



Dignity (2002) Limited

Unaudited Abridged Investor Report

for the 52 week period ended 26 March 2010

To: Bloombergs

From: Dignity (2002) Limited (as Borrower)

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

NOTICE TO THE READER

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

The information set out herein is not necessarily representative of the performance of the Group as a whole and should not be relied upon in this respect. For example it does not include the costs of non-executive directors or any dividends declared to shareholders of Dignity plc.

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

Dignity (2002) Limited

Unaudited Abridged Investor Report

for the 52 week period ended 26 March 2010

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Dignity (2002) Limited

Consolidated EBITDA and Net Assets

for the 52 week period ended 26 March 2010

| | | <i>52 week period ending 26 Mar 2010</i> | <i>52 week period ending 25 Dec 2009</i> |
|--------------------------|-------------|--|--|
| EBITDA statement: | <i>Note</i> | <i>£m</i> | <i>£m</i> |
| Net revenue | | 185.8 | 184.7 |
| Operating expenses | | (121.6) | (120.7) |
| EBITDA | 1 | 64.2 | 64.0 |

| | | <i>26 Mar 2010</i> | <i>25 Dec 2009</i> |
|---|---|------------------------|------------------------|
| Consolidated Net Assets: | | <i>£m</i> | <i>£m</i> |
| Fixed assets | | 234.1 | 231.3 |
| Total current assets | 2 | 58.5 | 58.1 |
| Creditors: amounts falling due within one year | | (43.0) | (46.8) |
| Net current assets | | 15.5 | 11.3 |
| Total assets less current liabilities | | 249.6 | 242.6 |
| Creditors: amounts falling due after more than one year | | (389.5) | (385.3) |
| Provisions for liabilities and charges | | (9.5) | (9.6) |
| Pension asset (net of deferred tax) | | 6.7 | 6.5 |
| Net liabilities | | (142.7) | (145.8) |

Dignity (2002) Limited

Coverages and covenants

for the 52 week period ended 26 March 2010

| | | <i>52 week period ending</i> | <i>52 week period ending</i> |
|---------------------------------------|-------------|----------------------------------|----------------------------------|
| | <i>Note</i> | <i>26 Mar 2010 £m</i> | <i>25 Dec 2009 £m</i> |
| EBITDA for the Relevant Period | | 64.2 | 64.0 |
| Free Cashflow for the Relevant Period | | 50.4 | 50.5 |
| Debt Service for the Relevant Period | 3 | 24.7 | 24.6 |

Financial Covenant

EBITDA DSCR ('Debt Service cover ratio') :

| | | |
|--------|----------------------|------------|
| Target | >= 1.5 : 1 | >= 1.5 : 1 |
| Actual | 2.60 : 1 | 2.60 : 1 |

Restricted Payment Condition

Free Cashflow DSCR :

| | | |
|--------|----------------------|------------|
| Target | >= 1.4 : 1 | >= 1.4 : 1 |
| Actual | 2.04 : 1 | 2.05 : 1 |

EBITDA DSCR :

| | | |
|--------|----------------------|------------|
| Target | >=1.85 : 1 | >=1.85 : 1 |
| Actual | 2.60 : 1 | 2.60 : 1 |

Confirmations

The Dignity (2002) Group confirms that the Financial Covenant has been observed for the Relevant Period ending 26 March 2010.

On 30 June 2009, a Restricted Payment totalling £16.0m was paid as a dividend to Dignity (2004) Limited and onwards to Dignity plc.

On 31 December 2009, a Restricted Payment totalling £6.6m was paid as a dividend to Dignity (2004) Limited and onwards to Dignity plc.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 26 March 2010

1 EBITDA

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

2 Total current assets

Total current assets include cash at bank and in hand of £28.7m (Dec 2009: £30.9m) of which £19.6m (Dec 2009: £0.3m) is cash held for operations.

3 Debt Service and Financial Covenant

The Dignity (2002) Group confirms that none of the following occurred in the Relevant Period ending 26 March 2010:

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

The Company made the following debt repayments during the Relevant Period (paid on 30 June 2009 and 31 December 2009):

| | <i>Interest</i> | <i>Principal</i> |
|---------------------------------------|-----------------|------------------|
| | <i>£'000</i> | <i>£'000</i> |
| Class A Secured 6.310% Notes due 2023 | 8,269 | 5,047 |
| Class B Secured 8.151% Notes due 2030 | 10,813 | - |

The interest payments above include the 1bp margin payable under the IBLA. The actual payments to bondholders were £8,256,000 and £10,800,000 under the Class A and Class B Notes respectively.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 26 March 2010

3 Debt Service and Financial Covenant (continued)

Debt Service for the Relevant Period ending 26 March 2010 has been calculated as follows:

| | <i>Principal</i> | <i>Annual rate</i> | <i>Interest</i> |
|---|------------------|-----------------------|-----------------|
| Senior Interest accruing in the period | £'000 | % | £'000 |
| £110m Class A Notes | 89,838 | 6.32% | 5,791 |
| £100m Class B Notes | 100,000 | 8.161% | 8,161 |
| £45.5m Class A Notes – issued February 2006 | 37,201 | 6.32% | 2,399 |
| £32.5m Class B Notes – issued February 2006 | 32,500 | 8.161% | 2,652 |
| Working capital facility | 5,000 | 0.45% | 22 |
| Liquidity facility | 40,000 | 0.35% | 140 |
| Hedging documents | 202,500 | 0.3404% ^{§1} | 688 |
| Senior Interest accrued in the period | | | 19,853 |
| Interest received in the period | variable | variable | (220) |
| Scheduled repayments of principal in the period | | n/a | 5,047 |
| Debt Service for the Relevant Period | | | 24,680 |

^{§1} Net rate payable on notional principal.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 26 March 2010

4 Dignity plc

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

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

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

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

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

5 Terminology

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

| | | | | | |
|------------------------------|-----------------------|------------------------|---------------------------------|-------------------------------|-----------------------|
| Additional Obligors | Annual Upgrade Update | Debt Service | EBITDA | Financial Adviser Appointment | Financial Covenant |
| Financial Indebtedness | Free Cashflow | Funeral Home Start-Ups | Loan Event of Default | Maintenance Capex | Permitted Acquisition |
| Permitted Development | Permitted Disposal | Portfolio | Potential Loan Event of Default | Relevant Period | Restricted Payment |
| Restricted Payment Condition | Senior Interest | Security Trustee | Secured Notes | Tax | Tax Deed of Covenant |

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 26 March 2010

6 Investment of operating cash in Eligible Investments

On 14 May 2009, the Note Trustee and the Security Trustee exercised their discretionary power following a rating affirmation to authorise Dignity Funerals Limited to invest any operating cash held by it in Eligible Investments. This can be with any financial institution that the rating agencies have provided a rating affirmation for.

7 Acquisition outside Securitisation group

On 21 January 2010, the Note Trustee and the Security Trustee exercised their discretionary power following a rating affirmation to authorise Dignity Crematoria Limited, a wholly owned subsidiary of Dignity plc to build a new crematorium in Shepton Mallet, Somerset. The crematorium will be partially funded by way of a loan from the Royal Bank of Scotland group, who will obtain security over the assets. The new crematorium will be leased to and operated by Dignity Funerals Limited.

8 Amendment to the Tax Deed of Covenant

On 8 February 2010, the Note Trustee and the Security Trustee exercised their discretionary power following a rating affirmation to authorise an amendment to the Tax Deed of Covenant ('TDC'). This change allows losses to be group relieved in a different order to that originally contemplated in the TDC, provided certain conditions are met. Crucially, these conditions prevent the securitisation group incurring a higher total tax liability than would have otherwise have been the case. This change was made to relieve an administrative burden arising from the effects of transfer pricing legislation on companies acquired by the securitisation group.