INFORMATION MEMORANDUM

AFH FINANCIAL GROUP PLC

(incorporated with limited liability in England and Wales with registered number 07638831)

Up to £1,000,000 8.00 per cent. Unsecured Bonds due 2020

Issue price: 100.00 per cent.

Up to £1,000,000 8.00 per cent. Unsecured Bonds due 2020 (the **Bonds**) will be issued by AFH Financial Group PLC (the **Issuer**). The Bonds bear interest from and including 3 September 2013 at a rate of 8.00 per cent. per annum, payable semi-annually in arrears.

Peterhouse Corporate Finance Limited (**Peterhouse**) of 31 Lombard Street, London, EC3V 9BQ is authorised to carry out investment business under the Financial Services and Markets Act 2000 (the **FSMA**). This Information Memorandum is approved by Peterhouse on behalf of the Issuer as an investment promotion pursuant to Section 21 (2)(b) of FSMA. Peterhouse is acting for the Issuer and for no-one else and will not be responsible to any other person for providing the protections afforded to its customers or for advising any other person in connection with the proposals described in this Information Memorandum.

Application will be made to ICAP Securities and Derivatives Exchange Limited (**ISDX**) for the Bonds to be admitted to trading on the primary market for unlisted securities operated by ISDX (the **ISDX Growth Market**).

Application has been made for the Bonds to be admitted to CREST. The Bonds will be issued in uncertificated and certificated form, without interest coupons, at the option of the investor.

Prospective Investors should ensure that they understand the nature of the Bonds and the extent of their exposure to risks and that they consider the suitability of the Bonds as an investment in the light of their own circumstances and financial condition. It is the responsibility of prospective investors to ensure that they have sufficient knowledge, experience and professional advice to make their own legal, financial, tax, accounting and other business evaluation of the merits and risks of investing in the Bonds and are not relying on the advice of the Issuer or ATC Solutions Limited (the **Trustee**).

An investment in Bonds involves certain risks. Prospective investors should have regard to the factors described under the heading "Risk Factors" on page 8.

The date of this Information Memorandum is 19 July 2013

This Information Memorandum does not comprise a prospectus in accordance with the Prospectus Rules and has not been drawn up in accordance with the Prospectus Rules.

The Issuer accepts responsibility for the information contained in this Information Memorandum. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

The previous paragraph should be read in conjunction with the fifth paragraph on the first page of this Information Memorandum.

The Issuer, having made all reasonable enquiries, confirms that this Information Memorandum contains all material information with respect to the Issuer and the Bonds (including all information which, according to the particular nature of the Issuer and of the Bonds, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Bonds), that the information contained or incorporated in this Information Memorandum is true and accurate in all material respects and is not misleading, that any summary set out in this Information Memorandum is not misleading, inaccurate or inconsistent when read with other parts of this Information Memorandum, that the opinions and intentions expressed in this Information Memorandum are honestly held and that there are no other facts the omission of which would make this Information Memorandum or any of such information or the expression of any such opinions or intentions misleading. The Issuer accepts responsibility accordingly.

Only the Issuer is authorised to use this Information Memorandum in connection with the offering of the Bonds (the **Offer**).

This Information Memorandum is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Information Memorandum should be read and construed on the basis that such documents are incorporated in and form part of the Information Memorandum.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Trustee as to the accuracy or completeness of the information contained or incorporated in this Information Memorandum or any other information provided by the Issuer in connection with the offering of the Bonds. The Trustee does not accept any liability in relation to the information contained or incorporated by reference in this Information Memorandum or any other information provided by the Issuer in connection with the offering of the Bonds or their distribution.

No person is or has been authorised by any of the Issuer, Peterhouse or the Trustee to give any information or to make any representation not contained in or not consistent with this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by any of the Issuer, Peterhouse or the Trustee.

Neither this Information Memorandum nor any other information supplied in connection with the offering of the Bonds (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by any of the Issuer, Peterhouse or the Trustee that any recipient of this Information Memorandum or any other information supplied in connection with the offering of the Bonds should purchase any Bonds. Each investor contemplating purchasing any Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Information Memorandum nor any other information supplied in connection with the offering of the Bonds constitutes an offer or invitation by or on behalf of any of the Issuer, Peterhouse or the Trustee to any person to subscribe for or to purchase any Bonds.

Peterhouse, which is authorised and regulated by the Financial Conduct Authority, (the **FCA**) is acting for the Issuer and for no one else in connection with the contents of this Information Memorandum and will not be responsible to anyone other than the Issuer for providing the protections afforded to clients of Peterhouse, or for providing advice in relation to the contents of this Information Memorandum or any matter referred to herein.

Neither the delivery of this Information Memorandum nor the offering, sale or delivery of the Bonds shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Bonds is correct as of any time subsequent to the date indicated in the document containing the same. Neither Peterhouse nor the Trustee expressly undertakes to review the financial condition or affairs of the Issuer during the life of the Bonds or to advise any investor in the Bonds of any information coming to its attention. The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended, (the **Securities Act**) and are subject to U.S. tax law requirements. The Bonds may not be offered, sold or delivered within the United States or to U.S. persons. For a further description of certain restrictions on the offering and sale of the Bonds and on distribution of this document, see "*Subscription and Sale*".

This Information Memorandum does not constitute an offer to sell or the solicitation of an offer to buy the Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Information Memorandum and the offer or sale of Bonds may be restricted by law in certain jurisdictions. None of the Issuer, Peterhouse or the Trustee represents that this Information Memorandum may be lawfully distributed, or that the Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, except as indicated in the "*Subscription and Sale*" section no action has been taken by any of the Issuer, Peterhouse or the Trustee which is intended to permit a public offering of the Bonds or the distribution of this Information Memorandum in any jurisdiction where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Information Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Information Memorandum or any Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Information Memorandum and the offering and sale of Bonds. In particular, there are restrictions on the distribution of this Information Memorandum and the offer or sale of Bonds in the United States of America, the European Economic Area (including the United Kingdom), Australia, the Republic of South Africa and Japan, see "*Subscription and Sale*".

All references in this document to **Sterling** and **£** refer to the currency of the United Kingdom.

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SUMMARY

This Summary must be read as an introduction to this Information Memorandum and any decision to invest in the Bonds should be based on a consideration of this Information Memorandum as a whole, including the documents incorporated by reference.

Words and expressions defined in "*Terms and Conditions of the Bonds*" shall have the same meanings in this Summary.

Admission to trading:	Application will be made to ISDX for the Bonds to be admitted to trading on the ISDX Growth Market.
Clearing System:	Application has been made to Euroclear for the Bonds to be admitted to CREST which is operated by Euroclear and is the relevant system (as defined in the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3875)) for the paperless settlement of trades and holding of uncertificated securities in accordance with the same regulations. Accordingly, following admission to CREST, transfers of Bonds may take place within the CREST system should Bondholders so wish. CREST is a voluntary system and Bondholders who wish to receive and retain certificates in respect of their Bonds will be able to do so.
CREST:	The relevant system (as defined in the Uncertified Securities Regulations 2001 (SI 2001 No. 3875)) for the paperless settlement of trades and holding of uncertificated securities, operated by Euroclear, in accordance with the same regulations.
Denomination/Calculation Amount:	£1.00
Description of Bonds:	Up to £1,000,000 8.00 per cent. Unsecured Bonds due 2020 (the **Bonds**), to be issued by the Issuer on 3 September 2013 (the **Closing Date**).
Euroclear:	Euroclear UK & Ireland Limited, the operator of CREST.
Events of Default:	Events of Default under the Bonds include nonpayment by the Issuer of principal or any interest when due and where such failure continues for a period of five Business Days; non-performance or compliance of other obligations in the Bonds or the Trust Deed by the Issuer which default is incapable of remedy, or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 25 days after notice of such default is given to the Issuer by the Trustee; any other present or future Borrowed Moneys of the Issuer or any of its Subsidiaries becomes due and payable prior to its stated maturity by reason of default, event of default or the like or are not paid when due or within any originally applicable grace period or any present or future guarantee for, or indemnity in respect of Borrowed Moneys is not paid when due provided that the aggregate amount of the relevant Borrowed Moneys, guarantees and indemnities equals or exceeds £500,000 or its equivalent (as reasonably determined by the Trustee); the enforcement of proceedings against any part of the property, assets or revenues of the Issuer or any Material Subsidiary which remains undischarged for 60 days; security becomes enforceable against the Issuer or any Material Subsidiary and any step is taken to enforce it; any material obligations of the Issuer are not or cease to be legal, valid and enforceable in the opinion of the Trustee; any of the Material Subsidiaries is not or ceases to be a Subsidiary of the Issuer; and certain events related to insolvency or winding up of the Issuer or any Material Subsidiary, in the circumstances and subject to the conditions described in Condition 8.

Form: The Bonds will be issued in registered form in denominations of £1.00 each.

Governing Law: The Trust Deed, the Bonds and any non-contractual obligations arising out of or in connection with them, will be governed by, and construed in accordance with, English law.

Interest: The Bonds bear interest from and including 3 September 2013 at the rate of 8.00 per cent. per annum, payable semi-annually in arrears in equal instalments of £0.040 per Calculation Amount on 30 June and 31 December in each year.

Investor: Any person intending to participate in the Bond issue.

Issuer: AFH Financial Group PLC

The Issuer is a public limited company with its ordinary shares trading on the ISDX Growth Market. The Issuer and its subsidiaries together constitute the Group.

Meetings of Bondholders: The Conditions contain provisions for calling meetings of Bondholders to consider matters affecting the interests of Bondholders generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

Modification, Waiver and Substitution: The Trustee may, without the consent of Bondholders, agree to (a) any modification of any of the provisions of the Trust Deed which is in its opinion of a formal, minor or technical nature or is made to correct a manifest error, and (b) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders, in the circumstances and subject to the conditions described in Condition 11(b).

Other modifications would require the consent of Bondholders either by way of a resolution of the applicable majority at a meeting of Bondholders or a resolution in writing signed by or on behalf of the holders of not less than 66⅔% in principal amount of the Bonds, as described in Condition 11(a).

The Trustee may, without the consent of the Bondholders, agree to the substitution of certain other entities in place of the Issuer, or any previous substituted company, as principal debtor under the Trust Deed and the Bonds.

Negative Pledge: The terms of the Bonds contain a negative pledge provision which limits the Issuer, from creating or having outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness without at the same time or prior thereto, according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either:

(a) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders; or

(b) shall be approved by an Extraordinary Resolution of the Bondholders, in the circumstances and subject to the conditions described in Condition 3.

Optional Redemption by Issuer for tax reasons:	The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders, at their principal amount, if: (a) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 3 September 2013; and (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice or redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due, in the circumstances and subject to the conditions described in Condition 5(b).
Public Availability:	The Bonds may be acquired by the public in the UK. For provisions and restrictions relating to the acquisition of Bonds by the public, see "*Subscription and Sale*".
Registrar:	SLC Registrars Limited
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Bonds. These are set out under the heading "*Risk Factors*" on page 8.
Status of the Bonds:	The Bonds (subject to Condition 3) will constitute unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 3, at all times rank at least equally with all their respective other present and future unsecured and unsubordinated obligations.
Trustee:	ATC Solutions Limited
Use of Proceeds:	The net proceeds of the issue of the Bonds will be applied by the Issuer for its general corporate purposes, in particular in pursuit of its stated strategy of continuing to grow its business organically and through strategic acquisitions.
Withholding Tax and Additional Amounts:	All payments of interest by or on behalf of the Issuer in respect of the Bonds shall be made subject to deduction of United Kingdom Income Tax at the basic rate (currently 20% per cent. in the 2013-2014 tax year).

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Bonds. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Bonds are described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Bonds may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to them or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum and reach their own views prior to making any investment decision.

Factors that may affect the Issuer's ability to fulfil its obligations under the Bonds

The Issuer is not a regulated entity, but an in-house compliance team sits within the Issuer's principal operating subsidiary, AFH Independent Financial Services Limited (trading as AFH Wealth Management). This is designed to identify the risks that could adversely impact the delivery of the Group's strategic aims and to ensure that adequate controls and procedures are in place to mitigate the risks.

The Group's principal risks, together with the controls and procedures in place to mitigate the risks, are as follows:

Regulatory risk

Regulatory risk is the risk of loss arising from a breach of existing regulation or future changes in regulation in the markets within which the Group operates. The current volatile economic environment has resulted in a greater focus on regulation, and in particular, there has been an increase in the level of scrutiny placed upon Independent Financial Advisers.

The Group's operations are subject to various forms of regulation. These regulations are subject to continual modification which could adversely affect the Group's operations if they are not effectively anticipated and responded to.

In order to manage effectively the risk associated with changing regulation, the Group's in-house compliance team seeks to ensure that the Group's operations are compliant with current legislation and manages the implementation of future changes to legislation. Expert third party legal advice is taken where necessary. In addition the Issuer aims to maintain a constructive dialogue with its third-party compliance consultants to ensure that its business is fully understood.

Despite these measures, there can be no assurance that the Group's financial performance will not be adversely affected should unforeseen events relating to regulatory risk arise in the future.

Factors which are material for the purpose of assessing the market risks associated with the Bonds

The Bonds may not be a suitable investment for all investors

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal and interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Bonds are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Bonds unless it has the expertise (either alone or with a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the Bonds generally

Set out below is a brief description of certain risks relating to the Bonds generally:

Modification, waivers and substitution

The Terms and Conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Bonds also provide that the Trustee may, without the consent of Bondholders, (i) agree to certain modifications of, or to the waiver or authorisation of certain breaches or proposed breaches of, any of the provisions of the Bonds or (ii) determine without the consent of the Bondholders that any Event of Default or potential Event of Default shall not be treated as such. The Terms and Conditions also provide for the substitution of another company as principal debtor under any Bonds in place of the Issuer, in the circumstances described in Condition 11.

Change of law

The conditions of the Bonds are based on English law in effect as at the date of this Information Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Information Memorandum.

Risks related to the market generally

Set out below is a brief description of the principal market risks:

The ISDX Growth Market

Although the Issuer intends to apply for the Bonds to be traded on the ISDX Growth Market, there is no guarantee that the application will be successful. The fact that application will be made for the Bonds to be traded on the ISDX Growth Market should not be taken as implying that there will be a "liquid" market in the Bonds if the application is successful. The ISDX Growth Market is not the AIM market operated by London

Stock Exchange plc or the Official List of the UK Listing Authority. An investment in the Bonds may therefore be difficult to realise. Continued admission to the ISDX Growth Market is entirely at the discretion of ISDX. Any changes to the regulatory environment, in particular the ISDX Growth Market - Rules for Issuers could, for example, affect the ability of the Issuer to maintain a trading facility for the Bonds on the ISDX Growth Market.

The secondary market generally

The Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. The Bonds are designed for specific investment objectives or strategies. As such, the Bonds generally will have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the Bonds.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Bonds in Sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than Sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of Sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to Sterling would decrease (i) the Investor's Currency-equivalent yield on the Bonds, (ii) the Investor's Currency-equivalent value of the principal payable on the Bonds and (iii) the Investor's Currency-equivalent market value of the Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of them.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Bonds are legal investments for it, (ii) the Bonds can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of the Bonds. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

Financial Services Compensation Scheme

The Bonds will not have the status of bank deposits under English law and are not within the scope of the Financial Services Compensation Scheme operated by the FCA.

Business specific risks

Taxation

This Information Memorandum has been prepared in accordance with current UK tax legislation, practice and concession and interpretation thereof. Any change in the Issuers' tax status or in taxation legislation could affect the Issuer's ability to provide returns to Bondholders or alter post tax returns to Bondholders Statements in this Information Memorandum concerning the taxation of Bondholders are based on current tax law and practice which is subject to change. The taxation of an investment in the Issuer depends on the individual circumstances of investors.

Dependence on key personnel

The Issuer's future success is substantially dependent on the continued services and continuing contributions of its Directors and senior employees. The loss of the services of any of the Issuer's executive officers or other key employees could have a material adverse effect on the Issuer's business.

The Issuer's future success will also depend on its ability to attract and retain additional suitably qualified and experienced employees. There can be no guarantee that the Issuer will be able to continue to attract and retain such employees, and failure to do so could have a material adverse effect on the financial condition, results or operations of the Issuer. In addition, the future success of the Issuer may be dependent on the Issuer's ability to integrate new teams or professionals. There can be no guarantee that the Issuer will be able to recruit such teams or effect such integration. Failure to do so could have a material adverse effect on the financial condition, results or operations of the Issuer.

Dependence on availability of capital

The Issuer's business is dependent upon the availability of adequate funding and regulatory capital under applicable regulatory requirements. Although the Issuer expects to have sufficient capital to satisfy all of its capital requirements, there can be no assurance that any, or sufficient, funding or regulatory capital will continue to be available to the Issuer in the future on terms that are acceptable to it.

Dependence on Stock Market conditions

The Issuer's business is dependent on stock market conditions. Any decline in the stock market could have a material adverse effect on the financial condition, results or operations of the Issuer. The success of the Issuer depends largely upon the expertise of the current Directors and senior employees and their ability to identify suitable investment opportunities and implement the Issuer's strategy. Stock market conditions may affect the ultimate value of the Issuer's share prices regardless of the future operating performance, and the market price of the Issuer's ordinary shares may not reflect the underlying value of the assets of the Issuer.

Risk of damage to reputation and negative publicity

The Issuer's ability to retain existing management contracts and client relationships and to attract new business is dependent on the maintenance of its reputation. The Issuer is vulnerable to adverse market perception as it operates in an industry where a high level of integrity and client trust is paramount. Any perceived, actual or alleged mismanagement, fraud or failure to satisfy the Issuer's responsibilities, or the negative publicity resulting from such activities or the allegation by a third party of such activities (whether well founded or not) associated with the Issuer, could have a material adverse effect on the financial condition, results or operations of the Issuer. In addition, following downturns in the equity markets and the resulting heightened consumer and media interest in the financial services industry, any negative publicity (whether well founded or not) associated with the business or operations of the Issuer could result in reputational damage and could have a material adverse effect on the financial condition, results or operations of the Issuer.

Inadequacy of systems and controls

The Issuer's ability to maintain operational and financial controls and provide high quality service to clients depends, in part, on the efficient and uninterrupted operation of its management information systems, including its computer systems. There can be no assurance that these systems will function as required. Further, there can be no guarantee that, as the Issuer increases in size, its systems, including its information technology systems, will be able to be upgraded appropriately or in a timely manner, so as to function as required by the greater demands of a larger business. Any damage to, failure of, or inability to upgrade appropriately, its management information systems, could result in interruptions to the Issuer's financial controls and client services. Such interruption could have a material adverse effect on the financial condition, results or operations of the Issuer.

Dependence on third party service providers

The Issuer is reliant upon third party service providers for certain aspects of its businesses. Any interruption or deterioration in the performance of these third party service providers could impair the timing and quality of the Issuer's services. In addition, if the contracts with any of these third party service providers are terminated, the Issuer may not find alternative outsource providers on a timely basis or on equivalent terms. The occurrence of any of these events could impact upon the Issuer's reputation and have a material adverse effect on the financial condition, results or operations of the Issuer.

Risk of loss of business continuity

The Issuer's business operations, information systems and processes are vulnerable to damage or interruption from fires, power loss, telecommunication failures, bomb threats, explosions or other forms of terrorist activity and other natural and man-made disasters. These systems may also be subject to sabotage, vandalism, theft and other similar misconduct. The same is true of third party service providers on which the Issuer depends. The Issuer has in place business continuity plans covering current business requirements, which have been tested and are considered by the Issuer's Board to be adequate. However, if the disaster recovery plans are found to be inadequate, there could be an adverse impact on the Issuer's financial condition, results or operations.

Competition risks

The Issuer operates in a highly competitive market. Some of the Issuer's competitors have greater financial and other resources than the Issuer and, as a result, may be in a better position to compete for future business opportunities. Larger competitors are able to advertise their services on a regional or national basis. This competition could have a material adverse effect on the Issuer's financial condition, results or operations as well as the Issuer's ability to attract and retain highly skilled individuals. There can be no assurance that the Issuer can, or will be able to, compete effectively.

Litigation

Legal proceedings may arise from time to time in the course of the Issuer's businesses. The Directors cannot preclude that litigation may be brought against the Issuer and that such litigation could have a material adverse effect on the financial condition, results or operations of the Issuer. The Issuer's businesses may be materially adversely affected if the Issuer and/or its employees or agents are found not to have met the appropriate standard of care or exercised their discretion or authority in a prudent or appropriate manner in accordance with accepted standards.

Investment Performance

The marketplace will continually assess the Issuer's investment performance and the Issuer's ability to attract investment into the funds that it manages and the avoidance of excessive redemption levels will be a product of this continuous assessment. Failure to provide adequate and consistent returns on the funds managed by the Issuer could lead to increased redemptions and a loss of reputation in the marketplace. This risk may adversely affect the value of the funds managed by the Issuer and hence the value of the Issuer itself.

The investment opportunity described in this Information Memorandum may not be suitable for all recipients of this Document. Investors are strongly recommended to consult an investment adviser authorised under the Financial Services and Markets Act 2000 who specialises in investments of this nature before making a decision to invest.

TERMS AND CONDITIONS OF THE BONDS

The issue of the Bonds was authorised by a resolution of the Board of Directors of AFH Financial Group PLC (the **Issuer**) passed on 18 July 2013. The Bonds are constituted by a Trust Deed (the **Trust Deed**) dated on or about 18 July 2013 between the Issuer and ATC Solutions Limited (the **Trustee** which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the registered holders of the Bonds (the **Bondholders**). These terms and conditions (the **Conditions**) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds. A copy of the Trust Deed is available for inspection during usual business hours at the principal office of the Trustee (presently at 5^{th} Floor, 52-54 Gracechurch Street, London EC3V 0EH). The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed.

1. Form, Denomination and Title

(a) *Form and denomination*

The Bonds will be issued in registered form in the denomination of £1.00 each. If and for so long as the Bonds are admitted to trading on the ISDX Growth Market and admitted to CREST (or other applicable Central Securities Depositary), the Bonds will be in de-materialised form or, at the request of the relevant Bondholder, a certificate will be issued.

(b) *Title*

A register of the Bonds will be kept by the Registrar wherein there will be entered the names and addresses of the Bondholders and particulars of the Bonds held by them respectively and a copy of such register will at all reasonable times during business hours be open to the inspection of the Bondholders. If and for as long as the Bonds are admitted to trading on the ISDX Growth Market and are admitted to CREST, a register shall also be maintained by Euroclear in respect of Bondholders who hold their Bonds in paperless form. Title to Bonds shall pass by registration in the register maintained by the Registrar or, in the case of Bonds in paperless form, the register maintained by Euroclear and a person in whose name a Bond shall be registered shall (to the fullest extent permitted by law) be treated at all times and for all purposes as the absolute owner of such Bond regardless of any notice of ownership or trust.

2. Status

The Bonds constitute (subject to Condition 3) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 3, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

3. Negative Pledge

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of its Subsidiaries will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Trust Deed and the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

In this Condition 3:

(i) **Relevant Indebtedness** means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market; and

(ii) **Subsidiary** means a subsidiary within the meaning of Section 1159 of the Companies Act 2006.

4. Interest

The Bonds bear interest from and including 3 September 2013 at the rate of 8.00 per cent. per annum, payable semi-annually in arrears in equal instalments of £0.040 per Calculation Amount (as defined below) on 30 June and 31 December in each year (each an **Interest Payment Date**). Each Bond will cease to bear interest from the due date for redemption unless payment of principal is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event it shall continue to bear interest at such rate (both before and after judgment) until payment is made to the relevant Bondholder.

Where interest is to be calculated in respect of a period which is shorter than an Interest Period (as defined below), the day-count fraction used will be the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the product of (1) the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last) and (2) the number of Interest Periods normally ending in any year.

In these Conditions, the period beginning on and including 3 September 2013 and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an **Interest Period**.

Interest in respect of any Bond shall be calculated per £1.00 in principal amount of the Bonds (the **Calculation Amount**). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of 8.00 per cent., the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest penny (half a pence being rounded upwards).

5. Redemption and Purchase

(a) *Final redemption*

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 10 September 2020. The Bonds may not be redeemed at the option of the Issuer or any Bondholder other than in accordance with these Conditions.

(b) *Redemption for taxation reasons*

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable), at their principal amount (together with interest accrued to the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 3 September 2013, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due. Prior to giving any notice of redemption pursuant to this Condition 5(b), the Issuer shall deliver to the Trustee a certificate signed by two authorised signatories of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be required to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above, in which event it shall be conclusive and binding on the Bondholders.

(c) *Notice of redemption*

All Bonds in respect of which any notice of redemption is given under this Condition 5 shall be redeemed on the date specified in such notice in accordance with this Condition 5.

(d) *Purchase*

The Issuer and its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 5, 8 and 11.

(e) *Cancellation*

All Bonds so redeemed or purchased may be held or re-sold or, at the discretion of the Issuer or the relevant Subsidiary, surrendered to the Paying Agent for cancellation. All Bonds which are so surrendered will be cancelled and may not be re-issued or resold.

6. Payments

(a) *Method of Payment*

Payment of the principal amount (with interest accrued to the due date for redemption) as well as payment of any instalment of interest of the Bonds will be made in pounds sterling to the person in whose name such Bond is registered as at the close of business fifteen (15) days prior to the due date for redemption or fifteen (15) days prior to the Interest Payment Date (as the case may be) by direct credit or transfer to a pounds sterling account (or any other account to which pounds sterling may be credited or transferred) specified by the Bondholder. The Issuer shall not be responsible for any loss or delay in transmission. Such payment shall be effected within seven (7) days of the due date for redemption or the Interest Payment Date (as the case may be).

(b) *Payments subject to laws*

All payments are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 7. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

(c) *Payments on business days*

A payment in respect of the Bonds may only be made on a day which is a Business Day in London. If a payment would otherwise fall due on a day which is not a Business Day in London, the due date for payment shall be the next such Business Day. No further interest or other payment will be made as a consequence of payment under this paragraph being extended to such due date.

(d) *Paying Agent*

The initial Paying Agent and its initial specified office is listed below. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that it will maintain a Paying Agent in the United Kingdom. Notice of any change in the Paying Agent or its specified office will promptly be given to the Bondholders.

7. Taxation

All payments of interest by or on behalf of the Issuer in respect of the Bonds shall be subject to deduction of United Kingdom Income Tax at the basic rate (currently 20 per cent. in the 2013-2014 tax year).

Tax Jurisdiction means any jurisdiction under the laws of which the Issuer, or any successor to the Issuer is organised or in which it is resident for tax purposes.

8. Events of Default

If any of the following events occurs the Trustee at its discretion may, and if so requested by holders of at least one-quarter in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall, subject in each case to it being indemnified and/or secured to its satisfaction, give notice to the Issuer that the Bonds are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued interest:

(a) **Non-Payment**: the Issuer fails to pay the principal of or any interest on any of the Bonds when due and such failure continues for a period of twenty Business Days; or

(b) **Breach of Other Obligations**: the Issuer does not perform or comply with any one or more of its other obligations pursuant to the Bonds or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 25 Business Days after notice of such default shall have been given to the Issuer by the Trustee; or

(c) **Cross-Acceleration**: (i) any other present or future Borrowed Moneys of the Issuer or any of its Subsidiaries become due and payable prior to their stated maturity by reason of default, event of default or the like (howsoever described), or (ii) any such Borrowed Moneys are not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or any of its Subsidiaries fails to pay, when due any amount payable by it under any present or future guarantee for, or indemnity in respect of Borrowed Moneys provided that the aggregate amount of the relevant Borrowed Moneys, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 8(c) have occurred equals or exceeds £500,000 or its equivalent (as reasonably determined by the Trustee); or

(d) **Enforcement Proceedings**: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer or any Material Subsidiary and remains undischarged for 60 Business Days; or

(e) **Security Enforced**: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any Material Subsidiary becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator, manager or other similar person); or

(f) **Insolvency**: the Issuer or any Material Subsidiary is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or, in the opinion of the Trustee, a material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or, in the opinion of the Trustees a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or, in the opinion of the Trustee a material part of the debts of the Issuer or any Material Subsidiary; or

(g) **Winding-up**: an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or any Material Subsidiary, or the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the Trustee or by an Extraordinary Resolution of the

Bondholders, or (ii) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries; or

(h) **Illegality**: in the opinion of the Trustee, any material obligations of the Issuer are not or cease to be legal, valid and enforceable;

(i) **Material Subsidiary:** any Material Subsidiary ceases to be a subsidiary;

provided that in the case of Conditions 8(b), (d) and (e) the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Bondholders.

For the purposes of this Condition 8:

Borrowed Moneys means of any person without duplication:

(a) any indebtedness for moneys borrowed of such person including, without limitation, indebtedness created by means of acceptances, the issue of loan stock and any liability evidenced by bonds, debentures, notes or similar instruments; and

(b) capitalised rental obligations of such person under any lease entered into by such person as lessee which would be classified as a "finance lease" under International Financial Reporting Standards.

Business Day means a day (other than a Saturday or Sunday) on which banks are open for general business in London.

Material Subsidiary means AFH Independent Financial Services Limited provided that, if the undertaking and assets of any such Material Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries, such company shall cease to be a Material Subsidiary and any such Subsidiary to which the undertaking and assets are transferred or in which they are otherwise vested shall become a Material Subsidiary.

Subsidiary means a subsidiary within the meaning of section 1159 of the Companies Act 2006.

9. Prescription

Claims in respect of principal and interest will become void unless payment is claimed within a period of ten years in the case of principal and five years in the case of interest from the appropriate due date for payment.

10. Replacement of Bonds

If at any time after certificates have been delivered to Bondholders in respect of the Bonds, any certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced by the Paying Agent subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced certificates must be surrendered before replacements will be issued.

11. Meetings of Bondholders, Modification, Waiver and Substitution

(a) *Meetings of Bondholders*

The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Bondholders holding not less than one-tenth in principal amount of the Bonds for the time being outstanding provided that (a) the quorum for any meeting to pass a resolution (i) to change any date fixed for payment of principal or interest in respect of the Bonds, (ii) to reduce the amount of principal or interest payable on any date in respect of the Bonds, (iii) to alter the method of calculating the amount of any payment in respect of the Bonds, (iv) to change the currency of payment under the Bonds, (v) to change the quorum requirements relating to meetings of Bondholders or the majority required to pass an Extraordinary Resolution, (vi) to sanction the exchange or substitution for the Bonds of, or the conversion of Bonds into shares, bonds or other obligations or securities of the Issuer or any other entity: or (vii) to approve the substitution of any entity for the Issuer (or any previous substitute) as principal debtor under the Trust Deed, will be one or more persons holding or representing not less than two thirds of the principal amount of the Bonds for the time being outstanding; (b) the quorum for any meeting to pass any other Extraordinary Resolution will be one or more persons holding or representing not less than one half in principal amount of the Bonds for the time being outstanding; and (c) reduced quorum requirements shall apply in the case of adjourned meetings, as set out in the Trust Deed. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 66⅔ per cent. in principal amount of the Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(b) ***Modification and Waiver***

The Trustee may agree, without the consent of the Bondholders, to (i) any modification of any of the provisions of the Trust Deed which is in its opinion of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, if the Trustee so requires, such modification shall be notified to the Bondholders as soon as practicable.

(c) ***Substitution***

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Bondholders, to the substitution of another entity in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Bonds. In the case of such a substitution the Trustee may agree, without the consent of the Bondholders, to a change of the law governing the Bonds, and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Bondholders.

The Issuer will notify Bondholders in the event of any substitution of the Issuer, or of any previous substituted company, pursuant to this Condition 11.

(d) ***Entitlement of the Trustee***

In connection with the exercise of its functions (including but not limited to those referred to in this Condition 11) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

12. Enforcement

At any time after the Bonds become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer or take any action or step, as it may think fit to enforce the terms of the Trust Deed and the Bonds, but it need not take any such proceedings, action or step unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least one-quarter in principal amount of the Bonds outstanding, and (b) it shall have been indemnified and/or provided with security to its satisfaction. No Bondholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

13. Indemnification of the Trustee

The Trust Deed contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any of the Issuer's Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Bondholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Trustee may rely, without liability to the Bondholders, on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution, legal advisers or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Bondholders.

14. Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the Bonds or (subject to Condition 3) upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Bonds include (unless the context requires otherwise), any other securities issued pursuant to this Condition 14 and forming a single series with the Bonds and any such other securities may (with the consent of the Trustee) be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of such other securities where the Trustee so decides.

15. Notices

Notices to the Bondholders will be valid if sent by post to the address as shown in the register of Bondholders or if published in a leading newspaper having general circulation in London (which is expected to be the *Financial Times*). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made.

16. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

17. Governing Law

The Trust Deed and the Bonds and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with, English law.

USE OF PROCEEDS BY THE ISSUER

The net proceeds of the issue of the Bonds, to be determined following completion of the Offer Period (as defined in "*Subscription and Sale*"), will be used by the Issuer for its general corporate purposes, in particular in pursuit of its stated strategy of continuing to grow its business organically and through strategic acquisitions.

The estimated total expenses will be determined following completion of the Offer Period.

DESCRIPTION OF THE ISSUER AND THE GROUP

History and Development of the Issuer and the Group

The Issuer was founded by Chartered Financial Planner Alan Hudson in 1990 and is an Independent Financial Adviser (**IFA**) and wealth manager based in Bromsgrove, UK. The Issuer was admitted to trading on the ISDX Growth Market on 23 June 2011 (**Admission**).

Through its principal operating subsidiary, AFH Independent Financial Services Limited (which is authorised and regulated by the FCA), the Issuer provides a broad range of traditional IFA products, including investment advice, financial planning and tax management. The Issuer also provides discretionary and advisory investment management services. The Issuer currently has 113 advisers.

The Issuer's stated strategy is to continue to grow its business organically and through strategic acquisitions.

Audited Results of the Issuer for the year ended 31 October 2012

The text set out below has been extracted, without material adjustment, from the Issuer's announcement of audited results for the year ended 31 October 2012, released on 26 March 2013:

"AFH Financial Group PLC

("AFH", the "Company" or, together with its subsidiaries, the "Group")

Audited Results for the year ended 31 October 2012

Maiden Dividend, Strong Balance Sheet, No Debt

The Directors of AFH, a leading Independent Financial Advisory ("IFA") firm, today announce the Group's consolidated audited results for the year ended 31 October 2012 (the first full 12 month period since the Company's 2011 flotation), including the declaration of a maiden dividend of 1p per ordinary share.

Financial highlights:

- Gross revenues of GBP7.2 million (2011*: GBP2.1 million);
- Strong performance from the Group's principal operating business, AFH Independent Financial Services Limited, increasing its gross revenue by 34% and generating EBITDA of GBP1.2 million (before non-recurring costs) up 45 per cent. on the previous year;
- Group EBITDA of GBP0.8 million (2011*: GBP0.2 million) before costs of share options and non-recurring office move;
- Profit before taxation of GBP0.34 million (2011*: GBP0.1 million);
- Recurring income represents 50% of Group revenue;
- Strong balance sheet with net assets of GBP12.4 million and no borrowings; and
- Proposed maiden dividend of 1p per ordinary share.

**2011 comparisons are for the 131 day period from 22 June 2011 (the date of the Company's flotation) to 31 October 2011*

Operational highlights:

- Adviser numbers increased by 60% to a total of 94 at the year end;
- Eleven acquisitions made during the year, with a further three completed since the year end; and
- Successful move to new 14,000 sq ft. offices to accommodate significant anticipated growth.

Commenting, Alan Hudson, Chairman and Chief Executive of AFH Financial Group PLC, said:

"The Board views the prospects for the remainder of 2013 and beyond with confidence. Our strategy is to continue driving forward in our traditional areas of strength whilst further enhancing our offerings to drive increased profitability. The Board continues to monitor the external market place for appropriately priced acquisition opportunities which will generate incremental opportunities for the Group. Our long term aim is to grow adviser numbers and build an outstanding IFA firm.

The strong performance over the last 12 months is another important step in this direction and our proposed maiden dividend underlines our confidence in the Group's future."

The Directors of AFH Financial Group PLC are responsible for the content of this announcement.

Chairman's Statement

I am pleased to report the results for our first full financial year since the Company's June 2011 flotation, a period which has seen strong organic and strategic growth across the Group.

Operational Growth

The Group's principal operating subsidiary, accounting for 100 per cent. of the Group's revenue, is AFH Independent Financial Services Limited ("AFH IFS"). In the year ended 31 October 2012, AFH IFS delivered an outstanding performance, increasing revenues by 34 per cent. and generating EBITDA of GBP1.2 million (before non-recurring costs), up 45 per cent. on the previous year.

Although a direct year-on-year comparison at Group level is not possible due to the corporate restructuring undertaken ahead of the Company's flotation, the Directors are pleased to report that the achievements of AFH IFS were reflected in similar levels of improved performance across the Group.

The Directors are particularly pleased with these results in light of the disruption caused by our advisers having to achieve further qualifications ahead of the Retail Distribution Review ("RDR") deadline of 31 December 2012. The delivery of such strong results in that context, whilst also seamlessly integrating a number of acquisitions, some of which were substantial, demonstrates the robustness of the Group, its advisers and its systems.

Recurring income, which is not reliant upon new business, represents half of the Group's revenue, providing the Group with a stable platform from which further growth can be delivered.

RDR

The RDR came into force on 1 January 2013 and has already changed the retail financial services landscape considerably. As anticipated, AFH is exceptionally well placed to benefit from these changes and the Directors remain confident that AFH will continue to prosper as the IFA sector contracts.

Eleven acquisitions integrated

During the period, the Group successfully completed eleven acquisitions of complementary IFA practices. The most important of these acquisitions fell in the second half of our year and have therefore not yet had a material impact on the Group's performance. A further three acquisitions were completed in December 2012.

The acquisitions completed to date have contributed significant numbers of a new advisers and clients to the Group, as well as broadening its geographic presence. AFH intends to make additional acquisitions in due course as it continues to take advantages of the opportunities arising from the RDR and ongoing economic difficulties.

During the period we have also moved to new offices of some 14,000 sq ft. The Directors believe that these new premises are more than sufficient to accommodate the significant further growth still anticipated by the Company.

Adviser numbers up 60%

Organic growth, through the recruitment of new quality IFAs, has resulted in a 60% increase to 94 advisers in the period. Since flotation I am pleased to report that adviser numbers has increased by 77%.

Maiden dividend

In light of the Group's robust operating performance and reflecting the Directors' confidence in the future, I am pleased to announce the declaration of a maiden dividend of 1p per ordinary share in respect of the year ended 31 October 2012. Subject to shareholders' approval at the forthcoming Annual General Meeting, the dividend will be paid on 10 May 2013 to shareholders on the register of members at the close of business on 12 April 2013.

Having commenced dividend payments, it is the Directors' intention that the Company will maintain a progressive dividend policy going forward.

Launch of tax efficient property fund

Shortly after the year end, in November 2012, the Group launched a first to market open-ended high yield fund, The St. John's High Yield Property Fund (the "Fund"), to invest up to GBP50 million in industrial, office and retail properties throughout England and Wales. The Fund is believed to be the first Property Authorised Investment Fund to be available to retail investors in the UK and is being offered to AFH clients seeking to diversify their investment portfolios and gain exposure to a low volatility asset class with yields of between 6 and 9%. The Fund has evaluated a number of opportunities since its launch and expects to complete the acquisition of the first properties for its portfolio shortly.

Outlook

For many companies, the challenges posed by the state of the economy, the demands of the RDR and the need to assimilate multiple acquisitions would have proved insurmountable. The fact that AFH has delivered excellent growth despite these challenges is testament to the strength and quality of staff across the Group and the Directors would like to thank them all for their contribution.

AFH is profitable and cash generative with a strong balance sheet. The Board views the prospects for the remainder of 2013 and beyond with confidence. Our strategy is to continue driving forward in our traditional areas of strength whilst further enhancing our offerings to drive increased profitability. The Board continues to monitor the external market place for appropriately priced acquisition opportunities which will generate incremental opportunities for the Group.

Our long term aim is to grow adviser numbers and build an outstanding IFA firm. The strong performance over the last 12 months is another important step in this direction and our proposed maiden dividend underlines our confidence in the Group's future.

AFH FINANCIAL GROUP PLC
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2012

	2012 £	2011 £
Turnover	7,200,950	2,107,966
Cost of sales	(3,471,201)	(1,053,835)
Gross profit	3,729,749	1,054,131
Administrative expenses	(3,391,735)	(950,386)
Operating profit	338,014	103,745
Other interest receivable and similar income	13,494	54
Interest payable and similar charges	(12,631)	(4,945)
Profit on ordinary activities before taxation	338,877	98,854
Tax on profit on ordinary activities	(137,144)	(55,538)
Profit on ordinary activities after taxation	201,733	43,316
Earnings per share (pence)		
Basic	1. 413	0. 311
Diluted	1. 365	0. 304

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

BALANCE SHEETS AS AT 31 OCTOBER 2012

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Fixed assets				
Intangible assets	12,725,235	10,441,638	-	-
Tangible assets	144,312	60,402	-	-
Investments	598	514	9,620,566	9,620,464
	12,870,145	10,502,554	9,620,566	9,620,464
Current assets				
Debtors	1,990,259	938,143	2,116,153	3,000
Cash at bank and in hand	922,957	1,722,273	651,925	1,502,162
	2,913,216	2,660,416	2,768,078	1,505,162
Creditors: amounts falling due within one year	(2,479,190)	(1,544,603)	(247,930)	(24,966)
Net current assets	434,026	1,115,814	2,520,148	1,480,196
Total assets less current liabilities	13,304,171	11,618,367	12,140,714	11,100,660
Creditors: amounts falling due after more than one year	(852,877)	(242,372)	-	-
Provisions for liabilities	(15,681)	(13,045)	-	-
	12,435,613	11,362,950	12,140,714	11,100,660
Capital and reserves				
Called up share capital	1,478,037	1,409,687	1,478,037	1,409,687
Share premium account	10,482,962	9,867,812	10,482,962	9,867,812
Profit and loss account	474,614	85,451	179,715	(176,839)
Shareholders' funds	12,435,613	11,362,950	12,140,714	11,100,660

The Chairman’s statement and figures above are extracted from the Group’s audited accounts for the year ended 31 October 2012.”

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be incorporated in, and form part of, this Information Memorandum:

1. the auditor's report and audited consolidated annual financial statements of the Issuer for the financial years ended 31 December 2011 and 31 December 2012, which have been published and have been filed;

2. the admission document published by the Issuer on 9 June 2011, in respect of Admission; and

3. all regulatory news announcements released by the Issuer on the ISDX Growth Market since Admission to the date of this Information Memorandum.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Information Memorandum shall not form part of this Information Memorandum. Copies of the documents incorporated by reference in this Information Memorandum can be obtained from the registered office of the Issuer and are published on the Issuer's website at www.afhfinancialgroup.com.

TAXATION

The following applies only to persons who are the beneficial owners of Bonds and is a summary of the Issuer's understanding of current law and practice in the United Kingdom relating to certain aspects of United Kingdom taxation. It is not advice, and is given for information purposes only. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules may apply. The United Kingdom tax treatment of prospective Bondholders depends on their individual circumstances and may be subject to change in the future. Prospective Bondholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

A. Interest on the Bonds

1. *Payment of interest on the Bonds*

Subject to the paragraph below, payments of interest on the Bonds will be subject to deduction of United Kingdom Income Tax (currently 20 per cent. in the 2013-2014 tax year) because the Bonds are "admitted to trading" rather than "listed" on a Recognised Stock Exchange within the meaning of section 1005 of the Income Tax Act 2007 (the Act). Provided, therefore, that the Bonds remain admitted to trading rather than listed, interest on the Bonds will be payable after withholding or deduction on account of United Kingdom tax. Interest on the Bonds will also be paid after withholding or deduction on account of United Kingdom tax where interest on the Bonds is paid by the Issuer and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Bonds is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest. In other cases, an amount must generally be withheld from payments of interest on the Bonds on account of United Kingdom Income Tax at the basic rate (currently 20 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Bondholder, HMRC can issue a notice to the Issuer to pay interest to the Bondholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty). Bondholders may wish to note that, in certain circumstances, HMRC has the power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Bondholder. Information so obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Bondholder is resident for tax purposes.

2. *EU Savings Directive*

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). The European Parliament has proposed certain amendments to the Directive, which may amend or broaden the scope of the requirements described above.

3. *Further United Kingdom Income Tax Issues*

Interest on the Bonds constitutes United Kingdom source income for tax purposes and, as such, may be subject to income tax by direct assessment even where paid without withholding.

However, interest with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a Bondholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Bondholder carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency in connection with which the interest is received or to which the Bonds are attributable (and where that Bondholder is a company, unless that Bondholder carries on a trade in the United Kingdom through a permanent establishment in connection with which the interest is received or to which the Bonds are attributable). There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such Bondholders.

B. United Kingdom Corporation Tax Payers

4. In general, Bondholders which are within the charge to United Kingdom corporation tax will be charged to tax as income on all returns, profits or gains on, and fluctuations in value of, the Bonds (whether attributable to currency fluctuations or otherwise) broadly in accordance with their statutory accounting treatment.

C. Other United Kingdom Tax Issues

5. ***Taxation of Chargeable Gains***

The Bonds will constitute "qualifying corporate bonds" within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal by a Bondholder of a Bond will not give rise to a chargeable gain or an allowable loss for the purposes of the UK taxation of chargeable gains.

6. ***Accrued Income Scheme***

On a disposal of Bonds by a Bondholder (other than Bondholders subject to corporation tax), any interest which has accrued since the last interest payment date may be chargeable to tax as income under the rules of the accrued income scheme as set out in Part 12 of the Act, if that Bondholder is resident or ordinarily resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Bonds are attributable.

7. ***Taxation of Discount***

HM Revenue & Customs' published practice is that securities having similar terms of early redemption as the Bonds are not treated by HM Revenue & Customs as "deeply discounted securities" and accordingly the Bonds should not be treated as "deeply discounted securities" for the purposes of Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005.

D. Stamp Duty and Stamp Duty Reserve Tax (SDRT)

8. No United Kingdom stamp duty or SDRT is payable on the issue of the Bonds or on a transfer by delivery of the Bonds.

SUBSCRIPTION AND SALE

United States

The Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

United Kingdom

The Issuer has represented and agreed that it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Bonds in, from or otherwise involving the United Kingdom.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), the Issuer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Bonds which are the subject of the offering contemplated by this Information Memorandum to the public in that Relevant Member State other than the offers contemplated in the Information Memorandum in the United Kingdom from the 19 July 2013 until 3 September 2013, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Bonds to the public in that Relevant Member State:

(a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(c) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of Peterhouse; or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Bonds shall require the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of Bonds to the public** in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

General

No action has been or will be taken by the Issuer that would, or is intended to, permit a public offer of the Bonds, or possession or distribution of this Information Memorandum or any other offering material in any country or jurisdiction where any such action for that purpose is required. Accordingly, the Issuer has undertaken that it will not, directly or indirectly, offer or sell any Bonds or have in its possession, distribute or publish any offering circular, information memorandum prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Bonds by it will be made on the same terms.

Offer

The Bonds may only be offered or sold in any jurisdictions (including, without limitation, the United Kingdom), in accordance with the requirements of the relevant securities laws and regulations applicable in such jurisdiction.

(a) Offer Period:

The Offer is expected to open at 8 a.m. (London time) on 19 July 2013 and close at 5 p.m. (London time) on 26 July 2013. The total principal amount of Bonds to be subscribed pursuant to the Offer is expected to be announced on or about the Closing Date.

(b) Offer Price:

The Issuer is offering the Bonds at the initial issue price of 100 per cent.

(c) Conditions to which the Offer is subject:

The Offer is conditional on the issue of the Bonds and a minimum subscription of £0.5 million (before expenses) thereof.

(d) Description of the application process:

Subscription of the Bonds may only be made using the Application Form for the Offer **(**the **Application Form**) before 5 p.m. (London time) on 26 July 2013.

The Application Form should be completed in full and sent to the address set out on the Application Form together with a remittance for the full amount payable or confirmation that payment will be made by bank transfer. Cheques must be payable to "SLC Registrars Limited a/c AFH" and crossed 'Not negotiable' and should be drawn in sterling on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man). Bank transfers must be in sterling from an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man).

Cheques and banker's drafts will be presented for payment on receipt. The right is reserved to retain any monies returnable and not to issue the Bonds pending the clearance of all cheques or pending investigations of any suspected breach of the terms applying to the application. All cheques and other documents sent or returned to applicants will be sent at the risk of the person(s) entitled thereto.

If any application is not accepted, the amount paid on application will be returned without interest, in each case sent through the post at the applicant's risk.

The Issuer reserves the right to treat any application, which does not comply strictly with the terms and conditions of the application as nevertheless valid.

No letters of allotment or other renounceable or temporary documents of title or receipts will be issued in respect of accepted applications.

Applications will be irrevocable.

Verification of identity requirements of the Money Laundering Regulations 2007 will apply and verification of the identity of the applicant(s) may be required in the Issuer's absolute discretion. A failure to provide the necessary evidence of identity may result in the rejection of the application or in delays in the dispatch of a certificate or the return of application monies. In order to avoid this, you should ideally make payment by means of a bank transfer in sterling from an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) to the account of SLC Registrars Limited as set out in the Application Form or by a cheque drawn by the applicant named in the Application Form. If this is not practicable and you use a cheque drawn by a third party or a building society cheque or banker's draft, you should:

(i) write the name and address of the applicant named in the Application Form on the back of the cheque, building society cheque or banker's draft;

(ii) if a building society cheque or banker's draft is used, ask the building society to endorse on the cheque or banker's draft the name and account number of the person whose building society or bank account is being debited. The bank or building society endorsement should be overlaid with the branch stamp; and whether you are a UK or EC regulated person or institution (e.g. a bank or broker) and specify your status. If you are not a UK or EC regulated person or institution, you should contact SLC Registrars Limited for advice on the application process. If within a reasonable period of time following a request for verification of identity, SLC Registrars Limited has not received satisfactory evidence, the Issuer may at its absolute discretion reject your application in which event the application monies will be returned without interest to the account at the drawee bank from which such monies emanate.

No Bonds will be offered for sale after 5 p.m. (London time) on 26 July 2013.

(e) Details of the minimum and/or maximum amount of application:

The price of the Bonds is £1 per Bond and applications must be for a minimum of 1,000 Bonds at an aggregate price of £1,000 and in multiples of £1,000 thereafter. A maximum aggregate principal amount of £1,000,000 million of Bonds is available under the Offer.

(f) Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:

If any subscription is not accepted by the Issuer in whole, or is accepted in part only (as a result of any pro rata scaling back of any part of the subscription or otherwise), the subscription monies or, as the case may be, the balance of the amount paid on application will be returned without interest by transfer to the investor's account or the relevant agent's account at the risk of the person entitled thereto.

(g) Details of the method and time limits for paying up and delivering the Bonds:

The Bonds will be issued on the Closing Date against payment to the Issuer of the net subscription moneys by the Investor in accordance with the terms and conditions set out in this Information Memorandum and the Application Form.

(h) Manner and date in which results of the Offer are to be made public:

The aggregate principal amount of the Bonds to be issued will be determined by the Issuer on the basis of market conditions then prevailing, including supply and demand for the Bonds and other similar securities.

Once determined, the aggregate principal amount of the Bonds is expected to be published by Regulatory News Service notice on or about the Closing Date.

(a) Categories of potential investors to which the Bonds are offered:

Offers may be made by the Issuer to any person in the United Kingdom during the Offer Period.

(b) Process for notification to investors of the amount allotted and indication whether dealing may begin before notification is made:

Investors will be notified of their allocations of Bonds by way of delivery of such Bonds to them in CREST or in certificated form. Any Investor dealing in the Bonds before such notification has been made does so at their own risk.

GENERAL INFORMATION

Authorisation

1. The issue of the Bonds was duly authorised by a resolution of the Board of Directors of the Issuer dated 18 July 2013.

Admission to Trading

2. Application will be made for the Bonds to be admitted to trading on the ISDX Growth Market. It is expected that admission of the Bonds to the ISDX Growth Market will take place on or about 3 September 2013.

Yield

3. On the basis of the issue price of the Bonds of 100 per cent. of their principal amount, the yield of the Bonds is expected to be 8 per cent. on an annual basis. It is not an indication of future yield.

Clearing systems

4. The Bonds will be admitted to CREST. The ISIN for this issue is GB00BBPL0D70.

No significant change

5. There has been no significant change in the financial or trading position of the Group since 31 October 2012.

Litigation

6. None of the Issuer and its Subsidiaries, is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Information Memorandum which may have or have in such period had a significant effect on the financial position or profitability of the Issuer.

Auditors

7. The auditors of the Issuer are Baldwins (Stourbridge) Limited, Chartered Certified Accountants and Registered Auditors who have audited the Issuer’s accounts, without qualification, in accordance with applicable law and International Standards on Auditing (UK and Ireland) for each of the two financial years ended on 31 October 2011 and 2012.

Documents Available

8. For the period of 12 months following the date of this Information Memorandum, copies of the following documents will be available for inspection from the registered office of the Issuer and from the office of the Trustee for the time being in London:

(a) the Memorandum and Articles of Association of the Issuer;

(b) the audited financial statements of the Issuer in respect of the financial years ended 31 October 2011 and 2012, in each case together with the audit reports in connection therewith. The Issuer currently prepares audited accounts on an annual basis; and

(c) the Trust Deed.

Post-issuance information

9. The Issuer does not intend to provide any post-issuance information in relation to this issue of Bonds.

THE ISSUER

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APPROVED AS A FINANCIAL PROMOTION FOR THE PURPOSES OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 BY

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