

EMBARGOED UNTIL 07:01 8th January 2010

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RECOMMENDED OFFER FOR CHURCH HOUSE TRUST PLC, A REGIONAL PRIVATE BANK, BY VIRGIN MONEY HOLDINGS (UK) LIMITED (VIRGIN MONEY)

Summary

- The boards of Church House Trust and Virgin Money are pleased to announce that they have reached agreement on the terms of a unanimously recommended offer to be made by Virgin Money to acquire the entire issued and to be issued share capital of Church House Trust.
- Virgin Money's application to become the controlling shareholder of a bank, namely Church House Trust, has already been approved by the Financial Services Authority (**FSA**).
- The acquisition of Church House Trust will provide the platform from which Virgin Money will develop a retail banking business in the UK – offering a full range of products to consumers under the “Virgin Money” brand.
- Research conducted by Virgin Money over the past two years has shown consistently that there is a clear consumer demand for Virgin Money to enter the banking market. The research demonstrates that Virgin Money would be both a trusted deposit taker and mortgage lender.
- Virgin Money currently has over 2.5 million customers and offers payment cards (credit cards and prepaid cards), savings and investments products (stakeholder pensions, children's pensions, employers pensions, FTSE tracker ISA, bond and gilt ISA, climate change ISA, cash ISA and unit trusts), general insurance products (motor, home, travel and pet) and life assurance products to the UK market.
- Church House Trust is a regional bank offering deposits and mortgages. Highlights of Church House Trust's banking model include:
 - No reliance on wholesale markets for funding
 - No borrowing from other banks
 - Retail deposits of more than double its loan book
 - A broad range of savings products
 - A focus on detailed personal underwriting.
- Following the acquisition of Church House Trust, Virgin Money will be well capitalised with an initial Tier 1 ratio in excess of 35% and will inject £37.3 million of new capital into Church House Trust. Liquidity management will also reflect best practice and the business will focus on the controlled growth of retail deposits.
- Virgin Money operates from three locations in the UK: Edinburgh, London and Norwich. For the financial year ended 31 December 2008, (the last date to which audited accounts of Virgin Money have been prepared), Virgin Money reported turnover of £98.4m and profit before tax of £27.5m. The banking business of Church House Trust operates from Yeovil in the UK. For the financial year ended 31 December 2008, (the last date to which audited financial statements of Church House Trust have been prepared), Church House Trust reported operating income of £4.05 million and profit before tax of £0.45 million.
- Under the Offer, Church House Trust Shareholders will be entitled to receive 509.2 pence in cash and 1.0294 Contingent Loan Notes, for each Church House Trust Share.
- A Loan Note Alternative will also be made available to Church House Trust Shareholders as an alternative to the cash consideration receivable under the Offer.

- The Offer (including the Contingent Loan Notes at a valuation of 90 pence per £1 nominal value) values the entire issued and to be issued share capital of Church House Trust (assuming exercise of all outstanding options under the Church House Trust Option Schemes) at approximately £12.28 million. If the Offer becomes or is declared unconditional in all respects, in addition to the cash and Contingent Loan Notes comprising the Offer Price, Qualifying Shareholders will also, following the passing of the resolutions at the Church House Trust General Meeting on 11 December 2009, receive the Distribution as described on page 13 of this Announcement.
- The Church House Trust Directors, who have been so advised by Europa Partners Limited, unanimously consider that the terms of the Offer and the Distribution (even if no value is ascribed to the Distribution) are fair and reasonable. In providing advice to the Church House Trust Directors, Europa Partners Limited has taken into account the Church House Trust Directors' commercial assessments of the Offer and the Distribution. The Church House Trust Directors unanimously recommend Church House Trust Shareholders to accept the Offer.
- Virgin Money has received irrevocable undertakings to accept, or procure acceptance of, the Offer from the Church House Trust Directors who hold, in aggregate, 352,387 Church House Trust Shares, representing in aggregate approximately 21.2 per cent. of the existing issued share capital of Church House Trust. In addition, Virgin Money has received irrevocable undertakings in respect of an aggregate of 740,502 Church House Trust Shares from other Church House Trust Shareholders, representing approximately 44.6 per cent. of the existing issued share capital of Church House Trust. In total, therefore, Virgin Money has received irrevocable undertakings to accept, or procure the acceptance of, the Offer in respect of 1,092,889 Church House Trust Shares representing in aggregate approximately 65.8 per cent. of the existing issued share capital of Church House Trust. In addition, Virgin Money has received irrevocable undertakings in respect of options over 319,426 Church House Trust Shares under the Unapproved Share Option Schemes and revocable undertakings in respect of options over 14,740 Church House Trust Shares under the Approved Option Scheme from Church House Trust Optionholders to accept the Option Offer, so as to exercise their options and accept the Offer in relation to the Church House Trust Shares they acquire immediately before the Offer becomes or is declared unconditional in all respects. These irrevocable undertakings will lapse only in the event of the Offer lapsing or being withdrawn.

Sir Richard Branson, Founder of the Virgin group said: "The Church House Trust business offers us a strong platform for growth. Virgin Money aims to bring simplicity to the UK banking market which has traditionally been a complex sector."

Jayne Anne Gadhia, Chief Executive of Virgin Money said: "The financial crisis has tarnished the reputation of many UK banks. Virgin Money will provide a better, different form of banking to its customers, increasing competition in the sector. Our aim is to make 'everyone better off' in the way we do business by offering good value to customers, treating employees well, making a positive contribution to society and delivering a growing profit to shareholders. Our approach to banking is founded on developing a sustainable, savings-based business. We see the acquisition of Church House Trust as a strong and sensible first step in delivering Virgin Money's banking ambition".

David Batten, Chairman of Church House Trust said : "The sale of Church House Trust to Virgin Money represents a good outcome for the business, its shareholders and its customers. Church House Trust's conservative business model has proven to be attractive to Virgin Money as a sound base from which to fulfil its banking ambitions."

Quayle Munro Limited is acting as financial adviser to Virgin Money and Europa Partners Limited is acting as financial adviser to Church House Trust.

This summary and the Appendices should be read in conjunction with the accompanying full text of the following Announcement which sets out further details of the Offer and which forms an integral part of this Announcement.

Appendix Details

Appendix A sets out the conditions of the Offer.

Appendix B contains a description of the bases of calculation and sources of information used in this Announcement.

Appendix C contains details of the irrevocable undertakings and disclosures of shareholdings, interests and dealings.

Appendix D contains definitions of certain expressions used in this summary and the following Announcement.

The Offer will be subject to the conditions set out in Appendix A to this Announcement and the further terms, which will be set out in the Offer Document that is being posted to Church House Trust Shareholders today.

Copies of the Offer Document, the Form of Acceptance and other documents on display for the purposes of the Offer will be available for inspection during normal business hours on any business day at the offices of Denton Wilde Sapte LLP, One Fleet Place, London EC4M 7WS throughout the period during which the Offer remains open for acceptance.

Enquiries

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Advisers

Quayle Munro Limited which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as financial adviser exclusively for Virgin Money and for no-one else in connection with the Offer and will not be responsible to anyone other than Virgin Money for providing the protections afforded to its clients, nor for giving advice in relation to the Offer, the contents of this Announcement, the Offer Document or any matter or arrangements referred to herein or therein.

Europa Partners Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as financial adviser exclusively for Church House Trust and for non-one else in connection with the Offer and will not be responsible to anyone other than Church House Trust for providing the protections afforded to its clients, nor for giving advice in relation to the Offer, the contents of this Announcement, the Offer Document or any matter or arrangements referred to herein or therein.

Responsibility

The directors of Virgin Money accept responsibility for the information contained in this Announcement (other than that relating to Church House Trust or the Church House Trust Group, the Church House Trust Directors or members of their immediate families, related trusts or persons connected with them including the statements expressed to be opinions of the Church House Trust Directors or the recommendation of the Church House Trust Directors). To the best of the knowledge and belief of the directors of Virgin Money (who have taken all reasonable care to ensure that such is the case), the information contained in this Announcement for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of that information.

The Church House Trust Directors accept responsibility for the information contained in this Announcement relating to Church House Trust and the Church House Trust Group, the Church House Trust Directors and members of their immediate families, related trusts and other persons connected with them including the statements expressed to be opinions of the Church House Trust Directors or the recommendation of the Church House Trust Directors. To the best of the knowledge and belief of the Church House Trust Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Announcement for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Announcement

This Announcement is not intended to and does not constitute or form any part of, an offer to sell or an invitation to purchase or the solicitation of an offer to subscribe for any securities. The Offer will be made solely by the Offer Document and the Form of Acceptance, which will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted. Any acceptance or other response in relation to the Offer should be made only on the basis of the information contained in the Offer Document and the Form of Acceptance.

This Announcement has been prepared for the purpose of complying with English law and the Takeover Code and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside the UK.

Overseas Jurisdictions

The making of the Offer (including the Loan Note Alternative) in, or to persons resident in, or nationals or citizens of, jurisdictions outside the United Kingdom (overseas shareholders) and the availability of Loan Notes in such jurisdiction or to such persons who are custodians, nominees, guardians or trustees for such persons may be prohibited or affected by the laws of the relevant jurisdiction. Such overseas shareholders should inform themselves about and observe any applicable legal requirements of such jurisdictions. It is the responsibility of any overseas shareholder wishing to accept the Offer or elect for Loan Notes to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, including obtaining any governmental, exchange control or other consents which may be required or the compliance with other

necessary formalities needing to be observed and the payment of any issue, transfer or other taxes or duties or other requisite payments due in that jurisdiction. Any such overseas shareholder shall be responsible for any such issue, transfer or other taxes or duties or other payments by whomsoever payable and Virgin Money and Quayle Munro (and any person acting on behalf of any of them) shall be fully indemnified and held harmless by such overseas shareholders for any such issue, transfer or other taxes or duties or other payments which Virgin Money or Quayle Munro (and any person acting on behalf of them) may be required to pay. If you are an overseas shareholder and you are in doubt about your position you should consult your professional adviser in the relevant jurisdiction.

The Offer (including the Loan Note Alternative) is not being made, directly or indirectly, in or into or by use of the mails of, or by any means or instrumentality (including, but not limited to, facsimile, email or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, the United States, Australia, Canada or Japan or any area subject to its jurisdiction or any political division thereof, nor is it being made in any other Restricted Jurisdiction and the Offer cannot be accepted by any such use, means or instrumentality or otherwise from within the United States, Australia, Canada or Japan or any other Restricted Jurisdiction. Copies of the Offer Document, the Form of Acceptance and any related documents are not being (unless determined otherwise by Virgin Money in its sole discretion), and must not be, mailed or otherwise distributed or sent in, into or from the United States, Australia, Canada or Japan or any other Restricted Jurisdiction including to Church House Trust Shareholders or participants in the Church House Trust Share Schemes with registered addresses in the United States, Australia, Canada or Japan or any other Restricted Jurisdiction or to persons whom Virgin Money or Quayle Munro knows to be custodians, trustees or nominees holding Church House Trust Shares for persons with registered addresses in the United States, Australia, Canada or Japan or any other Restricted Jurisdiction. Persons receiving those documents (including, without limitation, custodians, nominees and trustees) should not distribute, mail or send them in, into or from the United States, Australia, Canada or Japan or any other Restricted Jurisdiction or use such mails or any such means, instrumentality or facility for any purpose directly or indirectly in connection with the Offer, and so doing may render any purported acceptance of the Offer invalid.

Persons wishing to accept the Offer (including the Loan Note Alternative) must not use the mails of the United States, Australia, Canada or Japan or any other Restricted Jurisdiction or any such means, instrumentality or facility for any purpose directly or indirectly relating to acceptance of the Offer. All Church House Trust Shareholders (including nominees, trustees of custodians) who may have a contractual or legal obligation, or may otherwise intend, to forward the Offer Document and/or Form of Acceptance, should read the further details in this regard which will be contained in the Offer Document before taking any action. Envelopes containing Forms of Acceptance, evidence of title or other documents relating to the Offer should not be postmarked in the United States, Australia, Canada or Japan or any other Restricted Jurisdiction or otherwise despatched from such jurisdictions and all acceptors must provide addresses outside the United States, Australia, Canada or Japan or any other Restricted Jurisdiction for the receipt of the consideration to which they are entitled under the Offer or for the return of the Form of Acceptance or documents of title.

Dealing disclosure requirements

Under the provisions of Rule 8.3 of the Takeover Code, if any person is, or becomes, "interested" (directly or indirectly) in 1 per cent. or more of any class of "relevant securities" of Church House Trust, all "dealings" in any "relevant securities" of that company (including by means of an option in respect of, or a derivative referenced to, any such "relevant securities") must be publicly disclosed by no later than 3.30 p.m. (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which the Offer becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the "offer period" otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an "interest" in "relevant securities" of Church House Trust, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the Takeover Code, all "dealings" in "relevant securities" of Church House Trust by Virgin Money or Church House Trust, or by any of their respective "associates", must

be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose "relevant securities" "dealings" should be disclosed, and the number of such securities in issue, can be found on the Panel's website at <http://www.thetakeoverpanel.org.uk/>.

"Interests in securities" arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an "interest" by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the Takeover Code, which can also be found on the Panel's website. If you are in any doubt as to whether or not you are required to disclose a "dealing" under Rule 8, you should consult the Panel on telephone number +44(0)20 7638 0129; fax number +44(0)20 7236 7013.

Forward-looking statements

This Announcement contains "forward-looking statements" concerning Virgin Money and Church House Trust. All statements other than statements of historical facts included in this Announcement may be forward-looking statements.

Often but not always, forward-looking information statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes", or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "should", "would", "might", "will" or "continue to" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Virgin Money, Church House Trust and/or their subsidiaries to be materially different from any further results, performance or achievements expressed or implied by the forward-looking statements. Factors that would cause actual results to differ materially from those described in this Announcement include: costs and terms related to the acquisition, the economic environment of the industries in which Virgin Money and Church House Trust operate; failure to retain management; regulatory change in the industry and/or the general economic environment.

The list is not exhaustive of the factors that may affect the forward-looking information. These and other factors should be considered carefully and readers should not place undue reliance on such forward-looking information. Although Virgin Money has attempted to identify important factors that could cause actual actions, event or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended.

Forward-looking statements contained herein in respect of Virgin Money are made as of the date of this Announcement based on the opinions and estimates of management. Subject to requirements to update under any applicable regulation or law, Virgin Money disclaims any obligation to update any forward-looking statements, whether as a result of new information, estimates or opinions, future events or results or otherwise.

Forward-looking statements contained herein in respect of Church House Trust are made as of the date of this Announcement based on the opinions and estimates of management. Subject to requirements to update under any applicable regulation or law, Church House Trust disclaims any obligation to update any forward-looking statements, whether as a result of new information, estimates or opinions, future events or results or otherwise.

There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

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Recommended Offer for Church House Trust by Virgin Money

1. Introduction

The Church House Trust Board and the Virgin Money Board are pleased to announce that they have reached agreement on the terms of a unanimously recommended offer under which Virgin Money will acquire the entire issued and to be issued share capital of Church House Trust.

Virgin Money

Virgin Money was founded as Virgin Direct in 1995 as a joint venture between a member of the Virgin group of companies and Norwich Union to offer equity savings products directly to the UK retail consumer market, one of the first such offerings in the UK.

In 1997, Virgin Direct Personal Financial Service Limited launched The Virgin One Account, a joint venture with RBS that offered the UK's first current account mortgage direct to the retail market. In 2001, RBS bought out Virgin Direct Personal Financial Service Limited's stake in the joint venture and the management team transferred to RBS.

Virgin Direct subsequently changed its name to Virgin Money and increased its product offering, adding a credit card offered in partnership with Bank of America, additional savings and insurance products. In April 2004, Virgin Group Investments Limited acquired full ownership of Virgin Money.

In 2007, key members of the founding management team returned to Virgin Money and managed its well publicised bid for Northern Rock plc.

Virgin Money's current business is divided into four divisions:

1. marketing and distribution of credit cards and prepaid cards; referral facilities for loans and mortgages;
2. provision of Individual Savings Accounts, Personal Equity Plans, unit trusts and pensions;
3. marketing and distribution of general insurance, life insurance and deposit accounts pursuant to agreements with leading financial services companies; and
4. Virgin Money Giving, a not-for-profit business.

A member of the Virgin group has signed a five-year deal to be the official sponsor of the London Marathon, the biggest annual fundraising event in the world. The inaugural Virgin London Marathon is on 25 April 2010. Virgin Money is leading the London Marathon sponsorship with the ambition to help runners raise £250 million over 5 years and will use its infrastructure, online capability and financial expertise to help to try to realise that ambition through Virgin Money Giving.

Virgin Money Giving is the not-for-profit online fundraising arm of Virgin Money and was established in 2009. Virgin Money uses its infrastructure and expertise as a financial services business to ensure that Virgin Money Giving is efficient, and secure. The Virgin Money Directors believe that Virgin Money Giving offers a high quality service to fundraisers, charities and donors. virginmoneygiving.com, which is backed by hundreds of charities, officially opened to all fundraisers for all charity events on 14 October 2009. virginmoneygiving.com is free for fundraisers, charges a flat £100 + VAT registration fee for charities and a 2 per cent. fee on all donations before Gift Aid which means, for every £10 raised where Gift Aid is available, charities receive up to £12.46. Virgin Money Giving charges charities the minimum fees needed to cover the running costs of the site. Any money left over after covering operating costs will go towards reducing fees further or improving services for fundraisers and charities. Fundraisers can personalise their pages, send out email alerts and manage the different

events they might be taking part in. They can include their own content, photos and links to their page as well as customise messages for their supporters. Fundraisers can also link their page to social networking sites. virginmoneygiving.com is the official sponsorship website of the Virgin London Marathon, Royal Parks Half Marathon and Sony 'Run to the Beat'.

Virgin Money operates from three locations in the UK: Edinburgh, London and Norwich.

Virgin Money has reviewed management information for the period since 31 December 2008, as well as internally prepared forecasts under a range of different macro-economic assumptions. Under the scenarios considered, Virgin Money is expected to continue to trade satisfactorily.

Virgin Money believes that trading prospects for its business are satisfactory due to:

- (a) strong customer recognition of, and trust in, the Virgin brand;
- (b) the position of the Virgin Money credit card as a market-leader in its chosen market segment;
- (c) the high financial quality of the Virgin Money credit card customer base
- (d) despite market conditions, Virgin Money's funds under management have stayed over £2 billion; and
- (e) the burgeoning success of Virgin Money's insurance business and the rapid acceptance of Virgin Money Giving in the charity sector.

Virgin Money is part of the Virgin group of companies whose ultimate holding company is VGHL. Virgin Money is the holding company for the Virgin Money businesses. Virgin is an internationally recognised brand. Operational businesses trade under the Virgin brand in a broad range of sectors including transport, communications, financial services and health and wellness. VGHL has interests in over 200 companies which are owned by VGHL in various proportions and have operations in over a dozen countries. Together, Virgin Atlantic, Virgin America, Virgin Blue, Virgin Rail Group, Virgin Galactic, Virgin Hotels Group, Virgin Mobile in France and India, Virgin Money in the UK, USA, South Africa and Australia, and the Virgin Active Group with operations in the UK, South Africa, Italy and Spain had total revenues in their last reported financial year of over £5 billion. VGHL is also a significant shareholder in Virgin Media Inc. with a stake of approximately 6.5 per cent.

The shareholders of VGHL are Sir Richard Branson and the trustees of a series of trusts whose principal beneficiaries are Sir Richard Branson and/or certain members of his family. No shareholder has a controlling interest. VGHL is not required to publish financial information as it is incorporated in the British Virgin Islands.

Church House Trust

Edmund Batten, a West Country solicitor, originally founded Batten & Co, Private Bankers, in 1792 alongside his legal practice. The bank flourished through a succession of mergers and acquisitions in the nineteenth and early twentieth centuries eventually merging with the Stuckey's Bank which in turn merged with Westminster Bank.

Following a period of expansion for Battens Solicitors, partners of which included and include today Edmund Batten's descendants, from 1924 to the 1980's, the then partners of Battens formed Church House Trust in 1987 to service the needs of its private clients. Since then, Church House Trust has taken retail deposits and provided general banking services, in addition to providing wealth management, pension and other financial services consulting functions.

Historically, the business of Church House Trust has been divided into:

- (a) investment management, including the provision of discretionary portfolio management and investment advice services through CHI;

(b) banking, including the taking of deposits, and general commercial and private lending through Church House Trust;

(c) pensions, including advice in respect of Self Invested Pension Plans, Small Self Administered Schemes and pension administration services through CHI; and

(d) tax and trust services through CHC.

As will be described in the Offer Document, during the course of negotiations leading to the making of the Offer, Virgin Money has stated that it requires the removal of CHI and CHC as subsidiaries of Church House Trust on or prior to Virgin Money taking control of Church House Trust. Following the Offer becoming or being declared unconditional in all respects, Church House Trust will therefore only undertake the banking business described in paragraph (b) above and not the other businesses.

At the date of this Announcement, Church House Trust operates from two locations in the UK, Yeovil and Leeds. On completion of the CHI Disposal, the CHI Distribution and the CHC Distribution, Church House Trust will operate from Yeovil only.

The Church House Trust Directors have reviewed management information relating to the financial performance of Church House Trust during 2008 and 2009. Trading during this period has been difficult due to a decline in management fees in the asset management business caused by the falls in the UK stock market and a mostly fixed cost base. In the banking business both the deposit-taking and the mortgage loan business have developed satisfactorily.

In assessing the prospects of Church House Trust, the Church House Trust Board has examined the budget for 2010 prepared by Church House Trust's management and has considered the likely outcome for the year based on different macro-economic conditions. Under the scenarios considered, Church House Trust is expected to continue to trade satisfactorily. However, given its current capital base and regulatory requirements, Church House Trust is unlikely to be able to benefit from growth opportunities. The Church House Trust Directors believe that while Church House Trust has adopted plans which it believes would enable it to continue to do business satisfactorily in the current very difficult trading environment, there remain significant external risks presented by the deterioration in the broader economic outlook and the continuing turbulence in financial markets. The Church House Trust Directors have noted the increasing scrutiny under which all UK deposit taking institutions are being placed by the financial supervisory authorities giving rise to concern that the regulatory capital requirements for its current activities may in future not be matched by Church House Trust's ready access to capital.

If the Offer does not complete, the transactions approved by the resolutions at the Church House Trust General Meeting will also not complete and Church House Trust will need to address its current structure as well as its ability to continue to prosper as an independent entity.

2. The Offer

Under the Offer, which is being made by Virgin Money, Church House Trust Shareholders will receive:

for each Church House Trust Share 509.2 pence in cash and 1.0294 Contingent Loan Notes

The Offer (including the Contingent Loan Notes at their valuation of 90 pence per £1 nominal value) values the entire issued and to be issued share capital of Church House Trust (assuming exercise of all outstanding options under the Church House Trust Option Schemes) at approximately £12.28 million. If the Offer becomes or is declared unconditional in all respects, in addition to the cash and Contingent Loan Notes comprising the Offer Price, Qualifying Shareholders will also, following the passing of the resolutions at the Church House Trust General Meeting on 11 December 2009, receive the Distribution.

Since Church House Trust Shares are not listed on any stock exchange and are infrequently traded, there is no readily accessible market benchmark against which to measure the Offer Price. However, the Offer Price (including the Contingent Loan Notes at a valuation of 90 pence per £1 nominal value) worth approximately 601.8 pence represents a premium of 11.5 per cent. to the price of 540 pence per

Church House Trust Share paid by The Cayzer Trust Company Limited in September 2007 for 215,000 new Church House Trust Shares (the last substantial trade registered in Church House Trust Shares).

Full details of the formal Offer together with details of the procedure for acceptance, will be contained in the Offer Document. The Offer is subject to the conditions and further terms which will be set out in the Offer Document and the Form of Acceptance which will accompany it. The Offer is conditional on, amongst other things, valid acceptances being received in respect of not less than 90 per cent. (or such lower percentage, subject to the Takeover Code, as Virgin Money may decide) in nominal value and of the voting rights of the Church House Trust Shares to which the Offer relates. The FSA has already notified its approval in writing to Virgin Money on 23 December 2009, in respect of the proposed change of control of Church House Trust, such approval being effective for 3 months beginning on 23 December 2009, but may be extended on request.

The Church House Trust Shares will be acquired by Virgin Money pursuant to the Offer fully paid and free from all liens, charges, equities, encumbrances, rights of pre-emption and any other interests of any nature whatsoever and together with all rights now or hereafter attaching thereto, including without limitation voting rights (except for rights to the Distribution to which only Qualifying Shareholders will be entitled).

The Offer will extend to any Church House Trust Shares unconditionally allotted or issued whilst the Offer remains open for acceptance (or such earlier date, subject to the Takeover Code, as Virgin Money may decide), including shares issued pursuant to the exercise of options granted under the Church House Trust Option Schemes.

3. The Loan Note Alternative

As an alternative to all or part of the cash element of the Offer Price (but not instead of the Contingent Loan Notes), Church House Trust Shareholders who validly accept the Offer (other than certain overseas Church House Trust Shareholders) may elect to receive Loan Notes instead of cash consideration. The Loan Notes will be issued by Virgin Money on the following basis:

for each £1 of cash consideration

£1 nominal of Loan Notes

The Loan Notes will be issued credited as fully paid in amounts and integral multiples of £1 nominal value. No application will be made for the Loan Notes to be listed or dealt in on any stock exchange.

The Loan Notes will bear interest at a rate equal to 0.1 per cent. below LIBOR on the first day of each interest period, payable in six monthly instalments in arrears. The first interest date will be 28 February 2010 if the Offer becomes or is declared unconditional in all respects prior to that date, failing which it will be 31 August 2010 (the **First Interest Date**). Thereafter interest will accrue on 28 February and 31 August in each year (the **Interest Date**). Interest accrued on the First Interest Date and each Interest Date shall be paid to the holders of Loan Notes within 10 Business Days of such First Interest Date or Interest Date. If any payment is due on a non-Business Day, the due date for payment shall instead be the next Business Day unless that is in the next calendar month, in which case it shall be the preceding Business Day.

The Loan Notes will be redeemable at the option of the holder within 10 Business Days of any Interest Date upon 28 days written notice prior to the relevant Interest Date to Virgin Money. Unless previously redeemed or repurchased, all outstanding Loan Notes will be redeemed within 10 Business Days of the date falling 5 years after the date which falls fourteen days after the Offer becomes or is declared unconditional in all respects.

Fractions of Loan Notes will not be issued and the balance of any entitlement that is not a whole multiple of £1 will be disregarded and not issued.

The Loan Notes will be secured by Virgin Money depositing a sum equal to elections by the Church House Trust Shareholders to receive Loan Notes instead of the cash element of the Offer Price into a designated deposit account with the Escrow Bank, such funds to be dealt with in accordance with the

terms of redemption contained in the Loan Note Instrument and in accordance with the terms of the Loan Note Escrow Agreement, summaries of which will be set out in the Offer Document.

The Loan Notes are not transferable.

The Loan Note Alternative is conditional on the Offer becoming or being declared unconditional in all respects. The Loan Note Alternative will remain open until 1.00 p.m. on 29 January 2010, but may be closed at any time thereafter.

The Loan Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or under any relevant securities law of Canada, Australia or Japan. Accordingly, the Loan Notes cannot be offered, sold or delivered directly or indirectly, in the United States, Canada, Australia or Japan or any Restricted Jurisdiction.

Quayle Munro has advised Virgin Money that, based on the information it has received (including market conditions) on 7 January 2010 (being the latest practicable date prior to the publication of this Announcement), in its opinion, if the Loan Notes had been in issue on that date, the value of the Loan Notes would have been not less than 99 pence per £1 nominal value.

Full details of the Loan Notes will be set out in the Offer Document.

4. The Contingent Loan Notes

Part of the Offer Price shall consist of Contingent Loan Notes which will be issued at the same time as the cash element of the Offer Price is settled. The Contingent Loan Notes will be redeemed, if and to the extent required by the holder, in accordance with their terms, on the First Contingent Consideration Date, and Contingent Loan Notes which are not redeemed on that date will be redeemed on the Final Contingent Consideration Date.

Fractions of Contingent Loan Notes will not be issued and the balance of any entitlement that is not a whole multiple of £1 will be disregarded and not issued.

Up to £2.1 million in aggregate will be payable upon redemption of the Contingent Loan Notes. However, payment of the full principal amount of the Contingent Loan Notes upon their redemption is subject to the following contingency. An exercise has been undertaken to calculate an overall bad debt provision on the loan book of Church House Trust as at 30 November 2009. The same exercise, applying the same provisioning policy, will subsequently be undertaken to calculate an overall bad debt provision for that same loan book as at 31 December 2011. This overall bad debt provision (will be referred to as Aggregate Expected Loss in the Offer Document where it will be described in more detail) will, to the extent possible, reflect (a) actual losses realised on the loan book in the intervening period and (b) any repayments of those loans between 30 November 2009 and 31 December 2011. If the overall bad debt provision has increased as at 31 December 2011, as compared to 30 November 2009, the amount of that increase will be deducted from £2.1 million to establish the aggregate amount to be paid out upon redemption of the Contingent Loan Notes. In the event that the amount proposed to be deducted exceeds £50,000 Virgin Money shall make all reasonable efforts to consult with David Batten and Graham Hughes who will be entitled to make representations to it.

The Contingent Loan Notes will be cash collateralised by Virgin Money depositing the amount of £2.1 million into an escrow account held at the Escrow Bank which will earn interest at 2.28 per cent. These funds will be dealt with in accordance with the terms of the Contingent Loan Note Instrument and in accordance with the terms of the Contingent Loan Note Escrow Agreement, summaries of which will be set out in the Offer Document. The Contingent Loan Notes are not transferable other than with the consent of the Board of Virgin Money, or a duly authorised committee of the Board of Virgin Money.

The Contingent Loan Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or under any relevant securities law of Canada, Australia or Japan. Accordingly, the Contingent Loan Notes cannot be offered, sold or delivered directly or indirectly, in the United States, Canada, Australia or Japan or any Restricted Jurisdiction.

Full details of the Contingent Loan Notes will be set out in the Offer Document.

Quayle Munro has advised Virgin Money that, based on the information it has received (including market conditions) on 7 January 2010 (being the latest practicable date prior to the publication of this Announcement), in its opinion, if the Contingent Loan Notes had been in issue on that date, the value of the Contingent Loan Notes would have been not less than 90 pence per £1 nominal value. Detailed information in respect of the valuation of the Contingent Loan Notes will be contained in the Offer Document.

5. Background to and reasons for recommending the Offer

The Church House Trust Directors consider that while Church House Trust has established itself as a successful independent private banking business, it is not immune to the extreme turbulence in financial markets. Since August 2007 these unsettling market conditions have impacted the growth prospects of Church House Trust as an independent entity and emphasised Church House Trust's exposure to economic and financial volatility. CHI traded at a loss during 2008 and 2009 principally due to the fall in management fees caused by a decline in UK share prices. Whilst there was a substantial increase in share values during 2009, there is no certainty that current levels will be sustained. Church House Trust's growth is also constrained by the increasing regulatory demands of the financial supervisory authorities concerning capital requirements. Accordingly, the Church House Trust Directors believe that the Offer, which has been facilitated by the transactions approved at the Church House Trust General Meeting on 11 December 2009, represents a better solution for Church House Trust Shareholders than continuing as an independent group.

Furthermore, the Church House Trust Directors consider that the Offer represents an opportunity for Church House Trust Shareholders to realise their entire investment at an attractive price payable in cash, Contingent Loan Notes and the Distribution (even if no value is ascribed to the Distribution), an opportunity which in the absence of an offer is not available to them. The Church House Directors believe that the sale of Church House Trust to Virgin Money represents a good outcome for the business, its shareholders and its customers.

During the course of negotiations which have led to the making of the Offer, Virgin Money specified to the Church House Trust Board that it would only make the Offer if arrangements had been put in place so that two of Church House Trust's subsidiaries, CHI and CHC, are no longer subsidiaries at the time Virgin Money takes control of the Company and there are no material liabilities left outstanding between Church House Trust and CHI.

As stated in the Church House Trust Circular, the CHI Distribution is the distribution by Church House Trust of the 25 per cent. of the CHI Shares not sold to the CHI Buyers under the CHI Disposal. Resolution 5 proposed and passed at the Church House Trust General Meeting on 11 December 2009 authorised the distribution in specie to Church House Trust Shareholders on the register of members of Church House Trust on 11 December 2009 of the CHI Shares the subject of the CHI Distribution, such distribution to take place simultaneously with completion of the CHI Disposal. The combined effect of the CHI Disposal and the CHI Distribution is to remove CHI in its entirety from the Church House Trust Group on the Offer becoming or being declared unconditional in all respects.

While the Church House Trust Board had prior to the convening of the Church House Trust General Meeting on 11 December 2009 sought purchasers for CHC, as no suitable offer had been forthcoming the Church House Trust Board determined that a distribution in specie of the CHC Shares to Qualifying Shareholders was the appropriate mechanism for removal of CHC from the Church House Trust Group on the Offer becoming or being declared unconditional in all respects. Resolution 6 proposed and passed at the Church House Trust General Meeting on 11 December 2009 authorised the CHC Distribution, such distribution to take place simultaneously with completion of the CHI Disposal.

At the Church House Trust General Meeting on 11 December 2009 such resolutions of Church House Trust to approve the CHI Disposal, the CHI Loan Assignment, the CHI Distribution and the CHC Distribution as are required by rule 16 of the Takeover Code and the 2006 Act were passed. The rationale for each of the above actions was set out in the Church House Trust Circular, together with the recommendations of the Independent Directors and the Church House Trust Board, as appropriate, in respect of the resolutions proposed at the Church House Trust General Meeting on 11 December 2009.

Further, on the distribution of the 25 per cent. of the CHI Shares held by Church House Trust to Qualifying Shareholders, CHI will issue to each Qualifying Shareholder one warrant for each CHI Share held by such Qualifying Shareholder pursuant to which each Qualifying Shareholder shall be entitled to subscribe for one further CHI Share at a price of 89.25 pence per CHI Share in the event that, within two years of completion of the CHI Disposal, there is a sale of the entire issued share capital of CHI or CHI disposes of a material part of its assets or undertaking. In the event that a Qualifying Shareholder transfers his or her CHI Shares, the right to exercise any such warrant will lapse.

The CHI Disposal and the CHI Loan Assignment are each conditional on the Offer becoming or being declared unconditional in all respects. All other conditions of the CHI Disposal have been satisfied. Details of the agreements governing the CHI Disposal and the CHI Loan Assignment will be set out in the Offer Document. The CHI Distribution and the CHC Distribution are each conditional on the CHI Disposal, and will take effect immediately upon the CHI Disposal completing in accordance with its terms. Therefore, in the event that the Offer becomes or is declared unconditional in all respects, CHI and CHC will cease to be subsidiaries of Church House Trust and the CHI Loan will be assigned to the CHI Loan Buyers.

Each of the CHI Buyers and the CHI Loan Buyers have entered into arrangements acceptable to Virgin Money and Church House Trust to secure the payment to Church House Trust of sums due to it in respect of the CHI Disposal and the CHI Loan Assignment.

Following the passing of the resolutions at the Church House Trust General Meeting on 11 December 2009, the Offer is being made on the basis that the CHI Disposal, the CHI Loan Assignment, the CHI Distribution and the CHC Distribution will take place immediately upon the Offer becoming or being declared unconditional in all respects so that when the Offer completes, Church House Trust will be comprised solely of its deposit-taking and mortgage lending activities.

In considering whether to recommend the Offer, the Church House Trust Directors have taken into account a number of factors including the following:

(a) the Offer provides Church House Trust Shareholders with an opportunity to realise their entire investment for cash, Contingent Loan Notes and the Distribution (even if no value is ascribed to the Distribution) at a significant premium to recent transactions in Church House Trust Shares completed in a more favourable economic environment. Since Church House Trust Shares are not listed on any stock exchange and are infrequently traded, there is no readily accessible market benchmark against which to measure the Offer Price. However, the Offer Price (including the Contingent Loan Notes at a valuation of 90 pence per £1 nominal value) worth approximately 601.8 pence, represents a premium of 11.5 per cent. to the price of 540 pence per Church House Trust Share paid by The Cayzer Trust Company Limited in September 2007 for 215,000 new Church House Trust Shares (the last substantial trade registered in Church House Trust Shares);

(b) the value of the Offer (including Contingent Loan Notes at a valuation of 90 pence per £1 nominal value) is worth approximately 601.8 pence per Church House Trust Share, representing a premium of approximately 68.1 per cent to Church House Trust's net asset value per Church House Trust Share as at 31 December 2008 (the date at which Church House Trust's last consolidated audited accounts were prepared) which was 358 pence based on Church House Trust Shares then in issue;

(c) in addition to the cash and Contingent Loan Notes comprising the Offer, if and when the Offer becomes or is declared unconditional in all respects, Qualifying Shareholders will also receive the Distribution;

(d) the Offer is supported by Church House Trust Shareholders representing 65.8 per cent of the issued share capital of Church House Trust at the date of the Offer, and who have given irrevocable undertakings to Virgin Money to accept the Offer as will be described in the Offer Document; and

(e) since 2006, the Church House Trust Board has considered several approaches and strategic alternatives for Church House Trust, including a sale of the business. However, none of the discussions with third parties resulted in a formal offer being made for Church House Trust.

6. Background to and reasons for the Offer

Virgin Money is a successful and rapidly growing financial services business in the UK. Virgin Money reported a 41 per cent. increase in operating profit in 2008. Virgin Money currently has over 2.5 million customers and offers payment cards (credit cards and prepaid cards), savings and investment products (stakeholder pensions, children's pensions, employers pensions, FTSE tracker ISA, bond and gilt ISA, climate change ISA, cash ISA, and unit trusts), general insurance products (motor, home, travel, and pet) and life assurance products to the UK market. Virgin Money has over £2 billion of funds under management and over 2.3 million Virgin Money cards in issue. The business was founded in 1995 and has since developed a reputation for innovation and excellent customer service.

The financial crisis has tarnished the reputation of many UK banks, while market concentration in the sector has increased substantially. This has created the opportunity for a new entrant to provide a better, different form of banking to its customers, thereby increasing competition in the sector. Virgin Money identified this opportunity two years ago and therefore, together with certain partners, it prepared a recapitalisation proposal for Northern Rock plc, the UK mortgage bank which was ultimately nationalised in February 2008. Research conducted by Virgin Money over the past two years has shown consistently that there is a clear consumer demand for Virgin Money to enter the banking market. The research demonstrates that Virgin Money would be both a trusted deposit taker and mortgage lender. The acquisition of Church House Trust will provide the platform from which Virgin Money will develop a retail banking business in the UK, offering a full range of products to consumers under the "Virgin Money" brand.

Following extensive research and an evaluation of a number of opportunities to enter the retail banking market, Virgin Money identified Church House Trust, a regional private bank, as an attractive vehicle for launching a retail banking business in the UK and Virgin Money believes that Church House Trust offers it a strong platform for growth. The reasons for this are:

- Church House Trust's scale will facilitate a seamless integration into the existing operations of Virgin Money;
- Church House Trust has all the necessary banking permissions and a good relationship with the FSA;
- Church House Trust has no reliance on wholesale markets for funding, no borrowing from other banks, retail deposits of more than double its loan book, a broad range of savings products and it focuses on detailed personal underwriting;
- Church House Trust offers an IT infrastructure that can be strengthened and built upon;
- Virgin Money has undertaken significant due diligence, and it believes relevant issues can be addressed satisfactorily by its business and integration plans;
- Virgin Money can use Church House Trust as a platform to allow savings and mortgage products to be offered to consumers under the Virgin Money brand;
- having established an initial banking platform, the Virgin Money Directors believe that the acquisition of Church House Trust will enable Virgin Money to contemplate future acquisitions as appropriate. The Government has said it hopes the disposal of bank assets will see new players enter the market and Virgin Money may consider opportunities should they present themselves.

Following the acquisition of Church House Trust, Virgin Money will be well capitalised with an initial Tier 1 ratio in excess of 35% and will inject £37.3 million of new capital into Church House Trust. Liquidity management will also reflect best practice and the business will focus on the controlled growth of retail deposits.

Virgin Money aims to bring simplicity to the UK banking market which has traditionally been a complex sector. Virgin Money will provide a better, different form of banking to its customers, increasing competition in the sector. Virgin Money's aim is to make 'everyone better off' in the way it does business by offering good value to customers, treating employees well, making a positive contribution

to society and delivering a growing profit to shareholders. Virgin Money's approach to banking is founded on developing a sustainable, savings-based business. Virgin Money sees the acquisition of Church House Trust as a strong and sensible first step in delivering Virgin Money's banking ambition.

Virgin Money's application in respect of the proposed change of control of Church House Trust was approved by the FSA on 23 December 2009, such approval being effective for 3 months, beginning on 23 December 2009, but may be extended on request.

7. Financial information relating to Virgin Money

For the financial year ended 31 December 2008, (the last date to which audited accounts have been prepared), Virgin Money reported turnover of £98.4m and profit before tax of £27.5m.

Virgin Money has reviewed management information for the period since 31 December 2008, as well as internally prepared forecasts under a range of different macro-economic assumptions. Under the scenarios considered, Virgin Money is expected to continue to trade satisfactorily.

8. Financial information relating to Church House Trust

For the financial year ended 31 December 2008, (the last date to which audited financial statements of Church House Trust have been prepared), Church House Trust reported operating income of £4.05 million and profit before tax of £0.45 million. Church House Trust has not published any audited or unaudited consolidated results since the statutory financial statements for the period ended 31 December 2008.

9. Directors, management, employees and location

The Virgin Money Board has given assurances to the Church House Trust Board that, following the Offer becoming or being declared unconditional in all respects, the existing employment rights, including pension rights, of all employees and management of Church House Trust will be safeguarded. Virgin Money has indicated that there are no immediate plans to change the location of Church House Trust's place of business or redeploy its fixed assets.

Upon the Offer becoming or being declared unconditional in all respects the resignations of all of the Church House Trust Directors as directors of Church House Trust will become effective and the appointments of Jayne-Anne Gadhia and Marian Watson as Directors of Church House Trust will become effective. However, David Batten will remain as an employee of Church House Trust and Graham Hughes will cease to be an employee of CHI but be employed by Church House Trust in each case, save as will be disclosed in the Offer Document, on the same terms as those they are currently on following the Offer becoming or being declared unconditional in all respects. David Batten and Graham Hughes' current service contracts, certain proposed changes to their conditions of employment and certain other proposed changes to Church House Trust employees' conditions of employment will be described in the Offer Document. Europa Partners considers the variation to the terms of the service contracts with David Batten and Graham Hughes to be fair and reasonable.

Upon completion of the CHI Disposal, David Batten and Graham Hughes will resign as directors of CHI, with Michael Baines, Dominic Gibbs, James Mahon and Andrew Martin Smith remaining as directors of CHI.

10. Irrevocable undertakings

Virgin Money has received irrevocable undertakings to accept, or procure acceptance of, the Offer from the Church House Trust Directors who hold, in aggregate, 352,387 Church House Trust Shares, representing in aggregate approximately 21.2 per cent. of the existing issued share capital of Church House Trust. The Church House Trust Directors have also irrevocably undertaken to accept the Option Offer in relation to all Church House Trust Options held by them (being options over 317,760 Church House Trust Shares) under the Unapproved Share Option Schemes and revocably undertaken to accept the Option Offer in relation to all options under the Approved Share Option Scheme held by them (being options over 12,240 Church House Trust Shares), constituting in aggregate options over 330,000 Church House Trust Shares, so as to exercise their options and accept the Offer in relation to

the Church House Trust Shares they acquire immediately before the Offer becomes or is declared unconditional in all respects. These irrevocable undertakings will lapse only in the event of the Offer lapsing or being withdrawn.

In addition, Virgin Money has received irrevocable undertakings in respect of an aggregate of 740,502 Church House Trust Shares from other Church House Trust Shareholders, representing approximately 44.6 per cent. of the existing issued share capital of Church House Trust. These irrevocable undertakings will lapse only in the event of the Offer lapsing or being withdrawn.

In addition, Virgin Money has received irrevocable undertakings in respect of 1,666 options under the Unapproved Share Option Schemes and revocable undertakings in respect of 2,500 options under the Approved Option Scheme from Church House Trust Optionholders (who are not Church House Trust Directors) to accept the Option Offer, so as to exercise their options and accept the Offer in relation to the Church House Trust Shares they acquire immediately before the Offer becomes or is declared unconditional in all respects.

In total, therefore, Virgin Money has received irrevocable undertakings to accept, or procure the acceptance of, the Offer in respect of 1,092,889 Church House Trust Shares representing in aggregate approximately 65.8 per cent. of the existing issued share capital of Church House Trust and irrevocable and revocable undertakings to accept the Option Offer in relation to in aggregate options over 334,166 Church House Trust Shares.

Further details of the irrevocable undertakings received by Virgin Money will be set out in the Offer Document.

11. Church House Trust Option Schemes

The Offer extends to any Church House Trust Shares unconditionally allotted or issued whilst the Offer remains open for acceptance (or by such earlier date as Virgin Money may, subject to the Takeover Code or with the consent of the Panel, decide) as a result of the exercise of options granted by Church House Trust under the Church House Trust Option Schemes, and Church House Trust has today posted appropriate proposals to Church House Trust Optionholders in relation to their options. Under the terms of these proposals Church House Trust Optionholders will be given the opportunity to exercise their Church House Trust Options and accept the Offer in respect of the Church House Trust Shares that are allotted pursuant to such exercise and any that choose to accept such proposals before the date immediately preceding the Offer becoming or being declared unconditional in all respects will be treated as exercising their options and accepting the Offer in respect of the Church House Trust Shares that are allotted pursuant to such exercise immediately prior to the Offer becoming or being declared unconditional in all respects.

12. Exclusivity

On 26 May 2009 (as subsequently amended on 6 July 2009 and 14 September 2009) Church House Trust and a subsidiary of Virgin Money, Virgin Money Limited (**VM**) entered into a letter of intent (the **Exclusivity Letter**) which included undertakings as to exclusivity given by Church House Trust to VM and a costs indemnity given by VM to Church House Trust which would have had effect in the event that VM had withdrawn from negotiations towards making the Offer in certain specified circumstances. On 7 January 2010, VM assigned its rights, title, interest and benefit to the Exclusivity Letter to Virgin Money by deed of assignment. A summary of the Exclusivity Letter will be set out in the Offer Document.

13. United Kingdom taxation

In deciding whether to accept the Offer, Church House Trust Shareholders should take account of their own individual circumstances, particularly their tax position.

Church House Trust Shareholders' attention is drawn to the Offer Document which will contain a general guide as to UK tax implications for Church House Trust Shareholders who accept the Offer. If Church House Trust Shareholders are in any doubt as to their tax position or they are subject to taxation in any other jurisdiction, they should consult an appropriate independent adviser immediately.

14. Overseas Shareholders

The availability of the Offer to Church House Trust Shareholders who are citizens or residents of jurisdictions outside the United Kingdom may be affected by the laws of their jurisdiction. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction. If you remain in any doubt, you should consult your professional adviser in the relevant jurisdiction without delay.

The attention of Church House Trust Shareholders who are citizens or residents of jurisdictions outside the United Kingdom or who are holding shares for such citizens or residents and any person (including, without limitation, any custodian, nominee or trustee) who may have an obligation to forward any document in connection with the Offer outside the United Kingdom is drawn to the Offer Document and to the relevant provisions of the Form of Acceptance, which they should read before taking any action.

Unless otherwise determined by Virgin Money or required by the Takeover Code and permitted by applicable law and regulation, the Offer is not being made, directly or indirectly, in or into, the United States, Australia, Canada or Japan or any other jurisdiction where to do so would violate the laws of that jurisdiction, and it is not currently intended that the Offer will be capable of acceptance by any such use, means, instrumentality or facility or from any such jurisdiction. Accordingly, persons who are unable to give the warranties which will be set out in the Offer Document may be deemed not to have validly accepted the Offer.

Neither the Loan Notes nor the Contingent Loan Notes have been, and nor will they be, registered under the United States Securities Act of 1933, as amended, or under any relevant securities law of Canada, Australia or Japan. Accordingly, neither the Loan Notes nor the Contingent Loan Notes can be offered, sold or delivered directly or indirectly, in the United States, Canada, Australia or Japan or any Restricted Jurisdiction.

15. Compulsory acquisition and re-registration

If Virgin Money receives acceptances under the Offer in respect of, and/or otherwise acquires, 90 per cent. or more by nominal value and voting rights of the Church House Trust Shares to which the Offer relates, Virgin Money intends to exercise its rights pursuant to the provisions of Chapter 3 of Part 28 of the 2006 Act to compulsorily acquire the remaining Church House Trust Shares to which the Offer relates on the same terms as the Offer.

It is also proposed that if the Offer becomes or is declared unconditional in all respects and Virgin Money receives sufficient acceptances from Church House Trust Shareholders to take its shareholding to over 75 per cent. of the Church House Trust Shares, Virgin Money intends that Church House Trust will be re-registered as a private company under the relevant provisions of the 2006 Act.

16. Financing of the Offer

The Offer will be financed from Virgin Money's cash reserves.

Quayle Munro is satisfied that the necessary financial resources are available to Virgin Money to enable it to satisfy in full the consideration payable by Virgin Money under the terms of the Offer, including the amounts required to cash collateralise in full the Loan Note Alternative and the Contingent Loan Notes as described in this Announcement.

17. Action to be taken to accept the Offer

Church House Trust Shareholders' attention is drawn to the letter from the Chairman of Virgin Money which will be set out in the Offer Document and the Form of Acceptance which will accompany it, which will set out the procedure for acceptance of the Offer.

To accept the Offer Church House Trust Shareholders should complete the Form of Acceptance, in accordance with the instructions printed thereon. The completed Form of Acceptance, together with

the valid share valid certificate(s) and/or other document(s) of title should be returned as soon as possible and in any event so as to be received by post or by hand (during normal business hours only) by the Receiving Agent, Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Kent BR3 4TU no later than 1.00 p.m on 29 January . A reply-paid envelope is enclosed for use in the United Kingdom only.

If Church House Trust Shareholders are in any doubt as to the action they should take, they should consult an independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) if Church House Trust Shareholders are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser in the relevant jurisdiction.

18. Recommendation

The Church House Trust Directors, who have been so advised by Europa Partners, unanimously consider the terms of the Offer and the Distribution (even if no value is ascribed to the Distribution) to be fair and reasonable. In providing advice to the Church House Trust Directors Europa Partners has taken into account the Church House Trust Directors' commercial assessments of the Offer and the Distribution.

Accordingly, the Church House Trust Directors unanimously recommend that Church House Trust Shareholders accept the Offer as they have irrevocably undertaken to do or procure to be done in respect of their own holdings of issued Church House Trust Shares, which, in aggregate, amount to 352,387 Church House Trust Shares, representing 21.2 per cent. of the issued share capital of Church House Trust at the date of the Offer.

The Offer will be subject to the conditions set out in Appendix A.

The bases of calculation and sources of information are set out in Appendix B.

Details of the irrevocable undertakings and disclosures of shareholdings, interests and dealings are set out in Appendix C.

Certain terms used in this Announcement are defined in Appendix D.

Advisers

Quayle Munro Limited which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as financial adviser exclusively for Virgin Money and for no-one else in connection with the Offer and will not be responsible to anyone other than Virgin Money for providing the protections afforded to its clients, nor for giving advice in relation to the Offer, the contents of this Announcement, the Offer Document or any matter or arrangements referred to herein or therein.

Europa Partners Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as financial adviser exclusively for Church House Trust and for no one else in connection with the Offer and will not be responsible to anyone other than Church House Trust for providing the protections afforded to its clients, nor for giving advice in relation to the Offer, the contents of this Announcement, the Offer Document or any matter or arrangements referred to herein or therein.

Responsibility

The directors of Virgin Money accept responsibility for the information contained in this Announcement (other than that relating to Church House Trust or the Church House Trust Group, the Church House Trust Directors or members of their immediate families, related trusts or persons connected with them including the statements expressed to be opinions of the Church House Trust Directors or the recommendation of the Church House Trust Directors). To the best of the knowledge and belief of the directors of Virgin Money (who have taken all reasonable care to ensure that such is the case), the information contained in this Announcement for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of that information.

The Church House Trust Directors accept responsibility for the information contained in this Announcement relating to Church House Trust and the Church House Trust Group, the Church House Trust Directors and members of their immediate families, related trusts and other persons connected with them including the statements expressed to be opinions of the Church House Trust Directors or the recommendation of the Church House Trust Directors. To the best of the knowledge and belief of the Church House Trust Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Announcement for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Announcement

This Announcement is not intended to and does not constitute or form any part of, an offer to sell or an invitation to purchase or the solicitation of an offer to subscribe for any securities. The Offer will be made solely by the Offer Document and the Form of Acceptance, which will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted. Any acceptance or other response in relation to the Offer should be made only on the basis of the information contained in the Offer Document and the Form of Acceptance.

This Announcement has been prepared for the purpose of complying with English law and the Takeover Code and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside the UK.

Overseas Jurisdictions

The making of the Offer (including the Loan Note Alternative) in, or to persons resident in, or nationals or citizens of, jurisdictions outside the United Kingdom (overseas shareholders) and the availability of Loan Notes in such jurisdiction or to such persons who are custodians, nominees, guardians or trustees for such persons may be prohibited or affected by the laws of the relevant jurisdiction. Such overseas shareholders should inform themselves about and observe any applicable legal requirements of such jurisdictions. It is the responsibility of any overseas shareholder wishing to accept the Offer or elect for Loan Notes to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, including obtaining any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities needing to be observed and the payment of any issue, transfer or other taxes or duties or other requisite payments due in that jurisdiction. Any such overseas shareholder shall be responsible for any such issue, transfer or other taxes or duties or other payments by whomsoever payable and Virgin Money and Quayle Munro (and any person acting on behalf of any of them) shall be fully indemnified and held harmless by such overseas shareholders for any such issue, transfer or other taxes or duties or other payments which Virgin Money or Quayle Munro (and any person acting on behalf of them) may be required to pay. If you are an overseas shareholder and you are in doubt about your position you should consult your professional adviser in the relevant jurisdiction.

The Offer (including the Loan Note Alternative) is not being made, directly or indirectly, in or into or by use of the mails of, or by any means or instrumentality (including, but not limited to, facsimile, email or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, the United States, Australia, Canada or Japan or any area subject to its jurisdiction or any political division thereof, nor is it being made in any other Restricted Jurisdiction and the Offer cannot be accepted by any such use, means or instrumentality or otherwise from within the United States, Australia, Canada or Japan or any other Restricted Jurisdiction. Copies of the Offer Document, the Form of Acceptance and any related documents are not being (unless determined otherwise by Virgin Money in its sole discretion), and must not be, mailed or otherwise distributed or sent in, into or from the United States, Australia, Canada or Japan or any other Restricted Jurisdiction including to Church House Trust Shareholders or participants in the Church House Trust Share Schemes with registered addresses in the United States, Australia, Canada or Japan or any other Restricted Jurisdiction or to persons whom Virgin Money or Quayle Munro knows to be custodians, trustees or nominees holding Church House Trust Shares for persons with registered addresses in the United States, Australia, Canada or Japan or any other Restricted Jurisdiction. Persons receiving those documents (including, without limitation, custodians, nominees and trustees) should not distribute, mail or send them in, into or from the United States, Australia,

Canada or Japan or any other Restricted Jurisdiction or use such mails or any such means, instrumentality or facility for any purpose directly or indirectly in connection with the Offer, and so doing may render any purported acceptance of the Offer invalid.

Persons wishing to accept the Offer (including the Loan Note Alternative) must not use the mails of the United States, Australia, Canada or Japan or any other Restricted Jurisdiction or any such means, instrumentality or facility for any purpose directly or indirectly relating to acceptance of the Offer. All Church House Trust Shareholders (including nominees, trustees of custodians) who may have a contractual or legal obligation, or may otherwise intend, to forward the Offer Document and/or Form of Acceptance, should read the further details in this regard which will be contained in the Offer Document before taking any action. Envelopes containing Forms of Acceptance, evidence of title or other documents relating to the Offer should not be postmarked in the United States, Australia, Canada or Japan or any other Restricted Jurisdiction or otherwise despatched from such jurisdictions and all acceptors must provide addresses outside the United States, Australia, Canada or Japan or any other Restricted Jurisdiction for the receipt of the consideration to which they are entitled under the Offer or for the return of the Form of Acceptance or documents of title.

Dealing disclosure requirements

Under the provisions of Rule 8.3 of the Takeover Code, if any person is, or becomes, "interested" (directly or indirectly) in 1 per cent. or more of any class of "relevant securities" of Church House Trust, all "dealings" in any "relevant securities" of that company (including by means of an option in respect of, or a derivative referenced to, any such "relevant securities") must be publicly disclosed by no later than 3.30 p.m. (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which the Offer becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the "offer period" otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an "interest" in "relevant securities" of Church House Trust, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the Takeover Code, all "dealings" in "relevant securities" of Church House Trust by Virgin Money or Church House Trust, or by any of their respective "associates", must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose "relevant securities" "dealings" should be disclosed, and the number of such securities in issue, can be found on the Panel's website at <http://www.thetakeoverpanel.org.uk/>.

"Interests in securities" arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an "interest" by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the Takeover Code, which can also be found on the Panel's website. If you are in any doubt as to whether or not you are required to disclose a "dealing" under Rule 8, you should consult the Panel on telephone number +44(0)20 7638 0129; fax number +44(0)20 7236 7013.

Forward-looking statements

This Announcement contains "forward-looking statements" concerning Virgin Money and Church House Trust. All statements other than statements of historical facts included in this Announcement may be forward-looking statements.

Often but not always, forward-looking information statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes", or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "should", "would", "might", "will" or "continue

to" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Virgin Money, Church House Trust and/or their subsidiaries to be materially different from any further results, performance or achievements expressed or implied by the forward-looking statements. Factors that would cause actual results to differ materially from those described in this Announcement include: costs and terms related to the acquisition, the economic environment of the industries in which Virgin Money and Church House Trust operate; failure to retain management; regulatory change in the industry and/or the general economic environment.

The list is not exhaustive of the factors that may affect the forward-looking information. These and other factors should be considered carefully and readers should not place undue reliance on such forward-looking information. Although Virgin Money has attempted to identify important factors that could cause actual actions, event or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended.

Forward-looking statements contained herein in respect of Virgin Money are made as of the date of this Announcement based on the opinions and estimates of management. Subject to requirements to update under any applicable regulation or law, Virgin Money disclaims any obligation to update any forward-looking statements, whether as a result of new information, estimates or opinions, future events or results or otherwise.

Forward-looking statements contained herein in respect of Church House Trust are made as of the date of this Announcement based on the opinions and estimates of management. Subject to requirements to update under any applicable regulation or law, Church House Trust disclaims any obligation to update any forward-looking statements, whether as a result of new information, estimates or opinions, future events or results or otherwise.

There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Appendix A – Conditions And Further Terms Of The Offer

The Offer will be subject to the following conditions and will comply with the applicable rules and regulations of the Takeover Code:

(a) valid acceptances being received (and not, where permitted, withdrawn) by not later than 1.00 p.m. (London time) on the First Closing Date (or such later time(s) and/or date(s) as Virgin Money may, subject to the rules of the Takeover Code or with the consent of the Panel, decide) in respect of not less than 90 per cent. (or such lower percentage as Virgin Money may, subject to the Takeover Code, decide) (i) in nominal value of Church House Trust Shares to which the Offer relates and (ii) of the voting rights attached to those shares, provided that this condition will not be satisfied unless Virgin Money shall have acquired or agreed to acquire (directly or indirectly, whether pursuant to the Offer or otherwise) Church House Trust Shares carrying in aggregate more than 50 per cent. of the voting rights then normally exercisable at a general meeting of Church House Trust, including for this purpose (except to the extent otherwise agreed by the Panel) any such voting rights attaching to Church House Trust Shares that are unconditionally allotted or issued before the Offer becomes or is declared unconditional as to acceptances whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise.

For the purposes of this condition:

(i) Church House Trust Shares which have been unconditionally allotted but not issued before the Offer becomes or is declared unconditional as to acceptances whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise shall be deemed to carry the voting rights they will carry upon issue; and

(ii) valid acceptance shall be deemed to have been received in respect of Church House Trust Shares which are treated for the purposes of section 979(8) of the 2006 Act as having been acquired or contracted to be acquired by Virgin Money by virtue of acceptances of the Offer;

(iii) the expression **Church House Trust Shares to which the Offer relates** and associates shall be construed in accordance with Chapter 3 of Part 28 of the 2006 Act;

(b) without limitation to conditions (c) and (d), the FSA having notified its approval in writing in respect of each person who will acquire control or any additional or increased control (for the purposes of the Financial Services and Markets Act 2000) over Church House Trust in connection with the Offer or the acquisition or proposed acquisition of any shares or other securities in, or control or management of Church House Trust by Virgin Money (**Approvals**), or, where no such notification has been made in respect of any such person, the period allowed under the Financial Services and Markets Act 2000 for the FSA to notify any objections to such person acquiring such control or any such additional or increased control having expired without notification of such objection and the FSA not having cancelled or varied, and not having notified (or intimated that it may notify) any proposal to cancel or vary, any permission (within the meaning of Part IV of the Financial Services and Markets Act 2000) held by any such authorised person at the date of this Announcement or, where the Offer has not or will not become or be declared unconditional in all respects prior to the date following three months after 23 December 2009, the FSA failing to extend such Approvals as it has already given prior to the date of this Announcement as requested by Virgin Money;

(c) no government or governmental, quasi governmental, supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, court, tribunal or any statutory person whatsoever in any jurisdiction in which Church House Trust carried on business at the date of this Announcement (**Relevant Jurisdiction**) (each a **Third Party**) having, without the consent of Virgin Money, decided to take, institute, implement or threaten in writing (and in each case not having withdrawn the same), any action, proceeding, suit, investigation, enquiry or reference, or having required any action to be taken or otherwise having done anything or having enacted, made or proposed any statute, regulation, decision or order (and in each case not having withdrawn the same) which in each case, would or might reasonably be likely to:

(i) make the Offer, its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control of, Church House Trust by Virgin Money void, illegal and/or unenforceable

under the laws of any Relevant Jurisdiction, or otherwise directly or indirectly prohibit, or materially restrain, restrict or delay the implementation of, or impose additional conditions or obligations which are materially adverse with respect to, or otherwise materially challenge or require material amendment of the Offer or the acquisition of any such shares or securities in Church House Trust by Virgin Money;

(ii) require, prevent or materially delay the divestiture or materially alter the terms envisaged for such divestiture by Virgin Money or by any member of the Wider Church House Trust Group of all or a material part of their respective businesses, assets or properties including without limitation the CHI Disposal, the CHI Loan Assignment or all or any part of the Distribution or impose any limitation on the ability of any of them to conduct their businesses (or any material part thereof) or to own or control any of their assets or properties (or any material part thereof) to an extent which in each case is material in the context of the Church House Trust Group taken as a whole or Virgin Money (as the case may be);

(iii) impose any material limitation on, or result in a delay in, the ability of Virgin Money to acquire or hold or to exercise effectively all or any rights of ownership in respect of shares or loans, or other securities convertible into shares or any other securities (or the equivalent) in Church House Trust or on the ability of any member of the Wider Church House Trust Group or Virgin Money directly or indirectly to hold or exercise effectively any rights of ownership of shares or other securities (or the equivalent) in any member of the Wider Church House Trust Group, in either case in any respect which is material in the context of the Church House Trust Group, taken as a whole or to exercise management control over any member of the Wider Church House Trust Group;

(iv) require Virgin Money or any member of the Wider Church House Trust Group to acquire or offer to acquire any shares, other securities (or the equivalent) or interest in any member of the Wider Church House Trust Group or any material asset owned by any third party (other than in the implementation of the Offer and pursuant to chapter 3 of Part 28 of the 2006 Act);

(v) result in any member of the Wider Church House Trust Group ceasing to be able to carry on business to the extent conducted at the date of this Announcement under any name under which it presently carries on business to an extent which is material in the context of the Wider Church House Trust Group taken as a whole;

(vi) impose any limitation that is material in the context of the Wider Church House Trust Group taken as a whole on the ability of Virgin Money or any member of the Wider Church House Trust Group to integrate or coordinate all or any part of its business with all or any part of the business of Virgin Money and/or the Wider Church House Trust Group; or

(vii) otherwise affect the business, assets, profits, financial or trading position or the prospects of any member of the Wider Church House Trust Group or Virgin Money in a manner which is adverse to and material in the context of the Wider Church House Trust Group taken as a whole,

and all applicable waiting and other time periods (including any extension of such waiting and other time periods) during which any such Third Party could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any Relevant Jurisdiction in respect of the Offer or the acquisition or proposed acquisition of any Church House Trust Shares having expired, lapsed, or been terminated;

(d) all necessary notifications, filings or applications having been made in connection with the Offer and all applicable waiting periods (including any extensions thereof) under any applicable legislation or regulation of any Relevant Jurisdiction having expired, lapsed, been waived or been terminated (as appropriate) and all statutory and regulatory obligations in connection with the Offer in any Relevant Jurisdiction having been complied with and all Authorisations necessary in any Relevant Jurisdiction for or in respect of the Offer and the acquisition or the proposed acquisition of any shares or other securities in, or control of, Church House Trust by Virgin Money having been obtained in terms and in a form reasonably satisfactory to Virgin Money, from all necessary Third Parties or (without prejudice to the generality of the foregoing) from any person or bodies with whom any member of the Wider Church House Trust Group has entered into contractual arrangements or from any persons or bodies with whom Virgin Money has entered into contractual arrangements in connection with the Offer and all such Authorisations necessary to carry on the business of any member of the Wider Church House

Trust Group in any Relevant Jurisdiction having been obtained in each case where the direct consequence of a failure to make such notification or filing or to wait for the expiry, lapse or termination of any such waiting period or to comply with such obligation or obtain such Authorisations would have a material adverse effect on the Wider Church House Trust Group, Virgin Money or the ability of Virgin Money to implement the Offer and all such Authorisations remaining in full force and effect at the time at which the Offer becomes otherwise unconditional and there being no notice in writing or intimation of an intention to revoke, suspend, materially restrict, adversely modify or not to renew such Authorisations;

(e) save as disclosed in this Announcement or in the November Accounts or as fairly disclosed to Virgin Money in the course of negotiations leading to this Announcement, there being no provision of any arrangement, agreement, licence, permit, lease or other instrument to which any member of the Pre-Completion Church House Trust Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or be subject or any event or circumstance which, as a consequence of the Offer or the acquisition or the proposed acquisition by Virgin Money of any shares or other securities in Church House Trust or because of a change in the control or management of any member of the Pre-Completion Church House Trust Group would or might reasonably be expected to result in, in each case to an extent which is material and adverse in the context of the Wider Church House Trust Group taken as a whole:

(i) any monies borrowed by, or any other indebtedness, actual or contingent, of any member of the Wider Church House Trust Group being or becoming repayable, or capable of being declared repayable, immediately or prior to its or their stated maturity date or repayment date, or the ability of any such member to borrow monies or incur any indebtedness being or becoming capable of being withdrawn or inhibited;

(ii) any rights, liabilities, obligations, interests or business of any member of the Wider Church House Trust Group or Virgin Money under any such arrangement, agreement, licence, permit, lease or instrument or the interests or business of any member of the Wider Church House Trust Group or Virgin Money in or with any other firm or company or body or person (or any agreement or arrangement relating to any such business or interests) being terminated or modified or affected or any onerous obligation or liability arising or any adverse action being taken thereunder;

(iii) any member of the Wider Church House Trust Group ceasing to be able to carry on any part of its business under any name under which it presently carries on business;

(iv) any assets or interests of, or any asset the use of which is enjoyed by, any member of the Wider Church House Trust Group being or falling to be disposed of or charged or any right arising under which any such asset or interest would reasonably be expected to be required to be disposed of or charged or would cease to be available to any member of the Wider Church House Trust Group other than in the ordinary course of business;

(v) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider Church House Trust Group and any such mortgage, charge or other security interest becoming enforceable or being enforced;

(vi) the financial or trading position or prospects of, any member of the Wider Church House Trust Group being prejudiced or affected; or

(vii) the creation of any liability (actual or contingent) by any member of the Wider Church House Trust Group other than in the ordinary course of business;

and no event having occurred which, under any provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Pre-Completion Church House Trust Group is a party or by which any such member or any of its assets may be bound, entitled or subject is likely to result in any of the events or circumstances as are referred to in paragraphs e(i) to e(vii) above.

(f) save as disclosed in this Announcement or in the November Accounts or as fairly disclosed to Virgin Money in the course of negotiations leading to this Announcement, no member of the Pre-Completion Church House Trust Group having since 30 November 2009:

(i) issued or agreed to issue or authorised the issue of additional shares of any class, or securities or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities or transferred (save, where relevant, as between Church House Trust and wholly owned subsidiaries of Church House Trust other than CHI and CHC and save for the issue of Church House Trust Shares on the exercise of options granted before the date of this Announcement under the Church House Trust Option Schemes);

(ii) recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution (whether payable in cash or otherwise) other than to Church House Trust or one of its wholly owned subsidiaries;

(iii) merged with (by statutory merger or otherwise) or demerged from or acquired any body corporate, partnership or business or acquired or disposed of, or, other than in the ordinary course of business, transferred, mortgaged or charged or created any security interest over, any assets or any right, title or interest in any asset (including shares and trade investments) in any such case that is material in the context of the Wider Church House Trust Group taken as a whole or authorised, proposed or announced any intention to do so;

(iv) issued or authorised the issue of any debentures or incurred or increased any indebtedness or become subject to any actual or contingent liability in any such case to an extent which is material in the context of the Wider Church House Trust Group taken as a whole;

(v) other than in the ordinary course of business, entered into or varied or authorised, proposed or announced its intention to enter into or vary any contract, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which is of a loss-making, long term, or unusual or onerous nature or involves or could reasonably be expected to involve an obligation of a nature or magnitude which is, in any such case, material in the context of the Wider Church House Trust Group or which is or is reasonably likely to be materially restrictive on the business of any member of the Wider Church House Trust Group or Virgin Money, as the case may be, each such group taken as a whole;

(vi) entered into or varied the terms of any service agreement with any director or senior executive of the Wider Church House Trust Group other than as agreed in writing with Virgin Money or set out in the Offer Document;

(vii) proposed, agreed to provide or modified in any material respect the terms of any share option scheme, bonus scheme, incentive scheme, or other benefit relating to the employment or termination of employment of any employee of the Pre-Completion Church House Trust Group;

(viii) implemented or effected, or authorised, proposed or announced its intention to implement or effect, any composition, assignment, reconstruction, amalgamation, scheme or other transaction or arrangement which would be materially restrictive to the business of the Wider Church House Trust Group, taken as a whole, in respect of itself or another member of the Wider Church House Trust Group (other than pursuant to the Offer or in the ordinary course of business);

(ix) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, save in respect of the matters mentioned in sub paragraph (i) above, made any other change to any part of its share capital (other than in the case of Church House Trust) to an extent which is material in the context of the Wider Church House Trust Group, taken as a whole;

(x) waived or compromised or settled any claim otherwise than in the ordinary course of business which is material in the context of the Church House Trust Group taken as a whole;

(xi) made any material alteration to its memorandum or articles of association or other constitutional documents;

(xii) taken or proposed any material steps, corporate action or had any legal proceedings instituted or threatened in writing against it, a moratorium of any indebtedness, its winding up (voluntary or otherwise), dissolution, reorganisation or for the appointment of any administrator, receiver, manager,

administrative receiver, trustee or similar officer of all or any of its assets or revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed;

(xiii) been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;

(xiv) entered into any contract, commitment, agreement or arrangement otherwise than in the ordinary course of business or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced an intention to, or to propose to, effect any of the transactions, matters or events referred to in this condition (f); or

(xv) made or authorised or proposed or announced an intention to authorise or propose any change in its loan capital;

(g) save as fairly disclosed by Church House Trust to Virgin Money in the course of negotiations leading to this Announcement, since 30 November 2009 (save as will be disclosed in the Offer Document or the November Accounts):

(i) there having been no adverse change in the business, assets, financial or trading position or profits or prospects of any member of the Wider Church House Trust Group to an extent which is material in the context of the Wider Church House Trust Group taken as a whole or of the obligations of Virgin Money in connection with the Offer;

(ii) no litigation, arbitration proceedings, prosecution or other legal proceedings having been threatened, announced or instituted by or against or remaining outstanding against any member of the Wider Church House Trust Group or to which any member of the Wider Church House Trust Group is or may reasonably be expected to become a party (whether as claimant or defendant or otherwise) and no enquiry or investigation by, or complaint or reference to, any Third Party against or in respect of any member of the Wider Church House Trust Group having been threatened, announced or instituted by or against, or remaining outstanding in respect of, any member of the Wider Church House Trust Group which, in any such case, might reasonably be expected materially and adversely to affect the Wider Church House Trust Group taken as a whole; or

(iii) no contingent or other liability having arisen or become known to Virgin Money which might reasonably be expected adversely to affect the business, assets, financial or trading position or profits or prospects of any member of the Wider Church House Trust Group to an extent which is material to the Wider Church House Trust Group taken as a whole;

(h) no steps having been taken and no omissions having been made which might reasonably be expected to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Church House Trust Group, which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which is material and likely to have a material effect in the context of the Church House Trust Group taken as a whole;

(i) save as disclosed in this Announcement or in the November Accounts or as fairly disclosed to Virgin Money in the course of negotiations leading to the Offer, Virgin Money not having discovered after the date of the Offer Document:

(i) that any financial, business or other information concerning the Pre-Completion Church House Trust Group disclosed to Virgin Money at any time by or on behalf of any member of the Wider Church House Trust Group which is material in the context of the acquisition of Church House Trust by Virgin Money is misleading, contains a misrepresentation of fact or omits to state a fact necessary to make that information not misleading in any material respect;

(ii) that any member of the Pre-Completion Church House Trust Group or any partnership, company or other entity in which any member of the Wider Church House Trust Group has a significant economic interest and which is not a subsidiary undertaking of Church House Trust, is subject to any liability,

contingent or otherwise, and which is material in the context of the Wider Church House Trust Group;
or

(iii) any additional information which affects the import of any information disclosed to Virgin Money before the date of this Announcement by or on behalf of any member of the Wider Church House Trust Group which is material in the context of the Wider Church House Trust Group.

Waiver of Conditions and further terms of the Acquisition

Virgin Money reserves the right to waive in whole or in part all or any of conditions (b) to (i) inclusive. Conditions (b) to (i) inclusive must be satisfied as at, or waived (where possible) on or before, the 21st day after the later of the First Closing Date and the date on which condition (a) is fulfilled (or, in each case, such later date as the Panel may agree) failing which the Offer will lapse. Virgin Money shall be under no obligation to waive (if capable of waiver) or determine to be, or treat as, fulfilled, any of conditions (b) to (i) inclusive by a date earlier than the date specified above for the fulfilment thereof notwithstanding that the other conditions of the Offer may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such conditions may not be capable of fulfilment. Virgin Money shall not invoke any condition or precondition with the exception of condition (a) above so as to cause the Offer not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the condition or precondition are of material significance to Virgin Money in the context of the Offer.

The Offer will be subject to the conditions and further terms set out in Appendix A of this Announcement, the Offer Document and the accompanying Form of Acceptance and such further terms as may be required to comply with the provisions of the Takeover Code. The Offer, the Form of Acceptance and all acceptances in respect of the Offer are governed by and will be construed in accordance with English law. This Announcement does not constitute an offer or invitation to purchase any securities.

The Church House Trust Shares will be acquired by Virgin Money pursuant to the Offer fully paid and free from all liens, charges, equities, encumbrances, rights of pre-emption and any other interests of any nature whatsoever and together with all rights now or hereafter attaching thereto, including without limitation voting rights (except for rights to the Distribution to which only Qualifying Shareholders will be entitled).

The Offer will extend to any Church House Trust Shares unconditionally allotted or issued whilst the Offer remains open for acceptance (or such earlier date, subject to the Takeover Code, as Virgin Money may decide), including shares issued pursuant to the exercise of options granted under the Church House Trust Option Schemes.

Except with the consent of the Panel, the Offer will lapse if it (or any matter arising therefrom) is referred to the Competition Commission or if the European Commission initiates proceedings under Article 6(1)(c) of Council Regulations (EC) No. 139/2004 (the Regulation) before the later of 1.00 p.m. on the First Closing Date and the date on which the Offer becomes or is declared unconditional as to acceptances.

If the Panel requires Virgin Money to make an offer for Church House Trust Shares under the provisions of Rule 9 of the Takeover Code, Virgin Money may make such alterations to the conditions of the Offer, including condition (a) of Part A of this Appendix, as are necessary to comply with the provisions of that Rule.

If the Offer lapses, the Offer will cease to be capable of further acceptance and persons who have accepted the Offer, and Virgin Money, will cease to be bound by Forms of Acceptance submitted at or before the time when the Offer lapses.

Appendix B – Bases of calculation and sources of information

Unless otherwise stated the following constitute the bases and sources of certain information referred to in this Announcement:

- information relating to Church House Trust has been extracted from the published audited reports and accounts of Church House Trust for the year ended 31 December 2008;
- information relating to Virgin Money has been extracted from the published audited reports and accounts of Virgin Money for the year ended 31 December 2008;
- the value of the issued share capital of Church House Trust is based on 1,660,759 Church House Trust Shares in issue as at the date of this Announcement, together with 379,333 Church House Trust Shares to be issued in the event of exercise of all options under the Church House Trust Option Schemes other than the options over 310,000 Church House Trust Shares which carry an exercise price of £6 per Church House Trust Share or more, all of which have been surrendered, until or unless the Offer lapses or is withdrawn;
- the value of the Offer is based on 1,660,759 Church House Trust Shares in issue as at the date of this Announcement, together with 379,333 Church House Trust Shares to be issued to satisfy the exercise of options granted under the Church House Trust Option Schemes other than the options over 310,000 Church House Trust Shares which carry an exercise price of £6 per Church House Trust Share or more, all of which have been surrendered, until or unless the Offer lapses or is withdrawn. It is further based on Quayle Munro's valuation of the Contingent Loan Notes of 90 pence per £1 nominal value;
- the statements of the premiums represented by the Offer Price (including the Contingent Loan Notes) to the price of 540 pence per Church House Trust Share and the net asset value of 358 pence per Church House Trust Share are calculated on the basis that the Contingent Loan Notes are valued at 90 pence per £1 nominal value.

Appendix C – Irrevocable undertakings and disclosure of shareholdings, interests and dealings

Irrevocable undertakings

Irrevocable undertakings to accept or procure acceptance of the Offer have been given for the following holdings of Church House Trust Shares, in respect of each of which a Church House Trust Director is the registered holder and beneficial owner (or in respect of which he is otherwise able to control the rights attaching thereto, including the ability to procure the transfer thereof):

Name	Number of Church House Trust Shares
David Batten	129,465
Graham Hughes	79,486
James Mahon	48,162
Andrew Martin Smith	30,000
Raymond Edwards	65,274

The undertakings provide that such Church House Trust Directors shall, as soon as possible, and in any event within five days of the posting of the Offer Document, accept or procure acceptance of the Offer in accordance with its terms. The undertakings also apply to any other Church House Trust Shares acquired after the date of the undertakings and any shares attributable to or derived from the Church House Trust Shares subject to the undertakings while the Offer remains open for acceptance. The Church House Trust Directors have also agreed not to withdraw any acceptance of the Offer.

The undertakings restrict such Church House Trust Directors, subject to their fiduciary duties, from soliciting or entering into discussions with any person (other than Virgin Money) regarding an offer for Church House Trust or taking any action which is prejudicial to the successful outcome of the Offer.

The undertakings above shall remain in effect until the Offer lapses or is withdrawn without it having become or been declared unconditional in all respects whether or not a competing offer is announced by a third party.

In addition to the irrevocable undertakings to accept the Offer referred to above, Virgin Money has received irrevocable undertakings from or on behalf of certain other Church House Trust Shareholders (or persons otherwise able to control the rights attaching to Church House Trust Shares, including the ability to procure the transfer thereof):

Name	Number of Church House Trust Shares
Timothy Whitmore Newton Guinness	30,000
William H Batten	5,110
Mrs Z Vaughan	59,085
Michael Blackmore	91,745
CHI as nominee for James Johnsen	41,546
The Cayzer Trust Company	220,500
Batten Friendly Society	125,869
Trustees of Church House Share Incentive Plan	58,770
Trustees of Goldcroft Group Pension Plan	32,136

Trustees of Church House SIPP Scheme	55,741
CHI as investment manager on behalf of Bank of New York (Nominees) Limited	20,000

Certain Church House Trust Directors hold the beneficial interests in a number of the Church House Trust Shares which are the subject of the irrevocable undertakings given by The Trustees of the Church House Share Incentive Plan, the Trustees of the Goldcroft Pension Plan and the Trustees of the Church House SIPP Scheme.

In particular the following Church House Trust Directors hold, in aggregate, beneficial interests in the following number of Church House Trust Shares.

Name	Number of Church House Trust Shares
David Batten	30,995
Graham Hughes	19,556
James Mahon	19,981
Raymond Edwards	1,282
Andrew Martin Smith	100
Michael Baines	6,479

The undertakings provide that each of the persons listed above shall, in relation to the Church House Trust Shares shown above, as soon as possible, and in any event within five days of the posting of the Offer Document, accept or procure acceptance of the Offer in accordance with its terms. The undertakings also apply to any other Church House Trust Shares acquired after the date of the undertakings and any shares attributable to or derived from the Church House Trust Shares subject to the undertakings while the Offer remains open for acceptance. The persons listed above have also agreed not to withdraw any acceptance of the Offer.

The undertakings above shall remain in effect until the Offer lapses or is withdrawn without it having become or been declared unconditional in all respects whether or not a competing offer is announced by a third party.

Undertakings to accept or procure acceptance of the Option Offer have been given for the following holdings of Church House Trust Options, in respect of each of which a Church House Trust Director is the holder:

Name	Number of Church House Trust Options
David Batten	110,000
Graham Hughes	110,000
James Mahon	110,000

The undertakings provide that such Church House Trust Director shall within five days of the posting of the Offer Document accept the Option Offer.

The Church House Trust Directors have also agreed that in relation to options granted under the Church House Trust Unapproved Share Option Scheme (**Unapproved Share Options**) they shall not withdraw their acceptance of the Option Offer.

The undertakings above shall cease to have effect if the Offer lapses or is withdrawn without it having become or been declared unconditional in all respects whether or not a competing offer is announced

by a third party. In respect of any option granted under the Approved Option Scheme (**Approved Share Option**), a Church House Trust Director may by written notice revoke his or her undertaking to accept the Option Offer before the day before the Offer becomes or is declared unconditional in all respects.

In addition to the undertakings to accept the Option Offer referred to above, Virgin Money has received undertakings from the following Church House Trust Optionholders to accept the Option Offer:

Name	Number of Church House Trust Options
Carol Hooper	4,166

The undertaking provides that the person listed above shall within five days of the posting of the Offer Document accept the Option Offer.

The person listed above has also agreed that they shall not withdraw their undertaking to accept the Option Offer in relation to their Unapproved Share Options (being options over 1,666 Church House Trust Shares).

The undertaking above shall cease to have effect if the Offer lapses or is withdrawn without it having become or been declared unconditional in all respects whether or not a competing offer is announced by a third party. The person listed above may also by written notice revoke their undertaking in respect of any Approved Share Options held by them (being options over 2,500 Church House Trust Shares) before the Offer becomes or is declared wholly unconditional in all respects.

Disclosure of shareholdings, interests and dealings

For the purposes of this Appendix:

acting in concert refers to persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company, and associates of Virgin Money are presumed to be acting in concert with Virgin Money for the purposes of the Takeover Code;

arrangement includes indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature relating to relevant securities which may be an inducement to deal or refrain from dealing;

disclosure period means the period commencing on 20 November 2008 (being the date twelve months prior to the commencement of the Offer Period) and ending on 7 January 2010 (being the latest practicable date before the publication of this document);

A person has an **interest or is interested** in securities if he has a long economic exposure, whether absolute or conditional, to changes in the price of those securities (and a person who only has a short position in securities is not treated as interested in those securities).

In particular, a person is treated as "interested" in securities if:

(a) he owns them;

(b) he has a right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;

(c) by virtue of any agreement to purchase, option or derivative, he has the option or right to acquire them or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or

(d) he is party to any derivative whose value is determined by reference to their price and which results, or may result, in his having a long position in them;

References to directors having an “interest” in relevant securities are to be interpreted in accordance with Part 22 of the 2006 Act; and

relevant securities includes (i) Church House Trust Shares and any other securities of Church House Trust conferring voting rights; (ii) equity share capital of Church House Trust; (iii) securities of Church House Trust carrying conversion or subscription rights into any of the foregoing;

None of Virgin Money or any of the directors of Virgin Money, any members of such directors' immediate families or any related trusts or companies, nor any person deemed to be acting in concert with Virgin Money, or any person with whom Virgin Money or any person deemed to be acting in concert with Virgin Money has an arrangement, was interested, had any rights to subscribe, had any short positions, any agreement to sell, any delivery obligation or right to require another person to purchase or take delivery, in each case in respect of any relevant securities on 7 January 2010 (being the latest practicable date prior to the posting of this Announcement) nor has any such person dealt in any relevant securities during the disclosure period. Neither Virgin Money nor any person acting in concert with Virgin Money has borrowed or lent any relevant securities during the disclosure period, save for any borrowed shares which have either been on-lent or sold.

Appendix D – Definitions

The following definitions apply throughout this Announcement unless the context otherwise requires:

2006 Act	the Companies Act 2006, as amended from time to time
Announcement	this announcement
Approved Option Scheme	the Church House Trust Plc Approved Share Option Plan
Authorisations	authorisations, orders, grants, recognitions, confirmations, consents, licences, clearances, certificates, permissions or approvals
Business Day	any day (excluding Saturdays, Sundays) when clearing banks are open for business in the City of London for the transaction of normal banking business
Capita Registrars	a trading name of Capita Registrars Limited
CHC	Church House Consultants Limited
CHC Distribution	the distribution in specie of the entire issued share capital of CHC to Qualifying Shareholders conditional upon the Offer becoming or being declared unconditional in all respects
CHC Share	ordinary shares of £1 each in the capital of CHC, each of which will be subdivided into 1,000 ordinary shares of 0.1 penny each
CHI	Church House Investments Limited
CHI Buyers	a group of individual parties all of whom are Church House Trust Shareholders or beneficially entitled to Church House Trust Shares, and some of whom are members of the Church House Trust Board, who have agreed to acquire 75 per cent. of the issued share capital of CHI pursuant to the CHI Disposal
CHI Disposal	the disposal of 75 per cent of the issued share capital of CHI, in consideration of the payment to Church House Trust of £1,499,400, to the CHI Buyers
CHI Distribution	the distribution <i>in specie</i> of 25 per cent of the issued share capital of CHI to Qualifying Shareholders conditional upon the Offer becoming or being declared unconditional in all respects
CHI Loan	the loans by Church House Trust to CHI in an aggregate amount equal to £400,000 and qualifying as Tier 2 capital as classified by the FSA
CHI Loan Assignment	the assignment by Church House Trust of the benefit of the CHI Loan, in consideration of the payment to Church House Trust of £400,000 being the amount of the CHI Loan, to the CHI Loan Buyers
CHI Loan Buyers	a group of individual parties who are all Church House Trust Shareholders or beneficially entitled to Church House Trust Shares, and some of whom are members of the Church House Trust Board, who have agreed to acquire the CHI Loan

	conditional upon the Offer becoming or being declared conditional in all respects
CHI Share	ordinary shares of £1 each in the capital of CHI each of which will be subdivided into 10 ordinary shares of £0.10 each
Church House Trust Circular	the circular issued by Church House Trust to its Shareholders dated 20 November 2009 convening the Church House Trust General Meeting
Church House Trust	Church House Trust Plc
Church House Trust Board or Church House Trust Directors	Michael Baines, David Batten, Raymond Edwards, Dominic Gibbs, Graham Hughes, James Mahon and Andrew Martin Smith
Church House Trust General Meeting	the general meeting of Church House Trust held on 11 December 2009
Church House Trust Group	Church House Trust and its subsidiary undertakings and where the context permits, each of them
Church House Trust Options	any options granted under the Church House Trust Option Schemes
Church House Trust Optionholders	holders of any Church House Trust Options
Church House Trust Option Schemes	the Church House Trust Share Schemes other than the Share Incentive Plan
Church House Trust Shareholder(s)	holders of Church House Trust Shares
Church House Trust Share(s)	the existing unconditionally allotted or issued and fully paid ordinary shares of 100 pence each in the capital of Church House Trust and any further shares which are unconditionally allotted or issued before the date on which the Offer closes (or such earlier date or dates, not being earlier than the date on which the Offer becomes unconditional as to acceptances or, if later, the First Closing Date, as Virgin Money may, subject to Takeover Code, decide)
Church House Trust Share Schemes	the Approved Option Scheme, the Church House Trust Unapproved Share Option Schemes and the Share Incentive Plan
Church House Trust Unapproved Share Option Schemes	the Dryfield Share Option Scheme, the Unapproved Share Option Scheme and the Executive Share Option Scheme
Contingent Loan Note Escrow Agreement	the escrow agreement between (1) the Escrow Agent; (2) Virgin Money; and (3) David Batten and Graham Hughes in relation to the Contingent Loan Notes which will be detailed in the Offer Document

Contingent Loan Notes	the contingent loan notes of Virgin Money to be issued pursuant to the Offer as part of the Offer Price as will be further described in the Offer Document
Contingent Loan Note Instrument	the instrument pursuant to which the Contingent Loan Notes are to be issued, a summary of which will be contained in the Offer Document
Distribution	the CHC Distribution, the CHI Distribution and warrants in aggregate over a further 700,000 Shares in CHI exercisable at a price of 89.25 pence in the event of an offer for CHI being made before the expiry of two years from the date on which the Offer becomes or is declared unconditional in all respects
Dryfield Share Option Scheme	the share option scheme operated by Church House Trust and known as the Dryfield Trust Share Option Scheme
Escrow Account	the escrow accounts established by the Escrow Agent with the Escrow Bank belong to respectively the escrow arrangements relating to the Loan Notes and the Contingent Loan Notes
Escrow Bank	Lloyds TSB Bank plc
Escrow Agent	The Law Debenture Trust Corporation p.l.c.
Executive Share Option Scheme	the Church House Trust Plc Executive Share Option Scheme
Europa Partners	Europa Partners Limited
Final Contingent Consideration Date	6 April 2012
First Closing Date	29 January 2010
First Contingent Consideration Date	30 March 2012
Form of Acceptance	the form of acceptance, election and authority for use by Church House Trust Shareholders in connection with the Offer
FSA	Financial Services Authority
FSA Handbook	the handbook of rules made by the FSA as amended from time to time
Independent Directors	David Batten, Graham Hughes and Raymond Edwards
LIBOR	the British Bankers' Association Interest Settlement Rate for Sterling for periods of six months displayed on the appropriate page of the Reuters Screen as at 11.00 a.m. London time on the first day of the relevant period. If the agreed page is replaced or service ceases to be available, Virgin Money may specify another page or service displaying the appropriate rate
Loan Notes	the loan notes of Virgin Money to be issued pursuant to the Loan Note Alternative
Loan Note Alternative	the alternative under the Offer whereby Church House Trust Shareholders validly accepting the Offer may elect to receive Loan Notes instead of some or all of the cash consideration to

	which they would otherwise be entitled under the Offer, will be further described in the Offer Document
Loan Note Escrow Agreement	the escrow agreement between (1) the Escrow Agent; (2) Virgin Money; and (3) David Batten and Graham Hughes in relation to the Loan Notes which will be detailed in the Offer Document
Loan Note Instrument	the instrument pursuant to which the Loan Notes are to be issued, a summary of which will be contained in the Offer Document
November Accounts	management accounts of Church House Trust prepared to 30 November 2009
Offer	the recommended offer by Virgin Money to acquire all the Church House Trust Shares on the terms and subject to the conditions to be set out in this Announcement, the Offer Document and the Form of Acceptance and including, where the context so requires, any subsequent revision, variation, extension or renewal of such offer
Offer Document	the document to be posted to Church House Trust Shareholders containing the terms and conditions of the Offer
Offer Period	the period commencing on (and including) 20 November 2009 and ending at 1.00 p.m. on Day 21 of the Offer or, if this is later, the date on which the Offer becomes or is declared unconditional as to acceptances or lapses
Offer Price	509.2 pence in cash and the issue of 1.0294 Contingent Loan Notes per Church House Trust Share
Option Offer	the offer to Church House Trust Optionholders to exercise their Church House Trust Option(s) and accept the Offer in respect of the Church House Trust Shares they are allotted pursuant to such exercise as described in paragraph 11 of this Announcement and as will be described in the Offer Document
Option Shares	Church House Trust Shares allotted to Church House Trust Optionholders pursuant to the exercise of their Church House Trust Option(s)
Panel	the Panel on Takeovers and Mergers
Pre-Completion Church House Trust Group	Church House Trust and associated undertakings and any other body corporate, partnership, joint venture or person in which Church House Trust and such undertakings (aggregating their interests) have an interest of more than 20 per cent. of the voting or equity capital or the equivalent
Qualifying Shareholders	Church House Trust Shareholders registered in the register of members of Church House Trust on 11 December 2009 as the holders of Church House Trust Shares
Quayle Munro	Quayle Munro Limited
Receiving Agent	Capita Registrars Limited

Registrar	Capita Registrars Limited
Regulatory Information Service	an information service that is approved by the FSA as meeting the Criteria for Regulated Information Services and that is on the FSA's list of Regulated Information Services
relevant securities	as the context requires, Church House Trust Shares, other Church House Trust share capital and any securities convertible into or exchangeable for, and rights to subscribe for, any of the foregoing
Restricted Jurisdiction	the United States, Australia, Canada and Japan and any other jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Offer is sent or made available to Church House Trust Shareholders in that jurisdiction
Share Incentive Plan	the Church House Trust All Employee Share Ownership Plan
Share Incentive Plan Trustees	David Batten, Graham Hughes and Carol Hooper
subsidiary, subsidiary undertaking and undertaking	shall be construed in accordance with the 2006 Act
Takeover Code	the City Code on Takeovers and Mergers
UK or United Kingdom	United Kingdom of Great Britain and Northern Ireland
Unapproved Share Option Scheme	the Church House Trust Plc Unapproved Share Option Scheme
Wider Church House Trust Group	Church House Trust and associated undertakings and any other body corporate, partnership, joint venture or person in which Church House Trust and such undertakings (aggregating their interests) have an interest of more than 20 per cent. of the voting or equity capital or the equivalent but excluding CHI, CHC and any such undertakings in which they are interested
Virgin Money	Virgin Money Holdings (UK) Limited
Virgin Money Board or Virgin Money Directors	Jayne-Anne Gadhia, David Dyer, Patrick McCall and Gordon McCallum
Virgin Money Group	Virgin Money Holdings (UK) Limited and its subsidiaries
VGHL	Virgin Group Holdings Limited
VM	Virgin Money Limited

All times referred to are UK time unless otherwise stated. Words in this Announcement importing the singular shall include the plural and *vice versa*.

All references to legislation in this Announcement are to English legislation unless the contrary is indicated. Any reference to any provision of any legislation shall include amendment, modification, extension or re-enactment thereof.