company Statement of Changes in Equity
For the year ended 31 March 2020

Company	Issued share capital	Share premium	Retained earnings	Total parent equity
	£000	£000	£000	£000
At 1 April 2019	—	252,872	(254,694)	(1,822)
Total comprehensive income for the year				
Loss for the year	—	—	(25,782)	(25,782)
Other comprehensive income	—	—	—	—
Total comprehensive expense for the year	—	—	(25,782)	(25,782)
At 31 March 2020	**—**	**252,872**	**(280,476)**	**(27,604)**

For the year ended 31 March 2019

Company	Issued share capital	Share premium	Retained earnings	Total parent equity
	£000	£000	£000	£000
At 1 April 2018	—	252,872	(202,482)	50,390
Total comprehensive income for the year				
Loss for the year	—	—	(52,212)	(52,212)
Other comprehensive income	—	—	—	—
Total comprehensive expense for the year	—	—	(52,212)	(52,212)
At 31 March 2019	**—**	**252,872**	**(254,694)**	**(1,822)**

VOYAGE BIDCO LIMITED

Consolidated Statement of Cash Flow
For the year ended 31 March 2020

	2020	2019
	£000	£000
Cash flows from operating activities		
Profit for the year	4,872	2,153
Adjustments for:		
Depreciation and impairment of property, plant and equipment	15,876	15,264
Profit on disposal of non-current assets	(490)	(253)
Amortisation of intangible assets	2,371	2,350
Finance income	(139)	(77)
Finance expense	19,431	19,517
Taxation	1,531	932
Movements in working capital:		
Decrease / (increase) in trade and other receivables	1,236	(4,177)
Increase in trade and other payables	1,161	2,120
Increase in accruals and deferred income	3,226	1,044
Increase / (decrease) in provisions and employee benefits	108	(52)
Cash generated from operating activities	49,183	38,821
Interest paid	(17,007)	(17,227)
Tax paid	(840)	(1,017)
Net cash generated from operating activities	31,336	20,577
Cash flows from investing activities		
Interest received	73	35
Payments to acquire property, plant and equipment	(12,032)	(22,544)
Payments to acquire intangible assets	(504)	(475)
Proceeds from sales of property, plant and equipment	27,565	2,417
Net cash outflow on acquisition of subsidiaries	(3,220)	(2,250)
Net cash inflow on acquisition of subsidiaries	5	—
Net cash generated from / (used in) investing activities	11,887	(22,817)
Cash flows from financing activities		
Proceeds from loans and borrowings	22,000	8,000
Property and vehicle lease payments	(3,770)	(3,998)
Net cash generated from financing activities	18,230	4,002
Net increase in cash and cash equivalents in the period	61,453	1,762
Cash and cash equivalents at the beginning of the period	18,686	16,924
Cash and cash equivalents at the end of the period	**80,139**	**18,686**

1 Reporting entity

Voyage BidCo Limited (the Company) is a company incorporated in England and Wales. The consolidated financial statements consolidate those of the Company and its subsidiaries (together referred to as the Group). The principal activity of the Group is the provision of high quality care and support services for people with learning disabilities, brain injuries and other complex needs.

2 Basis of preparation

The Group financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs).

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 (FRS 101) 'Reduced Disclosure Framework' and the Companies Act 2006.

Under section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own Statement of Profit and Loss and related notes that form part of these approved financial statements. The amount of loss after taxation for the financial year for the Company is £25,782,000 (2019: £52,212,000).

The Group and Company financial statements have been prepared under the historical cost convention except for certain financial instruments which are stated at fair value through the Statement of Profit and Loss. Non-current assets held for sale are stated at the lower of previous carrying value and fair value.

Revenue and expenses arising on trading between group companies are eliminated on consolidation.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

The Group, of which the Company is a member, is funded through a combination of Shareholders' Funds, Unsecured Shareholders Loans, Senior Secured Notes, Second Lien Notes and cash generated through operating profits. These comprised £215 million of 5.875% Senior Secured Notes and £35 million of 10% Second Lien Notes, due in 2023, and a Revolving Credit Facility of £45.0 million, due 2023, of which £45.0 million was drawn at 31 March 2020. The Directors are mindful of the due date of the external financing arrangements and recognise the need to review refinancing or capital structure options at an appropriate time. The Investor and Management Fixed Rate Unsecured Loan Notes are payable at the earlier of an exit or September 2024.

The Directors have prepared a 5-year budget from April 2020, together with detailed 'worse case' cash flow forecasts through to 31 March 2022, which reflect severe but plausible downsides. This indicates that, the Group will have sufficient funds to meet its liabilities as they fall due for that period. Whilst the UK's economic outlook resulting from the global COVID-19 pandemic remains uncertain, the Directors have considered the impact to the Group by conducting extensive scenario analysis on the Group's profitability, the availability of cash to meet liabilities as they fall due and its compliance with the debt covenant. Additionally, the Directors continue to assess the ability to refinance in each scenario.

Taking the above into consideration, the impact of the contingent liability set out in Note 31 and certain principal risks, the Directors believe that there are no material uncertainties to the Group's ability to operate as a going concern and to continue realising its assets and discharging its liabilities in the normal course of business. Therefore it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

3 Accounting policies

The following accounting policies have been applied consistently dealing with items which are considered material in relation to the companies financial statements.

Change in accounting policy

Following the IFRS Interpretations Committee Paper (29 April 2020)—Multiple Tax Consequences of Recovering an Asset (IAS 12 Income Taxes), the Group has changed its accounting of deferred tax related to the fair value of property, plant and equipment.

Following the issue of further guidance concerning recognition of deferred tax on Corporate Interest Restriction dis-allowances, the group has changed its accounting policy to reflect the new accounting requirements. As the impact of these changes was not material to the financial statements, prior year comparatives have not been restated.

Business combinations and goodwill

Acquisitions are accounted for using the acquisition method as at the acquisition date and costs incurred in relation to the acquisition are expensed and included within operating expenses.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. If the contingent consideration is not classified as equity, changes to fair value are recognised in the Statement of Profit and Loss.

Any deferred consideration payable is recognised at fair value at the acquisition date and changes to fair value are recognised in the Statement of Profit and Loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the fair value of net identifiable assets acquired and liabilities assumed. Goodwill is tested for impairment annually.

If the consideration is lower than the fair value of the net assets of the acquired subsidiary, the difference is recognised in Statement of Profit and Loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Intangible assets

Intangible assets with finite useful lives that are acquired separately or in a business combination are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The carrying amounts of intangible assets are reviewed annually to determine whether the assets have suffered an impairment loss. The estimated useful lives are as follows:

Customer relationships	2 – 8 years
Non-compete	2 – 3 years
Brands	2 – 4 years

Purchased software that is not integral to the functionality of the related equipment is capitalised and amortised on a straight-line basis over its estimated useful life. The estimated useful life are as follows:

Computers not integral	3 years

Non-current assets held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amount will be recovered primarily through a sale transaction rather than through continuing operational use. Reclassification will only take place if (i) the asset is available for immediate sale in its present condition; (ii) the asset will be subject to terms for a normal sale of such asset; and (iii) management are committed to the sale and expect the sale to be completed within one year from the date of classification.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

In the consolidated Statement of Profit and Loss for the year, and for the comparable period of the previous year, revenue and expenses for discontinued operations are reported separately from revenue and expenses from continuing operations, down to the level of profit / (loss) after taxes. There were no discontinued operations during the year (2019: £Nil).

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure incurred in bringing the asset into working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Depreciation is charged to the statement of profit and loss on a straight line basis at rates calculated to write off the cost of each asset to its residual value over its estimated useful life. The depreciation rates in use are:

Freehold land	Nil
Freehold buildings	2%
Motor vehicles	25%
Fixtures, fittings and equipment	20%
Computers integral	33%
Right-of-use assets	Duration of lease

Gains and losses of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and are recognised net within the Statement of Profit and Loss.

Impairment of goodwill and property, plant and equipment

The carrying amounts of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the property, plant and equipment may not be recoverable.

Calculation of recoverable amount

The recoverable amount of property, plant and equipment is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating operating segment exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss unless it arises on previously revalued property, plant and equipment. An impairment loss on revalued property, plant and equipment is recognised in the Statement of Profit and Loss if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the Statement of Other Comprehensive Income until the carrying amount reaches the asset's depreciated historic cost.

Impairment losses recognised in respect of income-generating operating segments are allocated first to reduce the carrying amount of any goodwill allocated to income-generating operating segments, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the operating segment on a pro rata or more appropriate basis. An income generating operating segment is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or group of assets.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are stated at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised at fair value less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost less any impairment losses.

Trade and other payables

Trade and other payables are stated at cost.

Revenue

Revenue in respect of the provision of care services represents the fair value of fee income receivable for the period and is recognised in respect of the care that has been provided in the relevant period. Revenue invoiced in advance is included in deferred income, until the service is provided, whilst revenue billed in arrears is included in accrued income until billed.

Non-underlying items

The Group separately identifies and discloses certain items, referred to as non-underlying items, by virtue of size, nature and occurrence. This is consistent with the way that financial performance is measured by senior management and assists in providing a meaningful analysis of operating results by excluding items that may not be part of the ordinary activity of the business.

Operating leases

Assets obtained under finance lease and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

The Group has elected not to recognise Right of Use assets and Lease Liabilities for low value leases and as a result the lease payments associated with these leases are recognised as an expense on a straight-line basis over the term of the lease.

The Group is required to perform dilapidation repairs on certain leased properties prior to the properties being vacated at the end of their lease term. Provision for such costs is made where legal obligation is identified and the liability can be reasonably quantified.

Financing income and expense

Interest income and interest payable is recognised in the consolidated Statement of Profit and Loss as it accrues, using the effective interest method.

Financing expenses comprise interest payable on Loan Notes and other third party borrowings and unwinding of the discount on provisions and lease liabilities. In addition, transaction costs that are directly attributable to the arrangement of borrowings are capitalised and recognised in the consolidated Statement of Profit and Loss using the effective interest method.

Taxation including deferred taxation

The charge for taxation is based on the profit or loss for the year and comprises current and deferred taxation. Income tax is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Tax currently payable is based on the taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the consolidated Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Tax is calculated using tax rates enacted or substantively enacted at the date of the Statement of Financial Position.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Government grants

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in the statement of profit and loss on a systematic basis over the periods in which the Group recognises the expenditure for which the grants are intended to compensate.

Employee benefits

The assets of all pension plans are held separately from those of the Group, in separately administered funds.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate company and will have no legal obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of Profit and Loss in the period during which services are rendered by employees.

Defined benefit

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets are deducted. The Group determines the net interest on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit asset.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that has maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Re-measurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets and the effect of the asset ceiling. The Group recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in the Statement of Profit or Loss.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

Investment in subsidiaries

Investments in subsidiaries are stated at fair value less provisions for impairment.

Segment reporting

Segment results that are reported to the Group's Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, finance costs and tax assets and liabilities.

FRS 101 disclosure exemptions

As the consolidated financial statements of the Group include the equivalent disclosures, the Company has taken the exemption under FRS 101 available in respect of the following disclosures:

- a cash flow statement;

- the effects of new but not yet effective IFRSs; and

- disclosures in respect of transactions with wholly owned subsidiaries.

IFRS 16 ***Leases***

A. Definition of a lease

The Group assesses whether a contract is or contains a lease based on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

B. As a lessee

As a lessee, the Group recognises right-of-use assets and lease liabilities for most leases. The Group has elected not to recognise right-of-use assets and lease liabilties for some leases of low-value (e.g. IT equipment). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

i. Significant accounting policies

The Group recognises a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgements to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Adopted IFRS not yet applied

The following amended standards and interpretations have been endorsed by the EU but are not yet

- IFRS 17 Insurance Contracts (effective date to be confirmed);
- Amendments to References to the Conceptual Framework in IFRS Standards (effective date 1 January 2020);
- Amendments to IFRS 3: Definition of a Business (effective date to be confirmed);
- Amendments to IAS 1 and IAS 8: Definition of Material (effective date 1 January 2020); and
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (effective date to be confirmed).

The above standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

4 Accounting estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis and any revisions to these estimates are recognised in the period in which the estimates are revised and in any future period affected.

The key assumptions which have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Impairment of goodwill

Determining whether goodwill is impaired requires judgement as to the determination of the CGUs and an estimation of the value in use of the cash generating units (CGUs) to which goodwill has been allocated. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the CGUs, and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at 31 March 2020 was £46,581,000 (2019: £45,452,000) (see note 14).

Customer relationships, Non-compete agreements and Brands

Management assess each acquisition to identify intangible assets that were acquired as part of the transaction. The estimation of future economic benefits generated from acquired customer relationships, non-compete agreements and brands, and the determination of the related amortisation profile, involves a significant degree of judgement based on management's estimation of future revenue, profit, customer attrition rates, and the useful lives of the assets. Changes in the estimates made by management could result in a large, but not material, reclassification between intangible assets and goodwill. The valuation methods used to value each identifiable intangible asset is multiple excess earnings, estimated avoided loss on profits and relief royalty. The useful economic life estimate ranges from 2 to 8 years and annual reviews are performed to ensure the recoverability of the intangible assets (see note 15).

Impairment of trade receivables

Determining the extent of the impairment requires judgement as to whether certain trade debtors are deemed doubtful although not definitely irrecoverable. The Group presents trade receivable net of allowances for impairment. The Group measures allowances at an amount equal to the lifetime expected credit loss using both quantitative and qualitative information and analysis based on the Group’s historical experience and forward looking information.

Assets held for sale

Determining whether an asset is classified as held for sale requires management to determine whether the conditions identified in ‘*IFRS 5 Non-current assets held for sal*e’ are met. Management believe a significant degree of judgement is required to determine whether the sale is highly probable and whether the sale will be completed within 12 months of the classification as held for sale. In addition, management are required to estimate the expected net realisable value of the assets held for sale. As at 31 March 2020, the assets classified as held for sale are £1,038,000 (2019: £2,802,000) (see note 20).

Dilapidations provision

Determining the extent of the provision requires an estimation of future lease & dilapidation costs and a discount rate in order to calculate the present value. The carrying amount of provision at 31 March 2020 was £1,229,000 (2019: £1,038,000) (see note 24).

Valuation of lease liabilities and right of use assets

The application of IFRS 16 requires management to make judgements that impact the valuation of lease liabilities and the valuation of right of use assets. The following critical judgements relating to leases have been considered:

- Assessing whether a contract is or contains a lease—At the inception of a contract, management determine whether the contract is or contains a lease. Management assess whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration;
- Discount rate—Determining the incremental borrowing rate requires management to consider how much the Group would have to pay to borrow over a similar term, with a similar security, and the funds necessary to obtain an asset of a similar value to the right of use asset in a similar environment; and
- Lease term—Determining the lease term requires management to consider all facts and circumstances that create an economic incentive to exercise an extension or termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

5 Operating segments

Information reported to senior management for the purposes of resource allocation and assessment of performance of each segment focuses on the type of care services provided by the Group. The Group operates solely within the UK therefore no geographical segment reporting has been disclosed. The primary business segments stated below are based on the Group’s management and internal reporting structure.

- Registered: supporting individuals in our specially adapted homes;

- Community Based Care: supporting individuals in their own home promoting independence; and
- Focused Healthcare: supporting young individuals living with their families who require specialist care or nursing.

The reported segmental information represents income and expenditure generated from external customers and external suppliers only. There were no inter-segment transactions reported during the current period (2019: £Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profits represents adjusted EBITDA earned by each segment without allocation of non-underlying items as well as finance costs which is in conjunction with the information reported to senior management.

	Segment results			
For the year ended 31 March 2020	**Registered**	**Community Based Care**	**Focused Healthcare**	**Group**
	£000	**£000**	**£000**	**£000**
Revenue	172,796	84,240	9,970	**267,006**
Adjusted EBITDA (before non-underlying items)	**33,756**	**8,775**	**2,522**	**45,053**
Non-underlying items				(1,601)
Adjusted EBITDA (after non-underlying items)				**43,452**
Depreciation and impairment of property, plant and equipment				(15,876)
Profit on disposal of assets				490
Amortisation of intangible assets				(2,371)
Net finance expense				(19,292)
Taxation				(1,531)
Profit for the period				**4,872**

	Segment results			
For the year ended 31 March 2019	**Registered**	**Community Based Care**	**Focused Healthcare**	**Group**
	£000	**£000**	**£000**	**£000**
Revenue	167,713	71,942	10,143	**249,798**
Adjusted EBITDA (before non-underlying items)	**32,458**	**6,248**	**2,499**	**41,205**
Non-underlying items				(1,319)
Adjusted EBITDA (after non-underlying items)				**39,886**
Depreciation and impairment of property, plant and equipment				(15,264)
Profit on disposal of assets				253
Amortisation of intangible assets				(2,350)
Net finance expense				(19,440)
Taxation				(932)
Profit for the period				**2,153**

6 Non-underlying items

The Group separately identifies and discloses certain items, referred to as non-underlying items, by virtue of size, nature and occurrence. This is consistent with the way that financial performance is measured by senior management and assists in providing a meaningful analysis of operating results by excluding items that may not be part of the ordinary activity of the business.

The following table details the non-underlying items that have been incurred in the year:

Non-underlying items:	Note	2020	2019
		£000	£000
Restructuring costs	a	383	147
Integration and acquisition costs	b	72	155
Consultancy fees	c	185	106
Impairment of property, plant and equipment	d	2,180	446
Project costs	e	446	716
Day Care income	f	(138)	(287)
COVID-19 related expenditure	g	765	—
Issue of loan notes	h	(112)	482
Taxation impact of above items	i	(514)	(286)
		3,267	1,479

The key elements of the expenditure for both years is set out below:

(a) *Restructuring costs*

For the year ended 31 March 2020, the Group incurred remuneration costs of £383,000 in relation to restructuring its workforce (2019: £147,000).

(b) *Integration and acquisition costs*

For the year ended 31 March 2020, the Group incurred transaction costs of £72,000 in relation to the acquisition of Fox Elms Community Care Limited and its subsidiary (see note 29). For the year ended 31 March 2019, the Group incurred transaction costs of £155,000 in relation to the acquisition of three services in the North East of England.

(c) *Consultancy fees*

For the year ended 31 March 2020, the Group incurred costs of £185,000 in relation to professional advice and consultancy (2019: £106,000).

(d) *Impairment of property, plant and equipment*

For the year ended 31 March 2020, the Group recognised an impairment charge for certain property, plant and equipment due to the carrying amount of assets exceeding its recoverable amount. As a result an impairment charge of £2,180,000 was incurred. For the year ended 31 March 2019 the Group recognised an impairment of £958,000 and reversed certain impairment charges for specified property, plant and equipment as the recoverable amount exceeded its carrying value, as a result an impairment reversal of £512,000 was recognised (2020: £Nil).

(e) *Project costs*

The Group is undertaking a programme to improve the quality, accuracy and support for its customers by investing in its head office and operational function including the implementation of an operational ERP system, as a result fees of £446,000 were incurred (2019: £716,000).

(f) *Day Care income*

For the year ended 31 March 2020, the Group was in receipt of funds in relation to backdated VAT on its Day Care business of £138,000 (2019: £287,000).

(g) *COVID-19 related expenditure*

For the year ended 31 March 2020, the Group incurred additional costs of £765,000 in relation to dealing with the impact of the global pandemic caused by the COVID-19 outbreak (2019: £Nil).

(h) *Issue of loan notes*

During the year ended 31 March 2019, existing Investor and Management Fixed Rate Unsecured Loan Notes held by Voyage Care MidCo Limited and Voyage Care BidCo Limited, intermediate holding companies in the Voyage Care HoldCo Limited group, were reclassified and as a result the Group incurred professional fees of £482,000. During the year ended 31 March 2020, a release of an accrual in relation to the Loan Notes resulted in income of £112,000.

(i) *Taxation*

During the year ended 31 March 2020, a taxation credit of £514,000 arose as a result of certain non-underlying items stated in the above table (2019: £286,000).

7 Staff numbers

The average number of persons employed by the Group (including Directors) during the year were as follows:

	Number of employees	
	2020	**2019**
Administration	432	419
Care staff	10,375	9,830
	10,807	10,249

8 Directors' remuneration

Remuneration paid to the Directors in respect of their services to the Company and other member companies of the Group:

	2020	**2019**
	£000	**£000**
Remuneration	666	639
Pension contributions	100	79
	766	718

The remuneration of the highest paid director was £366,000 (2019: £352,000) and pension contributions of £77,000 (2019: £60,000) were made to a money purchase scheme on their behalf.

One of the Directors active in the year accrued benefits under money purchase pension schemes (2019: three Directors).

9 Auditor's remuneration

	2020	**2019**
	£000	**£000**
Audit of the Group financial statements	15	11
Audit of financial statements of subsidiaries	205	174
Audit related fees	220	185
Taxation compliance services	—	12
Other tax advisory services	7	118
Corporate finance services	—	—
Other services	2	6
Non-audit fees	9	136
Total audit and non-audit fees	229	321

10 Operating profit before taxation

	2020	2019
	£000	£000
Operating profit before taxation is stated after charging:		
Continuing operations		
Direct expenses and consumables	7,865	7,662
Staff costs:		
Wages and salaries	171,184	157,944
Social security costs	11,336	10,658
Other pension costs	3,189	2,289
Operating lease rentals:		
Other lease rentals (see note 27)	561	536
Plant and machinery (see note 27)	320	487
Depreciation	13,696	14,818
Impairment of property, plant and equipment	2,180	446
(Profit) / loss on disposal of assets	(490)	(253)
Amortisation of intangible assets	2,371	2,350
Other external charges	29,237	30,623
Receipts in respect of VAT on the Group's Day Care activities (see note 6)	(138)	(287)
	241,311	227,273

11 Finance income

	2020	2019
	£000	£000
Continuing operations		
Bank interest receivable	139	77

12 Finance expense

	2020	2019
	£000	£000
Continuing operations		
Bank interest including RCF non-utilisation fees	869	1,123
Loan notes interest	17,567	17,470
Unwinding of discount on provisions	8	55
Unwinding of lease liabilities	822	827
Other finance costs	165	42
	19,431	19,517

Loan notes interest comprises interest on loan notes of £16,131,000 (2019: £16,131,000) and amortisation of issue costs and original issue discount on new and previous loan notes of £1,436,000 (2019: £1,339,000).

13 Taxation

Recognised in the Statement of Profit and Loss	2020	2019
	£000	£000
Analysis of charge in year		
Current tax:		
UK corporation tax on profits of the period	1,816	1,024
Adjustments in respect of previous periods	(14)	(62)
	1,802	962
Deferred tax:		
Origination and reversal of timing differences	(1,373)	(69)
Adjust opening deferred tax to average rate	(729)	—
Adjustments in respect of prior periods	1,831	39
	(271)	(30)
Tax on profit on ordinary activities	1,531	932

Recognised directly in the Statement of Other Comprehensive Income	2020	2019
	£000	£000
Deferred tax recognised directly in other comprehensive income	14	128
	14	128

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2020	2019
	£000	£000
Profit on ordinary activities before taxation	6,403	3,085
Current tax at 19% (2019: 19%)	1,217	586
Effects of:		
Income not taxable for tax purposes	(29)	—
Expenses not deductible for tax purposes	106	3,708
Fixed asset depreciation / impairment charges in excess of allowances	(1,603)	493
Transfer pricing adjustment	(15)	(15)
Group relief received at no cost	(1,589)	(3,544)
Adjustments in respect of prior periods	1,817	(23)
Adjust opening deferred tax to average rate	1,497	8
Deferred tax not recognised	130	(281)
Total tax charge (see above)	1,531	932

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. Further reduction to 18% (effective 1 April 2020) was also substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly. The deferred tax asset/ liability at 31 March 2020 has been calculated based on these rates.

14 Goodwill

	Goodwill £000
Cost	
At 1 April 2019	54,008
Acquisitions (see note 29)	1,129
At 31 March 2020	55,137
Accumulated impairment charge	
At 1 April 2019 and 31 March 2020	8,556
At 31 March 2020	46,581
At 31 March 2019 and 1 April 2019	45,452

On 2 July 2019, the Group acquired 100% of the issued share capital of Fox Elms Community Care Limited and its one subsidiary. The principal activities of the company and its subsidiary are to provide similar high quality services to that of the Voyage Care Group with the aim to further increase Voyage's presence in the market place. Goodwill of £1,129,000 has been capitalised in relation to the acquisition (see note 29).

The Group review goodwill for impairment on an annual basis or more frequently if there are indications that goodwill might be impaired.

A goodwill impairment charge of £Nil occurred during the year ended 31 March 2020 (2019: £Nil).

Impairment testing

Goodwill acquired in a business combination is allocated to cash generating units (CGUs) that are expected to benefit from that business combination.

Goodwill has been allocated to three identifiable CGUs, Registered services, Community Based Care services and Focused Healthcare. The CGUs to which goodwill is allocated are presented below:

	Goodwill	
	2020	2019
	£000	£000
Registered	17,460	17,460
Community Based Care	17,655	16,526
Focused Healthcare	11,466	11,466
	46,581	45,452

The recoverable amount was determined by the greater of net realisable value and value in use. In assessing value in use, the expected future cash flows were discounted to their present value using a pre-tax discount rate of 7.98% for the Registered CGU, 8.83% for the Community Based Care CGU and 9.95% for the Focused Healthcare CGU (2019: 8.18%, 8.93% and 10.18% respectively). The pre-tax discount rates reflect current market assessments of the rate of return expected on equally risky investments.

Key assumptions for the value in use calculations are those regarding level of occupancy, weekly fees, volume of chargeable hours, costs, discount rates, growth rates and period on which forecasts are based. The cash flow projections were based on financial budgets approved by the Board of Directors for the forthcoming year and management's forecasts for up to five years which are based on assumptions of the business, industry and economic growth. A terminal value is placed on the value of the annual cash flows in year five.

Registered

The recoverable amount of this CGU was based on value in use using the assumptions stated above and a terminal growth rate of 1.50% (2019: 1.00%). The recoverable amount of £441.4 million (2019: £417.5 million) exceeded its carrying amount by approximately £98.9 million (2019: £83.6 million) and no impairment was required (2019: no impairment).

Community Based Care

The recoverable amount of this CGU was based on value in use using the assumptions stated above and a terminal growth rate of 2.00% (2019: 2.50%). The recoverable amount of £182.8 million (2019: £82.8 million) exceeded its carrying amount by approximately £154.2 million (2019: £33.2 million) and no impairment was required (2019: no impairment).

Focused Healthcare

The recoverable amount of this CGU was based on value in use using the assumptions stated above and a terminal growth rate of 2.00% (2019: 3.00%). The recoverable amount of £45.1 million (2019: £70.6 million) exceeded its carrying amount by approximately £31.5 million (2019: £54.0 million) and no impairment was required (2019: no impairment).

Sensitivities

Whilst the impairment testing did not give rise to an impairment, management note that the calculations are sensitive to certain assumptions. The below table sets out each assumption and states the increase in percentage points each assumption requires before the carrying amount equals its recoverable.

Changes required for carrying amount to equal recoverable amount (percentage points movement):

	2020	2019
Registered		
Discount rate	+2.01%	+1.88%
Budgeted revenue growth per year	(3.29%)	(3.13%)
Budgeted staff costs per year	+5.48%	+5.51%
Community Based Care		
Discount rate	+33.95%	+5.24%
Budgeted revenue growth per year	(11.19%)	(2.83%)
Budgeted staff costs per year	+14.43%	+3.51%
Focused Healthcare		
Discount rate	+18.61%	+22.05%
Budgeted revenue growth per year	(23.23%)	(31.17%)
Budgeted staff costs per year	+36.75%	+53.02%

Management are confident that the assumptions used for assessing goodwill are appropriate at the time of the review but acknowledge it is possible circumstances may change in the future.

15 Intangible assets

	Software costs	Customer relationships	Non-compete agreements	Brands	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2018	1,613	9,527	1,117	300	12,557
Acquisitions	—	161	—	—	161
Additions	475	—	—	—	475
Disposals	—	—	—	—	—
At 31 March 2019	2,088	9,688	1,117	300	13,193
At 1 April 2019	2,088	9,688	1,117	300	13,193
Acquisition (see note 29)	—	1,122	201	18	1,341
Additions	520	—	—	—	520
Disposals	(588)	—	—	—	(588)
At 31 March 2020	2,020	10,810	1,318	318	14,466
Amortisation					
At 1 April 2018	1,376	2,491	662	68	4,597
Provided during the year	181	1,774	327	68	2,350
On disposals	—	—	—	—	—
At 31 March 2019	1,557	4,265	989	136	6,947
At 1 April 2019	1,557	4,265	989	136	6,947
Provided during the year	294	1,823	178	76	2,371
Amortisation on disposal	(570)	—	—	—	(570)
At 31 March 2020	1,281	6,088	1,167	212	8,748
Net book value					
At 31 March 2020	739	4,722	151	106	5,718
At 31 March 2019 and 1 April 2019	531	5,423	128	164	6,246
At 1 April 2018	237	7,036	455	232	7,960

On 2 July 2019, the Group acquired 100% of the issued share capital of Fox Elms Community Care Limited and its one subsidiary. The principal activities of the Company and its subsidiary is to provide similar high quality services to that of the Voyage Care Group with the aim to further increase Voyage's presence in the market place. Intangible assets of £1,341,000 have been capitalised in relation to the acquisition (see note 29).

Intangible assets have been calculated on the basis of multiple excess earnings, estimated avoided loss of profits and relief royalty. The amortisation charge is recognised in the Statement of Profit and Loss.

16 Property, plant and equipment

	Freehold land and buildings	Fixtures, fittings and equipment	Motor vehicles	Right-of-use asset	Total
	£000	£000	£000	£000	£000
Cost					
At 31 March 2018	388,923	82,123	8,741	—	479,787
Adjustment on initial application of IFRS 16	—	—	—	16,234	16,234
Adjusted balance as at 1 April 2018	388,923	82,123	8,741	16,234	496,021
Acquisitions	900	—	—	—	900
Additions	12,383	8,033	1,434	4,229	26,079
Transfer from assets held for sale	53	—	—	—	53
Assets classified as held for sale	(4,674)	—	—	—	(4,674)
Disposals	(1,583)	(1,760)	(731)	—	(4,074)
At 31 March 2019	396,002	88,396	9,444	20,463	514,305
At 1 April 2019	396,002	88,396	9,444	20,463	514,305
Acquisitions (see note 29)	6	12	2	—	20
Additions	1,907	10,835	768	5,677	19,187
Assets classified as held for sale	(5,945)	—	—	—	(5,945)
Disposals	(29,602)	(7,574)	(2,372)	(1,113)	(40,661)
At 31 March 2020	362,368	91,669	7,842	25,027	486,906
Depreciation and impairment					
At 1 April 2018	55,485	59,971	5,178	—	120,634
Charge for the year	1,332	8,429	1,768	3,289	14,818
Impairment	746	—	—	—	746
Assets classified as held for sale	(3,080)	—	—	—	(3,080)
Depreciation on disposals	(615)	(1,556)	(601)	—	(2,772)
At 31 March 2019	53,868	66,844	6,345	3,289	130,346
At 1 April 2019	53,868	66,844	6,345	3,289	130,346
Charge for the year	1,142	7,841	1,499	3,214	13,696
Impairment	1,723	—	—	457	2,180
Assets classified as held for sale	(2,885)	—	—	—	(2,885)
Depreciation on disposals	(5,982)	(5,983)	(2,221)	(1,016)	(15,202)
At 31 March 2020	47,866	68,702	5,623	5,944	128,135
Net book value					
At 31 March 2020	314,502	22,967	2,219	19,083	358,771
At 31 March 2019	342,134	21,552	3,099	17,174	383,959
At 1 April 2018 (adjustment on initial application of IFRS 16)	335,055	15,279	2,396	12,945	365,675
At 31 March 2018	333,438	22,152	3,563	—	359,153

An impairment charge of £1,723,000 relates to eight freehold properties of which two meet the definition of an asset held for sale and have been transferred to assets held for sale and six were disposed in the period (2019: impairment charge of £746,000 relating to one freehold property which was identified for disposal but did not meet the criteria for transfer to assets held for sale). Freehold property identified as requiring impairment during the year has been written down to its respective net realisable value.

An impairment charge of £457,000 relates to one right of use asset which was written down to its respective net realisable value (2019: £Nil).

Included within freehold land and buildings is freehold land totalling £64,721,000 (2019: £70,175,000) which is not depreciated and costs of £3,856,000 (2019: £7,695,000) in respect of properties in the course of being converted into care homes which are not depreciated until the properties in question are brought into use.

During the year, the Group disposed of 40 properties from the freehold property portfolio of the Community Based Care business with a net book value of £28.4 million. The disposal generated proceeds of £25.9 million without impacting the quality of care provided for the lives of the people we support.

The properties reported in the above table are subject to a registered debenture that forms security related to the Group's loans and borrowings.

17 Investments

Company	Investments in subsidiary undertakings
	£000
As at 31 March 2019	130,874
Impairment charge	—
As at 31 March 2020	130,874

The recoverable amount of the Group was based on value in use using the assumptions stated in note 14. The carrying amount of the Company was determined to be lower than the recoverable amount and as a result no impairment charge was recognised (2019: impairment of £42.7 million). The impairment charge in 2019 was fully allocated against investments.

The subsidiary undertakings of the Company, all of which are registered in Great Britain, are summarised as follows:

Subsidiary	Nature of business	Country of incorporation	Holding	Proportion held %
Voyage Healthcare Group Limited	Intermediate holding company	England	Ordinary	100
Voyage Care Limited *	Intermediate holding company	England	Ordinary	100
Voyage 1 Limited *	Community care	England	Ordinary	100
Voyage 2 Unlimited *	Community care	England	Ordinary	100
Voyage Limited *	Community care	England	Ordinary	100
Voyage Specialist Healthcare Limited *	Community care	England	Ordinary	100
Voyage Care BondCo PLC *	Investment company	England	Ordinary	100
Solor Care (South West) Limited *	Community care	England	Ordinary	100
Solor Care London Limited *	Community care	England	Ordinary	100
Solor Care South East (2) Limited *	Community care	England	Ordinary	100
Solor Care West Midlands Limited *	Community care	England	Ordinary	100
Solor Care Holdings (2) Limited *	Intermediate holding company	England	Ordinary	100
Solor Care Limited *	Community care	England	Ordinary	100
Solor Care South East Limited *	Community care	England	Ordinary	100
Solor Care Holdings (3) Limited *	Intermediate holding company	England	Ordinary	100
Solor Care Group Limited *	Community care	England	Ordinary	100
Evesleigh (East Sussex) Limited *	Community care	England	Ordinary	100
Evesleigh Care Homes Limited *	Community care	England	Ordinary	100
Primary Care UK Limited *	Community care	England	Ordinary	100
Skills for Living Limited *	Community care	England	Ordinary	100
Redcliffe House Limited *	Community care	England	Ordinary	100
The Cedars (Mansfield) Limited *	Community care	England	Ordinary	100
Focused Healthcare Limited *	Community care	England	Ordinary	100
Fox Elms Community Care Limited *	Intermediate holding company	England	Ordinary	100
Fox Elms Care Limited *	Community care	England	Ordinary	100

* Held by a subsidiary undertaking

The registered address of the Company and its subsidiary undertakings stated above is Wall Island, Birmingham Road, Lichfield, Staffordshire, WS14 0QP.

18 Trade and other receivables

	2020		2019	
	Group	Company	Group	Company
	£000	£000	£000	£000
Trade receivables	23,859	—	24,816	—
Impairment of receivables	(1,761)	—	(1,926)	—
Trade receivables (net)	22,098	—	22,890	—
Other receivables	3,169	—	645	—
Prepayments	842	45	1,127	—
Intercompany receivables	944	459,253	950	440,085
	27,053	459,298	25,612	440,085

Intercompany receivables have no fixed repayment date, but are classified as short term loans.

Credit risk exposures in relation to customers is limited given that the majority of the Group's revenue is attributable to publicly funded local purchasers. The Group has no significant concentrations of credit risk, with the exposure spread over a large number of Local Authorities and CCGs.

The Group presents trade receivables net of allowances for impairment. The Group measures allowances at an amount equal to the lifetime expected credit loss using both quantitative and qualitative information and analysis based on the Group's historical experience and forward looking information. During the year there was a credit to the consolidated Income Statement of £165,000 (2019: £607,000).

The Group has £302,000 (2019: £1,851,000) trade receivables that are past due but not impaired. This balance is deemed recoverable as it primarily relates to publicly funded local purchasers as mentioned above for whom the Group have strong relations and there is no history of default.

The ageing analysis of these receivables is as follows:

	2020	2019
	£000	£000
Between 91 – 120 days	57	712
Between 121 – 150 days	15	313
Greater than 150 days	230	826
	302	1,851

Movement in the provision for impaired receivables:

	2020	2019
	£000	£000
At 1 April	(1,926)	(2,533)
Decrease in provision for impaired receivables	165	607
At 31 March	(1,761)	(1,926)

19 Cash and cash equivalents

	2020	2019
	£000	£000
Cash and cash in hand	79,761	17,324
Cash held on behalf of people we support	219	171
Other restricted cash	159	1,191
	80,139	18,686

Cash and cash equivalents includes cash held on behalf of people we support. All interest earned on these funds is returned back to the people we support and are not included in the Statement of Profit and Loss. An equivalent liability of £219,000 (2019: £171,000) exists for this amount and is included in note 22.

20 Non-current assets classified as held for sale

Management have committed to a plan to sell a number of properties through a sale transaction rather than through continuing operational use. Accordingly, the properties are being presented as assets held for sale. Efforts to sell the non-current assets have started and a sale is expected to be completed within one year from the date of classification.

As at 31 March 2020, the assets classified as held for sale are £1,038,000 (2019: £2,802,000).

21 Loans and borrowings

	2020	2019
	£000	£000
Obligations under finance lease and hire purchase contracts	—	—
Bank loans	45,000	23,000
Loan notes	244,748	243,312
Lease liability	23,680	22,985
	313,428	289,297

Loan notes include unamortised issue costs and original issue discount of £5,252,000 (2019: £6,688,000) which after deducting from the loan note balance due of £250,000,000 results in a net loan note liability of £244,748,000 (2019: £243,312,000).

As at 31 March 2020 there was accrued interest of £6,721,000 (2019: £6,721,000) included within accruals disclosed within current liabilities in the Statement of Financial Position but excluded from this note.

Total debt can be analysed as falling due:

	2020	2019
	£000	£000
In one year or less	48,892	25,663
Between one and five years	254,596	251,982
After five years	9,940	11,652
	313,428	289,297

Loan notes

The Group issued £250 million of Loan Notes comprising £215 million Senior Secured Notes due 2023 and £35 million Second Lien Notes due 2023. The Notes are listed on the Channel Island Stock Exchange. In addition, the Group is party to a £45 million Revolving Credit Facility.

The interest rate and repayment terms of these loan notes are as follows:

Debt instrument	Currency	Loan balance	Interest rate	Repayment terms
		£000		
Senior Secured Loan Notes	GBP	215,000	5.875%	May-23
Second Lien Notes	GBP	35,000	10.00%	Nov-23
Revolving Credit Facility				
Utilised	GBP	45,000	LIBOR +3.25%	Feb-23
Non utilised	GBP	—	1.1%	Feb-23

22 Trade and other payables

	2020		2019	
	Group	Company	Group	Company
	£000	£000	£000	£000
Trade payables	8,003	—	7,470	—
Other taxes and social security costs	5,987	—	5,475	—
Other payables	14,361	—	13,753	—
Amounts due to related parties	2,056	617,776	2,057	572,781
Client money payable (see note 19)	219	—	171	—
	30,626	617,776	28,926	572,781

Amounts due to related parties have no fixed repayment date, but are classified as short term loans.

The Group has policies in place to ensure all payables are paid within the agreed credit terms.

23 Deferred tax assets and liabilities

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2019: 17%).

Group

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2020	2019	2020	2019	2020	2019
	£000	£000	£000	£000	£000	£000
Property, plant and equipment	2,723	2,241	(21,583)	(16,207)	(18,860)	(13,966)
Intangible assets	220	212	(946)	(971)	(726)	(759)
Employee benefits	41	48	—	—	41	48
Un-utilised losses	3,784	3,502	—	—	3,784	3,502
Other	4,914	230	(95)	—	4,819	230
Deferred tax assets / (liabilities)	11,682	6,233	(22,624)	(17,178)	(10,942)	(10,945)
Offset of tax	(11,682)	(6,233)	11,682	6,233	—	—
Net deferred tax liabilities	—	—	(10,942)	(10,945)	(10,942)	(10,945)

Movements in deferred tax during the year:

		Recognised in:			
	At 1 April 2019	Profit and loss	Changes in OCI	Acquisition of subsidiaries	At 31 March 2020
	£000	£000	£000	£000	£000
Property, plant and equipment	(13,966)	(4,880)	(14)	—	(18,860)
Intangible assets	(759)	287	—	(254)	(726)
Employee benefits	48	(7)	—	—	41
Un-utilised losses	3,502	282	—	—	3,784
Other	230	4,589	—	—	4,819
Deferred tax liabilities	(10,945)	271	(14)	(254)	(10,942)

Movements in deferred tax during the prior year:

		Recognised in:			
	At 1 April 2018	Profit and loss	Changes in OCI	Acquisition of subsidiaries	At 31 March 2019
	£000	£000	£000	£000	£000
Property, plant and equipment	(13,757)	(81)	(128)	—	(13,966)
Intangible assets	(1,071)	339	—	(27)	(759)
Employee benefits	59	(11)	—	—	48
Un-utilised losses	3,687	(185)	—	—	3,502
Other	262	(32)	—	—	230
Deferred tax liabilities	(10,820)	30	(128)	(27)	(10,945)

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where management believe it is probable that these assets will be recovered.

Deferred tax assets totalling £806,977 (2019: £826,348) have not been recognised as it is improbable that sufficient taxable profits will arise in the related entities against which the assets can be utilised.

24 Provisions

Group	2020 £000	2019 £000
Current dilapidations	267	548
Non-current dilapidations	962	490
Dilapidations	1,229	1,038

The movement in provisions were:

	Dilapidations £000
At 1 April 2019	1,038
Amounts recognised / (reversed) during the year	204
Provision used during the year	(10)
Discount rate change	(11)
Unwinding of discounted amount (see note 12)	8
At 31 March 2020	1,229

The Group's onerous leases and dilapidations provision are determined by discounting expected cash outflows at a pre-tax rate that reflects current market assessments of the time value of money. As at 31 March 2020, a pre-tax discount rate of 1.75% was applied which is equal to the Government's risk free rate (2019: 1.50%). The provisions recognised will unwind over the term of each lease.

25 Share capital

Group and Company	2020 £000	2019 £000
Allotted, called up and fully paid:		
4 ordinary shares of £1.00 each	—	—

The ordinary shares entitle the holders to vote at general meetings of the Company, and to receive by way of dividend any profits of the Company available for distribution. On winding up of the Company the balance of assets, subject to special rights attached to any other class of shares, will be distributed among the ordinary shareholders.

26 Financial instruments

The fair values of all assets and liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

For the year ended 31 March 2020	Carrying amount Financial Liabilities at FV	 Loans and receivables	 Other financial assets	 Total	Fair value Total
	£000	£000	£000	£000	£000
Financial assets measured at fair value					
Contingent consideration	—	—	—	—	—
Trade and other receivables	—	26,211	—	26,211	26,211
Cash and cash equivalents	—	80,139	—	80,139	80,139
	—	106,350	—	106,350	106,350
Financial liabilities measured at fair value					
Deferred consideration	—	—	—	—	—
Financial liabilities not measured at fair value					
Senior Secured Loan Notes	—	—	210,562	210,562	199,322
Second Lien Loan Notes	—	—	34,186	34,186	29,750
Revolving Credit Facility	—	—	45,000	45,000	45,000
Trade and other payables	—	—	30,626	30,626	30,626
Lease liabilities	—	—	23,680	23,680	23,680
	—	—	344,054	344,054	328,378
For the year ended 31 March 2019					
Financial assets measured at fair value					
Trade and other receivables	—	24,485	—	24,485	24,485
Cash and cash equivalents	—	18,686	—	18,686	18,686
	—	43,171	—	43,171	43,171
Financial liabilities measured at fair value					
Deferred consideration	1,140	—	—	1,140	1,140
Financial liabilities not measured at fair value					
Senior Secured Loan Notes	—	—	209,304	209,304	237,153
Second Lien Loan Notes	—	—	34,008	34,008	32,025
Revolving Credit Facility	—	—	23,000	23,000	23,000
Trade and other payables	—	—	28,926	28,926	28,926
Lease liabilities	—	—	22,985	22,985	22,985
	1,140	—	318,223	319,363	345,229

Loan notes include unamortised issue costs and original issue discount of £5,252,000 (2019: £6,688,000).

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either as a direct price or indirectly derived from prices.
- Level 3: inputs for the asset or liability that are not based on observable market data.

Financial liabilities measured as fair value

At 31 March 2020

	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Deferred consideration	—	—	—	—
	—	—	—	—

At 31 March 2019

	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Deferred consideration	—	—	1,140	1,140
	—	—	1,140	1,140

During the year, deferred consideration relating to the acquisition of Focused Healthcare Limited was fully settled.

27 Commitments

The Group had commitments under non-cancellable operating leases as follows:

	2020		2019	
	Land and buildings	Other assets	Land and buildings	Other assets
	£000	£000	£000	£000
Operating leases which expire:				
Within one year	5	3	32	32
Between two and five years	—	—	—	—
Five years	—	—	—	—
	5	3	32	32

During the year £881,000 was recognised as an expense in the Statement of Profit and Loss in respect of operating leases (2019: £1,023,000).

28 Pension schemes

The Group contributes to a number of pension schemes for its employees. Details of these schemes are as follows:

The Group contributes on a defined contribution basis to the Peoples Pension under Auto-enrolment, a Group Personal Pension Plan and personal pension plans for certain managers.

The Group contributes to the National Health Service pension scheme and a Local Government Scheme for certain employees, whereby the Group is required to make contributions into these schemes at a percentage, as notified by the NHS pension scheme administrator and Local Government Scheme administrator, of the relevant employees' salary. The assets and liabilities of these pension schemes are managed independently of the Group. Employer contribution rates are 14.4% and 19% of pensionable salaries respectively. The Group have no ongoing liabilities in relation to these schemes.

The Group also participates in a group funded defined benefit scheme, the Voyage Retirement Benefit Scheme, for past employees. Contributions into this scheme are made in accordance with the advice of the Royal London Group, independent actuaries. The latest triennial actuarial valuation was performed on 1 April 2017 using the projected unit method. The principal assumptions adopted in the valuation were that the discount factor would be 2.3% per annum compound and the real rate of investment over salary growth would be 0.00% per annum compound. At the date of the latest triennial actuarial valuation at 1 April 2017, the market value of the assets of the scheme was £1,407,000 and the actuarial value of the assets was sufficient to cover 78% of the benefits that had accrued to members, after allowing for expected future increase in earnings.

The Defined Contribution pension cost for the Group in 2020 was £3,189,000 (2019: £2,289,000). An amount of £941,000 (2019: £821,000) is included in accruals which represents the excess accumulated pension cost over the payment of contributions to the various Defined Contribution schemes.

IAS 19 valuation

The pension valuation for the Voyage Retirement Benefit Scheme at 1 April 2017 has been updated by the actuary on an IAS 19 basis as at 31 March 2020. The scheme has no active members (2019: one) and 14 deferreds (2019: 14). The major assumptions used in this valuation were:

	2020	2019
	%	%
Rate of increase in salaries	0.0	0.0
Rate of increase in pensions in payment	2.9	3.2
Discount rate	2.3	2.4
Inflation assumption	2.9	3.2

The assumptions relating to longevity underlying the pension liabilities at the Statement of Financial Position date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

Current pensioner aged 65: 19.3 years (male), 21.5 years (female).

Future retiree upon reaching 65: 20.6 years (male), 22.9 years (female).

The assumptions used by the actuary are the best estimate chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Scheme assets / (liabilities)

The fair value of the scheme's assets / (liabilities), which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Value at 31 March 2020	Value at 31 March 2019
	£000	£000
Fair value of plan assets		
Fair value of plan assets	1,889	2,154
Present value of scheme liabilities	(1,720)	(1,985)
Net defined benefit asset	169	169
Effect of asset ceiling / minimum funding requirement	(386)	(452)
Net recognised defined benefit liability	**(217)**	**(283)**

Movements in present value of defined benefit obligation:	2020	2019
	£000	£000
At 1 April	1,985	1,132
Current service cost	—	3
Interest expense	27	27
Remeasurement arising from:		
Financial	(17)	—
Demographic	(45)	(6)
Experience	(230)	891
Benefits paid	—	(62)
At 31 March	1,720	1,985

Movements in fair value of plan assets:	2020	2019
	£000	£000
At 1 April	2,154	1,206
Interest income	31	29
Actual return on plan assets, excluding interest income	(371)	903
Contributions:		
By employer	75	78
By members	—	—
Benefits paid	—	(62)
At 31 March	1,889	2,154

Analysis of amounts recognised in the Statement of Profit and Loss:	2020	2019
	£000	£000
Current service cost	—	3
Interest on present value of defined benefit obligation	27	27
Interest on fair value of plan assets	(31)	(29)
	(4)	1

Analysis of amounts recognised in Other Comprehensive Income:	2020	2019
	£000	£000
Remeasurement of defined benefit obligation	(292)	885
Return on plan assets, excluding amounts included in net interest	371	(903)
Change in effect of the asset ceiling, excluding amounts included in net interest	(77)	19
	2	1

History of plans

The history of the plans for the current and prior periods is as follows:

Statement of Financial Position	2020	2019	2018	2017	2016
	£000	£000	£000	£000	£000
Present value of scheme liabilities	(1,720)	(1,985)	(1,132)	(1,259)	(982)
Fair value of scheme assets	1,889	2,154	1,206	1,407	1,133
Surplus / (deficit)	169	169	74	148	151

The Company expects to contribute approximately £75,000 (2019: £78,000) to its defined benefit plans in the next financial year.

29 Fox Elms acquisition

On 2 July 2019, the Group acquired 100% of the issued share capital of Fox Elms Community Care Limited and its one subsidiary. The principal activities of the Company and its subsidiary is to provide similar high quality services to that of the Voyage Care Group with the aim to further increase Voyage's presence in the market place.

The fair value of the assets acquired and the resulting goodwill is set out below:

	Book value	Fair value adjustment	Fair value
	£000	£000	£000
Property, plant and equipment	20	—	20
Trade and other receivables	844	—	844
Directors loan account	3,702	—	3,702
Cash in hand, bank	5	—	5
Deferred tax	(254)	—	(254)
Trade and other payables	(61)	—	(61)
Accruals and deferred income	(193)	—	(193)
Corporation tax	(131)	—	(131)
Net assets	3,932	—	**3,932**
Brands			18
Non-compete agreement			201
Customer relationships			1,122
Goodwill			1,129
			6,402
Satisfied by:			
Cash			2,246
Settlement of directors loan accounts and other outstanding balances			4,156
Total cost of acquisition			**6,402**

The acquisition cost comprises cash consideration of £2,246,000, of which £400,000 related to deferred consideration which was fully settled prior to 31 March 2020.

From acquisition on 2 July 2019 to 31 March 2020 the business contributed revenue of £2,185,000 and a profit after tax of £456,000. The revenue and profit after tax is reported within the Group's results for the year ended 31 March 2020. If acquired on 1 April 2019 the business contributions to revenue for the year to 31 March 2020 would have been £2,919,000 and a profit after tax of £609,000.

The Group incurred acquisition costs of £72,000 which have been expensed as a non-underlying item in the Statement of Profit and Loss.

30 Related party transactions

As permitted by IAS 24 "Related party disclosures", the Company has taken advantage of the exemption for wholly owned subsidiaries not to disclose related party transactions with Group entities.

During the year, the following transactions took place between the Group and its other related parties:

- Consultancy fees of £150,000 (2019: £192,000) were paid and £150,000 (2019: £Nil) was accrued and expenses of £Nil (2019: £62,000) were paid to Duke Street LLP.
- Consultancy fees of £300,000 (2019: £192,000) were accrued and expenses of £Nil (2019: £Nil) were paid to Partners Group AG.
- Voyage 1 Limited made an Advance of £295,888 (2019: £295,888) to Viking Investments LP, the Advance bears a rate of interest of 10% and interest of £46,654 (2019: £42,066) was recognised during the year. As at 31 March 2020, the amount due was £499,902 (2019: £453,637); the Advance is repayable on demand at any time together with accrued interest.
- Partners Group AG is the parent company of Chambertin (Holdings) Limited and its subsidiaries. Civica UK Limited, a subsidiary of Chambertin (Holdings) Limited supplied software solutions including licence fees to the Voyage Care Group; fees of £504,000 were paid and £121,000 was outstanding as at 31 March 2020 (2019: £268,000 and £Nil respectively).
- Duke Street LLP is a Member of PEPCO Services LLP. PEPCO Services LLP supplied services and consultancy to the Voyage Care Group; fees of £424,000 were paid and £1,000 was outstanding as at 31 March 2020 (2019: £Nil and £Nil respectively).

31 Contingent liability

Security granted on the Senior Secured Notes, the Second Lien Notes and the Revolving Credit Facility

The Company has guaranteed the amounts due under the Senior Secured Notes, the Second Lien Notes and the Revolving Credit Facility held in Voyage Care BondCo PLC. Security has been granted over all freehold and long leasehold property.

Potential liability in relation to sleep in shifts

In keeping with widespread practice in the social care sector, the Group operates at a number of sites where individual employees "sleep-in" overnight and are paid an allowance to do so.

In the past HMRC gave clear guidance that it did not consider sleep-ins to constitute "time work" for the purposes of NMW. However, the correct application of NMW regulations to sleep-ins was the subject of several legal decisions including that of the Employment Appeal Tribunal (EAT) in Royal Mencap Society v Tomlinson-Blake. From 1 July 2017 the government (BEIS) and HMRC changed their interpretation of the NMW regulations in relation to sleep-ins, and began to insist that sleeping time is "time work" for NMW purposes. The Group increased the allowance paid for a sleep-in shift from July 2017 to reflect this new interpretation of the regulations.

The Tomlinson-Blake decision, in which the Group was not directly involved, was appealed in the Court of Appeal in March 2018. Local authorities and other providers were also represented. In a major decision, the Court of Appeal ruled that for the purposes of the regulations on NMW, time spent on a sleep-in shift does not count as "time work" for NMW purposes. As a consequence of this, official guidance was again changed. Accordingly, in February 2019, consistently with the Court of Appeal ruling and the official guidance, the Group reduced the allowance paid for a sleep-in.

The Court of Appeal refused permission to appeal against its decision but a panel of Supreme Court judges subsequently granted Mrs. Tomlinson-Blake permission to appeal. The Supreme Court gives such permission only in cases of public importance which it considers justify its attention. The appeal is listed to be heard in February 2020 and a ruling expected in the Summer of 2020.

Notwithstanding that permission to appeal was granted, our legal advice is that it is unlikely that the Court of Appeal ruling will be overturned.

Given the grant of permission to appeal, the Board has decided that it is appropriate to make a contingent liability disclosure. Should the Court of Appeal ruling be overturned by the Supreme Court it is possible that the Group would be required to make backdated payments to its employees for a period of up to 6 years.

In the light of knowledge of how HMRC has dealt with these issues in the past (in particular, in introducing a non-statutory Scheme for resolution of issues in this area) the Board's judgment is that there is only a remote possibility that penalties would be imposed in those circumstances and therefore nothing has been included in this respect.

On this basis the Board estimates that a contingent liability up to a maximum of £16 million (2019: £16 million) should continue to be disclosed in line with the prior year.

32 Controlling party

The Company's immediate parent undertaking is Voyage HoldCo 2 Limited which is registered in England and Wales.

The Company's ultimate parent undertaking is Voyage Care HoldCo Limited which is registered in England and Wales.

Copies of the Group financial statements of Voyage Care HoldCo Limited may be obtained from:

The Company Secretary
Voyage Care HoldCo Limited
Wall Island
Birmingham Road
Lichfield
Staffordshire
WS14 0QP

Independent auditor's report to the members of Voyage BidCo Limited

We have audited the financial statements of Voyage BidCo Limited (the "Company") for the year ended 31 March 2019 which comprise the Consolidated Statement of Profit and Loss Account, Consolidated Statement of Other Comprehensive Income, Consolidated and Company Statement of Financial Position, Consolidated and Company Statement of Changes in Equity, Consolidated Statement of Cash Flow and related notes including the accounting policies in note 3.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2019 and of the group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model, including the impact of Brexit, and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the Company will continue in operation.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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

We have nothing to report in these respects.

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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Colin Brearley (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

2 July 2019

VOYAGE BIDCO LIMITED

Consolidated Statement of Profit and Loss
For the year ended 31 March 2019

	Notes	2019 Underlying	2019 Non-underlying items[2]	2019 Total	2018 Underlying	2018 Non-underlying items[2]	2018 Total
		£000	£000	£000	£000	£000	£000
Continuing operations							
Revenue		249,798	—	249,798	229,028	—	229,028
Operating expenses	10	(225,508)	(1,765)	(227,273)	(205,513)	(4,930)	(210,443)
Adjusted EBITDA[1]		41,205	(1,319)	39,886	36,677	(202)	36,475
Depreciation and impairment of property, plant and equipment	10	(14,818)	(446)	(15,264)	(11,384)	(4,728)	(16,112)
Profit / (loss) on disposal of assets	10	253	—	253	(27)	—	(27)
Amortisation of intangible assets	10	(2,350)	—	(2,350)	(1,751)	—	(1,751)
Operating profit		**24,290**	**(1,765)**	**22,525**	**23,515**	**(4,930)**	**18,585**
Finance income	11	77	—	77	64	—	64
Finance expense	12	(19,517)	—	(19,517)	(20,362)	(8,844)	(29,206)
Profit / (loss) before taxation		**4,850**	**(1,765)**	**3,085**	**3,217**	**(13,774)**	**(10,557)**
Taxation	13	(1,218)	286	(932)	(859)	2,240	1,381
Profit / (loss) for the year from continuing operations		**3,632**	**(1,479)**	**2,153**	**2,358**	**(11,534)**	**(9,176)**
Profit / (loss) attributable to equity holders of the parent		**3,632**	**(1,479)**	**2,153**	**2,358**	**(11,534)**	**(9,176)**

(1) Adjusted EBITDA represents earnings before interest, tax, depreciation and amortisation, impairments, profit / (loss) on disposal of assets.

(2) Further breakdown of non-underlying items analysed in note 6.

VOYAGE BIDCO LIMITED

Consolidated Statement of Other Comprehensive Income
For the year ended 31 March 2019

	Notes	2019 £000	2018 £000
Profit / (loss) for the year		2,153	(9,176)
Items that will not be reclassified to profit and loss			
Remeasurements of the defined benefit liability	30	(1)	(278)
Deferred tax movement for the year	23	(128)	47
		(129)	(231)
Total comprehensive income / (expense) attributable to equity holders of the parent for the financial year		**2,024**	**(9,407)**

VOYAGE BIDCO LIMITED

Consolidated Statement of Financial Position
At 31 March 2019

	Notes	2019		2018	
		£000	£000	£000	£000
Non-current assets					
Goodwill	14	45,452		44,236	
Intangible assets	15	6,246		7,960	
Property, plant and equipment	16	383,959		359,153	
			435,657		**411,349**
Current assets					
Trade and other receivables	18	25,612		21,864	
Tax assets		590		538	
Employee benefit pension assets		—		879	
Cash and cash equivalents	19	18,686		16,924	
		44,888		40,205	
Assets classified as held for sale	20	2,802		1,832	
			47,690		**42,037**
Total assets			**483,347**		**453,386**
Current liabilities					
Loans and borrowings	21	25,663		15,000	
Trade and other payables	22	28,926		26,806	
Accruals and deferred income		18,355		18,337	
Corporation tax		—		—	
Provisions	24	548		634	
Employee benefit pension liability		—		879	
Other financial liabilities	27	1,140		1,140	
			74,632		**62,796**
Non-current liabilities					
Loans and borrowings	21	263,634		241,973	
Tax liabilities	23	10,945		10,820	
Provisions	24	490		3,046	
Employee benefits	30	283		348	
Accruals and deferred income		—		3,818	
			275,352		**260,005**
Total liabilities			**349,984**		**322,801**
Net assets			**133,363**		**130,585**
Equity					
Capital and reserves					
Issued share capital	25	—		—	
Share premium	26	252,872		252,872	
Retained earnings		(119,509)		(122,287)	
Total equity attributable to equity holders of the parent			**133,363**		**130,585**

These financial statements were approved by the Board of Directors on 2 July 2019 and were signed on its behalf by:

S Parker
Director

Company registered no. 05752534

VOYAGE BIDCO LIMITED

Company Statement of Financial Position
At 31 March 2019

	Notes	2019	2018
		£000	£000
Assets			
Non-current assets			
Investments	*17*	130,874	173,580
Total non-current assets		130,874	173,580
Current assets			
Trade and other receivables	*18*	440,085	408,551
Total current assets		440,085	408,551
Total assets		**570,959**	**582,131**
Liabilities			
Current liabilities			
Trade and other payables	*22*	572,781	531,741
Total current liabilities being total liabilities		572,781	531,741
Net (liabilities) / assets		**(1,822)**	**50,390**
Equity			
Capital and reserves			
Called up share capital	*25*	—	—
Share premium	*26*	252,872	252,872
Profit and loss account		(254,694)	(202,482)
Equity shareholders' (deficit) / funds		**(1,822)**	**50,390**

Under section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own Statement of Profit and Loss and related notes that form part of these approved financial statements. The amount of loss after taxation for the financial year for the Company is £52,212,000 (2018: £8,814,000).

These financial statements were approved by the Board of Directors on 2 July 2019 and were signed on its behalf by:

S Parker
Director

Company registered number 05752534

VOYAGE BIDCO LIMITED

Consolidated and Company Statement of Changes in Equity
For the year ended 31 March 2019

Group	Issued share capital £000	Share premium £000	Retained earnings £000	Total parent equity £000
At 1 April 2018	—	252,872	(122,287)	130,585
Adjustment on initial application of IFRS 16 (net of tax) (see note 3)	—	—	754	754
	—	252,872	(121,533)	131,339
Total comprehensive income for the year				
Profit for the year	—	—	2,153	2,153
Other comprehensive income	—	—	(129)	(129)
Total comprehensive income for the year	—	—	2,024	2,024
At 31 March 2019	**—**	**252,872**	**(119,509)**	**133,363**

For the year ended 31 March 2018

Group	Issued share capital £000	Share premium £000	Retained earnings £000	Total parent equity £000
At 1 April 2017	—	224,872	(112,880)	111,992
Total comprehensive income for the year				
Loss for the year	—	—	(9,176)	(9,176)
Other comprehensive income	—	—	(231)	(231)
Total comprehensive expense for the year	—	—	(9,407)	(9,407)
Transactions with owners				
Issue of ordinary share	—	28,000	—	28,000
Total transactions with owners	—	28,000	—	28,000
At 31 March 2018	**—**	**252,872**	**(122,287)**	**130,585**

For the year ended 31 March 2019

Company	Issued share capital £000	Share premium £000	Retained earnings £000	Total parent equity £000
At 1 April 2018	—	252,872	(202,482)	50,390
Total comprehensive income for the year				
Loss for the year	—	—	(52,212)	(52,212)
Other comprehensive income	—	—	—	—
Total comprehensive expense for the year	—	—	(52,212)	(52,212)
At 31 March 2019	**—**	**252,872**	**(254,694)**	**(1,822)**

For the year ended 31 March 2018

Company	Issued share capital £000	Share premium £000	Retained earnings £000	Total parent equity £000
At 1 April 2017	—	224,872	(193,668)	31,204
Total comprehensive income for the year				
Loss for the year	—	—	(8,814)	(8,814)
Other comprehensive income	—	—	—	—
Total comprehensive expense for the year	—	—	(8,814)	(8,814)
Transactions with owners				
Issue of ordinary share	—	28,000	—	28,000
Total transactions with owners	—	28,000	—	28,000
At 31 March 2018	**—**	**252,872**	**(202,482)**	**50,390**

VOYAGE BIDCO LIMITED

Consolidated Statement of Cash Flow
For the year ended 31 March 2019

	2019	2018
	£000	£000
Cash flows from operating activities		
Profit / (loss) for the year	2,153	(9,176)
Adjustments for:		
Depreciation and impairment of property, plant and equipment	15,264	16,112
(Profit) / loss on disposal of non-current assets	(253)	27
Amortisation of intangible assets	2,350	1,751
Finance income	(77)	(64)
Finance expense	19,517	29,206
Tax income	932	(1,381)
Movements in working capital:		
Increase in trade and other receivables	(4,177)	(3,780)
Increase in trade and other payables	2,120	1,979
Increase in accruals and deferred income	1,044	664
Decrease in provisions, employee benefits and other financial liabilities	(52)	(375)
Cash generated from operating activities	38,821	34,963
Interest paid	(17,227)	(14,488)
Tax paid	(1,017)	(509)
Net cash generated from operating activities	20,577	19,966
Cash flows from investing activities		
Interest received	35	26
Payments to acquire property, plant and equipment	(22,544)	(14,354)
Payments to acquire intangible assets	(475)	(112)
Proceeds from sales of property, plant and equipment	2,417	248
Net cash outflow on acquisition of subsidiaries	(2,250)	(17,768)
Net cash used in investing activities	(22,817)	(31,960)
Cash flows from financing activities		
Issue of share capital	—	—
Share premium received	—	28,000
Issue of new Loan Notes	—	250,000
Payment of transaction costs on new loans and borrowings	—	(13,122)
Repayment of existing Loan Notes	—	(272,000)
Proceeds from loans and borrowings	8,000	15,000
Property and vehicle lease payments	(3,998)	—
Net cash generated from financing activities	4,002	7,878
Net increase / (decrease) in cash and cash equivalents in the period	1,762	(4,116)
Cash and cash equivalents at the beginning of the period	16,924	21,040
Cash and cash equivalents at the end of the period	**18,686**	**16,924**

1 Reporting entity

Voyage BidCo Limited (the "Company") is a company incorporated in England and Wales. Its parent and ultimate holding company is Voyage Care HoldCo Limited. The consolidated financial statements consolidate those of the Company and its subsidiaries (together referred to as the Group). The principal activity of the Group is the provision of the high quality care and support services for people with learning disabilities, brain injury rehabilitation and other complex needs.

2 Basis of preparation

The Group financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs).

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 (FRS 101) 'Reduced Disclosure Framework' and the Companies Act 2006.

Under section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own Statement of Profit and Loss and related notes that form part of these approved financial statements. The amount of loss after taxation for the financial year for the Company is £52,212,000 (2018: £8,814,000).

The Group and Company financial statements have been prepared under the historical cost convention except for certain financial instruments which are stated at fair value through the Statement of Profit and Loss. Non-current assets held for sale are stated at the lower of previous carrying value and fair value.

Revenue and expenses arising on trading between Group companies are eliminated on consolidation.

Going concern

The Group, of which the Company is a member, is funded through a combination of Shareholders' Funds, Unsecured Shareholders Loans, Senior Secured Notes and Second Lien Notes.

£215 million of 5.875% Senior Secured Notes and £35 million of 10% Second Lien Notes are due in 2023 and a Revolving Credit Facility of £45.0 million due 2023 was £23.0 million drawn at 31 March 2019. The Directors are mindful of the due date of the external financing arrangements and recognise the need to review refinancing or capital structure options at the appropriate time. The Investor and Management Fixed Rate Unsecured Loan Notes are payable at the earlier of an exit or September 2024.

The Group has net current liabilities of £26.9 million as at 31 March 2019 (2018: £20.8 million) an increase of £6.1 million predominately due to recognising a lease liability of £2.6 million following the transition to IFRS 16 and additional utilisation of £8.0 million on the Revolving Credit Facility. Notwithstanding this and certain principal risks, the Group's trading cash forecasts, which take into account reasonably possible changes in trading activities, show that the Group will be in compliance with all covenants and will have adequate funds to meet its liabilities, including debt servicing costs, for the foreseeable future.

Taking the above into consideration and having considered reasonably possible risks and sensitivities, including the impact of the contingent liability set out in Note 34, the Directors believe it is appropriate to prepare the financial statements on a going concern basis.

3 Accounting policies

The following accounting policies have been applied consistently dealing with items which are considered material in relation to the companies financial statements.

Business combinations and goodwill

Acquisitions are accounted for using the acquisition method as at the acquisition date and costs incurred in relation to the acquisition are expensed and included within operating expenses.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. If the contingent consideration is not classified as equity, changes to fair value are recognised in the Statement of Profit and Loss.

Any deferred consideration payable is recognised at fair value at the acquisition date and changes to fair value are recognised in the Statement of Profit and Loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the fair value of net identifiable assets acquired and liabilities assumed. Goodwill is tested for impairment annually.

If the consideration is lower than the fair value of the net assets of the acquired subsidiary, the difference is recognised in Statement of Profit and Loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Intangible assets

Intangible assets with finite useful lives that are acquired separately or in a business combination are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The carrying amounts of intangible assets are reviewed annually to determine whether the assets have suffered an impairment loss. The estimated useful lives are as follows:

Customer relationships	2 – 8 years
Non-compete agreement	2 – 3 years
Brands	2 – 4 years

Purchased software that is not integral to the functionality of the related equipment is capitalised and amortised on a straight-line basis over its estimated useful life. The estimated useful life are as follows:

Computers not integral	3 years

Non-current assets held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amount will be recovered primarily through a sale transaction rather than through continuing operational use. Reclassification will only take place if (i) the asset is available for immediate sale in its present condition; (ii) the asset will be subject to terms for a normal sale of such asset; and (iii) management are committed to the sale and expect the sale to be completed within one year from the date of classification.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

In the consolidated Statement of Profit and Loss for the year, and for the comparable period of the previous year, income and expenses for discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit / (loss) after taxes. There were no discontinued operations during the year (31 March 2018: £Nil).

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure incurred in bringing the asset into working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Depreciation is charged to the Statement of Profit and Loss on a straight line basis at rates calculated to write off the cost of each asset to its residual value over its estimated useful life. The depreciation rates in use are:

Freehold land	Nil
Freehold buildings	2%
Motor vehicles	25%
Fixtures, fittings and equipment	20%
Computers integral	33%

Gains and losses of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and are recognised net within the Statement of Profit and Loss.

Impairment of goodwill and property, plant and equipment

The carrying amounts of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the property, plant and equipment may not be recoverable.

Calculation of recoverable amount

The recoverable amount of property, plant and equipment is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating operating segment to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating operating segment exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss unless it arises on previously revalued property, plant and equipment. An impairment loss on revalued property, plant and equipment is recognised in the Statement of Profit and Loss if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the Statement of Other Comprehensive Income until the carrying amount reaches the asset's depreciated historic cost.

Impairment losses recognised in respect of income-generating operating segments are allocated first to reduce the carrying amount of any goodwill allocated to income-generating operating segments, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the operating segment on a pro rata or more appropriate basis. An income generating operating segment is the smallest identifiable Group of assets that generates income that is largely independent of the income streams from other assets or Group of assets.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are stated at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised at fair value less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost less any impairment losses.

Trade and other payables

Trade and other payables are stated at cost.

Revenue

Revenue in respect of the provision of care services represents the fair value of fee income receivable for the period and is recognised in respect of the care that has been provided in the relevant period. Revenue invoiced in advance is included in deferred income, until the service is provided, whilst revenue billed in arrears is included in accrued income until billed.

Non-underlying items

The Group separately identifies and discloses certain items, referred to as non-underlying items, by virtue of size, nature and occurrence. This is consistent with the way that financial performance is measured by senior management and assists in providing a meaningful analysis of operating results by excluding items that may not be part of the ordinary activity of the business.

Operating leases

Assets obtained under finance lease and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Rentals under operating leases are charged to the Statement of Profit and Loss on a straight line basis over the lease term. Lease incentives received are recognised in the Statement of Profit and Loss as an integral part of the total lease expense.

The Group is required to perform dilapidation repairs on certain leased properties prior to the properties being vacated at the end of their lease term. Provision for such costs is made where legal obligation is identified and the liability can be reasonably quantified.

Financing income and expense

Financing expenses comprise interest payable on Loan Notes and other third party borrowings (see note 27) and unwinding of the discount on provisions and lease liabilities. In addition, transaction costs that are directly attributable to the arrangement of borrowings are capitalised and recognised in the consolidated Statement of Profit and Loss using the effective interest method.

Interest income and interest payable is recognised in the consolidated Statement of Profit and Loss as it accrues, using the effective interest method.

Taxation including deferred taxation

The charge for taxation is based on the profit or loss for the year and comprises current and deferred taxation. Income tax is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Tax currently payable is based on the taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the consolidated Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Tax is calculated using tax rates enacted or substantively enacted at the date of the Statement of Financial Position.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Government grants

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in the Statement of Profit and Loss on a systematic basis over the periods in which the Group recognises the expenditure for which the grants are intended to compensate.

Employee benefits

The assets of all pension plans are held separately from those of the Group, in separately administered funds.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate company and will have no legal obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of Profit and Loss in the period during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets are deducted. The Group determines the net interest on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit asset.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Re-measurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets and the effect of the asset ceiling. The Group recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in the Statement of Profit or Loss.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

Investment in subsidiaries

Investments in subsidiaries are stated at fair value less provisions for impairment.

Segment reporting

Segment results that are reported to the Group's Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, finance costs and tax assets and liabilities.

FRS 101 disclosure exemptions

As the consolidated financial statements of the Group include the equivalent disclosures, the Company has taken the exemption under FRS 101 available in respect of the following disclosures:

- a cash flow statement;
- the effects of new but not yet effective IFRSs; and
- disclosures in respect of transactions with wholly owned subsidiaries.

Adoption of new and revised standards

1. IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces the provisions of IAS 39 Financial Instruments: Recognition and Measurement that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from 1 April 2018 did not result in significant changes in accounting policies nor adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in IFRS 9 Financial Instruments, comparative figures have not been restated.

On 1 April 2018 (the date of initial application of IFRS 9 Financial Instruments), the Group's management has assessed the financial assets held by the Group and has classified its financial instruments into the appropriate IFRS 9 Financial Instruments categories. The main effects resulting from this reclassification are as follows:

- Trade and other receivables are now classified as 'Amortised cost' under IFRS 9 (previously 'Loans and receivables' under IAS 39). Trade receivables are subject to the new expected credit loss model in IFRS 9 Financial Instruments and therefore the Group has revised its impairment methodology (see note 18).

2. IFRS 15 Revenue from Contracts with Customers

The Group has adopted IFRS 15 Revenue from Contracts with Customers from 1 April 2018 which resulted in no changes in accounting policies nor disclosures.

3. IFRS 16 Leases

This is the first set of the Group's financial statements in which IFRS 16 has been applied and the date of transition was 1 April 2018.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2018. Accordingly the comparative information presented for 2018 has not been restated—i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

A. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement Contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2018.

B. As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the leases transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases. The Group has elected not to recognise right-of-use assets and lease liabilties for some leases of low-value (e.g. IT equipment). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group presents the right-of-use assets in 'property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns. The Group presents lease liabilities in 'loans and borrowings' in the statement of financial position. The carrying amounts of the right of use assets are as below:

	Property, plant and equipment		
£'000	**Property**	**Motor Vehicles**	**Total**
Balance as at 1 April 2018	120	16,114	16,234
Balance as at 31 March 2019	2,009	15,165	17,174

i. Significant accounting policies

The Group recognises a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgements to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

ii. Transition to IFRS 16

Previously, the Group classified property leases as operating leases under IAS 17. Some leases include an option to renew the lease for an additional period after the end of the non-cancellable period. Some leases provide for additional rent payments that are based on changes in price indices.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 April 2018. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments and any onerous lease provisions at the transition date.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application;
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease; and
- Reliance upon previous assessment of whether leases are onerous before the date of initial application.

C. Impacts on financial statements

i. Impact on transition

On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

£'000	1 April 2018
Right-of-use assets presented in property, plant and equipment	16,234
Deferred tax asset/(liability)	—
Other debtors	(315)
Accruals	4,260
Provisions and liabilities	2,655
Lease liabilities	(22,080)
Retained earnings	(754)

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 April 2018. The weighted-average rate applied is 3.78%.

£'000	1 April 2018
Operating lease commitment at 31 March 2018 as disclosed in the Group's consolidated financial statements	29,730
Discounted using the incremental borrowing rate	(5,458)
Different lease conditions under IFRS 16	(1,755)
Irrecoverable VAT excluded from lease liability	(437)
Lease liabilities recognised at 1 April 2018	22,080

i. Impact for the period

As a result of applying IFRS 16, the Group has recognised depreciation and interest costs, instead of an operating lease expense. During the period ended 31 March 2019, the Group recognised £3,289k of depreciation charges and £827k of interest costs from those leases. Operating lease charges that would have been recognised under the previous accounting policy would have been £3,741k as a result there has been a net increase in profit before tax.

Adopted IFRS not yet applied

The following amended standards and interpretations have been endorsed by the EU but are not yet effective:

- IFRIC 23 Uncertainty over Tax Treatments (effective for reporting periods beginning on or after 1 January 2019);
- Prepayment Features with Negative Compensation (Amendments to IFRS 9) (effective for reporting periods beginning on or after 1 January 2019);
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) (effective for reporting periods beginning on or after 1 January 2019);
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) (effective for reporting periods beginning on or after 1 January 2019); and
- Annual Improvements to IFRS Standards 2015-2017 Cycle—various standards (effective for reporting periods beginning on or after 1 January 2019).

The above standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

4 Accounting estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and any revisions to these estimates are recognised in the period in which the estimates are revised and in any future period affected.

The key assumptions which have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Operating Segments

The Group's management consider the acquisition of Focused Healthcare as a separate operating segment. Although the Group and Focused Healthcare provide complementary specialist care and support services, Focused Healthcare concentrates on providing specialist care to children and young people whereas Voyage Care predominantly provides specialist care to adults. In addition, Focused Healthcare will continue to operate independently from the Group retaining its own head office function.

Impairment of goodwill

Determining whether goodwill is impaired requires a judgement as to the determination of the CGUs and an estimation of the value in use of the cash generating units (CGUs) to which goodwill has been allocated. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the CGUs, and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at 31 March 2019 was £45,452,000 (2018: £44,236,000) (see note 14).

Customer relationships, Non-compete agreements and Brands

Management assess each acquisition to identify intangible assets that were acquired as part of the transaction. The estimation of future economic benefits generated from acquired customer relationships, non-compete agreements and brands, and the determination of the related amortisation profile, involves a significant degree of judgement based on management's estimation of future revenue, profit, customer attrition rates, and the useful lives of the assets. Changes in the estimates made by management could result in a large, but not material, reclassification between assets and goodwill. The valuation methods used to value each identifiable intangible asset is multiple excess earnings, estimated avoided loss on profits and relief royalty. The useful economic life estimate ranges from 2 to 8 years and annual reviews are performed to ensure the recoverability of the intangible assets (see note 15).

Assets held for sale

Determining whether an asset is classified as held for sale requires management to determine whether the conditions identified in 'IFRS 5 Non-current assets held for sale' are met. Management believe a significant degree of judgement is required to determine whether the sale is highly probable and whether the sale will be completed within 12 months of the classification as held for sale. In addition, management are required to estimate the expected net realisable value of the assets held for sale. As at 31 March 2019, the assets classified as held for sale are £2,802,000 (2018: £1,832,000) (see note 20).

Impairment of trade receivables

Determining the extent of the provision requires judgement as to whether certain trade receivables are deemed doubtful although not definitely irrecoverable. The impairment is calculated on specific trade receivables identified by examining aged receivable analyses.

Valuation of lease liabilities and right of use assets

The application of IFRS 16 requires management to make judgements that impact the valuation of lease liabilities and the valuation of right of use assets. The following critical judgements relating to leases have been considered:

- Assessing whether a contract is or contains a lease—At the inception of a contract, management determine whether the contract is or contains a lease. Management assess whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- Discount rate—Determining the incremental borrowing rate requires management to consider how much the Group would have to pay to borrow over a similar term, with a similar security, and the funds necessary to obtain an asset of a similar value to the right of use asset in a similar environment.
- Lease term—Determining the lease term requires management to consider all facts and circumstances that create an economic incentive to exercise an extension or termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

Potential liability in relation to sleep in shifts

In keeping with widespread practice in the social care sector, the Group operates at a number of sites where individual employees "sleep-in" overnight and are paid an allowance to do so.

In the past HMRC gave clear guidance that it did not consider sleep-ins to constitute "time work" for the purposes of NMW. However, the correct application of NMW regulations to sleep-ins was the subject of several legal decisions including that of the Employment Appeal Tribunal (EAT) in Royal Mencap Society v Tomlinson-Blake. From 1 July 2017 the government (BEIS) and HMRC changed their interpretation of the NMW regulations in relation to sleep-ins, and began to insist that sleeping time is "time work" for NMW purposes. The Group increased the allowance paid for a sleep-in shift from July 2017 to reflect this new interpretation of the regulations.

The Tomlinson-Blake decision, in which the Group was not directly involved, was appealed in the Court of Appeal in March 2018. Local authorities and other providers were also represented. In a major decision, the Court of Appeal ruled that for the purposes of the regulations on NMW, time spent on a sleep-in shift does not count as "time work" for NMW purposes. As a consequence of this, official guidance was again changed. Accordingly, in February 2019, consistently with the Court of Appeal ruling and the official guidance, the Group reduced the allowance paid for a sleep-in.

The Court of Appeal refused permission to appeal against its decision but a panel of Supreme Court judges subsequently granted Mrs. Tomlinson-Blake permission to appeal. The Supreme Court gives such permission only in cases of public importance which it considers justify its attention. The appeal is listed to be heard in February 2020.

Notwithstanding that permission to appeal was granted, our legal advice is that it is unlikely that the Court of Appeal ruling will be overturned.

Given the grant of permission to appeal, the Board has decided that it is appropriate to make a contingent liability disclosure. Should the Court of Appeal ruling be overturned by the Supreme Court it is possible that the Group would be required to make backdated payments to its employees for a period of up to 6 years.

In the light of knowledge of how HMRC has dealt with these issues in the past (in particular, in introducing a non-statutory Scheme for resolution of issues in this area) the Board's judgment is that there is only a remote possibility that penalties would be imposed in those circumstances and therefore nothing has been included in this respect.

On this basis the Board estimates that a contingent liability up to a maximum of £16m should be disclosed.

5 Operating segments

Information reported to senior management for the purposes of resource allocation and assessment of performance of each segment focuses on the type of care services provided by the Group. The Voyage Care Group operates solely within the UK therefore no geographical segment reporting has been disclosed. The primary business segments stated below are based on the Group's management and internal reporting structure.

- Registered: supporting individuals in our specially adapted homes;
- Community Based Care: supporting individuals in their own home promoting independence; and
- Focused Healthcare: supporting young individuals living with their families who require specialist care or nursing.

On 22 August 2017, the Group acquired the majority of the share capital of Focused Healthcare Limited. Although the Group and Focused Healthcare provide complementary specialist care and support services a new operating segment has been identified primarily due to Focused Healthcare concentrating on providing specialist care to children and young people and Voyage Care predominantly providing specialist care to adults. In addition, Focused Healthcare will continue to operate independently from the Group retaining its own head office function.

Other income and expenditure relates to those items not directly attributable to an operating segment.

The reported segmental information represents income and expenditure generated from external customers and external suppliers only. There were no inter-segment transactions reported during the current year (2018: £Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profits represents adjusted EBITDA earned by each segment without allocation of non-underlying items as well as finance costs which is in conjunction with the information reported to senior management.

For the year ended 31 March 2019	Segment results			
	Registered	Community Based Care	Focused Healthcare	Group
	£000	£000	£000	£000
Revenue	167,713	71,942	10,143	**249,798**
Adjusted EBITDA (before non-underlying items)	**32,458**	**6,248**	**2,499**	**41,205**
Non-underlying items				(1,319)
Adjusted EBITDA (after non-underlying items)				**39,886**
Depreciation and impairment of property, plant and equipment				(15,264)
Profit on disposal of assets				253
Amortisation of intangible assets				(2,350)
Net finance expense				(19,440)
Taxation				(932)
Profit for the period				**2,153**

For the year ended 31 March 2018 (restated)*	Segment results			
	Registered	Community Based Care	Focused Healthcare	Group
	£000	£000	£000	£000
Revenue	159,684	63,309	6,035	**229,028**
Adjusted EBITDA (before non-underlying items)	**28,706**	**5,935**	**2,036**	**36,677**
Non-underlying items				(202)
Adjusted EBITDA (after non-underlying items)				**36,475**
Depreciation and impairment of property, plant and equipment				(16,112)
Loss on disposal of assets				(27)
Amortisation of intangible assets				(1,751)
Net finance expense				(29,142)
Taxation				1,381
Loss for the period				**(9,176)**

* Segment results for the year ended 31 March 2018 have been restated to reflect a more appropriate allocation of revenue and expenditure that is not directly attributable to an operating segment.

6 Non-underlying items

The Group separately identifies and discloses certain items, referred to as non-underlying items, by virtue of size, nature and occurrence. This is consistent with the way that financial performance is measured by senior management and assists in providing a meaningful analysis of operating results by excluding items that may not be part of the ordinary activity of the business.

The following table details the non-underlying items that have been incurred in the reporting periods:

	Note	2019	2018
		£000	£000
Continuing operations			
Non-underlying items:			
Restructuring costs	a	147	562
Integration and acquisition costs	b	155	338
Consultancy fees	c	106	82
Impairment of property, plant and equipment	d	446	4,728
Project costs	e	716	262
Day Care income	f	(287)	(1,042)
Refinancing transaction	g	—	8,844
Issue of loan notes	h	482	—
Taxation	i	(286)	(2,240)
		1,479	11,534

The key elements of the expenditure for both periods are set out below:

(a) *Restructuring costs*

For the year ended 31 March 2019, the Group incurred remuneration costs of £147,000 in relation to restructuring its workforce (2018: £562,000).

(b) *Integration and acquisition costs*

For the year ended 31 March 2019, the Group incurred transaction costs of £155,000 in relation to the acquisition of three services in the North East of England (see note 31). For the year ended 31 March 2018, the Group incurred transaction costs of £338,000 in relation to the acquisition of Focused Healthcare Limited.

(c) *Consultancy fees*

For the year ended 31 March 2019, the Group incurred costs of £106,000 in relation to professional advice and consultancy (2018: £82,000).

(d) *Impairment of property, plant and equipment*

For the year ended 31 March 2019, the Group recognised an impairment charge for certain property, plant and equipment due to the carrying amount of assets exceeding its recoverable amount. As a result an impairment charge of £958,000 was incurred (2018: £4,728,000). The Group has reversed certain impairment charges for specified property, plant and equipment as the recoverable amount exceeds its carrying value, as a result an impairment reversal of £512,000 was recognised (2018: £Nil). Accordingly the Group incurred a net impairment charge of £446,000 (2018: £4,728,000).

(e) *Project costs*

The Group is undertaking a programme to improve the quality, accuracy and support for its customers by investing in its head office and operational function including the implementation of an operational ERP system, as a result fees of £716,000 were incurred (2018: £262,000).

(f) *Day Care income*

For the year ended 31 March 2019, the Group was in receipt of funds in relation to backdated VAT on its Day Care business of £287,000 (2018: £1,042,000).

(g) *Refinancing transaction*

For the year ended 31 March 2018, the Group completed a refinancing transaction to redeem its existing Senior Secured Notes and Second Lien Notes, as a result a redemption penalty of £4,983,000 was incurred and unamortised transaction costs of £3,861,000 were expensed. For the year ended 31 March 2019, associated costs were £Nil.

(h) *Issue of loan notes*

For the year ended 31 March 2019, existing Investor and Management Fixed Rate Unsecured Loan Notes issued by Voyage Care MidCo Limited and Voyage Care BidCo Limited, companies owned by the Company's ultimate parent undertaking Voyage Care HoldCo Limited, were reclassified and as a result the Group incurred professional fees of £482,000 (2018: £Nil).

(i) *Taxation*

During the year ended 31 March 2019, a taxation credit of £286,000 arose as a result of certain non-underlying items stated in the above table (2018: £1,609,000).

7 Staff numbers

The average number of persons employed by the Group (including Directors) during the year were as follows:

	Number of employees	
	2019	**2018**
Administration	419	382
Care staff	9,830	9,224
	10,249	9,606

8 Directors' remuneration

Remuneration paid to the Directors in respect of their services to the Company and other member companies of the Group:

	2019	**2018**
	£000	**£000**
Remuneration	639	708
Compensation on loss of office	—	240
Pension contributions	79	82
	718	1,030

The remuneration of the highest paid director was £352,000 (2018: £416,000) and pension contributions of £60,000 (2018: £60,000) were made to a money purchase scheme on their behalf. Included in the total remuneration is a discretionary payment of £40,000 (2018: £Nil) made to one director.

Three of the Directors active in the year accrued benefits under money purchase pension schemes (2018: three Directors).

9 Auditor's remuneration

	2019	**2018**
	£000	**£000**
Audit of the Group financial statements	11	10
Audit of financial statements of subsidiaries	174	139
Audit related fees	185	149
Taxation compliance services	12	—
Other tax advisory services	118	61
Internal audit services	—	8
Corporate finance services	6	236
Non-audit fees	136	305
Total audit and non-audit fees	321	454

10 Operating profit before taxation

	2019 £000	2018 £000
Operating profit before taxation is stated after charging:		
Continuing operations		
Direct expenses and consumables	7,662	8,102
Staff costs:		
Wages and salaries	157,944	141,869
Social security costs	10,658	9,708
Other pension costs	2,289	1,430
Operating lease rentals:		
Other lease rentals (see note 29)	536	3,938
Plant and machinery (see note 29)	487	1,086
Depreciation	14,818	11,384
Impairment of property, plant and equipment	446	4,728
(Profit) / loss on disposal of assets	(253)	27
Amortisation of intangible assets	2,350	1,751
Other external charges	30,623	27,462
Receipts in respect of VAT on the Group's Day Care activities (see note 6)	(287)	(1,042)
	227,273	210,443

11 Finance income

	2019 £000	2018 £000
Continuing operations		
Bank interest receivable	77	64

12 Finance expense

	2019 £000	2018 £000
Continuing operations		
Bank interest including RCF non-utilisation fees	1,123	940
Loan notes interest	17,470	18,300
Unwinding of discount on provisions	55	1,026
Unwinding of lease liabilities	827	—
Other finance costs	42	96
Redemption penalty in respect of the Group's refinancing transaction	—	4,983
Unamortised transaction costs in relation to the Group's existing loan notes	—	3,861
	19,517	29,206

Loan notes interest comprises interest on loan notes of £16,131,000 (2018: £16,808,000) and amortisation of issue costs and original issue discount on new and previous loan notes of £1,339,000 (2018: £1,149,000 and £343,000 respectively).

13 Taxation

Recognised in the Statement of Profit and Loss	2019	2018
	£000	£000
Analysis of charge in year		
Current tax:		
UK corporation tax on profits of the period	1,024	224
Adjustments in respect of previous periods	(62)	—
	962	224
Deferred tax:		
Origination and reversal of timing differences	(69)	(1,149)
Effect of tax rate change on opening balance	—	—
Adjustments in respect of prior periods	39	(456)
	(30)	(1,605)
Tax on profit / (loss) on ordinary activities	932	(1,381)

Recognised directly in the Statement of Other Comprehensive Income	2019	2018
	£000	£000
Current tax recognised directly in other comprehensive income	—	—
Deferred tax recognised directly in other comprehensive income	128	(47)
	128	(47)

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2019	2018
	£000	£000
Profit / (loss) on ordinary activities before taxation	3,085	(10,557)
Current tax at 19% (2018: 19%)	586	(2,006)
Effects of:		
Expenses not deductible for tax purposes	3,708	1,743
Fixed asset depreciation / impairment charges in excess of allowances	493	18
Transfer pricing adjustment	(15)	(18)
Group relief received at no cost	(3,544)	(737)
Adjustments in respect of prior periods	(23)	(456)
Effect of UK tax rate changes	8	135
Deferred tax not recognised	(281)	(60)
Total tax charge / (credit) (see above)	932	(1,381)

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. Further reduction to 18% (effective 1 April 2020) was also substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly. The deferred tax asset/liability at 31 March 2019 has been calculated based on these rates.

14 Goodwill

	Goodwill
	£000
Cost	
At 1 April 2018	52,792
Acquisitions (see note 31)	1,216
At 31 March 2019	54,008
Accumulated impairment charge	
At 1 April 2018 and 31 March 2019	8,556
At 31 March 2019	45,452
At 31 March 2018 and 1 April 2018	44,236

On 4 September 2018, the Group acquired three care homes in the North of England as an operating as a care business. Goodwill of £1,216,000 has been capitalised and allocated against the Registered operating segment (see note 31).

The Group review goodwill for impairment on an annual basis or more frequently if there are indications that goodwill might be impaired.

A goodwill impairment charge of £Nil occurred during the year ended 31 March 2019 (2018: £Nil).

Impairment testing

Goodwill acquired in a business combination is allocated to cash generating units (CGUs) that are expected to benefit from that business combination.

Goodwill has been allocated to three identifiable CGUs, Registered services, Community Based Care services and Focused Healthcare. The CGUs to which goodwill is allocated are presented below:

	Goodwill	
	2019	2018
	£000	£000
Registered	17,460	16,244
Community Based Care	16,526	16,526
Focused Healthcare	11,466	11,466
	45,452	44,236

The recoverable amount was determined by the greater of net realisable value and value in use. In assessing value in use, the expected future cash flows were discounted to their present value using a pre-tax discount rate of 8.18% for the Registered, 8.93% for the Community Based Care CGU and 10.18% for the Focused Healthcare CGU (2018: 8.37%, 8.37% and 10.37% respectively). The pre-tax discount rate reflects current market assessments of the rate of return expected on an equally risky investment.

Key assumptions for the value in use calculations are those regarding level of occupancy, weekly fees, volume of chargeable hours, costs, discount rates, growth rates and period on which forecasts are based. The cash flow projections were based on financial budgets approved by the Board of Directors for the forthcoming year and forecasts for up to five years which are based on assumptions of the business, industry and economic growth. A terminal value is placed on the value of the annual cash flows in year five.

Registered

The recoverable amount of this CGU was based on value in use using the assumptions stated above and a terminal growth rate of 1.00% (2018: 1.00%). The recoverable amount of £417.5 million (2018: £436.6 million) exceeded its carrying amount by approximately £83.6 million (2018: £110.7 million) and no impairment was required (2018: no impairment).

Community Based Care

The recoverable amount of this CGU was based on value in use using the assumptions stated above and a terminal growth rate of 2.50% (2018: 2.50%). The recoverable amount of £82.8 million (2018: £92.7 million) exceeded its carrying amount by approximately £33.2 million (2018: £46.1 million) and no impairment was required (2018: no impairment).

Focused Healthcare

The recoverable amount of this CGU was based on value in use using the assumptions stated above and a terminal growth rate of 3.00% (2018: 3.00%). The recoverable amount of £70.6 million (2018: £78.5 million) exceeded its carrying amount by approximately £54.0 million (2018: £62.7 million) and no impairment was required (2018: no impairment).

Sensitivities

Whilst the impairment testing did not give rise to an impairment, management note that the calculations are sensitive to certain assumptions. The below table sets out each assumption and states the increase in percentage points each assumption requires before the carrying amount equals its recoverable.

Changes required for carrying amount to equal recoverable amount (percentage points movement):

	2019	2018
Registered		
Discount rate	+1.88%	+2.17%
Budgeted revenue growth per year	(3.13)%	(3.79)%
Budgeted staff costs per year	+5.51%	+6.55%
Community Based Care		
Discount rate	+5.24%	+4.87%
Budgeted revenue growth per year	(2.83)%	(3.00)%
Budgeted staff costs per year	+3.51%	+3.69%
Focused Healthcare		
Discount rate	+22.05%	+23.54%
Budgeted revenue growth per year	(31.17)%	(33.68)%
Budgeted staff costs per year	+53.02%	+60.02%

Management are confident that the assumptions used for assessing goodwill are appropriate at the time of the review but acknowledge it is possible circumstances may change.

15 Intangible assets

	Software costs	Customer relationships	Non-compete agreements	Brands	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2017	1,501	3,062	463	27	5,053
Acquisitions	—	6,465	654	273	7,392
Additions	112	—	—	—	112
At 31 March 2018	1,613	9,527	1,117	300	12,557
At 1 April 2018	1,613	9,527	1,117	300	12,557
Acquisition (see note 31)	—	161	—	—	161
Additions	475	—	—	—	475
At 31 March 2019	2,088	9,688	1,117	300	13,193
Amortisation					
At 1 April 2017	1,172	1,238	409	27	2,846
Provided during the year	204	1,253	253	41	1,751
At 31 March 2018	1,376	2,491	662	68	4,597
At 1 April 2018	1,376	2,491	662	68	4,597
Provided during the year	181	1,774	327	68	2,350
At 31 March 2019	1,557	4,265	989	136	6,947
Net book value					
At 31 March 2019	531	5,423	128	164	6,246
At 31 March 2018 and 1 April 2018	237	7,036	455	232	7,960
At 1 April 2017	329	1,824	54	—	2,207

Intangible assets have been calculated on the basis of multiple excess earnings, estimated avoided loss of profits and relief royalty. The amortisation charge is recognised in the Statement of Profit and Loss.

16 Property, plant and equipment

	Freehold land and buildings £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Right-of-use asset £000	Total £000
Cost					
At 1 April 2017	390,607	74,181	7,434	—	472,222
Additions	—	33	—	—	33
Transfer from assets held for sale	2,510	8,723	1,437	—	12,670
Assets classified as held for sale	(4,159)	—	—	—	(4,159)
Disposals	(35)	(814)	(130)	—	(979)
At 31 March 2018	388,923	82,123	8,741	—	479,787
At 1 April 2018	388,923	82,123	8,741	—	479,787
Adjustment on initial application of IFRS 16	—	—	—	16,234	16,234
Adjusted balance as at 1 April 2018	388,923	82,123	8,741	16,234	496,021
Acquisitions (see note 31)	900	—	—	—	900
Additions	12,383	8,033	1,434	4,229	26,079
Transfer from assets held for sale	53	—	—	—	53
Assets classified as held for sale	(4,674)	—	—	—	(4,674)
Disposals	(1,583)	(1,760)	(731)	—	(4,074)
At 31 March 2019	396,002	88,396	9,444	20,463	514,305
Depreciation and impairment					
At 1 April 2017	52,324	52,812	3,456	—	108,592
Charge for the year	1,635	7,942	1,807	—	11,384
Impairment	4,728	—	—	—	4,728
Assets classified as held for sale	(3,200)	—	—	—	(3,200)
Depreciation on disposals	(2)	(783)	(85)	—	(870)
At 31 March 2018	55,485	59,971	5,178	—	120,634
At 1 April 2018	55,485	59,971	5,178	—	120,634
Charge for the year	1,332	8,429	1,768	3,289	14,818
Impairment	746	—	—	—	746
Assets classified as held for sale	(3,080)	—	—	—	(3,080)
Depreciation on disposals	(615)	(1,556)	(601)	—	(2,772)
At 31 March 2019	53,868	66,844	6,345	3,289	130,346
Net book value					
At 31 March 2019	342,134	21,552	3,099	17,174	383,959
At 1 April 2018 (adjustment on initial application of IFRS 16)	333,438	22,152	3,563	16,234	375,387
At 31 March 2018 and 1 April 2018	333,438	22,152	3,563	—	359,153
At 1 April 2017	338,283	21,369	3,978	—	363,630

The impairment charge of £746,000 relates to one freehold property which has been identified for disposal but does not yet meet the criteria for transfer to assets held for sale (2018: impairment charge of £4,728,000 relating to five freehold properties, of which, two were in the process of being disposed). The freehold property identified as requiring impairment during the year has been written down to its respective net realisable value.

Included within freehold land and buildings is freehold land totalling £70,175,000 (2018: £69,739,000) which is not depreciated and costs of £7,695,000 (2018: £6,786,000) in respect of properties in the course of being converted into care homes which are not depreciated until the properties in question are brought into use.

The properties reported in the above table are subject to a registered debenture that forms security related to the Group's loans and borrowings.

17 Investments

Company	Investments in subsidiary undertakings
	£000
As at 31 March 2018	173,580
Impairment charge	(42,706)
As at 31 March 2019	130,874

The recoverable amount of the Group was based on value in use using the assumptions stated in note 14. The carrying amount of the Company was determined to be higher than the Group's recoverable amount of £571.0 million and an impairment charge of £42.7 million (2018: £Nil) was recognised. The impairment charge was fully allocated against investments.

The subsidiary undertakings of the Company, all of which are registered in Great Britain, are summarised as follows:

Subsidiary	Nature of business	Country of incorporation	Holding	Proportion held %
Voyage Healthcare Group Limited	Intermediate holding company	England	Ordinary	100
Voyage Care Limited*	Intermediate holding company	England	Ordinary	100
Voyage 1 Limited*	Community care	England	Ordinary	100
Voyage 2 Unlimited*	Community care	England	Ordinary	100
Voyage Limited*	Community care	England	Ordinary	100
Voyage Specialist Healthcare Limited*	Community care	England	Ordinary	100
Voyage Care BondCo PLC*	Investment company	England	Ordinary	100
Solor Care (South West) Limited*	Community care	England	Ordinary	100
Solor Care London Limited*	Community care	England	Ordinary	100
Solor Care South East (2) Limited*	Community care	England	Ordinary	100
Solor Care West Midlands Limited*	Community care	England	Ordinary	100
Solor Care Holdings (2) Limited*	Intermediate holding company	England	Ordinary	100
Solor Care Limited*	Community care	England	Ordinary	100
Solor Care South East Limited*	Community care	England	Ordinary	100
Solor Care Holdings (3) Limited*	Intermediate holding company	England	Ordinary	100
Solor Care Group Limited*	Community care	England	Ordinary	100
Evesleigh (East Sussex) Limited*	Community care	England	Ordinary	100
Evesleigh Care Homes Limited*	Community care	England	Ordinary	100
Primary Care UK Limited*	Community care	England	Ordinary	100
Skills for Living Limited*	Community care	England	Ordinary	100
Redcliffe House Limited*	Community care	England	Ordinary	100
The Cedars (Mansfield) Limited*	Community care	England	Ordinary	100
Focused Healthcare Limited*	Community care	England	Ordinary	100

* Held by a subsidiary undertaking

The registered address of the Company and its subsidiary undertakings stated above is Wall Island, Birmingham Road, Lichfield, Staffordshire. WS14 0QP.

18 Trade and other receivables

	2019		2018	
	Group	Company	Group	Company
	£000	£000	£000	£000
Trade receivables	24,816	—	21,798	—
Impairment of receivables	(1,926)	—	(2,533)	—
Trade receivables (net)	22,890	—	19,265	—
Other receivables	645	—	655	—
Prepayments	1,127	—	939	—
Intercompany receivables	950	440,085	1,005	408,551
	25,612	440,085	21,864	408,551

Intercompany receivables have no fixed repayment date, but are classified as short term loans.

Credit risk exposures in relation to customers is limited given that the majority of the Group's revenue is attributable to publicly funded local purchasers. The Group has no significant concentrations of credit risk, with the exposure spread over a large number of Local Authorities and CCGs.

The Group has recognised a provision for impaired receivables by considering receivables with a balance due over 90 days.

The Group has £1,851,000 (2018: £1,499,000) trade receivables that are past due but not impaired. This balance is deemed recoverable as it primarily relates to publically funded local purchasers as mentioned above for whom the Group have strong relations and there is no history of default.

The ageing analysis of these receivables is as follows:

	2019	2018
	£000	£000
Between 91–120 days	712	743
Between 121–150 days	313	596
Greater than 150 days	826	160
	1,851	1,499

Movement in the provision for impaired receivables:

	2019	2018
	£000	£000
At 1 April	(2,533)	(2,203)
Decrease / (increase) in provision for impaired receivables	607	(330)
At 31 March	(1,926)	(2,533)

19 Cash and cash equivalents

	2019	2018
	£000	£000
Cash and cash in hand	18,515	16,763
Cash held on behalf of people we support	171	161
	18,686	16,924

Cash and cash equivalents includes cash held on behalf of people we support. All interest earned on these funds is returned back to the people we support and are not included in the Statement of Profit and Loss. An equivalent liability of £171,000 (2018: £161,000) exists for this amount and is included in note 22.

20 Non-current assets classified as held for sale

Management have committed to a plan to sell a number of properties through a sale transaction rather than through continuing operational use. Accordingly, the properties are being presented as assets held for sale. Efforts to sell the non-current assets have started and a sale is expected to be completed within one year from the date of classification.

As at 31 March 2019, the assets classified as held for sale are £2,802,000 (2018: £1,832,000).

21 Loans and borrowings

	2019	2018
	£000	£000
Bank loans	23,000	15,000
Loan notes	243,312	241,973
Lease liability	22,985	—
	289,297	256,973

Loan notes include unamortised issue costs and original issue discount of £6,688,000 (2018: £8,027,000).

As at 31 March 2019 there was accrued interest of £6,721,000 (2018: £6,721,000) included within accruals disclosed within current liabilities in the Statement of Financial Position but excluded from this note.

Total debt can be analysed as falling due:

	2019	2018
	£000	£000
In one year or less	25,663	15,000
Between one and five years	251,982	241,973
After five years	11,652	—
	289,297	256,973

Loan notes

The Group issued £250 million of Loan Notes comprising £215 million Senior Secured Notes due 2023 and £35 million Second Lien Notes due 2023. In addition, the Group is party to a £45 million Revolving Credit Facility. The Notes are listed on the Channel Island Stock Exchange.

The interest rate and repayment terms of these loan notes are as follows:

Debt instrument	Currency	Loan balance	Interest rate	Repayment terms
		£000		
Senior Secured Loan Notes	GBP	215,000	5 7/8%	May-23
Second Lien Notes	GBP	35,000	10.00%	Nov-23
Revolving Credit Facility				
Utilised	GBP	23,000	LIBOR +3.25%	Feb-23
Non utilised	GBP	22,000	1.1%	Feb-23

22 Trade and other payables

	2019		2018	
	Group	Company	Group	Company
	£000	£000	£000	£000
Trade payables	7,470	—	6,571	—
Other taxes and social security costs	5,475	—	5,002	—
Other payables	13,753	—	13,016	—
Amounts due to related parties	2,057	572,781	2,056	531,741
Client money payable (see note 19)	171	—	161	—
	28,926	572,781	26,806	531,741

Amounts due to related parties have no fixed repayment date, but are classified as short term loans.

The Group has policies in place to ensure all payables are paid within the agreed credit terms.

23 Deferred tax assets and liabilities

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 17% (2018: 17%).

Group

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019	2018	2019	2018	2019	2018
	£000	£000	£000	£000	£000	£000
Property, plant and equipment	2,241	2,579	(16,207)	(16,336)	(13,966)	(13,757)
Intangible assets	212	242	(971)	(1,313)	(759)	(1,071)
Employee benefits	48	59	—	—	48	59
Un-utilised losses	3,502	3,687	—	—	3,502	3,687
Other	230	262	—	—	230	262
Deferred tax assets / (liabilities)	6,233	6,829	(17,178)	(17,649)	(10,945)	(10,820)
Offset of tax	(6,233)	(6,829)	6,233	6,829	—	—
Net deferred tax assets / (liabilities)	—	—	(10,945)	(10,820)	(10,945)	(10,820)

Movements in deferred tax during the year:

		Recognised in:			
	At 1 April 2018	Profit and loss	Changes in OCI	Acquisition of subsidiaries	At 31 March 2019
	£000	£000	£000	£000	£000
Property, plant and equipment	(13,757)	(81)	(128)	—	(13,966)
Intangible assets	(1,071)	339	—	(27)	(759)
Employee benefits	59	(11)	—	—	48
Un-utilised losses	3,687	(185)	—	—	3,502
Other	262	(32)	—	—	230
Deferred tax liabilities	(10,820)	30	(128)	(27)	(10,945)

Movements in deferred tax during the prior year:

		Recognised in:			
	At 1 April 2017	Profit and loss	Changes in OCI	Acquisition of subsidiaries	At 31 March 2018
	£000	£000	£000	£000	£000
Property, plant and equipment	(14,662)	911	—	(6)	(13,757)
Intangible assets	(2)	188	—	(1,257)	(1,071)
Employee benefits	25	(13)	47	—	59
Un-utilised losses	3,699	(12)	—	—	3,687
Other	(269)	531	—	—	262
Deferred tax liabilities	(11,209)	1,605	47	(1,263)	(10,820)

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where management believe it is probable that these assets will be recovered.

Deferred tax assets totalling £826,348 (2018: £1,074,960) have not been recognised as it is improbable that sufficient taxable profits will arise in the related entities against which the assets can be utilised.

24 Provisions

Group	2019	2018
	£000	£000
Current	548	634
Non-current	490	3,046
Onerous leases and dilapidations	1,038	3,680

The movement in provisions were:	Onerous leases and dilapidations
	£000
At 1 April 2018	3,680
Oneorus leases capitalised in to lease liabilities	(2,655)
Amounts recognised / reversed in the year	(7)
Utilisation of provision	(35)
Unwinding of discounted amount (see note 12)	55
At 31 March 2019	1,038

The Group's onerous leases and dilapidations provision are determined by discounting expected cash outflows at a pre-tax rate that reflects current market assessments of the time value of money. As at 31 March 2019, a pre-tax discount rate of 1.50% was applied which is equal to the Governments risk free rate (2018: Pre-tax discount rate of 1.50% reflecting the market rate on external loans and borrowings). The provisions recognised will unwind over the term of each lease.

25 Share capital

Group and Company	2019	2018
	£000	£000
Allotted, called up and fully paid:		
4 ordinary shares of £1.00 each (2018: 4 ordinary shares)	—	—
	—	—

The ordinary shares entitle the holders to vote at general meetings of the Company, and to receive by way of dividend any profits of the Company available for distribution. On winding up of the Company the balance of assets, subject to special rights attached to any other class of shares, will be distributed among the ordinary shareholders.

The C and D preferred shares rank pari passu in all respects except for the following. The holders of the C and D preferred shares are not entitled to vote at general meetings of the Company, and have no right to receive dividends or any distribution out of the profits of the Company available for distribution. On winding up of the Company or on an exit (as defined in the articles of association), the holders of the C and D preferred shares are entitled to receive an aggregate amount up to £10 per C preferred share and £5 per D preferred share held, in priority to holders of any other class of shares, including the ordinary shares.

26 Share premium

Group and Company	2019	2018
	£000	£000
At 1 April 2018	252,872	224,872
Premium on shares issued in the financial year	—	28,000
At 31 March 2019	252,872	252,872

27 Financial instruments

The fair values of all assets and liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

	Carrying amount				Fair value
	Financial Liabilities at FV	Loans and receivables	Other financial	Total	Total
	£000	£000	£000	£000	£000
For the year ended 31 March 2019					
Financial assets measured at fair value					
Trade and other receivables	—	24,485	—	24,485	24,485
Cash and cash equivalents	—	18,686	—	18,686	18,686
	—	43,171	—	43,171	43,171
Financial liabilities not measured at fair value					
Deferred consideration	1,140	—	—	1,140	1,140
Financial liabilities not measured at fair value					
Senior Secured Loan Notes	—	—	209,304	209,304	237,153
Second Lien Loan Notes	—	—	34,008	34,008	32,025
Revolving Credit Facility	—	—	23,000	23,000	23,000
Trade and other payables	—	—	28,926	28,926	28,926
Lease liabilities	—	—	22,985	22,985	22,985
	1,140	—	318,223	319,363	345,229
For the year ended 31 March 2018					
Financial assets measured at fair value					
Trade and other receivables	—	20,925	—	20,925	20,925
Cash and cash equivalents	—	16,924	—	16,924	16,924
	—	37,849	—	37,849	37,849
Financial liabilities not measured at fair value					
Deferred consideration	1,140	—	—	1,140	1,140
Financial liabilities not measured at fair value					
Senior Secured Loan Notes	—	—	208,125	208,125	215,886
Second Lien Loan Notes	—	—	33,848	33,848	34,869
Revolving Credit Facility	—	—	15,000	15,000	15,000
Trade and other payables	—	—	26,806	26,806	26,806
	1,140	—	283,779	284,919	293,701

Loan notes include unamortised issue costs and original issue discount of £6,688,000 (2018: £8,027,000).

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either as a direct price or indirectly derived from prices.
- Level 3: inputs for the asset or liability that are not based on observable market data.

Financial liabilities measured as fair value

At 31 March 2019	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Deferred consideration	—	—	1,140	1,140
	—	—	1,140	1,140

At 31 March 2018	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Deferred consideration	—	—	1,140	1,140
	—	—	1,140	1,140

28 Financial risk management

Voyage Care's activities and debt financing expose it to a variety of financial risks, the most significant of which are interest rate risk, price risk, credit risk and liquidity risk. Voyage Care's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on Voyage Care's financial performance. Further detail is provided below:

Interest rate risk

At 31 March 2019, the Group had £215 million of 5.7/8% Senior Secured Notes due May 2023 and £35 million of 10% Second Lien Notes due November 2023 in issue. These Notes are fixed interest rate instruments and as such are not exposed to fluctuations in interest rates. A significant change in interest rates could have a material adverse or favourable impact on the fair value of the Group's borrowings. However, the Group records these Notes at the amortised cost and therefore the Group's future performance would not be impacted by any future rate changes.

In addition the Group had access to a £45 million Revolving Credit Facility (RCF) which expires February 2023. The RCF bears interest on non-utilised balances at a fixed rate of 1.1% and bears interest on utilised balances at LIBOR plus 3.25%. The Group has £23 million drawn under the RCF and accepts the interest rate risk of a material change in LIBOR rates.

In order to maximise interest receivable surplus cash is deposited on a daily basis in a high interest variable account which is linked to LIBOR.

Price risk

Voyage Care is not exposed to commodity price risk but as a provider of services is subject to both general and industry specific wage pressures, including legislative changes concerning the national living and national minimum wage level.

Contracts with Local Authorities and CCGs account for almost our entire revenue. There is a risk that budget constraints, public spending cuts and other financial pressures could cause such publicly funded purchasers to spend less money on the type of service that we provide. We continue to diligently monitor any impact for the Group in our negotiations with publicly funded purchasers.

Credit risk

Credit risk arises from cash and cash equivalents and trade receivables. Credit exposures in relation to customers is low given that the majority of our revenue is attributable to publicly funded purchasers. Voyage Care has no significant concentrations of credit risk, with the exposure spread over a large number of Local Authorities and CCGs.

Liquidity risk

Voyage Care's operational cash flow is largely stable and predictable given the contractual and recurring nature of the core business activity. Voyage Care manages its exposure to liquidity risk by preparing short term and long term cash flow forecasts reflecting known commitments and anticipated projects.

Borrowing facilities are arranged as necessary to finance projected requirements, including capital expenditure and acquisitions. Adequate headroom is maintained for general corporate purposes including working capital.

The Group's RCF is subject to covenants which if breached may be cured with cash proceeds of a new investment. At the year end the Group was not in breach of any financial covenants.

The following table shows the Group's exposure to liquidity risk as at 31 March 2019 regarding the Loan Notes and Revolving Credit Facility:

	Carrying amount	Total	0-1 year	1-2 years	2 years or more
	£000	£000	£000	£000	£000
Senior Secured Loan Notes	209,304	215,000	—	—	215,000
Second Lien Notes	34,008	35,000	—	—	35,000
Revolving Credit Facility*	23,000	23,000	23,000	—	—
	266,312	273,000	23,000	—	250,000

* The Revolving Credit Facility was partially drawn over a term of less than 1 year

Capital management

The Group's policy is to maintain a strong capital base so as to uphold investor, creditor and market confidence and to sustain future development of the business. The Board seek to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a comprehensive capital position. There are financial covenants linked to certain borrowings, as set out in the Liquidity risk section, and the Group comfortably complied with these covenants for the years ended 31 March 2019 and 31 March 2018.

There were no changes in the Group's approach to capital management during the year.

29 Commitments

The Group had commitments under non-cancellable operating leases as follows:

	2019		2018	
	Land and buildings	Other assets	Land and buildings	Other assets
	£000	£000	£000	£000
Operating leases which expire:				
Within one year	32	32	2,940	193
Between two and five years	—	—	9,709	26
Five years	—	—	16,862	—
	32	32	29,511	219

During the year £1,023,000 was recognised as an expense in the Statement of Profit and Loss in respect of operating leases (2018: £5,024,000).

30 Pension schemes

The Group contributes to a number of pension schemes for its employees. Details of these schemes are as follows:

The Group contributes on a defined contribution basis to the Peoples Pension under Auto-enrolment, a Group Personal Pension Plan and personal pension plans for certain managers.

The Group contributes to the National Health Service pension scheme and a Local Government Scheme for certain employees, whereby the Group is required to make contributions into these schemes at a percentage, as notified by the NHS pension scheme administrator and Local Government Scheme administrator, of the relevant employees' salary. The assets of these pension schemes are managed independently of the Group. Employer contribution rates are 14.4% and 19% of pensionable salaries respectively.

The Group also participates in a Group funded defined benefit scheme, the Voyage Retirement Benefit Scheme, for certain employees. Contributions into this scheme are made in accordance with the advice of the Royal London Group, independent actuaries. The latest actuarial valuation was performed on 1 April 2017 using the projected unit method. The principal assumptions adopted in the valuation were that the discount factor would be 2.4% per annum compound and the real rate of investment over salary growth would be 0.00% per annum compound.

The pension cost for the Group in 2019 was £2,289,000 (2018: £1,430,000). An amount of £821,000 (2018: £658,000) is included in accruals which represents the excess accumulated pension cost over the payment of contributions to the various schemes.

The pension cost for the Group in 2019 was £2,289,000 (2018: £1,430,000). An amount of £821,000 (2018: £658,000) is included in accruals which represents the excess accumulated pension cost over the payment of contributions to the various schemes.

IAS 19 valuation

The pension valuation for the Voyage Retirement Benefit Scheme at 1 April 2017 has been updated by the actuary on a IAS 19 basis as at 31 March 2019. The major assumptions used in this valuation were:

	2019	2018
	%	%
Rate of increase in salaries	0.0	0.0
Rate of increase in pensions in payment	3.2	3.3
Discount rate	2.4	2.5
Inflation assumption	3.2	3.3

The assumptions relating to longevity underlying the pension liabilities at the Statement of Financial Position date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

Current pensioner aged 65: 21.4 years (male), 23.3 years (female).

Future retiree upon reaching 65: 21.2 years (male), 23.2 years (female).

The assumptions used by the actuary are the best estimate chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Scheme assets / (liabilities)

The fair value of the scheme's assets / (liabilities), which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Value at 31 March 2019 £000	Value at 31 March 2018 £000
Fair value of plan assets		
Fair value of plan assets	2,154	1,206
Present value of scheme liabilities	(1,985)	(1,132)
Net defined benefit asset	169	74
Effect of asset ceiling / minimum funding requirement	(452)	(422)
Net recognised defined benefit liability	**(283)**	**(348)**

Movements in present value of defined benefit obligation:

	2019	2018
	£000	£000
At 1 April	1,132	1,259
Current service cost	3	3
Interest expense	27	31
Remeasurement arising from:		
Financial	—	(18)
Demographic	(6)	(21)
Experience	891	180
Contributions by members	—	—
Benefits paid	(62)	(302)
At 31 March	1,985	1,132

Movements in fair value of plan assets:

	2019	2018
	£000	£000
At 1 April	1,206	1,407
Interest income	29	35
Actual return on plan assets, excluding interest income	903	(15)
Contributions:		
By employer	78	81
By members	—	—
Benefits paid	(62)	(302)
At 31 March	2,154	1,206

Analysis of amounts recognised in the Statement of Profit and Loss:

	2019	2018
	£000	£000
Current service cost	3	3
Interest on present value of defined benefit obligation	27	31
Interest on fair value of plan assets	(29)	(35)
	1	(1)

Analysis of amounts recognised in Other Comprehensive Income:

	2019	2018
	£000	£000
Remeasurement of defined benefit obligation	885	141
Return on plan assets, excluding amounts included in net interest	(903)	15
Change in effect of the asset ceiling, excluding amounts included in net interest	19	122
	1	278

History of plans

The history of the plans for the current and prior periods is as follows:

Statement of Financial Position	2019	2018	2017	2016	2015
	£000	£000	£000	£000	£000
Present value of scheme liabilities	(1,985)	(1,132)	(1,259)	(982)	(1,011)
Fair value of scheme assets	2,154	1,206	1,407	1,133	1,069
Surplus / (deficit)	169	74	148	151	58

The Company expects to contribute approximately £78,000 (2018: £81,000) to its defined benefit plans in the next financial year.

31 Business combination

On 4 September 2018, the Group acquired the trade and assets of three care homes in the North of England to provide care to individuals with learning disabilities, acquired brain injuries and/or physical disabilities. The three homes were acquired as an operating business. The fair value of the assets acquired and the resulting goodwill is set out below:

	Fair value
	£000
Intangible assets–customer relationship	161
Property, plant and equipment	900
Net assets	**1,061**
Deferred tax liability	(27)
Goodwill (see note 14)	1,216
	2,250
Satisfied by:	
Cash	2,250
Total cost of acquisition	**2,250**

For the year ended 31 March 2019 the acquisition contributed revenue of £1,166,000 and a profit after tax of £298,000. The revenue and profit after tax is reported within the Group's results for the 7 month period from 4 September 2018. If the acquisition had been completed on the first day of the financial year, Group revenues for the year would have been £250,668,000 and Group loss after tax would have been £18,652,000.

The Group incurred acquisition costs of £155,000 which have been expensed as a non-underlying item in the Statement of Profit and Loss (see note 6).

32 Focused Healthcare acquisition

On 22 August 2017, the Group acquired 94% of the issued share capital of Focused Healthcare Limited along with a put and call option for the remaining 6%. The Company is a London based care provider for children and young people with acute care requirements and complex, life-limiting health conditions. The final fair value of the assets acquired and the resulting goodwill is set out below:

	Book value	Fair value	Fair value
	£000	£000	£000
Intangible assets	—	7,392	7,392
Property, plant and equipment	33	—	33
Trade and other receivables	1,762	(33)	1,729
Cash in hand, bank	2,299	—	2,299
Deferred tax	(6)	(1,257)	(1,263)
Trade and other payables	(16)	—	(16)
Accruals and deferred income	(220)	(34)	(254)
Corporation tax	(179)	—	(179)
	3,673	6,068	
Net assets			**9,741**
Goodwill (see note 14)			11,466
			21,207
Satisfied by:			
Cash			18,914
Contingent consideration			1,153
Deferred consideration			1,140
Total cost of acquisition			**21,207**

The acquisition cost comprises initial cash consideration of £18,914,000 contingent consideration of £1,153,000 which is linked to the future trading performance of the business and a put and call option of £1,140,000 for the remaining 6% of the issued share capital which is linked to the market value of the Focused Healthcare Limited at the exercise date.

A fair value adjustment for intangible assets has been identified as it is expected future economic benefits will be generated from acquired customer relationships, non-compete agreements and brands. The identified intangible assets have been calculated on the basis of multiple excess earnings, estimated avoided loss of profits and relief royalty and will be amortised on a straight line basis over their estimated useful life.

The fair value adjustment to accruals and deferred income is to create a provision for potential staff related costs.

The fair value of assets acquired includes trade and other receivables with a fair value of £1,729,000 and a gross contractual value of £1,762,000.

For the year ended 31 March 2018 the business contributed revenue of £6,035,000 and a profit after tax of £2,089,000. The revenue and profit after tax is reported within the Group's results for the 7 month period from 22 August 2017. If the acquisition of Focused Healthcare Limited had been completed on the first day of the financial year, Group revenues for the year would have been £232,701,000 and Group loss after tax would have been £8,268,000.

The Group incurred acquisition costs of £338,000 which have been expensed as a non-underlying item in the Statement of Profit and Loss (see note 6).

33 Related party transactions

As permitted by IAS 24 "Related party disclosures", the Company has taken advantage of the exemption for wholly owned subsidiaries not to disclose related party transactions with Group entities.

During the year, the following transactions took place between the Group and its other related parties:

- Consultancy fees of £192,000 (2018: £300,000) were paid and £Nil (2018: £Nil) was accrued and expenses of £62,000 (2018: £Nil) were paid to Duke Street LLP.
- Consultancy fees of £192,000 (2018: £300,000) were accrued and expenses of £Nil (2018: £Nil) were paid to Partners Group AG.
- Voyage 1 Limited agreed to make an Advance of £295,888 (2018: £295,888) to Viking Investments LP, the Advance bears a rate of interest of 10% and interest of £42,066 (2018: £38,166) was recognised during the year. As at 31 March 2019, the amount due was £453,637 (2018: £411,571); the Advance is repayable on demand at any time together with accrued interest.
- Partners Group AG is the parent company of Chambertin (Holdings) Limited and its subsidiaries. Civica UK Limited, a subsidiary of Chambertin (Holdings) Limited supplied software solutions including licence fees to the Voyage Care Group; fees of £268,000 were paid and £Nil was outstanding as at 31 March 2019 (2018: £331,000 and £Nil respectively).

34 Contingent liability

Security granted on the Senior Secured Notes, the Second Lien Notes and the Revolving Credit Facility

The Company has guaranteed the amounts due under the Senior Secured Notes, the Second Lien Notes and the Revolving Credit Facility held in Voyage Care BondCo PLC. Security has been granted over all freehold and long leasehold property.

Potential liability in relation to sleep in shifts

In keeping with widespread practice in the social care sector, the Group operates at a number of sites where individual employees "sleep-in" overnight and are paid an allowance to do so.

In the past HMRC gave clear guidance that it did not consider sleep-ins to constitute "time work" for the purposes of NMW. However, the correct application of NMW regulations to sleep-ins was the subject of several legal decisions including that of the Employment Appeal Tribunal (EAT) in Royal Mencap Society v Tomlinson-Blake. From 1 July 2017 the government (BEIS) and HMRC changed their interpretation of the NMW regulations in relation to sleep-ins, and began to insist that sleeping time is "time work" for NMW purposes. The Group increased the allowance paid for a sleep-in shift from July 2017 to reflect this new interpretation of the regulations.

The Tomlinson-Blake decision, in which the Group was not directly involved, was appealed in the Court of Appeal in March 2018. Local authorities and other providers were also represented. In a major decision, the Court of Appeal ruled that for the purposes of the regulations on NMW, time spent on a sleep-in shift does not count as "time work" for NMW purposes. As a consequence of this, official guidance was again changed. Accordingly, in February 2019, consistently with the Court of Appeal ruling and the official guidance, the Group reduced the allowance paid for a sleep-in.

The Court of Appeal refused permission to appeal against its decision but a panel of Supreme Court judges subsequently granted Mrs. Tomlinson-Blake permission to appeal. The Supreme Court gives such permission only in cases of public importance which it considers justify its attention. The appeal is listed to be heard in February 2020.

Notwithstanding that permission to appeal was granted, our legal advice is that it is unlikely that the Court of Appeal ruling will be overturned.

Given the grant of permission to appeal, the Board has decided that it is appropriate to make a contingent liability disclosure. Should the Court of Appeal ruling be overturned by the Supreme Court it is possible that the Group would be required to make backdated payments to its employees for a period of up to 6 years.

In the light of knowledge of how HMRC has dealt with these issues in the past (in particular, in introducing a non-statutory Scheme for resolution of issues in this area) the Board's judgment is that there is only a remote possibility that penalties would be imposed in those circumstances and therefore nothing has been included in this respect.

On this basis the Board estimates that a contingent liability up to a maximum of £16m should be disclosed.

35 Controlling party

The Company's immediate parent undertaking is Voyage HoldCo 2 Limited which is registered in England and Wales.

The Company's ultimate parent undertaking is Voyage Care HoldCo Limited which is registered in England and Wales.

Copies of the Group financial statements of Voyage Care HoldCo Limited may be obtained from:

The Company Secretary
Voyage Care HoldCo Limited
Wall Island
Birmingham Road
Lichfield
Staffordshire
WS14 0QP

36 Events subsequent to the balance sheet date

On 2 July 2019, the Group acquired 100% of the issued share capital of Fox Elms Community Care Limited, a Gloucestershire based Community Based Care provider supporting individuals with learning disabilities in the Community.

Total gross consideration was £5.8m which included an amount of £4m in respect of the purchase of the Directors Loan account which was settled immediately at completion. This resulted in a net price payable of £2.2m of which £0.4m is deferred.

Fair value adjustments for IFRS 3 have not been disclosed as the information is not yet available.

THE ISSUER

Voyage Care BondCo PLC

LEGAL ADVISORS

To the Issuer	To the Initial Purchasers
As to matters of U.S. and English Law	As to matters of U.S. and English Law
Simpson Thacher & Bartlett LLP	**Latham & Watkins**
CityPoint, One Ropemaker Street	99 Bishopsgate
London EC2Y 9HU	London EC2M 3XF
United Kingdom	United Kingdom

INDEPENDENT AUDITORS
KPMG LLP

One Snowhill
Snow Hill Queensway
Birmingham B4 6GH
United Kingdom

SECURITY AGENT	REGISTRAR	TRUSTEE	PAYING AGENT AND TRANSFER AGENT	LISTING AGENT
Lloyds Bank plc	**Deutsche Bank Luxembourg S.A.**	**Deutsche Trustee Company Limited**	**Deutsche Bank AG, London Branch**	**Carey Olsen Corporate Finance Limited**
4th Floor, Citymark	2, Boulevard	Winchester House	Winchester House	47 Esplanade
150 Fountainbridge	Konrad Adenauer	1 Great Winchester Street	1 Great Winchester Street	St Helier
Edinburgh	L-1115 Luxembourg,	London EC2N 2DB	London EC2N 2DB	Jersey JE1 0BD
EH3 9PE	Luxembourg	United Kingdom	United Kingdom	
United Kingdom				

LEGAL ADVISORS TO THE TRUSTEE

K&L Gates LLP
1 New Change
London EC4M 9AF
United Kingdom

OFFERING MEMORANDUM

Voyage Care BondCo PLC

£250,000,000 5⅞% Senior Secured Notes due 2027

Global Coordinator and Physical Bookrunner

J.P. Morgan

Joint Bookrunning Managers

Barclays **Lloyds Bank Corporate Markets** **NatWest Markets**