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Acquisition of AXA Wealth's pensions and protection businesses

Phoenix Group Holdings ("Phoenix" or the "Company" and, together with its subsidiaries, the "Group") announces that its subsidiary, Pearl Life Holdings Limited, has entered into conditional agreements with AXA UK plc to acquire AXA Wealth's pensions and protection businesses (the "Acquisition").

Acquisition highlights

- Consideration of £375 million in cash payable on completion⁽¹⁾
- Acquisition to add £12.3 billion of assets under management and over 910,000 policies
- Significant diversification benefits from the Acquisition, resulting in net capital synergies of c.£250 million⁽²⁾ within 6 months of completion, inclusive of the impact of cost synergies of £10 million per annum⁽³⁾
- Acquisition expected to generate cashflows of approximately £0.3 billion between 2016 and 2020 and £0.2 billion from 2021 onwards
- Supports a proposed increase of the 2016 final dividend by 5% to 28.0 pence per share, equivalent to 56.0 pence per share on an annualised basis
- Price / MCEV of 71%⁽⁴⁾ and Price / Solvency II Own Funds of 85%⁽⁵⁾
- Consideration funded from an equity placing and a new short-term debt facility
- Phoenix expects to repay the new short-term debt facility within 6 months from completion, reducing the Financial Leverage ratio by c.2%

Summary of transaction

The Acquisition comprises a pensions and investments business, offering a range of propositions catering to both individual and corporate requirements ("Embassy"), and SunLife, a leader in the over 50s protection sector ("SunLife"), (together "the Acquired Businesses").

The consideration for the Acquisition will be satisfied by the payment of £375 million in cash, funded through a combination of the net proceeds of a placing of 22,542,000 new ordinary shares (the "Placing Shares") in the Company (the "Placing") and a new short-term debt facility (the "New Debt Facility"). The Placing is expected to represent approximately 9.99% of the Company's existing issued share capital.

Acquisition meets Phoenix's stated acquisition criteria

Phoenix has set clear criteria by which it assesses transactions and which are all met by the Acquisition. In particular:

- "Closed Life focus": Significant backbook of over 910,000 policies within Embassy and SunLife



- “Value accretive”: The Acquisition is expected to generate cashflows of £0.3 billion between 2016 and 2020 and £0.2 billion of cashflows post 2020. The expected cash generation recognises significant net capital synergies of c.£250 million⁽²⁾, inclusive of the impact of £10 million of run rate cost synergies per annum⁽³⁾
- “Supports dividend”: Given the anticipated financial benefits of the Acquisition, Phoenix proposes to increase the final 2016 dividend per share by 5% to 28.0 pence. This would increase the dividend per share to 56.0 pence on an annualised basis, which the Board believes is a sustainable level at which to rebase the dividend going forward
- “Maintains investment grade rating”: Phoenix expects to repay the New Debt Facility within 6 months from completion which will further reinforce the investment grade credit rating. The Group expects a reduction of c.2% in its Financial Leverage ratio following repayment of the New Debt Facility

Commenting on the Acquisition, Phoenix’s Group CEO, Clive Bannister said:

“The acquisition of the Embassy and SunLife businesses represents another important step forward in Phoenix’s growth strategy. The transaction meets our acquisition criteria and will generate additional cash for the Group which supports the proposed increase in Phoenix’s dividend. The Group has extensive integration experience and expertise and we believe that both the Embassy and SunLife businesses are a strong fit, benefitting both shareholders and policyholders alike. We will invest heavily to ensure a smooth transition of the two businesses from AXA to Phoenix and we are committed to delivering the highest level of service to both direct and IFA customers, as we do for our existing customers. Looking ahead, we believe there will be further consolidation in the UK life industry and we will continue to explore further opportunities as they arise.”

Webcast and Conference call

A webcast and conference call for analysts and investors will be held at 8.30am (BST) today. Details of the webcast and presentation slides can be found on the Group’s website, www.thephoenixgroup.com.

Dial-in details for the conference call are:

UK	020 3059 8125
International	+44 20 3059 8125
Participant password: ‘Phoenix’	

A replay and transcript of the event will be available on the website after the event.

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Information on Embassy and SunLife

Embassy, a pensions and investments business, offers a range of propositions catering to both individual and corporate requirements, including the Retirement Wealth Account, Family Sun Trust, Corporate Trustee Investment Plan and Investment Bond. With the exception of the Corporate Trustee Investment Plan product, Embassy will be closed to new customers. Embassy has approximately £12 billion of assets under management.

SunLife is a leader in the over 50s protection sector, with over 850,000 policies in force and over 30 years of experience in the direct-to-consumer protection business. On an Annual Premium Equivalent basis, SunLife's new business comprises 78% Guaranteed Over 50 products and 22% Funeral Plans (as at YTD September 2015). SunLife retains highly sophisticated direct marketing capabilities, leveraging a recognised industry brand and achieving a value of new business written of £17 million in 2015⁽⁶⁾.

In total, the Acquired Businesses consist of over 910,000 policies and have gross assets of £12.3 billion as at 31 December 2015. The Acquired Businesses have an MCEV of £528 million⁽⁴⁾ and Solvency II Own Funds of £441 million⁽⁷⁾ as at 31 December 2015 and reported IFRS profits before tax of £24 million in 2015.

Terms of the Acquisition

The terms of the Acquisition have been agreed pursuant to a sale and purchase agreement entered into by the Group and AXA UK plc (the "SPA"). The SPA will effect the transfer of the entire issued share capital of AXA SunLife Direct Limited and Winterthur Life UK Holdings Limited (together with its subsidiaries AXA Wealth Limited, AXA Wealth Services Limited and AXA Trustee Services Limited) to Pearl Life Holdings Limited.

The consideration payable for the Acquired Businesses comprises a cash payment of £375 million⁽¹⁾.

The Acquisition is conditional on change of control approval from the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority, and the Placing having been completed in accordance with its terms.

Financial impact of the Acquisition

Following completion of the Acquisition, the Group will hold £59 billion of life company assets on behalf of approximately 5.4 million policyholders.

Taking into account the expected cash generation from the Acquisition, Phoenix expects £2.3 billion⁽⁸⁾ of cash generation over the years 2016-2020, up from £2.0 billion. Furthermore, cash generation from 2021 is expected to increase to £3.4 billion^(8,9), up from £3.2 billion. The SunLife new business franchise offers further value upside for the Group in future, with the capital strain of writing new business being low for the enlarged Group.

The Acquired Businesses will initially be reinsured into Phoenix Life Limited ("PLL"). The Group expects significant diversification benefits, with the mortality exposure of the SunLife business offsetting the Group's existing longevity exposure from its annuity liabilities. Phoenix intends that the Acquired Businesses will be incorporated within the Group's Solvency II Internal Model within 6 months of completion, subject to regulatory approval. Phoenix expects net capital synergies of c.£250 million within 6 months of completion, arising from the adoption and harmonisation to Phoenix's Internal Model, diversification benefits and transitional measures (subject to PRA approval). On a Solvency II basis, Phoenix expects its surplus, as calculated at Phoenix Life Holdings Limited, to increase to £1.4 billion as a result of the Acquisition, with a Shareholder Capital coverage ratio of 155%⁽¹⁰⁾.

Phoenix expects to generate cost synergies of £10 million per annum⁽³⁾ by leveraging its existing operating platform and outsourcing model. These cost synergies are expected to be realised by the end of 2017, with estimated post tax integration costs of £25 million. The expected cashflow benefits from these cost



synergies, as well as the integration costs, have been incorporated within the Group's expectations of cash generation from the Acquisition.

Financing the Acquisition

The Company intends to fund the Acquisition through a combination of the proceeds from the Placing of approximately £190 million⁽¹¹⁾ and debt funding from a consortium of banks. The Group has entered into a New Debt Facility million in relation to the Acquisition.

HSBC Bank plc ("HSBC") and J.P. Morgan Securities plc (which conducts its UK investment banking activities as J.P. Morgan Cazenove) ("J.P. Morgan Cazenove") are acting as joint bookrunners and underwriters (the "Underwriters") in connection with the Placing and have agreed to underwrite the Placing.

The Placing is subject to the terms and conditions set out in the Appendix. The Underwriters will today commence a bookbuilding process in respect of the Placing (the "Bookbuild"). The price per ordinary share at which the Placing Shares are to be placed (the "Placing Price") will be decided at the close of the Bookbuild.

The book will open with immediate effect following this Announcement. The timing of the closing of the book, pricing and allocations are at the joint discretion of the Underwriters and the Company. Details of the Placing Price will be announced as soon as practicable after the close of the Bookbuild.

The Placing Shares, when issued, will be fully paid and will rank pari passu in all respects with the existing common shares of the Company, including the right to receive all dividends and other distributions declared, made or paid after the date of issue. The Company has agreed with the Underwriters to a 90 day lock-up from Admission, subject to customary exceptions and an exception for allotment and issue of shares as full or partial consideration for, or to finance, wholly or partially, acquisitions consistent with the Company's publicly disclosed strategy. The Placing is expected to represent approximately 9.99% of the Company's existing issued share capital.

Application will be made for the Placing Shares to be admitted to the premium listing segment of the Official List (the "Official List") of the Financial Conduct Authority (the "FCA") and to be admitted to trading on the main market for listed securities of the London Stock Exchange plc (the "London Stock Exchange") (together, "Admission"). Settlement for the Placing Shares and Admission is expected to take place on or before 8.00 a.m. on 1 June 2016. The Placing is conditional, amongst other things, upon Admission becoming effective and the placing agreement between the Company and the Underwriters (the "Placing Agreement") not being terminated. The Appendix sets out further information relating to the Bookbuild and the terms and conditions of the Placing.

This Announcement should be read in its entirety. In particular, you should read and understand the information provided in the "Important Notices" section of this Announcement.

The Placing is not conditional upon completion of the Acquisition. Therefore, subject to the conditions of the Placing being satisfied and the Placing Agreement not being terminated, Admission will become effective and the net proceeds of the Placing will be collected before completion of the Acquisition. In the event of the Acquisition not completing, Phoenix reserves the right to retain the net proceeds of the Placing for a reasonable period of time to support future potential acquisition opportunities.

Phoenix expects the New Debt Facility to be repaid within 6 months from completion. The New Debt Facility will have an initial funding margin of 0.85% which is approximately half the margin of the Group's existing revolving credit facility.

Integration of the Acquired Businesses

Embassy and SunLife have a strong management team with an excellent track-record and substantial experience. Phoenix recognises the importance of the skills and experience of the existing management and



employees of Embassy and SunLife and believes that they will be an important factor for the ongoing success of Embassy and SunLife's businesses under Phoenix ownership.

The Acquisition will be integrated into Phoenix's operating model which will help identify opportunities for streamlining operations and Phoenix's governance and customer model will also strengthen oversight of the Acquired Businesses. There are further opportunities to leverage the Group's outsourcing model with regards to the existing Embassy in-house policy administration and, for SunLife, the existing contractual arrangement with Capita will be maintained creating a stronger relationship across the Group.

Completion of the Acquisition

It is anticipated that completion will occur in 2016, subject to regulatory approvals.

Notes

⁽¹⁾ Net of adjustment for expected items as at completion

⁽²⁾ Net capital synergies arising from adoption and harmonisation to Phoenix Internal Model, diversification benefits and transitional measures (subject to PRA approval)

⁽³⁾ Cost synergies compared to cost base of the Acquired Businesses in FY15

⁽⁴⁾ Based on consideration of £375 million and MCEV on AXA basis as at 31 December 2015, adjusted for expected items as at completion

⁽⁵⁾ Based on consideration of £375 million and Solvency II Own Funds on AXA's Standard Formula basis as at 31 December 2015, including adjusted net asset value for non-regulated entities and net of adjustment for expected items as at completion

⁽⁶⁾ Refers to SunLife (AXA basis)

⁽⁷⁾ Refers to the Acquired Businesses on AXA's Standard Formula basis, including adjusted net asset value for non-regulated entities and net of adjustment for expected items as at completion

⁽⁸⁾ Transitionals are assumed to run-off on a linear basis

⁽⁹⁾ Excluding any management actions

⁽¹⁰⁾ Projected end state expected to be achieved within 6 months of completion

⁽¹¹⁾ Gross proceeds based on 22,542,000 new shares issued and an assumed Placing Price of 849.5 pence (being the Company's closing share price as at 26 May 2016)



Important Notices

This Announcement does not constitute an invitation to underwrite, subscribe for or otherwise acquire or dispose of any securities in any jurisdiction. Past performance is no guide to future performance and any investment decision to buy Placing Shares must be made solely on the basis of publicly available information. Persons needing advice should consult an independent financial adviser.

This Announcement is not for publication or distribution, directly or indirectly, in or into the United States, Australia, Canada, Japan, South Africa or any jurisdiction in which the same would be unlawful. This Announcement is for information only and does not contain or constitute an offer of, or the solicitation of an offer, to buy, sell, issue or acquire securities in the United States, Australia, Canada, Japan, South Africa or any jurisdiction in which the same would be unlawful prior to registration or qualification under the securities laws of any jurisdiction. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**US Securities Act**"), under the securities legislation of any state of the United States or under the applicable securities laws of Australia, Canada, Japan or South Africa. The Company has not been and will not be registered under the US Investment Company Act of 1940, as amended (the "**Investment Company Act**"), in reliance on section 3(c)(7) thereof, and investors will not be entitled to the benefits of the Investment Company Act. The securities referred to herein may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and may not be held by persons whose holding of such securities might require registration of the Company as an investment company under the Investment Company Act. In considering an investment in the Placing Shares, investors should also be aware that the Company may be a "covered fund" within the meaning of Section 619 of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Volcker Rule**"). Subject to certain exceptions, the securities referred to herein may not be offered or sold in Australia, Canada, Japan or South Africa or to, or for the account or benefit of, any national, resident or citizen of Australia, Canada, Japan or South Africa. Any failure to comply with these restrictions may constitute a violation of U.S., Australian, Canadian, Japanese or South African securities laws, as applicable. No public offer of the Company's securities is being or will be made in the United Kingdom, the United States, Australia, Canada, Japan, South Africa or elsewhere. No action has been taken by the Company, HSBC or J.P. Morgan Cazenove that would permit an offering of the securities referred to herein or possession or distribution of this Announcement or any other offering or publicity material relating to such securities in any jurisdiction where action for that purpose is required. Persons into whose possession this Announcement comes are required by the Company, HSBC and J.P. Morgan Cazenove to inform themselves about, and to observe, any such restrictions.

This Announcement is only addressed to and directed at (A) persons in member states of the European Economic Area ("**EEA**") who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC, as amended, the "**Prospectus Directive**") and any implementing measure in each relevant member state of the EEA ("**Qualified Investors**"); (B) persons in the United Kingdom who are Qualified Investors and who (i) have professional experience in matters relating to investments and who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (the "**Order**"); or (ii) who are high net worth companies, unincorporated associations and other persons to whom it may lawfully be communicated in accordance with Article 49(2)(a) to (d) of the Order; or (C) other persons to whom it may lawfully be communicated (all such persons together being referred to as "**relevant persons**"). Any person who is not a relevant person should not act or rely on this Announcement or any of its contents. Any person in the EEA who initially acquires any Placing Shares in the expected offering or to whom any offer of Placing Shares is made will be deemed to have acknowledged and agreed that it is such a Qualified Investor. In the case of any Placing Shares acquired by a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Placing



Shares acquired by it in such offering have not been acquired on a non discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of securities to the public other than their offer or resale in a member state of the EEA which has implemented the Prospectus Directive to Qualified Investors, or in circumstances in which the prior consent of the Underwriters has been obtained to each such proposed offer or resale. The Company, HSBC and J.P. Morgan Cazenove and their respective affiliates will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

This Announcement is the sole responsibility of the Company. No representation or warranty, express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by HSBC or J.P. Morgan Cazenove or by any of their respective affiliates or each of their respective agents, directors, officers, employees, advisers or any other person as to or in relation to, the accuracy or completeness of this Announcement, or any other written or oral information made available to or publicly available to any interested party or its advisers, and any liability therefore is hereby expressly disclaimed.

This Announcement includes statements that are, or may be deemed to be, "forward-looking statements", including within the meaning of Section 27A of the US Securities Act and Section 21E of the U.S. Securities Exchange Act of 1934. These forward-looking statements are based on current expectations and projections about future events and can be identified by the use of a date in the future or forward-looking terminology, including, but not limited to, the terms "may", "believes", "estimates", "plans", "aims", "targets", "projects", "anticipates", "expects", "intends", "will", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts and include statements regarding the Company's intentions, beliefs or current expectations. They are not guarantees of future performance. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements. Any forward-looking statements in this Announcement reflect the Company's view with respect to future events as at the date of this Announcement and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the conditions to the acquisition being satisfied, the Enlarged Group's ability to integrate their businesses and personnel, the successful retention and motivation of the Enlarged Group's key management, the increased regulatory burden facing the Enlarged Group and the Company's operations, results of operations, financial condition, growth, strategy, liquidity and the industry in which the Company operates. No assurances can be given that the forward-looking statements in this Announcement will be realised. Neither the Company nor the Underwriters undertake any obligation nor do they intend to revise or update any forward-looking statements in this Announcement to reflect events or circumstances after the date of this Announcement (except, in the case of the Company, to the extent required by the FCA, the London Stock Exchange or by applicable law, the FCA's Listing Rules or the FCA's Disclosure and Transparency Rules). None of the future projections, expectations, estimates or prospects in this Announcement should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in the document. As a result of these risks, uncertainties and assumptions, the recipient should not place undue reliance on these forward-looking statements as a prediction of actual results or otherwise. The Company undertakes no obligation to update the forward-looking statements in this Announcement or any other forward-looking statements it may make. Forward-looking statements in this Announcement are current only as of the date on which such statements are made.

HSBC, which is authorised by the PRA and regulated by the PRA and the FCA, is acting for the Company in connection with the Placing and the Acquisition and no one else and will not be responsible to anyone other than the Company for providing the protections afforded to clients of HSBC or for providing advice in relation



PHOENIX GROUP

Phoenix Group Holdings: Acquisition announcement

27 May 2016

to the Placing, the Acquisition or any transaction, arrangement or other matter referred to in this Announcement.

J.P. Morgan Cazenove, which is authorised by the PRA and regulated by the PRA and the FCA, is acting for the Company in connection with the Placing and the Acquisition and no one else and will not be responsible to anyone other than the Company for providing the protections afforded to clients of J.P. Morgan Cazenove or for providing advice in relation to the Placing, the Acquisition or any transaction, arrangement or other matter referred to in this Announcement.

Neither the content of the Company's website nor any website accessible by hyperlinks to the Company's website is incorporated in, or forms part of, this Announcement.



APPENDIX

TERMS AND CONDITIONS OF THE PLACING

THIS ANNOUNCEMENT, INCLUDING THE APPENDIX (TOGETHER, THIS "**ANNOUNCEMENT**") AND THE INFORMATION CONTAINED HEREIN ARE RESTRICTED AND ARE NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, TO PERSONS IN OR INTO THE UNITED STATES, AUSTRALIA, CANADA, JAPAN, SOUTH AFRICA OR ANY JURISDICTION IN WHICH THE SAME WOULD BE UNLAWFUL.

1. IMPORTANT INFORMATION ON THE PLACING FOR INVITED PLACEEES ONLY

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS ANNOUNCEMENT AND THE TERMS AND CONDITIONS SET OUT HEREIN ARE FOR INFORMATION PURPOSES ONLY AND ARE DIRECTED ONLY AT: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA WHO ARE QUALIFIED INVESTORS (WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE EU PROSPECTUS DIRECTIVE (WHICH MEANS DIRECTIVE 2003/71/EC AND INCLUDES ANY RELEVANT IMPLEMENTING DIRECTIVE MEASURE IN ANY MEMBER STATE) (THE "**PROSPECTUS DIRECTIVE**") ("**QUALIFIED INVESTORS**"); AND (B) IN THE UNITED KINGDOM, QUALIFIED INVESTORS WHO ARE PERSONS WHO (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(1) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "**ORDER**"); (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) ("HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC") OF THE ORDER; OR (III) ARE PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS IN (A) AND (B) TOGETHER BEING REFERRED TO AS "**RELEVANT PERSONS**"). THIS ANNOUNCEMENT AND THE TERMS AND CONDITIONS SET OUT HEREIN MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. PERSONS DISTRIBUTING THIS ANNOUNCEMENT MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS ANNOUNCEMENT AND THE TERMS AND CONDITIONS SET OUT HEREIN RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THIS ANNOUNCEMENT DOES NOT ITSELF CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN PHOENIX GROUP HOLDINGS (THE "**COMPANY**").

EACH PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF A PURCHASE OF PLACING SHARES.

- 1.1 No prospectus or offering document is required to be published in connection with the Placing described in this Announcement.
- 1.2 Persons who are invited to and who choose to participate in the Placing by making an oral or written offer to acquire Placing Shares, including any individuals, funds or others on whose behalf a commitment to acquire Placing Shares is given (the "**Placees**"), will be deemed to have read and understood this Announcement in its entirety and to be making such offer on the terms and conditions, and to be providing the representations, warranties acknowledgements, and undertakings contained in this Announcement.
- 1.3 In particular each such Placee represents, warrants and acknowledges that:
 - (a) it is a Relevant Person (as defined above) and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purpose of its business;



- (b) either (i) it has received from HSBC and/or J.P. Morgan Cazenove (together, the "**Underwriters**") or their respective affiliates, and will return a duly executed copy of, an investor letter (the "**US Investor Letter**") certifying that it is either (A) a "Qualified Institutional Buyer" ("**Qualified Institutional Buyer**") as defined in Rule 144A ("**Rule 144A**") under the US Securities Act and a "Qualified Purchaser" (a "**Qualified Purchaser**") as defined in section 2(a)(51) and related rules of the Investment Company Act, acquiring the Placing Shares in the United States in a transaction exempt from registration under the US Securities Act or (B) a US Person (as such term is defined in Rule 902 of Regulation S under the US Securities Act ("**US Person**")) that is also a Qualified Purchaser outside the United States acquiring the Placing Shares in an "offshore transaction" in accordance with Regulation S ("**Regulation S**") under the US Securities Act, or (ii) it is acquiring the Placing Shares for its own account or for an account with respect to which it exercises sole investment discretion, and it (and any such account) is a non-US Person outside the United States and is acquiring the Placing Shares in an "offshore transaction" in accordance with Regulation S under the US Securities Act; and
- (c) if it is a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, any Placing Shares acquired by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of securities to the public other than an offer or resale in a member state of the EEA which has implemented the Prospectus Directive to Qualified Investors, or in circumstances in which the prior consent of the Underwriters has been given to each such proposed offer or resale.

- 1.4 This Announcement does not and these materials do not constitute investment advice or an offer to underwrite, sell or issue or the solicitation of an offer to buy, subscribe for, or otherwise acquire or dispose of, ordinary shares in the capital of the Company in the United States, Australia, Canada, Japan, South Africa or in any jurisdiction in which such offer or solicitation is unlawful and the information contained herein is not for publication or distribution, directly or indirectly, to persons in the United States, Australia, Canada, Japan, South Africa or any jurisdiction in which such publication or distribution is unlawful. No public offer of securities of the Company is being made in the United Kingdom, United States or elsewhere.
- 1.5 In particular, the Placing Shares referred to in this Announcement have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States, and the Company has not been and will not be registered as an investment company under the Investment Company Act. The Placing Shares have not been approved or disapproved by the US Securities and Exchange Commission, any State securities commission or other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Placing or the accuracy or adequacy of this Announcement. Any representation to the contrary is a criminal offence in the United States.
- 1.6 The Placing Shares may not be offered or sold within the United States or to US Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Placing Shares are being offered and sold outside the United States in accordance with Regulation S under the US Securities Act. Any offering to be made in the United States will be made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.
- 1.7 The relevant clearances have not been, and nor will they be, obtained from the securities commission of any province or territory of Canada; no prospectus has been lodged with or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance, no approval has been sought from the South African Reserve Bank in relation to restrictions applicable to residents and non-residents as to the remittance of funds from South Africa to a foreign country; and the Placing Shares have not been, and nor will they be, registered under or offered in compliance with the securities laws of any state, province or territory of Australia, Canada, Japan or



South Africa. Accordingly, the Placing Shares may not (unless an exemption under the relevant securities laws is applicable) be offered, sold, resold or delivered, directly or indirectly, in or into the United States, Australia, Canada, Japan, South Africa or any other jurisdiction where to do so would be unlawful.

- 1.8 Persons (including, without limitation, nominees and trustees) who have a contractual or other legal obligation to forward a copy of this Appendix or the Announcement of which it forms part should seek appropriate advice before taking any action.

2. **Details of the Placing Agreement and the Placing Shares**

- 2.1 The Underwriters have entered into a placing agreement (the "**Placing Agreement**") with the Company under which the Underwriters have, subject to the conditions set out therein, undertaken, as agent for the Company, to conduct the Bookbuild (as defined below) and to use their reasonable endeavours to procure Placees for the Placing Shares or, failing which, to subscribe for such Placing Shares themselves.

- 2.2 The Company has appointed each of HSBC and J.P. Morgan Cazenove as underwriters for the purposes of underwriting the Placing and each of HSBC and J.P. Morgan Cazenove has accepted such appointment in connection with the Placing relying on the representations and warranties and subject to the terms and conditions set out in the Placing Agreement.

- 2.3 The Placing Shares will, when issued, be credited as fully paid and will rank *pari passu* in all respects with, and be identical to the existing issued ordinary shares of €0.0001 each in the capital of the Company (the "**Ordinary Shares**"), including the right to receive all dividends and other distributions declared, made or paid on or in respect of such Ordinary Shares after the date of issue of the Placing Shares.

- 2.4 In this Appendix, unless the context otherwise requires, Placee means a person (including individuals, funds or others) by whom or on whose behalf a commitment to take up Placing Shares has been given.

3. **Application for listing and admission to trading**

Application will be made to the FCA for admission of the Placing Shares to the premium listing segment of the Official List maintained by the FCA (the "**Official List**") and to the London Stock Exchange for admission to trading of the Placing Shares on its main market for listed securities ("**Admission**"). It is expected that Admission will become effective on or around 1 June 2016 and that dealings in the Placing Shares will commence at that time.

4. **Bookbuild**

- 4.1 The Underwriters will today commence the bookbuilding process in respect of the Placing (the "**Bookbuild**") to determine demand for participation in the Placing by Placees. This Appendix gives details of the terms and conditions of, and the mechanics of participation in, the Placing. No commissions will be paid to Placees or by Placees in respect of any Placing Shares.
- 4.2 The Underwriters and the Company shall be entitled to effect the Placing by such alternative method to the Bookbuild as they may, in their sole discretion, determine.

5. **How to participate in the Placing**

- 5.1 The Underwriters are arranging the Placing severally (and not jointly or jointly and severally) as joint bookrunners and underwriters.



- 5.2 Participation in the Placing will only be available to persons who may lawfully be, and are, invited to participate by the Underwriters. The Underwriters and their respective affiliates are entitled to enter bids in the Bookbuild as principal.
- 5.3 The Bookbuild will establish a single price payable to the Underwriters by all Placees whose bids are successful (the "**Placing Price**"). The Placing Price will be determined, following consultation, between the Underwriters and the Company following completion of the Bookbuild and any discount to the market price of the Ordinary Shares will be determined in accordance with the Listing Rules of the FCA and IPC guidelines. An announcement will be made following the close of the Bookbuild detailing the price at which the Placing Shares have been issued (the "**Pricing Announcement**").
- 5.4 To bid in the Bookbuild, prospective Placees should communicate their bid by telephone to their usual sales contact at one of the Underwriters. Each bid should state the number of Placing Shares which the prospective Placee wishes to acquire at either the Placing Price which is ultimately established by the Company and the Underwriters or at prices up to a price limit specified in its bid. Bids may be scaled down by the Underwriters on the basis referred to paragraph 5.7 below.
- 5.5 The Bookbuild is expected to close no later than 6.00 p.m. (London time) on 31 May 2016 but may be closed earlier or later at the discretion of the Underwriters. The Underwriters may, in agreement with the Company, accept bids that are received after the Bookbuild has closed.
- 5.6 Each Placee's allocation will be confirmed to Placees orally by the relevant Underwriter following the close of the Placing, and an electronic trade confirmation will be sent as soon as possible thereafter. The relevant Underwriter's oral confirmation to such Placee will constitute an irrevocable legally binding commitment upon such person in favour of the Underwriters and the Company, under which it agrees to acquire the number of Placing Shares allocated to it at the Placing Price on the terms and conditions set out in this Appendix and in accordance with the Company's memorandum and articles of association.
- 5.7 Subject to paragraphs 5.4 and 5.5 above, the Underwriters may choose to accept bids, either in whole or in part, on the basis of allocations determined in consultation with the Company and may scale down any bids for this purpose on such basis as they may determine. The Underwriters may also, notwithstanding paragraphs 5.4 and 5.5 above, subject to the prior consent of the Company (i) allocate Placing Shares after the time of any initial allocation to any person submitting a bid after that time and (ii) allocate Placing Shares after the Bookbuild has closed to any person submitting a bid after that time. The Company reserves the right to reduce or seek to increase the amount to be raised pursuant to the Placing.
- 5.8 A bid in the Bookbuild will be made on the terms and subject to the conditions in this Appendix and will be legally binding on the Placee on behalf of which it is made and, except with the relevant Underwriter's consent, will not be capable of variation or revocation after the time at which it is submitted. Each Placee will also have an immediate, separate, irrevocable and binding obligation, owed to the relevant Underwriter, to pay it (or as it may direct) in cleared funds an amount equal to the product of the Placing Price and the number of Placing Shares such Placee has agreed to acquire. Each Placee's obligations will be owed to the Company and to the relevant Underwriter.
- 5.9 Irrespective of the time at which a Placee's allocation pursuant to the Placing is confirmed, settlement for all Placing Shares to be acquired pursuant to the Placing will be required to be made at the same time, on the basis explained below under "Registration and Settlement".
- 5.10 All obligations under the Bookbuild and Placing will be subject to fulfilment or (where applicable) waiver of the conditions referred to below under "Conditions of the Placing" and to the Placing not being terminated on the basis referred to below under "Right to terminate under the Placing Agreement".



- 5.11 By participating in the Bookbuild, each Placee will agree that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.
- 5.12 To the fullest extent permissible by law, none of the Underwriters nor any of their respective affiliates shall have any liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise). In particular, none of the Underwriters nor any of their respective affiliates shall have any liability (including to the extent permissible by law, any fiduciary duties) in respect of the Underwriters' conduct of the Bookbuild or of such alternative method of effecting the Placing as the Underwriters, their respective affiliates and the Company may agree.
6. **Conditions of the Placing**
- 6.1 The Placing is conditional upon the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms. Each of the Underwriters' obligations under the Placing Agreement and the Placing are conditional on, *inter alia*:
- (a) the Pricing Announcement being released through a regulatory information service by no later than 6.30 p.m. on the next business day following the date of this Announcement;
 - (b) the Company allotting and issuing, subject only to Admission, the Placing Shares to Computershare Company Nominees Limited (the "**Custodian**");
 - (c) each of the warranties contained in the Placing Agreement being true, accurate and not misleading on and as at the date of the Placing Agreement, the date of execution of the pricing supplement in the form set out in the Placing Agreement (the "**Pricing Supplement**") and the closing date (being 1 June 2016, or such later time or date (no later than 15 June 2016) as the Underwriters may agree with the Company (the "**Closing Date**")), as though they had been given and made on such dates by reference to the circumstances at the relevant time, save where the Underwriters consider, acting in good faith, that any untruth, inaccuracy or misleading nature is not material in the context of the Placing, the applications for Admission (the "**Applications**") or Admission;
 - (d) each condition to enable the dematerialised interests in respect of the Ordinary Shares issued or to be issued by Computershare Investor Services PLC (the "**Depository**") (the "**Depository Interests**") to be issued to or for the benefit of prospective Placees, other than Admission, being satisfied on or before Admission;
 - (e) the acquisition agreement dated the date of the Placing Agreement between the Company, Pearl Life Holdings Limited and AXA UK PLC in connection with the acquisition by the Group of shares in certain companies held by AXA UK PLC (the "**Acquisition Agreement**") remaining in full force and effect and not having lapsed or terminated prior to Admission;
 - (f) Admission occurring not later than 8:00 a.m. on 1 June 2016 or such later time and/or date (not later than 8:00 a.m. on 15 June 2016) as the Company may agree with the Underwriters; and
 - (g) the obligations of that Underwriter not having been terminated pursuant to the Placing Agreement prior to Admission.
- 6.2 If (i) any of the conditions contained in the Placing Agreement, including those described above, are not fulfilled or (where applicable) waived by both Underwriters by the respective time or date where specified (or such later time or date as the Company and the Underwriters may agree) or (ii) the Placing Agreement is terminated in the circumstances specified below (or, if the condition in paragraph 6.1(g) above has been satisfied with respect to one Underwriter but not the other (the



"**Terminating Underwriter**"), and all other conditions have been satisfied, the Placing Agreement shall cease and terminate with respect only to the Terminating Underwriter), the Placing will lapse and the Placee's rights and obligations hereunder in relation to the Placing Shares shall cease and terminate at such time and each Placee agrees that no claim can be made by the Placee in respect thereof.

- 6.3 By participating in the Bookbuild, each Placee agrees that its rights and obligations under the Placing terminate only in the circumstances described above and will not be capable of rescission or termination by it.
- 6.4 The Placing is not conditional upon completion of the Acquisition. Therefore, subject to the conditions of the Placing being satisfied and the Placing Agreement not being terminated, Admission will become effective and the net proceeds of the Placing will be collected before completion of the Acquisition.
- 6.5 The Underwriters reserve, at their discretion and upon such terms as they think fit, the right to waive or to extend the time and/or date for fulfilment of any of the conditions in the Placing Agreement (save that fulfilment of the conditions in paragraphs 6.1(a), 6.1(b), 6.1(d) and 6.1(e) above may not be waived). Any such extension or waiver will not affect Placees' commitments.
- 6.6 Neither the Underwriters nor the Company shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision it may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition to the Placing nor for any decision they may make as to the satisfaction of any condition or in respect of the Placing generally and by participating in the Placing each Placee agrees that any such decision is within the absolute discretion of the Underwriters.

7. **Right to terminate under the Placing Agreement**

- 7.1 Either of the Underwriters is entitled, at any time on or before Admission, to terminate the Placing Agreement in accordance with the terms of the Placing Agreement in certain circumstances, including, among others:
- (a) any of the conditions have not been satisfied or (to the extent capable of being varied) waived by the required time(s) or have become incapable of satisfaction;
 - (b) the Company fails to comply with any of its obligations under the Placing Agreement or under the terms of the Placing, the Applications or Admission which any Underwriter considers, acting in good faith, to be material in the context of the Placing, the Applications or Admission or any of the transactions contemplated by the Placing Agreement;
 - (c) the Applications are refused in any respect by, respectively, the FCA or the London Stock Exchange or if any waiver is obtained so as to secure any such approval or Admission does not occur by 1 June 2016, or such later time or date (no later than 15 June 2016) as the Underwriters may agree with the Company;
 - (d) any of the warranties given by the Company contained in the Placing Agreement is not true, accurate and not misleading in any respect at the date of the Placing Agreement, the date of the Pricing Supplement and immediately prior to Admission by reference to the facts and circumstances subsisting at that time and which, in any such case, either Underwriter considers, acting in good faith, to be material in the context of the Placing, the Applications or Admission;
 - (e) any statement contained in this Announcement or the Pricing Announcement (or any supplements thereof) is or has become untrue, incorrect or misleading in any respect, or any



matter or circumstance exists, which would, if the Applications or Admission were made at that time, constitute a material omission from such documents, or any of them, and which in any such case any Underwriter considers, acting in good faith, to be material in the context of the Placing, the Applications or Admission;

- (f) in the opinion of any Underwriter (acting in good faith), there shall have been any adverse change (whether or not foreseeable at the date of this agreement) in, or any development reasonably likely to involve a prospective adverse change in the condition (financial, operational, legal, regulatory or otherwise) or the earnings, business affairs or business prospects of the Company's group taken as a whole, whether or not arising in the ordinary course of business which any Underwriter considers, acting in good faith, to be material in the context of the Placing, the Applications or Admission; or
- (g) there has been or, in the sole opinion of the Underwriters, it is reasonably likely that there will occur, such force majeure event as specified in the Placing Agreement as would, in the judgement of the Underwriters (acting in good faith), make it impracticable or inadvisable to proceed with the Placing, the Applications or Admission or the delivery of the Placing Shares pursuant to the Placing Agreement.

7.2 By participating in the Placing, Placees agree that the exercise by either of the Underwriters of any right of termination or other discretion under the Placing Agreement shall be within the absolute discretion of such Underwriter and that it need not make any reference to Placees and that it shall have no liability to Placees or any other party whatsoever in connection with any such exercise or failure to exercise or otherwise.

8. Lock-up

8.1 The Company has undertaken to the Underwriters that, between the date of the Placing Agreement and the date which is 90 days after Admission, it will not, and will procure that none of its subsidiaries will, without the prior written consent of each of the Underwriters (not to be unreasonably withheld or delayed) (a) offer, pledge, sell, contract to sell, grant any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Ordinary Shares or other shares in the capital of the Company or any securities convertible into or exchangeable for Ordinary Shares or other shares in the capital of the Company or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Ordinary Shares or other shares in the capital of the Company, whether any such transaction described in (a) or (b) above is to be settled by delivery of Ordinary Shares or other shares in the capital of the Company or such other securities, in cash or otherwise provided that the foregoing shall not prevent or restrict (i) the grant of options under, or the allotment and issue of shares pursuant to any existing employee share schemes of the Company or (ii) the allotment and issue of Ordinary Shares as full or partial consideration for, or to finance, wholly or partially, acquisitions consistent with the Company's publicly disclosed strategy (subject to the Company giving the Underwriters reasonable notice of and, so far as it is reasonably practicable to do so, consulting with the Underwriters prior to any such proposed allotment or issue of Ordinary Shares).

9. No prospectus

9.1 No offering document or prospectus has been or will be published or submitted for approval to the FCA or any other regulatory authority or stock exchange in relation to the Placing Shares and Placees' commitments will be made solely on the basis of the information contained in this Announcement.

9.2 Each Placee, by accepting a participation in the Placing, agrees that the content of this Announcement is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any other information, representation, warranty, or statement made by or on



behalf of the Company or the Underwriters or any other person and none of the Underwriters nor the Company nor any other person will be liable for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement which the Placees may have obtained or received. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

10. **Registration and settlement**

- 10.1 Settlement of transactions in the Placing Shares following Admission will take place on a delivery versus payment basis.
- 10.2 The Underwriters and the Company reserve the right to require settlement for and delivery of the Placing Shares to Placees by such other means that they deem necessary if delivery or settlement is not possible or practicable (including within the CREST system) or would not be consistent with the regulatory requirements in the Placee's jurisdiction.
- 10.3 Each Placee allocated Placing Shares in the Placing will be sent a trade confirmation in accordance with the standing arrangements in place with the relevant Underwriter stating the number of Placing Shares allocated to it at the Placing Price, the aggregate amount owed by such Placee to the relevant Underwriter and settlement instructions. Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with the standing CREST settlement instructions that it has in place with the relevant Underwriter.
- 10.4 It is expected that settlement will be on 1 June 2016 on a T+2 basis in accordance with the instructions set out in the trade confirmation.
- 10.5 Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above at the rate of two percentage points above the London Interbank Offered Rate as determined by the Underwriters.
- 10.6 Each Placee is deemed to agree that, if it does not comply with these obligations, the Underwriters may sell any or all of the Placing Shares allocated to that Placee on such Placee's behalf and retain from the proceeds, for the Underwriters' account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The relevant Placee will, however, remain liable for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon the sale of such Placing Shares on such Placee's behalf.
- 10.7 If Placing Shares are to be delivered to a custodian or settlement agent, Placees should ensure that the trade confirmation is copied and delivered immediately to the relevant person within that organisation.
- 10.8 Insofar as Placing Shares in Depositary Interest form are registered in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, it is expected that such Placing Shares should be so registered free from any liability to UK stamp duty or stamp duty reserve tax. If there are any circumstances in which any other stamp duty or stamp duty reserve tax (together with interest and penalties) is payable in respect of the issue of the Placing Shares, neither the Underwriters nor the Company shall be responsible for the payment thereof.

11. **Representations, warranties and further terms**

- 11.1 By communicating a bid for Placing Shares, each Placee (and any person acting on its behalf):



- (a) represents and warrants that it has read and understood this Announcement, including the Appendix, in its entirety and that its subscription for the Placing Shares is subject to and based upon all the terms, conditions, warranties, acknowledgements, agreements and undertakings and other information contained herein and undertakes not to redistribute or duplicate this Announcement;
- (b) acknowledges that no offering document or prospectus has been prepared or published in connection with the placing of the Placing Shares and represents and warrants that it has not received a prospectus or other offering document in connection therewith;
- (c) acknowledges that none of the Underwriters, the Company nor any of their respective affiliates nor any person acting on behalf of any of them has provided, and will not provide it, with any material regarding the Placing Shares or the Company other than this Announcement; nor has it requested any of the Underwriters, the Company, any of their respective affiliates or any person acting on behalf of any of them to provide it with any such information;
- (d) acknowledges that the content of this Announcement is exclusively the responsibility of the Company and that none of the Underwriters, their respective affiliates or any person acting on behalf of them has or shall have any liability for any information, representation or statement contained in this Announcement or any information previously published by or on behalf of the Company and will not be liable for any Placee's decision to participate in the Placing based on any information, representation or statement contained in this Announcement or otherwise. Each Placee further represents, warrants and agrees that the only information on which it is entitled to rely and on which such Placee has relied in committing itself to acquire the Placing Shares is contained in this Announcement and any information previously published by the Company by notification to a regulatory information service, such information being all that such Placee deems necessary to make an investment decision in respect of the Placing Shares and that it has neither received nor relied on any other information given or representations, warranties or statements made by any of the Underwriters or the Company and none of the Underwriters nor the Company will be liable for any Placee's decision to accept an invitation to participate in the Placing based on any other information, representation, warranty or statement, **provided that** nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person. Each Placee further acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in deciding to participate in the Placing;
- (e) acknowledges that none of the Underwriters, their respective affiliates nor any person acting on behalf of any of them has or shall have any liability for any publicly available or filed information or any information, representation, warranty or statement relating to the Company or its business contained therein or otherwise, **provided that** nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person;
- (f) represents and warrants that the issue to it, or the person specified by it for registration as holder, of Placing Shares will not give rise to a liability under any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services);
- (g) represents and warrants that it is not, and at the time the Placing Shares are acquired will not be, a resident of Australia, Canada, Japan or South Africa, and either (i) it has received, from a Underwriter or its affiliates, and will return a duly executed copy of a US Investor Letter certifying that it is either (A) a Qualified Institutional Buyer as defined in Rule 144A under the US Securities Act and a Qualified Purchaser as defined in section 2(a)(51) and related rules of the Investment Company Act acquiring the Placing Shares in the United States in a transaction exempt from registration under the US Securities Act; or (B) a US



Person that is also a Qualified Purchaser outside the United States acquiring the Placing Shares in an offshore transaction in accordance with Regulation S under the US Securities Act (failing which it will be deemed to have made the representations, warranties and agreements contained therein), or (ii) each of it and the beneficial owner of the Placing Shares is, and at the time the Placing Shares are acquired will be, outside the United States acquiring the Placing Shares in an "offshore transaction" in accordance with Rule 903 or Rule 904 of Regulation S under the US Securities Act;

- (h) represents and warrants that it has such knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in the Placing Shares, will not look to the Underwriters for all or part of any such loss it may suffer, is able to bear the economic risk of an investment in the Placing Shares, is able to sustain a complete loss of the investment in the Placing Shares and has no need for liquidity with respect to its investment in the Placing Shares;
- (i) acknowledges that the Placing Shares have not been and will not be registered or qualified for offer and sale nor will a prospectus be cleared in respect of any of the Placing Shares under the securities laws or legislation of the United States, Australia, Canada, Japan or South Africa or any other jurisdictions and, subject to certain exceptions, may not be offered, sold, or delivered or transferred, directly or indirectly, within those jurisdictions;
- (j) represents and warrants that it will not reoffer, resell, pledge or otherwise transfer the Placing Shares except outside the United States in an offshore transaction complying with the provisions of Regulation S to a person not known by the transferor to be in the United States, by pre-arrangement or otherwise, and under circumstances which will not require the Company to register under the Investment Company Act, or to the Company or a subsidiary thereof, in each case in accordance with any other applicable securities law;
- (k) represents and warrants that it will not deposit the Placing Shares or any interest therein into any unrestricted depositary receipt facility maintained by any depositary bank in respect of the Company's ordinary shares;
- (l) unless otherwise specifically agreed with the Underwriters, represents and warrants that it is, or at the time the Placing Shares are acquired that it will be, the beneficial owner of such Placing Shares;
- (m) represents and warrants that it falls within Article 19 and/or 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;
- (n) represents and warrants that it has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2003, the Money Laundering Regulations 2007 and any other law or regulation applicable to it (the "**Regulations**") and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;
- (o) if a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, represents and warrants that the Placing Shares purchased by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a Member State of the European Economic Area which has implemented the Prospectus Directive other than Qualified Investors, or in circumstances in which the prior consent of the Underwriters has been given to the offer or resale;



- (p) represents and warrants that it has not offered or sold and, prior to the expiry of a period of six months from Admission, will not offer or sell any Placing Shares to persons in the United Kingdom, except to Qualified Investors or otherwise in circumstances which have not resulted and which will not result in contravention of section 85(1) of the Financial Services and Markets Act 2000 ("**FSMA**");
- (q) represents and warrants that it has not offered or sold and will not offer or sell any Placing Shares to persons in the European Economic Area prior to Admission except to Qualified Investors or otherwise in circumstances which have not resulted in and which will not result in the requirement to publish a prospectus in any member state of the European Economic Area within the meaning of the Prospectus Directive;
- (r) represents and warrants that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to the Placing Shares in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person;
- (s) represents and warrants that it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Placing Shares in, from or otherwise involving, the United Kingdom;
- (t) represents and warrants that it and any person acting on its behalf is entitled to acquire the Placing Shares under the laws of all relevant jurisdictions and that it has all necessary capacity and has obtained all necessary consents and authorities to enable it to commit to this participation in the Placing and to perform its obligations in relation thereto (including, without limitation, in the case of any person on whose behalf it is acting, all necessary consents and authorities to agree to the terms set out or referred to in this Appendix) and will honour such obligations;
- (u) undertakes that it (and any person acting on its behalf) will make payment for the Placing Shares allocated to it in accordance with this Appendix on the due time and date set out herein, failing which the relevant Placing Shares may be placed with other Placees or sold as the Underwriters may in their sole discretion determine and without liability to such Placee, who will remain liable for any amount by which the net proceeds of such sale falls short of the product of the Placing Price and the number of Placing Shares allocated to it and may be required to bear any stamp duty, stamp duty reserve tax or other similar taxes (together with any interest or penalties due pursuant to the terms set out or referred to in this Announcement) which may arise upon the sale of such Placee's Placing Shares on its behalf;
- (v) acknowledges that none of the Underwriters, nor any of their respective affiliates, nor any person acting on behalf of any of them, is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing and that participation in the Placing is on the basis that it is not and will not be a client of any Underwriter and that none of the Underwriters has any duty or responsibility to it for providing the protections afforded to their respective clients or customers or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement nor for the exercise or performance of any of their respective rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
- (w) undertakes that the person whom it specifies for registration as holder of the Placing Shares will be (i) itself or (ii) its nominee, as the case may be. None of the Underwriters nor the Company will be responsible for any liability to stamp duty, stamp duty reserve tax or any similar tax resulting from a failure to observe this requirement. Each Placee and any person



acting on behalf of such Placee agrees to participate in the Placing and it agrees to indemnify the Company and the Underwriters and their affiliates and their respective directors, officers and employees on an after tax basis in respect of the same. Each Placee and any person acting on behalf of the Placee agrees to subscribe on the basis that the Depository Interests representing Placing Shares will be allotted to the CREST stock account of the Underwriters who will hold them as nominee on behalf of the Placee until settlement in accordance with its standing settlement instructions;

- (x) acknowledges that any agreements entered into by it pursuant to these terms and conditions, and all non-contractual or other obligations arising out of or in connection with them, shall be governed by and construed in accordance with the laws of England and Wales and it submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter arising out of any such contract (including any dispute regarding the existence, validity or termination of such contract or relating to any non contractual or other obligation arising out of or in connection with such contract), except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by either the Company or any Underwriter in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange;
- (y) agrees that the Company, the Underwriters and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings which are given to each of the Underwriters and the Company and are irrevocable;
- (z) agrees to indemnify on an after tax basis and hold the Company, the Underwriters and their respective affiliates and their respective directors, officers or employees harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this Appendix or the performance of the Placee's obligations hereunder or otherwise in connection with the Placing and further agrees that the provisions of this Appendix shall survive after completion of the Placing. No claim shall be made against the Company, the Underwriters and their respective affiliates and their respective directors, officers or employees or any other person acting on behalf of such persons by a Placee to recover any damage, cost, charge or expense which it may suffer or incur by reason of or arising from the carrying out by it of the work to be done by it pursuant hereto or the performance of its obligations hereunder or otherwise in connection with the Placing;
- (aa) represents and warrants that it has neither received nor relied on any confidential price sensitive information concerning the Company in accepting this invitation to participate in the Placing nor encouraged or required another person to deal in the securities of the Company nor disclosed such information prior to the information being made generally available;
- (bb) acknowledges that the Placing Shares will be issued to Placees subject to the terms and conditions set out in this Appendix;
- (cc) acknowledges that it irrevocably appoints any director of the Company as its agents for the purposes of executing and delivering to the Company and/or its registrars any documents on its behalf necessary to enable it to be registered as the holder of any of the Placing Shares agreed to be taken up by it under the Placing; and
- (dd) if it is a pension fund or investment company, its purchase of Placing Shares is in full compliance with applicable laws and regulations.



- 11.2 In addition, Placees should note that they will be liable for any stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the UK by them or any other person on the acquisition by them of any Placing Shares or the agreement by them to acquire any Placing Shares.
- 11.3 Each Placee, and any person acting on behalf of the Placee, acknowledges that the Underwriters do not owe any fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings or indemnities in the Placing Agreement.
- 11.4 The rights and remedies of the Underwriters and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 11.5 When a Placee or person acting on behalf of the Placee is dealing with a Underwriter, any money held in an account with such Underwriter on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the rules and regulations of the FCA made under the FSMA. The Placee acknowledges that the money will not be subject to the protections conferred by the client money rules; as a consequence, this money will not be segregated from the Underwriters' money in accordance with the client money rules and will be used by such Underwriter in the course of its own business and the Placee will rank only as a general creditor of such Underwriter.
- 11.6 HSBC, which is authorised by the PRA and regulated by the PRA and the FCA, is acting for the Company in connection with the Placing and the Acquisition and no one else and will not be responsible to anyone other than the Company for providing the protections afforded to clients of HSBC or for providing advice in relation to the Placing.
- 11.7 J.P. Morgan Cazenove, which is authorised by the PRA and regulated by the PRA and the FCA, is acting for the Company in connection with the Placing and the Acquisition and no one else and will not be responsible to anyone other than the Company for providing the protections afforded to clients of J.P. Morgan Cazenove or for providing advice in relation to the Placing.
- 11.8 All times and dates in this Announcement may be subject to amendment. The Underwriters shall notify the Placees and any person acting on behalf of the Placees of any changes.