

DATED 15 January 2024

## PRIVATE PLACING MEMORANDUM

ISSUED BY

**CHERRY GODFREY CONSUMER FUNDING (IOM) LTD**  
(a company limited by shares incorporated in the Isle of Man under the  
Companies Act 2006 with registered number 013752V)

PRIVATE PLACING  
UP TO £50,000,000 IN NOMINAL VALUE  
SECURED LOAN NOTES 2017



**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about its contents or what action to take you should consult immediately your financial advisor. The contents of this Private Placing Memorandum are not to be construed as legal, business or tax advice. Each prospective investor should consult his, her or its own solicitor, independent financial adviser or tax adviser for legal, financial or tax advice. Prospective Noteholders should rely only on the information in this Private Placing Memorandum. No person has been authorised to give any information or make any representations other than those contained in this Private Placing Memorandum and if given, or made, such information or representations must not be relied on as having been authorised by the Issuer. Investment in loan notes issued by Cherry Godfrey Consumer Funding (IOM) Ltd (the “**Issuer**”), an unquoted company, is speculative and involves a high degree of risk. A prospective investor should be aware of the risks of investing in loan notes issued by such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

This document has not been and is not required to be approved by any person and has not been and is not required to be registered with any regulatory authority in the Isle of Man. Persons acquiring Loan Notes are not protected by any statutory compensation arrangements in the event of the issuer’s failure.

Recipients are required to keep the contents of this Private Placing Memorandum confidential. It may not be copied, in whole or in part, or distributed or otherwise made available by any recipient directly or indirectly without the express written consent of the Issuer or its professional advisers. In particular, the distribution of this document in certain jurisdictions may be restricted by law and therefore persons in possession of this document should inform themselves about and observe any such restrictions.

This document is a revised version of the 12 January 2017 version under which Notes have been issued. Any Notes issued pursuant to this Private Placing Memorandum (whether prior to or following the date of this revised version of the Private Placing Memorandum) shall rank pari passu equally and rateably without discrimination, or preference, among themselves.

**The whole text of this Private Placing Memorandum should be read in conjunction with the attached Application Form and Loan Note Instrument relating to the Placing. An investment in loan notes issued by the Issuer in reliance on this document is speculative and may expose you to a significant risk of losing all of the monies you invest. The attention of Noteholders is drawn, in particular, to the section entitled “Risk Factors” set out in Part V of this document.**

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The Issuer is not licensed by the FSA under the Isle of Man Financial Services Act 2008 or any other regulatory law.

The FSA takes no responsibility for the financial soundness of the Issuer or for the correctness of any statements made or opinions expressed with regard to it. Subject as set out below, the Issuer and its directors whose names appear on page 7 of this Private Placing Memorandum accept responsibility for the information contained in this Private Placing Memorandum and to the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Private Placing Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 8 of the Control of Borrowing (Jersey) Order 1958 to the issue of securities in the Issuer. The Jersey Financial Services Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under that Law.

The Directors have taken all reasonable care to ensure that the facts stated in this document are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in the document, whether of facts or of opinion. All the Directors accept responsibility accordingly.

**The contents of this promotion has not been approved by an authorised person within the meaning of the UK Financial Services and Markets Act 2000. Reliance on this promotion for the purpose of engaging in any investment activity may expose an individual to a significant risk of losing all of the property or other assets invested.**

Neither the delivery of this Private Placing Memorandum nor the offering, sale or delivery of the Loan Notes shall, in any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Private Placing Memorandum has been most recently amended or supplemented.

The distribution of this Private Placing Memorandum and the offering, sale and delivery of the Loan Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Private Placing Memorandum comes are required by the Issuer to inform themselves about and to observe any such restrictions. In particular, the Loan Notes have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or any state securities laws in the United States or under the applicable securities laws of Australia, Canada, Japan, South Africa, Singapore or Hong Kong. Subject to certain exceptions, Loan Notes may not be offered, sold or delivered within Australia, Canada, Japan, South Africa, Singapore or Hong Kong.

This document may not be used for the purposes of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

This document does not constitute an offer or an invitation to subscribe for, or purchase, any Loan Notes and should not be considered as a recommendation by the Issuer that any recipient of this document should subscribe for, or purchase, any Loan Notes. Each recipient shall be taken to have made its own investigation and appraisal of the financial condition of the Issuer.

Neither the Issuer nor the Directors make any representation as to the likely tax treatment of any amount paid or payable under or in respect of the Loan Notes, whether in respect of principal or interest. Persons subscribing for Loan Notes should satisfy themselves as to the likely tax treatment of such payments and consider taking professional advice in respect of the same.

As of the date of this Private Placing Memorandum, the issuance of the Loan Notes by the Issuer would not fall within the definition of “financial services” for the purposes of the Isle of Man Financial Services Act 2008 and accordingly a complaint made by a Noteholder in relation to the Loan Notes would not be capable of constituting a “financial services dispute” that could be dealt with by the Isle of Man Office of Fair Trading. This would not affect any other legal right available to a Noteholder in relation to the Loan Notes.

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## **DIRECTORS AND ADVISERS TO THE ISSUER**

### **Directors**

David Cherry  
Tanith Cherry  
Kevin Farrington  
Aston House  
36 Hope Street  
Douglas  
Isle of Man  
IM1 1AR

### **Registered Office**

Aston House  
36 Hope Street  
Douglas  
Isle of Man  
IM1 1AR

### **Auditors to the Issuer**

Grant Thornton Channel Islands Limited  
St James Place  
St James Street  
St Peter Port  
Guernsey  
GY1 2NZ

### **Isle of Man Legal Advisors**

Cains Advocates Limited  
Fort Anne  
Douglas  
Isle of Man  
IM1 5PD

### **Bankers to the Issuer**

Lloyds Bank International Ltd  
PO Box 328,  
Victory House,  
Prospect Hill,  
Douglas,  
Isle of Man,  
IM99 3JY

**Loan Note Trustee**

JTC Trustees (Guernsey) Limited  
Ground Floor  
Dorey Court  
Admiral Park  
St Peter Port  
Guernsey  
GY1 2HT

## **SUMMARY**

The following summary should be read as an introduction to this Private Placing Memorandum. Any investment decision should be made only after due and careful consideration of all the information contained in this document and, where necessary, having received appropriate financial advice.

### **THE ISSUER**

The Issuer was incorporated, in the Isle of Man on 4 August 2016 under the Law as a company Limited by shares and registered with company number 013752V.

### **THE PLACING**

Pursuant to a resolution of the Board dated 12<sup>th</sup> January 2017, the Issuer has approved the placing of Loan Notes in a principal amount of up to £50,000,000 pursuant to the terms and conditions of the Placing described more fully in Part IV.

### **SUMMARY OF THE TERMS AND CONDITIONS OF THE LOAN NOTES**

The Loan Notes will be constituted by the Loan Note Instrument. The Loan Notes are subject to the terms and conditions contained in the Loan Note Instrument, a copy of which accompanies this Private Placement Memorandum.

### **USE OF PROCEEDS**

The Placing is intended to raise up to £50,000,000, in cash. The proceeds of the Placing will be used to make one or more advances to Cherry Godfrey Finance Ltd and Cherry Godfrey Finance (IOM) Ltd, these advances will be used to finance fixed term loans to customers of those companies, as more particularly described in Part III.



**PART I**  
**DEFINITIONS**

<b>Applicant</b>	means a person who submits an Application Form to the Issuer and advances Subscription Monies to the Issuer for the purpose of subscribing for Loan Notes.
<b>Application Form</b>	Means the application form attached to this Private Placing Memorandum.
<b>Articles</b>	means the articles of association of the Issuer.
<b>Board</b>	means the Board of Directors of the Issuer.
<b>Business Day</b>	means any day except a Saturday, Sunday or public holiday in the Isle of Man.
<b>Certificate</b>	means the certificate issued by the Issuer recording one or more Loan Notes.
<b>CGFL Entities</b>	means Cherry Godfrey Finance Limited and Cherry Godfrey Finance (IOM) Ltd.
<b>Cherry Godfrey</b>	means the Issuer or, as the context may require, any member of the Cherry Godfrey Group.
<b>Cherry Godfrey Group</b>	means Cherry Godfrey Holdings and its subsidiaries.
<b>Cherry Godfrey Holdings</b>	means Cherry Godfrey Holdings Ltd, a non-cellular company Limited by shares registered in Guernsey (with company number 43447) whose registered office is at No. 1, Fountain Street, St. Peter Port, Guernsey, GY1 1DA.
<b>Coupon</b>	means the interest payable on the Loan Notes as described in the Loan Note Instrument, and as described in more detail in Part IV of this Private Placing Memorandum.

<b>Customer</b>	means any customer of the CGFL Entities.
<b>Customer Loans</b>	means loans made or to be made by the CGFL Entities to Customers which will be funded from the Loan Facility.
<b>Directors</b>	means the directors of the Issuer.
<b>FSA</b>	means the Isle of Man Financial Services Authority.
<b>HMRC</b>	means His Majesty's Revenue and Customs.
<b>Individual Self-Certification Form</b>	means the Individual Self-Certification Form for FATCA and CRS attached to this Private Placing Memorandum.
<b>Issue Period</b>	means the period of issue of a Loan Note of 12, 36 or 60 months identified in the certificate representing that Loan Note.
<b>Issuer</b>	means Cherry Godfrey Consumer Funding (IOM) Ltd, a company Limited by shares incorporated in the Isle of Man under the Companies Act 2006 with registered number 013752V.
<b>Law</b>	means the Companies Act 2006 (as amended).
<b>Loan Facility</b>	means a loan facility whereby the Issuer will lend the Placing Proceeds to the CGFL Entities to be utilised by the CGFL Entities to make Customer Loans.
<b>Loan Notes</b>	means the secured loan notes issued by the Issuer under the Loan Note Instrument.

<b>Loan Note Instrument</b>	means the instrument creating the Loan Notes, a copy of which accompanies this Private Placing Memorandum.
<b>Memorandum</b>	means the memorandum of association of the Issuer.
<b>Noteholder</b>	means each person who becomes a registered holder of one or more Loan Notes.
<b>Placing</b>	means the placing of all, or some, of the Loan Notes pursuant to this Private Placing Memorandum and the Application Form.
<b>Placing Price</b>	means the price detailed in Part II of this Private Placing Memorandum.
<b>Placing Proceeds</b>	means the aggregate of the Subscription Monies (excluding any Subscription Monies returned or due to be returned to Applicants).
<b>Register</b>	means the register of Loan Notes and Noteholders required to be maintained by the Issuer under the Loan Note Instrument.
<b>Security Interest Agreements</b>	means each of: <ul style="list-style-type: none"> <li>(i) an Isle of Man law security interest agreement to be provided by Cherry Godfrey Finance (IOM) Ltd and Cherry Godfrey Finance Limited in favour of the Trustee creating a security interest over (a) the receivables payable under the Customer Loans; (b) the bank account into which advances under the Loan Facility are paid and receipts generated by the Customer Loans are to be paid; and (c) all powers, rights and interest of Cherry Godfrey Finance (IOM) Ltd and Cherry Godfrey Finance Limited in or pursuant to any agreement or mandate between Cherry Godfrey Finance (IOM) Ltd and</li> </ul>

Cherry Godfrey Finance Limited and the bank operating the account referred to in (b) of this definition;

- (ii) an Isle of Man law security interest agreement granted by the Company (as chargor) in favour of the Trustee creating a first priority security interest over: the advances made by the Company to the CGFL Entities under the provisions of the Loan Facility; the Subscription Account; and rights relating to the Account; and
- (iii) a Guernsey law security interest agreement to be provided by Cherry Godfrey Finance Limited in favour of the Trustee relating to Guernsey law Customer Loans and income, interest and rights deriving therefrom;

and copies of which accompany this Loan Note Instrument.

**Subscription Account**

means the account identified in the Application Form into which Subscription Monies are to be paid.

**Subscription Date**

means the date identified as such in a certificate representing a Loan Note.

**Subscription Monies**

means, in relation to each Applicant, the sum paid to subscribe for Loan Notes.

**Trustee**

means JTC Trustees (Guernsey) Limited.

**UK**

means the United Kingdom.

**PART II**  
**PLACING STATISTICS**

Minimum Subscription	Loan Notes to the value of £50,000 (and in multiples of £1,000 thereafter)
Number of Loan Notes which may be outstanding	up to 50,000,000 at any one time
Estimated gross proceeds of the Placing at the placing price (assuming placing of all the Loan Notes)	£50,000,000

**PART III**  
**THE ISSUER AND REASONS FOR THE PLACING**

**1. INTRODUCTION**

The Issuer is issuing the Loan Notes in order to raise up to £50,000,000 which will be used to make loans to the CGFL Entities under the Loan Facility, for the purpose of enabling the CGFL Entities to fund a diversified portfolio of Customer Loans.

A Loan Note will be redeemable by the Noteholder on the last day of each Issue Period selected by the Noteholder on subscribing for the Loan Note if the Noteholder provides the required notice specified in the Certificate representing that Loan Note. Fixed rate interest shall accrue on each Loan Note monthly, quarterly or annually, dependent on the period specified in the Certificate for the relevant Loan Note. The Coupon payable in respect of the relevant interest period and Issue Period selected by a Noteholder shall, until further notice, be as set out in the table below:

ISSUE PERIOD	MONTHLY INTEREST PERIOD	QUARTERLY INTEREST PERIOD	ANNUAL INTEREST PERIOD
12 MONTHS	5.75% PER ANNUM	6.00% PER ANNUM	6.25% PER ANNUM
36 MONTHS	6.25% PER ANNUM	6.50% PER ANNUM	6.75% PER ANNUM
60 MONTHS	7.25% PER ANNUM	7.50% PER ANNUM	7.75% PER ANNUM

The Issuer may change the Coupon for Loan Notes from time to time. This will not apply to Loan Notes already in issue for the first Issue Period provided that the Issuer may, on providing notice no later than three months before the date on which notice of repayment must be served in accordance with the terms of the relevant Loan Note, change the rate for any subsequent Issue Period.

Interest payments from the CGFL Entities due to the Issuer pursuant to the provisions of the Loan Facility will be used to pay the operational expenses of the Issuer together with the Coupon on the Loan Notes. The CGFL Entities will use monies advanced under the Loan Facility to provide Customer Loans. Any funds loaned by the Issuer to the CGFL Entities and not utilised from time to time in the making of Customer Loans will be held by the CGFL Entities in a separately designated bank account.

The CGFL Entities will provide a security interest in favour of the Trustee over the Customer Loans originated utilising the Placing Proceeds advanced to it under the Loan Facility, receivables payable under those Customer Loans and any bank account into which the Placing Proceeds and receipts generated by the Customer Loans are to be paid. The Issuer will provide security over the Subscription Account into which cash Subscription Monies are paid and over the advances made by it to the CGFL Entities under the Loan Facility. The Trustee will act as trustee of that security for the benefit of the Noteholders.

## 2. **THE ISSUER**

The Issuer is a company limited by shares incorporated in the Isle of Man, its principal business is to issue the loan notes and provide funds to the CGFL Entities.

## 3. **BUSINESS OVERVIEW OF THE ISSUER**

### 4.1 **The Business**

The Issuer is a company whose sole business will be raising funds pursuant to the issue of Loan Notes and the making of advances under the Loan Facility.

### 4.2 **Background**

The Cherry Godfrey Group has been providing Customer funding, mortgages and insurance products in the Channel Islands for three decades and has grown to become one of the largest independent, pan Channel Islands, provider of these services. The Group expanded into the Isle of Man in 2016 and following that set up in the Isle of Wight in September 2021 after receiving FCA approval.

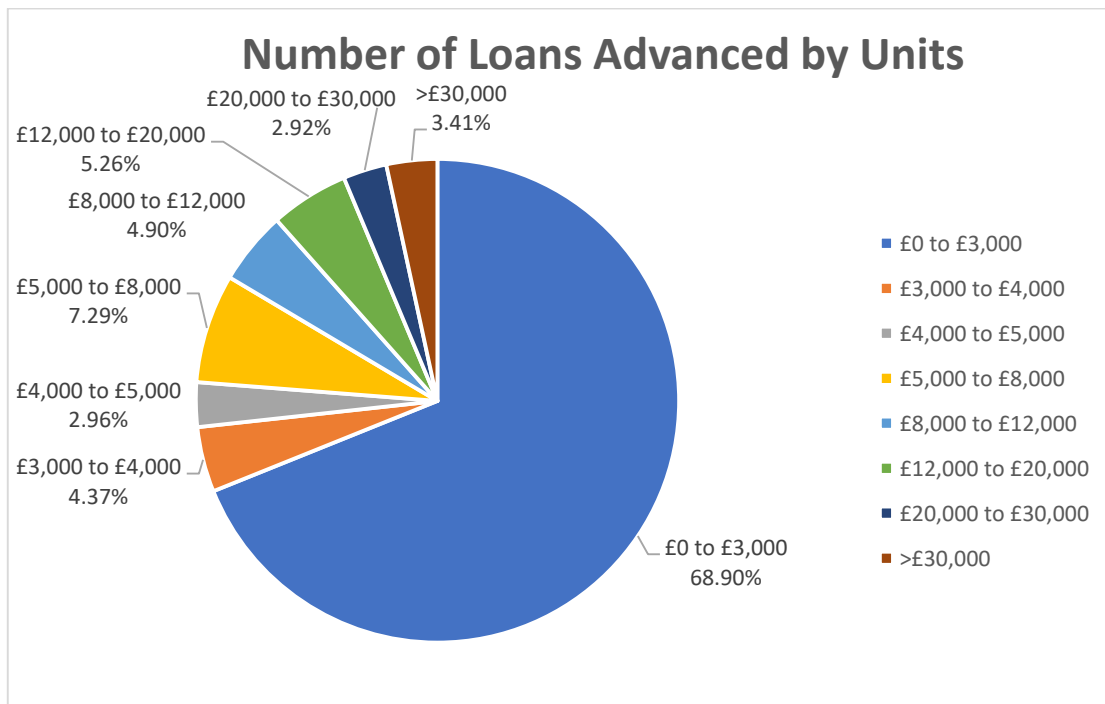
The Cherry Godfrey Group:

- (a) benefits from a large active database of clients utilising one or more of these product groups; and

(b) has invested significant resources in developing a unique route to market as a result of its own sales and marketing and by relationships with state, corporate and other trading partners who promote the Cherry Godfrey Group services and products alongside their own.

The Cherry Godfrey Group may seek alternative funding for Customer Loans. Customer Loans typically comprise of amounts of circa £5,000 over an average term of 23 months. Assuming that all of the Loan Notes are subscribed pursuant to the Placing, it is anticipated that the loan portfolio might comprise circa 10,000 individual Customer Loans.

### ANALYSIS OF LOANS WRITTEN IN 2022



Advances of Customer Loans will be made under the terms of an existing comprehensive underwriting procedure which has been developed over a number of years and which has been instrumental in the low level of bad debt experienced by the Cherry Godfrey Group. The Cherry Godfrey Group operate reciprocal agreements with both Channel Islands and UK credit reference organisations enabling detailed data sharing of positive and derogatory credit history and client exposure records which are utilised in the underwriting process.



#### 4.3 **Indebtedness of the Issuer**

The Issuer is not, and does not intend to become, indebted to any third party other than Noteholders by virtue of the issue by it of the Loan Notes.

#### 4.4 **Current Consumer Portfolio**

The Cherry Godfrey Group manages a current loan portfolio of circa £130m; this portfolio has experienced bad debt levels of circa 0.35%, significantly below the historical UK average.

An actuarial review of all loan business written by the Cherry Godfrey Group covering the period from 2000 to 2009 was carried out by BWCI Ltd which demonstrates bad debt at 1.35% of loans made during that period. The Cherry Godfrey Group's accounts, post 2009, have shown a marked improvement on the 1.35% bad debt ratio. The current market uncertainties with increasing interest rates and potential economic downturn have been recognised by the Cherry Godfrey Group and will be mitigated wherever possible by increased efforts to confirm affordability of loans and home and job stability of customers.

Monitoring of bad debt is undertaken by daily reporting and verified by the production of system generated reports.

Average bad debt values throughout 2021 have been maintained at between 0.25% and 0.35%.

The Cherry Godfrey Group ascribes its low bad debt levels to four principal factors:

- (a) Expertise in identifying suitable loan customers, many customers are well known to the Cherry Godfrey Group and have previously borrowed on a regular basis.
- (b) Sophisticated intelligence based upon historical records and public financial records.
- (c) Customer Loans are well diversified and avoid significant exposure to related borrowers using prudent underwriting criteria.
- (d) That stringent affordability checks are undertaken before loans are granted.

Thorough understanding of local law and credit control procedures related to the maintenance of consumer and mortgage facilities helps to ensure the long-term security of loan portfolios.

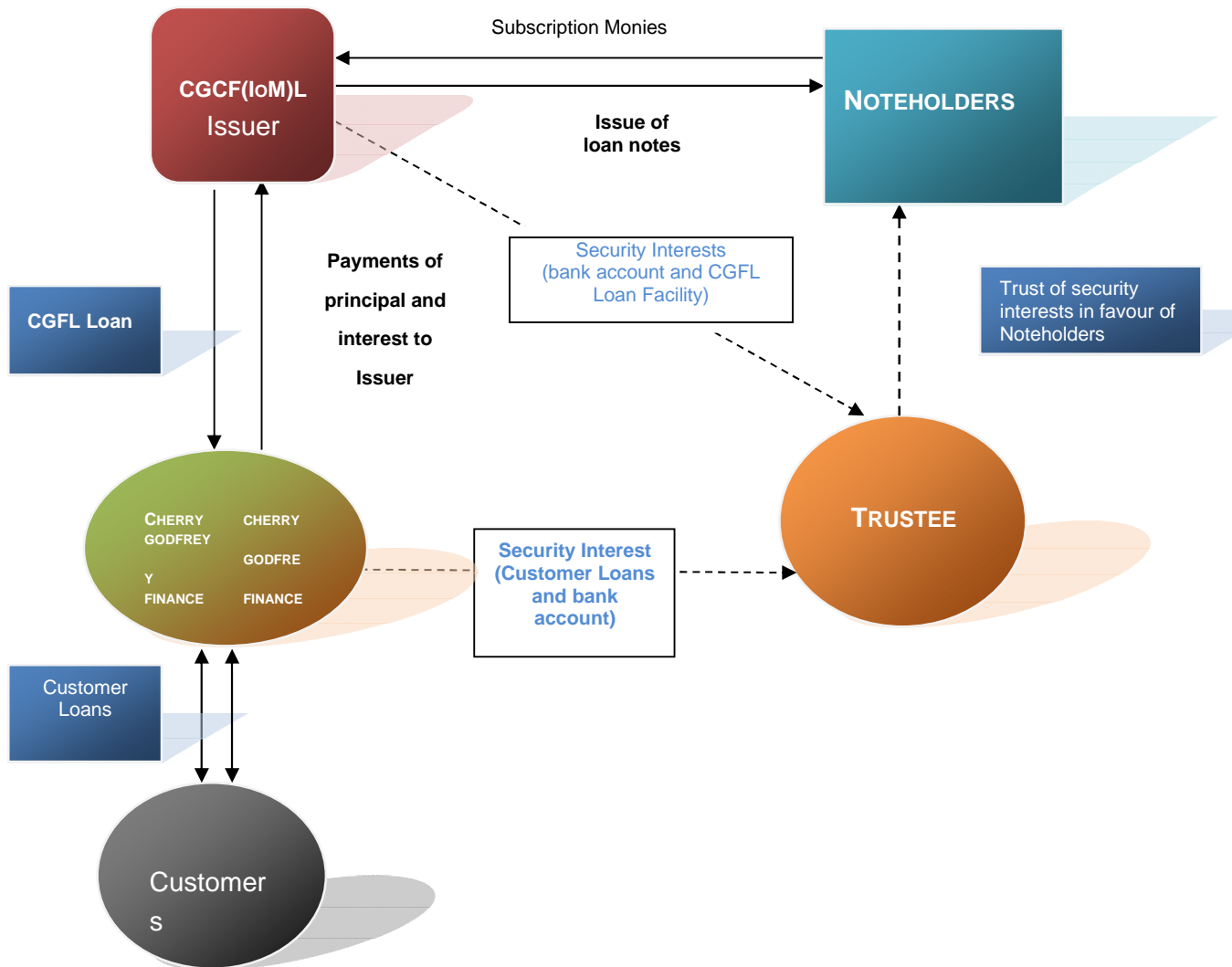
#### 4.5 **Reasons for Fundraising**

Proceeds from the Placing will allow the Issuer to make advances under the Loan Facility to the CGFL Entities which the CGFL Entities will in turn use to make Customer Loans. The Issuer will thereby receive interest and capital payments from the CGFL Entities allowing it to pay the Coupon. Advances made under the Loan Facility may be recovered to fund repayments of the Loan Notes.

As set out in the diagram below, the Issuer will:

- Issue Loan Notes up to the value of £50,000,000 with a minimum investment of £50,000.
- Enter into a Loan Facility with the CGFL Entities which will use advances made to each of them thereunder to make Customer Loans of the profile described above.
- Interest will be payable on the Loan Notes monthly, quarterly or annually, as selected by the relevant Noteholder. The rate of interest on the Loan Notes will vary depending upon the payment period selected, as described on page 13.
- Security will be provided by the Issuer, Cherry Godfrey Finance (IOM) Ltd and Cherry Godfrey Finance Limited for the benefit of Noteholders in the form of the Security Interest Agreements.
- Verification of the loans subject to the Security Interest Agreement(s) will be carried out by an independent auditor on behalf of the Issuer.

#### 4.6 Loan Note Structure



#### 4.7 Security

A Loan Facility will be made available by the Issuer to Cherry Godfrey Finance (IOM) Ltd and Cherry Godfrey Finance Limited under which the Issuer will lend the net Placing Proceeds. These funds will be used by Cherry Godfrey Finance (IOM) Ltd and Cherry Godfrey Finance Limited exclusively to make Customer Loans as described above, and be monitored by the Issuer's auditor.

Security agreements will be entered into creating security over the loans from the Issuer to the CGFL Entities and by the CGFL Entities to Customers and the segregated bank accounts in favour of the Trustee for the benefit of the Loan Note Holders.

Under the terms of the Security Interest Agreements there will be a number of default triggers. If a default occurs the Trustee may take possession of the Customer Loans and the Issuer's designated bank account and these assets will be held by the Trustee for the exclusive benefit of the Noteholders.

The events of default will include:

- 1) the CGFL Entities or the Issuer becoming insolvent or ceasing to trade.
- 2) The Issuer failing to pay the Coupon when due (except as a result of error or the failure of any payment system used to make those payments).

#### **4.8 Investment Return**

Returns on the Loan Notes will be based upon the sum of the face value of the Loan Notes, whether the Loan Facility is fully utilised or not.

Customer Loans will earn interest at circa 18%.

This will provide for:

- Loan Note Coupon payments at an average of 6.36%
- Anticipated bad debt of circa 1.35%
- Running costs of the Issuer 1.70%
- Interest payable under the CGFL Facility Agreement
- The relevant CGHL Entity (as applicable) with a margin of 8.59% on its Customer Loans

All set up and running costs other than as mentioned above will be met by the relevant CGHL Entity.

#### **4.9 Repayment of Loan Notes**

A Noteholder may require repayment of a Loan Note at the end of the Issue Period selected by that Noteholder on making an application for Loan Notes and which is specified in the Certificate representing the relevant Loan Note. Notice must be given to the Issuer requiring redemption:

- (i) in the case of Loan Notes with an Issue Period of 12 months, one month prior to the end of the Issue Period; and
- (ii) in the case of Loan Notes with an Issue Period of 36 or 60 months, six months prior to the end of the Issue Period.

If repayment is not requested the Loan Notes will continue in issue, unless redeemed by the Issuer, until the end of the next Issue Period and thereafter unless or until repayment is requested for the end of the then current Issue Period on provision of the requisite notice.

The Loan Notes will be transferable provided that the transferee, whether as a result of its own subscriptions for Loan Notes or as a result of that or other transfers, will be registered as the holder of not less than £50,000 in value of Loan Notes.

The Issuer will have the right to repay a Loan Note in full (including any outstanding Coupon) at any time following the Subscription Date for the relevant Loan Note.

#### 4. THE DIRECTORS

The Directors of the Issuer are as follows:

(a) **David Cherry**

David Cherry is aged 67 and was appointed Director of the Issuer on incorporation.

David Cherry was born in Guernsey in 1956 and lives in Guernsey.

**Background:**

1984-1991	Director of the Associates Capital Corporation, responsible for Branch Operations in Bristol, Exeter and Jersey.
1991-1993	Managing Director of The Associates Capital (Guernsey) Ltd.
1991	Married Selena Cherry (née Godfrey).
1993	Founded Cherry Godfrey. Current position: Group Managing Director.

(b) **Tanith Cherry**

Ms Tanith Cherry is aged 30 and was appointed Director of the Issuer on incorporation.

**Background:**

2011-2014	Bursary student at Credit Suisse Trust Limited.
2012- 2015	BSc (Hons) Economics, Finance and International Business from Oxford Brookes University.
2015	Joined the Cherry Godfrey business.
2019	Appointed as Chief Operating Officer of the Cherry Godfrey Group.
2022	Became a shareholder of the Cherry Godfrey Group.

(c) **Kevin Farrington**

Kevin Farrington is aged 57 and was appointed Director of the Issuer

**Background**

1984-1999 - Barclays Bank PLC - London & Northwest England  
1999-2004 - Barclays Private Clients International - Lending Manager  
2004 – 2006 Zurich Bank International Technical Lending Officer  
2008-2010 Irish Permanent International - Lending Manager  
2011 – 2020 - Conister Bank - Head of Credit  
2021 – 2023 – Isle of Man Government – Clinical Administration Manager  
March 2023 - Appointed Director of Cherry Godfrey

5. **GROUP STRUCTURE**

The Issuer is a non-cellular company, limited by shares, incorporated in Guernsey on 13 July 2022. The Issuer will operate as a trading company in respect of the Loan Facility.

The entire issued share capital of the Issuer is owned by Cherry Godfrey Holdings Limited, of which company Mr. Cherry and his immediate family hold 85% of the issued share capital and Ms. Tanith Cherry holds 15% of the issued share capital.

Prior to the issuance of the Loan Notes, the Issuer will issue an additional £150,000 fully paid ordinary shares of £1.00 each to Cherry Godfrey Holdings Limited and will ensure that the minimum fully paid up share capital of the Issuer will, at all times, be an amount equal to at least 0.3% of the face value of outstanding Loan Notes.

## 6. **CHERRY GODFREY**

CGFL was incorporated in Guernsey in 1993 with a primary role as a Finance Broker. Having been responsible for the provision of a significant percentage of new business introduced to Equipment Rental Finance, a company under the ownership of Great Universal Stores, CGFL was invited to undertake responsibility for the operation of their Guernsey branch under an agency agreement.

CGF(IOM)L was incorporated in the Isle of Man on 4 August 2016 with a primary role as a lender.

CGF(IOW)L was incorporated in the Isle of Wight on 27 August 2020 with a primary role as a lender.

The sustained growth of the Cherry Godfrey business has been achieved by the addition of a direct lending operation and the acquisition of five insurance based intermediary and brokerage businesses.

Today, the business has evolved into a fully rounded financial services group offering a suite of products designed or sourced to meet with the needs of customers in each of the Channel Islands, Isle of Man and the UK.

Main product lines are consumer and corporate finance; retail funding; general insurance products, commercial lines insurance products; protection insurance products and mortgage products.

The Cherry Godfrey Group has offices in Guernsey, Jersey, Isle of Man, Isle of Wight and Southampton. In addition, its products are available through a network of corporate alliances and a supporting dealer network.

The Cherry Godfrey Group prides itself in offering well researched and good value for money products with repeat business and client retention being maintained through quality customer service.



## PART IV

### TERMS OF THE PLACING

#### THE PLACING

The Issuer proposes to raise up to £50,000,000 (before expenses) by the issue of up to £50,000,000, in nominal value, of Loan Notes at the Placing Price. The issue of the Loan Notes was authorised by a resolution of the Board dated 12<sup>th</sup> January 2017. The Loan Note Instrument constituting the Loan Notes is governed by Isle of Man law.

Applications for Loan Notes must be for a minimum of £50,000 and above that in multiples of £1,000 for amounts in excess of £50,000.

The Issuer may close and re-open the Placing from time to time in its absolute discretion. Moneys received from Applicants during a period when the Placing is closed shall be returned to Applicants without interest unless otherwise agreed.

Moneys received from Applicants under the Placing will be held in a segregated account by the Issuer. If an application is accepted Loan Notes will be issued to an Applicant subject to:

- (i) receipt of satisfactory documentation required to identify the beneficial owner of the Subscription Monies;
- (ii) the creation of the security for the Loan Notes described in Part III; and
- (iii) the Directors having resolved to issue the Loan Notes.

If applications for Loan Notes exceed £50,000,000 by value or the Directors consider that the amount of such applications exceed the requirements of the CGFL Entities for the Loan Facility, applications will be scaled back and excess funds will be returned to Noteholders at their risk without interest. Subject to the satisfaction of the requirements of the Loan Note Instrument, the Issuer shall enter the name of each Applicant and the number of Loan Notes subscribed for by that Applicant into the Register on the Subscription Date and deliver a copy of the Register (updated to record any new subscriptions) to the Trustee.

All Loan Notes will be in physical form and will be delivered to the relevant Noteholder. Pending the dispatch of the Certificates, transfers will be recorded in the Register.

## THE LOAN NOTES

A summary of the rights and conditions attached to the Loan Notes is set out below; the Loan Note Instrument attached, which all Applicants must read.

### 1. **Interest Rate**

The Loan Notes shall bear interest at rates determined by whether an Applicant selects annual, quarterly or monthly interest on applying for the Loan Notes. The rate of interest is described on page 13 and will be determined by the selection made by an Applicant as to frequency of interest payment and repayment period selected (as described in paragraph 2 below).

### 2. **Interest Payment**

Interest shall accrue daily on the Loan Notes and will be due on:

- (i) 31 December in each year if interest is payable annually;
- (ii) the last day of the quarter in which a Loan Note is issued if interest is payable quarterly; and
- (iii) the last day of the month in which a Loan Note is issued if interest is payable monthly,

and shall be paid not later than the fifth Business Day next following the date on which it falls due. Interest shall be calculated on the assumption that each calendar month consists of 30 days and on the basis of (i) the number of days expired in a calendar month up to a maximum of 30; and (ii) a 360 day year.

### 3. **Capital Repayment**

Each Loan Note will be repaid at the request of the Noteholder or at the option of the Issuer as described in Paragraph 2 of Schedule 2 of the Loan Note Instrument in full by payment of the principal amount of that Loan Note together with any interest accrued on it and then unpaid.

If any day on which repayment is otherwise due is not a Business Day, the payment shall become payable on the next succeeding Business Day.

### 4. **Transferability**

The Loan Notes are transferable (provided that the transferee is a person who would be entitled to subscribe for Loan Notes) and has satisfied any requirements of the Loan Note Instrument in respect of any such transfer.

5. **Loan Note Holders**

Noteholders may give consent under the conditions attaching to, or elect to vary the terms of, the Loan Notes by special resolution. Resolutions may be passed at duly convened meetings of the holders of the Loan Notes by a show of hands or on a poll in the numbers set out in the Loan Note Instrument.

6. **Tax**

Noteholders may be subject to tax on the interest received in respect of the Coupon, depending on their tax residence.

## PART V

### RISK FACTORS

**The investment opportunity offered in this Private Placing Memorandum may not be suitable for all recipients of it. Recipients are therefore strongly recommended to consult an investment adviser who specialises in investments of this nature before making their decision to invest.**

Recipients should be aware of the risks associated with acquiring Loan Notes. The Directors consider the following risks and other factors to be the most significant for potential Noteholders at the date of this Private Placing Memorandum; however the risks listed below do not necessarily comprise all those associated with an acquisition of the Loan Notes and are not set out in a particular order of priority. Additional risks and uncertainties not currently known to the Directors or that the Directors consider to be immaterial at the date of this Private Placing Memorandum may also have an adverse effect on the Issuer's business. Recipients should carefully consider these risks, read this Private Placing Memorandum in its entirety and consult with their advisers before making a decision to acquire Loan Notes. This summary of risk factors is not intended to be exhaustive. Additional risk and uncertainties may exist which have not been identified below.

### THE LOAN NOTES

- (i) The acquisition of the Loan Notes may involve substantial risks and are suitable only for persons who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Loan Notes. Prior to making a decision to acquire Loan Notes, prospective Applicants should consider carefully, in light of their own financial circumstances and investment objectives, all of the information set forth in this document, the Application Form and the Loan Note Instrument. Prospective Applicants should make such enquiries as they deem necessary without relying on the Issuer.
- (ii) There can be no assurance that there will be a market or liquidity in respect of the Loan Notes. Accordingly, the purchase of Loan Notes is suitable only for Noteholders who can bear the risks associated with a lack of liquidity in the Loan Notes. Noteholders must be prepared to hold the Loan Notes for an indefinite period of time or until repayment of the Loan Notes.
- (iii) Neither the Issuer (nor its legal advisors) nor any of its respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Loan Notes by an Applicant of the Loan Notes, whether under the laws of the jurisdiction of the Applicant incorporation, residence or domicile or the jurisdiction in which it operates (if different),

or for compliance by the Applicant with any law, regulation or regulatory policy applicable to it.

## **FORWARD LOOKING STATEMENTS**

This Private Placing Memorandum contains forward-looking statements, including, without limitation, statements containing the words “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will” and “should” or, in each case, their negative or other variations or similar expressions. Such forward looking statements involve unknown risk, uncertainties and other factors, which may cause the actual results of operations, performance or achievement of the Issuer, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Important factors that could cause these differences include, but are not limited to:

- changes in economic conditions generally and their input on the Issuer’s ability to achieve its financial targets;
- changes in assumptions made by the Directors in arriving at the Issuer’s ability to pay the Coupon and ultimately repay the Loan Notes; and
- changes in laws or regulations, including tax laws, or new interpretations or applications of laws and regulations, that are applicable to the Issuer.

## **NON-PERFORMANCE OF CUSTOMER LOANS**

The Issuer is reliant upon income being achieved by the CGFL Entities by their entry into Customer Loans to service interest payable to the Issuer under the Loan Facility. Without the CGFL Entities servicing interest obligations under the Loan Facility, the Issuer may not be able to discharge its obligations to pay the Coupon payable in respect of the Loan Notes. Furthermore, the ability of the Issuer to repay capital is reliant upon sufficient Customer Loans being repaid to the CGFL Entities in accordance with their terms in order that it may make requisite repayments under the Loan Facility. Past performance of such type of Customer Loans should not be considered as a guide to future performance.

## **TRADING HISTORY**

The Issuer has 6 years operating history and has financial statements and other meaningful operating financial data, with which Applicants may evaluate the Issuer. The Issuer is subject to all the business risks and uncertainties associated with any business enterprise, including

the risk that the Issuer will not achieve its commercial objectives and therefore be unable to pay the Coupon and/or effect repayment of capital on the Maturity Date.

## **CHANGES IN LAW OR REGULATION**

Any change in the law and regulation affecting the Issuer or any changes in applicable law and regulation generally may have an adverse effect on the ability of the Issuer to carry on its businesses.

For regulatory, tax and other purposes, the Issuer and the Loan Notes may not be treated in a similar way in different jurisdictions. In certain jurisdictions, the treatment of the Issuer and/or the Loan Notes may be uncertain or subject to change or it may differ depending on the availability of certain information or disclosure by the Issuer of that information. The Issuer may be subject, therefore, to financially and logistically onerous requirements to disclose any or all of such information or to prepare or disclose such information in a form or manner which satisfies the regulatory, tax or other authorities in certain jurisdictions. Failure to disclose or make available information in the prescribed manner or format, or at all, may adversely impact Noteholders in those jurisdictions.

Cherry Godfrey Finance (IOM) Ltd and Cherry Godfrey Finance Limited will enter into the Loan Facility with the Issuer pursuant to which the net proceeds of the Placing will be made available by the Issuer to those companies in order to permit each of them to make Customer Loans. In the case of Cherry Godfrey Finance (IOM) Ltd, Customer Loans can be made by virtue of that company being registered as a moneylender pursuant to the provisions of the Isle of Man Moneylenders Act 1991. If Cherry Godfrey Finance (IOM) Ltd ceases to be so registered for whatever reason, under the law in the Isle of Man as currently enacted, Cherry Godfrey Finance (IOM) Ltd will be precluded from making Customer Loans; this could impact the business of Cherry Godfrey Finance (IOM) Ltd and thereby affect the ability of the Issuer to meet its obligations in terms of the Loan Notes.

## **NO PETITION**

Save to the extent that any relevant legislation provides otherwise, no recourse under any obligation, covenant or agreement of the Issuer contained in the Loan Note Instrument may be had against any shareholder, officer or director of the Issuer or the CGFL Entities as such, by virtue of statute or otherwise. Any and all personal liability of every such shareholder, officer or director for breaches by the Issuer of any such obligations, covenants or agreements either at law or by statute or constitution has, to be fullest extent possible at law, been waived.

## **RISK OF EARLY REPAYMENT**

The Issuer retains the right to redeem any Loan Notes in full (including any outstanding Coupon) at any time after the Subscription Date. If the Issuer repays Loan Notes prior to the end of the current Issue Period, an Investor will, as a result of that early repayment, receive less interest than would have been the case had repayment been made at the end of the current Issue Period.

#### **ABSENCE OF REGULATION**

The Issuer is not regulated by the FSA or any other securities or governmental authority. Accordingly, the benefit of such regulation is not, and will not be, applicable to the Issuer or available to Noteholders. The FSA has not authorised this document or the Loan Note Instrument and does not accept any responsibility for the financial soundness of the Issuer or for the accuracy of any of the statements made or opinions expressed herein.

Holders of Loan Notes are not protected in the event of the Issuer defaulting on its obligations under the Loan Note Instrument; the Isle of Man Depositor's Compensation Scheme Regulations 2010 have no application in this connection.

#### **LAW**

The Issuer is a limited liability company incorporated under the Law. The Law does not make a distinction between private and public companies and some of the protections and safeguards that Noteholders may expect to find in relation to a public company under UK law are not provided for by Isle of Man law in relation to the issuer.

## **PART VI**

### **GENERAL INFORMATION**

#### **1. RESPONSIBILITY STATEMENT**

The Directors, whose names, functions and addresses appear on pages 19 and 20 of this document, and the Issuer, accept full responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Issuer (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the impact of such information.

#### **2. THE ISSUER**

2.1 The Issuer was incorporated on 4 August 2016 under the Law and is registered in the Isle of Man with company registration number 135847C.

2.2 The registered office of the Issuer is at Aston House, 36 Hope Street, Douglas, IM1 1AR.

2.3 The Issuer is not regulated by the FSA or any other regulator in another jurisdiction.

#### **3. DIRECTORS AND OTHERS**

3.1 The Issuer is managed by its Board. The Board is composed of at least two directors. There are no statutory provisions regarding the nationality or domicile of Board members.

3.2 As at the date of this Private Placing Memorandum, the following have been elected to the Board:

- David Cherry.
- Tanith Cherry
- Kevin Farrington

3.3 The business address for the above Directors is the same as the principal place of business of the Issuer.

3.4 The Directors may from time to time invest in their personal capacity in one or more of the Loan Notes.



3.5 The Directors (together with their immediate families) are the ultimate beneficial owners of the issued share capital of the ultimate holding company of the Issuer and are directors of the other companies in the Cherry Godfrey Group.

3.6 The Issuer has no employees.

#### **4. MEMORANDUM AND ARTICLES**

The Memorandum of the Issuer contains no restrictions on the Issuer's activities.

#### **5. AUTHORISATIONS**

The issue of the Loan Notes (which includes any Loan Notes issued pursuant to the original or revised versions of this Private Placing Memorandum) was authorised by the board of Directors of the Issuer on 12<sup>th</sup> January 2017. The circulation of this revised version of the Private Placing Memorandum was authorised by the board of Directors of the Issuer on 16<sup>th</sup> October 2023. The Issuer has obtained, or will obtain from time to time, all necessary consents, approvals and authorisations in connection with the issue and performance of the Loan Notes.

#### **6. LITIGATION**

Since its incorporation there has been no litigation or arbitration proceedings against or affecting the Issuer or any of its assets or revenues, nor is the Issuer aware of any pending or threatened proceedings of such kind, which are or might be material in the context of the issue of the Loan Notes.

#### **7. FINANCIAL INFORMATION**

7.1 Grant Thornton Limited has been the only auditor of the Issuer since its incorporation. The Issuer's annual reports and accounts will be prepared in accordance with to IFRS/UK GAAP.

7.2 The Issuer's accounting period ends on 30 June.

7.3 The Issuer commenced trading on 12 January 2017.

7.4 The Issuer intends to raise up to £50,000,000 through the Placing. The Issuer will not proceed with the Placing if the net proceeds of the Placing are less than £50,000.

7.5 The Issuer's auditor will provide the Note Trustee with copies of any report that it prepares for the Issuer.

7.6 The Issuer will ensure that on a quarterly basis (and as verified by its auditor), the minimum account balance in the Subscription Account, subject to a Security Interest

Agreement, will be above the amount of the Bad Debt Provision Aggregate Value (as defined in the Loan Note Instrument).

**8. DOCUMENTS AVAILABLE FOR INSPECTION**

For so long any Loan Notes shall be outstanding, copies of the following documents may be inspected at the registered office of the Issuer, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted):

- (i) the Memorandum and Articles;
- (ii) this Private Placing Memorandum (including the attached Application Form and Loan Note Instrument); and
- (iii) the audited annual financial statements of the Issuer.