

LOAN NOTES PRESENTATION



CHERRY GODFREY GROUP OF COMPANIES

Good evening

Thank you all for taking time to spend with us this evening.

Rather than simply sending an impersonal performance report, we prefer this format where we can share with you the highlights of 2014 and keep you abreast of our aspirations for 2015.

This also gives us the opportunity to thank you in person and for you to ask any questions of the team and I.

Introductions

- David Cherry – MD / Shareholder
- David Barrow – FD / Shareholder
- We have members of our team in attendance who can be recognised by their name badge, please feel free to ask any questions of them.
- In addition, we have representatives from our advocates Babbé and our bankers Lloyds and I am sure that they will also be willing to answer any queries.

- 2014 was another year of continued low interest rates making it very difficult for investors to generate income on their savings. This low interest rate environment looks likely to continue for a number of years yet meaning that the 6% annual return on the Loan Notes continues to be highly attractive.
- You will recall that we use your funds to make loans to our individual retail customers. The buzz word for this process is “Crowd Funding” which you will no doubt have seen in the national media. This has become a very significant growth area of the lending market.
- We are very proud that Cherry Godfrey is not only the longest established Channel Island Crowd Funder but, in addition, the only one to focus exclusively on the Channel Island Markets.

- Growth in Cherry Godfrey's two main business area's, can be attributed to our own customer network and the continued development of our business partner program with companies such as, Airtel-Vodafone, Vision Express, Jersey Post and many others.
- We believe that the demand for lending services is driven by the perception that the banks are cutting back on their lending services. In addition, we like to think that our efforts to provide exceptional levels of customer service are also paying dividends.

Corporate Responsibility

As you would expect, we take our responsibility to our Investors, Customers and the Bailiwicks very seriously and as one of the Channel Islands primary lenders for over 20 years our overriding business principles remain unchanged:

We Will

- a. Value our customers and treat them fairly.
- b. Ensure our customers can afford their loans by understanding their circumstances and capacity.
- c. Embrace technology to aid our decision making process.
- d. Provide an environment and atmosphere where a client can approach us and expect to be treated like a human being.

It is these factors which have left us with a bad debt record the envy of our competitors.

We Won't

- a. Provide sub prime (high risk/cost) products.
- b. Provide any form of Pay Day Loan.
- c. Knowingly overcommit our customers.
- d. Turn away a customer seeking help

In short, we see ourselves as providing the kind of old fashioned service we all used to enjoy from our banks.

Loan Note – The continuing story

- During the year we have been awarded membership of the “UK Crowd Funding Association” and have the opportunity to take part in influencing policy at a European level.
- We have commissioned and successfully integrated a new database to manage the portfolio.
- We have been absolutely delighted with the uptake of Loan Notes.
- Whilst we continue to market in the Channel Islands we are finding that word of mouth and recommendation are proving to be by far the best method.

- In our interim update provided last year, we indicated that our target for the remainder of the year was a further £5 million. We are delighted to confirm that this has been achieved and we look forward to continuing toward the completion of Loan Note 2.
- Currently, Invested Funds stand at £18m and we expect Loan Note 2 to remain open for a further 6 months.
- We are now considering the creation of Loan Note 3 which, subject to our securing the required product, is likely to have a reduced coupon but would benefit from the protection provided by an “A” rated insurer.
- The good news – as the current loan note will open and close throughout it’s 9 year life span, priority to purchase or increase the Loan Notes will be given to existing investors.

Total Business written with Loan Note Funds

- Total Loan Notes Established £17,842,000
- Number of Loans Advanced 8246
- Value of Loan Book £19,115,000
- Value of Arrears £103,081
- Arrears as % 0.54%

Loans business continued

- Loans written in 2014 6,670
- Loan amount advanced £12,990,000
- Average advance to Customer £1950

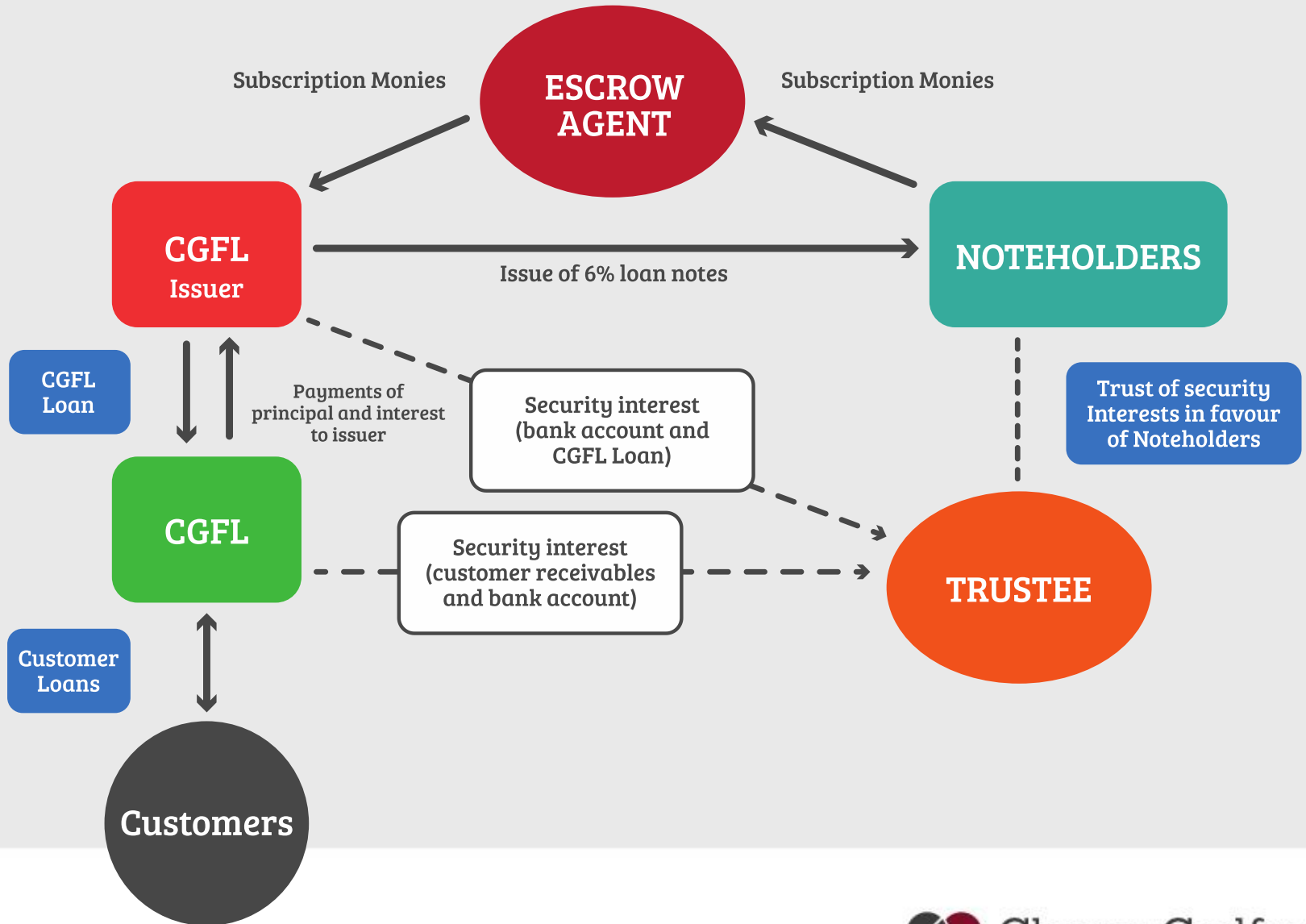
Lending Business Highlights

- Sustained Steady Growth
- Full utilisation of Loan Note Funds
- Greatly Enhanced Introductions under the Business Partner Program
- Implemented automation of Credit Checking
- Cross selling of Loan Products to Insurance Customers.
- Member of UK CCTA (Consumer Credit Trading Association)

Reminder of the corporate structure and the provision of security.

- Initially your invested funds are cleared through the banking system by the Escrow Agent who holds the original copies of your application.
- From there, the funds move to Cherry Godfrey Finance who provide and manage consumer loans to our clients. All related bank accounts are assigned to the Trustee.
- All loan accounts provided by Cherry Godfrey to our Customers are immediately assigned to the Trustee.
- It is from interest earned on these loans that your 6% interest return is generated and the related costs of running the loan structure are met.
- Following the advice of the Auditor, the Trustee is empowered to take full control of the assets for the protection of Investors.

Loan Note Structure



Our Partners

- Babbé continue to provide oversight for the legal aspect of each Loan Note and are instrumental in the drafting of planned future Notes.
- JTC provide Trustee Services holding the assets on behalf of Investors. In addition Escrow Services are provided to ensure due diligence and the clearance of funds for new investors.
- Grant Thornton provide External Audit on a quarterly basis ensuring that assets under trust always exceed funds invested.

A Little about our Insurance Services

Finally, a number of you have enquired about the Insurance products we are able to provide, so here are a few brief key points.

Insurance Policies Provided to Customers

- The consolidation of technological investment has enabled our Insurance business to expand into new markets by creating the first full quote and pay platform linked with many of the major UK providers. This means our customers can gain direct access at any time to insurance products formerly only available through a handful of brokers.
- Total Policies Sold in 2014 28158
- Premiums £3,180,006
- Number of current Customers 21,111

Insurance Policies Available

- High Net Worth – Property Owners
- Motor
- Marine
- Household
- Travel
- Medical
- Specialised cover (ie weddings etc)
- Life assurance
- Pet Cover

Cherry Godfrey Insurance Services Limited is licensed by The Guernsey Financial Services Commission.(Registration No 35909)

Cherry Godfrey Insurance Services (Jersey) Limited is regulated by The Jersey Financial Services Commission in the carrying on of investment and general insurance mediation business.(Registration No 78022)

Insurance Business Highlights

- Sustained Policy Growth
- Appointed as a Lloyds of London Cover holder.
- Access to premium Property Owner products.
- Access to premium Commercial Lines.

That seems to cover the basics of the story thus far so we can now open the floor to any questions?

My colleagues and I will be available If you have any specific questions during the evening or at any other time.



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Photos By Sean Sarre