NEWBURY PARK MORTGAGE FUNDING LIMITED

Report and Financial Statements

31 March 2014

Company Registration No. 04644588

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OFFICERS AND PROFESSIONAL ADVISERS

Directors
D Lloyd
K McKenna
K Street

Secretary
S Pindoria

Auditors
Ernst & Young LLP
1 More London Place
London
SE1 2AF

Bankers
Barclays Bank PLC
1 Churchill Place
London
E14 5HP

Solicitors
Linklaters LLP
1 Silk Street
London
EC2Y 8HQ

Registered office
2 Gresham Street
London
EC2V 7QP

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STRATEGIC REPORT

The Directors present their strategic report for the year ended 31 March 2014.

Principal activities
Newbury Park Mortgage Funding Limited (the "Company") is a wholly owned subsidiary of Kensington Group plc ("Kensington"). The Company operates as part of the group of companies owned by Kensington (the "Group", "Kensington Group"), which is a wholly owned subsidiary of Investec plc (the "ultimate parent company"). The Company's principal activity is the provision of funding for mortgage loans secured by first or second charges over residential properties in the United Kingdom and their subsequent securitisation or sale. On 31 January 2009, the Company ceased originating new mortgages and is currently not engaged in its principal activity.

Review of the business
The Company made a profit after taxation of £14,577,000 for the year (2013: £3,234,000). The increase in profit in the current year was as a result of an increase in profit in the affiliated DACS companies. The results for the year are shown in the Profit and Loss Account on page 8.

Kensington manages its operations on a group-wide basis and therefore the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Group's mortgage lending activities which included the Company, is discussed in the Investec plc annual report which does not form part of this report.

Principal risks and uncertainties
Competitive pressure in the UK non-conforming mortgage market, within which the Group operates, is a continuing risk for the Group's business as a whole. The current UK mortgage market continues to be challenging.

Risks specific to the Company's activities are associated with its financial instruments, other than mortgages, which comprise loan facilities, cash and other liquid resources, and various items, such as trade debtors and trade creditors that arise directly from its operations. The purpose of these financial instruments is to fund the initial origination of mortgages and to provide the Company's working capital. The main risks associated with the Company's financial instruments are liquidity risk, interest rate risk and credit risk.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its payment obligations when they fall due under normal circumstances, in particular in respect of the short term loan facility used to fund the mortgage loans. Kensington's management constantly monitor and manage the Company's ongoing cash flow requirements.

Interest rate risk
Interest rate risk exists where assets and liabilities have interest rates set under different bases or which reset at different times. The Company minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of its assets and liabilities are similar.

Credit risk
Credit risk is the risk of potential loss from a counterparty default. The Company does not undertake any trading activity, therefore there is no significant exposure to credit risk.

Approved by the Board of Directors on 19 / 12 / 2014. Signed on behalf of the Board.

K Street
Director

Date 19-12-2014

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 March 2014.

Directors
The Directors who held office during the year and up to the date of signing of these financial statements were as follows:

D Lloyd
K McKenna
K Street

None of the above mentioned Directors are Directors of Investec Plc, or had beneficial interests in the share capital of the Company.

Company secretary
S Pindoria continued to serve as Company Secretary for the year ended 31 March 2014.

Dividend
The Directors do not recommend the payment of a dividend (2013: £Nil).

Future business developments
The Directors are closely monitoring the Company's principal activity but do not expect it to provide new funding for mortgage loans in the foreseeable future.

Investec plc has agreed the sale of the Kensington Group to funds managed by Blackstone Tactical Opportunities Advisors L.L.C. and TPG Special Situations Partners on 9 September 2014. The sale is subject to regulatory approval which is expected in the next 6 months. The Company is included in the sale transaction.

Going concern
The financial statements have been prepared on the going concern basis. In assessing the appropriateness of the going concern basis, the Directors have taken account of current financial projections and the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Events occurring after balance sheet date
Investec plc has agreed the sale of the Kensington Group as mentioned in the Future business developments section. At this stage, the Directors consider that there is no material impact to the financial statements as at 31 March 2014 and for the year then ended.

The Directors confirm that there were no other significant events occurring after the balance sheet date, up to the date of this report, that would meet the criteria to be disclosed or adjusted in the financial statements as at 31 March 2014 and for the year then ended.

Directors' indemnity and directors' and officers' liability insurance
The Company maintains a Directors' and Officers' Liability Insurance policy. In accordance with the Company's Articles of Association, the Board may also indemnify a Director from the assets of the Company against any costs or liabilities incurred as a result of their office, to the extent permitted by law. Neither the insurance policy nor any indemnities that may be provided by the Company provide cover for fraudulent or dishonest actions by the Directors. However, costs may be advanced to Directors for their defence in investigations or legal actions.

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DIRECTORS' REPORT (continued)

Policy and practice on payment of creditors
The Company does not follow any stated code on payment practice. It is the Company's policy to agree terms of payment with suppliers when agreeing the terms of each transaction and to abide by those terms. Standard terms provide for payment of all invoices within 30 days after the date of the invoice, except where different terms have been agreed with the suppliers at the outset. It is the policy of the Company to abide by the agreed terms of payment. There are no creditor days or suppliers' invoices outstanding at the year end (2013: Nil days).

Corporate social responsibilities
The Company operates in accordance with the Group policies described in the Investec plc annual report, which does not form part of this report.

Employees
The Company does not have any employees (2013: None). All the operations associated with the Company's activities are carried out by the employees of an affiliate company, Investec Bank Plc.

Disclosure of information to the auditors
So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Group's auditor, each director has taken all the steps that he is obliged to take as a Director in order to made himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Appointment of auditors
The Company has elected not to make annual appointments of auditors. Accordingly, Ernst & Young LLP are deemed to be reappointed in accordance with section 487 of the Companies Act 2006.

Approved by the Board of Directors on 19 / 12 / 2014. Signed on behalf of the Board.

K Street
Director

Date 19-12-2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF NEWBURY PARK MORTGAGE FUNDING LIMITED

We have audited the financial statements of Newbury Mortgage Funding Limited for the year ended 31 March 2014 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an audit opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF NEWBURY PARK MORTGAGE FUNDING LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Andrew Bates (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 22-12-14

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PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2014

	Notes	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Interest receivable and similar income	2	25	8,450
Interest payable and similar charges	3	-	(3,637)
Net interest receivable		25	4,813
Profit on sale of mortgages	4	14,308	3,314
Other operating income	5	351	154
Total operating income		14,684	8,281
Operating expenses		(27)	(5,072)
Profit on ordinary activities before taxation	6	14,657	3,209
Taxation (charge)/credit	8	(80)	25
Profit on ordinary activities after taxation	12	14,577	3,234

The transactions in the current year and prior year were derived from continuing operations.

There were no recognised gains or losses during the current year and in the prior year other than those passed through the Profit and Loss Account. A reconciliation of the movements in shareholders' funds has been prepared in note 12 to the financial statements.

The notes on pages 10 to 14 form an integral part of these financial statements.

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BALANCE SHEET
As at 31 March 2014

	Notes	31 March 2014 £'000	31 March 2013 £'000
Current assets			
Debtors:			
Amounts falling due within one year	9	64,391	49,767
Cash at bank and in hand		508	639
		64,899	50,406
Creditors:			
Amounts falling due within one year	10	(20,441)	(20,525)
Net assets		44,458	29,881
Capital and reserves			
Called up share capital	11	20,000	20,000
Profit and loss account	12	24,458	9,881
Shareholder's funds	12	44,458	29,881

The notes on pages 10 to 14 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 19/12/ 2014 and were signed on its behalf by:

K Street
Director

Date: 19th December 2014

Notes to the financial statements
at 31 March 2014

1. ACCOUNTING POLICIES

Basis of preparation
The financial statements have been prepared in accordance with applicable United Kingdom law and Generally Accepted Accounting Practice and under the historical cost convention except for derivative financial instruments which are carried at their fair value. The financial statements have been prepared on a going concern basis.

Interest receivable
Interest receivable on mortgage loans is recognised on an accruals basis. All revenue is earned in the UK.

Profit/Loss on sale of mortgages
The profit/loss on sale of mortgages is recognised immediately in the Profit and Loss account and represents the excess of the consideration received over the book value of the mortgages, less the direct costs of origination and direct transaction costs. These are presented separately as:

Deferred consideration
The Company accrues for surplus income generated by assets sold by the Company to other Group entities that are now held by securitised vehicles and treats it as an intercompany receivable within Debtors. The payment of this amount is conditional on the performance of the sold mortgages, and the amount is settled to the extent that surplus cash is available to the Group entities.

In the event the Group entities make a loss in the current year, losses are still passed to the Company to the extent these entities still have recognised assets on the balance sheet from prior years' profits passed by the Company.

Deferred application fee (completion fee)
Application fee income is capitalised as deferred income and released over the expected average life of the mortgages. The expected average life of the mortgages is periodically assessed and adjusted to bring it in line with actual behaviour.

Deferred origination costs
The external variable costs incurred in originating mortgages are capitalised within debtors and written off over the expected average life of the mortgages. The expected average life of the mortgages is periodically assessed and adjusted to bring it in line with actual behaviour.

Taxation
The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that have occurred at that date that will result in an obligation to pay more, or a right to pay less tax with the following exceptions:

(i) Deferred tax assets are recognised only to the extent that the Directors consider it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

(ii) Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements
at 31 March 2014

1. ACCOUNTING POLICIES (continued)

Related party transactions
The Company has taken advantage of the exemption conferred by paragraph 3 (c) of the Financial Reporting Standard ("FRS") 8 - "Related Party Disclosures", and therefore transactions with other wholly owned group companies are not disclosed seperately.

Cash flow statement
Under FRS 1 - "Cash Flow Statement" (Revised), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its included in the publicly available consolidated financial statements prepared by its ultimate parent undertaking.

2. INTEREST RECEIVABLE

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Mortgage Interest	25	8,448
Other Interest	-	2
	25	8,450

3. INTEREST PAYABLE

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Finance costs on loan facility	-	843
Finance costs on working capital loan from affiliate company	-	2,794
	-	3,637

4 PROFIT ON SALE OF MORTGAGES

	Year ended 31 March 2014	Year ended 31 March 2013
Deferred consideration from/(to) group companies	14,308	(947)
Sale of mortgages	-	4,261
	14,308	3,314

5 OTHER OPERATING INCOME

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Completion fees	351	156
Other Fees	-	(2)
	351	154

Completion fees in the current and prior years represent amortisation of fees deferred in prior periods.

Notes to the financial statements
at 31 March 2014

6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Management Charges	-	1,554
Amortisation of origination costs	-	1,134
Provision for imparment of mortgage loans and crystallised losses	-	1,346
Auditors' remuneration - audit services (audit of the Company's financial statements)	10	9

Statutory information on remuneration for other services provided by the Company's auditors to the Investec group is given in the consolidated financial statements of Investec Plc, which is the largest group into which the results of the Company are consolidated. There are no non-audit services specific to the Company.

7 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The Company has no employees (2013: none). The Directors' remuneration for the year was £6,000 (2013: £15,000). The Directors' remuneration is paid by an affiliate company, Investec Bank Plc.

8 TAXATION

Analysis of the tax (charge)/credit for the year

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Current tax		
Corporation tax (charge)/credit at 23% (2013: 24%) based on the taxable profit for the year	(80)	25

Factors affecting the tax (charge)/credit for the year

The effective rate for the year is different from the standard rate of UK corporation tax due to the following items:

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Profit on ordinary activities before tax	14,657	3,209
Tax charge on ordinary activities at UK rate of 23% (2013: 24%)	(3,371)	(770)
Effects of:		
Non deductible expenses	-	(35)
Non taxable income	3,291	831
Current tax (charge)/credit for the year	(80)	25

Group relief payable of £80,000 (2013: £25,000 receivable) has been recognised during the period in Debtors since management expects that there will be sufficient taxable profits within the group to absorb the tax losses of the Company.

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Notes to the financial statements
at 31 March 2014

9 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £'000	2013 £'000
Amounts receivable from other group companies	893	540
Accrued deferred consideration	56,690	42,379
Group relief receivable from fellow group companies	6,808	6,848
	64,391	49,767

Unamortised deferred origination costs and prepayments represents the amount expected to be amortised in the next 12 months.

Whilst accrued deferred consideration from an affiliate company that is funded by the Company ("DACS company") is deemed to be repayable on demand, based on the liquidity position of the DACS company at the balance sheet date, there is likelihood that these amounts will be settled after one year from the balance sheet date.

The Directors have assessed the value of the deferred consideration receivable and have determined that the full £56,690,000 (2013: £42,379,000) is recoverable.

Amounts due to fellow group companies are interest free and repayable on demand.

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £'000	2013 £'000
Amounts payable to other group companies	20,441	19,267
Accruals and deferred income	-	55
Other creditors	-	1,203
	20,441	20,525

Amounts due from fellow group companies are interest free and repayable on demand.

11 CALLED UP SHARE CAPITAL

	2014 £	2013 £
Authorised:		
100,000,000 Ordinary shares of £1 each	100,000,000	100,000,000
Allotted and called up:		
20,000,001 (2013: 20,000,001) ordinary shares of £1 each	20,000,001	20,000,001

Notes to the financial statements
at 31 March 2014

12 RECONCILIATION OF MOVEMENTS IN PROFIT AND LOSS ACCOUNT AND SHAREHOLDER'S FUNDS

	2014 £'000	2013 £'000
Opening profit and loss account	9,881	6,647
Profit for the financial year	14,577	3,234
Closing profit and loss account	24,458	9,881
Opening/closing called up share capital	20,000	20,000
Closing shareholder's funds	44,458	29,881

13 CONTINGENT LIABILITY

Upon each loan sale, the Company issues a warranty that all mortgages being sold are compliant with various representations made in the Mortgage Sale Agreement contained in the Offer Circular. These representations are made in respect of specific characteristics of the loans being sold such as the level of arrears existing at sale, the ratio of loan to property value and a description of the type of property acting as security for the loans. In the event of any mortgages being included in the loan sale that do not meet the criteria specified in the representation made in Mortgage Sale Agreement contained in the Offer Circular the Company is required to repurchase at par value those mortgages that do not meet the criteria. The Directors are not aware of any such loans existing at the balance sheet date.

14 ULTIMATE PARENT COMPANY

The Company's immediate parent is Kensington Group Plc and the ultimate parent company and controlling party is Investec plc, a company incorporated in the UK and registered in England and Wales, which is the smallest and largest company into which the Company is consolidated. Copies of Investec plc's consolidated financial statements are available to the public and may be obtained from Investec plc at 2 Gresham Street, London, EC2V 7QP.

15 POST BALANCE SHEET EVENTS

Investec plc has agreed the sale of the Kensington Group to funds managed by Blackstone Tactical Opportunities Advisors L.L.C. and TPG Special Situations Partners on 9 September 2014. The sale is subject to regulatory approval which is expected in the next 6 months. The Company is included in the sale transaction. At this stage, the Directors consider that there is no material impact to the financial statements as at 31 March 2014 and for the year then ended.