

25 April 2012

Fairpoint Group plc

New Enlarged Bank Facility and VAT reclaim

Fairpoint Group plc ("Fairpoint" or "the Group"), the leading provider of advice and solutions to financially stressed consumers, is pleased to announce the signing of a new enlarged £13 million asset based revolving credit facility with PNC Financial Services UK Limited ("PNC"). This facility replaces the Group's existing committed £8 million facility which was due to expire in December 2012.

The new facility, which has a four year maturity, is secured against the Group's book of Individual Voluntary Arrangements ("IVAs") and Debt Management Plans ("DMPs"). The amount drawn down against the existing bank facility was £4.5 million and this has been transferred to PNC. 2012 annual financing costs under the new facility (including the amortisation of deferred debt raising costs) are expected to be approximately £0.2 million higher than those of the old facility, which was signed in 2008. The Group incurred once-off legal and professional costs associated with this refinancing of approximately £0.2 million.

Fairpoint is also pleased to announce that it has received an amount of £9 million from HMRC in respect of VAT wrongly charged following the decision in Paymex Ltd versus HMRC. This amount has been received in a client account and the process of applying the refund across the Group's open and closed cases has now commenced. This activity, which is expected to be largely completed during 2012, is anticipated to result in additional distributions to creditors and exceptional fee income for the Group.

Chris Moat, Chief Executive Officer of the Group, said:

"The new facility, together with the proceeds of the VAT reclaim, provides the Group with significant liquidity and a longer term financing structure, which will enable us to continue our strategy of both organic and acquisition investments in order to consolidate our market position and diversify into related activities."

Enquiries:

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