



Just Group plc

(incorporated with limited liability in England and Wales with company no. 08568957)

£230,000,000

3.500 per cent Subordinated Tier 3 Notes due 2025

Issue price: 99.883 per cent

The £230,000,000 3.500 per cent Subordinated Tier 3 Notes due 2025 (the “Notes”) will be issued by Just Group plc (the “Issuer”) on 7 February 2018 (the “Issue Date”). The Notes will bear interest from (and including) the Issue Date at the rate of 3.500 per cent per annum, payable (subject as provided in “Terms and Conditions of the Notes – Deferral of Interest”) in equal instalments semi-annually in arrear on 7 February and 7 August in each year commencing on 7 August 2018, as described in “Terms and Conditions of the Notes - Interest”. Payments of interest on the Notes must be deferred by the Issuer (i) on each Mandatory Interest Deferral Date (as defined in the terms and conditions of the Notes (the “Conditions”, and references herein to a numbered “Condition” shall be construed accordingly)) or (ii) if such payment could not be made in compliance with the Issuer Solvency Condition (as defined in the Conditions), as more particularly described in “Terms and Conditions of the Notes - Deferral of Interest”. Any interest which is deferred by the Issuer will, for so long as it remains unpaid, constitute “Arrears of Interest”. Arrears of Interest will not themselves bear interest, and will be payable as provided in Condition 5. Payments in respect of the Notes will be made without withholding or deduction for, or on account of, taxes of the Relevant Jurisdiction (as defined in the Conditions, currently being the United Kingdom), unless such withholding or deduction is required by law. If any such withholding or deduction is made in respect of payments of interest (but not in respect of any payments of principal), additional amounts may be payable by the Issuer, subject to certain exceptions as are more fully described in “Terms and Conditions of the Notes - Taxation”.

The Notes will (unless previously redeemed or purchased and cancelled in accordance with the Conditions) mature on the Maturity Date (as defined in the Conditions), and may be redeemed prior to such date (i) in the event of certain changes in the tax treatment applicable to the Notes, (ii) in the event of a Capital Disqualification Event (as defined in the Conditions) or (iii) in the event of a Ratings Methodology Event (as defined in the Conditions) provided that any such redemption will only be made (A) in compliance with the Relevant Rules and (B) (if the Relevant Rules so require at the relevant time) on the condition that the Notes are exchanged for, or redeemed out of the proceeds of a new issue of, capital of the same or higher quality. The redemption of the Notes on the Maturity Date or any other date set for redemption of the Notes in accordance with the Conditions shall be deferred by the Issuer if (a) a Regulatory Deficiency Redemption Deferral Event (as defined in the Conditions) has occurred and is continuing on such date, or would occur if the Notes were to be redeemed, (b) the Notes could not be redeemed in compliance with the Issuer Solvency Condition (as defined in the Conditions), (c) the UK Prudential Regulation Authority (or its successor) does not consent to the redemption, to the extent required by itself or by the Relevant Rules (as defined in the Conditions) or (d) the redemption would otherwise breach the provisions of the Relevant Rules applicable to Tier 3 Capital (as defined in the Relevant Rules). The Issuer may, alternatively, in the event of a Capital Disqualification Event or a Ratings Methodology Event, or in the event of certain changes in the tax treatment applicable to the Notes, vary or substitute the Notes in the circumstances described in Condition 7. Any substitution or variation of the Notes, and any redemption or purchase of the Notes prior to the Maturity Date, will be subject to satisfaction of the Regulatory Clearance Condition (as defined in the Conditions) and continued compliance with applicable Regulatory Capital Requirements (as such terms are defined in the Conditions), and must comply with the Relevant Rules applicable at the time, all as more particularly described in Condition 7.8.

MiFID II professionals/ECPs-only/No PRIIPs KID – Manufacturer target market (Directive 2014/65/EU (“MIFID II”) product governance) is eligible counterparties and professional clients only (each as defined in MiFID II) (all distribution channels). No Regulation (EU) No 1286/2014 (the “PRIIPs Regulation”) key information document (“KID”) has been prepared as the Notes are not available to retail investors in the EEA. See page 2 of the Offering Memorandum “MIFID II Product Governance / Professional Investors and ECPs only Target Market” and “PRIIPs Regulation – Prohibition of Sales to EEA Retail Investors” for further information.

Application has been made for the Notes to be admitted to listing on the official list of the Luxembourg Stock Exchange and to trading on the Euro MTF. The Euro MTF is not a regulated market within the meaning of MIFID II. This Offering Memorandum constitutes a prospectus for the purpose of the Luxembourg law on prospectus securities dated 10 July 2005, as amended and may only be used for the purpose for which it is published.

An investment in the Notes involves certain risks. For a discussion of these risks see “Risk Factors” below.

The Notes are expected to be assigned a rating of BBB by Fitch Ratings Limited (“Fitch”). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. A revision, suspension, reduction or withdrawal of a rating may adversely affect the market price of the Notes. Fitch is established in the European Union and registered under Regulation 1060/2009/EC of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

Structuring Adviser

NatWest Markets

Joint Lead Managers

ABN AMRO

Barclays

NatWest Markets

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of each manufacturer's (as defined in Directive 2014/65/EU (as amended, "MiFID II")) product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market of the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for the distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

PRIIPS REGULATION – PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

The Issuer accepts responsibility for the information contained in this Offering Memorandum. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

Any information contained in this Offering Memorandum which has been sourced from a third party has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

No person is or has been authorised to give any information or to make any representation other than those contained in or consistent with this Offering Memorandum in connection with the issue or sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Issuer, any of the Managers (as defined in "Subscription and Sale" below) or the Trustee. Neither the delivery of this Offering Memorandum nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or that there has been no adverse change in the financial position of the Issuer since the date hereof or that any other information supplied in connection with the Notes is correct as of any time after the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Managers and the Trustee have not separately verified the information contained in this Offering Memorandum. Neither the Managers nor the Trustee makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information contained in this Offering Memorandum or any other information

provided by the Issuer in connection with the offering of the Notes. None of the Managers or the Trustee accepts any liability in relation to the information contained in this Offering Memorandum or any other information provided by the Issuer in connection with the offering of the Notes or their distribution. No Manager shall be responsible for, or for investigating, any matter which is the subject of, any statement, representation, warranty or covenant of the Issuer contained in the Notes, or any other agreement or document relating to the Notes, or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof. Neither this Offering Memorandum nor any other information supplied in connection with the offering of the Notes is intended to constitute, and should not be considered as, a recommendation by any of the Issuer, the Managers or the Trustee that any recipient of this Offering Memorandum or any other information supplied in connection with the offering of the Notes should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Memorandum and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Managers or the Trustee undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Memorandum nor to advise any investor or potential investor in the Notes of any information coming to their attention.

In the ordinary course of business, each of the Managers has engaged and may in the future engage in normal banking or investment banking transactions with the Issuer or its affiliates.

Neither this Offering Memorandum nor any other information provided by the Issuer in connection with the offering of the Notes constitutes an offer of, or an invitation by or on behalf of, the Issuer or the Managers or the Trustee or any of them to subscribe for, or purchase, any of the Notes (see "*Subscription and Sale*" below). This Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Memorandum and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Trustee and the Managers do not represent that this Offering Memorandum may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Trustee or the Managers or any of them which is intended to permit a public offering of the Notes or the distribution of this Offering Memorandum in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Memorandum or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Memorandum and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Memorandum and the offer or sale of Notes in the U.S. and the UK. Persons in receipt of this Offering Memorandum are required by the Issuer, the Trustee and the Managers to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of Notes and distribution of this Offering Memorandum, see "*Subscription and Sale*" below.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). Subject to certain exceptions, Notes may not be offered, sold or delivered within the U.S. or to U.S. persons, as defined in Regulation S under the Securities

Act. For a description of certain restrictions on offers and sales of Notes and on distribution of this Offering Memorandum, see “*Subscription and Sale*” below.

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

In this Offering Memorandum, unless otherwise specified, all references to “**pounds**”, “**sterling**”, “**£**”, “**p**” or “**pence**” are to the lawful currency of the UK.

Forward-Looking Statements

This Offering Memorandum includes certain “forward-looking statements”. Statements that are not historical facts, including statements about the beliefs and expectations of the Issuer and its subsidiaries (the “**Just Group**”) and their respective directors or management, are forward-looking statements. Words such as “believes”, “anticipates”, “estimates”, “expects”, “intends”, “plans”, “aims”, “potential”, “will”, “would”, “could”, “considered”, “likely”, “estimate” and variations of these words and similar future or conditional expressions, are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend upon future circumstances that may or may not occur, many of which are beyond the control of the Issuer or the Just Group and all of which are based on their current beliefs and expectations about future events. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Issuer or the Just Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the present and future business strategies of the Issuer and the Just Group and the environment in which the Issuer and the Just Group will operate in the future. These forward-looking statements speak only as at the date of this Offering Memorandum.

Except as required by the Luxembourg Stock Exchange or applicable law or regulation, the Issuer expressly disclaims any obligations or undertakings to release publicly any updates or revisions to any forward-looking statements contained in this Offering Memorandum to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

In connection with the offering of the Notes, one or more of the Managers (the “**Stabilising Manager**”) (or persons acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

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Documents Incorporated by Reference

On 4 April 2016, Just Retirement Group plc (together with its consolidated subsidiaries and subsidiary undertakings) (the “**Just Retirement Group**”) and the Partnership Assurance Group plc (together with its consolidated subsidiaries and subsidiary undertakings) (the “**Partnership Assurance Group**”) merged to form the Issuer and the Just Group (the “**Merger**”). Prior to the Merger, the Just Retirement Group’s accounting reference date was 30 June in each year and the Partnership Assurance Group’s accounting reference date was 31 December in each year. Following the Merger, the Issuer and certain other entities in the Just Group have changed their accounting reference dates to 31 December in each year. Therefore the Issuer’s most recent accounting period for which it has published accounts was for the 18 months ended on 31 December 2016.

This Offering Memorandum should be read and construed in conjunction with:

- (i) the annual report and audited consolidated annual financial statements of the Issuer (previously known as Just Retirement Group plc and JRP Group plc) for the 18 months ended 31 December 2016 together with the audit report thereon (the “**Just Group Financials 2016**”); and
- (ii) the annual report and audited annual financial statements of the Issuer (then known as Just Retirement Group plc) for the financial year ended 30 June 2015 together with the audit report thereon (the “**JR Financials 2015**”);
- (iii) the Issuer’s unaudited interim results for the 6 months ended 30 June 2017 (which, for the avoidance of doubt, includes the unaudited reviewed financial information for the 6 months ended 30 June 2017, as well as the unaudited and unreviewed pro forma information for the 6 months ended 30 June 2016);
- (iv) the Issuer’s business update for the 9 months ended 30 September 2017 (which, for the avoidance of doubt, includes the unaudited reviewed financial information for the 9 months ended 30 September 2017, as well as the unaudited and unreviewed pro forma information for the 9 months ended 30 September 2016); and
- (v) pages 55 to 71 (*Valuation for Solvency Purposes*), pages 72 to 81 (*Capital Management*) and pages 111 to 113 (*Audit Report*) of the solvency and financial condition report for the Just Group as at 31 December 2016 (the “**Just Group Solvency Report**”),

((i) to (iv) collectively, the “**Just Group Financial Information**”) which, in each case together with the Just Group Solvency Report, have been previously published or are published simultaneously with this Offering Memorandum and which have been filed with the Luxembourg Stock Exchange.

The documents referred to above shall be incorporated in, and form part of, this Offering Memorandum, save that any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Memorandum to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or

superseded shall not, except as so modified or superseded, constitute a part of this Offering Memorandum.

The below cross-reference table sets out where certain items of financial information may be found:

Just Group Financials 2016	JR Financials 2015
Consolidated statement of financial position: page 102	Consolidated statement of financial position: page 89
Consolidated statement of comprehensive income: page 100	Consolidated statement of comprehensive income: page 87
Notes to the consolidated financial statements: pages 104 to 147	Notes to the consolidated financial statements: pages 91 to 131
Independent Auditor's Report: page 94	Independent Auditor's Report: page 84

Copies of documents incorporated by reference in this Offering Memorandum can be obtained from the specified offices of Deutsche Bank AG, London Branch for the time being in London, and are also available on the Issuer's website at www.justgroupplc.co.uk. Copies of documents incorporated by reference in this Offering Memorandum are also available for viewing and can be accessed on the Luxembourg Stock Exchange's website at www.bourse.lu.

For so long as the Notes are admitted to listing on the official list of the Luxembourg Stock Exchange and to trading on the Euro MTF and the rules and regulations of that exchange so require, copies of the following documents in English may be inspected and obtained free of charge at the office of the Luxembourg listing agent, Deutsche Bank Luxembourg SA (the "**Luxembourg Listing Agent**") during normal business hours on any weekday: the articles of association of the Issuer, this Offering Memorandum, the Trust Deed, the Agency Agreement, the Just Group Financial Information and the Just Group Solvency Report.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Memorandum shall not form part of this Offering Memorandum.

Overview of the Principal Features of the Notes

The following overview refers to certain provisions of the terms and conditions of the Notes and the Trust Deed and is qualified by the more detailed information contained elsewhere in this Offering Memorandum. Terms which are defined in “Terms and Conditions of the Notes” below have the same meaning when used in this overview, and references herein to a numbered “Condition” shall refer to the relevant Condition in “Terms and Conditions of the Notes”.

Issue	£230,000,000 3.500 per cent Subordinated Tier 3 Notes due 2025.
Issuer	Just Group plc.
Status and Subordination	<p>The Notes will constitute direct, unsecured and subordinated obligations of the Issuer and will rank <i>pari passu</i> and without any preference among themselves. The rights and claims of the Noteholders against the Issuer will be subordinated in an Issuer Winding-Up as described in Condition 3.2.</p> <p>In addition, all payments by the Issuer to the Noteholders under or arising from the Notes and the Trust Deed shall be conditional upon the Issuer being solvent (as that term is described in Condition 3.3) at the time for payment by the Issuer, and no amount shall be payable by the Issuer to the Noteholders under or arising from the Notes and the Trust Deed unless and until such time as the Issuer could make such payment and still be solvent immediately thereafter. See “<i>Terms and Conditions of the Notes – Status of the Notes - Issuer Solvency Condition</i>”.</p> <p>For the avoidance of doubt, nothing in Condition 3.2 or Condition 3.3 shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof which shall in all cases not be subordinated.</p>
Interest	The Notes will bear interest from (and including) the Issue Date at the rate of 3.500 per cent per annum, payable (subject as provided under “ <i>Deferral of Interest</i> ” below) in equal instalments semi-annually in arrear on each Interest Payment Date.
Interest Payment Dates	7 February and 7 August of each year, commencing on 7 August 2018.
Deferral of Interest	<p>The Issuer is required to defer any payment of interest on the Notes in full on each Mandatory Interest Deferral Date (being an Interest Payment Date in respect of which a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest were to be made on such Interest Payment Date).</p> <p>The deferral of interest as described above will not constitute a</p>

default under the Notes for any purpose.

Arrears of Interest	Any interest which is deferred by the Issuer will, for so long as it remains unpaid, constitute Arrears of Interest. Arrears of Interest will not themselves bear interest, and will be payable by the Issuer as provided in Condition 5.4.
Redemption at Maturity	Unless previously redeemed or purchased and cancelled, the Issuer will (subject as provided under " <i>Deferral of redemption</i> " below) redeem the Notes on 7 February 2025.
Redemption, variation or substitution at the option of the Issuer for taxation reasons	<p>If:</p> <p>(a) as a result of any change in or proposed change in, or amendment or proposed amendment to, certain tax laws or regulations, including any treaty to which the United Kingdom is a party, any change in the application or official interpretation thereof including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations, that differs from the previously generally accepted position in relation to similar transactions (in respect of securities similar to the Notes and which have the characteristics of Tier 3 Capital under the rules applicable at issuance) or which differs from any specific written confirmation given by a tax authority in respect of the Notes, which change or amendment becomes, or would become, effective or, in the case of a change or proposed change in law, if such change is enacted (or, in the case of a proposed change, is expected to be enacted) by United Kingdom Act of Parliament or by Statutory Instrument, after the Issue Date, on the next Interest Payment Date, either:</p> <p style="margin-left: 40px;">(i) the Issuer would be required to pay additional amounts on the Notes as provided in Condition 8; or</p> <p style="margin-left: 40px;">(ii) in respect of the Issuer's obligation to make any payment of interest in respect thereof:</p> <p style="margin-left: 80px;">(1) the Issuer would not be entitled to claim a deduction in computing its tax liabilities in the United Kingdom, or such entitlement is materially reduced; or</p> <p style="margin-left: 80px;">(2) the Issuer would not to any material extent be entitled to have such deduction set against the profits of companies with which it is grouped for applicable United Kingdom</p>

tax purposes (whether under the group relief system current as at the date of the Tax Law Change or any similar system or systems having like effect as may from time to time exist); and

- (b) in any such case, the effect of the foregoing cannot be avoided by the Issuer taking measures reasonably available to it,

the Issuer may, in accordance with Condition 7.4 (and subject to “*Preconditions to redemption, variation, substitution and purchases*” below), upon notice to Noteholders either:

- (A) redeem all (but not some only) of the Notes at any time at their principal amount together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the date of redemption (subject as provided under “*Deferral of Redemption*” below); or
- (B) substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they become or remain, Qualifying Tier 3 Securities,

all as more particularly described in Condition 7.4.

**Redemption,
substitution or variation
at the option of the
Issuer upon a Capital
Disqualification Event**

If a Capital Disqualification Event has occurred and is continuing or, as a result of any change in, or amendment to, or any change in the application or official interpretation of, any applicable law, regulation or other official publication, the same will occur within a period of six months, the Issuer may at any time upon notice to Noteholders, in accordance with Condition 7.5 (and subject to “*Preconditions to redemption, variation, substitution and purchases*” below), either:

- (a) redeem all (but not some only) of the Notes at their principal amount, together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the date of redemption (subject as provided under “*Deferral of Redemption*” below); or
- (b) substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they become or remain, Qualifying Tier 3 Securities,

all as more particularly described in Condition 7.5.

**Redemption,
substitution or variation
at the option of the**

If a Ratings Methodology Event has occurred and is continuing or, as a result of any change in or clarification to, the methodology of the Rating Agency (or in the interpretation of such methodology by

Issuer upon a Ratings Methodology Event

the Rating Agency), the same will occur within a period of six months, the Issuer may at any time upon notice to Noteholders, in accordance with Condition 7.6 (and subject to “*Preconditions to redemption, variation, substitution and purchases*” below), either:

- (A) redeem all (but not some only) of the Notes at their principal amount, together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the date of redemption (subject as provided under “*Deferral of Redemption*” below); or
- (b) substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they become or remain, Rating Agency Compliant Notes,

all as more particularly described in Condition 7.6.

Deferral of Redemption

No Notes shall be redeemed by the Issuer on the Maturity Date or on any other date set for redemption pursuant to Conditions 7.4, 7.5 or 7.6 if (i) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if the Notes were to be redeemed, (ii) the Relevant Regulator does not consent to the redemption (to the extent that consent is then required by the Relevant Regulator or the Relevant Rules) or (iii) redemption would otherwise breach the provisions of the Relevant Rules which apply to obligations eligible to qualify as Tier 3 Capital.

If redemption of the Notes is deferred, the Issuer will redeem the Notes as provided in Condition 7.2.

The deferral of the redemption of the Notes as described above will not constitute a default under the Notes for any purpose.

Preconditions to redemption, variation, substitution and purchases

Prior to publishing any notice (a) that the Issuer intends to redeem the Notes before the Maturity Date or (b) of any proposed substitution, variation or purchase of the Notes, the Issuer will be required to have complied with the Regulatory Clearance Condition with respect to such redemption, variation, substitution or purchase and be in continued compliance with Regulatory Capital Requirements, and such redemption, substitution, variation or purchase must comply with the Relevant Rules applicable at the time.

The Issuer shall not redeem any Notes or purchase any Notes unless at the time of such redemption, payment or purchase (i) it is, and will immediately thereafter remain solvent (as such term is described in Condition 3.3) and (ii) it is, and will immediately thereafter remain, in compliance with all Regulatory Capital Requirements applicable to it.

In addition, in the case of any redemption prior to the Maturity Date pursuant to Conditions 7.4, 7.5 or 7.6, such redemption will only be made (i) in compliance with the Relevant Rules and (ii) (if the Relevant Rules so require at the relevant time) on the condition that the Notes are exchanged for, or redeemed out of the proceeds of a new issue of, capital of the same or higher quality, in each case as more particularly described in Condition 7.8.

Withholding tax and additional amounts

The Issuer will pay such additional amounts in respect of payments of interest, but not in respect of any payments of principal, as may be necessary in order that the net payment received by each Noteholder in respect of interest payments on the Notes, after withholding or deduction for, or on account of, any taxes, duties, assessments or government charges of whatever nature required by law in the Relevant Jurisdiction (currently the United Kingdom) upon payments made by or on behalf of the Issuer in respect of the Notes, will equal the amount which would have been received in the absence of any such withholding or deduction, subject to customary exceptions as set out in Condition 8.

Events of Default

If:

- (a) default is made by the Issuer for a period of 14 days or more in the payment of any interest (including, without limitation, any Arrears of Interest) or principal due in respect of the Notes or any of them; or
- (b) an Issuer Winding-Up occurs,

then the Trustee on behalf of the Noteholders may at its discretion (and, subject to certain conditions, if so directed by the requisite majority of Noteholders shall) institute proceedings for the winding-up of the Issuer in England and Wales (but not elsewhere), and/or (as applicable) prove in the winding-up or administration of the Issuer and/or claim in the liquidation of the Issuer but may take no further action to enforce, prove or claim for any payment by the Issuer in respect of the Notes or the Trust Deed.

Upon the occurrence of an Issuer Winding-Up, the Trustee may at its discretion (and, subject to certain conditions, if so directed by the requisite majority of the Noteholders shall) give notice to the Issuer that the Notes are, and they shall accordingly become, immediately due and payable by the Issuer at an amount equal to their principal amount together with any Arrears of Interest and any other accrued and unpaid interest and, if applicable, any damages awarded for breach of any obligations under the Notes or the Trust Deed.

Substitution of obligor and transfer of

The Conditions permit the Trustee to agree to the substitution in place of the Issuer of a Substitute Obligor in the circumstances

business	described in Condition 13 without the consent of Noteholders.
Form	<p>The Notes will be issued in registered form and represented upon issue by a registered global certificate (the “Global Certificate”) which will be registered in the name of a nominee for a common depository (the “Common Depository”) for Clearstream Banking S.A. (“Clearstream, Luxembourg”) and Euroclear Bank S.A./N.V. (“Euroclear”) on or about the Issue Date.</p> <p>Save in limited circumstances, Notes in definitive form will not be issued in exchange for interests in the Global Certificate.</p>
Denomination	The Notes will be issued in denominations of £100,000 each and integral multiples of £1,000 in excess thereof.
Meetings and resolutions of Noteholders	<p>The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally, and also allow for resolutions of the Noteholders to be passed by way of written resolution. Whilst the Notes are in global form, the Trust Deed contains provisions for resolutions of the Noteholders to be passed by way of electronic consent communicated through the electronic communications systems of the relevant clearing system(s).</p> <p>These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting or who did not vote on the relevant resolution, as applicable, and Noteholders who voted in a manner contrary to the majority.</p>
Listing	Application has been made for the Notes to be admitted to the official list of the Luxembourg Stock Exchange and for the Notes to be admitted to trading on the Euro MTF.
Ratings	The Notes are expected to be assigned a rating of BBB by Fitch. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by Fitch. A revision, suspension, reduction or withdrawal of a rating may adversely affect the market price of the Notes.
Governing Law	The Notes and the Trust Deed, and any non-contractual obligations arising out of or in connection therewith, will be governed by and construed in accordance with English law.
Managers	ABN AMRO Bank N.V., Barclays Bank PLC and The Royal Bank of Scotland plc (trading as NatWest Markets).
Trustee	Deutsche Trustee Company Limited.

Principal Paying Agent	Deutsche Bank AG, London Branch.
Registrar	Deutsche Bank Luxembourg S.A.
Selling Restrictions	Customary selling restrictions in the U.S., EU and UK; Regulation S Category 2; TEFRA not applicable.
MiFID II Product Governance/PRIIPs Regulation	Solely for the purposes of each manufacturer's product approval processes, the manufacturers have concluded that: (i) the target market for the Notes is eligible counterparties and professional clients only; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. No PRIIPs Regulation key information document (" KID ") has been prepared as the Notes are not available to retail investors in the EEA.
Use of Proceeds	The net proceeds of the issue of the Notes will be used by the Issuer for general corporate purposes.

Risk Factors

The Directors of the Issuer believe that the following factors may affect the Issuer's ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Any of these risk factors, individually or in the aggregate, could have an adverse effect on the Issuer and the impact each risk could have on the Issuer is set out below.

Factors which the Directors of the Issuer believe may be material for the purpose of assessing the market risks associated with the Notes are also described below.

The Directors of the Issuer believe that the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Notes for other reasons, and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Memorandum and reach their own views prior to making any investment decision.

1. RISKS RELATING TO THE JUST GROUP'S BUSINESS AND INDUSTRY

1.1 Insurance risks

The Just Group may suffer adverse experience compared with the assumptions used in pricing products, establishing provisions and reporting business results

The Just Group's results depend on whether the actual timing of deaths and investment income experience are consistent with the pricing models and assumptions it has used in underwriting and setting prices for defined benefit ("DB") de-risking solutions, guaranteed income for life products (previously known as individual annuities) ("GifL"), lifetime mortgages ("LTM") and other insurance products. These assumptions are based on a variety of factors, including historical data, estimates and individual expert judgements in respect of known or potential future changes, as well as statistical projections of what the Just Group believes will be the costs and cash flows of its assets and liabilities.

Although the Just Group monitors its actual experience against the assumptions it has used, and refines its long-term assumptions in light of experience, the nature of the risks underlying its business, as detailed in the following paragraphs, means that it is not possible to determine precisely (i) the amounts that the Just Group will ultimately pay to meet its DB de-risking solutions, GifL and other insurance product liabilities or (ii) the return on, or the repayment of, its LTMs. Amounts payable under the Just Group's products may vary from estimates, particularly as the liabilities under the DB de-risking solutions, GifL and other insurance products written by the Just Group may extend further into the future than expected, and the income and timing of cash flows from investments, including the LTMs, may be different from that assumed.

The following paragraphs summarise the risks relating to the writing of DB de-risking solutions, GifL, LTMs and other insurance products. These risks largely arise from a divergence between actual experience and assumptions and, should any of these risks materialise, they could have

a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

- (A) DB de-risking solutions, GflL (excluding capped drawdown contracts ("**CDCs**")) and other insurance products

The accurate pricing of the Just Group's products is dependent on a detailed understanding of the impact of relevant lifestyle and medical factors on the longevity of prospective customers. There is a risk that historical data and/or assumptions applied to underwriting and pricing may not provide an accurate indication of future longevity trends and could lead to inaccurate assumptions in respect of the pricing of the Just Group's products. Inaccurate estimation of the impact on longevity of relevant lifestyle and medical factors, failure to anticipate changes in future longevity as a result of lifestyle changes and medical advances, and inaccurate reporting of medical conditions by pricing/underwriting applications could result in the mispricing of the Just Group's products. These events, by resulting in higher than anticipated payouts for a given premium, to the extent such payouts are in excess of the amounts reinsured, could have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

Just Retirement Limited entered the DB de-risking solutions segment with the assistance of RGA International Reinsurance Company Limited (UK Branch) ("**RGA International**") and RGA Global Reinsurance Company, Ltd. ("**RGA Americas**" and, together with RGA International, "**Reinsurance Group of America**"), and has based its pricing and underwriting on their reinsurance terms. There is a risk that such reinsurance terms were not appropriate for the business underwritten.

- (B) LTMs

The Just Group uses its LTM assets to match some of its liabilities arising from DB de-risking solutions and GflL. The Just Group partially hedges population longevity risk through LTMs where increasing longevity increases the potential value of mortgage assets. This is expected to occur at the same time as general improvements in longevity among the annuitant population, however the two populations are not identical, hence the hedge is expected to be partial. There is no assurance that general population longevity risk can be wholly mitigated by such contracts. Key assumptions relating to pricing and the subsequent valuation of the LTM assets are the expected tenure of the mortgage and the timing of repayment (typically triggered by the death of the mortgagor or his or her move into a long-term care home). In the event that repayments occur earlier than anticipated, less interest will have accrued on such mortgages and the amount repayable under such mortgages will be less than had been assumed at the time of their sale. In the event that repayments occur later, although more interest will have accrued on such mortgages and the amount repayable under such mortgages will be greater than had been assumed at the time of their sale, the cash inflows associated with the repayment of such mortgages will be received later than had originally been anticipated.

In addition, a general increase in longevity would have the effect of increasing the total amount repayable under the relevant LTMs, which would, assuming no increase in house prices, in turn, increase the average loan to value ("**LTV**") ratio of the Just Group's LTMs and could increase the risk of the Just Group not being repaid in full as a consequence of the no-negative equity guarantee ("**NNEG**") that is provided in connection with all of its LTMs. The NNEG is a guarantee that no borrower will owe more than the net sales proceeds from the property

securing his or her LTM and no debt will ever be left to his or her estate as a consequence of such mortgage.

The Just Group is subject to the risk that reinsurance may not be available, affordable or adequate to protect it against losses and/or its existing longevity risk transfer arrangements may be terminated, may not be renewed, or may be renewed on terms less favourable than those under the existing treaties

As part of its overall risk mitigation and capital management strategy, the Just Group purchases reinsurance from a number of reinsurance providers (including Reinsurance Group of America, Hannover Ruck SE, Pacific Life Re Ltd and SCOR Life Global Life) to cover a significant proportion of its longevity risk (the risk of annuitants living longer than expected) and mortality risk in respect of its protection products (the risk of policyholders not living as long as expected). In some cases, the reinsurer also accepts the investment risk in respect of reinsured payments. Market conditions beyond the Just Group's control determine the future availability and cost of appropriate reinsurance and the receipt of future reinsurance recoveries as well as the financial strength of reinsurers. Risk appetite among reinsurers may change, resulting in changes in price or their willingness to reinsure certain risks in the future. Any significant changes in reinsurance pricing may result in the Just Group being forced to incur additional expenses for reinsurance, writing less business, having to obtain reinsurance on less favourable terms or not being able to or choosing not to obtain reinsurance. Any of these could have a material adverse effect on the Just Group's business, financial condition and result of operations.

Just Retirement Limited and Partnership Life Assurance Company Limited are parties to reinsurance treaties with a number of reinsurance providers, pursuant to which each of Just Retirement Limited and Partnership Life Assurance Company Limited has agreed to transfer a substantial proportion of its annuity longevity risk to such reinsurers. Termination of these treaties for cause (including, in some cases, as a result of a material change in ownership, management or control of the Just Group) could, in some instances, lead to reinsurers exercising their options to require the Just Group to reassume the entirety of the risk on the annuities reinsured to date under particular treaties, in addition to closing the treaty to new qualifying annuities. This resumption of liabilities could have a material adverse effect on the Just Group both by increasing the amount of capital required to be set aside for regulatory capital purposes and by exposing the Just Group to increased longevity risk.

The Just Group could face difficulties in entering into an agreement on similar terms with benefits equivalent to those described above or at all, with other reinsurers, particularly as there is only a limited number of reinsurers with credit ratings satisfactory to the Just Group who are able to provide equivalent protection for risks of the type written by the Just Group.

The termination of any of the reinsurance treaties or failure of these treaties to continue on terms similar to those presently in force, could have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

The Just Group is exposed to lapse (or withdrawal) risk through early redemption of LTMs

The Just Group is exposed to lapse risk through early redemption of LTMs. LTM customers can, in certain circumstances, withdraw by repaying all or part of their total outstanding mortgage. The incidence of LTM lapses will be a function of the movement in mortgage rates since the

product was taken out, the desire and ability of the mortgagor to repay or switch provider, the level of the early repayment charge, movements in house prices, the competitiveness of other mortgage providers (also with respect to LTV), other product alternatives in the retirement income market and the activity level of the customer's financial adviser. If the monies repaid cannot be reinvested in similarly yielding assets, a significant increase in lapses could have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

The amounts the Just Group reserves for administrative and other expenses when it sells its products could prove to be inadequate

The Just Group allocates reserves when it sells products, not only for the expected payments under the Just Group's retirement income products, but also for administrative and other expenses in connection with the retirement income products. The Just Group also allocates reserves to cover the cost of closing to new business. In the event that the Just Group fails to establish sufficient reserves to cover administrative and other expenses it could have a material adverse effect on the business, results of operations, financial condition and prospects of the Just Group.

The intellectual property of the Just Group, in particular its extensive database of mortality data, is crucial to its operations and the Just Group is exposed to the risk of its theft, loss, deterioration, corruption and to competitors developing their own accurate mortality data over time

The most significant portion of the intellectual property of the Just Group comprises its mortality data, which has been developed over the past 22 years and which is continually updated. The Issuer believes that this mortality data enables the Just Group to price and reserve more accurately than they could without such data and to secure reinsurance agreements on attractive terms. Any theft of this data by an employee or competitor or another third party, or loss or corruption of the data, for example as a result of systems failure, or the deterioration of the relevance of the dataset over time as a result of medical advances or changes in longevity trends generally, could impair the ability of the Just Group to price its products accurately and obtain reinsurance on attractive terms. In addition, competitors have assembled their own sets of mortality data and, over time, could price across the spectrum of annuities at an increased level of accuracy, which could serve to devalue such intellectual property. Any of the above could have a material adverse effect on the business, results of operations and/or financial position of the Just Group.

1.2 Market risks

The economic environment and financial market conditions may have a significant influence on the value of the Just Group's income, assets, and liabilities

The Issuer believes there to be limited resilience within global economies to changes in monetary policies due in part to increased levels of worldwide indebtedness and reliance on low interest rates and quantitative easing. Any actual or perceived change in monetary policy may have severe consequences for the UK economy. With a large deficit, the UK still faces considerable structural and economic challenges. The impact of any changes could be exacerbated by the marked reduction in asset liquidity resulting in magnified market movements and the inability to buy and sell assets. The Bank of England has also responded to recent

economic conditions in the UK by modestly tightening its monetary policy, and is of the view that if the economy follows the path currently expected, further increases in the UK bank rate would be warranted over the next few years to return inflation sustainably to its target. Further, the current U.S. administration has various trade, tax and immigration policies that, if enacted, could have a material impact on the global economy and on the performance of capital markets.

The Issuer believes that there is a risk that the economic outlook may reduce the availability of attractive investments, which could have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

Although the Just Group generally holds its financial assets to maturity, the value of the Just Group's financial assets and liabilities is determined at each period end, with the movements in market value and present value in each period being reflected in the Just Group's statement of comprehensive income. The Issuer believes that the market value or present value of the Just Group's financial assets and liabilities may be affected by, among other things, changes in (i) interest rates; (ii) inflation; (iii) credit ratings of, or the credit spreads in respect of, the issuers of fixed income securities; and (iv) liquidity in the bond markets. Any of these factors could affect returns on, and the market values of, UK and international fixed income investments in the Just Group's financial asset portfolio as well as the present value of its LTMs and financial liabilities. For instance, when the credit rating of a given issuer of fixed income securities falls, or the credit spread with respect to such issuer increases, the market value of such issuer's fixed income securities may also decline, and such decreases in value would be recognised in the Just Group's statement of comprehensive income for such period. Changes in the market value and/or present value of the Just Group's financial assets and liabilities can have a material adverse effect on the Just Group's results of operations, financial condition and/or prospects.

In the global financial system, financial institutions, including reinsurers are interdependent. The interdependence of financial institutions means that the failure of a sufficiently large and influential financial institution or other major counterparty, for whatever reason, could materially disrupt markets. This risk, known as "systemic risk", could adversely impact the Just Group in several ways, some of which may be unpredictable, including increased default or counterparty risk. It may also adversely impact future sales as a result of reduced confidence in the insurance industry or difficulties encountered in clearing premiums and payments through the banking system. The Issuer believes that, despite increased focus by regulators with respect to systemic risk, this risk remains part of the financial system, and dislocations caused by the interdependence of financial market participants could have a material adverse effect on the business, results of operations, financial condition and prospects of the Just Group.

Following the UK's referendum vote to withdraw from the EU, uncertainty surrounding the UK's future relationship with the EU may have a negative effect on global economic conditions, financial markets and the Just Group's business

On 23 June 2016, the UK held a referendum in which a majority of the voting population voted in favour of the UK leaving the European Union (the "EU"). The UK Government served formal notice to the European Council of its desire to withdraw on 29 March 2017, with the timing of the UK's exit from the EU currently set for 29 March 2019. The UK's departure from the EU will have political, legal and economic ramifications for both the UK and the EU.

The potential outcome of the negotiations on UK withdrawal and any subsequent negotiations on trade and access to the country's major trading markets, including the single EU market, is

currently unknown. The terms of the UK's exit are also unclear and remain to be determined by the negotiations currently taking place. If no agreement can be reached and approved by parties within the two year period designated by Article 50 of the Treaty on European Union, it is possible that the UK will leave the EU with no withdrawal agreement in place. The possibility of a lengthy period before negotiations are concluded may increase volatility in the markets in which the Just Group operates and create the potential for a general downturn in economic activity and for further or prolonged interest rate reductions in some jurisdictions due to monetary easing and investor sentiment.

In addition, the regulatory environment that entities like the Just Group operate in within the UK is largely derived from EU financial services legislation. For so long as the UK remains part of the EU, it is required to implement and apply such legislation, but this may no longer be the case following its departure from the EU. Any significant changes to UK financial services legislation and the regulatory environment the Just Group operates in may have a material effect on the Just Group's business.

The Just Group's GfL could be adversely affected by periods of consistently low interest rates

The prices charged for, and the returns associated with, the Just Group's GfL are, in part, dependent upon the current long-term interest rate environment existing at the time GfL are sold and the financial assets supporting such liabilities are purchased. Changes in the environment affect the returns on financial assets purchased and thus can affect the prices charged for GfL.

The GfL sold by the Just Group can be adversely affected by periods of consistently low interest rates. In a period of consistently low interest rates, as is currently the case, new GfL business volumes may be affected as alternative retirement income products may become relatively more attractive to customers.

As a result, periods of consistently low interest rates could have a material adverse effect on the business, results of operations, financial condition and prospects of the Just Group.

The Just Group's exposure to inflation risk increases in line with increases in volumes of DB de-risking solutions

The Just Group's exposure to inflation risk increases in line with increases in volumes of DB de-risking solutions sold by the Just Group. Most DB pension schemes link member benefits to either inflation indexation and/or limited price indexation. As the Just Group's exposure to inflation risk increases, its use of inflation hedging mechanisms will also increase, which may result in the Just Group needing to hold more liquid assets or longer-term gilts to offset potential increases in collateral requirements when the future inflation curve is lower than expected. A tightening of the Just Group's liquidity position could have a material adverse effect on the Just Group's business, results of operations, financial conditions and prospects.

The value of the Just Group's LTM assets is subject to fluctuations in housing market values

The Just Group's LTMs comprise a significant proportion of its financial assets supporting its DB and GfL liabilities. The LTM products of the Just Group incorporate a NNEG. The NNEG applies

under defined circumstances on repayment of a mortgage if the outstanding balance of the LTM loan secured on a property exceeds the net sales proceeds from the property at the time of the redemption. If this situation arises, the Just Group will not seek to recover the balance of the loan in excess of the net sales proceeds from the customer's estate. The NNEG applies in all cases following death (in the case of mortgages issued on joint lives this is on the death of the second life) or when moving into long-term care. When mortgages are voluntarily redeemed early, i.e. on the sale of the property, the NNEG only applies in certain defined circumstances. In particular, the NNEG does not apply if the mortgage is repaid using assets other than from the sale of the property. These terms are standard for LTMs and in line with requirements applying in order to be a member of the trade body, Equity Release Council (the "ERC"). The (voluntary) ERC terms on application of the NNEG for voluntary redemption are however currently in the process of being clarified, potentially with retrospective/retroactive effect.

Although the average LTV ratio in respect of the Just Group's LTMs as at 30 June 2017 was 28 per cent, given that such mortgages are secured by a borrower's equity interest in a particular property - typically such borrower's house - a substantial decline in UK housing market values could adversely affect (i) the Just Group's returns on existing LTMs by increasing the provisions required to be held for the NNEG, (ii) the Just Group's returns on existing LTMs, including actual losses if the prices realised on the sale of the properties securing such loans fall below the amount of outstanding principal and accrued interest at redemption and/or (iii) the Just Group's cash inflow from LTMs by delaying sales of the properties securing such loans. The Just Group is exposed to the risk that a fall in residential property prices could reduce the amounts received from mortgage redemptions, which could have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

The Just Group is subject to the risk of defaults by the issuers of fixed income securities in its financial asset portfolio

Premiums received by the Just Group from DB de-risking solutions and GfL are invested in financial assets, such as fixed income securities and LTMs, so as to match cash inflows from such investments against the Just Group's expected future cash outflows in respect of its DB de-risking solutions and GfL.

One of the principles of the Just Group's investment strategy is that the investment portfolio comprises high quality, low risk assets.

The Just Group actively monitors the quality of its overall bond portfolio, which is not intended to have a particular concentration by sub-sector or instrument. Nevertheless, the Just Group is exposed to default risk with respect to these securities in the event of adverse market conditions or other factors affecting the bond market as a whole.

If the issuers of securities held (directly or indirectly) by the Just Group default on their obligations, the Just Group could suffer significant losses on account of such defaults, which could materially adversely affect the Just Group's business, results of operations, financial condition and prospects.

The Just Group is exposed to counterparty risk, particularly in relation to other financial institutions, including reinsurers

The Just Group is exposed to counterparty risk in relation to third parties including reinsurance counterparties, derivative counterparties, policyholders, brokers, distribution partners and other supplier contracts, as well as financial institutions holding its cash deposits. The Just Group's business could suffer if the Just Group's counterparties fail to honour their obligations. In particular, in the event that a reinsurance counterparty fails, the collateral deposited by that counterparty with the Just Group in respect of qualifying contracts may ultimately be insufficient to pay for claims actually experienced on the business previously reinsured by that counterparty. This consequence, as well as others resulting from counterparties' failures to honour obligations and payments could have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

1.3 Liquidity risk

The Just Group may experience a tightening in liquidity and require significantly larger cash balances than anticipated

A tightening of the Just Group's liquidity position could have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

Premiums received from the Just Group's customers in connection with the provision of DB de-risking solutions and GfL are invested in financial assets, such as fixed income securities and LTMs, so as to attempt to match cash inflows from such investments against expected future cash outflows in respect of its DB liabilities and GfL. This matching depends on the accuracy of its projections of cash inflows (premiums received, the repayment of fixed income securities and LTMs, coupon payments made on fixed income securities and early redemptions of LTMs) and outflows (the purchase of fixed income securities, payments to annuitants and DB pension schemes, mortgage advances, commissions, expenses and tax), which are subject to a number of assumptions, which are necessarily less certain the further into the future such projections are made. Accordingly, the Just Group is subject to the risk of cash flow mismatches in the longer term between its DB de-risking solutions and GfL related financial liabilities and the financial assets held to support those liabilities, as a result of, among other things, inaccurate assumptions regarding the timing and duration of future cash inflows and/or cash outflows. In the event of such a mismatch, the Just Group may be unable to pay its DB or GfL-related financial liabilities as they fall due on account of insufficient cash inflows, which could have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

If it were necessary to sell assets in order to generate liquidity, there is no guarantee that the price achieved would reflect the valuations at which such assets are recorded especially for illiquid classes of assets. In particular, it may not be possible to readily sell mortgage assets due to the lack of a market in which to trade them.

From time to time liquidity is needed to be able to collateralise derivative positions that are used to hedge against interest rates, inflation rates and foreign currencies. Liquidity is also required to ensure the continued funding of LTMs and, under Solvency II (as defined in the Conditions), to support the restructuring of LTMs required by regulatory rules. In extreme circumstances collateral calls could result in a lack of suitable liquidity. In this case, one of the actions that the

Just Group could take to reduce the liquidity strain is to close out derivatives. This would increase the exposure of the Just Group to those risks that were being hedged by the derivative, and were the risk to materialise, it could have a material adverse effect on the business, results of operations, financial condition and prospects of the Just Group.

Fluctuations in the value of the U.S. dollar and other foreign currencies against the British pound could adversely affect the profitability of the Just Group

From time to time, the Just Group acquires fixed income securities denominated in U.S. dollars or other foreign currencies for its financial asset portfolios. Although the Just Group hedges these currency exposures, there is a risk that as a result of an early redemption or default by an issuer, the derivative becomes mismatched. If the Just Group fails to close the hedge quickly, a currency loss could occur which could have a material adverse effect on the business, results of operations, financial condition and prospects of the Just Group.

Any determination to restrict further drawdowns, in order to manage liquidity, of the undrawn portion of drawdown LTMs could adversely affect the reputation and brand of the Just Group

The Just Group's drawdown LTMs enable borrowers to draw down further advances subsequent to the initial drawdown of the loan, subject to certain terms and conditions. Further LTM advances under pre-existing drawdown LTMs typically accounted for 15.1 per cent of new LTM lending over the three years ended 31 December 2017. If there were to be a sharp increase in customers' propensity to draw down the undrawn portion of drawdown LTMs, the Just Group may not be able to facilitate these drawdowns. Although under the terms of its drawdown LTMs the Just Group may restrict drawdowns as a result of certain events (including the liquidity needs of the Just Group), such an eventuality could adversely affect the Just Group's reputation, sales and brand, which could in turn have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

1.4 External environment risks

The UK Government's pension reforms, implemented in April 2015 ("Pension Reforms") will, and other potential legislation changes being considered may, have a fundamental impact on the expected shape and future of the retirement income market and may have a material adverse effect on the Just Group

The Just Group operates in a highly regulated sector, which means that changes in relevant legislation and regulation may have a considerable effect on the Just Group's strategy and day-to-day operations, which could in turn have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

Changes in UK Government policy, changes to legislation and regulation, or the interpretation or approach to enforcement of legislation and regulation (at a national and/or EU level), applying to companies in the financial services sector in any of the markets in which the Just Group operates may occur in future and could in certain circumstances be applied retrospectively, and may adversely affect the Just Group's underlying profitability, its product range, distribution channels, capital requirements and, consequently, results and financing requirements.

The Taxation of Pensions Act 2014 implemented the changes announced in the Budget of 19 March 2014 (the “**2014 Budget**”). The changes dramatically altered the UK retirement income market giving those aged 55 or over flexible access to their pension savings. Amongst other changes, the Pension Reforms allow consumers approaching retirement age to opt to take their entire pension pot as cash, with the first 25 per cent remaining tax free and the balance taxed at the individual consumer’s marginal rate.

The Pension Reforms have created a considerable level of uncertainty in the UK retirement income market in which the Just Group operates. This uncertainty is likely to persist given that it will take time for market participants’ and consumers’ behaviour to adjust to the Pension Reforms as well as to the innovative and more flexible retirement income products which are likely to emerge as a result of such reform. There is also the possibility that the UK Government may further liberalise or remove restrictions on customers accessing their pension funds on retirement.

Of the products in the retirement income market which the Just Group provides, the Pension Reforms pose the most risk to the sales of GfL products by the Just Group, as, *inter alia*, retirees have greater flexibility in deciding the extent to which they convert their pensions savings to a GfL, if at all. To date, the Pension Reforms have reduced the number of people purchasing an annuity within the UK retirement income market, thus reducing the total sales of UK annuities, and reducing the revenue which the Just Group derives from its GfL sales. If lower volumes of annuity sales persist, or volumes of sales decrease further, and cannot be replaced through other retirement income product revenue streams, it could have a material adverse effect on the Just Group’s business, its financial condition, results of operations and prospects.

There can be no certainty that the response of the Just Group to the Taxation of Pensions Act 2014 and the Pension Reforms will fully mitigate any adverse effects the Just Group may suffer

The Just Group has reviewed its strategy in light of the Taxation of Pensions Act 2014 and the Pension Reforms to reflect potential changes in consumer demand and will continue to monitor the UK retirement income market in respect of adverse changes resulting from or incidental to the Taxation of Pensions Act 2014 and the changes announced in the 2014 Budget, and may in future review its strategy in light of any changes.

The Pension Reforms could place the strategies and business plans of the Just Group at risk should the assumptions and developments of the Just Group not adjust to the actual retirement income market dynamics. A continued reduced level of GfL sales by the Just Group or any failure of the Just Group to market new retirement income products successfully (especially if coupled with a reduction in demand for the DB de-risking solutions of the Just Group), could have a material adverse effect on the Just Group’s business, its financial condition, results of operations and prospects. Should the response of the Just Group to the Pension Reforms not be as effective as that of its competitors’, the Just Group may suffer a reduction in its share of the retirement income market.

The medium term extent of behavioural changes by the Just Group’s potential customers as a result of the Taxation of Pensions Act 2014 and the Pension Reforms remains difficult to predict, though at present, it appears that customers have reacted by looking for more flexible retirement solutions and in some cases, deferring their retirement decisions. There is no

certainty as to (i) the eventual impact of the Taxation of Pensions Act 2014 and the Pension Reforms on the UK retirement income market, and (ii) the effectiveness of the Just Group's revised strategy in respect of the UK retirement income market. Any response of the Just Group to changes in the UK retirement income market may be costly, may expose the Just Group to other risks not mentioned in this Offering Memorandum, and may not ultimately be successful in preventing the occurrence of material adverse effects on the Just Group's business, its financial condition, results of operations and prospects.

The current regulatory capital regime with which members of the Just Group are required to comply has only relatively recently been implemented and the full impact of that implementation remains uncertain

A new regulatory capital regime applicable to the EU insurance sector, known as "the Solvency II regime", has been developed over recent years. The main aim of this new prudential framework is to ensure the financial stability of the insurance industry across the EU and protect policyholders through establishing solvency requirements better matched to the true risks of the business. Full implementation of Solvency II took place on 1 January 2016.

To mitigate the immediate impact of such increased regulatory capital requirements, the Prudential Regulation Authority ("**PRA**") is entitled to grant transitional relief to participants in the UK insurance industry ("**Transitional Relief**"). A grant of Transitional Relief by the PRA is intended to act as a bridge between the previous Solvency I regime and the Solvency II regime, by allowing the relevant participant to make certain deductions from its regulatory capital requirements. The deductions available to recipients of Transitional Relief will be reduced to zero by 1 January 2032. The PRA expects participants in the UK insurance industry to recalculate the effect of any Transitional Relief periodically. The PRA is also entitled to allow participants to update their Transitional Relief if there has been a material change in the risk profile of such a participant, for example as a result of market conditions or actions taken by that participant.

The Just Group has taken and continues to take steps to mitigate potential risks associated with the new regulation, and has also received regulatory approval to use an internal model to calculate Just Retirement Limited's Solvency Capital Requirement (as defined in the Conditions) under Solvency II, with the same intended to be sought for Partnership Life Assurance Company Limited so that Solvency Capital Requirement may be calculated on a group basis. There is a risk that the PRA might not grant such approval for Partnership Life Assurance Company Limited or might impose conditions under the existing internal model approval which result in anticipated capital benefits failing to materialise.

The Board of Directors of the Issuer (the "**Issuer's Board**") is confident of their ability to manage the Just Group in accordance with Solvency II and believe there is potential to optimise the Just Group's capital structure. However, it remains possible that interpretation or implementation of the rules, or the outcome of the application of any approvals from the relevant regulator, such as, but not limited to, those relating to the calculation or effect of Transitional Relief, may give rise to greater capital requirements than is currently the case, or may require changes to the structures and/or businesses, or result in price increases for products of the Just Group (or restrictions on the ability of the Just Group to pay dividends), which could have a material adverse effect on the business, results of operations and financial condition of the Just Group.

In addition, following the implementation of Solvency II, regulators continue to issue guidance and other interpretations of applicable requirements, including the final supervisory statements SS6/16, SS3/17 and SS24/17 issued by the PRA, which could require further adjustments by the Just Group in the future. A failure by the Just Group to comply with the measures required by Solvency II in a timely manner could also lead to regulatory action and have a material adverse effect on the business, results of operations and financial condition of the Just Group.

The outcome of the PRA's review of the valuations and capital treatment of LTMs could have a material adverse effect on the business, results of operations, financial condition and prospects of the Just Group

On 31 March 2016, the PRA issued a discussion paper on LTMs, seeking industry views on equity release mortgage valuation, capital treatment, risk management and restructuring for the matching adjustment under Solvency II. This was followed on 15 December 2016 by a consultation paper which, amongst other matters, included feedback to the responses that the PRA received to the discussion paper.

On 5 July 2017, the PRA issued a final supervisory statement ("**SS3/17**"). SS3/17 sets out the PRA's expectations in respect of firms that are subject to the Solvency II regime, and that invest in illiquid, unrated assets within their matching adjustment portfolios. Amongst other matters SS3/17 states that firms will have to explain how they will group assets in their Solvency II matching adjustment portfolios with respect to credit quality step, asset class and duration for purposes of determining fundamental spread, and that where assessing internally-rated assets, greater judgment is involved and firms need to ensure risk management processes suffice. SS3/17 also reminds firms that under the "senior insurance managers regime", certain officers of the company have individual responsibilities.

The industry is still assessing the implications of SS3/17 and there may be implications for its internal models, the requirements for assumptions underlying the Solvency Capital Requirement or the criteria for matching adjustment eligibility. This could make it more difficult to manage liquidity in the Just Group. There is a risk that a change in the regulatory treatment of LTMs will result in a negative impact on the value of those products or the capital which needs to be held in respect of them which could have a material adverse effect on the business, results of operations, financial condition and prospects of the Just Group.

Further changes to the UK political environment, government policies, laws and regulation could adversely affect the Just Group

There is a risk of further changes to fiscal policy and legislation affecting the retirement income market. These changes could have a significant effect on the Just Group's strategy and operation, which could in turn have a material adverse effect on the business, financial condition and prospects of the Just Group.

The UK Government held a General Election on 8 June 2017, which resulted in a minority Conservative government following a hung parliament. Following the election, the UK Government may introduce different policies to those previously pursued. It is uncertain as to what impact any new policies might have on the business of the Just Group.

On 27 July 2017, the Financial Conduct Authority (the "**FCA**") indicated that it intends no longer to facilitate the production of LIBOR after the end of 2021, following a transition period to one or

more alternative reference rates. It is as yet uncertain what the impact of this change would be on LIBOR and LIBOR-based instruments and what the alternative reference rates might be. The implications for the Just Group's business are at present, uncertain.

The Just Group places substantial reliance on intermediaries, in particular financial intermediaries, employee benefit consultants ("EBCs"), retirement specialists and key corporate partners in the UK, to sell and distribute its products

The Just Group sells its retirement income products through intermediary distribution channels, such as financial intermediaries, EBCs, retirement specialists and key corporate partners. The Just Group's relationships with its intermediaries and certain key corporate partners could be terminated as a result of a variety of events. Partners are subject to change from time to time, the Just Group may be unable to renew its agreements with such partners on similar terms, or at all, and could subsequently be unable to secure agreements with new distribution partners. Termination or non-renewal of, or any other material changes to, the Just Group's relationships with its distribution partners could adversely affect the sale of the Just Group's retirement income products and its growth opportunities in the UK. Termination of distribution relationships can also result in disputes over the dissolution or final settlement of distribution agreements, which can potentially lead to litigation. In addition, the Just Group could be required to fulfil the obligations of its agreements with distribution partners in the event of the termination of a relationship. The distribution agreements include various requirements on the Just Group, and the Just Group may have to pay damages under the arrangements if it fails to fulfil these obligations. Any of the foregoing events could have a material adverse effect on the business, results of operations, financial condition and prospects of the Just Group.

Sales of GfL are dependent, in part, on the availability of advice to consumers through their financial intermediary or via the Pension Wise service (a free, impartial guidance service provided to individuals approaching retirement on their choices at the point of retirement) ("**Pension Wise**"). The Just Group's ability to grow its GfL business is dependent in part on raising consumer awareness and on customers increasingly taking advantage of the open market option ("**OMO**"), and, if they qualify, by purchasing an annuity underwritten on medical and lifestyle factors. The OMO allows an individual to use pension savings from any defined contribution pension fund to purchase an annuity from any annuity provider and effectively enables an individual to choose the best available retirement product from all providers. Should financial intermediaries fail to advise customers to take advantage of the OMO or fail to advise customers who so qualify to purchase an annuity, this could adversely affect the sales of annuities and, accordingly, have a material adverse effect on the business, results of operations, financial condition and prospects of the Just Group.

In addition, the Just Group considers that the number of financial intermediaries who have demonstrated a proactive approach to advising on LTMs has, to date, been limited. The Issuer believes this is a result of the relative complexity of the issues required to be considered when advising on LTMs and the perceived reputational risks to financial intermediaries, such as claims of potential mis-selling or provision of investment advice. Continuing reluctance in the financial intermediary community to sell LTMs could constrain the future growth in sales of LTMs by the Just Group, which could in turn have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

In addition, regulatory and other developments can have an adverse impact on the Just Group's relationship with its distribution partners and/or their expected financial performance. In

particular, the then named Financial Services Authority's ("FSA") Retail Distribution Review (the "RDR") came into force on 31 December 2012 and the detailed rules and guidance that arose from the RDR are now implemented in the FCA Handbook. The changes made by the RDR were intended to enhance the quality of advice and improve consumer confidence in the retail investment sector by improving clarity regarding advice services provided to consumers, raising the professional standards of advisers and addressing the potential for remuneration bias by implementing a ban on commission being paid to advisers by product providers.

Distribution channels may also be adversely affected should the FCA, in any future review of the distribution model of the Just Group or the activities of any relevant distributors, consider that any of the agreements the Just Group has in place with distributors in respect of payments made and services provided to the Just Group, are at risk of non-compliance with the FCA's interpretation of the rules or the spirit of the RDR. Further, in the event of any mis-selling of products by financial intermediaries or other distribution partners, the Just Group could face the risk of regulatory censure from the FCA, fines and related compensation costs and reputational damage. Any of these developments could have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

The Insurance Distribution Directive ("IDD") came into force on 22 February 2016 and Member States must implement the IDD by 23 February 2018, however on 20 December 2017, the European Commission announced a proposal to push back the application date such that firms will not be required to comply with the IDD until 1 October 2018. Notwithstanding the UK's upcoming departure from the EU, the UK Government has announced that it intends to transpose the IDD into UK law within this time frame. The IDD will replace the Insurance Mediation Directive 2002/92/EC, which was found by the European Commission to be inconsistently applied at the level of national regulators, with some Member States gold-plating measures and others implementing the bare minimum necessary for compliance. The IDD seeks to improve regulation in the retail insurance sector by ensuring a level playing field between all participants involved in the selling of insurance products and strengthening policyholder protections. In particular, the IDD extends the scope to cover all sales of insurance products, strengthens administrative sanctions, enhances the suitability and objectiveness of insurance advice, requires mandatory disclosure at the pre-contractual stage by insurance intermediaries of the nature and basis of remuneration received, and clarifies the procedure for cross-border market entry. As set out in its Policy Statement 17/27 of December 2017, the FCA is aiming to publish final rules relating to the IDD in January 2018.

There is a risk that the rules implementing the RDR and any new rules required in due course to implement the IDD will lead to a decline in the number and/or size of distribution firms. *Inter alia*, this is because financial advisers may decide to consolidate or to leave the sector in response to anticipated increased compliance costs that may be realised and the higher professional standards required by the RDR. In the lead up to the introduction to the RDR, the number of retail investment advisers in the UK reduced. If a reduction in the capacity of the intermediary distribution sector does occur, this may result in fewer opportunities for the Just Group's products to be distributed by intermediary firms. The impact of these changes could adversely affect the strategic importance of these financial intermediaries as a distribution channel for the Just Group.

Following the Pension Reforms announced in March 2014, the Just Group's ability to grow its GifL business is dependent in part on improving customer awareness of the benefits of a GifL purchase when considered alongside alternative at-retirement propositions, including cash

withdrawals. The introduction of Pension Wise as part of the Pension Reforms in April 2015 will now be an added factor in determining whether a customer will seek advice, decide to “self-select” their retirement solutions or indeed move from their existing provider at all. Given the increased choice and flexibility that customers are likely to have in the future, the importance of customers receiving appropriate guidance or advice will increase. There is a risk that if only a small proportion of customers take up the offer of guidance, and/or the guidance is ineffective, that these changes may result in more customers defaulting to staying with their existing pension providers and not considering other providers. This, in turn, may result in fewer customers purchasing the Just Group’s products which could have a material adverse effect on the business, financial condition and prospects of the Just Group.

The Just Group faces competition

The Just Group faces, or may face, significant competition from domestic insurers, international insurance groups, non-insurance groups such as investment managers and others (in any such case whether established market participants, new entrants to the market or start-up operations), which offer and/or may in the future offer the same or similar products and services as the Just Group. The pace of technological change and the introduction of new technology by its competitors could potentially be disruptive to the markets in which the Just Group operates and could lead to increased competition. The Just Group operates in the retirement income market in which the most important competitive factors for products include price, which in large measure is determined by the quality and extent of the relevant mortality dataset, the predicted investment return and required returns on capital, together with brand recognition, the utilisation of various distribution channels, the quality of customer services before and after a contract is entered into, product flexibility, product innovation and policy terms and conditions.

In addition, the LTM segment continues to grow and to benefit from increasing consumer demand. The market is currently dominated by a limited number of specialist lenders but recent drivers such as the maturity of interest only mortgages may lead to more providers entering this market. New entrants are already starting to emerge and, despite the market growth, the intensity of competition could increase which may lead to compression of the Just Group’s profit margins. The Just Group expects this trend to continue gradually.

The entry into, or the targeting of, the segments in which the Just Group operates by traditional pension and life insurers, non-insurance companies such as investment managers or other new entrants offering new product innovations or willing to accept higher risk or lower margins than the Just Group, could adversely affect the Just Group’s ability to obtain new customers, or its ability to adjust prices, which could constrain the growth or otherwise have a material adverse effect on its business, results of operations, financial condition and prospects.

The Just Group’s future success may depend on its ability to develop and market new products, or enter new geographical markets successfully

Further changes to pension legislation, social attitudes, including over-65s remaining in work, and reducing numbers of both men and women reaching retirement age are key factors, which may drive a reduction in the UK retirement income market in the future. Political and social commentary may also have a destabilising effect on customer confidence. In addition, further changes to regulation or taxation may make alternative at-retirement propositions more attractive to customers than annuities. In these circumstances, the need for the Just Group to diversify increases, but diversification also entails risks associated with change projects. Such

diversification could include: development of new products and services that better meet the needs of those deferring retirement; further expansion into new markets in the UK or overseas; and expanding the advice proposition and/or brand and customer led strategies.

Should the Just Group prove to be unable to do so, such failure could have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

Changes in lifestyle, medicine or technology could reduce demand for the products of the Just Group

The Just Group is exposed to changes in the behaviour of its customers and the markets in which it sells its insurance products. For example, changes in lifestyle or medicine could significantly alter customers' and potential customers' actual or perceived need for GifL products. Changes in technology could also give rise to new types of entrants into the insurance and/or insurance sales sectors, or the development of new distribution channels requiring further adaptation of the Just Group's business and operations. Additionally, declines in the financial markets, for instance equity markets, can reduce the value of a customer's pension funds available to purchase an annuity, which could influence the decision to purchase an annuity. Moreover, declines in annuity yields could make the purchase of GifL unattractive and inhibit market growth. Such changes could result in reduced demand for the Just Group's products and/or require the Just Group to expend significant energy, resources and capital to change its product offering, build new risk and pricing models, modify and renew its operating and IT systems and/or retrain or hire new people. Such changes could have a material adverse effect on the business, results of operations, financial condition and prospects of the Just Group.

The Just Group and its products are subject to extensive regulatory supervision and legislation, including requirements to maintain certain licences, permissions and/or authorisations

In recent years, the UK financial services industry has witnessed an increase in regulatory activity, more intense regulatory supervision and significant change to the regulatory framework. In the wake of the financial crisis, the FSA (the predecessor to the FCA and the PRA) moved towards what it described as "outcomes focused regulation". This was coupled with a strategy of "credible deterrence", involving increased focus on, and publicity of, enforcement activities. This approach has been continued by the FCA and the PRA and increases the regulatory risk to which the Just Group is exposed. Regulatory authorities, including the FCA and the PRA, have broad powers over many aspects of the Just Group's business, including approving the appointment of directors and key employees, marketing and selling practices, advertising, product development structures, data and records management, systems and controls, capital adequacy and permitted investments. The PRA is concerned primarily with financial stability and the protection of policyholders and third-party claimants rather than the Just Group's shareholders or creditors, and the FCA has been giving increasing attention to consumer protection issues and the overall fairness of financial services products.

In order to conduct their business, certain entities within the Just Group must hold and maintain certain licences, permissions and authorisations (such as permission from the PRA to conduct insurance activities in the UK under Part 4A of the Financial Services and Markets Act 2000 ("FSMA")) and must comply on an ongoing basis with relevant law and regulation. Failure to comply with relevant law and regulatory requirements may result in the commission of civil or

criminal offences, or lead to disciplinary or enforcement action, which could include the imposition of fines or the revocation of licences, permissions or authorisations, and could have a material adverse impact on the continued conduct of the businesses of relevant entities within the Just Group.

The Just Group may also be subject to measures imposed by the PRA in furtherance of its regulatory objectives. The PRA's strategic objective is promoting the safety and soundness of PRA-authorized firms. In relation to insurers it also has an "insurance" objective, of contributing to securing an appropriate degree of protection for those who are or may become policyholders of PRA-authorized insurers. The Just Group may also be subject to measures imposed by the FCA in furtherance of its regulatory objectives. The FCA has three "operational objectives": a consumer protection objective; an integrity objective; and a competition objective. It also has a "strategic objective" of ensuring that relevant markets function well. In addition, where the FCA identifies a risk of consumer detriment arising from a particular product, type of product, or practices associated with a particular product or type of product, powers have been introduced allowing it to intervene to amend or restrict the sales or marketing of these products, or to ban them altogether, which could affect the Just Group's ability to sell certain products and/or reduce its expected profitability, or may involve significant liabilities in relation to historical business underwritten by the industry as a whole.

The FCA's Business Plan 2017/18, published on 18 April 2017, identified numerous areas of focus for the FCA across the financial services industry. The FCA's priorities of particular relevance to the Just Group include the treatment of existing customers, pensions and retirement income, and financial crime and anti-money laundering.

On 14 July 2016, the FCA published the terms of reference for its retirement outcomes review, which will assess how competition is developing in the retirement income market. The key topics that will be explored in the review are shopping around and switching, non-advised consumer journeys, business models and barriers to entry, and the impact of regulation on retirement outcomes. This review follows a report issued in March 2015 in which the FCA found that competition in the retirement income market is not working well for consumers and that many consumers are missing out on a higher income by not shopping around. A further focus of this review will be to understand whether the issues identified in March 2015 report have been more or less acute. The FCA published an interim report on its retirement outcomes review on 12 July 2017, with a final report scheduled for the second quarter of 2018 following consultation on the interim report. The FCA's findings might result in changes which could have a material adverse effect on the business, results of operations, financial condition and prospects of the Just Group.

The PRIIPs Regulation entered into force on 1 January 2018, and has the aim of harmonising pre-contractual disclosures and selling practices for such products, which might therefore introduce further distribution and compliance costs and have an impact on the Just Group's operations and distribution processes.

The terms on which products are sold or contracts are entered into with customers by the Just Group must comply with various 'fairness' and 'reasonableness' requirements under UK law (including, without limitation, the Unfair Contract Terms Act 1977 and the Consumer Rights Act 2015), some of which currently implement EU law. These requirements apply to both express terms of a contract and to terms that have not been agreed by the parties but are implied into the contract by a court. The application and interpretation of these requirements involves an

important element of judgement and there can be no assurance that the European Court of Justice or the FCA will not determine at some point in the future that certain terms presently in use do not meet the relevant standards. Where products of the Just Group contain such terms, the effect could be to prevent reliance on those terms by the Just Group, including retrospectively in respect of existing products held by the Just Group's customers, which may adversely affect the Just Group's underlying profitability, its product range, distribution channels, investment strategy, capital requirements and, consequently, results of operation and financing requirements.

The Just Group is also subject to competition and consumer protection laws enforced by the Competition and Markets Authority ("CMA") and the European Commission's Directorate-General for Competition, such as laws relating to price fixing, collusion and other anti-competitive behaviour in the UK. This regime is supported by formal cooperation between the CMA and the FCA, along with the FCA's furtherance of its operational objective to promote effective competition in the interests of consumers, and its duty to promote effective competition when addressing its other operational objectives. This is further supported by the FCA's concurrent powers with the CMA to enforce competition laws in the UK insofar as they relate to the provision of financial services.

There is also a risk that a change in the regulatory treatment of LTMs will result in a negative impact on the market value of LTMs or the capital which needs to be held in respect of them. If for some reason the Just Group needs to sell the LTM assets to realise liquidity there is a risk that it will be unable to realise the value of the assets prior to the regulatory change. As LTM assets are generally held by life insurance companies, the value of LTMs may be more affected by regulatory changes than assets that are held by non-regulated investors.

Regulatory action, whether arising from EU, UK or other local laws and regulations, against a member of the Just Group or a determination that the Just Group has failed to comply with applicable law or regulation, including, without limitation, any of the examples discussed herein, could result in fines and losses as well as adverse publicity for, or negative perceptions regarding, the Just Group. The Just Group may also face increased compliance or compensation costs due to changes to financial services legislation or regulation, or the need to set up additional compliance controls. This in turn could have an adverse effect on the Just Group's business, results of operations, financial condition and prospects, or otherwise divert management's attention from the day-to-day operation of the business, potentially affecting its ongoing or future performance.

The Just Group may in future become subject to regimes governing the recovery, resolution or restructuring of insurance companies, and as the scope and implications of these regimes are still evolving, it is unclear what the consequences could be for the Just Group

As part of the global regulatory response to the risk that systemically important financial institutions could fail, banks, and more recently insurance companies, have been the focus of new recovery and resolution planning requirements developed by regulators and policy makers nationally and internationally. Recovery and resolution planning is designed to provide a blueprint for actions to maintain a group as a going concern should it become subject to a severe stress situation (i.e. recovery) and, should those actions fail, resolution in order to avoid systemic disruption and government bailouts. Recovery and resolution reforms for banks in the EEA now provide regulators with the power, as part of resolution authority, to write down

indebtedness or to convert that indebtedness to capital (known as “bail-in”), as well as other resolution powers.

It remains unclear whether and in what form the recovery and resolution regimes currently applicable to banks could be extended to other financial institutions such as insurance companies. It therefore remains unclear what recovery and resolution regime could apply to the Just Group in the future and, consequently, what the implications could be for the Just Group and its stakeholders, including the Noteholders.

The Just Group is subject to the risk of receiving complaints alleging the provision of unsuitable advice

The Just Group’s distribution arm, HUB Financial Solutions Limited (“**HUB**”), provides advice to customers in relation to LTMs and, more recently, annuities, in particular immediate needs annuities. HUB has also recently launched a simplified advice service for customers who are determining how to disinvest retirement savings. The Just Group may be subject to complaints alleging the provision of unsuitable advice. There is a risk that the process-driven nature of this simplified advice could contain systematic errors that could result in the same mistake being made consistently many times before it is discovered, giving rise to multiple claims. If any such complaints were sustained, the Just Group may be subject to disciplinary or enforcement action by the FCA, which could, for example, result in private or public censure, fines or sanctions, or the award of compensation to customers. This could in turn result in reputational damage that could have a material adverse effect on the Just Group’s business, results of operations, financial condition and prospects.

The Just Group is exposed to the risk of damage to its brand, the brands of its distribution partners, its reputation, or a decline in customer confidence in the Just Group or its products

The Just Group’s success and results are influenced by its financial strength, reputation and its brand. The Just Group and its brand are vulnerable to adverse market perception as the Just Group operates in an industry where integrity, customer trust and confidence are paramount.

Negative publicity or damage to the brand or the Just Group’s reputation could result from litigation (including mis-selling claims), employee misconduct, operational failures, the outcome of regulatory or other investigations or actions, allegation or determination that the Just Group has failed to comply with regulatory or legislative requirements, failure in business continuity or performance of the Just Group’s information technology systems, loss of customer data or confidential information, fraudulent activities, unsatisfactory service and support levels or insufficient transparency or disclosure of information. Negative publicity adversely affecting the Just Group’s brand or its reputation could also result from misconduct or malpractice by intermediaries, business promoters or other third parties linked to the Just Group (such as strategic partners, distributors and suppliers).

The Just Group’s brand and reputation could also face threats from external risks such as regulatory intervention or enforcement action, whether directly or as part of a larger and more general action against other companies that operate in the same sectors as the Just Group’s operating entities.

Damage to the Just Group's brands or reputation could cause existing customers, partners or intermediaries to withdraw their business from the Just Group and potential customers, partners or intermediaries to be reluctant, or elect not, to do business with the Just Group. Such damage to the Just Group's brand or reputation could cause disproportionate damage to the Just Group's business, even if the negative publicity is factually inaccurate or unfounded. Furthermore, negative publicity could result in greater regulatory scrutiny and influence market or rating agencies' perception of the Just Group, restricting the Just Group's access to distribution channels or the ability to access funding in the capital markets. The occurrence of any of these events could have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

Ensuring compliance with capital adequacy requirements and with a number of other regulations relating to the Just Group's operations, solvency and reporting bases could have a material adverse impact on the Just Group's business

The Just Group is required to maintain a minimum margin of capital in excess of the value of its liabilities, in order to comply with a number of regulatory requirements relating to the Just Group's solvency and reporting bases. The amount of regulatory capital required also depends on the level of risk facing the Just Group, and as such, correlates to economic market cycles. The Just Group's capital position can be adversely affected by a number of factors, in particular, factors that erode the Just Group's capital resources and/or which affect the quantum of risk to which the Just Group is exposed. In addition, any event that erodes current profitability and is expected to reduce future profitability and/or make profitability more volatile could affect the Just Group's capital position, which in turn could have a negative effect on the business, results of operations and financial condition of the Just Group.

In the event that regulatory capital requirements are, or may be, breached, the appropriate regulator could impose requirements on the Just Group, which could include, for example, requiring it to take steps to restore the Just Group's capital to levels acceptable to the appropriate regulator, or a requirement not to take on new business.

A failure to meet regulatory capital requirements could ultimately result in the licences, permissions and authorisations of the Just Group being cancelled or varied, and it being required to cease some of its insurance and/or business operations. In such circumstances, the features of the Notes relating to the mandatory deferral of interest on, or the redemption of the Notes may apply, as described in "*Risks related to the Notes*" below.

In addition, for a variety of reasons, including changes in life expectancy or amendments to assumptions in respect of the same, business model types and the industry as a whole, or adverse changes in the specific current or potential future risk profile of the Just Group's individual businesses, the supervisory authorities could decide to increase the regulatory capital requirements of the Just Group in excess of amounts currently held by the Just Group. The Just Group may also determine to hold a higher surplus above regulatory capital requirements.

There is also a risk that, due to changes in applicable law and regulation, the Notes and any capital instruments issued by the Just Group in the future may cease to qualify as regulatory capital. This could require the Just Group to exercise its rights to redeem the Notes and to replace them with alternative admissible debt or raise additional capital in order to meet the then prevailing regulatory capital requirements and failure to do so could have a significant impact on the Just Group's business, results of operations and financial condition.

The ability of the Just Group to raise additional capital on favourable terms or at all cannot be assured and it depends partly on external factors beyond the control of the Just Group (e.g. the overall availability of credit to the financial services industry) and, if the Just Group is unable to meet applicable regulatory capital requirements in any of its regulated subsidiaries, it would have to take other measures to protect its capital and solvency position, which might include redeploying existing capital from elsewhere in the Just Group, increasing prices, reducing the volume of or types of business underwritten, increasing reinsurance coverage, altering its investment strategy, or divesting parts of its business, any of which may be difficult or costly or result in a significant loss, particularly in cases where such measures are required to be undertaken quickly.

If the Just Group is required to take any of the foregoing measures, the Just Group's business, results of operations, financial condition and prospects could be materially adversely affected.

Downgrades or the revocation of the Just Group's ratings could affect its standing in the market and result in a loss of business and/or reduced earnings

Just Retirement Limited ("JRL") has been assigned an insurer financial strength rating of "B – strong" by the actuarial consulting firm AKG Financial Analytics Ltd ("AKG"), as last confirmed in January 2016, and Partnership Life Assurance Company Limited ("PLACL") has similarly been assigned an insurer financial strength of "B – strong" by AKG, as last confirmed in November 2015. Each of these insurer financial strength ratings is subject to periodic review by, and may be revised downward or revoked at the sole discretion of AKG. On 7 August 2017, Fitch assigned JRL an insurer financial strength rating of A+ and issuer default rating of A, and assigned the Issuer an issuer default rating of A. Each of these ratings is subject to periodic review by, and may be revised downward or revoked at the sole discretion of Fitch.

A downgrade or revocation of any of these ratings could have a negative impact on the Just Group's public reputation, ability to secure reinsurance, and competitive position in the market, especially in relation to its distribution arrangements and commercial business, where partners or customers may not be willing or permitted to place their insurance business with a lower rated insurer, which could result in reduced business volumes and income. In certain instances, interest rates paid on borrowings by the entities within the Just Group may be dependent on maintenance of the ratings above, and a downgrade or revocation could affect the financial flexibility of the Just Group. The occurrence of any of the above could have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

Changes to financial reporting requirements generally or specifically for insurance companies may materially adversely affect the reporting of the Just Group's financial results

Changes to the International Financial Reporting Requirements, as adopted by the EU ("IFRS") for insurance companies have been proposed in recent years and further changes may be proposed in the future. Following the publication of proposals in its IFRS 4 Insurance Contracts Phase II for Insurers Exposure Drafts ("Phase II"), the International Accounting Standards Board issued IFRS 17 in May 2017, setting out the reporting requirements around the insurance contracts issued by a company and reinsurance contracts held by the same. IFRS 17 will come into effect on 1 January 2021 and replace an interim Standard – IFRS 4 which currently applies, though companies have the option to implement it before such date, subject to certain conditions. The International Accounting Standards Board has also issued IFRS 9 on the

classification and measurement of financial assets, financial liabilities and hedging. The implementation of IFRS 9 for insurance companies has been deferred to 2021 to coincide with the introduction of IFRS 17 and the two will be implemented in tandem.

The new standards are intended to increase transparency in the reporting of new business and existing business by insurers, with clearer reporting on sources of profits and quality of earnings. The new standards also change the effect of reinsurance on the value of insurance contracts, and the relevant periods for presentation of revenue.

Any changes to IFRS or the statutory reporting of insurance entities referred to above, and any other changes to accounting standards that may be proposed in the future, whether or not specifically targeted at insurance companies, could materially adversely affect the Just Group's reported results of operations and its financial position, with a corresponding impact on market perception of the creditworthiness of the Notes.

Changes in taxation laws may negatively affect the Just Group and/or decisions of customers

Changes in corporate and other tax rules could have both a prospective and retrospective impact on the Just Group's business, results of operations, financial condition and prospects. In general, changes to existing tax laws or their interpretation, or amendments to existing tax rates (corporate or personal), or the introduction of new tax legislation may materially adversely affect the Just Group's business, results of operations, financial condition and prospects, either directly or indirectly, for example by effecting changes in the insurance purchasing decisions of customers. Changes to legislation that specifically governs the taxation of insurance companies might adversely affect the Just Group's business. While changes in taxation laws may affect the insurance sector as a whole, changes may be particularly detrimental to certain operators or certain products in the industry. The relative impact on the Just Group will depend on the areas affected by the changes, the mix of business within the Just Group's portfolio and other relevant circumstances at the time of the change.

The political, regulatory, economic and business conditions in new geographical markets could impair the ability of the Just Group to succeed in new territories

Any expansion into new geographies will expose the Just Group to different local political, regulatory, business and financial risks and challenges which may affect its ability to implement the intended strategy and business plans for those geographic markets. These risks could include political, social or economic instability, credit and counterparty risks in new geographies, lack of local business experience and risks of cultural incompatibility with foreign parties. The occurrence of any of these events could have a material adverse effect on the business, results of operations, financial condition and prospects of the Just Group.

1.5 Operational risks

The Just Group is exposed to operational risk in the course of its business and it relies on its employees, operational processes and IT systems to conduct its business in line with its values, governance standards, policies and procedures

The Just Group relies on its people to deliver the quality of products and services for which it is renowned and/or the productivity of its people for the cost efficiencies it is able to deliver. By

way of example, inaccurate property valuations at the time of issuing new loans and, to the extent the Just Group purchases previously written LTM books to supplement the LTMs that it originates, insufficient due diligence by the Just Group in connection with the purchase of such books, could also expose the Just Group to lower than expected returns on its LTMs.

In an organisation that is dependent on its talent, their continued commitment, engagement and development is crucial in seeking to address many operational risk factors. The importance of people to the success of the Just Group's business model means that risks relating to talent attraction, development and retention are considerable.

The employees of the Just Group underpin all that it does, and how they undertake their duties is influenced by the Just Group's corporate culture. The Issuer believes that a positive culture brings a greater capacity to bear risk, greater deployment of discretionary effort, positive attitudes and enthusiasm to embrace and adopt change. The Issuer also acknowledges the destructive consequences of an inappropriate culture. The development of an inappropriate culture could result in employees of the Just Group failing to adhere to, or follow the recommendations of, the Just Group's governance standards, policies and procedures. Failure by the Just Group's employees to conduct business in the manner prescribed or recommended by the Just Group's governance standards, policies and procedures could increase the likelihood of operational risks materialising. Should such risks materialise, this could have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

The Just Group is exposed to conduct risk

The Just Group is also exposed to the risk that decisions and behaviours of a company or its employees do not support the integrity of financial markets, leading to unfair treatment of customers or clients, or otherwise detrimental customer or client outcomes. This might arise where the Just Group fails to maintain appropriate policies and procedures, to communicate appropriately with customers or clients, to deal with complaints efficiently or to provide appropriate investment or financial advice planning to customers or clients, amongst other matters. The Just Group might also be exposed to conduct risk by the conduct or misconduct of employees, over which the Just Group only has limited control by way of employee policies and procedures.

Conduct risk is an area of close regulatory scrutiny and a failure by the Just Group (or its employees) to protect the interests of customers or clients could lead to legal proceedings or enforcement action by regulators. This could in turn lead to financial penalties, reputational damage and/or suspension or revocation of regulatory permissions, licenses or approvals, which could in turn have a material adverse effect on the Just Group's business and prospects.

The Just Group could be materially adversely affected by the loss of key employees, or by an inability to attract and retain, or obtain FCA or PRA approval for, qualified personnel

The loss of services of key employees could adversely affect the Just Group. It may need to temporarily fill certain key roles with interim employees while recruitment of permanent staff is concluded. The Just Group's continued success also depends on its ability to attract, motivate and retain highly competent specialists, particularly those with financial, information technology

("IT"), underwriting, actuarial and other specialist skills. Competition for senior managers, as well as personnel with these skills and proven ability, is intense among insurance companies.

The Just Group competes with other financial services groups for skilled personnel, primarily based on its reputation, financial position, location, remuneration policies and support services. If the Just Group fails to compete effectively in the labour market it may incur significant costs to recruit and retain appropriately qualified individuals.

In addition to regulating financial services firms themselves, the FCA and PRA also regulate the individuals performing certain significant roles. On 7 March 2016, the "senior insurance managers regime" replaced the previous "approved persons regime" for individuals performing key roles at insurance companies. Under this regime, senior insurance managers require pre-approval from either the FCA or the PRA. The FCA or the PRA, as appropriate, may not approve a senior insurance manager unless it is satisfied that the individual has appropriate qualifications and/or experience and is fit and proper to perform that role, and may withdraw its approval for individuals whom it deems no longer fit and proper to perform such a role. An extension to the regulation of individuals performing certain significant roles is anticipated in late 2018, with the application of the Senior Managers and Certification Regime ("**SM&CR**") to insurers. Whilst insurers are already familiar with many of the fundamental elements of the new regime, the SM&CR will introduce some additional requirements.

The Just Group's inability to attract and retain, or obtain FCA or PRA approval for, directors and highly skilled personnel, and to retain, motivate and train its staff effectively could adversely affect its competitive position, which could in turn result in a material adverse effect on its business, results of operations, financial condition and prospects.

The Just Group's operations support complex transactions and are highly dependent on the proper functioning of IT and communication systems

The Just Group relies on its operational processes and IT systems to conduct its business, including the pricing and sale of its products, measuring and monitoring its underwriting liabilities, processing claims, assessing acceptable levels of risk exposure, setting required levels of provisions and capital, producing financial and management reports on a timely basis and maintaining customer service and accurate records. These processes and systems may not operate as expected, may not fulfil their intended purpose or may be damaged or interrupted by increases in usage, human error, unauthorised access, natural hazards or disasters or similarly disruptive events. Any failure of the Just Group's IT and communications systems and/or third-party infrastructure on which the Just Group relies could lead to costs and disruptions that could adversely affect the Just Group's business, results of operations, financial condition and prospects as well as harm the Just Group's reputation and/or attract increased regulatory scrutiny.

If the Just Group were to introduce new consumer products beyond its current offering, it may be required to develop new operational processes and information systems or to ensure current systems are adequate to support these products. Development of new systems or the expansion of current systems may require experience and resources beyond those the Just Group currently possesses. Failure to support new products with necessary resources could lead to costs or the failure of new product offerings. The occurrence of a serious disaster resulting in interruptions, delays, the loss or corruption of data, or the cessation of the availability of systems, could, to the extent not mitigated by the Just Group's disaster recovery

and business continuity contingency plans, have a material adverse impact on the Just Group's business, results of operations, financial condition and prospects.

Failure to adequately maintain and protect customer and employee information could have a material adverse effect on the Just Group

The Just Group collects and processes personal data (including name, address, age, medical details, bank details and other personal data) from its customers, business contacts and employees as part of the operation of its business, and therefore it must comply with data protection and privacy laws and industry standards in the UK and the countries of residence of the Just Group's policyholders. Those laws and standards impose certain requirements on the Just Group in respect of the collection, use, processing and storage of such personal information.

On 14 April 2016, the European Parliament formally approved the European Commission's draft EU Data Protection Regulation, which will come into force as the General Data Protection Regulation ((EU) 2016/679) on 25 May 2018. The General Data Protection Regulation introduces substantial changes to the EU data protection regime. While many requirements are already present in the UK Data Protection Act 1998, it will impose a substantially higher compliance burden on the industry and impair the Just Group's ability to use data, including through expanding the requirement for informed opt-in consent by customers to the processing of their personal data, granting customers a "right to be forgotten", imposing restrictions on the use of personal data for profiling purposes, imposing disclosure requirements of data sources to customers and increasing the maximum levels of fines for compliance failures from its current level in the UK of £500,000 to 4 per cent of annual turnover (or €20 million, if higher), among other requirements.

There is a risk that data collected by the Just Group and its third party service providers is not processed in accordance with notifications made to, or obligations imposed by, data subjects, regulators, or other counterparties or applicable law. Failure to operate effective data collection controls could potentially lead to regulatory censure, fines, reputational and financial costs as well as result in potential inaccurate rating of risks or overpayment of claims.

Large organisations, such as the Just Group, are increasingly becoming targets for cyber-crime, particularly if those organisations retain personal information about many people, and migrate some of their operations on to digital platforms. The Just Group is exposed to the risk that the personal data it controls could be wrongfully accessed and/or used, whether by employees or other third parties, or otherwise lost or disclosed or processed in breach of data protection regulations. If the Just Group or any of the third-party service providers on which it relies fails to process, store or protect such personal data in a secure manner or if any such theft or loss of personal data were otherwise to occur, the Just Group could face liability under data protection laws. This could also result in damage to the Just Group's brand and reputation as well as the loss of new or repeat business, any of which could have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

The Just Group is dependent on the use of third-party suppliers, including investment managers, IT software and internet service providers

The Just Group is dependent on the use of certain third-party suppliers in order to conduct its business. The Just Group is reliant in part on the continued performance, accuracy, compliance

and security of such services. If the contractual arrangements with any third-party providers are terminated, the Just Group may not find an alternative outsource provider or supplier for the services, on a timely basis, on equivalent terms or without significant expense or at all, in which case the Just Group would need to handle such services in-house, which could involve potential additional costs and delays.

Any reduction in third-party product quality or any failure by a third party to comply with internal, contractual, regulatory or other requirements, including requirements with respect to the handling of customer data, could cause a material disruption to or adverse financial and/or reputational impact on the Just Group's business. Any of these events could have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

The Just Group is exposed to the risk of financial crime (including bribery, money laundering and corruption)

The Just Group is exposed to the risk of internal and external fraud from a variety of sources such as employees, suppliers, intermediaries, customers and other third parties. This includes both policy (i.e. application-related) fraud and claims fraud. Although the Just Group employs fraud detection processes to help monitor and combat fraud, the Just Group is at risk from customers, financial intermediaries or other distribution partners or employees who misrepresent or fail to provide full disclosure of the risks or over-disclose medical or lifestyle risk factors before policies are purchased and from a range of other fraud-related exposures, such as the fraudulent use of Just Group-related confidential information. These risks are potentially higher in periods of widespread financial stress.

Additionally, the Just Group is exposed to risk from employees and staff members who fail to follow, or who circumvent, procedures designed to prevent fraudulent activities.

The occurrence or persistence of fraud in any aspect of the Just Group's business could damage its reputation and brands as well as its financial standing, and could have a material adverse effect on its business, results of operations, financial condition and prospects.

Avallux holds a significant but non-controlling interest in the Just Group

Avallux owns beneficially 17.7 per cent of the issued ordinary share capital of the Issuer, following a placing of shares in the Issuer on 9 January 2018. As a result, Avallux may possess voting power sufficient to have a significant influence over all matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions.

The Issuer has a relationship agreement with Avallux to regulate their relationship. Pursuant to this relationship agreement, Avallux is entitled to appoint one non-executive director to the Issuer's Board, although it does not currently have a director on the Issuer's Board. Notwithstanding that Avallux has entered into a relationship agreement, the interests of Avallux may not always be aligned with those of the holders of the Notes and Avallux might have a significant influence over matters requiring shareholder approval, including the election of directors and the approval of significant corporate transactions. In addition, Avallux may hold interests in, or may make acquisitions of or investments in, other businesses that may be, or may become, competitors of the Just Group which could have a material adverse effect on the business, financial condition and prospects of the Just Group.

Following the Merger, the Just Group's success will be dependent upon its ability to integrate the two businesses and the synergies expected from the merger may not be fully achieved

Following the Merger, the operations of the Just Retirement Group and the Partnership Assurance Group are in the process of being integrated to form the combined operations of the Just Group. Integration is a complex process and may require a longer period, or incur higher costs, than expected in order to deliver the intended synergies, and such intended synergies may not be fully realised at the end of the integration process. To the extent that the Just Group is unable to efficiently integrate the operations, realise cost reductions, retain qualified personnel or customers and avoid unforeseen costs or delay, there may be an adverse effect on the business, results of operations, the financial condition and/or prospects of the Just Group. While the Issuer believes that the costs and synergies expected to arise from the Merger have been reasonably estimated, unanticipated events or liabilities may arise which result in a delay or reduction in the benefits derived from the Merger, or in costs significantly in excess of those estimated. The culture of the Just Group may suffer undesirable effects in the short term from the process of combining the two organisations, and this could affect the motivation and work output of employees of the Just Group.

The integration of the Just Retirement Group and the Partnership Assurance Group will be supported by a management team and the Issuer's Board with experience of large integration processes and cost reduction exercises. However, no assurance can be given that the integration process will deliver all or substantially all of the expected benefits or realise such benefits in a timely manner. Further, management of the business could be distracted from day-to-day business of the Just Group while focusing resources instead on the post-Merger integration process, resulting in missed opportunities.

The business growth opportunities, overhead cost reductions, purchasing and distribution benefits and other synergies anticipated by Just Group as a result of the Merger may not be achieved as expected, or at all, or may be materially delayed. Further, the costs incurred from revising and adapting current systems and structures of the Just Group may exceed their current estimates. To the extent that the Just Group incurs higher integration costs or achieves lower synergy benefits than expected, it may have a material adverse effect on the business, financial condition and prospects of the Just Group.

2. Risks related to the Notes

The following risk factors refer to certain provisions of the terms and conditions of the Notes and the Trust Deed and are qualified by the more detailed information contained elsewhere in this Offering Memorandum. Terms which are defined in "Terms and Conditions of the Notes" below have the same meaning when used in the following risk factors, and references herein to a numbered "Condition" shall refer to the relevant Condition in "Terms and Conditions of the Notes".

The Issuer's obligations under the Notes are subordinated

The Issuer's obligations under the Notes will constitute direct, unsecured and subordinated obligations of the Issuer. In the event (i) of a winding-up of the Issuer (except a solvent winding-up meeting certain requirements set out in the Conditions) or (ii) that an administrator of the Issuer is appointed and such administrator gives notice that it intends to declare and distribute a

dividend, the payment obligations of the Issuer under the Notes will be subordinated to the claims of all Senior Creditors of the Issuer (which includes, *inter alia*, any policyholders or beneficiaries under contracts of insurance of the Issuer) but will rank at least *pari passu* with all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 3 Capital (and all obligations which rank, or are expressed to rank, *pari passu* therewith) and will rank in priority to the claims of holders of all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital or Tier 1 Capital (and all obligations which rank, or are expressed to rank, *pari passu* therewith) and all claims of holders of all classes of share capital of the Issuer.

Although the Notes may pay a higher rate of interest than comparable notes which are not subordinated, there is a significant risk that an investor in the Notes will lose all or some of its investment should the Issuer become insolvent.

Payments by the Issuer are conditional upon satisfaction of solvency conditions

Other than in the circumstances set out in Condition 3.2 and without prejudice to Condition 10.2, all payments by the Issuer to the Noteholders under or arising from the Notes and the Trust Deed shall be conditional upon the Issuer being solvent at the time for payment by the Issuer, and no amount shall be payable by the Issuer under or arising from the Notes and the Trust Deed unless and until such time as the Issuer could make such payment and still be solvent immediately thereafter (the “**Issuer Solvency Condition**”). For these purposes, the Issuer will be solvent if (i) it is able to pay its debts owed to Senior Creditors of the Issuer and *Pari Passu* Creditors of the Issuer as they fall due and (ii) its Assets exceed its Liabilities (other than Liabilities to persons who are Junior Creditors of the Issuer). If any payment of interest, Arrears of Interest and/or principal cannot be made by the Issuer in compliance with the Issuer Solvency Condition, payment of such amounts will be deferred by the Issuer, and such deferral will not constitute a default under the Notes for any purpose.

Interest payments under the Notes must, in certain circumstances, be deferred

The Issuer is required to defer any payment of interest on the Notes in full on each Mandatory Interest Deferral Date (being an Interest Payment Date in respect of which a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest were to be made by the Issuer on such Interest Payment Date).

The deferral of interest as described above does not constitute a default under the Notes for any purpose. Any interest so deferred shall, for so long as the same remains unpaid, constitute Arrears of Interest. Arrears of Interest do not themselves bear interest. Arrears of Interest may, subject to certain conditions, be paid (to the extent that such amount has not been paid) by the Issuer, in whole or in part, at any time (provided that at such time a Regulatory Deficiency Interest Deferral Event is not subsisting and would not occur if payment of such Arrears of Interest were made and provided further that such payment can be made in compliance with the Issuer Solvency Condition) upon notice to Noteholders, but in any event shall be payable, subject to satisfaction of the Issuer Solvency Condition and the Regulatory Clearance Condition, in whole (and not in part) by the Issuer on the earliest to occur of (a) the next Interest Payment Date which is not a Mandatory Interest Deferral Date, (b) an Issuer Winding-Up or (c) any redemption of the Notes pursuant to, or purchase of the Notes in accordance with, Condition 7.

Any actual or anticipated deferral of interest payments will likely have an adverse effect on the market price of the Notes. In addition, as a result of the interest deferral provision of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such deferral and may be more sensitive generally to adverse changes in the Issuer's financial condition.

Redemption payments under the Notes must, under certain circumstances, be deferred

Notwithstanding the expected maturity of the Notes on the Maturity Date, the Issuer must defer redemption of the Notes on the Maturity Date or on any other date set for redemption of the Notes pursuant to Conditions 7.4, 7.5 or 7.6, (i) if a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if the Notes were redeemed by the Issuer on such date, (ii) if the Relevant Regulator does not consent to the redemption (to the extent that consent is then required by the Relevant Regulator or the Relevant Rules) or (iii) where redemption would otherwise breach the provisions of Relevant Rules which apply to obligations eligible to qualify as Tier 3 Capital.

The deferral of redemption of the Notes in accordance with the Conditions will not constitute a default under the Notes for any purpose. Where redemption of the Notes is deferred, subject to certain conditions (including satisfaction of the Issuer Solvency Condition), (i) the Notes will be redeemed by the Issuer on the earliest of (a) the date falling 10 Business Days following cessation of the Regulatory Deficiency Redemption Deferral Event, (b) the date falling 10 Business Days after the Relevant Regulator has agreed to the repayment or redemption of the Notes or (c) the date on which an Issuer Winding-Up occurs.

Any actual or anticipated deferral of redemption of the Notes will likely have an adverse effect on the market price of the Notes. In addition, as a result of the redemption deferral provision of the Notes, including with respect to deferring redemption on the scheduled Maturity Date, the market price of the Notes may be more volatile than the market prices of other debt securities without such deferral feature, including dated securities where redemption on the scheduled maturity date cannot be deferred, and the Notes may accordingly be more sensitive generally to adverse changes in the Issuer's financial condition.

Early redemption

The Notes may, subject as provided in Condition 7, at the option of the Issuer, be redeemed at their principal amount, together with any Arrears of Interest and any other accrued but unpaid interest to (but excluding) the date of redemption, before the Maturity Date (i) in the event of certain changes in the tax treatment of the Notes or payments thereunder due to a change in or proposed change in, or amendment or proposed amendment to, applicable law or regulation or the official interpretation thereof, (ii) in the event of a Capital Disqualification Event or (iii) in the event of a Ratings Methodology Event, provided that any such redemption will only be made in compliance with the Relevant Rules and (if the Relevant Rules so require at the relevant time) on the condition that the Notes are exchanged for, or redeemed out of the proceeds of a new issue of, capital of the same or higher quality.

An investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Variation or substitution of the Notes without Noteholder consent

Subject as provided in Condition 7, the Issuer may, at its option and without the consent or approval of the Noteholders, elect to substitute the Notes for, or vary the terms of the Notes so that they become or remain, Qualifying Tier 3 Securities or (in the case of a Ratings Methodology Event) Rating Agency Compliant Notes at any time in the event of certain changes in the tax treatment of the Notes or payments thereunder due to a change in applicable law or regulation or the official interpretation thereof, in the event of a Capital Disqualification Event or in the event of a Ratings Methodology Event.

Restricted remedy for non-payment when due

The sole remedy against the Issuer available to the Trustee (acting on behalf of the Noteholders) or (where the Trustee has failed to proceed against, or prove in the winding-up or administration or claim in the liquidation of, the Issuer as provided in the Conditions) any Noteholder for recovery of amounts which have become due in respect of the Notes will be the institution of proceedings for the winding-up in England and Wales (but not elsewhere) of the Issuer and/or proving in any winding-up or in any administration of the Issuer and/or claiming in the liquidation of the Issuer (and any such claim in a winding-up or liquidation of the Issuer shall be subordinated as provided under "*The Issuer's obligations under the Notes are subordinated*").

Meetings, resolutions modification and waivers

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally, and also allow for resolutions of the Noteholders to be passed by way of written resolution or electronic consents (when the Notes are represented by a Global Certificate). These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting or who did not vote on the relevant resolution, as applicable, and Noteholders who voted in a manner contrary to the majority. The Conditions also provide that, subject to the satisfaction of the Regulatory Clearance Condition, the Trustee may, without the consent of Noteholders, agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the Conditions or any of the provisions of the Trust Deed in the circumstances described in Condition 14.

Substitution of obligors and transfer of business

The Conditions provide that the Trustee may, without the consent of the Noteholders, agree to the substitution of another company as principal debtor under the Notes in place of the Issuer in the circumstances described in Condition 13.

No limitation on issuing senior or pari passu securities

There is no restriction on the amount of securities which the Issuer may issue, which securities rank senior to, or *pari passu* with, the Notes. The issue of any such securities may reduce the amount recoverable by Noteholders on a winding-up of the Issuer and/or may increase the likelihood of a deferral of interest payments under the Notes. Accordingly, in the winding-up of the Issuer and after payment of the claims of its senior ranking creditors, there may not be a sufficient amount to satisfy the amounts owing to the Noteholders.

While the Existing Tier 2 Capital issued by the Issuer benefits from a guarantee from JRL, the Notes are not guaranteed and will be structurally subordinated to the Existing Tier 2 Capital and any future notes which benefit from an operating company guarantee

The Issuer's £250,000,000 9.000 per cent Guaranteed Subordinated Notes due 2026, with ISIN: XS1504958817 (the "**Existing Tier 2 Capital**") benefit from a guarantee from JRL, a main operating subsidiary of the Issuer, whereas the Notes are being issued on an unguaranteed basis. Accordingly, if JRL becomes insolvent, liquidates or otherwise reorganises, the Noteholders will have no right to proceed against JRL's assets, whereas the holders of the Existing Tier 2 Capital, together with any other creditors of JRL, including trade creditors, will generally be entitled to payment in full from the sale or other disposal of the assets of JRL before any direct or indirect shareholder, including the Issuer, will be entitled to any distribution from JRL. The Noteholders will therefore be structurally subordinated to holders of the Existing Tier 2 Capital, notwithstanding that the Notes constitute Tier 3 Capital of the Issuer.

There is also no restriction on the amount of debt that the Issuer may issue on a guaranteed basis (by JRL or any other operating company of the Just Group) at any time in the future. The issue of any such securities may increase the level of structural subordination to which the Notes are subject.

Change of law

The Conditions are based on English law in effect as at the date of issue of the Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the Notes.

Limitation on gross-up obligation under the Notes

The Issuer's obligation, if any, to pay additional amounts in respect of any withholding or deduction in respect of taxes imposed in a Relevant Jurisdiction under the terms of the Notes applies only to payments of interest and not to payments of principal.

As such, the Issuer would not be required to pay any additional amounts under the terms of the Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under the Notes, Noteholders will receive less than the full amount which would otherwise be due to them under the Notes, and the market value of the Notes may be adversely affected.

The Issuer is a holding company and is dependent upon cash flows from other entities in the Just Group to meet its obligations on the Notes

The Issuer is a holding company that conducts no business operations of its own and has no significant assets other than its investment in its subsidiary companies. Payment of interest and repayment of indebtedness by the Issuer under the Notes will be wholly dependent on the ability of other entities within the Just Group to make such cash available to the Issuer. Further, in certain instances subsidiaries may be subject to regulatory restrictions that limit the payment of dividends to the Issuer as shareholder.

There can be no assurance that arrangements with the Issuer's cash flow will provide it with sufficient means to fund payments on the Notes.

Integral multiples of less than £100,000

The Notes will be issued in amounts of £100,000 and integral multiples of £1,000 in excess thereof. Accordingly, it is possible that the Notes may be traded in the clearing systems in amounts in excess of £100,000 that are not integral multiples of £100,000. Should definitive Notes be required to be issued, they will be issued in principal amounts of £100,000 and higher integral multiples of £1,000 but will in no circumstances be issued to Noteholders who hold Notes in the relevant clearing system in amounts that are less than £100,000.

If definitive Notes are issued, Noteholders should be aware that definitive Notes which have a denomination that is not an integral multiple of £100,000 may be illiquid and difficult to trade.

3. Risks related to the market generally

The secondary market generally

The Notes have no established trading market when issued, and one may never develop. If a market does develop it may not be liquid. Investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market and/or which are rated. Illiquidity may have a material adverse effect on the market value of the Notes.

If the Issuer's financial condition deteriorates such that there is an increased risk that the Issuer may be wound up or enter into administration, or if at any time there is any actual or anticipated deferral of interest or redemption in accordance with the Conditions, such circumstances can be expected to have a material adverse effect on the market price of the Notes. Investors in the Notes may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they purchased their Notes. In such a sale, investors may lose some or substantially all of their investment in the Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on Notes in sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to sterling would, all else being equal, decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the transferability or convertibility of any payment. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in the Notes, which bear a fixed rate of interest, involves the risk that subsequent increases in market interest rates may adversely affect their market value.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Investors must rely on the procedures of Euroclear and Clearstream, Luxembourg for transfer, payment and communication with the Issuer

The Notes will be represented by the Global Certificate upon issue. The Global Certificate will be registered in the name of a nominee for the Common Depository for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Certificate. While the Notes are represented by the Global Certificate, investors will be able to trade their beneficial interests only through Euroclear or Clearstream, Luxembourg and will receive and provide any notices only through Euroclear or Clearstream, Luxembourg.

While the Notes are represented by the Global Certificate, the Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the registered holder as nominee for the Common Depository for Euroclear or Clearstream, Luxembourg for distribution to their accountholders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer does not have responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Credit rating may not reflect all risks

Fitch, an independent credit rating agency, is expected to assign a rating of BBB to the Notes. This rating may not reflect the potential impact of all risks relating to structure, market, additional factors discussed in this section and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by Fitch at any time.

Rating agencies other than Fitch could seek to rate the Notes and if such unsolicited ratings are lower than the comparable ratings assigned to the Notes by Fitch, those unsolicited ratings could have an adverse effect on the market value of the Notes.

Terms and Conditions of the Notes

The following is the text (save for paragraphs in italics) of the Terms and Conditions of the Notes which (subject to modification) will be endorsed on the Certificates issued in respect of the Notes:

The £230,000,000 3.500 per cent Subordinated Tier 3 Notes due 2025 (the “**Notes**”, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 16 and forming a single series with the Notes) of Just Group plc (the “**Issuer**”) are constituted by a Trust Deed dated 7 February 2018 (the “**Trust Deed**”) made between the Issuer and Deutsche Trustee Company Limited (the “**Trustee**”, which expression shall include its successor(s)) as trustee for the holders of the Notes.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed and the Agency Agreement dated 7 February 2018 (the “**Agency Agreement**”) made between the Issuer, Deutsche Bank Luxembourg S.A. (in its capacities as the “**Registrar**” and the “**Transfer Agent**”, which expression shall include its successor(s)) as registrar and transfer agent, Deutsche Bank AG, London Branch (the “**Principal Paying Agent**”, which expression shall include its successor(s)) as principal paying agent, the other Agents and the Trustee are available for inspection during normal business hours by the Noteholders at the principal office for the time being of the Trustee (being, as at the Issue Date, Winchester House, 1 Great Winchester Street, London EC2N 2DB) and at the specified office of each of the Agents. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

The owners shown in the records of each of Euroclear Bank S.A./N.V. and Clearstream Banking, S.A. of book-entry interests in Notes are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

1 Form, Denomination and Title

1.1 Form and Denomination

The Notes are issued in registered form in amounts of £100,000 and higher integral multiples of £1,000 (referred to as the “**principal amount**” of a Note, and references in these Conditions to “**principal**” in relation to a Note shall be construed accordingly). A note certificate (each a “**Certificate**”) will be issued to each Noteholder in respect of its registered holding of Notes. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Noteholders which the Issuer will use reasonable endeavours to procure be kept by the Registrar (the “**Register**”).

1.2 Title

Title to the Notes passes only by registration in the Register. The holder of any Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, “**Noteholder**” and (in relation to a Note) “**holder**” means the person in whose name a Note is registered in the Register.

2 Transfers of Notes and Issue of Certificates

2.1 Transfers

A Note may be transferred by depositing the Certificate issued in respect of that Note, with the form of transfer on the back duly completed and signed, at the specified office of the Registrar or any of the Agents.

2.2 Delivery of new Certificates

Each new Certificate to be issued upon a transfer of Notes will, within five Business Days of receipt by the Registrar or the relevant Agent of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Note to the address specified in the form of transfer.

Except in the limited circumstances described in this Offering Memorandum (see "Overview of Provisions relating to the Notes while in Global Form - Exchange"), owners of interests in the Notes will not be entitled to receive physical delivery of Certificates.

Where some but not all of the Notes in respect of which a Certificate is issued are to be transferred, a new Certificate in respect of the balance of Notes not so transferred will, within five Business Days of receipt by the Registrar or the relevant Agent of the original Certificate, be mailed by uninsured mail at the risk of the holder of the Notes not so transferred to the address of such holder appearing on the Register or as specified in the form of transfer.

2.3 Formalities free of charge

Registration of transfer of any Notes will be effected without charge by or on behalf of the Issuer or any Agent but upon payment (or the giving of such indemnity as the Issuer or any Agent may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

2.4 Closed periods

No Noteholder may require the transfer of a Note to be registered during the period of 15 days ending on the due date for any payment of principal, interest or Arrears of Interest on that Note.

2.5 Regulations

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Trust Deed. The regulations may be changed by the Issuer with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests one.

3 Status of the Notes

3.1 Status

The Notes constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. The rights and claims of the Noteholders are subordinated as described in Condition 3.2.

3.2 Subordination

If:

- (a) at any time an order is made, or an effective resolution is passed, for the winding-up of the Issuer (except, in any such case, a solvent winding-up solely for the purpose of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reconstruction, amalgamation or substitution (A) have previously been approved in writing by the Trustee or by an Extraordinary Resolution or which is effected in accordance with Condition 13 and (B) do not provide that the Notes or any amount in respect thereof shall thereby become payable); or
- (b) an administrator of the Issuer is appointed and such administrator gives notice that it intends to declare and distribute a dividend,

(the events in (a) and (b) each being an “**Issuer Winding-Up**”), the rights and claims of the Trustee (on behalf of the Noteholders but not the rights and claims of the Trustee acting on its own account under the Trust Deed in respect of its costs, expenses, liabilities or remuneration) and the Noteholders against the Issuer in respect of or arising under the Notes and the Trust Deed (including any damages awarded for breach of any obligations thereunder) will be subordinated in the manner provided in the Trust Deed only to the claims of all Senior Creditors of the Issuer and shall rank:

- (A) at least *pari passu* with all claims of holders of all other subordinated obligations of the Issuer which constitute, and all claims relating to a guarantee or other like or similar undertaking or arrangement given or undertaken by the Issuer in respect of any obligations of any other person which constitute, or (in either case) would but for any applicable limitation on the amount of such capital constitute, Tier 3 Capital and all obligations which rank, or are expressed to rank, *pari passu* therewith (“**Pari Passu Obligations of the Issuer**”); and
- (B) in priority to the claims of holders of (i) all obligations of the Issuer which constitute, and all claims relating to a guarantee or other like or similar undertaking or arrangement given or undertaken by the Issuer in respect of any obligations of any other person which constitute, or (in either case) would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital (including, without limitation and for so long as any of the same remain outstanding, the Issuer’s £250,000,000 9.000 per cent Guaranteed Subordinated Notes due 2026, with ISIN: XS1504958817) or Tier 1 Capital and all obligations which rank, or are expressed to rank, *pari passu* therewith and (ii) all classes of share capital of the Issuer (together, the “**Junior Obligations of the Issuer**”).

Nothing in this Condition 3.2 or in Condition 3.3 shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof.

3.3 Issuer Solvency Condition

Other than in the circumstances set out in Condition 3.2 and without prejudice to Condition 10.2, all payments by the Issuer under or arising from the Notes and the Trust Deed (other than payments made to the Trustee acting on its own account under the Trust Deed in respect of its costs, expenses, liabilities or remuneration but

including, without limitation, any payments in respect of damages awarded for breach of any obligations thereunder) shall be conditional upon the Issuer being solvent at the time for payment by the Issuer, and no amount shall be payable by the Issuer under or arising from the Notes and the Trust Deed unless and until such time as the Issuer could make such payment and still be solvent immediately thereafter (the “**Issuer Solvency Condition**”).

For the purposes of this Condition 3.3, the Issuer will be solvent if (i) it is able to pay its debts owed to Senior Creditors of the Issuer and Pari Passu Creditors of the Issuer as they fall due and (ii) its Assets exceed its Liabilities (other than Liabilities to persons who are Junior Creditors of the Issuer). A certificate as to the solvency of the Issuer signed by two Directors or, if there is a winding-up or administration of the Issuer, by two authorised signatories of the liquidator or, as the case may be, the administrator of the Issuer shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof, shall be binding on all such persons and the Trustee shall be entitled to rely on such certificate without liability to any person.

3.4 Set-off, etc.

By acceptance of the Notes, subject to applicable law, each Noteholder and the Trustee, on behalf of each Noteholder, will be deemed to have waived any right of set-off or counterclaim that such Noteholder might otherwise have against the Issuer in respect of or arising under the Notes whether prior to or in bankruptcy, winding-up or administration. Notwithstanding the preceding sentence, if any of the rights and claims of any Noteholder in respect of or arising under the Notes are discharged by set-off, such Noteholder will, unless such payment is prohibited by law, immediately pay an amount equal to the amount of such discharge to the Issuer or, if applicable, the liquidator, trustee, receiver or administrator of the Issuer and, until such time as payment is made, will hold a sum equal to such amount on trust for the Issuer or, if applicable, the liquidator, trustee, receiver or administrator in the Issuer’s bankruptcy, winding-up or administration. Accordingly, such discharge will be deemed not to have taken place.

4 Interest

4.1 Interest Rate

Each Note bears interest on its outstanding principal amount from (and including) the Issue Date at the rate of 3.500 per cent per annum. Subject to Condition 3.3 and Condition 5, interest shall be payable in equal instalments semi-annually in arrear on 7 February and 7 August of each year, the first payment to be made on 7 August 2018 (each an “**Interest Payment Date**”). The first payment shall be in respect of the period from (and including) the Issue Date to (but excluding) 7 August 2018, and thereafter for each successive period from (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date.

4.2 Interest Accrual

Interest shall cease to accrue on each Note on the due date for redemption (which due date shall, in the case of deferral of a redemption date in accordance with Condition 7.2, be the latest date to which redemption of the Notes is so deferred) unless payment is improperly withheld or refused, in which event interest shall continue

to accrue (in each case, both before and after judgment) as provided in the Trust Deed.

4.3 Calculation of Interest

Where it is necessary to compute an amount of interest in respect of any Note in respect of a payment date other than an Interest Payment Date, such interest shall be calculated on the basis of (a) the actual number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the relevant payment date divided by (b) two times the actual number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the next (or first) scheduled Interest Payment Date.

Interest shall be calculated per £1,000 in principal amount of the Notes (the “**Calculation Amount**”) by applying the rate of interest referred to in Condition 4.1 to such Calculation Amount, multiplying the resulting figure by the day count fraction described in the immediately preceding paragraph and rounding the resultant figure to two decimal places (with 0.005 being rounded up). The amount of interest payable in respect of a Note shall be calculated by multiplying the amount of interest per Calculation Amount determined as aforesaid by the specified denomination of such Note and dividing the resulting figure by £1,000.

5 Deferral of Interest

5.1 Mandatory Deferral of Interest

Payment of interest on the Notes by the Issuer will be mandatorily deferred in full on each Mandatory Interest Deferral Date. The Issuer shall notify the Noteholders, the Trustee and the Principal Paying Agent of any Mandatory Interest Deferral Date as provided in Condition 5.5 (provided that failure to make such notification shall not oblige the Issuer to make payment of such interest, or cause the same to become due and payable, on such date).

A certificate signed by two Directors confirming that (a) a Regulatory Deficiency Interest Deferral Event has occurred and is continuing, or would occur if payment of interest on the Notes were to be made or (b) a Regulatory Deficiency Interest Deferral Event has ceased to occur and/or payment of interest on the Notes would not result in a Regulatory Deficiency Interest Deferral Event occurring, shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof, shall be binding on all such persons and the Trustee shall be entitled to rely on such certificate without liability to any person.

5.2 No default

Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral by the Issuer of any payment of interest (i) on a Mandatory Interest Deferral Date in accordance with Condition 5.1 or (ii) as a result of the non-satisfaction of the Issuer Solvency Condition in Condition 3.3 will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate repayment of the Notes or take any enforcement action under the Notes or the Trust Deed.

5.3 Arrears of Interest

Any interest on the Notes not paid on an Interest Payment Date as a result of the obligation of the Issuer to defer such payment of interest pursuant to Condition 5.1 or the operation of the Issuer Solvency Condition in Condition 3.3 shall, together with any other interest not paid on any earlier Interest Payment Dates, to the extent and so long as the same remains unpaid, constitute “**Arrears of Interest**”. Arrears of Interest shall not themselves bear interest.

5.4 Payment of Arrears of Interest

Any Arrears of Interest may, subject to Condition 3.3 and to satisfaction of the Regulatory Clearance Condition, be paid by the Issuer in its sole discretion, in whole or in part, at any time (provided that at such time a Regulatory Deficiency Interest Deferral Event is not subsisting and would not occur if payment of such Arrears of Interest were made) upon the expiry of not less than 14 days' notice to such effect given by the Issuer to the Trustee, the Principal Paying Agent and the Noteholders in accordance with Condition 12 and in any event will become due and payable by the Issuer (subject, in the case of (a) and (c) below, to Condition 3.3 and to satisfaction of the Regulatory Clearance Condition) in whole (and not in part) upon the earliest of the following dates:

- (a) the next Interest Payment Date which is not a Mandatory Interest Deferral Date; or
- (b) the date on which an Issuer Winding-Up occurs; or
- (c) the date fixed for any redemption of Notes pursuant to, or purchase of Notes in accordance with, Condition 7 (subject to any deferral of such redemption date pursuant to Condition 7.2).

5.5 Notice of Deferral

The Issuer shall notify the Trustee, the Principal Paying Agent and the Noteholders in accordance with Condition 12 not less than five Business Days prior to an Interest Payment Date:

- (a) if that Interest Payment Date is a Mandatory Interest Deferral Date and specifying that interest will not be paid because a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest was made on such Interest Payment Date, provided that if a Regulatory Deficiency Interest Deferral Event occurs less than five Business Days prior to an Interest Payment Date, the Issuer shall give notice of the interest deferral in accordance with Condition 12 as soon as reasonably practicable following the occurrence of such event; or
- (b) if payment of interest is to be deferred on that Interest Payment Date only as a result of the non-satisfaction of the Issuer Solvency Condition and specifying the same, provided that if the Issuer becomes aware of such non-satisfaction of the Issuer Solvency Condition less than five Business Days prior to an Interest Payment Date, the Issuer shall give notice of the interest deferral in accordance with Condition 12 as soon as reasonably practicable following it becoming so aware.

6 Payments

6.1 Payments in respect of Notes

Payment of principal and interest will be made by transfer to the registered account of the relevant Noteholder. Payments of principal, and payments of interest and Arrears of Interest due at the time of redemption of the Notes, will only be made against surrender of the relevant Certificate at the specified office of any of the Agents. Save as provided in the previous sentence, interest and Arrears of Interest due for payment on the Notes will be paid to the holder shown on the Register at the close of business on the date (the “**record date**”) being the second Business Day before the due date for the relevant payment.

For the purposes of this Condition 6, a Noteholder’s “**registered account**” means the sterling account maintained by or on behalf of it with a bank that processes payments in sterling, details of which appear on the Register at the close of business (a) in the case of principal and of interest and Arrears of Interest due at the time of redemption of the Notes, on the second Business Day before the due date for payment and (b) in the case of any other payment of interest and Arrears of Interest, on the relevant record date.

6.2 Payments subject to applicable laws

All payments will be subject in all cases to (a) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (b) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto.

6.3 No commissions

No commissions or expenses shall be charged to the Noteholders in respect of any payments made in accordance with this Condition 6.

6.4 Payment on Business Days

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day, for value the first following day which is a Business Day) will be initiated on the Business Day preceding the due date for payment or, in the case of a payment of principal, or of a payment of interest or Arrears of Interest due at the time of redemption of the Notes, if later, on the Business Day on which the relevant Certificate is surrendered at the specified office of an Agent.

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day or if the Noteholder is late in surrendering its Certificate (in circumstances where it is required to do so).

6.5 Partial payments

If the amount of principal or interest which is due on the Notes is not paid in full, the Registrar will annotate the Register with a record of the amount of principal or interest in fact paid.

6.6 Agents

The names of the initial Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents, provided that it will at all times maintain:

- (a) a Principal Paying Agent; and
- (b) a Registrar.

Notice of any termination or appointment and of any changes in specified offices of any of the Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 12.

7 Redemption, Substitution, Variation and Purchase

7.1 Redemption at Maturity

Subject to Condition 7.2 and Condition 7.8 and to satisfaction of the Regulatory Clearance Condition, unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 7 February 2025 (the "**Maturity Date**") together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the Maturity Date.

7.2 Issuer deferral of redemption date

- (a) No Notes shall be redeemed on the Maturity Date pursuant to Condition 7.1 or prior to the Maturity Date pursuant to Conditions 7.4, 7.5 or 7.6 if:
 - (i) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if redemption were to be made pursuant to this Condition 7;
 - (ii) the Relevant Regulator does not consent to the redemption (to the extent that consent is then required by the Relevant Regulator or the Relevant Rules); or
 - (iii) redemption would otherwise breach the provisions of the Relevant Rules which apply to obligations eligible to qualify as Tier 3 Capital,

and, in each case, redemption shall instead be deferred in accordance with the provisions of this Condition 7.2.
- (b) The Issuer shall notify the Trustee, the Principal Paying Agent and the Noteholders in accordance with Condition 12 no later than five Business Days prior to any date set for redemption of the Notes if such redemption is to be deferred in accordance with Condition 7.2(a), provided that if a Regulatory Deficiency Redemption Deferral Event occurs less than five Business Days prior to the date set for redemption, the Issuer shall give notice of such deferral in accordance with Condition 12 as soon as reasonably practicable following the occurrence of such event.
- (c) If redemption of the Notes does not occur on the Maturity Date or, as applicable, the date specified in the notice of redemption by the Issuer under Condition 7.4, 7.5 or 7.6 as a result of Condition 7.2(a) above, the Issuer shall (subject, in the case of (i) and (ii) below only, to Condition 3.3 and to satisfaction of the Regulatory Clearance Condition) redeem such Notes at

their principal amount together with any Arrears of Interest and any other accrued and unpaid interest upon the earlier of:

- (i) the date falling 10 Business Days after the date the Regulatory Deficiency Redemption Deferral Event has ceased (unless on such 10th Business Day a further Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or redemption of the Notes on such date would result in a Regulatory Deficiency Redemption Deferral Event occurring, in which case the provisions of Condition 7.2(a) and this Condition 7.2(c) will apply *mutatis mutandis* to determine the due date for redemption of the Notes); or
- (ii) the date falling 10 Business Days after the Relevant Regulator has agreed to the repayment or redemption of the Notes; or
- (iii) the date on which an Issuer Winding-Up occurs.

The Issuer shall notify the Trustee, the Principal Paying Agent and the Noteholders in accordance with Condition 12 no later than five Business Days prior to any such date set for redemption pursuant to (i) or (ii) above.

- (d) If Condition 7.2(a) does not apply, but redemption of the Notes does not occur on the Maturity Date or, as appropriate, the date specified in the notice of redemption by the Issuer under Condition 7.4, 7.5 or 7.6 as a result of the Issuer Solvency Condition not being satisfied at such time, the Issuer shall notify the Trustee, the Principal Paying Agent and the Noteholders in accordance with Condition 12 as soon as practicable on or following the scheduled redemption date on which the Issuer Solvency Condition is not satisfied and such redemption of the Notes has been deferred. Subject to satisfaction of the Regulatory Clearance Condition, such Notes shall be redeemed at their principal amount together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the redemption date on the 10th Business Day immediately following the day that:
 - (A) the Issuer is solvent for the purposes of Condition 3.3; and
 - (B) the redemption of the Notes would not result in the Issuer ceasing to be solvent for the purposes of Condition 3.3,

provided that if on such Business Day specified for redemption a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing, or would occur if the Notes were to be redeemed, then the Notes shall not be redeemed on such date and Conditions 3.3 and 7.2(c) shall apply *mutatis mutandis* to determine the due date for redemption of the Notes.

The Issuer shall notify the Trustee, the Principal Paying Agent and the Noteholders in accordance with Condition 12 no later than five Business Days prior to any date set for redemption pursuant to (A) and (B) above.

- (e) A certificate signed by two Directors confirming that (A) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing, or would occur if redemption of the Notes were to be made or (B) a Regulatory Deficiency Redemption Deferral Event has ceased to occur and/or redemption of the Notes would not result in a Regulatory Deficiency Redemption Deferral Event occurring, shall, in the absence of manifest error, be treated and

accepted by the Issuer, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof, shall be binding on all such persons and the Trustee shall be entitled to rely on such certificate without liability to any person.

7.3 Deferral of redemption not a default

Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of redemption of the Notes in accordance with Condition 3.3 or 7.2 will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate the Notes or take any enforcement action under the Notes or the Trust Deed.

7.4 Redemption, variation or substitution at the option of the Issuer for taxation reasons

Subject to Conditions 7.2(a) and 7.8, if immediately before the giving of the notice referred to below:

- (a) as a result of any change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of a Relevant Jurisdiction, including any treaty to which the United Kingdom is a party, or any change in the application or official interpretation of such laws or regulations, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations, that differs from the previously generally accepted position in relation to similar transactions (in respect of securities similar to the Notes and which have the characteristics of Tier 3 Capital under the rules applicable at issuance) or which differs from any specific written confirmation given by a tax authority in respect of the Notes, which change or amendment becomes, or would become, effective or, in the case of a change or proposed change in law, if such change is enacted (or, in the case of a proposed change, is expected to be enacted) by United Kingdom Act of Parliament or by Statutory Instrument, after the Issue Date (each a "**Tax Law Change**"), on the next Interest Payment Date either:
 - (i) the Issuer would be required to pay additional amounts as provided or referred to in Condition 8; or
 - (ii) in respect of the Issuer's obligation to make any payment of interest:
 - (1) the Issuer would not be entitled to claim a deduction in computing its taxation liabilities in the United Kingdom, or such entitlement is materially reduced; or
 - (2) the Issuer would not to any material extent be entitled to have such deduction set against the profits of companies with which it is grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the date of the Tax Law Change or any similar system or systems having like effect as may from time to time exist); and
- (b) in any such case, the effect of the foregoing cannot be avoided by the Issuer taking measures reasonably available to it,

the Issuer may at its option (without any requirement for the consent or approval of the Noteholders) and having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 12, the Noteholders (which notice shall, subject as provided in Condition 7.12, be irrevocable) either:

- (A) redeem all the Notes, but not some only, at any time at their principal amount together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which:
 - (i) with respect to (a)(i), the Issuer would be obliged to pay such additional amounts;
 - (ii) with respect to (a)(ii)(1), the payment of interest would no longer be deductible for United Kingdom tax purposes; or
 - (iii) with respect to (a)(ii)(2), the Issuer would not to any material extent be entitled to have the loss or non-trading deficit set against the profits as provided in (a)(ii)(2),

in each case were a payment in respect of the Notes then due; or
- (B) substitute at any time all (but not some only) of the Notes for, or vary the terms of the Notes so that they become or remain, Qualifying Tier 3 Securities, and the Trustee shall (subject as provided in Condition 7.7 and to the receipt by it of the certificates of the Directors referred to in Condition 7.8 and in the definition of Qualifying Tier 3 Securities) agree to such substitution or variation.

7.5 Redemption, substitution or variation at the option of the Issuer due to a Capital Disqualification Event

Subject to Conditions 7.2(a) and 7.8, if at any time a Capital Disqualification Event has occurred and is continuing or, as a result of any change in, or amendment to, or any change in the application or official interpretation of, any applicable law, regulation or other official publication, the same will occur within a period of six months, then the Issuer may at any time, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12, the Trustee and the Principal Paying Agent (which notice shall, subject as provided in Condition 7.12, be irrevocable) either:

- (i) redeem all (but not some only) of the Notes at their principal amount, together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the date of redemption; or
- (ii) substitute all (and not some only) of the Notes for, or vary the terms of the Notes so that they become or remain Qualifying Tier 3 Securities, and the Trustee shall (subject as provided in Condition 7.7 and to the receipt by it of the certificates of the Directors referred to in Condition 7.8 and in the definition of 'Qualifying Tier 3 Securities') agree to such substitution or variation.

7.6 Redemption, substitution or variation at the option of the Issuer due to a Ratings Methodology Event

- (a) Subject to Conditions 7.2(a) and 7.8, if at any time a Ratings Methodology Event has occurred and is continuing or, as a result of any change in or clarification to, the methodology of any Rating Agency (or in the interpretation of such methodology by the relevant Rating Agency), a Ratings Methodology Event will occur within a period of six months, then the Issuer may at any time, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12, the Trustee and the Principal Paying Agent (which notice must be given during the Notice Period and shall, subject as provided in Condition 7.12, be irrevocable) either:
- (i) redeem all (but not some only) of the Notes at their principal amount, together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the date of redemption; or
 - (ii) substitute all (and not some only) of the Notes for, or vary the terms of the Notes so that they become or remain, Rating Agency Compliant Notes, and the Trustee shall (subject as provided in Condition 7.7 and to the receipt by it of the certificates of the Directors referred to in Condition 7.8 and in the definition of 'Rating Agency Compliant Notes') agree to such substitution or variation.
- (b) For the purposes of this Condition 7.6, "**Notice Period**" means the six-month period commencing on the date on which the relevant Ratings Methodology Event first occurs (or, as applicable, the date on which the Issuer certifies that the same will occur within a period of six months), provided that if the Issuer has, during such six-month period, made such application or notification to the Relevant Regulator as is then required under the Relevant Rules for the purposes of initiating the process for satisfying the Regulatory Clearance Condition, the Notice Period shall extend to the thirtieth calendar day following satisfaction of the Regulatory Clearance Condition in respect of the redemption, substitution or variation which is the subject of the notice to which the Notice Period relates.

7.7 Trustee role on redemption, variation or substitution; Trustee not obliged to monitor

The Trustee shall (at the expense of the Issuer) use its reasonable endeavours to co-operate with the Issuer (including, but not limited to, entering into such documents or deeds as may be necessary) to give effect to substitution or variation of the Notes for or into Qualifying Tier 3 Securities pursuant to Condition 7.4 or Condition 7.5 above or, as the case may be, Rating Agency Compliant Notes pursuant to Condition 7.6 above, provided that the Trustee shall not be obliged to co-operate in or agree to any such substitution or variation of the terms if such co-operation or the terms of the securities into which the Notes are to be substituted or are to be varied impose, in the Trustee's opinion, more onerous obligations upon it or reduce its authorities or protections or expose it to any additional liability. If the Trustee does not so co-operate or agree as provided above, the Issuer may, subject as provided above, redeem the Notes as provided above.

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists for the purposes of this Condition 7 and will not be

responsible to Noteholders for any loss arising from any failure by it to do so. Unless and until the Trustee has actual knowledge of the occurrence of any event or circumstance within this Condition 7, it shall be entitled to assume that no such event or circumstance exists.

7.8 Preconditions to redemption, variation, substitution and purchases

(a) Prior to the publication of any notice of redemption, variation or substitution pursuant to Condition 7.4, 7.5 or 7.6, the Issuer shall deliver to the Trustee:

(1) in respect of any redemption, variation or substitution pursuant to Condition 7.4, an opinion from a nationally recognised law firm or other tax adviser in the Relevant Jurisdiction experienced in such matters to the effect that the relevant requirement or circumstance referred to in Condition 7.4(a) applies or will apply on the next Interest Payment Date; and

(2) in respect of any redemption, variation or substitution pursuant to Condition 7.4, 7.5 or 7.6, a certificate signed by two Directors stating that, as the case may be:

(i) the requirement referred to in paragraph 7.4(a) above applies or will apply on the next Interest Payment Date and cannot be avoided by the Issuer taking measures reasonably available to it; or

(ii) a Capital Disqualification Event or, as the case may be, Ratings Methodology Event has occurred and is continuing as at the date of the certificate or, as the case may be, will occur within a period of six months; and

(iii) it would have been reasonable for the Issuer to conclude, judged at the Issue Date, that the circumstance entitling the Issuer to exercise the right of redemption was unlikely to occur,

and the Trustee shall, in the absence of manifest error, accept such certificate and, if applicable, opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders (it being declared that the Trustee may rely absolutely on such certification and opinion, if applicable, without liability to any person).

(b) In addition, prior to the publication of any notice of redemption before the Maturity Date or any substitution, variation or purchase of the Notes, the Issuer will be required to have complied with the Regulatory Clearance Condition and be in continued compliance with Regulatory Capital Requirements, and such redemption, substitution, variation or purchase must comply with the Relevant Rules applicable at the time. A certificate from any two Directors to the Trustee confirming such compliance shall be conclusive evidence of such compliance for the purposes of these Conditions (it being declared that the Trustee may rely absolutely on such certification without liability to any person).

- (c) The Issuer shall not redeem or purchase any Notes unless at the time of such redemption or purchase:
- (i) it is, and will immediately thereafter remain solvent (as such term is described in Condition 3.3); and
 - (ii) it is, and will immediately thereafter remain, in compliance with all Regulatory Capital Requirements applicable to it.

A certificate from any two Directors to the Trustee confirming such compliance shall be conclusive evidence of such compliance (it being declared that the Trustee may rely absolutely on such certification without liability to any person).

- (d) Any redemption pursuant to Condition 7.4, 7.5 or 7.6 and any purchase pursuant to Condition 7.10 will only be made:
- (i) in compliance with the Relevant Rules; and
 - (ii) (if the Relevant Rules so require at the relevant time) on the condition that the Notes are exchanged for, or redeemed out of the proceeds of a new issue of, capital of the same or higher quality.

A certificate from any two Directors to the Trustee confirming such compliance shall be conclusive evidence of such compliance and the Trustee may rely absolutely on such certification without liability to any person.

7.9 Compliance with stock exchange rules

In connection with any substitution or variation of the Notes in accordance with Condition 7.4, 7.5 or 7.6, the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or admitted to trading.

7.10 Purchases

Subject to Condition 7.8, the Issuer or any of the Issuer's Subsidiaries may at any time purchase Notes in any manner and at any price. All Notes purchased by or on behalf of the Issuer or any Subsidiary of the Issuer may be held, reissued, resold or, at the option of the Issuer and the relevant purchaser, surrendered for cancellation to the Principal Paying Agent.

7.11 Cancellations

All Notes redeemed or substituted by the Issuer pursuant to this Condition 7, and all Notes purchased and surrendered for cancellation pursuant to Condition 7.10, will forthwith be cancelled. Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

7.12 Notices Final

Subject and without prejudice to Conditions 3.3, 7.2 and 7.8, any notice of redemption as is referred to in Conditions 7.4, 7.5 or 7.6 above shall be irrevocable and upon expiry of such notice, the Issuer shall be bound to redeem, or as the case may be, vary or substitute, the Notes in accordance with the terms of the relevant Condition.

8 Taxation

8.1 Payment without withholding

All payments of principal and interest (including, without limitation, Arrears of Interest) by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”) imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction unless the withholding or deduction of the Taxes is required by law. In any such event, the Issuer will pay such additional amounts in respect of interest payments but not in respect of any payments of principal as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been received in respect of the Notes in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note:

- (a) *Other connection*: the holder of which is liable to the Taxes in respect of the Note by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note; or
- (b) *Lawful avoidance of withholding*: the holder of which could lawfully have avoided (but has not so avoided) such deduction or withholding by complying or procuring that any person who is associated or connected with the holder for the purposes of any Taxes complies with any statutory requirements or by making or procuring that any such person makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note is presented for payment; or
- (c) *Payment by another Paying Agent*: surrendered for payment (where surrender is required) by or on behalf of a holder who would have been able to avoid such withholding or deduction by surrendering the relevant Note to another Paying Agent in a Member State of the European Union (provided that there is such a Paying Agent appointed at the relevant time); or
- (d) *Surrender more than 30 days after the Relevant Date*: surrendered for payment (where surrender is required) more than 30 days after the Relevant Date except to the extent that a holder would have been entitled to additional amounts on surrendering the same for payment on the thirtieth day (assuming, whether or not such is in fact the case, that day to have been a Business Day); or
- (e) where such withholding or deduction arises out of any combination of paragraphs (a) to (d) above.

8.2 Additional Amounts

Any reference in these Conditions to any amounts payable in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed.

9 Prescription

Claims against the Issuer in respect of principal and interest in respect of the Notes will be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest, including, without limitation, Arrears of Interest) from the Relevant Date.

10 Events of Default

10.1 Rights to institute and/or prove in a winding-up of the Issuer

The right to institute winding-up proceedings in respect of the Issuer is limited to circumstances where a payment of principal, interest or other amount in respect of the Notes by the Issuer under the Notes or the Trust Deed has become due and is not duly paid. For the avoidance of doubt (without prejudice to Condition 10.2), no amount shall be due from the Issuer in circumstances where payment of such amount could not be made in compliance with the Issuer Solvency Condition or is deferred by the Issuer in accordance with Conditions 5.1 or 7.2.

If:

- (a) default is made by the Issuer for a period of 14 days or more in the payment of any interest (including, without limitation, any Arrears of Interest) or principal due in respect of the Notes or any of them; or
- (b) an Issuer Winding-Up occurs,

the Trustee at its discretion may, and if so requested by Noteholders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (but in each case subject to it having been indemnified and/or secured and/or prefunded to its satisfaction):

- (i) in the case of (a) above, institute proceedings for the winding-up of the Issuer in England and Wales (but not elsewhere) and prove in the winding-up; and/or
- (ii) in the case of (b) above, prove in the winding-up or administration of the Issuer (whether in England and Wales or elsewhere) and/or claim in the liquidation of the Issuer (whether in England and Wales or elsewhere),

but (in either case) may take no further or other action to enforce, prove or claim for any payment by the Issuer in respect of the Notes or the Trust Deed.

No payment in respect of the Notes or the Trust Deed may be made by the Issuer pursuant to this Condition 10.1, nor will the Trustee accept the same, otherwise than during or after a winding-up of the Issuer or after an administrator of the Issuer has given notice that it intends to declare and distribute a dividend, unless the Issuer has given prior written notice (with a copy to the Trustee) to, and received no objection from, the Relevant Regulator which the Issuer shall confirm in writing to the Trustee and upon which the Trustee may rely conclusively without liability to any person.

10.2 Amount payable on a winding-up or administration

Upon the occurrence of an Issuer Winding-Up (including, for the avoidance of doubt, a winding-up initiated pursuant to Condition 10.1(i)), the Trustee at its discretion may, and if so requested by Noteholders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (but in each case subject to it having been indemnified and/or secured and/or prefunded to its

satisfaction), give notice to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and payable at the amount equal to their principal amount together with any Arrears of Interest and any other accrued and unpaid interest and, if applicable, any damages awarded for breach of any obligations under the Notes or the Trust Deed.

Claims against the Issuer in respect of such amounts will be subordinated in accordance with Condition 3.2.

10.3 Enforcement

Without prejudice to Conditions 10.1 or 10.2, the Trustee may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed or the Notes (other than any payment obligation of the Issuer under or arising from the Notes or the Trust Deed, including any damages awarded for breach of any obligations thereunder, but excluding any payments made to the Trustee acting on its own account under the Trust Deed in respect of its costs, expenses, liabilities or remuneration) but in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

Nothing in this Condition 10.3 shall, however, prevent the Trustee (subject to Condition 10.1) instituting proceedings for the winding-up of the Issuer in England and Wales and/or proving in any winding-up or administration of the Issuer (whether in England and Wales or elsewhere) and/or claiming in any liquidation of the Issuer in respect of any payment obligation of the Issuer (whether in England and Wales or elsewhere), in each case where such payment obligation arises from the Notes or the Trust Deed (including, without limitation, payment of any principal, interest or Arrears of Interest in respect of the Notes or any damages awarded for breach of any obligations under the Notes or the Trust Deed).

10.4 Entitlement of Trustee

The Trustee shall not be bound to take any of the actions referred to in Condition 10.1, 10.2 or 10.3 above against the Issuer to enforce the terms of the Trust Deed or the Notes or to take any other action under or pursuant to the Trust Deed unless (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

10.5 Right of Noteholders

No Noteholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up or prove in the winding-up or administration of the Issuer or claim in the liquidation of the Issuer unless the Trustee, having become so bound to proceed or being able to prove in such winding-up or administration or claim in such liquidation, fails to do so within a reasonable period and such failure shall be continuing, in which case the Noteholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in this Condition 10.

10.6 Extent of Noteholders' remedy

No remedy against the Issuer, other than as referred to in this Condition 10, shall be available to the Trustee or the Noteholders, whether for the recovery of amounts

owing in respect of the Notes or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes or under the Trust Deed.

11 Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12 Notices

All notices to the Noteholders will be valid if mailed to them at their respective addresses in the Register maintained by the Registrar. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any notice shall be deemed to have been given on the second Business Day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

13 Substitution of Issuer

Subject to the Issuer giving at least one month's notice to, and receiving no objection from, the Relevant Regulator (or such other period of notice as the Relevant Regulator may require or accept and so long as there is a requirement to give such notice), the Trustee may agree with the Issuer, without the consent of the Noteholders and subject to the Notes being (other than where the Substitute Obligor (as defined below) is the successor in business to the Issuer) unconditionally and irrevocably guaranteed by the Issuer on a subordinated basis equivalent to Condition 3.2, to the substitution of a Subsidiary or parent company of the Issuer or the successor in business to the Issuer, in any such case, in place of the Issuer as principal debtor under the Trust Deed and the Notes (each such substitute being hereinafter referred to as the "**Substitute Obligor**") provided that in each case:

- (A) a trust deed or some other form of undertaking, supported by one or more legal opinions, is executed by the Substitute Obligor in a form and manner satisfactory to the Trustee, agreeing to be bound by the terms of the Trust Deed and the Notes, with any consequential amendments which the Trustee may deem appropriate, as fully as if the Substitute Obligor has been named in the Trust Deed and the Notes, as the principal debtor in place of the Issuer (or of any previous Substitute Obligor, as the case may be) (and such consequential amendments may include, without limitation, amending those references to "England and Wales" in Condition 10 which are applicable to such Substitute Obligor to refer instead to the jurisdiction of incorporation of such Substitute Obligor);
- (B) the Substitute Obligor certifies to the Trustee that (i) it has obtained all necessary governmental and regulatory approvals and consents necessary for its assumptions of the duties and liabilities as Substitute Obligor under the Trust Deed and the Notes in place of the Issuer or, as the case may be, any previous Substitute Obligor and (ii) such approvals and consents are at the time of

substitution in full force and effect (it being declared that the Trustee may rely absolutely on such certification without liability to any person);

- (C) two directors (or other officers acceptable to the Trustee) of the Substitute Obligor certify that the Substitute Obligor is solvent at the time at which the substitution is proposed to be in effect, and immediately thereafter (it being declared that the Trustee may rely absolutely on such certification and shall not be bound to have regard to the financial condition, profits or prospects of the Substitute Obligor or to compare the same with those of the Issuer or (as the case may be) any previous Substitute Obligor);
- (D) (without prejudice to the generality of sub-paragraph (A) above) the Trustee may, in the event of such substitution agree, without the consent of the Noteholders, to a change in the law governing the Trust Deed and/or the Notes if in the opinion of the Trustee such change would not be materially prejudicial to the interests of the Noteholders;
- (E) if the Substitute Obligor is, or becomes, subject generally to the taxing jurisdiction of a territory or any authority of or in that territory with power to tax (the “**Substituted Territory**”) other than the territory of the taxing jurisdiction of which (or to any such authority of or in which) the Issuer (or any previous Substitute Obligor) is subject generally (the “**Original Territory**”), the Substitute Obligor will (unless the Trustee otherwise agrees) give to the Trustee an undertaking satisfactory to the Trustee in terms corresponding to Condition 8 with the substitution in the definition of “Relevant Jurisdiction” (for the purposes of both Condition 8 and Condition 7.4) to the Original Territory of references to the Substituted Territory whereupon the Trust Deed and the Notes will be read accordingly;
- (F) if the Notes are rated (where such rating was assigned at the request of the Issuer) by one or more credit rating agencies of international standing immediately prior to such substitution, the Notes shall continue to be rated by each such rating agency immediately following such substitution, and each credit rating agency shall have confirmed that the credit ratings assigned to the Notes by each such credit rating agency immediately following such substitution are expected to be no less than those assigned to the Notes immediately prior thereto; and
- (G) without prejudice to the rights of reliance of the Trustee under sub-paragraphs (B) and (C) above, the Trustee shall be satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution proposed pursuant to this Condition 13.

Any substitution effected in accordance with this Condition 13 shall be binding on the Noteholders and (unless the Trustee otherwise agrees) shall be notified promptly by the Issuer to the Noteholders in accordance with Condition 12.

14 Meetings of Noteholders, Modification, Waiver and Authorisation

14.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Trustee or

Noteholders holding not less than 10 per cent, in principal amount of the Notes for the time being outstanding.

The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent, in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that, at any meeting the business of which includes the modification or abrogation of certain of the provisions of these Conditions and/or certain of the provisions of the Trust Deed (such provisions being set out in the Trust Deed), the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds (a “**Special Quorum**”), or at any adjourned such meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting.

The Trust Deed also provides that a written resolution executed by or on behalf of the holders of not less than three-quarters in principal amount of the Notes outstanding who would have been entitled to vote upon it if it had been proposed at a meeting at which they were present shall take effect as if it were an Extraordinary Resolution duly passed at such a meeting.

The agreement or approval of the Noteholders shall not be required in the case of any variation of these Conditions and/or the Trust Deed made in connection with the substitution or variation of the Notes pursuant to Conditions 7.4, 7.5 or 7.6 or any consequential amendments to these Conditions and/or the Trust Deed approved by the Trustee in connection with a substitution of the Issuer pursuant to Condition 13.

14.2 Modification, waiver, authorisation and determination

The Trustee may agree, without the consent of the Noteholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders) or may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated.

14.3 Trustee to have regard to interests of Noteholders as a class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution of obligor), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual

Noteholders except to the extent already provided for in Condition 8 and/or any undertaking given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

14.4 Notification to the Noteholders

Any modification, abrogation, waiver, authorisation, determination or substitution made in accordance with this Condition 14 shall be binding on the Noteholders and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 12.

14.5 Regulatory Clearance Condition

Any modification to, or waiver in respect of, these Conditions or any provisions of the Trust Deed will be subject to satisfaction of the Regulatory Clearance Condition.

15 Indemnification of the Trustee and its contracting with the Issuer

15.1 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction.

15.2 Trustee contracting with the Issuer

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (i) to enter into business transactions with the Issuer and/or any of the Issuer's Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's Subsidiaries, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

15.3 Regulatory Clearance Condition

Wherever in these Conditions and/or the Trust Deed there is a requirement for the Regulatory Clearance Condition to be satisfied, the Trustee shall be entitled to assume without enquiry that such condition has been satisfied unless notified in writing to the contrary by the Issuer.

16 Further Issues

The Issuer may from time to time, without the consent of the Noteholders, create and issue further notes ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding Notes. Any further notes which are to form a single series with the outstanding Notes shall be constituted by a deed supplemental to the Trust Deed.

17 Governing Law

The Trust Deed and the Notes, and any non-contractual obligations arising out of or in connection with the Trust Deed and/or the Notes are governed by, and shall be construed in accordance with, English law.

18 Rights of Third Parties

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term or condition of the Notes, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

19 Defined Terms

In these Conditions:

“**Agency Agreement**” has the meaning given in the preamble to these Conditions;

“**Agents**” means the Registrar, the Principal Paying Agent, the Transfer Agent and the other Paying Agents appointed from time to time under the Agency Agreement;

“**Arrears of Interest**” has the meaning given in Condition 5.3;

“**Assets**” means the unconsolidated gross assets of the Issuer as shown in the latest published audited balance sheet of the Issuer, but adjusted for subsequent events, all in such manner as the Directors may determine;

“**Business Day**” means:

- (i) except for the purposes of Condition 2 and 6.4, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets are open for general business in London;
- (ii) for the purposes of Condition 2, a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for business in the city in which the specified office of the Agent with whom a Certificate is deposited in connection with a transfer is located; and
- (iii) for the purpose of Condition 6.4, a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for business in London and, in the case of surrender of a Certificate, in the place in which the Certificate is surrendered;

a “**Capital Disqualification Event**” is deemed to have occurred if, as a result of any replacement of or change to (or change to the interpretation by any court or authority entitled to do so of) the Relevant Rules:

- (i) the whole or any part of the principal amount of the Notes no longer counts or qualifies as Tier 3 Capital for the purposes of the Issuer;
- (ii) the whole or any part of the principal amount of the Notes no longer counts or qualifies as Tier 3 Capital for the purposes of the Insurance Group; and/or
- (iii) the whole or any part of the principal amount of the Notes no longer counts or qualifies as Tier 3 Capital for the purposes of any insurance or reinsurance undertaking within the Insurance Group,

(whether on a solo, group or consolidated basis), except where such non-qualification is only as a result of any applicable limitation on the amount of such capital (other than a limitation derived from any transitional or grandfathering provisions under the Relevant Rules);

“**Certificate**” has the meaning given in Condition 1.1;

“**Companies Act**” means the Companies Act 2006 (as amended or re-enacted from time to time);

“**Director**” means a director of the Issuer;

“**Extraordinary Resolution**” has the meaning given in the Trust Deed;

“**Group Insurance Undertaking**” means an insurance undertaking within the meaning of the Relevant Rules whose data is included for the purposes of the calculation of the Solvency Capital Requirement of the Insurance Group pursuant to the Relevant Rules;

“**Insolvent Insurer Winding-up**” means (a) the winding-up of any Group Insurance Undertaking; or (b) the appointment of an administrator of any Group Insurance Undertaking, in each case where the Issuer has determined, acting reasonably, that the Policyholder Claims of that Group Insurance Undertaking may or will not all be met in full;

“**Insurance Group**” means, at any time, the Insurance Group Holding Company and its Subsidiaries at such time;

“**Insurance Group Holding Company**” means, at any time, the ultimate insurance holding company of the group of companies which includes the Issuer and which is subject to consolidated supervision by the Relevant Regulator or a European Economic Area regulatory authority for the purposes of the Relevant Rules (the Insurance Group Holding Company being, as at the Issue Date, the Issuer);

“**Interest Payment Date**” has the meaning given in Condition 4.1;

“**Issue Date**” means 7 February 2018;

“**Issuer**” has the meaning given in the preamble to these Conditions;

“**Issuer Solvency Condition**” has the meaning given in Condition 3.3;

“**Issuer Winding-Up**” has the meaning given in Condition 3.2;

“**Junior Creditors of the Issuer**” means creditors of the Issuer whose claims rank, or are expressed to rank, junior to the claims of the Noteholders, including holders of securities which are Junior Obligations of the Issuer;

“**Junior Obligations of the Issuer**” has the meaning given in Condition 3.2;

“**Liabilities**” means the unconsolidated gross liabilities of the Issuer as shown in the latest published audited balance sheet of the Issuer, but adjusted for contingent liabilities and for subsequent events, all in such manner as the Directors may determine;

“**Mandatory Interest Deferral Date**” means each Interest Payment Date in respect of which a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest were to be made on such Interest Payment Date;

“**Maturity Date**” means 7 February 2025;

“**Member State**” means a member of the European Economic Area;

“**Minimum Capital Requirement**” means the Minimum Capital Requirement or the group Minimum Capital Requirement or the group minimum Solvency Capital Requirement (as applicable) referred to in, or any other capital requirement howsoever described in, the Relevant Rules;

“**Noteholder**” has the meaning given in Condition 1.2;

“**Notes**” has the meaning given in the preamble to these Conditions;

“**Notice Period**” has the meaning given in Condition 7.6;

“Original Territory” has the meaning given in Condition 13;

“Pari Passu Creditors of the Issuer” means creditors of the Issuer whose claims rank, or are expressed to rank, *pari passu* with the claims of the Noteholders including holders of securities which are Pari Passu Obligations of the Issuer;

“Pari Passu Obligations of the Issuer” has the meaning given in Condition 3.2;

“Paying Agents” means the Principal Paying Agent and the Registrar (and such term shall include any successor, replacement or additional paying agents appointed under the Agency Agreement);

“Policyholder Claims” means, in respect of a Group Insurance Undertaking, claims of the policyholders of that Group Insurance Undertaking and of beneficiaries under contracts of insurance written by that Group Insurance Undertaking in a winding-up, liquidation or administration of that Group Insurance Undertaking to the extent that those claims relate to any debt to which that Group Insurance Undertaking is, or may become, liable to a policyholder or such beneficiary pursuant to a contract of insurance, including all amounts to which policyholders or such beneficiaries are entitled under applicable legislation or rules relating to the winding-up or administration of insurance companies to reflect any right to receive, or expectation of receiving, benefits which such policyholders or such beneficiaries may have;

“Principal Paying Agent” has the meaning given in the preamble to these Conditions;

“Qualifying Tier 3 Securities” means securities issued directly or indirectly by the Issuer that:

- (a) have terms not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Issuer in consultation with an independent investment bank of international standing, and provided that a certification to such effect (including as to the consultation with the independent investment bank and in respect of the matters specified in (b)(1) to (7) below) signed by two Directors shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely without liability to any person) prior to the issue of the relevant securities); and
- (b) (subject to (a) above) (1) contain terms which comply with then current requirements of the Relevant Regulator and the Relevant Rules in relation to Tier 3 Capital; (2) bear the same rate of interest as the Notes and preserve the Interest Payment Dates; (3) contain terms providing for the deferral, suspension and/or cancellation of payments of interest or principal only if such terms are not materially less favourable to an investor than equivalent terms contained in the terms of the Notes; (4) rank senior to, or *pari passu* with, the ranking of the Notes; (5) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to timing of, and amounts payable upon, any such redemption; (6) do not contain terms providing for or requiring the Issuer to write down or convert into equity the whole or any part of the principal amount of the Notes; and (7) preserve in full any rights to Arrears of Interest and accrued and unpaid interest on the Notes immediately prior to substitution or variation; and
- (c) are listed and admitted to trading on the EuroMTF of the Luxembourg Stock Exchange or such other stock exchange as is a Recognised Stock Exchange at that time as selected by the Issuer and approved by the Trustee;

“Rating Agency” means each of Fitch Ratings Limited (**“Fitch”**), Standard & Poor’s Credit Market Services Europe Limited (**“S&P”**) and Moody’s Investors Service Limited (**“Moody’s”**) or any successor of any of them;

“Rating Agency Compliant Notes” means securities issued directly or indirectly by the Issuer that are:

- (a) Qualifying Tier 3 Securities; and
- (b) assigned by each Rating Agency substantially the same equity content as or, at the absolute discretion of the Issuer, a lower equity content than (provided such equity content is still higher than the equity content assigned to the Notes after the occurrence of the Ratings Methodology Event) that which (in the case of Fitch) was assigned by Fitch to the Notes on or around the Issue Date or (in the case of S&P or Moody’s) was first assigned by such Rating Agency to the Notes (following solicitation by, or with the co-operation of, the Issuer) and provided, in each case, that a certification to such effect signed by two Directors shall have been delivered to the Trustee prior to the issue of the relevant securities (upon which the Trustee shall be entitled to rely without liability to any person);

a **“Ratings Methodology Event”** will be deemed to occur upon a change in, or clarification to, the methodology of any Rating Agency (or in the interpretation of such methodology) as a result of which the equity content assigned by that Rating Agency to the Notes is, as notified by that Rating Agency to the Issuer or as published by that Rating Agency, reduced when compared to the equity content which (in the case of Fitch) was assigned by Fitch to the Notes on or around the Issue Date or (in the case of S&P or Moody’s) was first assigned by such Rating Agency to the Notes (following solicitation by, or with the co-operation of, the Issuer);

“Recognised Stock Exchange” means a recognised stock exchange as defined in section 1005 of the Income Tax Act 2007 as amended or re-enacted from time to time, and any provision, statute or statutory instrument replacing the same from time to time;

“Register” has the meaning given in Condition 1.1;

“Registrar” has the meaning given in the preamble to these Conditions;

“Regulatory Capital Requirements” means any applicable capital resources requirement or applicable overall financial adequacy rule required by the Relevant Regulator or the Relevant Rules, as such requirements or rule are in force from time to time;

“Regulatory Clearance Condition” means, in respect of any proposed act on the part of the Issuer, the Relevant Regulator having approved or consented to, or having been given due notification of and having not within any applicable time-frame objected to, such act (in any case only if and to the extent required by the Relevant Rules, the Relevant Regulator or any applicable rules of the Relevant Regulator at the relevant time);

“Regulatory Deficiency Interest Deferral Event” means any event (including, without limitation, any event which causes any Minimum Capital Requirement applicable to the Issuer, the Insurance Group or any member of the Insurance Group to be breached and such breach is an event) which under the Relevant Rules would require the Issuer to defer payment of interest in respect of the Notes (on the basis that the Notes are intended to qualify as Tier 3 Capital under the Relevant Rules);

“Regulatory Deficiency Redemption Deferral Event” means any event (including, without limitation, where an Insolvent Insurer Winding-up has occurred and is continuing and any

event which causes any Solvency Capital Requirement or Minimum Capital Requirement applicable to the Issuer, the Insurance Group or any member of the Insurance Group to be breached and the continuation of such Insolvent Insurer Winding-up is, or as the case may be such breach is, an event) which under the Relevant Rules would require the Issuer to defer or suspend repayment or redemption of the Notes (on the basis that the Notes are intended to qualify as Tier 3 Capital under the Relevant Rules);

“Relevant Date” means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by an Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 12;

“Relevant Jurisdiction” means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest (including Arrears of Interest) on the Notes;

“Relevant Regulator” means the UK Prudential Regulation Authority or such successor or other authority having primary supervisory authority with respect to prudential matters in relation to the Issuer and/or the Insurance Group;

“Relevant Rules” means, at any time, any legislation, rules or regulations (whether having the force of law or otherwise) then applying to the Issuer or the Insurance Group relating to own funds, capital resources, capital requirements, financial adequacy requirements or other prudential matters (including, but not limited to, the characteristics, features or criteria of any of the foregoing) and, for the avoidance of doubt and without limitation to the foregoing, includes (to the extent then applying as aforesaid) Solvency II and any legislation, rules or regulations of the Relevant Regulator relating to such matters;

“Senior Creditors of the Issuer” means:

- (a) (if applicable at the relevant time) any policyholders of the Issuer or beneficiaries under contracts of insurance of the Issuer (and, for the avoidance of doubt, the claims of Senior Creditors of the Issuer who are policyholders or such beneficiaries (if any) shall include all amounts to which they would be entitled under applicable legislation or rules relating to the winding-up of insurance companies to reflect any right to receive, or expectation of receiving, benefits which policyholders or such beneficiaries may have);
- (b) all unsubordinated creditors of the Issuer; and
- (c) subordinated creditors of the Issuer, other than those whose claims constitute (or relate to a guarantee or other like or similar undertaking or arrangement given by the Issuer in respect of any obligation of any other person which constitutes), or would but for any applicable limitation on the amount of any such capital constitute, Tier 1 Capital, Tier 2 Capital or Tier 3 Capital or whose claims otherwise rank, or are expressed to rank, *pari passu* with, or junior to, the claims of the Noteholders against the Issuer in respect of the Notes and the Trust Deed;

“Solvency II” means the Solvency II Directive and any implementing measures adopted pursuant to the Solvency II Directive including, without limitation, the Solvency II Regulation (for the avoidance of doubt, whether implemented by way of regulation or by further directives or otherwise);

“Solvency II Directive” means Directive 2009/138/EC of the European Union (as amended) on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) and transposed by Member States pursuant to Article 309 of Directive 2009/138/EC;

“Solvency II Regulation” means Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking up and pursuit of the business of Insurance and Reinsurance (Solvency II);

“Solvency Capital Requirement” means the Solvency Capital Requirement or the group Solvency Capital Requirement referred to in, or any other capital requirement howsoever described in the Relevant Rules;

“sterling” or **“pence”** or **“£”** means the lawful currency of the United Kingdom;

“Subsidiary” has the meaning given under section 1159 of the Companies Act;

“Substitute Obligor” has the meaning given in Condition 13;

“Substituted Territory” has the meaning given in Condition 13;

“successor in business” means, in relation to the Issuer, any company which as a result of any amalgamation, merger or reconstruction, beneficially owns the whole or substantially the whole of the undertaking, property and assets owned by the Issuer prior to such amalgamation, merger, reconstruction or agreement coming into force and carries on as successor to the Issuer the whole or substantially the whole of the business carried on by the Issuer immediately prior thereto;

“Taxes” has the meaning given in Condition 8;

“Tier 1 Capital” has the meaning given by the Relevant Rules from time to time;

“Tier 2 Capital” has the meaning given by the Relevant Rules from time to time;

“Tier 3 Capital” has the meaning given by the Relevant Rules from time to time;

“Transfer Agent” has the meaning given in the preamble to these Conditions;

“Trust Deed” has the meaning given in the preamble to these Conditions; and

“Trustee” has the meaning given in the preamble to these Conditions.

Overview of the provisions relating to the Notes whilst in Global Form

The Notes will initially be represented by a global certificate (the “**Global Certificate**”). The Global Certificate contains provisions which apply to the Notes while they are in global form, some of which modify the effect of the terms and conditions of the Notes set out in this Offering Memorandum. The following is a summary of certain of those provisions.

Initial Issue of Certificates

The Global Certificate will be registered in the name of a nominee (the “**Registered Holder**”) for the Common Depository for Euroclear and Clearstream, Luxembourg and may be delivered on or prior to the original issue date of the Notes.

Upon the registration of the Global Certificate in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the Global Certificate to the Common Depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Accountholders

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other relevant clearing system as the holder of a Note represented by a Global Certificate (an “**Accountholder**”) (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg or such other relevant clearing system (as the case may be) as to the outstanding principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such aggregate principal amount of such Notes (and the expression “**Noteholders**” and references to “**holding of Notes**” and to “**holder of Notes**” shall be construed accordingly) (the “**Accountholder’s Holding**”) for all purposes other than with respect to payments on such Notes, for which purpose the Registered Holder shall be deemed to be the holder of such aggregate principal amount of the Notes in accordance and subject to the terms of the Global Certificate.

Each Accountholder must look solely to Euroclear, Clearstream, Luxembourg or any such other relevant clearing system (as the case may be) for his share of each payment made by the Issuer to the holder of the Global Certificate and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such other relevant clearing system (as the case may be). Each Accountholder shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by the Global Certificate and such obligations of the Issuer will be discharged by payment to or to the order of the registered holder of the Global Certificate in respect of each amount so paid.

Exchange

The following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or a relevant clearing system. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by the Global Certificate may only be made in whole but not in part for Certificates only upon the occurrence of an Exchange Event. An “**Exchange Event**” means that:

- (i) the Issuer has been notified that the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or has announced an intention permanently to cease business or has done so and no successor clearing system is available; or
- (ii) an Event of Default (as defined in the Trust Deed) has occurred and is continuing; or
- (iii) the Issuer has or will become subject to tax consequences which would not be suffered were the Notes evidenced by the Certificates in definitive form.

The Issuer will promptly give notice to the Noteholders in accordance with Condition 12 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg, as the case may be, acting on the instructions of any Accountholder may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Registrar requesting exchange. Any exchange shall occur no later than ten days after the date of receipt of the first relevant notice by the Registrar.

Exchanges will be made upon presentation of the Global Certificate at the office of the Registrar by or on behalf of the Registered Holder on any day on which banks are open for general business in London and will be effected by the Registrar (a) entering each Accountholder in the Register as the registered holder of the principal amount of Notes equal to such Accountholder's Holding (as defined above) and (b) completing, authenticating and dispatching to each Accountholder a Certificate evidencing such Accountholder's Holding. The aggregate principal amount of the Notes evidenced by Certificates issued upon an exchange of the Global Certificate will be equal to the aggregate outstanding principal amount of the Notes evidenced by the Global Certificate.

The Registrar will not register title to the Notes in a name other than that of a nominee for Euroclear and/or Clearstream, Luxembourg acting as the common depository for a period of fifteen calendar days preceding the due date for any payment of principal or interest in respect of the Notes.

Transfers

Transfers of book-entry interests in the Notes will be effected through the records of Euroclear and/or, Clearstream, Luxembourg and their respective participants in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg and their respective direct and indirect participants.

Payments

For so long as the Registered Holder is shown in the Register as the holder of the Notes evidenced by a Global Certificate, the Registered Holder shall (subject as set out above under "Accountholders") in all respects be entitled to the benefit of such Notes and shall be entitled to the benefit of the Agency Agreement. Payments of all amounts payable under the Conditions in respect of the Notes as evidenced by a Global Certificate will be made to the Registered Holder pursuant to the Conditions.

Distributions of amounts with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Principal Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

Upon any payment of any amount payable under the Conditions the amount so paid shall be entered by the Registrar on the Register, which entry shall constitute prima facie evidence that the payment has been made.

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where “**Clearing System Business Day**” means Monday to Friday inclusive except 25 December and 1 January.

Cancellation

Cancellation of any Note following its redemption or purchase by the Issuer or any of the Issuer’s Subsidiaries will be effected by reduction in the aggregate principal amount of the Notes in the register of Noteholders and by the annotation of the appropriate schedule to the relevant Global Certificate.

Calculation of interest

Notwithstanding the provisions of Condition 4.3, for so long as all of the Notes are represented by the Global Certificate, interest payable to the Registered Holder shall be calculated on the aggregate principal amount of the Notes represented by such Global Certificate and not per Calculation Amount (but otherwise shall be calculated in accordance with Condition 4).

Notices

For so long as all of the Notes are represented by the Global Certificate and the same is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to such relevant clearing system(s) for communication to the relevant accountholders (or otherwise in such manner as the Trustee, the Principal Paying Agent and the relevant clearing system(s) may approve for this purpose) rather than by publication as required by Condition 12. Any such notice shall be deemed to have been given to the Noteholders on the second day after such notice is delivered to the relevant clearing system as aforesaid.

So long as the Notes are admitted to listing or trading on any stock exchange, the requirements of such stock exchange shall also be complied with.

Electronic Consent and Written Resolution

While any Global Certificate is registered in the name of any nominee for a clearing system, then approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the Holders of not less than three-quarters in nominal amount of the Notes outstanding (an “**Electronic Consent**”) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution (as defined in the Trust Deed) to be passed at a meeting for which the Special Quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders whether or not they participated in such Electronic Consent.

Where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by accountholders in the clearing system with entitlements to such Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is

ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuer and the Trustee have obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, “**commercially reasonable evidence**” includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream, Luxembourg’s CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

Business Description

1. Description of the Issuer

The Issuer was incorporated and registered as a public limited company (having an indefinite duration) in England and Wales on 13 June 2013 under the Companies Act 2006, with the name Just Retirement Group plc and the registered number 08568957. Following the Merger, the Issuer was renamed JRP Group plc on 4 April 2016 and subsequently renamed Just Group plc on 18 May 2017. The Issuer's objects are unrestricted, as permitted by section 31 of the Companies Act 2006. The principal legislation under which the Issuer operates is the Companies Act 2006 and regulations made thereunder.

The registered office and principal administrative address of the Issuer and the business address of its Directors for matters concerning the Issuer's business is Vale House, Roebuck Close, Bancroft Road, Reigate, Surrey, RH2 7RU (save that in the case of two of the directors, Paul Bishop and Christopher Gibson-Smith, the correspondence address is 110 Bishopsgate, London EC2N 4AY). The telephone number of the registered office is +44 (0)1737 233 296.

The Issuer has an issued share capital of 938,308,340 fully paid ordinary shares of £0.10 each, as at 24 January 2018 (being the latest practicable date prior to publication of this Offering Memorandum). The Issuer's ordinary share capital is admitted to the premium listing segment of the official list of the FCA and to trading on the London Stock Exchange's main market for listed securities. The Issuer does not hold any ordinary shares in treasury. The Issuer has not issued any convertible debt securities, exchangeable debt securities or debt securities with warrants attached.

The Issuer is the listed parent company of the Just Group. The principal activity of the Just Group is the provision of financial services to individuals at or in retirement and to DB pension scheme trustees. Products include DB de-risking (also known as bulk purchase annuities), GifL products (formerly known as individual annuities), care plans, and LTMs. Further information on the Just Group's principal activities is set out below.

The Issuer has an issuer default rating of A from Fitch.

2. Description of the Just Group

2.1 Overview of the Just Group

Background and history

Just Retirement Group

Just Retirement Limited was established in 2004 by its then senior management team, with financial support from Langholm, a private equity firm. The Just Retirement Group's founding executives were formerly the founders of Britannic Retirement Solutions. In 2006, Just Retirement Group plc was admitted to trading on the Alternative Investment Market ("AIM"), a market operated by the London Stock Exchange and then it delisted from AIM in 2009. In November 2009, the Just Retirement Group was acquired by Avalon Acquisitions Limited (since renamed Just Retirement Group Holdings Limited). On 15 November 2013, Just Retirement Group plc's ordinary share capital was admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities.

Initially the Just Retirement Group's strategy was focused on selling GfL to individuals with lifestyle issues or medical conditions. By medically underwriting these customers using its proprietary intellectual property ("IP"), the Just Retirement Group was able to offer them better value for money, commensurate with their reduced life expectancy. In 2005 the Just Retirement Group also began writing LTMs which allow homeowners over the age of 55 to release value from their houses. These loans represent an attractive investment with which to back GfL liabilities, giving attractive returns and some longevity hedging. The Just Retirement Group mainly offered mortgages under its own brand, enabling it to control the credit process more closely.

Until 2012, the Just Retirement Group's focus had been on individual customers. During 2012 the Just Retirement Group recruited a DB de-risking team capable of applying its medical underwriting IP in a group context. The following year the Just Retirement Group began writing bulk purchase annuities, enabling trustees to de-risk the DB pension schemes under their administration. The Just Retirement Group was able, in many cases, to use its medical underwriting capabilities to offer trustees materially better terms than bulk annuity writers who do not take the medical data of scheme members into account.

In February 2015, the Just Retirement Group received a licence to provide retirement income solutions in South Africa from South Africa's Financial Services Board.

The Partnership Assurance Group

PLACL was established following its acquisition of the business of Pension Annuity Friendly Society Limited ("PAFS") in 2005, funded by Phoenix Equity Partners and management. Launched in 1995 and structured as a mutual society run for the benefit of its members, PAFS' business model was focused on the collection and analysis of medical and underwriting data on each life for which an annuity was written. When it was acquired, the business already benefitted from a database containing ten years of proprietary medical, underwriting and mortality data.

Following the acquisition of PAFS, the Partnership Assurance Group focused on maintaining and improving its proprietary IP via the continued collection and analysis of medical and mortality data from customers and quote-seekers. It also continued to improve the Partnership Assurance Group's proprietary IP via the use of external medical consultants who provide input on the latest medical developments and advances in treatments.

In August 2008, the Partnership Assurance Group was acquired by the Cinven Funds from Phoenix Equity Partners. Under the ownership of the Cinven Funds, it further enhanced its business model and operational platform via a number of key initiatives, including strengthening its senior management team, launching new impaired life products, strengthening its distribution channels, restructuring its reinsurance arrangements and investing in its proprietary IP and underwriting systems.

In June 2013, Partnership Assurance Group plc's ordinary shares were admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities.

Merger – creation of the Just Group

The UK retirement income market has evolved significantly following the changes announced in the 2014 Budget. The greater pension freedom that it entailed fundamentally reformed the retirement income market in the UK with an immediate impact on UK sales of individual annuities.

While the Just Retirement Group and the Partnership Assurance Group each responded promptly and effectively to the changes, their Boards decided that a combination of the two companies would be better placed both to tackle the challenges and to take advantage of the opportunities that the changed environment presented.

It was anticipated that the increased scale of the merged entity would allow the Just Group to compete more effectively with larger players in the DB de-risking segment and retirement income market and better serve the changing demands of individual retail customers. The Just Group would also be in a better position to invest in new technology, capabilities and to expand geographically. Another key rationale was that the merged entity would be able to utilise key features of each business's IP, thereby improving risk selection, reserving accuracy and capital efficiency, with an improved ability to innovate and accelerate new product launches. The Merger also combined both entities' multi-channel distribution network, capitalising on each's long standing relationships with financial intermediaries and increasing penetration of emerging channels. Finally, potential cost savings of approximately £40 million over a three year period due to Merger synergies were identified. The Merger cost savings run-rate now exceed £45 million, more than a year ahead of plan, contributing to higher margins and a key component of delivering a better return on equity across the business.

The Merger was announced on 11 August 2015 and effected by means of a court-sanctioned scheme of arrangement of Partnership Assurance Group plc under Part 26 of the Companies Act 2006 (the "**Scheme**") which was sanctioned by the High Court of Justice in England and Wales on 1 April 2016, and completed on 4 April 2016. As a result of the Merger, the entire issued share capital of Partnership Assurance Group plc is now owned by the Issuer, and the 368,376,421 new ordinary shares in the capital of the Issuer received by shareholders of Partnership Assurance Group plc in turn were admitted to the premium listing segment of the

official list of the FCA and to trading on the London Stock Exchange's main market for listed securities on 4 April 2016.

2.2 Post-Merger strategy

Following the Merger, the Just Group has identified the following three areas of strategic focus: UK DB de-risking; the UK retail business (covering retirement income, LTMs and long-term care); and its International business (being the US care and South Africa retirement income markets).

The Just Group has also identified the following strategic objectives:

Growing addressable markets and broadening distribution – the Just Group will look to grow its share of the addressable GfL, LTM and care markets. This will include the expansion of its distribution reach through its HUB financial advisory business, providing its life insurance and mortgage companies with the widest possible pool of customers.

Increasing profitability through superior risk selection – by building on its longevity IP and developing its customer insight, the Just Group will target the highest value opportunities in its markets.

Aligning expenses with capital model – the Just Group will focus on delivering any remaining Merger benefits. It continuously challenges underperforming areas of the business, while investing in its digital capabilities to be able to deliver change and efficiency gains in its business.

Improving cost and efficiency of capital – by developing the Just Group's internal model and matching adjustment, the Just Group aims to optimise capital requirements and capital self-sufficiency, and achieve the greatest returns from capital.

Reducing dependency on any single business line or market – the Just Group seeks to expand the services and products it provides, so as to increase its customer base, improve capital efficiency and reduce concentration risk in its core market. The Just Group intends to focus on its current business, before looking to adjacent markets that are consistent with its strategic direction and financial framework and where its capabilities are suited to meet customer needs.

2.3 Key companies within the Just Group

- Just Retirement Limited

Just Retirement Limited provides DB de-risking, products offering guaranteed income for life and income drawdown products through its flexible pension plan product. It is one of the UK's largest providers of guaranteed income for life products.

- Just Retirement Money Limited

Just Retirement Money Limited provides LTMs for the retirement market.

- Hub Financial Solutions Limited

HUB was created in 2017 through the combination of Just Retirement Solutions Limited (“**JRS**”) and The Open Market Annuity Service Limited (“**TOMAS**”). On 3 July 2017, JRS changed its name to HUB Financial Solutions Limited. HUB provides distribution services to individual customers with a range of retirement focused products in addition to regulated advice. It also offers non-advised services support for organisations wanting to deliver whole-of-market shopping around services to source retirement income products for their customers, employees or pension scheme members.

- Just Retirement Life (South Africa) Limited

Just Retirement Life (South Africa) Limited offers a range of retirement income products designed for the South African market, combining local management’s knowledge of the market with the scale and expertise of the Just Group.

- Partnership Life Assurance Company Limited

Partnership Life Assurance Company Limited provides annuity products to meet the costs of long-term care. Its care annuities are designed to provide a guaranteed level of income for customers who are entering residential care or who are receiving domiciliary care.

3. Business of the Just Group

3.1 Services and products

The Just Group's core product categories within the UK retirement income market are DB de-risking solutions, annuities (including GfL and care plans) and LTMs.

3.2 DB de-risking solutions

Overview

DB pension schemes provide individuals with a pre-determined monthly income in retirement based on their earnings history, tenure of employment and age. Certain factors (including members living longer, the introduction of mark to market accounting, sustained periods of adverse market conditions, and increased DB pension scheme regulation) have made opening or maintaining such schemes less attractive to sponsoring employers.

There is a developing opportunity for annuity providers to take over, fully or partially, existing DB pension scheme liabilities. DB de-risking can occur via either a buy-in (whereby a pension scheme pays a single premium to purchase an income stream that matches its obligations to its members, but retains legal responsibility for those obligations) or a buy-out (whereby pension scheme members become customers of the de-risking provider).

Until recently, providers of DB de-risking solutions did not medically underwrite scheme members, even though underwriting could potentially benefit both schemes and their members. In many cases, particularly for certain smaller schemes, medical underwriting permits annuity providers to offer the pension scheme trustees a lower cost for the de-risking solution.

The UK is one of the largest private DB markets in the world, with aggregate liabilities of approximately £2.3 trillion across more than 5,500 pension plans. Each year a number of these plans decide to de-risk through a bulk annuity purchase. Bulk annuity sales were unaffected by the 2014 Budget and represent a significant long term growth segment in the UK life sector.

It has been projected that the overall DB de-risking segment could increase to over £20 billion per annum by 2020 (source: KPMG Bulk Annuity Market Insight Report). For 2018, Lane Clark & Peacock are predicting £15 billion of buy-in and buy-out transactions. Hymans Robertson estimate that up to £700 billion of UK DB pension liabilities, subject to certain conditions, could be transferred to insurers during the 15 year period from 2017 to 2031.

DB de-risking solutions offered by the Just Group

The Just Group provides mainly buy-in solutions for small, medium and large DB pension schemes, in exchange for a single premium paid by the pension scheme. Both the Just Retirement Group and the Partnership Assurance Group had developed successful propositions in this area. Medical underwriting has become an established option for employee benefit consultants advising their pension scheme clients on de-risking, particularly for small and mid-sized scheme clients. The Issuer's Board sees a clear growth opportunity for the Just Group in this area.

In addition, the Just Group has flexibility to “top-slice” larger schemes with greater than 300 lives. Top-slicing is where the Just Group is able to transfer the risk for a sub-set of a scheme’s members, rather than the whole scheme. This allows trustees to insure those pensioners with the largest liabilities and hence the highest concentration of risk, or to selectively remove risks within the scheme, for example, by purchasing a bulk annuity to cover pensioners who retire early due to ill health. In the DB de-risking segment, scale and financial strength are necessary to be considered a credible counterparty for prospective pension fund clients. The Issuer’s Board believes that following the Merger, the Just Group now has the critical mass to compete more credibly for “top-slicing” of more sizeable DB pension schemes and drive the growth of the business going forward. JRL’s competitive position in this segment was further enhanced by the attainment of an A+ Financial Strength Rating from Fitch in July 2017.

On a pro forma basis the DB de-risking segment accounted for 56 per cent of the Just Group’s new business retirement income sales for the calendar years 2015 and 2016. The Just Group had a pro forma market share of 9 per cent (by value) of all UK bulk annuity deals (£10.2 billion) in 2016.

In the year ended 31 December 2016, on a pro forma¹ basis, the Just Group wrote £943 million of DB new business premiums, a 24 per cent decrease compared to the year ended 31 December 2015. This decrease was due to exceptionally high levels of sales in the second half of 2015, as a significant amount of sales were brought forward prior to the introduction of Solvency II regulatory regime on 1 January 2016. There is also typically a degree of seasonality and inherent lumpiness in the business. DB new business for the 9 months ended 30 September 2017 decreased by 2 per cent to £564 million compared to the pro forma nine months ended 30 September 2016, reflecting the Just Group’s focus on margins over volume.

3.3 Guaranteed Income for Life

Overview

GifL policies are bought by individual customers to convert some or all of their accumulated lifetime pension savings into a guaranteed lifetime retirement income. In the UK, annuity incomes were generally priced without reference to the individual’s health or lifestyle, and were differentiated only by reference to a limited number of factors such as age, postcode, premium size and (prior to 31 December 2012) gender.

By contrast, individually underwritten GifLs take into account an individual’s medical condition and lifestyle factors to provide a secure income for life that could be materially higher than a

¹ The Merger is required for accounting purposes to be treated as an acquisition by the Just Retirement Group of the Partnership Assurance Group with an effective date of the beginning of April 2016. Accordingly, any statutory comparative information includes 12 months of sales by Just Retirement Group but only 9 months by Partnership Assurance Group. 12 month pro forma sales and profitability are presented as though the Merger took place at the beginning of January 2015, whereas interim profitability and 9 month sales figures are presented as though the Merger took place at the beginning of January 2016. In both cases, this is in order to give a better understanding of the merged Just Group.

GifL which is not individually underwritten. The Issuer's Board believes an increasing proportion of annuities will be individually underwritten whether the insured is healthy or not.

Following the initial impact of the 2014 Budget on the sales of GifL, the individually underwritten GifL market stabilised in 2015. Individually underwritten GifL sales rose during the second half of 2015, with individuals appearing to recognise the value of a guaranteed income for life and the better value for money offered in many cases by GifL where the benefit reflects medical and/or lifestyle factors, which are more tailored to meet the individual needs of customers. A 2017 customer segmentation study carried out by the Just Group found that more than 60 per cent of people in all segments intend or wanted to guarantee some or all of their retirement income.

For the 9 months to 30 September 2017, compared to the same period in the prior year, total GifL market sales were down 1 per cent (source: Association of British Insurers ("**ABI**")), suggesting a stabilisation of the market after the introduction of the Pension Reforms. The Just Group's addressable OMO segment is continuing to reclaim ground lost following the Pension Reforms. OMO sales accounted for 49 per cent of overall annuity sales in the first 9 months of 2017, up from a low of 41 per cent in 2015 (source: ABI, Just Group analysis). The Just Group expects this trend in the open market to continue, primarily driven by regulatory pressure, and increasing customer awareness of the value of shopping around.

GifL products offered by the Just Group

The Just Group's GifL policies take medical conditions and lifestyle factors into account with the aim, if appropriate, of providing a higher income for life compared with an annuity which does not take such factors into account. The rate offered depends on the assessment of a range of risk factors that may affect an individual's health ranging from postcode, financial or lifestyle factors (such as body mass index or a history of smoking) to moderate/serious medical conditions and combinations (such as diabetes with complications, a recent heart attack with surgery and/or minor cancers) to very serious medical conditions and combinations (such as recent cancers, chronic obstructive pulmonary disease and advanced Crohn's disease).

For calendar year 2016, on a pro forma basis, the Just Group wrote £778 million of GifL new business premiums, an increase of 2 per cent compared to the calendar year 2015. In the first 9 months of 2017, the Just Group wrote £607 million of GifL new business premiums, broadly unchanged from the first 9 months of 2016 (£604 million pro forma), as the Just Group focused on margins over volume.

3.4 Care plans

Overview

Care plans are a segment within annuities and have not been affected by the Pension Freedom Reforms. A care plan offers a guaranteed fixed income paid directly to a registered care provider or an individual for the life of the insured, in exchange for an up-front lump sum premium. Under current rules this income is tax free so long as the income is paid directly to the registered care provider. Care plans are available to individuals entering care facilities or receiving domiciliary support. As such, care plans provide a form of longevity insurance to the individual against the costs of receiving care until their death.

Care plans offered by the Just Group

Care new business premiums increased by 5 per cent to £97 million in the calendar year 2016 from £92 million in calendar year 2015 in each case on a pro forma basis. In the 9 months to 30 September 2017, on a pro forma basis, care new business premiums fell 33 per cent to £52 million compared to the first 9 months of 2016.

The decline in care plan sales during 2017 largely reflected uncertainty during the General Election over future government policy in the care market. Just Group remains committed to the care market, albeit future growth prospects are difficult to predict at present.

3.5 South African retirement market solutions

Overview

South Africa has one of the five largest segments for sales of annuities in the world, with many structural similarities to the UK, including legislative framework, products and distribution. Limited state social security, tax incentives for private retirement provision and compulsory annuitisation or income drawdown are resulting in a retirement income market expected to grow rapidly over the coming years.

Retirement income solutions offered by the Just Group in South Africa

Just Retirement Life (South Africa) Limited received authorisation to trade and began offering individually underwritten GIfl solutions via EBCs and financial intermediaries in August 2015.

3.6 LTMs

Overview

LTMs allow home owners to realise some of the equity value in their home without the need to vacate their property. A cash advance is provided which is secured by a mortgage over their property. This is repayable together with accrued interest on the death of the owner or vacation of the property due to a permanent move into a residential care facility. This product can be used by retirees to supplement savings or to settle any outstanding indebtedness.

In the UK, LTMs comprise a range of products designed for individuals at or in retirement who wish to realise some of the equity value in their home. Given the need for retirees to supplement low rates of saving or inadequate retirement income, property is expected to represent an increasingly important means of funding retirement.

The Issuer's Board believes that this segment remains significantly underpenetrated, given that homeowners aged over 55 are estimated to own net property wealth of £2.5 trillion (source: Office of National Statistics ("ONS")), while only an aggregate of approximately £16.7 billion LTM advances have been made from 2002 to September 2017 (source: ERC, Just Group analysis). The Just Group estimates an existing industry loan book of £20 billion including rolled up interest, and thus a penetration rate of approximately 3 per cent at a typical loan to value of 30 per cent. The Issuer's Board believes that growth will continue to be driven by the following factors:

- people are living longer, but spending the extra years living with some form of disability, and homeowners are therefore relying on releasing home equity to meet the additional costs of care;
- an increase in the use of LTMs to settle outstanding indebtedness including unsecured debt and interest only residential mortgages with no or inadequate repayment vehicles;
- customers facing significant shortfalls between actual and expected private pension schemes, due to insufficient savings and underestimations of life expectancy;
- new market entrants and increased advertising spend driving customer awareness; and
- increasing distribution reach as specialist advisors are recruited and trained.

In addition, as part of its review of mortgages, the FCA has continued to highlight the issue of interest only mortgages, recently announcing a review into lender treatment of interest-only mortgage borrowers. In 2013, the FSA (the FCA's predecessor) published research showing that approximately 1.3 million interest-only mortgages valued at £111 billion will fall due for repayment between 2012 and 2020. Amongst those aged over 55 with an interest-only mortgage, just under half are expected to have a significant repayment shortfall. The Issuer's Board believes that this presents a significant opportunity for providers of LTM products.

LTMs provided by the Just Group

The Just Group was the first provider to launch a drawdown LTM. These provide greater flexibility than lump sum LTMs, allowing the borrower to draw down cash as and when it is needed, up to a pre agreed maximum. The interest rate for each drawdown is set at the time it is drawn and is fixed until repayment. Drawdown LTMs account for the majority of Just Group's LTM advances. For both drawdown and lump sum LTMs, interest is generally added to the amount owed rather than serviced, and accordingly, the amount to be repaid at maturity increases over the life of the mortgage. Low initial LTV ratios mitigate against the risk that the fully rolled up loan balance will exceed the sale price of the property at the time of repayment.

The Just Group considers its exposure to LTMs to be within its risk appetite in the context of its overall balance sheet profile. The residential property collateralising the LTM portfolio is well-diversified geographically across the UK. The Just Group's technical provisions reflect a default allowance for any credit losses due to NNEG which equates to approximately 70 basis points per annum on a Solvency II basis.

The Just Group's LTM products also constitute a key component of its capital efficient business model. LTMs provide a partial longevity hedge against annuitant longevity risk, and a high risk adjusted yield. In addition, LTMs are typically illiquid long duration assets, which when combined with cash, gilts, corporate bonds, infrastructure and private placements debt, can be used to optimally match against DB and GfL liabilities. Together these factors significantly reduce the capital required for DB de-risking solutions and GfL products at the point of sale.

As part of the sales process, the Just Group underwrites the properties against which it is prepared to lend, obtaining a valuation from a qualified third party valuer operating to criteria established by the Just Group's property team. In addition, the Just Group imposes certain underwriting criteria such as the exclusion of timber frame homes. This provides initial comfort

concerning the quality of the property book. Strict limits are imposed on the initial LTV available, further limiting the Just Group's exposure to property risk. The maximum LTVs available at the commencement of a loan are limited by age, with the average LTV at commencement of the LTMs in the portfolio typically being 25 to 30 per cent. The average LTV ratio as at 30 June 2017 was approximately 28 per cent. As at 30 June 2017, the total outstanding LTM balance including principal and rolled up interest was £5.0 billion, comprising in excess of 68,000 loans, of which 2 per cent have a LTV in excess of 75 per cent. As of 30 June 2017, in respect of the Just Group's overall LTM book, the average loan size was approximately £73,000 and the average property value was approximately £258,000.

Investment in LTMs is synergistic with the Just Group's GifL business and its investment characteristics are attractive for annuity writers. The LTM asset class is particularly useful to support the Just Group's longer duration annuities, where suitable longer duration corporate or government bonds are scarce. Specifically:

- LTMs are long-term and have a fixed interest rate, providing a good duration match for DB and GifL liabilities;
- LTMs currently offer higher risk-adjusted yields than other fixed income investments, such as government and corporate bonds. The risk-adjusted returns contribute positively to the rate used to discount insurance liabilities; and
- investment in LTMs provides an element of asset diversification to the Just Group's investment portfolio through exposure to property risk rather than credit risk.

In the calendar year 2016, on a pro forma basis, the Just Group recorded £559 million of new business LTM loans advanced, being a decrease of 6 per cent from the new business LTM loans advanced in the calendar year 2015. LTM loan advances for 2016 fell as the Just Group generated less DB and GifL liabilities compared to 2015, following the introduction of Solvency II on 1 January 2016, which in particular had the effect of bringing DB new business premiums forward into H2 2015.

On a pro forma basis, in the 9 months to 30 September 2017, the Just Group's LTM loan advances were down 21 per cent to £367 million compared to the same period in 2016, as the Just Group warehoused fewer LTMs ahead of the seasonally busy Q4 period for DB. The Just Group varies the proportion of LTMs used in the asset mix to back annuity liabilities depending on their duration. The backing ratio is expected to vary between 25 to 30 per cent, but may be higher for specific long duration DB schemes. For the first 9 months of 2017, LTM origination as a percentage of retirement income new business premiums was 30 per cent, with any surplus unmatched LTM assets warehoused ahead of the seasonally busy Q4 period for DB.

LTV breakdown by geography as at 30 June 2017

Region	London	Outer Metropolitan	Outer South East	East Anglia	South West	East Midlands	West Midlands	Wales	Yorkshire	North West	North	Scotland	Northern Ireland	TOTAL/AVERAGE LTV
Total out-standing (£'m)	365	260	1,427	270	653	262	396	175	329	463	137	204	37	4,978
LTV (%)	25.8	24.7	28.2	30.0	30.6	31.9	32.0	34.5	32.8	34.3	35.6	32.2	38.0	28.2

4. The Just Group's market position

The Just Group has established a strong position in its core retail activities and intends to achieve growth by targeting segments of the retirement income market that are currently under-penetrated.

DB de-risking position

As a pioneer of the medically underwritten DB de-risking approach based on medical and/or lifestyle factors, the Just Group has established a strong and growing position in this sector. The Just Group's DB de-risking activity is characterised by small to medium sized transactions with long lead times.

In 2016, £10.2 billion of buy-in/buy-out transactions completed, with a further £5.1 billion of buy-in/buy-out transactions in the first 6 months of 2017 (source: Lane, Clarke and Peacock). Lane Clark and Peacock forecast a £12 billion buy-in/buy-out market in 2017, and £15 billion in 2018. The £2.2 billion of DB premiums sold by the Just Group between 1 January 2015 to 31 December 2016 (calculated on a pro forma basis), represented a market share of 10 per cent during the same period (source: Lane, Clarke and Peacock, Just Group analysis).

Individual GfL position

Since 2015, the Just Group's position within the GfL market has continued to improve, as the proportion of the addressable open market as a percentage of the total annuity market has risen from a low of 41 per cent in 2015 to an average of 49 per cent over the first 9 months of 2017 (source: ABI, Just Group analysis). The overall annuity market has been broadly steady at £4.2 billion since 2015, with future growth being driven by aging demographics (source: ONS). This demonstrates a continuing improving trend in the GfL market now that the Pension Reforms announced in the 2014 Budget have taken place, and advisers and consumers have adjusted to the new pensions landscape.

The Issuer's Board believes that in 2017, the Just Group was a leading provider of GfL underwritten on the basis of medical or lifestyle factors in the UK by value of sales. In the overall individual UK annuities market, the Just Group's share by sales was approximately 19 per cent for the first 9 months to 30 September 2017 (18 per cent for calendar year 2016).

LTM position

The Just Group was the third largest provider of LTMs in the UK by value of total sales in 2016 (source: ERC).

The Just Group has managed down its share of the UK LTM market by value of sales, and focused on margins by utilising its extensive distribution reach. In 2017, the overall LTM market grew 42 per cent year on year to £3.1 billion compared to £2.1 billion in 2016 (source: ERC). The Just Group's LTM market share has decreased from 26 per cent in the calendar year 2016 to 17 per cent in the first 9 months of 2017, reflecting the targeted backing ratio for its DB and GfL new business premiums.

Care plans

The Issuer's Board believes that in 2016 the Just Group was the largest provider of care plans in the UK with a market share of approximately 67 per cent (based on internal analysis as one of two providers in the market) (source: Just Group analysis).

5. Proprietary IP and automated underwriting system

Extensive experience in individual underwriting based on medical and lifestyle factors, built up through hundreds of thousands of person-years of actuarial experience, is at the heart of the business model of the Just Group. Individual underwriting on the basis of medical and/or lifestyle data is increasingly important, both for the DB de-risking segment and individual customers. It is expected that the significance of such individual underwriting will accelerate, both for healthy and impaired lives, as the open market option becomes increasingly accessible to customers.

The Merger has resulted in a combined group with extensive mortality data sets and underwriting expertise.

The Just Group has a significant proprietary database in relation to medical or lifestyle factors for GfL. The IP used by the Just Group to make its underwriting determinations pre-dates the formation of the Just Group.

Since inception, the Just Retirement Group and the Partnership Assurance Group collated underwriting information. As at 31 December 2016, the Just Group held data on over 400,000 lives, with a total of over 285,000 GfL policies issued. The Just Group also collects medical data on dependent lives, such as a spouse to whom the payments under a joint annuity revert upon the death of the first life. As of 31 December 2016, the Just Group's database has in excess of 2.3 million person-years of experience, which is growing at the rate of more than 30,000 person-years per month. This data has been collected over twenty years of operations and provides the Just Group with a wider dataset than any other lifestyle or medically enhanced annuity provider (source: ABI, Just Group analysis). The volume of data is important because of the statistical techniques used to extract mortality insights: as the volume increases, the statistical significance of the results increases, and, therefore, underwriting decisions can be made with greater confidence.

In 2011, the Just Retirement Group commenced development of its own automated underwriting system, PrognoSys™. The first phase of version 1 of this system allowed the Just Retirement Group to assess over 70 of the most important conditions that have commonly affected retirees, and over 1,500 variations, including disease severity, medication and combinations of conditions. The Just Retirement Group uses PrognoSys™ to refine its pricing and acceptance criteria, supporting its confidence in the delivery of future profits. In 2013, the Just Retirement Group initiated a second phase of the PrognoSys™ programme, which was completed in Q1 of 2015. PrognoSys™ now additionally delivers an individual mortality curve for each customer, which shows the probability of their death at any time in the future.

Through its acquisition of PAFS, the Partnership Assurance Group first established underwriting tables and associated mortality tables in 1995 based on medical research, statistical analysis and expert opinion. The underwriting experience and mortality data obtained over the past 22 years has enabled the Partnership Assurance Group to use this data to continue to enhance its underwriting systems and processes and so compete for new business. These underwriting systems integrate the medical and mortality datasets used to price annuities on a case-by-case basis. Because the Partnership Assurance Group's price quotation took into account about 250 rating factors per life, Partnership Assurance Group was typically able to offer higher annuity rates to those with reduced longevity with a high degree of confidence.

The Just Group is currently integrating the IP and medical underwriting expertise of the two predecessor companies, following the Merger. The key features of the Just Group's medical and mortality data can be summarised as follows:

- The dataset is proprietary in nature and securely held within the Just Group. Only a very limited number of individuals in the research and development team have access to the full dataset. In particular, there is a strict separation of duties and information access between the underwriting and pricing teams. In circumstances where the Just Group is obliged to disclose certain underwriting information to its reinsurance partners, such disclosure is limited;
- It has been accumulated over a significant length of time. The dataset has been collected for over 20 years which adds to its statistical significance and narrows the range of underwriting estimates;
- The dataset contains a large number of rating factors for each individual case. The Just Group collects up to 250 rating factors for each life, such as medical conditions and associated medication, as well as taking into account additional information, such as medical reports and general practitioner assessments (where required), on each life insured before performing an assessment of life expectancy. In contrast, the initial questionnaires which annuitants are required to complete in order to receive a quote for or purchase a GfL which is not underwritten on medical and/or lifestyle factors only typically request basic personal information such as an annuitant's age, address and details of their pension size; and
- It can be updated on an accelerated basis. The medical and lifestyle risk factors of the individuals purchasing the products shorten the duration between policy provision and an annuitant's death, and result in higher levels of mortality experience for the Just Group as compared to an annuity provider who offers a greater proportion of its annuities to those with a healthy life expectancy.

The Just Group's proprietary quotation and pricing systems are fully integrated in the same computer framework. Together, they allow the Just Group to bring together lifestyle, medical and mortality data to set prices on an individual basis. Because of the Just Group's proprietary IP and the high number of rating factors (up to 250) considered on an individual life, it is typically able to offer higher annuity rates to individuals with reduced life expectancy.

The Just Group uses its experience in GifL supplemented with insight gained from medical and mortality studies as well as its experienced in-house medical team consisting of epidemiologists, doctors and biostatistical modellers to improve further the quality of its underwriting and pricing expertise. The Just Group therefore benefits from a deep understanding of the whole spectrum of lifestyle, medical and annuity-buying behaviour factors and their impact on life expectancy.

The Just Group's proprietary IP provides a significant competitive advantage and underpins its ability to deliver profitable growth. The Just Group's proprietary IP allows it to set customer pricing more appropriately for its selected risks compared to other providers.

The Just Group continuously looks to utilise its proprietary IP to develop new products, and to compete more effectively in the retirement income market.

6. Distribution Channels

The Just Group employs a multi-channel distribution strategy, using both traditional and emerging channels. The Just Group has strong relationships with a range of partners, including financial intermediaries, EBCs and specialist distributors.

DB de-risking – DB de-risking solutions are offered through employee benefit consultants ("EBCs"), who work closely with pension scheme trustees. The Just Group maintains relationships with all of the major EBCs operating in the DB de-risking market, which allows it to provide buy-in and buy-out solution support to its clients.

GifL – The Just Group has a well-diversified multi-channel GifL distribution strategy, underpinned by its strong brand and award winning service. Financial intermediaries have been the primary distribution channel for GifL. The Just Group works with intermediaries and panel providers, across both independent and restricted advisor models. Through its HUB business, the Just Group also works with trustees of corporate retirement schemes to provide retirement income solutions to their members. HUB also has exclusive distribution agreements with various strategic partners including life companies, banks and building societies.

LTMs – The Just Group's LTM products are typically distributed on an advised basis through a range of specialist and non-specialist financial intermediaries. The LTM products are also distributed through the Just Group's own specialist financial intermediary service, HUB, which is a leading provider of LTM advice and sales for customers of affinity partners including partnerships with retirement brands such as Saga, the Mirror Group and Age UK.

7. Reinsurance

Reinsurance is an integral part of the Just Group's capital strategy, a key component of its overall risk management policy, and an enabler of its business plan. Reinsurance is primarily used to manage longevity risk, both to reduce economic exposure and regulatory capital requirements. The Just Group transfers longevity risk from its own balance sheet to that of the

reinsurer via longevity swap arrangements. In-force business before 1 January 2016 is reinsured under longevity swap and quota share arrangements. This results in a lower regulatory capital requirement and supports growth, while enhancing returns through the retention of investment risk. The Just Group has extensive deposit back arrangements to minimise counterparty risk, and has long term relationships with its various reinsurance partners.

8. Investment Policy and Management

As at 30 June 2017, the Just Group's investment portfolio stood at £17.5 billion. The Just Group's investment strategy is designed to (i) meet its policyholder liabilities as they fall due, (ii) to provide an attractive risk adjusted return on the capital provided by its shareholders over time, and (iii) to maintain an adequate state of solvency at all times.

The Just Group currently operates an "enhanced buy-and-maintain" investment policy, whereby assets with attractive risk-reward characteristics are purchased and held to maturity to capture the full risk premium (particularly the illiquidity premium), but existing "hold to maturity" assets are replaced with more attractive "hold to maturity" assets where this is sensible (taking into account a change in the credit circumstances of the issuer etc.).

The Just Group also uses external asset managers including Insight, Robeco, BlackRock and other specialists (e.g. infrastructure funds), to manage approximately 63 per cent of its investment portfolio, as at 30 June 2017. The remaining 37 per cent of the Just Group's investment portfolio, comprising its LTM assets, is managed in house.

At 30 June 2017, the Just Group held £10.8 billion of corporate bonds, gilts and liquidity funds. Of these assets, 11 per cent were invested in AAA grade investments and 59 per cent were invested in A grade or higher investments. Only 3 per cent of the investment portfolio was invested in BB or below and unrated corporate bonds, liquidity funds and alternative assets.

Credit migration risk is reduced as the corporate bonds are predominantly used to match shorter duration liabilities, and the Just Group adheres to and has appropriate controls on rating limits, single name exposure, sector exposure and foreign currency risk. The Just Group limits itself to no more than a 5 per cent deviation on BBB rated assets relative to the iBoxx corporate sterling index, and holds no more than 1.5 per cent of total non-reinsurance assets in any one given issuer. As of 30 June 2017, the Just Group's bond portfolio encompassed 340 issuers, with an average holding of £30 million. The Just Group formally reviews its exposure to financials issuers if they exceed the iBoxx index by more than 5 per cent, and for other sectors, Just Group targets a limit of 20 per cent of the life company's credit assets. The Just Group hedges currency risk, with exposures closely monitored and cashflows swapped back to UK sterling.

Bond investment management is outsourced to reputable specialist asset managers who were subject to detailed due diligence. Oversight is provided by the PLACL Investment Committee and the JRL Investment Committee with regular portfolio review, and interest rate risk, inflation risk and currency risk are hedged with credible counterparties.

Within the Just Group's investment portfolio, loans secured by mortgages accounted for £6.7 billion at 30 June 2017, of which LTMs were £6.5 billion. LTMs provide a high-quality source of enhanced investment return and an appropriate match for the Just Group's long-duration

liabilities. The loan-to-value ratio of the LTM portfolio was approximately 28 per cent as at 30 June 2017.

9. Key performance indicators²

The Issuer's Board has adopted the following metrics, which are considered to give an understanding of the Just Group's underlying performance. These measures are referred to as key performance indicators.

New business sales

Summary of new business sales

£m (subject to rounding)	12 months to 31/12/2016 (pro forma)	12 months to 31/12/2015 (pro forma)	% change	9 months to 30/09/2017	9 months to 30/09/2016 (pro forma)	% change
DB De-risking	943	1,233	(24)	564	578	(2)
Guaranteed Income for Life	778	763	2	607	604	1
Care Plans	97	92	5	52	78	(33)
Retirement Income	1,819	2,088	(13)	1,223	1,260	(3)
Drawdown	25	21	22	37	15	148
Total Retirement sales	1,843	2,109	(13)	1,260	1,275	(1)
Protection	5	5	(7)	4	4	11
LTM loans advanced	559	598	(6)	367	465	(21)
Total new business sales	2,408	2,712	(11)	1,631	1,743	(6)

² The Merger is required for accounting purposes to be treated as an acquisition by the Just Retirement Group of the Partnership Assurance Group with an effective date of the beginning of April 2016. Accordingly, any statutory comparative information includes 12 months of sales by the Just Retirement Group but only 9 months by the Partnership Assurance Group. 12 month pro forma sales and profitability are presented as though the Merger took place at the beginning of January 2015, whereas interim profitability and 9 month sales figures are presented as though the Merger took place at the beginning of January 2016. In both cases, this is in order to give a better understanding of the merged Just Group.

New business sales are a key indicator of the Just Group's growth and realisation of its strategic objectives. New business sales comprise Retirement Income sales, Drawdown sales, Protection sales and LTM advances in the reporting period.

On a pro forma basis, New business sales totalled £2,408 million for the twelve months ended 31 December 2016, a decrease of 11 per cent compared to the previous 12 months (£2,712 million). The reduction is attributable to a decrease in DB sales, which were brought forward from 2016 into H2 2015, ahead of the implementation of Solvency II on 1 January 2016.

Pro forma DB sales for the twelve months to 31 December 2016 were £943 million, compared to £1,233 million on a pro forma basis for the same period in 2015. This represents a decrease of 24 per cent, reflecting the acceleration of DB sales into late 2015 ahead of the introduction of Solvency II. For the first 9 months of 2017, the Just Group wrote £564 million of DB new business sales (pro forma for the first 9 months 2016: £578 million), reflecting the Just Group's pricing discipline. The DB sales pipeline remains strong and the Just Group's proposition is differentiated by using its expertise in medically underwriting schemes.

Pro forma GifL sales for the 12 months to 31 December 2016 increased by 2 per cent compared to the previous 12 months (GifL sales 2016: £778 million; 2015: £763 million). For the first 9 months of 2017, the Just Group wrote £607 million of GifL new business sales (pro forma for the first 9 months of 2016: £604 million), reflecting the Just Group's margin over volume approach.

On a pro forma basis, sales of care plans increased to £97 million for the twelve months to 31 December 2016 from £92 million for the twelve months to 31 December 2015. For the 9 months to 30 September 2017, care plan sales were £52 million (pro forma for the first 9 months of 2016: £78 million), reflecting uncertainty over future government policy towards the overall care market.

Drawdown sales include capped drawdown and flexible pension plan sales. The capped drawdown product is now closed to new customers and has been replaced with the flexible pension plan, which allows consumers to take advantage of the new pensions freedoms (capped drawdown and flexible pension plan pro forma sales for the 12 months to 31 December 2016: £25 million; pro forma 2015: £21 million). For the 9 months to 30 September 2017, Drawdown sales were £37 million, an increase of 148 per cent compared to the same period 2016, on a pro forma basis (£15 million).

Pro forma Protection sales for the 12 months to 31 December 2016 of £5 million relate to Protection business written through PLACL; the Just Retirement Group did not previously write protection business and the acquisition of the Partnership Assurance Group brought this new product into the Just Group. In Q4 2017, the Just Group advised its distributors that it had decided to close the Protection proposition to new business. This decision does not affect existing customers. For the first 9 months of 2017, the Just Group wrote £4 million of Protection new business sales.

Pro forma LTM sales for the 12 months to 31 December 2016 decreased to £559 million from £598 million for the 12 months to 31 December 2015 reflecting decreased DB sales in 2016 following the introduction of the Solvency II regime on 1 January 2016, which changed the

timing pattern of sales. Previously, LTM sales were managed in line with a target of 25 per cent of the Just Group's overall DB and GfL sales. In future, the Just Group will vary the proportion of LTMs used in the asset mix to back the annuity liabilities depending on the duration of those cohorts of liabilities, and is expected to typically vary between 25 to 30 per cent, though this may be higher for specific long duration DB schemes. For the first 9 months of 2017, LTM origination as a percentage of DB and GfL new business premiums was 31 per cent with any surplus unmatched LTM assets warehoused ahead of the seasonally busy Q4 period for DB sales.

Summary of IFRS profitability

£m	12 months to 31/12/2016 (pro forma)	12 months to 31/12/2015 (pro forma)	% change	6 months to 30/06/2017	6 months to 30/06/2016 (pro forma)	% change
New business operating profit	123.9	68.0	82	64.0	31.0	106
In-force operating profit	75.3	70.9	6	36.6	36.6	-
<i>Underlying operating profit</i>	<i>199.2</i>	<i>138.9</i>	<i>43</i>	<i>100.6</i>	<i>67.6</i>	<i>49</i>

New business operating profit

New business operating profit represents the profit generated from new business written in the period after allowing for the setting up of prudent reserves and for acquisition expenses.

Pro forma new business operating profit increased to £123.9 million pro forma for the 12 months ended 31 December 2016, compared to £68.0 million for the prior period. This reflected the increased focus on margin over volume in the period, positive changes to GfL pricing following the implementation of Solvency II, and the contribution from DB sales which have a closer durational fit with LTM assets. Wider than expected LTM spreads following the EU referendum in June 2017, and the realisation on a cash basis of some Merger cost synergies also contributed. All of these factors combined led to an increase of 82 per cent in pro forma new business operating profit as new business margins rose from 3.3 per cent in 2015 to 6.8 per cent in 2016.

For the 6 months to 30 June 2017, new business operating profit was £64.0 million (pro forma 2016: £31.0 million), an increase of 106 per cent, as new business margins increased to 8.9 per cent compared to 5.0 per cent for the same period in 2016.

In-force operating profit

In-force operating profit captures the expected margin to emerge from the in-force book of business and free surplus, and results from the gradual release of product reserving margins over the lifetime of the policies.

Pro forma in-force operating profit increased by 6 per cent to £75.3 million during the twelve months to 31 December 2016 (pro forma 2015: £70.9 million). The growth in in-force operating profit was due to the increase in the in-force book of business, as in-force margins remained stable. The size of the in-force book of business has grown as a direct result of the Merger, which has led to an increase in the amount of margin now emerging. For the 6 months to 30 June 2017, in-force operating profit was unchanged at £36.6 million (pro forma 2016: £36.6 million). Whilst the in-force book of existing business has increased this was offset by a decline in in-force margins as corporate bond spreads narrowed, and a fall in surplus asset yields as the stock of warehoused LTMs was lower than the prior period.

Underlying operating profit

Underlying operating profit is the sum of the new business operating profit and in-force operating profit. As this measure excludes the impact of one-off assumption changes and investment variances, the Issuer's Board considers it to be a key indicator of the progress of the business and a useful measure for investors and analysts when assessing the Just Group's financial performance and position.

Pro forma underlying operating profit for the 12 months ended 31 December 2016 was £199.2 million (pro forma 2015: £138.9 million). The increase in underlying operating profit reflects the movements in new business and in-force operating profit explained above and is primarily driven by the increased new business margin compared to the prior period.

For the 6 months to 30 June 2017, underlying operating profit increased by 49 per cent to £100.6m (pro forma 2016: £67.6 million), driven by new business operating profit as discussed in the sections above.

European embedded value ("EEV")

£2,065 million (as of 30 June 2017).

EEV represents the sum of the shareholders' net assets and the value of in-force business, and is a key measure in assessing the future profit streams of the Just Group's long-term business. It also recognises the additional value of profits in the existing book of business which have not yet been recognised under IFRS accounting.

EEV at 30 June 2017 was £2,065 million, an increase from £2,047 million as of 31 December 2016. The increase reflects the value of new business written in the period and return on existing business offset by negative investment and experience variances, a decrease in the non-covered business (primarily Merger related integration costs, and losses in certain group operating companies) and payment of dividend.

10. Solvency and Capital Position

Both the Just Retirement Group and the Partnership Assurance Group managed their businesses on a basis of both economic and regulatory capital, and the combined Just Group has continued to do so.

*Solvency II capital coverage ratio***Summary of the Issuer's Solvency II capital position**

The Solvency II regime came into effect on 1 January 2016. The Just Group has approval to apply the matching adjustment and transitionals in its calculation of Technical Provisions and uses a combination of an Internal Model and the Standard Formula to calculate its Group Solvency Capital Requirement. The Just Group received approval to recalculate the transitional relief as at 30 June 2016 in light of the significant interest rate falls that have been experienced in the period. As of 30 June 2017 the Just Group's SCR coverage ratio was 145 per cent after the Transitional Measure on Technical Provisions ("TMTP")³ recalculation (150 per cent before the TMTP recalculation).

	As at 30 June 2017 £m (no TMTP recalculation)	As at 30 Jun 2017 £m (with TMTP recalculation)
Capital resources		
Total eligible own funds to meet the consolidated Group solvency capital requirement	2,146	2,083
Solvency capital requirement	1,435	1,435
Excess capital resources	711	648
Capital ratio	150%	145%

Summary of the Issuer's Solvency II sensitivities

The table below sets out the impact, as at 30 June 2017, on the Solvency II capital position following instantaneous key market risk movements.

	Solvency II surplus at 30 June 2017 (with TMTP recalculation)	Interest rates -50bps (no TMTP recalculation)	Interest rates - 50 bps (with TMTP recalculation)	Credit spreads +100bps	Early redemption +10 %	Property values - 10%	Longevity +5%
Available capital resources	£648m	£512m	£698m	£665m	£660m	£492m	£478m
Solvency Cover	145%	133%	145%	146%	147%	133%	133%
Change in Solvency Cover		(12)%	0%	+1%	+2%	(12)%	(12)%

Economic capital coverage ratio

Economic capital is a key risk-based capital measure. As of 30 June 2017 the coverage ratio was 214 per cent.

³ The Transitional Measure on Technical Provisions is determined in accordance with the conditions set out in Regulation 54 of The Solvency 2 Regulations 2015.

Summary of the Issuer's economic capital position

	As at 30 June 2017 £m
Total available capital	2,716
Capital required	1,269
Excess available capital resources	1,447
Coverage ratio	214%

11. Property

The Just Group operates from leasehold premises in Reigate in Surrey and on Bishopsgate in the City of London. The Just Group is also the owner of freehold premises in Reigate. Part of HUB operates from leasehold premises in Belfast. In addition, the Just Group has operations in Cape Town, South Africa, where its offices are held on short-term leaseholds.

12. Employees

As of 31 December 2016, the Just Group had 1,045 employees, the majority of whom were located at the Just Group's premises in Reigate, Surrey.

13. Board of Directors

13.1 Board of Directors of the Issuer

Name	Age	Position
Chris Gibson-Smith	72	Chairman
Tom Cross Brown	70	Deputy Chairman
Rodney Cook	60	Director
David Richardson	45	Director
Simon Thomas	54	Director
Keith Nicholson	68	Senior Independent Director
Paul Bishop	64	Non-Executive Director
Ian Cormack	70	Non-Executive Director
Michael Deakin	64	Non-Executive Director
Steve Melcher	68	Non-Executive Director

Clare Spottiswoode

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Non-Executive Director

13.2 Description of Directors

Dr Chris Gibson-Smith (Chairman of the Issuer)

Chris Gibson-Smith was appointed Chairman of the Issuer in April 2016. He previously served as Chairman of Partnership Assurance Group plc from April 2013 until April 2016. Chris brings over forty-six years of business experience across a wide range of industries. This includes over forty years of cumulative FTSE main board experience, twenty-six of which were as Chairman.

Chris currently holds the role of Vice Chairman of UBS Investment Bank as of July 2016, and was previously Chairman of the London Stock Exchange Group plc from 2003 to 2015. He was Chairman of The British Land Company PLC from 2007 until 2012, and was a Director of the Qatar Financial Centre Regulatory Authority from 2006 to 2012. Chris was Chairman of National Air Traffic Services (NATS) from 2001 to 2005, Group Managing Director of BP from 1997 to 2001, a Director of Lloyds TSB from 1999 to 2005 and a Director of Powergen from 2001 to 2002. He has also served on UK Government advisory committees on aviation and oil and gas and was awarded the CBE for his services to the financial industry. Chris is Chair of the Nomination Committee and a member of the Market Disclosure Committee, Risk and Compliance Committee and Remuneration Committee, and Director of Partnership Life Assurance Company Limited and Just Retirement Limited.

Tom Cross Brown (Deputy Chairman of the Issuer)

Tom Cross Brown continues to serve under the new role of Deputy Chairman of the Issuer since his appointment in April 2016. He was previously Chairman of Just Retirement Group plc from August 2013 until April 2016 and was a Non-Executive Director of Just Retirement (Holdings) Limited from 2006 to 2014. Tom became Chairman on its admission to AIM in December 2006 until March 2014. Until 2003, Tom was Chief Executive Officer of ABN AMRO Asset Management. Prior to joining ABN AMRO Asset Management in 1997, he spent 21 years at Lazard Brothers & Co., latterly as Chief Executive Officer of Lazard Brothers Asset Management from 1994 to 1997. He is currently Chairman of Xafinity plc, a Non-Executive member of Artemis Alpha Trust plc, and a member of the Remuneration and Management Committee of Artemis Investment Management LLP.

Tom is Chair of the Market Disclosure Committee, a member of the Risk and Compliance Committee, the Nomination Committee, the PLACL Investment Committee and the JRL Investment Committee, and a Director of Partnership Life Assurance Company Limited and Just Retirement Limited.

Rodney Cook (Group Chief Executive Officer of the Issuer)

Rodney Cook continues to serve as Group Chief Executive Officer of the Issuer since his appointment in April 2016. He was previously Chief Executive Officer of Just Retirement Group plc from August 2013 until April 2016, and had been appointed as Chief Executive Officer of Just Retirement (Holdings) Limited in July 2010. Previously, he was Managing Director, Life and Pensions of Liverpool Victoria (LV=). Rodney, a qualified actuary and an FCA and PRA Approved Person, has 38 years' experience in financial services, having led businesses in both the United Kingdom and Australasia. He commenced his career with AMP, which culminated in

his appointment as Managing Director of Pearl in 1999. This was followed by time at Zurich Financial Services as Managing Director of Sterling Assurance, Eagle Star Life and as Zurich Financial Services Customer Solutions Director, before joining Prudential as Prulab Director.

Rodney is a member of the Market Disclosure Committee and Chair of TOMAS Acquisitions Limited. Rodney is also Executive Director of Just Retirement Limited, Partnership Life Assurance Company Limited, Partnership Services Limited, Partnership Holdings Limited, Partnership Group Holdings Limited, Just Retirement Management Services Limited and Just Retirement (Holdings) Limited.

David Richardson (Group Deputy Chief Executive Officer of the Issuer and Managing Director of the UK Corporate Business)

David Richardson was appointed Group Deputy Chief Executive Officer and Managing Director of the UK Corporate Business of the Issuer in April 2016. He was previously Chief Financial Officer of Partnership Assurance Group plc from February 2013 until April 2016. Previously, David was Group Chief Actuary of the UK's largest closed life assurance fund consolidator, Phoenix Group, where he was responsible for restructuring the group's balance sheet and overall capital management. Prior to this, David worked in a number of senior roles at Swiss Re, across both its Admin Re and traditional reinsurance businesses. Those roles included Chief Actuary of its Life and Health business, Head of Products for UK and South Africa and Global Head of its Longevity Pricing teams. David commenced his career at the actuarial consultancy Tillinghast. David is a Fellow of the Institute and Faculty of Actuaries and a CFA charter holder.

David is a member of the Market Disclosure Committee and a Director of Just Retirement Limited, Partnership Life Assurance Company Limited, Just Retirement Money Limited, and Partnership Home Loans Limited.

Simon Thomas (Group Chief Financial Officer of the Issuer)

Simon Thomas continues to serve as Group Chief Financial Officer of the Issuer since his appointment in April 2016. He was previously Group Finance Director of Just Retirement Group plc from August 2013 until April 2016, and was appointed as Group Finance Director of Just Retirement (Holdings) Limited in July 2006. Previously, he was Finance and Customer Services Director at Canada Life Limited, the UK subsidiary of Great West Life. Prior to this, Simon was Head of Finance at HECM Limited (formerly Equitable Life) and spent 10 years at Nationwide Building Society, latterly as Group Financial Controller. Simon has over 15 years' experience in the UK life assurance industry, and is a Chartered Accountant.

Simon is a member of the Market Disclosure Committee, and a Director of Just Retirement Limited, Partnership Life Assurance Company Limited, Partnership Services Limited, Just Retirement (Holdings) Limited, Just Retirement Group Holdings Limited, and Just Retirement Management Services Limited.

Keith Nicholson (Senior Independent Director of the Issuer)

Keith Nicholson continues to serve as Senior Independent Director of the Issuer since his appointment in April 2016. He was Senior Independent Director of Just Retirement Group plc from October 2013 until April 2016. Keith is Chairman of Liberty Speciality Markets (including the businesses of Liberty Managing Agency Limited and Liberty Mutual Insurance Europe

Limited) and Deputy Chairman of The Equitable Life Assurance Society. He was Deputy Chairman of Wesleyan Assurance Society until he resigned from its Board in September 2014. He was a partner at KPMG where he led their UK insurance practice until he retired from the firm in March 2009.

Keith is Chair of the Risk and Compliance Committee and a member of the Audit, Nomination and Market Disclosure Committees. He is also Senior Independent Director of Just Retirement Limited and Partnership Life Assurance Company Limited, and a Director of Hub Financial Solutions Limited.

Paul Bishop (Independent Non-Executive Director of the Issuer)

Paul Bishop was appointed as a Non-Executive Director of the Issuer in April 2016. He previously served as a Non-Executive Director for Partnership Assurance Group plc from May 2014 until April 2016. Paul has spent the majority of his career at KPMG, and from 1993 to the end of January 2014 was a partner apart from a brief period when he was employed at Atos KPMG Consulting as a Managing Director. Paul has specialised in the insurance sector for over 30 years, particularly life insurance, and led KPMG's insurance consulting practice for much of his time as a Partner. Paul also spent 18 months on secondment at Standard Life as Head of Financial Change in the period leading up to its demutualisation and initial public offering. Paul is a Chartered Accountant (ACA) and qualified in 1980. Paul is currently a Non-Executive Director of NHBC, and was appointed as Non-Executive Director of the Police Mutual Assurance Society in April 2017.

Paul is Chair of the Audit Committee, and a member of the Nomination Committee, the PLACL Investment Committee and the JRL Investment Committee. He is also a Director of Just Retirement Money Limited, Partnership Home Loans Limited, Partnership Life Assurance Company Limited and Just Retirement Limited.

Ian Cormack (Independent Non-Executive Director of the Issuer)

Ian Cormack was appointed as a Non-Executive Director of the Issuer in April 2016. He previously served as Senior Independent Director for Partnership Assurance Group plc from May 2013 to April 2016. Prior to his appointment, Ian spent over 30 years at Citibank up until 2000, latterly as UK Country Head and Co-Head of the Global Financial Institutions Group. From 2000 to 2002, he was Chief Executive Officer of AIG Europe. He was previously a Non-Executive Director of Pearl Group (2005 to 2009), Aspen Insurance Holdings (2002 to 2012), Qatar Financial Centre Authority (2006 to 2012), Bloomsbury Publishing (2011 to 2015), Xchanging (2012 to 2016) and previously Chairman of the CHAPS hi-value payment system. Ian is a former Chairman of the LSE Taurus Review Committee, and a former member of the Board of Cedel, the Executive Committee of the European Securities Committee, the settlement board of the London Stock Exchange and the Council of the British Bankers' Association, and a former member of APACS. In addition to the Just Group, Ian is Chairman of Maven Income & Growth VCT 4, Non-Executive Director of Hastings Group Holdings plc and Senior Independent Director of Phoenix Group.

Ian is Chair of the Remuneration Committee and a member of the Nomination and Risk and Compliance Committee. Ian is also a Director of Hub Financial Solutions Limited, Just Retirement Money Limited, Partnership Home Loans Limited, Just Retirement Limited, and Partnership Life Assurance Company Limited.

Michael Deakin (Independent Non-Executive Director of the Issuer)

Michael Deakin continued to serve as a Non-Executive Director of the Issuer since his appointment in April 2016. He previously served as a Non-Executive Director for Just Retirement Group plc from April 2014 until April 2016. Michael is a qualified actuary and has over 25 years' investment management experience. He joined Clerical Medical in 1974 where he was appointed Director of Investments in 1995, and Chief Investment Officer of Clerical Medical Investments in 2001, later named Insight Investments. Since retiring from Insight in November 2003, he has served as a Non-Executive member of the Board of the Pension Protection Fund and was Chairman of its Investment Committee from 2004 to 2010, and a Board member of the London Pension Fund Authority from 2006 to 2012 (Deputy Chairman from 2009). Michael also served as a Director of HBOS Final Salary Trust Limited from 2009 to 2016. Michael is currently Chairman of Manifest Information Services Limited.

Michael is Chair of the PLACL Investment Committee and the JRL Investment Committee, and a member of the Nomination Committee and Remuneration Committee. He is also Chair of Just Retirement Money Limited and Partnership Home Loans Limited, and Director of Hub Financial Solutions Limited, Just Retirement Limited and Partnership Life Assurance Company Limited.

Steve Melcher (Independent Non-Executive Director of the Issuer)

Steve Melcher continues to serve as a Non-Executive Director of the Issuer since his appointment in April 2016. He was previously Non-Executive Director of Just Retirement Group plc from May 2015 until April 2016. Steve has worked in financial services for over 40 years during which time he has held posts at JP Morgan, Marsh & McLennan and as Chief Executive Officer of Eagle Star, Allied Dunbar and Sun Life of Canada UK. He now has a portfolio of roles, including as a Non-Executive Director of Allianz Re in Dublin and as Chairman of Euler Hermes Pension Fund. He is also an executive mentor which takes him inside many different industries.

Steve is Hub Financial Solutions Limited, and a member of the Audit, Risk and Compliance Committee and the Remuneration Committee. He is also a Director of Just Retirement Limited, Partnership Life Assurance Company Limited, Just Retirement Money Limited and Partnership Home Loans Limited.

Clare Spottiswoode (Independent Non-Executive Director of the Issuer)

Clare Spottiswoode was appointed as a Non-Executive Director of the Issuer in April 2016. She was Non-Executive Director of Partnership Assurance Group plc from October 2014 to April 2016. Clare is a mathematician and economist by training; in June 2010, she was appointed by HM Treasury to the Independent Commission on Banking (the Vickers Commission). Clare's career has involved acting as Policyholder Advocate for Norwich Union's with-profits policyholders at Aviva, in which role she acted on behalf of one million policyholders tasked with reattributing Aviva's inherited estate, and included time as Director General of Ofgas, the UK gas regulator. Clare previously served as Chairman of FlowGroup plc from 2011 to June 2017. In addition to the Just Group, Clare is a Non-Executive Director of BW Offshore Limited, Ilika plc, G4S plc, Payments UK, British Management Data Foundation, Gas Strategies Group, and Gas Strategies Holdings Limited.

Clare is a member of the Audit Committee, Risk and Compliance Committee and the Integration Sub-Committee, and a Director of Hub Financial Solutions Limited, Just Retirement Limited and Partnership Life Assurance Company Limited.

Taxation

The comments below, which are of a general nature and are based on the Issuer's understanding of current UK law and HM Revenue & Customs published practice, describe the UK withholding tax treatment of payments of interest in respect of the Notes. They are not exhaustive. They do not deal with any other UK taxation implications of acquiring, holding or disposing of Notes. Some aspects may not apply to certain classes of person (such as persons connected with the Issuer) to whom special rules may apply. The UK tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective holders of Notes who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the UK should consult their own professional advisers.

The Notes issued will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange, within the meaning of Section 1005 Income Tax Act 2007. The Luxembourg Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the Luxembourg Stock Exchange if they are included in the official list of the Luxembourg Stock Exchange by the Société de la Bourse de Luxembourg and are admitted to trading on the Euro MTF. Whilst the Notes are and continue to be quoted Eurobonds, payments of interest by the Issuer on the Notes may be made without withholding or deduction for or on account of UK income tax.

A further exclusion from the obligation to make a withholding on account of UK income tax when paying interest on the Notes applies where, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner of the interest is within the charge to UK corporation tax as regards the payment of interest, provided HM Revenue & Customs has not given a direction that the interest should be paid under deduction of tax.

In other cases, absent any other relief or exemption (such as a direction by HM Revenue & Customs that interest may be paid without withholding or deduction for or on account of UK income tax to a specified Noteholder following an application by that Noteholder under an applicable double tax treaty), an amount must generally be withheld on account of UK income tax at the basic rate (currently 20 per cent) from payments of interest on the Notes.

Where Notes are issued at an issue price of less than 100 per cent of their principal amount, any payments in respect of the accrued discount element on any such Notes should not generally be subject to any withholding or deduction for or on account of UK income tax.

Subscription and Sale

Pursuant to a Subscription Agreement dated 5 February 2018 (the "**Subscription Agreement**"), ABN AMRO Bank N.V., Barclays Bank PLC and The Royal Bank of Scotland plc (trading as NatWest Markets) (together the "**Joint Lead Managers**" or the "**Managers**" and each, a "**Manager**") have agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe for the Notes at the issue price of 99.883 per cent of their principal amount less commissions. The Managers are entitled to terminate and to be released and discharged from their obligations under the Subscription Agreement in certain circumstances prior to payment to the Issuer.

United States

The Notes have not been and will not be registered under the Securities Act and the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

UK

Each Manager has represented, warranted and agreed that: (i) 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) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the UK.

Prohibition of Sales to EEA Retail Investors

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
- (ii) a customer within the meaning of Directive 2002/92/EC, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

General

No action has been or will be taken by the Issuer or any of the Managers that would permit a public offering of the Notes or possession or distribution of this document or other offering material relating to the Notes in any jurisdiction where, or in any circumstances in which, action for these purposes is required. This document does not constitute an offer and may not be used for the purposes of any offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised.

Neither the Issuer nor the Managers represent that the Notes may at any time lawfully be sold in or from any jurisdiction in compliance with any applicable registration requirements or pursuant to an exemption available thereunder or assumes any responsibility for facilitating such sales.

General Information

Except where otherwise defined in this General Information section, terms which are defined in “*Terms and Conditions of the Notes*” above have the same meaning when used in this General Information section, and references herein to a numbered “Condition” shall refer to the relevant Condition in “*Terms and Conditions of the Notes*”.

- (1) The gross proceeds of the issue will be £229,730,900 (being the entire proceeds of the issue). The net proceeds will be used by the Issuer for general corporate purposes.
- (2) The Notes have been accepted for clearance and settlement through Euroclear and Clearstream, Luxembourg with a Common Code of 176695692 and an ISIN of XS1766956921.
- (3) The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.
- (4) The yield of the Notes is 3.519 per cent, on a semi-annual basis. The yield is calculated as at the Issue Date on the basis of the issue price and the interest rate of 3.500 per cent per annum. It is not an indication of future yield.
- (5) The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The issue of the Notes was authorised by resolutions of the Board of Directors of the Issuer passed on 21 December 2017 and on 28 January 2018, and by resolutions of a committee of the Board of Directors of the Issuer passed on 23 January 2018 and on 26 January 2018, which committee was established pursuant to a resolution of the Board of Directors of the Issuer passed on 21 December 2017.
- (6) The Trust Deed provides that the Trustee may rely conclusively without liability to any person on certificates or reports from any auditors or other parties in accordance with the provisions of the Trust Deed whether or not any such certificate or report or engagement letter or other document in connection therewith contains any limit on the liability of such auditors or such other party.
- (7) There has been no significant change in the financial or trading position of the Just Group since 30 June 2017 (being the date to which the last interim consolidated accounts of the Just Group were prepared), nor has there been any material adverse change in the prospects of the Issuer since 31 December 2016 (being the last day of the period in respect of which the Issuer published its latest annual audited financial statements).
- (8) There are no, nor have there been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had during the period of 12 months prior to the date of this document, a significant effect on the financial position or profitability of the Issuer.
- (9) The Offering Memorandum will also be available on the website of the Luxembourg Stock Exchange at: www.bourse.lu.

- (10) For so long as the Notes are admitted to listing on the official list of the Luxembourg Stock Exchange and to trading on the Euro MTF and the rules and regulations of that exchange so require, copies of the following documents in English may be inspected and obtained free of charge at the office of the Luxembourg Listing Agent during normal business hours on any weekday: the articles of association of the Issuer, this Offering Memorandum, the Trust Deed, the Agency Agreement, the Just Group Financial Information, the Just Group Solvency Report and any future annual financial statements of the Issuer.
- (11) For so long as the Notes are admitted to listing on the official list of the Luxembourg Stock Exchange and to trading on the Euro MTF, any notices to Noteholders published in a daily newspaper of general circulation in London or in another leading daily English language newspaper with general circulation in Europe shall also be published in a Luxembourg newspaper of general circulation (which is expected to be the *Luxemburger Wort*) or on the Luxembourg Stock Exchange's website at: www.bourse.lu.
- (12) KPMG LLP, Registered Auditors with the Institute of Chartered Accountants in England and Wales, have audited, and rendered an unqualified audit report on, in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and International Financial Reporting Standards, the consolidated financial statements of Just Group plc for the 18 month period ended 31 December 2016 and the consolidated financial statements of Just Retirement Group plc for the year ended 30 June 2015. KPMG LLP has no material interest in the Issuer. Deloitte LLP, Registered Auditors with the Institute of Chartered Accountants in England and Wales, have audited and rendered an unqualified audit report on, in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and International Financial Reporting Standards, the financial statements of Partnership Assurance Group plc for the year ended 31 December 2015. Deloitte LLP has no material interest in the Issuer. KPMG LLP is the independent auditor to the Just Group.
- (13) Certain of the Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business. Certain of the Managers and their affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. Certain of the Managers or their affiliates that have a lending relationship with the Issuer and routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in

securities, including potentially the Notes. Any such positions could adversely affect future trading prices of Notes. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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