Just Group plc

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

£125,000,000

8.125 per cent Subordinated Tier 2 Notes due 2029

Issue price: 100.00 per cent

The £125,000,000 8.125 per cent Subordinated Tier 2 Notes due 2029 (the "**Notes**") will be issued by Just Group plc (the "**Issuer**") on 2 October 2019 (the "**Issue Date**"). The Notes will constitute direct, unsecured and subordinated obligations of the Issuer.

The Notes will bear interest from (and including) the Issue Date at the rate of 8.125 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 26 April and 26 October in each year commencing on 26 April 2020 (with a long first coupon), as further 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, and subject to deferral as provided below) 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 (or if there will occur within six months) a Capital Disqualification Event (as defined in the Conditions), (iii) in the event of (or if there will occur within six months) a Ratings Methodology Event (as defined in the Conditions), or (iv) if 80 per cent. or more of the aggregate principal amount of the Notes originally issued has been purchased and cancelled, provided that any such redemption will be subject to compliance with the Regulatory Clearance Condition, continued compliance with applicable Regulatory Capital Requirements and the Relevant Rules (as each such term is defined in the Conditions), as further provided in Condition 7.9.

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 Relevant Regulator (being the UK Prudential Regulation Authority or its successor) does not consent to the redemption, to the extent required by the Relevant Regulator or the Relevant Rules (as defined in the Conditions) or (d) the redemption would otherwise breach the provisions of the Relevant Rules applicable to Tier 2 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, and subject to compliance with the Regulatory Clearance Condition, continued compliance with applicable Regulatory Capital Requirements and the Relevant Rules, vary or substitute the Notes in the circumstances described in Condition 7.

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 European Economic Area ("**EEA**"). See page 3 of this offering memorandum (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 16 July 2019 and may only be used for the purpose for which it is published.

Potential investors should read the whole of this Offering Memorandum, in particular the "Risk Factors" set out on pages 18 to 56.

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 (the "**EU**") and registered under Regulation 1060/2009/EC of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended).

Sole Lead Manager

Morgan Stanley

The date of this Offering Memorandum is 30 September 2019

PROHIBITION ON SALES TO RETAIL INVESTORS

The Notes are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities with features similar to the Notes to retail investors. In particular, (i) on 1 January 2018, the provisions of Regulation (EU) No. 1286/2014 on key information documents for packaged and retail and insurance-based investment products (the "**PRIIPs Regulation**") became directly applicable in all EEA member states and (ii) MiFID II was required to be implemented in EEA member states by 3 January 2018. Together the PRIIPs Regulation and MiFID II are referred to as the "**Regulations**".

The Regulations set out various obligations in relation to (i) the manufacture and distribution of financial instruments and (ii) the offering, sale and distribution of packaged retail and insurance-based investment products.

Potential investors in the Notes should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Notes (or any beneficial interests therein) including the Regulations.

Morgan Stanley & Co. International plc (the "**Sole Lead Manager**") is required to comply with some or all of the Regulations.

By purchasing, or making or accepting an offer to purchase, any Notes (or a beneficial interest therein) from the Issuer and/or the Sole Lead Manager, each prospective investor represents, warrants, agrees with, and undertakes to, the Issuer and the Sole Lead Manager that:

1. it is not a retail client (as defined in MiFID II);

2. whether or not it is subject to the Regulations, it will not:

   (i) sell or offer the Notes (or any beneficial interest therein) to retail clients (as defined in MiFID II); or

   (ii) communicate (including the distribution of this Offering Memorandum, in preliminary or final form) or approve an invitation or inducement to participate in, acquire or underwrite the Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client (as defined in MiFID II); and

3. it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Notes (and any beneficial interest therein), including (without limitation) the Regulations (as applicable) and any such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Notes (or any beneficial interest therein) by investors in any relevant jurisdiction.

Each prospective investor further acknowledges that:

(i) the identified target market for the Notes (for the purpose of the product governance obligations in MiFID II) is eligible counterparties and professional clients;

(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and

(iii) no key information document ("**KID**") under the PRIIPs Regulation has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor may be unlawful under the PRIIPs Regulation.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Notes (or any beneficial interest therein) from the Issuer and/or the Sole Lead Manager, the foregoing representations, warranties, agreements and undertakings will be given by and be binding on both the agent and its underlying client(s).

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of the 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 manufacturer's 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 manufacturer's 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 (EU) 2016/97, 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.

Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA") - In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined the classification of the Notes as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

IMPORTANT INFORMATION

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, the Sole Lead Manager or the Trustee (as defined in the Conditions). 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 Sole Lead Manager and the Trustee have not separately verified the information contained in this Offering Memorandum. Neither the Sole Lead Manager 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. Neither the Sole Lead Manager nor 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. The Sole Lead Manager shall not 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 Sole Lead Manager 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. Neither the Sole Lead Manager nor 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, the Sole Lead Manager 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 Sole Lead Manager or the Trustee 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 Sole Lead Manager 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 Sole Lead Manager 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 US and the UK. Persons in receipt of this Offering Memorandum are required by the Issuer, the Trustee and the Sole Lead Manager 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 US Securities Act of 1933, as amended (the "**Securities Act**"). Subject to certain exceptions, Notes may not be offered, sold or delivered within the US or to US 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, the Sole Lead Manager (in such capacity 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

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

(i) the unaudited interim results of the Issuer for the six months ended 30 June 2019 as set out in the Issuer's announcement entitled "Interim results for the six months ended 30 June 2019" published on 4 September 2019;

(ii) the unaudited interim results of the Issuer for the six months ended 30 June 2018 as set out in the Issuer's announcement entitled "2018 Interim Results for the six months ended 30 June 2018" published on 6 September 2018;

(iii) the annual report and audited financial statements of the Issuer for the financial year ended 31 December 2018 together with the audit report thereon and the notes thereto (the "**Just Group Financials 2018**");

(iv) the annual report and audited financial statements of the Issuer for the financial year ended 31 December 2017 together with the audit report thereon and the notes thereto (the "**Just Group Financials 2017**"); and

(v) the solvency and financial condition report for the Just Group as at 31 December 2018 (the "**Just Group Solvency and Financial Condition Report**"),

((i) - (iv) (inclusive) collectively, the "**Just Group Financial Information**") which, in each case together with the Just Group Solvency and Financial Condition Report, have been previously published 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 2018	**Just Group Financials 2017**
Consolidated statement of financial position: page 101	Consolidated statement of financial position: page 87
Consolidated statement of comprehensive income: page 99	Consolidated statement of comprehensive income: page 85
Notes to the consolidated financial statements: pages 103 to 144	Notes to the consolidated financial statements: pages 89 to 125
Independent Auditor's Report: pages 90 to 98	Independent Auditor's Report: pages 79 to 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 (as defined in the Conditions), the Agency Agreement (as defined in the Conditions), the Just Group Financial Information and the Just Group Solvency and Financial Condition 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 elsewhere in this Offering Memorandum, and references herein to a numbered "Condition" shall refer to the relevant Condition in "Terms and Conditions of the Notes".

Issue

£125,000,000 8.125 per cent Subordinated Tier 2 Notes due 2029.

Issuer

Just Group plc.

Status and Subordination

The Notes will constitute direct, unsecured and subordinated obligations of the Issuer and will rank *pari passu* 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.

Solvency Condition

Other than in an Issuer Winding-Up, 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 Condition 3.3.

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.

No set-off

By acceptance of the Notes, subject to applicable law, 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 or the Trust Deed.

Interest

The Notes will bear interest from (and including) the Issue Date at the rate of 8.125 per cent per annum, payable (subject as follows and as provided under "*Deferral of Interest*" below) in equal instalments semi-annually in arrear on each Interest Payment Date. The first payment shall be in respect of the period from (and including) the Issue Date to (but excluding) 26 April 2020, and thereafter for each successive period from (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date.

Interest Payment Dates	26 April and 26 October of each year, commencing on 26 April 2020.
Deferral of Interest	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) or if such payment could not be made in compliance with the Solvency Condition. The deferral of interest as described above will not constitute a 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 "*Deferral of redemption*" below) redeem the Notes on 26 October 2029 at their principal amount together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) such date.
Redemption, variation or substitution at the option of the Issuer for taxation reasons	If: (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 such Relevant Jurisdiction 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 2 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 United Kingdom 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: (i) the Issuer would be required to pay additional amounts on the Notes as provided in Condition 8; or

(ii) in respect of the Issuer's obligation to make any payment of interest in respect thereof:

(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

(2) the Issuer would not to any material extent be entitled to have any loss or non-trading deficit 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, in accordance with Condition 7.4 (and subject to Condition 7.9 and "*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 in Condition 7.2 and 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 2 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 Condition 7.9 and "*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 in Condition 7.2 and 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 2 Securities,

all as more particularly described in Condition 7.5.

Redemption, substitution or variation at the option of the Issuer upon a Ratings Methodology Event

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 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 Condition 7.9 and "*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 in Condition 7.2 and 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.

Clean-up redemption at the option of the Issuer

Subject to Conditions 7.2(a) and 7.9, if, at any time after the Issue Date, 80 per cent. or more of the aggregate principal amount of the Notes originally issued has been purchased and cancelled, then the Issuer may, at its option (without any requirement for the consent or approval of the Noteholders) 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.

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, 7.6 or 7.7 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), (iii) redemption would otherwise breach the provisions of the Relevant Rules which apply to obligations eligible to qualify as Tier 2 Capital or (iv) if repayment of the Notes cannot be made in compliance with the Solvency Condition.

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, 7.6 or 7.7, such redemption will only be made (i) in compliance with the Relevant Rules and (ii) if a redemption or purchase is to occur within five years following the Issue Date (and if the Relevant Rules so require at the relevant time):

(a) 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; or

(b) in the case of a redemption pursuant to Condition 7.4 or 7.5, if the Issuer has demonstrated to the satisfaction of the Relevant Regulator (such satisfaction to be conclusively evidenced by satisfaction of the Regulatory Clearance Condition in respect of such redemption) that (1) the Solvency Capital Requirement of the Issuer and/or the Insurance Group (as applicable), after the redemption, will be exceeded by an appropriate margin, taking into account its solvency position and its medium-term capital management plan; and either (x) (in the case of a redemption pursuant to Condition 7.4) the applicable change in tax treatment is material and was not reasonably foreseeable as at the Issue Date, or (y) (in the case of a redemption pursuant to Condition 7.5) the relevant change in the regulatory classification of the Notes is sufficiently certain and was not reasonably foreseeable as at the Issue Date,

in each case as more particularly described in Condition 7.9.

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 business	The Conditions permit the Trustee to agree to the substitution in place of the Issuer of a Substitute Obligor in the circumstances described in Condition 13 without the consent of Noteholders.
Form	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 depositary (the "**Common Depositary**") for Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and Euroclear Bank S.A./N.V. ("**Euroclear**") on or about the Issue Date.

	Save in limited circumstances, Notes in definitive form will not be issued in exchange for interests in the Global Certificate.
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	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). 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.
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.
Sole Lead Manager	Morgan Stanley & Co. International plc.
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 US, EEA, UK, Hong Kong, Japan and Singapore. Regulation S Category 2. TEFRA not applicable.

MiFID II Product Governance/PRIIPs Regulation	Solely for the purposes of the manufacturer's product approval processes, the manufacturer has 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 KID has been prepared as the Notes are not available to retail investors in the EEA.
Use of Proceeds	The net proceeds of the Notes will be used for general corporate purposes of the Just Group, which may include, without limitation, the repurchase or refinancing of existing debt, including pursuant to the Tender Offer (as defined below).
LEI	5493006456YEZEELRR90
ISIN	XS2059770409
Common Code	205977040
CFI/FISN	See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN.

Risk Factors

The Issuer believes 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 Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer believes 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 Risks associated with the Just Group's insurance products

The assumptions used by the Just Group in pricing products and establishing provisions and determining regulatory capital may not be consistent with actual experience

The Just Group operates in the retirement income sector providing products and services to both retail and corporate clients. In particular, it sells and underwrites products including defined benefit ("**DB**") de-risking solutions to corporate clients and guaranteed income for life solutions ("**GIfL**") (previously known as individual annuities) and lifetime mortgages ("**LTMs**") to retail clients. The Just Group also provides care products through Partnership Life Assurance Company Limited ("**PLACL**"), though these are not provided in material quantities as compared to the rest of the Just Group's business. These products create assets and liabilities for the Just Group that are dependent on future mortality, longevity, morbidity and withdrawal rates. For example, the Just Group is subject to the risk that annuity holders or pension scheme members (as applicable) live longer (or, equivalently, mortality rates decrease), compared to what was projected at the time their policies were issued, with the result that the Just Group must continue paying out to the annuitants or pension scheme members (as applicable) for longer than anticipated and, therefore, longer than was reflected in the price paid by the customer for the annuity or bulk purchase agreement. Conversely, increased mortality rates, compared with those projected at the time of pricing, may result in earlier redemptions of LTMs than anticipated and lead to lower returns for the Just Group. Further external factors which may impact these products include inflation rates, which may affect DB liabilities, and house prices, which may impact the proceeds of LTMs (see risk factors entitled "*Changes in interest and/or inflation rates may cause policyholders to surrender their LTMs early, reduce the value of the Just Group's investment portfolios and may have an adverse impact on their asset and liability matching, which could adversely affect the Just Group's results of operations and financial condition*" and "*The value of the Just Group's LTM*

assets is subject to accurate property valuations at the time of issue of the LTM assets and subsequently to fluctuations in housing market values" for further detail).

To deal with the uncertainties arising out of the products it sells, the Just Group uses assumptions when pricing, underwriting and reserving for business. These assumptions are based on a variety of factors including market data and historical experience (including customer longevity, corporate bond yields, interest rates, property values and expenses), 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.

Based on the assumptions made, the Just Group makes decisions aimed at ensuring that cash inflows from investments (including LTMs) at least match expected cash outflows in respect of liabilities to customers (including its DB de-risking and GIfL customers). These decisions include the allocation of investments among fixed-income, LTMs and other asset classes and the setting of terms under which products may be cancelled or surrendered. However, the risks inherent in using assumptions and the nature of the risks underlying its business, as detailed in the following paragraphs, mean that it is not possible to determine precisely: (i) the amounts that the Just Group will ultimately be required to pay to meet its liabilities attaching to DB de-risking solutions, its GIfL solutions and other insurance products; or (ii) the return on, or the repayment of, its LTMs and other investments. Amounts actually payable to customers of the Just Group's products may vary from estimates, particularly as the liabilities under DB de-risking solutions, GIfL solutions and other insurance products may extend further into the future than expected, and the income and timing of cash flows from investments, including LTMs, may be different from that assumed.

As a consequence of the foregoing, the Just Group's results depend significantly 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 these products and also on the returns made by the Just Group on its investments. If actual experience is less favourable than the assumptions used by the Just Group or the assumptions used by the Just Group are wrong or need to be changed, this could have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects. In addition, this could also lead to a need to increase reserves for policyholder liabilities and/or the level of regulatory capital that the Just Group is required to maintain which, if significant, may reduce the amount of cash or other assets available for other business purposes or to meet the Just Group's financing commitments (including the ability of the Issuer to make interest payments on the Notes).

The following paragraphs summarise the risks relating to the writing of DB de-risking solutions, GIfL solutions and LTMs. These risks largely arise from a divergence between actual experience and assumptions used when pricing the products. 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, GIfL (excluding capped drawdown contracts ("**CDCs**")) solutions

The accurate pricing of the Just Group's products is dependent on a detailed understanding of the longevity of prospective customers including, for medically underwritten business, relevant lifestyle and medical factors. There are two elements to longevity assumptions for each product line: a base level of mortality derived from an analysis of historic experience (whether the Just Group's own experience data or market data); and assumed future mortality improvements. The assumed level of base mortality may be inaccurate to the extent that the available observed

experience is not fully credible or completely relevant for pricing new business. This could lead to the application of inaccurate assumptions at the time of pricing. Assumed future mortality improvements for each product line should reflect the extent to which improvements in national, population-level longevity are likely to occur in the future, but also the degree to which the pace of improvement is likely to differ for the Just Group's customers given their socio-economic class profile and relevant lifestyle and medical factors. A failure to anticipate changes in future longevity relevant to the Just Group's specific customer base could lead to the application of inaccurate assumptions at the time of pricing the products. Inaccurate reporting of medical conditions by pricing or underwriting applications could also result in the mispricing of the Just Group's products.

Further, Just Retirement Limited ("**JRL**") entered the DB de-risking solutions market with the assistance of RGA International Reinsurance Company Limited (UK Branch) and RGA Global Reinsurance Company, Ltd. (together the "**Reinsurance Group of America**"), and until 2018 based its pricing and underwriting on their reinsurance terms. There is a risk that such reinsurance terms were not appropriate for the business underwritten.

These risks, 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.

(B) LTMs

The Just Group uses its LTM assets to match some of its liabilities arising under its DB de-risking solutions, GIfL solutions and other insurance products. This matching is intended to hedge the general population longevity risk inherent in DB de-risking and GIfL solutions with LTMs where increasing population longevity tends to increase the potential value of mortgage assets. However, the two populations are not identical, hence the hedge is expected to be partial and there is no assurance about the extent to which general population longevity risk inherent in the insurance products sold by the Just Group can be mitigated by LTMs. This is the case because of certain assumptions used by the Just Group when pricing and valuing the LTM assets: the key assumptions relating to pricing and the subsequent valuation of the LTM assets are the expected tenure of the mortgage, house price inflation 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 under the LTMs occur earlier than anticipated, less interest will have accrued and the amount repayable to the Just Group under such mortgages will be less than had been assumed at the time of sale. In the event that repayments occur later, although more interest will have accrued and the amount repayable by the customers 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.

While a general increase in longevity would have the effect of increasing the total amount repayable under the relevant LTMs, it will also, all other things being equal, 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 guarantees ("**NNEG**") that the Just Group provides to customers in connection with all of its LTMs. The NNEG is a contractual guarantee from the relevant Just Group entity that if the LTM becomes repayable due to the borrower dying or going into long-term care, the borrower will not owe more than the net sales proceeds from the property securing his or her LTM and no debt will therefore be left to his or her estate as a consequence of such mortgage. The NNEG does not limit the repayment required if

the borrower voluntarily chooses to repay the LTM in circumstances other than death or going into long-term care.

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

LTM customers can withdraw by repaying all or part of their total outstanding mortgage early, subject (typically) to the payment of an early redemption charge. LTM lapses occur for a number of reasons including as a function of the movement in mortgage interest 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) and other product alternatives in the retirement income market. If the monies repaid by customers cannot be reinvested by the Just Group in similarly yielding assets, a significant increase in lapses by LTM customers 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 current and future 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 expected payments to annuitants under the Just Group's retirement income products, but also for current and future administrative and other expenses (including an appropriate allowance for inflation) in connection with those retirement income products. In the event that the Just Group fails to establish sufficient reserves to cover current and future administrative and other expenses in connection with its products, it could have a material adverse effect on the business, results of operations, financial condition and prospects of the Just Group.

The Just Group's LTMs must comply with prescriptive rules and regulations and a failure to comply with such rules and regulations, including inadvertently, could adversely affect the Just Group

Certain mortgage contracts, including the Just Group's LTMs, are regulated under the Financial Services and Markets Act 2000 ("**FSMA**"). Entering into and administering these agreements are regulated activities, to conduct which a person must be authorised by the Financial Conduct Authority ("**FCA**"). The Mortgages and Home Finance Conduct of Business Sourcebook ("**MCOB**"), and related rules and regulations, sets out detailed content and conduct requirements for these activities.

MCOB can be difficult to interpret and implement with absolute certainty, which means that inadvertent non-compliance with its requirements can occur. If the regulated agreements or conduct of the Just Group were found to be materially defective, such failure would amount to a breach of regulation and, possibly, lead to customer remediation if the breach were considered to have caused customer detriment.

In particular, early repayment charges payable under a regulated mortgage contract are subject to MCOB and consumer fairness requirements regarding their reasonableness and transparency. If a clause seeking to impose an early repayment charge breaches these requirements, a lender may be unable to rely on that clause, and may also be required to remediate customers who have been required to pay such charges in accordance with that clause in the past.

The issues described above could reduce the Just Group's income from operations, impact its reputation in the market and could have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

1.2 Regulatory risks

The Just Group operates in a highly regulated sector and its operations and practices may be affected by changes in law and regulation, changes in interpretation or emphasis with respect to existing law and regulation and/or industry wide changes in approach to law and regulation and/or potential interventions by the FCA, Prudential Regulation Authority (the "PRA") and other regulators

The Just Group operates in the UK financial services industry which is a highly regulated sector and one which has witnessed an increase in regulatory activity, more intense regulatory supervision and significant change to the legal and regulatory framework in recent years. Changes in relevant legislation and regulation are continually being introduced, which 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. For example, Solvency II (as defined in the Conditions, and which became effective on 1 January 2016) increased the regulatory requirements on PLACL, JRL and other members of the Just Group, and is described more fully in the risk factor titled "*The regulatory capital regime applying to certain members of the Just Group is extensive and subject to change, and a failure to comply with this regime could have a variety of negative regulatory and operational implications for the Just Group*". Further, a relevant regulator may reinterpret or place new emphasis on an existing piece of law or legislation.

Changes in government policy, to legislation and regulation or to the interpretation of, or approach to, enforcement of legislation and regulation (at a national and/or international level) applicable to companies operating in the pensions or financial services sectors in any of the markets in which the Just Group operates may occur in the future and could be applied retrospectively. Such changes may adversely affect the Just Group's underlying profitability, its product range, distribution channels, capital requirements and, consequently, results and financing requirements.

In particular, in order to conduct their regulated activities in the UK, JRL, PLACL and other entities within the Just Group must hold and maintain licences, permissions and authorisations from the PRA and the FCA. The PRA and FCA each have significant statutory powers in respect of the regulation of PLACL, JRL and the other regulated entities in the Just Group. While regulating these entities in the Just Group, the PRA and the FCA may use these statutory powers to make regulatory interventions, including through investigations, requests for data and analysis, interviews or reviews and requiring the production of skilled persons reports under section 166 of the FSMA.

In recent years, the PRA and the FCA have each adopted an approach of intensive supervision in respect of the firms operating in the life and pensions sector, including JRL and PLACL. Going forwards, the Issuer does not believe the incidence of regulatory intervention is likely to decrease in any material way.

The PRA and the FCA also carry out formal "thematic reviews", which are sector wide reviews, or other informal sector wide inquiries in respect of a particular issue or a particular type of product. The Just Group has participated in, and expects to continue to participate in, such reviews from

time to time. Regulatory intervention, including of the sort described above (including "thematic reviews"), may lead to the FCA and/or the PRA requiring (among other things):

(a) specific remediation in respect of historic practices (which could include compensating customers, fines or other financial penalties);

(b) changes to the Just Group's practice; and/or

(c) public censure; and/or

(d) the loss or restriction of regulatory permissions necessary to carry the Just Group's business in the same manner as before.

Regulatory interventions against a member of the Just Group or a determination that the Just Group has failed to comply with applicable law or regulation could give rise to any of the matters described arising. Further, the Just Group may face increased compliance or compensation costs due to changes to financial services legislation or regulation or the need to set up additional compliance controls. If any such matters were to occur they could have a material 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.

Just Retirement Life (South Africa) Limited ("**JRSA**") also holds a licence from South Africa's Financial Services Board to provide retirement income solutions in South Africa. As a consequence, JRSA is subject to regulation in South Africa resulting in potential policyholder claims and regulatory intervention in that jurisdiction.

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 and guidance provided by regulatory and trade bodies (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 governments or regulators 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, its results of operation and financial condition.

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.

The Just Group is subject to risks arising from the UK referendum vote to withdraw from the EU ("Brexit") and any resulting changes in law and regulation

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. However, it is anticipated that Brexit may result in changes to the UK and EU's regulatory and legal framework. Following Brexit, the PRA is also likely to have greater flexibility to create additional rules which would impact the Just Group (positively or negatively). This is because currently a significant portion of the relevant regulatory regime is derived from EU sources and subject to oversight by EU bodies – such as the European Insurance and Occupational Pensions Authority ("**EIOPA**") and the European Commission.

While the business of the Just Group is primarily situated in the UK, some of the changes to the regulatory system of the UK and the EU arising as a consequence of Brexit may affect the business of the Just Group (positively or negatively). Members of the Just Group make use of their passporting rights to service a small number of existing customers based in Member States of the EU. While it is anticipated that transitional arrangements in relation to Brexit will ensure that arrangements can be made for the servicing of customers situated in other Member States following Brexit, it is possible that no such arrangements are agreed and these rights may be limited or cancelled.

Changes may also affect the regulation of UK business if the UK and EU regulatory systems diverge. It is not possible to predict the manner and extent to which Brexit will affect the Just Group. However, it is possible that Brexit may require the Just Group to take mitigating action or to change parts of its business, which may have a material effect on the Just Group's business, results of operations, financial condition and prospects.

Economic risks arising a result of Brexit are described in further detail in the risk factor titled "*Following Brexit, uncertainty surrounding the UK's future relationship with the EU may have a materially adverse effect on global economic conditions, financial markets and the Just Group's business*".

The regulatory capital regime applying to certain members of the Just Group is extensive and subject to change, and a failure to comply with this regime could have a variety of negative regulatory and operational implications for the Just Group

The Solvency II regime, which is the regulatory capital regime applicable to the EU insurance sector, is a prudential framework which is designed to ensure the financial stability of the insurance industry across the EU and is intended to protect policyholders through establishing solvency requirements better matched to the true risks of the business. Firms which are authorised to underwrite insurance in the UK, including certain members of the Just Group, are required to comply with Solvency II.

Solvency II includes a requirement for firms to maintain a minimum margin of capital in excess of the value of their liabilities, in order to comply with a number of regulatory requirements relating to their solvency and reporting bases. 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/or 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 material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

There are four aspects of the Solvency II regime in particular that have the potential to create risks for the Just Group, although there are other aspects of the regime that could also be applied in an adverse way depending on how circumstances develop over time. These four aspects are:

(a) the Solvency Capital Requirement ("**SCR**");

(b) the risk margin;

(c) the matching adjustment ("**MA**"); and

(d) transitional measures on technical provisions ("**TMTP deduction**").

The use of an internal model to calculate the SCR, the use of MA and the availability of TMTP deduction are all matters which require PRA approval. JRL (but not PLACL) currently benefits from PRA approval to use a full internal model to calculate its SCR and the Just Group has approval to calculate its group SCR using a partial internal model. Each of JRL and PLACL currently benefit from approval from the PRA to apply MA and TMTP deductions, while PLACL currently benefits from approval from the PRA to apply a volatility adjustment.

The risk margin is a component of an insurer's technical provisions that is calculated by reference to the present value of the future cost of capital associated with the in-force business. Under Solvency II rules, this present value is required to be calculated using risk-free interest rates. This method of calculation makes the risk margin very sensitive to changes in interest rates, particularly where an insurer has a portfolio of business that is expected to remain in force for many decades, as is the case for JRL and PLACL. This exposes insurers to risks of significant fluctuations in their technical provisions which are unrelated to the riskiness of the underlying business.

It is possible that the interpretation or implementation of the rules, or the withdrawal of or failure to obtain any approvals from the relevant regulator (for example, to use an internal model to calculate SCR or to apply MA in relation to certain types of assets, liabilities or reinsurance of such liabilities) 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, which, in each case, could have a material adverse effect on the business, results of operations, financial condition and prospects of the Just Group.

Further, an increase in the regulatory capital and/or reserving requirements of an entity or a restriction on the use of capital within the Just Group may reduce the profits of the Just Group or trap cash or assets in certain companies within the Just Group. There are also circumstances where the Just Group may choose to move cash or assets from another part of the Just Group to meet an increased regulatory capital requirement. Consequently, a change in the regulatory capital and/or reserving requirements and, in particular, the loss of certain discretionary reductions in those requirements, could have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

In addition, 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, such as increasing the prices of its products, reducing the volume of or types of business underwritten, increasing reinsurance coverage, altering its investment and/or hedging 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 these measures, such measures could have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

Following the introduction of the Solvency II regime, the PRA has published and continues to publish consultations and supervisory statements that set out its expectations relating to elements of the Solvency II regime. As a result of these consultations, a number of supervisory statements have been issued or updated. These include, amongst others, consultations and supervisory statements relating to illiquid assets, the MA and the TMTP deduction.

In particular, supervisory statement 3/17 "*Solvency II: Matching adjustment – illiquid unrated assets and equity release mortgages*" ("**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 MA portfolios. Amongst other matters, SS3/17 states that firms will have to explain how they will group assets in their Solvency II MA portfolios with respect to credit quality steps ("**CQS**"), asset class and duration for the purposes of determining the fundamental spread, and that where assessing internally-rated assets, greater judgement is involved and firms need to "*have confidence that the risk management of these more complex credit exposures, in particular the CQS mapping process and the size of the MA benefit claimed on them, is fit for purpose.*"

In December 2018 the PRA published policy statement 31/18 (*Solvency II: Equity release mortgages*" ("**PS31/18**"), setting out amendments to SS3/17. These amendments have provided a constraint on the deferment rate parameter for the "Effective Value" test which restricts the total effective value of LTMs that can be reflected on insurers' balance sheets through the combination of asset value and discounting of liabilities (the "**Effective Value Test**"). Fixed parameters prescribed by PS31/18 are within the ranges for which the Just Group had been planning while awaiting the publication of the amendments. However, it has been proposed that parameters for volatility and deferment rate be removed in a further PRA consultation paper 7/19 "*Solvency II: Equity release mortgages – Part 2*" ("**CP7/19**"), which closed in July 2019. CP7/19 provides that volatility and deferment rate parameters may instead be reviewed, updated and published by the PRA from time to time (the method and frequency forming part of the consultation). The PRA has proposed that the deferment rate parameter will be reviewed twice per year (in March and September) and the volatility parameter once a year (in September). In addition, the PRA proposes that it may from time to time carry out ad hoc reviews of these parameters. CP7/19 addressed further related matters, including how to deal with interest rate volatility and changes that may be required to reflect the impact of the application of the Effective Value Test in future stress scenarios. The proposed implementation date for the proposals in this consultation is 31 December 2019, with a two year phasing-in period applying to the application of the proposed deferment rate parameter. The PRA has proposed that all firms should use the published volatility parameter when assessing the Effective Value Test from 31 December 2019. On 27 September 2019, the PRA published policy statement 19/19 "*Solvency II: Equity release mortgages – Part 2*" ("**PS19/19**"), in which the PRA summarised responses to CP7/19 and published final amendments to SS3/17. The amendments to SS3/17 are consistent with the proposals set out in CP7/19 and are in line with the expectations of the Just Group. (See the section entitled "*Regulation – Capital*

requirements – The Solvency Capital Requirement – Pro forma Solvency II capital coverage ratio" for a further discussion of the impact of these amendments to SS3/17).

The PRA is currently consulting on changes to supervisory statement 6/16 "*Maintenance of the 'transitional measure on technical provisions' under Solvency II*" ("**SS6/16**") to simplify the calculation of the TMTP deduction through consultation paper 11/19 "*Solvency II: Maintenance of the transitional measure on technical provisions*" ("**CP11/19**"), with a proposed implementation date for these changes of 31 December 2019. This consultation closed on 21 August 2019. There is a risk that the changes proposed in CP11/19 could have an impact on the amount of TMTP deduction JRL and PLACL are permitted to take.

There is a risk that a future change in the regulatory treatment of LTMs will result in a reduction in the MA, resulting in a material increase in technical provisions and/or regulatory capital requirements, which could have a negative effect on the business, results of operations, financial condition and prospects of the Just Group, JRL, and PLACL. In particular, it could affect the ability of JRL and PLACL to pay dividends to their shareholder, the Issuer, and this could affect the ability of the Issuer to make interest payments on the Notes.

There is a risk that the implementation of one or more of the PRA consultation papers or supervisory statements may give rise to greater capital requirements than are currently the case. For example, based upon the consultation on the application of the Effective Value Test in future stress scenarios, there is a risk that more regulatory capital will need to be held in respect of illiquid assets. Implementation of consultation papers or supervisory statements may also require changes to the structures and/or businesses, or result in price increases for products of the Just Group. Any of these outcomes could have a material adverse effect on the business, results of operations and financial condition of the Just Group.

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

International Financial Reporting Standards (as adapted by the EU) ("**IFRS**") 17 which has been issued by the International Accounting Standards Board will come into effect on 1 January 2022 and replace IFRS 4 (though companies have the option to implement it before that date, subject to certain conditions). IFRS 17 sets out the reporting requirements that insurance companies are required to adopt in relation to insurance and reinsurance contracts that they enter into, including reinsurance contracts under which they lay off the risk of their insurance contracts. 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 2022 to coincide with the introduction of IFRS 17 and the two will be implemented in tandem.

IFRS 17 and IFRS 9 are intended to increase transparency, consistency and comparability in the reporting of new 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 reported value of insurance contracts, and the relevant periods for presentation of revenue. In particular, the profit earned on long-term insurance contracts such as those which are regularly issued by members of the Just Group, will be required to be recognised gradually over the life of the contracts, rather than the expected profit being recognised at the date of entering into the contract, as is currently implemented under applicable accounting rules.

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 reporting of the Just Group's business, results of operations, financial condition and prospects.

Individual and groups of customers may refer their disputes with the Just Group to the Financial Ombudsman Service

Disputes relating to the sale of financial services products by the Just Group in the UK are subject to the Financial Ombudsman Service ("**FOS**") regime. The FOS exists to resolve disputes involving individual or small business policyholder disputes. Applicants may pursue customary legal remedies if decisions are considered unacceptable.

There is a risk that decisions taken by the FOS may, if extended to a particular class or grouping of policyholders, have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

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 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 creditors, including the Noteholders.

Regulatory focus on climate risk could have an impact on the Just Group's business and assets in its investment portfolios

Regulators are increasingly seeking to develop regulations that are directly and indirectly focused on sustainable finance and climate change. In response to a consultation launched in October 2018, the PRA published a supervisory statement setting out the PRA's expectations regarding insurers' and banks' approaches to managing financial risks from climate change in April 2019 (SS3/19), and expressed an intention to submit an updated Senior Management Function form and have an initial plan addressing the expectations in place by 15 October 2019. Such regulatory focus on the issue of sustainable finance and particularly the risks that climate change could have on the safety and soundness of firms and the stability of the financial system may accelerate actions of market participants, which may in turn have an impact on the availability and attractiveness of certain securities.

1.3 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

Any actual or perceived changes in monetary policies globally 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 in monetary policies could be exacerbated by the marked reduction in asset liquidity resulting in magnified market movements and the inability to buy and sell assets in affected markets. 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 US 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 globally.

The Issuer believes that there is a risk that the economic outlook, combined with competition amongst investors and a lack of recent issuance, may reduce the availability of attractive investments (including of assets with certain regulatory capital and/or reserving requirement effects) to offset its liabilities to customers, which could have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

Additionally, declines in the financial markets, including equity markets, can reduce the value of a customer's pension funds available to purchase an annuity, which could influence the decision to look for alternative products rather than purchase an annuity.

The premiums paid by the Just Group's customers are invested by the Just Group to enable future benefits to be paid. 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 the end of each financial period, 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. An increase in the credit spread of an issuer may also impact the MA calculation and hence the Just Group's solvency position, depending on the extent to which the increasing yield contribution is offset by an increased fundamental spread deduction resulting from any associated credit rating downgrade. See the section entitled "*Regulation – Capital requirements – The Matching Adjustment*" for further description of the MA. 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 prospects.

The value of the Just Group's LTM assets is subject to accurate property valuations at the time of issue of the LTM assets and subsequently to fluctuations in housing market values

The Just Group's LTMs comprise a significant proportion of its financial assets supporting its liabilities arising on the sale of its pension products including its DB de-risking and GIfL products. 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 originators of such previously written LTMs or by the Just Group could also expose the Just Group to lower than expected returns on its LTMs which could have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

LTMs are secured by a mortgage over a particular property owned by the borrower (typically the borrower's house); therefore, a substantial decline in UK housing market values could adversely affect the Just Group's: (i) returns on existing LTMs by increasing the provisions required to be held for the NNEG (which 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 – see the risk factor entitled "*The assumptions used by the Just Group in pricing products and establishing provisions and determining regulatory capital may not be consistent with actual experience*" above); (ii) returns on existing LTMs, including actual losses if the prices realised on the sale of the properties securing such loans are less than the amount of outstanding principal and accrued interest at redemption; and/or (iii) cash inflow from LTMs by delaying sales of the properties securing such loans. The Just Group is also exposed to the risk that a fall in residential property prices could reduce the attractiveness of the LTM product to customers. If any of these events were to occur, they could have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

As explained above (see the risk factor entitled "*The regulatory capital regime applying to certain members of the Just Group is extensive and subject to change, and a failure to comply with this regime could have a variety of negative regulatory and operational implications for the Just Group*"), the PRA issued guidance in SS3/17 which, through the Effective Value Test, imposes restrictions on the total effective value that insurers can recognise on their balance sheets in respect of LTMs, and it made amendments to SS3/17 in December 2018 through PS31/18, in which it was more specific about what the Effective Value Test requires. Further PRA consultation on related matters, including the frequency with which the Effective Value Test would be assessed, response to property volatility, development of deferment rate parameters and principles for risk modelling (CP7/19), closed in July 2019, and a policy statement was published in September 2019 (PS19/19), with an implementation date for proposals of 31 December 2019, and a two year phasing-in period applying to certain aspects of the proposals (as detailed above in "*Risk Factors – Regulatory Risks – The regulatory capital regime applying to certain members of the Just Group is extensive and subject to change, and a failure to comply with this regime could have a variety of negative regulatory and operational implications for the Just Group*"). Although the amendments made in December 2018 were within the range for which the Just Group had been planning, under the proposals included by the PRA in CP7/19 and confirmed in PS19/19 these published parameters will be replaced from time to time by revised volatility and deferment rate parameters (with the method and timing of PRA review and update forming part of the proposals made under CP7/19 and confirmed in PS19/19). There is a risk that future changes in the deferment rate and volatility parameters or in the regulatory requirements and guidance could reduce the overall financial benefit that the Just Group can obtain through investing in LTMs.

Conversely, significant future rises in property values could increase early redemptions on LTMs leading to an earlier receipt of anticipated cash flows and a need to reinvest those cash flows in other assets which yield suitable returns.

Demand for the Just Group's GIfL solutions could be adversely affected by low interest rates or declines in annuity yields

Prices charged for, and the returns associated with, the Just Group's GIfL solutions are, in part, dependent upon the current long-term interest rate environment existing at the time that GIfL solutions are sold and the financial assets supporting such liabilities are purchased.

The GIfL solutions 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 GIfL business volumes may be affected as alternative retirement income products may become relatively more attractive to customers. Moreover, declines in annuity yields could make the purchase of GIfL products unattractive and inhibit market growth. Such challenges could result in reduced demand for GIfL products which may have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

Demand for the Just Group's LTMs could be adversely affected by high interest rates

Prices charged for, and the returns associated with the Just Group's LTMs are, in part, dependent upon the current long-term interest rate environment existing at the time LTMs are sold to customers.

The LTMs sold by the Just Group can be adversely affected by periods of consistently high interest rates. During high interest rate periods, LTMs may become less attractive to customers. Reduced demand for LTMs in periods of consistently high interest rates may have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

Changes in interest and/or inflation rates may cause policyholders to surrender their LTMs early, reduce the value of the Just Group's investment portfolios and may have an adverse impact on their asset and liability matching, which could adversely affect the Just Group's results of operations and financial condition

The sale of retirement investment products, such as annuities, exposes the Just Group to the risk that changes in interest and inflation rates will impact the valuation of amounts required to be paid under the annuities compared to amounts it expects to receive from investments intended to support obligations under the contracts. The Just Group aims to maintain an investment portfolio with diversified maturities that matches its estimated liability cash flow profile. However, it is not possible for the Just Group to hold assets that will provide cash flows to exactly match those relating to policyholder liabilities. This is due to the uncertainty of the exact amount and timing of the liability cash flows and the lack of sufficient assets of suitable durations. This results in a residual asset/liability mismatch risk that can be managed but not eliminated. In addition, the Just Group's estimate of the liability cash flow profile may be inaccurate for other reasons, such as varying mortality or morbidity rates, and the Just Group may be forced to liquidate investments prior to maturity at a loss in order to cover the liability. Such matters could have a material adverse effect on the business, results of operations, financial condition and prospects of the Just Group.

Changes in interest rates may affect borrower behaviour, which may have an impact on the Just Group's results of operations and financial condition. In a low interest rate environment, borrowers may redeem the LTMs with greater frequency in order to borrow at lower market rates, which may force the Just Group to reinvest proceeds from investments at lower yields than initially assumed in pricing, reducing the investment margin. In a high interest rate environment borrowers are less likely to redeem LTMs, which reduces this risk.

If interest rates decrease, or if they remain at low levels, the risk that the Just Group may be forced to reinvest proceeds from investments that have matured or have been prepaid or sold at lower yields may be exacerbated.

Changes in the interest rate environment affect the returns available on financial assets and thus can affect the prices charged for GIfL solutions. A material fall in interest rates also increases the amount of regulatory capital that the Just Group is required to hold, which in the absence of pricing changes has the effect of reducing the profitability of its products. 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 as a result of increases in volumes of DB de-risking solutions sold by the Just Group. Most defined benefit pension schemes link member benefits to either inflation indexation and/or limited price indexation. As the Just Group's exposure to inflation risk increases, it expects to increase its usage of inflation hedging mechanisms 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 low. Inflation risk increases and 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.

The PRA has acknowledged that fixing the deferment rate used in the Effective Value Test may lead to volatility in insurers' technical provisions in the event that risk-free interest rates change. The fixed deferment rate percentage (initially set at 1 per cent. in the December 2018 update of SS3/17) will be replaced, with CP7/19 proposing, and PS19/19 confirming, that the percentage will be set by reference to a minimum deferment rate as reviewed and published by the PRA from time to time, subject to a phasing-in period. At the same time as it published PS19/19, the PRA published a minimum deferment rate, applicable from 31 December 2019 subject to the phasing-in period, of 0.5 per cent., which was in line with the Just Group's expectations. CP7/19 consulted on methods of reducing sensitivity of the Effective Value Test to changes in nominal risk-free rates, which may involve a mechanism by which the parameter that insurers are expected to use can be adjusted following a material change in real interest rates. The PRA has confirmed such proposals in PS19/19, and the amended SS3/17 provides that the PRA may publish updated values more frequently than twice a year when it considers it is appropriate to do so, taking into account market conditions. The implementation date for the proposals in PS19/19 is 31 December 2019, with a two year phasing-in period applying to certain aspects of the proposals (as detailed above in the section "*Risk Factors – Regulatory Risks – The regulatory capital regime applying to certain members of the Just Group is extensive and subject to change, and a failure to comply with this regime could have a variety of negative regulatory and operational implications for the Just Group*"). Until a mechanism is introduced to address the potential volatility, the Just Group will be exposed to this risk of volatility in its technical provisions.

The Just Group uses hedging to manage currency exposures and there is a risk that early redemption or default by an issuer may materially affect the Just Group

The Just Group acquires a proportion of its fixed income securities denominated in 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 and the underlying asset become mismatched. If the Just Group fails to close the hedge quickly, a currency loss could occur and/or break costs could be incurred which could have a material adverse effect on the business, results of operations, financial condition and prospects of the Just Group.

The UK Government's pension reforms implemented in April 2015 have had, and will continue to have, a fundamental impact on the expected shape and future of the retirement income market in the UK and there can be no certainty that the response of the Just Group to both these pension reforms and to the Taxation of Pensions Act 2014 (together with the pension reforms implemented in April 2015 referred to as "Pension Freedom Reforms") will fully mitigate any adverse effects the Just Group may suffer as a consequence of the Pension Freedom Reforms

In the UK, a number of significant changes to law and regulation are currently being proposed or have been implemented over the last four years. In the pensions sector, the effect of the legal and regulatory changes may drive changes in customer behaviours which may take a while to identify.

Of particular note are the series of legal, tax and regulatory changes known as the Pension Freedom Reforms. Historically, the UK's tax regime provided favourable tax treatment for individuals who saved using their pension policies but limited the manner in which that tax treatment could be preserved through the purchase of an annuity. The Pensions Freedom Reforms changed how people are able to access their pension savings including the cessation of the effective requirement for pension benefits to be taken in the form of an annuity (consumers approaching retirement age may now 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) and a requirement for customers to receive guidance on their options at the time of retirement.

The Pension Freedom Reforms also introduced a free, impartial guidance service for individuals approaching retirement on their choices at the point of retirement ("**Pension Wise**"). As a result of all these changes, customers are more likely to seek advice, decide to "self select" their retirement solutions or indeed move from their existing provider. Given the increased choice and flexibility that customers now have, it is important that customers receive appropriate guidance or advice. If only a small proportion take up the offer of guidance and/or the guidance is ineffective, then there is a risk that customers fail to move from their existing pension providers which could result in less appetite for the Just Group's retirement income products. The medium term extent of behavioural changes by the Just Group's potential customers as a result of the Pension Freedom Reforms remains difficult to predict, though at present, it appears that customers have generally reacted by looking in the market for more flexible retirement solutions, and in some cases, deferring their retirement decisions.

Of the products in the retirement income market which the Just Group provides, the Pension Freedom Reforms only pose a risk to the sales of GIfL solutions, as inter alia, retirees have greater flexibility in deciding the extent to which they convert their pensions savings to GIfL solutions, if at all. To date, the Pension Freedom 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 sales of GIfL products. The Just Group's ability to grow its GIfL business is dependent in part on improving customer awareness of the benefits of purchasing a GIfL product when considered alongside alternative at-retirement propositions, including cash withdrawals. If lower volumes of annuity sales persist or volumes of sales decrease further and cannot be successfully replaced through other retirement income product revenue streams (especially if coupled with a reduction in demand for the DB de-risking solutions of the Just Group), it could have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

The considerable uncertainty in the UK created by the Pension Freedom Reforms is likely to persist given that it will take time for market participants' and consumers' behaviour to adjust to the Pension Freedom Reforms as well as to the innovative and more flexible retirement income products which are likely to continue to emerge as a result of such reforms.

There is also the possibility that the UK Government may further liberalise or remove restrictions on customers accessing their pension funds on retirement. For example, the UK Government announced a "pensions dashboard" proposal at the end of 2018, with its response to the consultation being published in April 2019. There is an expectation on the part of the UK Government that the first dashboard will be established in 2019 and that most pension schemes should be ready to provide consumer's information to them via dashboards within three to four years. This will enable customers to view all of their pension policies (across multiple providers). The Just Group is monitoring and projecting the impact of these reforms on its business, but the true impact will only become clear once all relevant laws and regulations are implemented and, following that, a stable pattern of customer experience has emerged.

There is no certainty as to: (i) the full impact of the Pension Freedom 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 document, and may not ultimately be successful in preventing the occurrence of material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

1.4 Liquidity risks

The Just Group may experience a tightening in liquidity and require significantly larger cash balances than anticipated and/or experience a shortfall in the availability of suitable assets in the markets in the amounts required

Premiums received from the Just Group's customers in connection with the sale of retirement income products 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 associated with liabilities to customers. 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 defined benefit 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 financial liabilities to customers and the 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 arising, the Just Group may be unable to pay its financial liabilities to customers as they fall due on account of insufficient cash inflows.

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 in the financial statements of the Just Group, especially for illiquid classes of assets. In particular, it may not be possible to readily sell LTMs due to the lack of a market in which to trade them. A material 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 in the medium to longer term.

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, to support the restructuring of LTMs required by regulatory rules in order to achieve the MA. In extreme circumstances, collateral calls could require more liquid assets to be posted than are readily available. In this case, one of the actions that the Just Group could take to reduce the liquidity strain is to close out derivative positions. This would increase the exposure of the Just Group to those risks that were being hedged by the relevant derivative position, 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.

Further, the Just Group may also choose to invest in particular assets in order to benefit from specific regulatory approvals which give rise to discretionary reductions in regulatory capital and/or reserving requirements. See "*Risk Factors – Risks relating to the Just Group's business and industry – 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*" for further discussion of a lack of liquidity and competition for assets which may arise as a consequence of other insurers wishing to hold certain assets to benefit from regulatory approvals.

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

The Just Group's drawdown LTMs enable borrowers to drawdown further advances subsequent to the initial drawdown of the loan, subject to certain terms and conditions. If there were to be a sharp increase in customers' propensity to drawdown the undrawn portion of drawdown LTMs, the Just Group may not be able to facilitate these drawdowns from available liquidity. Although under the terms of its drawdown LTMs the Just Group may restrict drawdowns as a result of certain events (including to meet 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.

1.5 Third party and other counterparty risks

The Just Group is exposed to counterparty risk in relation to reinsurers

Under the reinsurance agreements, members of the Just Group retain primary liability as the direct insurer on all risks reinsured. Consequently, reinsurance arrangements do not eliminate their obligation to pay claims although under the reinsurance agreements the relevant Just Group company can recover amounts paid from the reinsurer. As a consequence, the members of the Just Group entering into reinsurance agreements are subject to the credit risk of the reinsurer with respect to their ability to recover amounts due from them. Even where the reinsurer has an obligation to provide collateral in support of its operations, there can be no certainty that such collateral will satisfy the full amount of the reinsurer's liability and, as a result, those members of the Just Group entering into reinsurance agreements could be left with a shortfall to the extent that the amounts paid by the members of the Just Group on claims made are not recovered from the reinsurer.

In the event of the Just Group needing to recapture previously reinsured liabilities, and there being no suitable substitute reinsurance available, it would also need to re-establish any solvency capital and risk margin that it had released on transfer of the risk. This could be a material amount and could therefore have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

In addition, some circumstances could lead to reinsurers exercising a right to terminate the existing reinsurance agreements for cause, either in relation to new business only or in relation to new and existing business. The termination could have a material adverse effect on the Just Group both by increasing the amount of capital required to be set aside for regulatory purposes and by exposing the Just Group to increased risk in respect of which it would have no ongoing protection.

The Just Group is exposed to counterparty risk in relation to other entities

In addition to the matters described in the risk factor entitled "*The Just Group is exposed to counterparty risk in relation to reinsurers*", the Just Group is also exposed to counterparty default risk in relation to third parties including, *inter alia*, derivative counterparties, investment managers, brokers, distribution partners and other supplier contracts, as well as financial institutions holding its cash and collateral deposits. The Just Group's business could suffer if any of the Just Group's counterparties fail to honour their obligations. The potential consequences resulting from counterparties' failure to honour obligations and payments could have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

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 damaged or 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 GIfL solutions are dependent, in part, on the availability of advice to consumers through their financial intermediary or via Pension Wise. The Just Group's ability to grow sales of its GIfL products is dependent in part on raising consumer awareness and on customers 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 Just Group 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.

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 distribution agreements the Just Group has for payments made and services provided to the Just Group, are or are at risk of non-compliance with its interpretation of its rules or the spirit thereof. 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.

Legal and regulatory change in the form of the Insurance Distribution Directive (the "**IDD**") may 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. 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.

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, Gen Re and SCOR Global Life SE – UK Branch) to cover a significant proportion of its longevity risk (i.e. the risk of annuitants living longer than expected). 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. The availability of reinsurance to UK insurers may also depend on the precise terms of the UK's Brexit arrangements. Any of these could have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

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 are 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.

Third party reinsurers' unwillingness or inability to meet their obligations under reinsurance agreements, or potential 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.

Failure of a sufficiently large and important institution or other major counterparty may materially disrupt the markets and could adversely affect the Just Group

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 affect the Just Group in several ways, some of which may be unpredictable, including increased default or counterparty risk. It may also adversely affect 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.

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 customers 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 retirement income products.

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 dependent on the use of third-party suppliers, including investment managers, IT software and internet (including cloud) 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 utilised by the Just Group 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 which could have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

The Just Group may not be able to refinance its borrowings in the longer term and/or the cost of finance could increase

In the longer term, the Just Group expects to access debt funding to refinance its existing indebtedness, comprising the £250,000,000 9.00 per cent. guaranteed subordinated notes issued by the Issuer on 26 October 2016, the £230,000,000 3.5 per cent. subordinated notes issued by the Issuer on 7 February 2018, the £100,000,000 9.5 per cent. guaranteed subordinated notes issued by Partnership Assurance Group plc (which was subsequently replaced and substituted as principal obligor by PLACL with effect from 4 April 2016) on 24 March 2015 and the £300,000,000 fixed rate reset perpetual restricted Tier 1 contingent convertible notes issued by the Issuer on 21 March 2019, at or prior to the time when they reach the end of their respective terms. No assurance can be given that the Just Group's existing indebtedness will, in the longer term, be able to be refinanced on similar terms, or at all, upon maturity. A reduction in the availability of finance or an increase in the future cost of finance (whether for macroeconomic reasons, such as a lack of liquidity in debt markets, or reasons specific to the Just Group) could adversely affect the Just Group's business. If, in the longer term, the Just Group is not able to refinance borrowings as they mature and/or the terms of such refinancing are less favourable than the existing terms of borrowing, this could have a material adverse effect on the business, financial condition, results of operations, cash flows and prospects of the Just Group.

1.6 External environment risks

Following Brexit, uncertainty surrounding the UK's future relationship with the EU may have a materially adverse effect on global economic conditions, financial markets and the Just Group's business

The potential outcome of the negotiations on UK withdrawal from the EU 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. The two year time period for withdrawal, as designated by Article 50 of the Treaty on European Union, has been extended by agreement between the UK and the European Council to 31 October 2019, although the UK could leave the EU earlier if the UK Parliament ratifies the proposed agreement between the UK and the EU on the withdrawal of the UK from the EU (the "**Withdrawal Agreement**") ahead of this date. The current draft of the Withdrawal Agreement anticipates a formal transition period during which further negotiations may take place; however, this draft has not been approved by the UK Parliament. The European Union (Withdrawal) (No.2) Act 2019, which received royal assent on 9 September 2019, requires that, if no deal is agreed by 19 October 2019, and the UK Parliament does not vote in favour of leaving the EU without a deal, the UK government will be required to request from the European Council a further extension for the time period for withdrawal to 31 January 2020. However, the UK government has suggested that it is exploring ways to challenge or avoid this requirement, and accordingly it is not presently certain whether the UK government will make such a request. If such a request is made, there is no guarantee that the European Council would agree to such a request. Therefore, it remains possible that the UK will leave the EU with no agreement in place and no formal transition period.

Further, the continued conflict in the UK Parliament resulting from Brexit discussions has resulted in the resignation of a number of members of parliament or their defection away from the Conservative Party (who, together with legislative support from the Democratic Unionist Party, had previously formed a minority government), such that the UK government no longer has a functioning majority. A general election is expected to take place, potentially as early as November 2019. The result of any such election, the nature and policies of the resulting government and any corresponding impact on the business, operations, financial condition and prospects of the Just Group are difficult to predict.

It is not possible to predict the manner and extent to which Brexit will affect the Just Group's business. However, uncertainty and adverse outcomes from these ongoing negotiations may result in increased 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. This may have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects. See also the risk factor entitled "*The Just Group is subject to risks arising from the UK referendum vote to withdraw from the EU ("Brexit") and any resulting changes in law and regulation*".

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 or corruption

The most significant portion of the intellectual property of the Just Group is its data, which comprises over 3.0 million person-years of medical and mortality data which is continually updated. The Issuer believes that this mortality data enables the Just Group to price and reserve

more accurately than it 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 such 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 reduce the competitive advantage of this data and/or impair the ability of the Just Group to price its products accurately and obtain reinsurance on attractive terms, which could have a material adverse effect on the business, results of operations, financial position and prospects of the Just Group.

The Just Group faces competition

The Just Group operates in the competitive retirement income market in which the most important competitive factors for products include price, levels of expenses, 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.

The LTM segment is currently dominated by a limited number of specialist lenders, but recent drivers such as the maturity of interest only mortgages has led to more providers entering this market. The intensity of competition for products similar to LTMs (such as interest only mortgages) has increased which may lead to compression of the Just Group's profit margins. The Just Group expects this trend to continue.

As a consequence, the Just Group faces, or may face, significant competition from domestic insurers, international insurance groups, consolidator funds, non-insurance groups such as investment managers and others (in any such case, whether they are 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 in the retirement income market to individual and corporate clients, and also in the LTM segment. Such competitors may be willing to accept higher risk or lower margins than the Just Group, and those who have assembled their own sets of mortality data may then be able to price across the spectrum of annuities at an increased level of accuracy. Further, 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. If any of these were to occur, they could adversely affect the Just Group's ability to obtain new customers, compete with competitors, 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.

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.

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'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 and to social attitudes 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 or LTMs. In these circumstances, the need for the Just Group to diversify increases, but diversification also entails risks associated with change. 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/or expanding the advice proposition and/or brand and customer led strategies.

Should the Just Group prove to be unable to diversify successfully in order to meet these challenges, such failure could have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

Legal and arbitration proceedings could cause the Just Group to incur significant expenses, which could have an adverse effect on the Just Group

In the ordinary course of business the Just Group is from time to time party to various claims and complaints, including legal and arbitration proceedings, in respect of which monetary damages and/or compensation are sometimes sought.

The Just Group's management cannot predict with certainty the outcome of any pending legal and arbitration proceedings or potential future legal and arbitration proceedings, and the Just Group may incur substantial expense in pursuing or defending these proceedings. Potential liabilities may not be covered by insurance, the Just Group's insurers may dispute coverage or may be unable to meet their obligations, or the amount of the Just Group's insurance coverage may be inadequate. Moreover, even if claims brought against the Just Group are unsuccessful or without merit, the Just Group would have to defend itself against such claims. The defence of any such actions may be time consuming and costly, may distract the attention of management and potentially result in reputational damage. As a result, the Just Group may incur significant expenses and may be unable to effectively operate its business. Accounting provisions recognised by the Just Group in its financial statements may prove to be insufficient. Any of the above and any adverse outcomes and reputational damage arising out of such litigation 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 receiving complaints alleging the provision of unsuitable advice

The Just Group's distribution company, HUB Financial Solutions Limited ("**HUB FS**"), provides advice to customers in relation to LTMs and, more recently, annuities, in particular immediate

needs annuities, and provides services and advice relating to defined benefit pension transfers. HUB FS has also 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 through any of its advisory businesses. There is also a risk that the process driven nature of the simplified advice service could contain systematic errors that could result in the same mistake being made repeatedly 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. See also the risk factor entitled "*Individual and groups of customers may refer their disputes with the Just Group to the Financial Ombudsman Service*".

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

JRL has been assigned an insurer financial strength rating of "B+ – very strong" by the actuarial consulting firm AKG Financial Analytics Ltd ("**AKG**"), as last confirmed in November 2018, and PLACL has similarly been assigned an insurer financial strength of "B+ – very strong" by AKG, as last confirmed in November 2018. 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 (including as a result of regulatory developments). On 7 August 2017, Fitch assigned JRL an insurer financial strength rating of A+ and issuer default rating of A, and assigned the Just Group an issuer default rating of A. Fitch re-affirmed these ratings in August 2019. Each of these ratings is subject to periodic review by, and may be revised downward or revoked at, the sole discretion of Fitch (including as a result of regulatory developments). Fitch has noted that a downgrade could result from a weakening in capitalisation, an increase in financial leverage, a weakening in financial flexibility or a deterioration in business profile. In particular, Fitch note that the ratings would likely be downgraded in the event of weakening of the Just Group's capitalisation (as evidenced by a decrease in the Just Group's Solvency II ratio to below 130 per cent.) or a weakening of the Just Group's financial leverage ratio to above 30 per cent. The ratings could also be downgraded as a result of a deterioration in the Just Group's business profile (as could be evidenced by a sustained reduction in new business volumes) or by a weakening in its financial flexibility, as evidenced, for example, by the Just Group's fixed charge coverage ratio declining to below 4x.

A downgrade or revocation of any of these ratings could have a material adverse effect 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, EBCs or customers may not be willing or permitted to place their business with a lower rated insurer, which could result in reduced business volumes and income. Further, interest rates paid on borrowings by the entities within the Just Group are influenced by the existence and strength of the ratings above, and so a downgrade or revocation could affect the borrowing costs and/or future 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.

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, its 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, *inter alia*, 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 IT systems, loss of customer data or confidential information, fraudulent activities, malign influences and/or malicious activity, 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, third party administrators 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 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. It could also cause existing LTM drawdown customers to seek to borrow any remaining drawdown facility in fear of the facility being withdrawn later (see "*Risk Factors – Risks relating to the Just Group's business and industry - Liquidity Risks*" above). 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.

1.7 Internal operations and management

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, power failures, natural hazards or disasters, blackouts, computer viruses, terrorist attacks or war 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 materially 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 capability 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 contingency plans, have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

If the Just Group is unable to maintain the availability of its systems and safeguard the security of its data, including customer and employee data, due to accidental loss, cyber-crime, the occurrence of disasters or other unanticipated events affecting the Just Group or its service providers, its ability to conduct business may be compromised which may have an 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, including information which falls within special categories of 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. This includes compliance with the General Data Protection Regulation (EU 2016/679) which came into force on 25 May 2018 (the "**GDPR**") and introduced substantial changes to the EU data protection regime. The GDPR places a large compliance burden on companies who retain customer data and may impair the ability to use data.

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. In particular, fines under the GDPR are based on a two-tier system, and fines up to a maximum of €10 million or 2 per cent. of annual global turnover, or, for more severe infringements, a maximum of €20 million of 4 percent. of annual global turnover, may be imposed.

Business organisations, such as the Just Group, are increasingly becoming targets for cyber-crime, particularly if those organisations retain personal information about many people. The Just Group is exposed to the risk that the personal data it controls could be wrongfully accessed, copied, used and/or destroyed 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, the loss of new or repeat business and/or the Just Group incurring a large fine, any of which could, to the extent not mitigated by the Just Group's disaster recovery and business continuity contingency plans, have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

The Just Group's risk management policies and procedures may not be effective and may leave the Just Group exposed to unidentified or unexpected risks

The Just Group's policies, procedures and practices used to identify, measure, monitor and manage a variety of risks may fail to be effective. As a result, the Just Group faces the risk of losses, including losses resulting from human error, the payment of incorrect amounts to policyholders due to incorrect administration, market movements and fraud. The Just Group's risk management methods rely on a combination of technical and human controls and supervision that can be subject to error and failure. Some of the Just Group's methods of managing risk are based on internally developed controls and observed historical market behaviour, and also involve reliance on industry standard practices. Whilst the Just Group is continually updating its risk management policies and procedures to manage new risks which emerge (for example, those arising in relation to its IT systems and cyber-crime), these methods may not adequately prevent future losses, particularly if such losses relate to extreme or prolonged market movements, which may be significantly greater than the historical measures indicate. These methods also may not adequately prevent losses due to technical errors if the Just Group's testing and quality control practices are not effective in preventing technical software or hardware failures.

Ineffective risk management policies and procedures 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.

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 known and/or the productivity of its people for the cost efficiencies it is able to deliver. 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 Just Group believes that a positive culture brings positive attitudes and enthusiasm to embrace and adopt change. The Just Group 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 and could in turn 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 its Directors or 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, inter alia, 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 (such as the advice services provided by HUB FS). 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.

If the Just Group experiences difficulties arising from outsourcing relationships, its ability to conduct business may be compromised

The Just Group outsources some of its key customer service, policy administration and other administrative functions under formal outsourcing arrangements (including, *inter alia*, Capita in respect of administration and Insight, Robeco, BlackRock and other specialists in relation to the management of the Just Group's fixed income portfolio). The Just Group only enters into outsourcing relationships with firms which the Issuer believes have the know-how, expertise and business models that meet the Just Group's required standards. The Just Group aims to maintain effective systems and controls for outsource providers in compliance with the Just Group's ongoing obligations. However, there can be no assurance that such systems and controls will be

completely successful in seeking to avoid, or reduce the potential effects of, underperformance. In particular, while the outsourcing relationships are carefully monitored, underperformance may also result in breaches of applicable law and regulation, which could result in regulatory intervention. There is also a risk that the providers will not be able to keep up with the pace of legal and/or regulatory change (including as a result of Brexit), in which case the Just Group's operations may become non-compliant.

If the Just Group does not effectively develop, implement and monitor its outsourcing strategy, or outsourcing relationships do not perform as anticipated or the Just Group experiences problems with a transition of outsourcing arrangements, the Just Group may experience poor investment returns, operational difficulties, increased costs, reputational damage and a loss of business that may have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects. In addition, the failure or insolvency of, or inability to provide the relevant services by, one or more of the Just Group's third party service providers could have a material adverse effect on the Just Group's ability to sustain its ongoing operations, which could have a material adverse effect on the Just Group's business, results of operations, financial condition 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, 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 the financial services firms themselves, the FCA and the PRA also regulate the individual managers performing certain significant roles. 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.

1.8 Taxation risks

Changes in taxation laws may affect decisions of customers

There are specific rules governing the taxation of policyholders. The Just Group's management cannot predict accurately the impact of future changes in tax law on the taxation of life and pension policies in the hands of policyholders. Amendments to existing legislation (particularly if there is a withdrawal of any tax relief or an increase in tax rates) or the introduction of new rules may impact upon the decisions of policyholders, and could have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

Changes in taxation law may have a material adverse effect on the Just Group

Changes in corporate and other tax rules (whether in the UK or in other jurisdictions in which the Just Group operates) 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.

Further, there is currently uncertainty in the UK around the long-term approach to taxation. Should there be a change in government, or a weakening of the existing government's position, this may create uncertain economic conditions and create further uncertainty over the UK's negotiating position with the EU in relation to Brexit, all of which could have a material adverse effect on economic conditions within the UK including the UK property market and could, among other things, lead to an increase in UK tax rates, which could in turn have a material adverse effect on the Just Group's business, results of operations, financial condition and prospects.

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 and all creditors whose claims are in respect of unsubordinated liabilities and obligations which constitute Tier 3 Capital) 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 2 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 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 the 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 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 (except on an Issuer Winding-Up) 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.

The PRA published consultation paper 16/19 "*Solvency II: Group availability of subordinated liabilities and preference shares*" ("**CP16/19**") which sets out its proposed approach to the determination of the availability of subordinated liabilities and preference shares in group own funds, and its expectations of firms in presenting relevant analysis to the PRA. The appendix to CP16/19 sets out proposed amendments to supervisory statement 9/15 "*Solvency II: Group supervision*" ("**SS9/15**") to reflect the proposed approach. This consultation is due to close on 21 October 2019, following which the PRA may apply the proposals in CP16/19 after publication of the final policy. If the PRA clarifies in the final policy that an Insolvent Insurer Winding-Up is a circumstance in which interest payments must be mandatorily deferred on subordinated liabilities, interest payments under the Notes will be deferred on the occurrence of such event, given that a

Regulatory Deficiency Interest Deferral Event will be triggered by any event which under the Relevant Rules would require the Issuer to defer payment of interest in respect of the Notes.

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, 7.6 or 7.7, (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), (iii) where redemption would otherwise breach the provisions of Relevant Rules which apply to obligations eligible to qualify as Tier 2 Capital or (iv) if repayment of the Notes cannot be made in compliance with the Issuer Solvency Condition.

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, except in the case of an Issuer Winding-Up, satisfaction of the Issuer Solvency Condition), the Notes will be redeemed by the Issuer on the earliest of: (a) (if the redemption has been deferred due to the occurrence of a Regulatory Deficiency Redemption Deferral Event) the date falling 10 Business Days following cessation of the Regulatory Deficiency Redemption Deferral Event or (if redemption has been deferred due to operation of the Issuer Solvency Condition) the date falling 10 Business Days following the date on which the Issuer is solvent within the meaning of Condition 3.3 and could make payment in compliance with the Issuer Solvency Condition; (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 (or if there will occur within six months) a

Capital Disqualification Event, (iii) in the event of (or if there will occur within six months) a Ratings Methodology Event, or (iv) at any time if 80 per cent. or more of the aggregate principal amount of the Notes originally issued have been purchased and cancelled, provided that any such redemption will only be made following compliance with the Regulatory Clearance Condition and in compliance with the Relevant Rules, in continued compliance with Regulatory Capital Requirements and as further provided in Condition 7.9.

The Issuer currently expects the Notes to qualify (subject to any applicable limitations on the amount of such capital) as Tier 2 Capital for the Issuer and the Insurance Group (as defined in the Conditions). The Issuer notes the recent publication by the PRA of CP16/19 (see "*Risk Factors - Risks relating to the Just Group's business and industry - Interest payments under the Notes must, in certain circumstances, be deferred*" for further discussion of CP16/19). Having considered the terms of the consultation, the Issuer does not currently expect the outcome of such consultation to result in any decrease in the quantum of the Notes which will qualify as Tier 2 Capital for the Issuer or the Insurance Group. However, there is a risk that, following any future change to the Relevant Rules, the Notes will cease to qualify as Tier 2 Capital of the Issuer or all or any part of the Insurance Group, which would entitle the Issuer to redeem the Notes early at their principal amount, together with interest accrued but unpaid to (but excluding) the date of redemption and any Arrears of Interest.

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 2 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 also constitute Tier 2 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. Publicly traded securities from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them, and such volatility may be increased in an illiquid market, including in circumstances where a significant proportion of the Notes are held by a limited number of initial investors.

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 Depositary 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 Depositary 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 Issuer or 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 £125,000,000 8.125 per cent. Subordinated Tier 2 Notes due 2029 (the "**Notes**") of Just Group plc (the "**Issuer**") are constituted by a Trust Deed dated 2 October 2019 (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 2 October 2019 (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 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 a Transfer Agent.

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 Transfer 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 Transfer 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, the Registrar or any Transfer 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:

(i) 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 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) and all obligations which rank, or are expressed to rank, *pari passu* therewith ("**Pari Passu Obligations of the Issuer**"); and

(ii) 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 1 Capital (including, without limitation and for so long as

any of the same remain outstanding, the Issuer's £300,000,000 Fixed Rate Reset Perpetual Restricted Tier 1 Contingent Convertible Notes, with ISIN: XS1934875219) 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 absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy hereof.

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 8.125 per cent. per annum. Subject to Condition 3.3 and Condition 5, interest shall be payable (subject as follows) in equal instalments semi-annually in arrear on 26 April and 26 October of each year, the first payment to be made on 26 April 2020 (each an "**Interest Payment Date**"). The first payment shall be in respect of the period from (and including) the Issue Date to (but excluding) 26 April 2020, 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

Subject to Condition 3.3 and Condition 5, the amount of interest which will be payable on the Interest Payment Date falling on 26 April 2020 will be £45.95 per Calculation Amount.

Save as expressly provided above, 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.

Save as expressly provided above, 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 absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy hereof.

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 Paying 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 imposed or required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (the "**Code**"), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (or any law implementing such an intergovernmental agreement) (each, a "**FATCA Withholding Tax**").

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 7.9 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 26 October 2029 (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, 7.6 or 7.7 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 2 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, 7.6 or 7.7 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, 7.6 or 7.7 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 absolutely without liability to any person and without any obligation to verify or investigate the accuracy hereof.

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 7.9, 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 such Relevant Jurisdiction 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 2 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 United Kingdom 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 any loss or non-trading deficit 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 7.13, be irrevocable and shall specify the date fixed for redemption, substitution or variation, as applicable) either:

(i) 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, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which:

(A) with respect to (a)(i), the Issuer would be obliged to pay such additional amounts;

(B) with respect to (a)(ii)(1), the payment of interest would no longer be deductible for United Kingdom tax purposes; or

(C) 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

(ii) 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 2 Securities, and the Trustee shall (subject as provided in Condition 7.8 and to the receipt by it of the certificates of the Directors referred to in Condition 7.9 and in the definition of 'Qualifying Tier 2 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 7.9, 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 7.13, be irrevocable and shall specify the date fixed for redemption, substitution or variation, as applicable) 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; or

(b) 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 2 Securities, and the Trustee shall (subject as provided in Condition 7.8 and to the receipt by it of the certificates of the Directors referred to in Condition 7.9 and in the definition of 'Qualifying Tier 2 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 7.9, 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 7.13, be irrevocable and shall specify the date fixed for redemption, substitution or variation, as applicable) 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 7.8 and to the receipt by it of the certificates of the Directors referred to in Condition 7.9 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 Clean-up redemption at the option of the Issuer

Subject to Conditions 7.2(a) and 7.9, if, at any time after the Issue Date, 80 per cent. or more of the aggregate principal amount of the Notes originally issued has been purchased

and cancelled, then the Issuer may, at its option, 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, save as provided in Condition 7.13 below, be irrevocable and shall specify the date fixed for redemption), 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 aforesaid, upon expiry of such notice the Issuer shall redeem the Notes.

7.8 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 2 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.

7.9 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, 7.6 or 7.7, the Issuer shall deliver to the Trustee:

(i) 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

(ii) in respect of any redemption, variation or substitution pursuant to Condition 7.4, 7.5, 7.6 or 7.7, a certificate signed by two Directors stating that, as the case may be:

(A) 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

(B) 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; or

(C) for the purposes of Condition 7.7, 80 per cent. or more of the aggregate principal amount of the Notes originally issued has been purchased and cancelled as at the date of the certificate; and

(D) in respect of any redemption pursuant to Condition 7.4, 7.5 or 7.6, the circumstance entitling the Issuer to exercise the right of redemption was not reasonably foreseeable as at the Issue Date,

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 and without any obligation to verify or investigate the accuracy hereof).

(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 and without any obligation to verify or investigate the accuracy hereof).

(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 and without any obligation to verify or investigate the accuracy hereof).

(d) Any redemption pursuant to Condition 7.4, 7.5, 7.6 or 7.7 and any purchase pursuant to Condition 7.11 will only be made:

(i) in compliance with the Relevant Rules; and

(ii) if a redemption or purchase is to occur within five years following the Issue Date (and if the Relevant Rules so require at the relevant time):

(A) 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; or

(B) in the case of a redemption pursuant to Condition 7.4 or 7.5, if the Issuer has demonstrated to the satisfaction of the Relevant Regulator (such satisfaction to be conclusively evidenced by satisfaction of the Regulatory Clearance Condition in respect of such redemption) that:

(1) the Solvency Capital Requirement of the Issuer and/or the Insurance Group (as applicable), after the redemption, will be exceeded by an appropriate margin, taking into account its solvency position and its medium-term capital management plan; and

(2) either (x) (in the case of a redemption pursuant to Condition 7.4) the applicable change in tax treatment is material and was not reasonably foreseeable as at the Issue Date, or (y) (in the case of a redemption pursuant to Condition 7.5) the relevant change in the regulatory classification of the Notes is sufficiently certain and was not reasonably foreseeable as at the Issue Date.

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 and without any obligation to verify or investigate the accuracy hereof.

7.10 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.

7.11 Purchases

Subject to Condition 7.9, 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.

7.12 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 7.11, 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.

7.13 Notices Final

Subject and without prejudice to Conditions 3.3, 7.2 and 7.9, any notice of redemption as is referred to in Conditions 7.4, 7.5, 7.6 or 7.7 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.

Notwithstanding the above, any amounts to be paid by the Issuer on the Notes will be paid net of any deduction or withholding imposed or required pursuant to any FATCA Withholding Tax, and the Issuer will not be required to pay any additional amounts under this Condition 8.1 on account of any FATCA Withholding Tax.

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 an indication of 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 or other Transfer Agent (or any other place notice of which shall have been given in accordance with Condition 12) 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 in English and 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 satisfaction of the Regulatory Clearance Condition, 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 in respect of payments made by it of principal and/or interest (including, without limitation, Arrears of Interest) in respect of the Notes 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 in respect of such payments (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) of references to the Original Territory with 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. 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.

17. 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.

18. 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:

(a) 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;

(b) 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

(c) 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:

(a) the whole or any part of the principal amount of the Notes no longer counts or qualifies as Tier 2 Capital for the purposes of the Issuer; and/or

(b) the whole or any part of the principal amount of the Notes no longer counts or qualifies as Tier 2 Capital for the purposes of the Insurance Group,

(whether on a solo, group or consolidated basis), except where such non-qualification is only as a result of the aggregate amount of eligible items available to be counted towards Tier 2 Capital (or a relevant component part thereof) exceeding any applicable upper limit on the aggregate amount of such items permitted to be so counted (other than a limit 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;

“**FATCA Withholding Tax**” has the meaning given in Condition 6.2;

“**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 2 October 2019;

“**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 26 October 2029;

“**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 minimum 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 2 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

2 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 Euro MTF 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**"), S&P Global Ratings Europe Limited ("**S&P**") and Moody's Investors Service Limited ("**Moody's**") or any of their respective successors or affiliates;

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

(a) Qualifying Tier 2 Securities; and

(b) assigned by each Rating Agency substantially the same 'equity content' (which term, as used in these Conditions, shall include any equivalent nomenclature of a Rating Agency from time to time to describe the degree to which the terms of an instrument are supportive of an issuer's senior obligations in terms of either leverage or total capital) 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 otherwise having confirmed that it does not object 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 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 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 2 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 2 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 to tax 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) all subordinated creditors of the Issuer (including, without limitation, creditors 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 such capital, constitute, Tier 3 Capital (including, without limitation and for so long as any of the same remain outstanding, the Issuer's £230,000,000 3.500 per cent. Subordinated Tier 3 Notes due 2025, with ISIN: XS1766956921)), 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 (including, without limitation and for so long as any of the same remain outstanding, the Issuer's £300,000,000 Fixed Rate Reset Perpetual Restricted Tier 1 Contingent Convertible Notes, with ISIN: XS1934875219) or 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 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), as amended (including, without limitation, by Commission Delegated Regulation (EU) 2019/981);

"**Solvency Capital Requirement**" means the Solvency Capital Requirement or the group Solvency Capital Requirement referred to in, or any other equivalent capital requirement (other than the Minimum 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 Depositary 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 Depositary, 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 term "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 depositary for a period of 15 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 in the manner as required by Condition 12. Any such notice shall be deemed to have been given to the Noteholders on the day 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

The following information should be read in conjunction with the information appearing elsewhere in, or incorporated by reference in, this document, including the financial and other information incorporated by reference in "Documents Incorporated by Reference".

1. Overview

Just Group plc is the listed holding 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 defined benefit pension scheme trustees, principally in the UK. Products include DB de-risking (also known as bulk purchase annuities), GIfL products (also known as individual annuities), care plans, and LTMs. Further information on the Just Group's principal activities is set out below.

The Just Group comprises the following key companies:

- **Just Retirement Limited** ("**JRL**"), which provides DB de-risking products (bulk annuities), GIfL products (individual annuities) and income drawdown products in the UK. JRL is the Just Group's primary life assurance company and one of the two insurance subsidiaries of the Just Group (the second is PLACL (defined below)). As a UK insurance company, JRL is authorised by the PRA and dual regulated by the PRA and FCA.

- **Just Retirement Money Limited** ("**JRML**"), which provides LTM products for the UK retirement market. JMRL is authorised and regulated by the FCA.

- **HUB Financial Solutions Limited** ("**HUB FS**"), which is the most established member of the HUB group of businesses ("**HUB**"). HUB provides: (i) regulated advice and distribution services for a range of retirement-focused products to individual customers; and (ii) support for organisations seeking to deliver non-advised, whole-of-market shopping around services to source retirement income products for customers, employees or pension scheme members. HUB FS is authorised and regulated by the FCA.

- **Just Retirement Life (South Africa) Limited** ("**JRSA**"), which provides a range of retirement income products designed for the South African market. JRSA holds a license from South Africa's Financial Services Board to provide retirement income solutions in South Africa.

- **Partnership Life Assurance Company Limited** ("**PLACL**"), which provides annuity products in the UK aimed at meeting the costs of residential or domiciliary long-term care. Such care products are not provided in material quantities, as compared with the rest of the Just Group's business. PLACL contains 29 per cent. of the total insurance liabilities of the Just Group as at 31 December 2018. As a UK insurance company, PLACL is authorised by the PRA and dual regulated by the PRA and FCA.

2. History of the Just Group

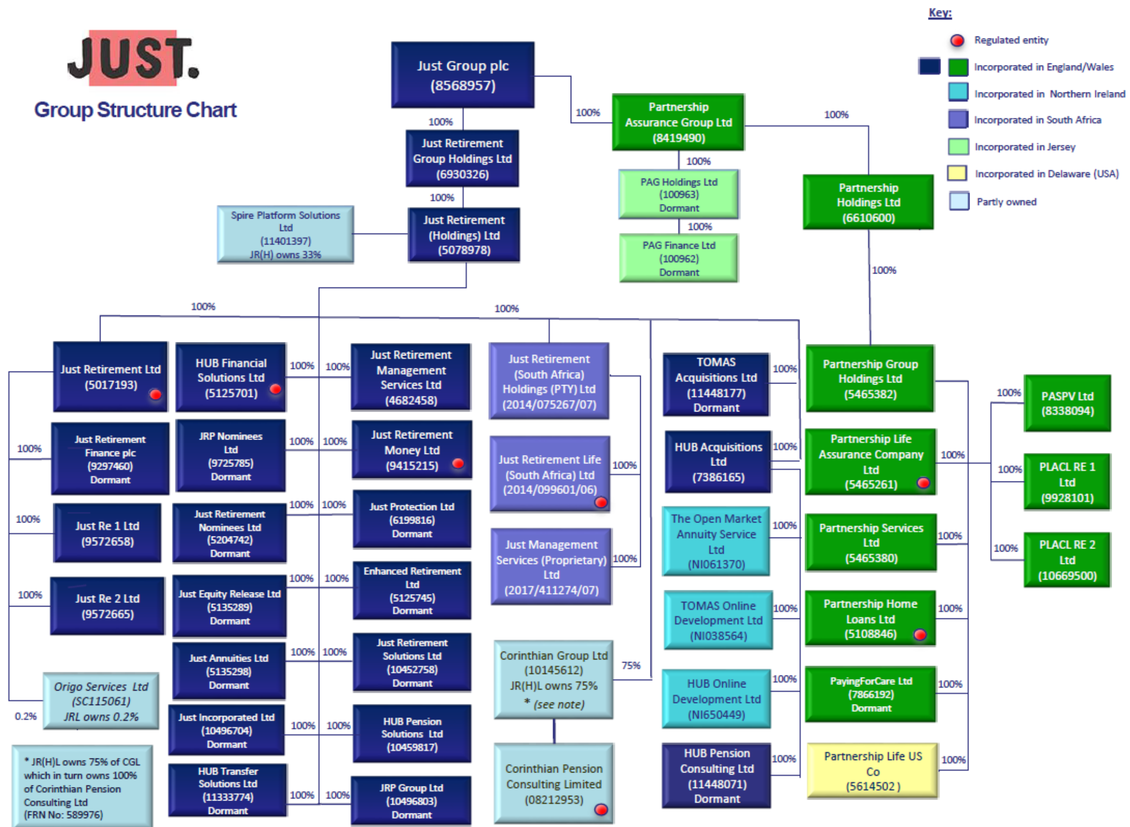
On 11 August 2015, the Issuer and PAG announced that they were to merge and, on 4 April 2016, the Issuer acquired PAG to form the Just Group (the "**Merger**"). The Merger was effected by means of a court-sanctioned scheme of arrangement of PAG under Part 26 of the Companies Act which was sanctioned 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 PAG is

now owned by the Just Group, and the 368,376,421 new ordinary shares in the capital of the Just Group received by shareholders of PAG as consideration for exchanging their shares in PAG for shares in the capital of the Just Group 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.

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 with the name Just Retirement Group plc and the registered number 8568957. On 14 August 2013 the Issuer re-registered as a private limited company and changed its name to Just Retirement Group Limited. On 25 October 2013 the Issuer re-registered as a public limited company and changed its name to Just Retirement Group plc.

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 Just Group's objects are unrestricted, as permitted by section 31 of the Companies Act. The principal legislation under which the Just Group operates is the Companies Act and regulations made thereunder.

The following chart gives an overview of the legal structure of the Just Group and its principal companies as at the date of this Offering Memorandum:



3. Strategies and strengths

3.1 Strategies

The Just Group's strategic choices are made with a view to managing the principal risks facing the Just Group and making it more resilient. The Just Group's principal strategic objectives are as follows:

Focus on strong financial management

Capital is the Just Group’s foremost priority and the board of directors of the Issuer (the “**Board**”) continuously monitor the impact of new business on the Just Group’s actual and future expected capital position. The Just Group is taking a number of steps to adapt its business model so as to reduce its organic capital consumption, release capital from the back book, and reduce volatility due to economic changes.

The Just Group has a target to achieve capital self-sufficiency by 2022. In order to achieve this, various measures are being explored, and, where appropriate, implemented. During the last 12 months, the Just Group has significantly reduced new business strain (from £95 million at 30 June 2018 to £47 million at 30 June 2019) through pricing increases, reduced liability duration, shorter LTM duration and a reduced LTM backing ratio. A reduction to new business strain should result from the DB Partner Business (defined below), which is much less capital intensive. New business strain could be further reduced by continuing to reduce the levels, and mix, of new business written. The Just Group has entered into a reinsurance transaction with Reinsurance Group of America (“**RGA**”) to reduce JRL’s exposure to longevity risk (and the associated capital requirements) for new DB business, which is effective from 1 July 2019 (see *“Operations – Reinsurance*” for further detail). Further expense reductions are planned, with an expected 10 per cent. reduction in the Just Group’s 2019 cost base compared to 2018.

The Just Group also recognises the need to continue to strengthen its capital position during 2019 and beyond and has taken steps to address this, in particular:

(a) following the publication of PS19/19, and in line with the plans that it had made in anticipation of the final outcome of CP7/19, the Just Group is planning on the basis of an increase in SCR of approximately £130 million for existing business by the end of 2021. This is over and above a £70 million increase in SCR since 30 June 2019 in preparation for adjustments to the treatment of LTMs within the Just Group’s internal model;

(b) the Just Group entered into a reinsurance transaction with RGA on 29 August 2019 to reduce JRL’s exposure to longevity risk (and the associated capital requirements) on business written from 1 January 2016 to 30 June 2019, which increased excess own funds by £118 million (see *“Operations – Reinsurance*” for further detail); and

(c) the Just Group has a number of further management actions available to it and in active preparation, including further longevity reinsurance, which could be used to offset the eventual cost of the outcome of CP7/19 and PS19/19. These include discussions with the PRA to establish satisfactory regulatory treatment for the pilot NNEG hedge, a transaction which is designed to reduce exposure of the regulatory balance sheet to property price movements. Clarity on the treatment following CP7/19 and PS19/19 could lead to a larger NNEG hedge transaction.

Grow the Just Group's markets and broaden the Just Group's distribution reach

The Just Group seeks to improve returns on new business by working to grow market demand. Larger markets create more opportunities for the Just Group to achieve its target mid-teen internal rate of return ("**IRR**") on new business. The Issuer believes that the Just Group's products meet needs that, if unaddressed, create risks to the quality of life of its customers and thus it is important to grow markets to reduce the effect of those risks.

The Just Group's DB de-risking business plans to continue to facilitate growth in the DB de-risking market, and to offer medical underwriting solutions that enable the Just Group to provide more options for pension scheme trustees. In addition, the Just Group's new DB partner business, which pairs the new business franchise with third party balance sheet capacity, with the Just Group originating DB transactions but retaining only a small proportion of the risk (the "**DB Partner Business**"), is bringing differentiated third-party capital to this high-growth market.

The Just Group plans to support growth in the UK GIfL, LTM and care markets through market and distributor education and regulatory engagement, and to expand its distribution reach through the active pursuit of new partner business relationships.

Give customers a distinctly 'Just' experience every time

The Just Group aims to align its customer experience with its brand promise across all channels and businesses. Key values of the Just Group's brand are fairness, a strong social purpose and a desire to improve retirement for customers by providing them with simple-to-use products and services. It expresses the Just Group's ambition to present itself differently, provide outstanding service to its customers and support people with the broader challenges of later life.

The Just Group has defined its customer experience principles and framework to seek to ensure that its products and services live up to the brand promise that the Just Group lives by. The Just Group is working to ensure that the post-Merger culture of the Just Group embraces the brand promise and customer perspective.

Make smart risk choices

The Just Group identifies and prices for the business it wants. The Just Group targets new business that complements its balance sheet and provides an attractive balance of risk, reward and capital usage.

The Issuer believes that efficient deployment of the Just Group's capital is key to optimising the amount of business that it writes, at what margin, and with what capital usage. In addition, the Just Group seeks to ensure that the synergies between the Just Group's businesses are maximised through careful matching of the expected duration of LTM assets and DB de-risking and GIfL liabilities, among other factors.

The Just Group seeks to combine customer insight, market knowledge and medical intellectual property to target the business and customer segments that it believes are the most attractive. The Just Group's distribution reach gives it access to target segments and business flows from which the Just Group chooses its preferred risks. The Issuer believes that strong relationships with high quality reinsurers allow the Just Group to mitigate risks cost-effectively.

3.2 Strengths

The Just Group operates in structurally growing markets

The Issuer believes that the markets in which the Just Group operates, the DB de-risking market, the GIfL market and the LTM market, all have stable growth outlooks, supported by a number of structural drivers:

(a) **DB de-risking**: over the five years from 2014 to 2018 there have been £69 billion of DB de-risking deals in the UK DB de-risking market, compared to £26 billion in the previous five years, and there are expected to be £30 billion of deals in 2019 (source: Willis Towers Watson). There are £2.2 trillion of DB pension liabilities on a full buy out basis in the UK (source: Pension Protection Fund, Purple Book 2018) and Hymans Robertson estimates that £700 billion of this could seek to de-risk over the next 13 years to 2031. The Issuer believes that a growing number of DB pension schemes will consider de-risking as their funding levels improve due to a combination of interest rate rises, continued employer contributions and slower longevity improvements.

(b) **GIfL**: the FCA has continued to introduce measures to ensure that pension providers help retiring defined contribution members to 'shop-around'. This has helped to grow the open market portion of GIfL sales to 50 per cent. in 2018 (source: ABI) from 41 per cent. in 2015 (source: ABI) and the Issuer believes that it will underpin market growth going forward.

(c) **LTMs**: the LTM market has grown at a compound annual rate of 27 per cent. over the 6 years from 2012 to 2018 and almost doubled over the two years to 2018 to £3.9 billion in 2018 (source: Equity Release Council). People in the UK aged over 55 have £2.5 trillion of net housing wealth (source: Office of National Statistics), which compares to an existing LTM loan book across the UK LTM industry of approximately £25 billion. The Issuer believes that increasing awareness of the product and growing funding gaps at retirement will continue to drive market growth, resulting in LTMs serving an increasingly important role for people in later life who may be 'asset rich' but 'income poor'.

The Just Group is a leading player in its chosen markets

The Issuer believes that in its three main product areas (DB de-risking, GIfL products and LTMs), the Just Group has strong and sustainable market positions:

(a) **DB de-risking**: in the UK DB de-risking market for deals of less than £250 million the Just Group had an 18 per cent. market share in 2018 (source: Hymans Robertson). In these smaller case sizes, the Issuer believes that the medical underwriting that the Just Group is able to offer provides a material competitive advantage.

(b) **GIfL**: in the UK open GIfL market, the Just Group had a 24 per cent. market share in the six months to 30 June 2019 (source: ABI, Just Group analysis) and a 35 per cent. market share in 2018 (source: ABI). The Issuer believes this favourable market position is the result of its use of proprietary intellectual property including medical underwriting and its distribution capabilities.

(c) **LTMs**: in the UK LTM market, the Just Group had a 15 per cent. share of advances in 2018 (source: Equity Release Council). Companies that sell annuities often also provide LTMs, and the Issuer believes that the Just Group's GIfL distribution capabilities complement its distribution capabilities in the LTM market.

The GIfL market has six active participants (source: Company data). The DB de-risking market has eight participants and not all of these operate in the smaller case size markets (source: Lane, Clark & Peacock). In the LTM market the three largest providers had a share of 75 per cent. in 2017, and there are currently nine market participants in total (source: Equity Release Council and Company data).

The Just Group benefits from proprietary intellectual property

The Just Group's proprietary intellectual property is comprised of three building blocks: its data, its systems and its people. The Issuer believes that the Just Group has collected more and better quality data in relation to medical and lifestyle factors than its competitors for use during the underwriting process. The Just Group's database holds over 3.1 million person years of data, growing at 30,000 person-years per month and includes up to 250 medical and lifestyle rating factors for each life included in the dataset. The Just Group's bespoke automated underwriting system, PrognoSys^{TM}, allows it to consolidate all of its proprietary data, related research and insights and to codify it to be used when pricing. Finally, the Just Group benefits from a large in-house medical team, including epidemiologists, doctors, bio-statistical modellers, underwriters and actuaries drawn from around the world.

The Issuer believes that this proprietary intellectual property allows it to forecast longevity better than many of its peers, offering a number of competitive advantages. The Issuer believes that the Just Group is able to price more accurately and thus offer customers with pre-existing medical conditions a better deal at retirement, driving enhanced sales volumes. In addition, the Just Group is able to prioritise the annuity risks that it wants to underwrite and reserve more accurately.

The Just Group utilises a diversified multi-channel distribution model, encompassing both third party distribution and its proprietary HUB platform

The Just Group distributes its products through a variety of channels including traditional and specialist intermediaries, EBCs, life insurance companies, banks, building societies, pension schemes and affinity partners. The Just Group has strong relationships with a large number of intermediaries across these channels established over more than a decade of conducting business. The Issuer believes that this diversified distribution network provides the Just Group with access to the most attractive business across the market and increases its resilience to changes in market distribution dynamics, such as the increased importance of specialist intermediaries in the GIfL market in recent years.

In addition to its use of third party distributors, the Just Group also owns an independent distribution operation, HUB (a corporate solutions advice and distribution business). HUB's purpose is to expand the markets in which the Just Group operates by ensuring the availability of independent advice to consumers, who wish to select products across the market. HUB is responsible for approximately one in seven GIfL purchases made in the UK market, making it the market's largest distributor.

4. Business overview

4.1 Overview

During the last 12 months the Just Group has implemented changes to the business model designed to improve the capital efficiency of the Just Group's business, supporting its commitment to reaching organic capital generation by 2022. The Just Group is committed to serving its principal markets. However, its priority is to sell products that offer an attractive return at an acceptable level of new business strain, so as to best support that commitment.

The Just Group operates in the UK and South Africa, although its main market is in the UK.

The Just Group's core products and services within the UK retirement income market are:

(a) DB de-risking solutions (bulk purchase annuities);

(b) individual annuities including GIfLs and care plans;

(c) LTMs; and

(d) HUB's regulated advice and distribution services for a range of retirement-focused products to individual customers; and support for organisations seeking to deliver non-advised, whole-of-market shopping around services to source retirement income products for customers, employees or pension scheme members.

The Just Group has closed its flexible pension plan products to new business from July 2019.

In South Africa, the core product offered by the Just Group is GIfL retirement income solutions.

4.2 UK

DB de-risking solutions

Background

DB pension schemes provide individuals with a pre-determined monthly income in retirement typically based on their earnings history, employment tenure and age. Various factors (including member longevity, the introduction of mark to market accounting, investment market volatility, and increased DB pension scheme regulation) have made opening or maintaining such schemes less attractive to sponsoring employers. As a result, DB pension schemes in the UK are increasingly entering into DB de-risking transactions.

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 or a subset of its members such as retirees, but retains legal responsibility for those obligations to its members) or a buy-out (whereby pension scheme members become customers of the de-risking solution provider and the DB pension scheme is released from its liabilities to such customers).

DB de-risking solutions offered by the Just Group

The Just Group provides both buy-in and buy-out DB de-risking solutions in the small and medium transaction segment, either on a medically underwritten or standard basis.

Medical underwriting is the process of using medical and lifestyle information to assess better the life expectancy of an individual. It provides a more accurate assessment of longevity than a standard (non-medical) process which relies on factors like postcode, age and salary. The Just Group's approach to medical underwriting is to try to identify the conditions, illnesses or injuries that could affect a member's life expectancy in a non-intrusive manner. By applying its underwriting expertise to DB schemes, the Just Group believes that it can identify the lifestyle factors and medical conditions that members have, which can deliver premium savings when compared to a standard quotation.

The Issuer believes that a medical process is most effective for smaller DB schemes, or for sub-sets of larger schemes, and so the Just Group only offers it for transactions involving 300 members or fewer. In 2018, 47.8 per cent. of new DB de-risking transactions entered into by the Just Group were on a medically underwritten basis. Such transactions can be created from larger populations by top-slicing all pensions in excess of a certain amount. This allows trustees to insure those pensioners with the largest liabilities and hence the highest concentration of risk, or to remove risks selectively from the scheme; for example, by purchasing a bulk annuity to cover pensioners who retire early due to ill health. The Issuer believes there is a clear growth opportunity for the Just Group in the small and medium transaction segment of the DB de-risking market.

The DB de-risking segment accounted for 62 per cent. of the Just Group’s new business retirement income sales in the six months to 30 June 2019 and 60 per cent. in the year ended 31 December 2018. In the six months ended 30 June 2019, the Just Group wrote £512 million of new sales for DB de-risking solutions, compared to £718 million for the first six months of 2018, a decrease of 29 per cent. In 2018, the Just Group wrote £1,314 million of new sales for DB de-risking solutions, compared to £998 million for 2017, an increase of 32 per cent.

DB de-risking transaction sizes are large and therefore sales patterns can be 'lumpy', making comparisons between periods difficult. However, the Issuer believes that seasonality in 2018 has reduced somewhat as EBCs have managed the industry pipeline. The Issuer believes that the momentum of the market in DB de-risking solutions is strong and the market is expected to grow substantially over the next decade (source: Hyman Robertson).

Market position

The UK is one of the largest private DB markets in the world, with aggregate liabilities of approximately £2.2 trillion across more than 5,450 pension plans (source: Pension Protection Fund, Purple Book 2018). Each year some of these plans decide to de-risk through either a buy-in or buy-out.

The Issuer believes that the barriers to entry in the UK de-risking solutions market are regulatory approval (which can take over two years), capital strength, actuarial and regulatory expertise, service levels and the ability to source illiquid assets to back the annuities. In the DB de-risking business, scale and financial strength are necessary to be considered a credible counterparty for prospective pension fund clients.

In 2018, £24.2 billion of buy-in and buy-out transactions were completed compared to £12.3 billion completed in 2017 (source: Lane, Clark & Peacock). Hymans Robertson estimate that up to £700

billion of DB pension liabilities in the UK, subject to certain conditions, could be transferred to insurers during the 13 year period from 2019 to 2031. This level of activity would equate to only two per cent. of total defined benefit liabilities being de-risked each year on average (source: PPF and Hymans Robertson).

There are eight current providers of DB de-risking solutions in the UK: Pension Insurance Corporation, Aviva, Scottish Widows, Just Group, Legal & General, Phoenix Life, Rothesay Life and Canada Life (source: Lane, Clark & Peacock). Since 2007 the number of market participants has been stable, with five companies (including the Just Group) entering the market and five leaving (source: Lane, Clark & Peacock).

The Just Group had a five per cent. market share in the UK DB de-risking solutions market in 2018, following an eight per cent. share in 2017 and a nine per cent. share in 2016 (source: Hymans Robertson). However, the Just Group typically only writes DB business up to a size limit of £250 million of liabilities. In this small to mid-sized segment, calculated as at 30 June 2019, the Just Group had a 17 per cent. share of the market since inception in 2017 (source: PPF, LCP, Hymans Robertson, Just Group analysis), with an 18 per cent. share of the market in 2018 (source: Hymans Robertson) and a 16 per cent. share of the market in 2017 (Hymans Robertson). The Just Group's competitive position in this segment benefits from an A+ Insurer Financial Strength Rating from Fitch for JRL.

GIfL

Background

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 historically priced without reference to the individual's health or lifestyle, and were differentiated only by reference to a limited number of rating factors such as age, postcode, premium size and (prior to 31 December 2012) gender.

By contrast, individually underwritten GIfL policies, which is the area of the market that the Just Group operates in, take into account medical and lifestyle factors to provide a secure income for life that can be materially higher for individuals with lower life expectancy. The Issuer believes that an increasing proportion of annuities in the UK will be individually underwritten whether the insured is healthy or not.

GIfL products offered by the Just Group

The Just Group offers individually underwritten GIfL policies that 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 income 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).

In the six months to 30 June 2019, GIfL new business sales were £288 million compared to £427 million for the first six months of 2018. In 2018, GIfL new business sales were £786 million compared to £821 million in 2017.

Market position

The total GIfL market in the UK was £4.4 billion in 2018 and had grown at 1 per cent. per annum since 2015, the first full year after the Pension Freedom Reforms in 2014 (source: ABI). Before that date, most retirees with a maturing defined contribution pension plan had little choice but to buy an annuity and the GIfL market in the UK in 2013 was £12 billion (source: ABI).

The current GIfL market in the UK can be divided into two parts, the external, or open market segment and the internal market. The internal market refers to those retirees who buy an annuity directly from their pension provider. The alternative is that the retiree 'shops around' in the open market for the best annuity rate available.

The Just Group only operates in the open market segment of the UK GIfL market. New business sales in the open market as a whole were £2.1 billion in 2017 and grew by 11 per cent. in both 2016 and 2017 compared to the preceding years, well ahead of the overall GIfL market (source: ABI). In 2018 new business sales in the open market segment as a whole increased by two per cent., compared to a one per cent. fall for the markets as a whole. In 2018, new business sales in the open market represented 50 per cent. of the total market, up from 41 per cent. in 2015 (source ABI). In March 2018 the FCA introduced new rules requiring pension companies to show the best quote from the market, which the Issuer believes should further stimulate shopping around.

There are currently six active participants in the UK GIfL open market: Just Group, Legal & General, Aviva, Canada Life, Scottish Widows and Hodge Life (source: Company data). The number of competitors has declined as four providers have exited the UK market since 2016 (source: Company data).

The Just Group had a 24 per cent. share of the open market option GIfL market in the six months to 30 June 2019 (source: ABI, Just Group analysis) and a 35 per cent. share in 2018 (source: ABI), which was down slightly from 38 per cent. in 2017 (source: ABI). As a proportion of the total GIfL market, the Just Group's share decreased to 17 per cent. in 2018, from 18 per cent. in 2017 (source: ABI).

LTMs

Background

LTMs comprise a range of products designed for individuals approaching or in retirement who wish 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 vacation of the property due to death or a permanent move into a residential care facility. The product can be used by retirees to supplement savings or to settle any outstanding indebtedness. 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 in the UK.

LTMs provided by the Just Group

The Just Group offers two types of LTMs:

(A) **Drawdown LTMs**: the Just Group calculates a maximum loan amount based on a client's age and property value. From this amount, the Just Group advances them an initial sum. After this, money can be drawn down on a regular or ad hoc basis, subject to the arranged cash facility at the outset. The interest payable on the initial sum borrowed is fixed at the time of arranging the mortgage, and is guaranteed not to change regardless of what happens to interest rates in the future. Each additional advance has a separate interest rate calculated at the time it is requested. That interest rate is fixed for the lifetime of the loan, but can be different to the initial advance (and other drawdown sums); and

(B) **Lump sum LTMs**: the Just Group's lump sum LTMs are designed for those who want to release a one-off sum. It usually allows customers to borrow a higher amount than the Just Group's Drawdown LTM, but normally at a higher interest rate. The interest payable on the Just Group's lump sum LTM is fixed at the time the mortgage is taken out, and is guaranteed not to change regardless of what happens to interest rates in the future.

The Just Group was the first provider in the UK to launch drawdown LTMs, which account for the majority of its LTM advances. For both drawdown and lump sum LTMs, interest is generally added to the amount owed rather than paid and, accordingly, the amount to be repaid at maturity increases over the life of the mortgage.

All LTMs contain a guarantee that no borrower will owe more than the net sales proceeds (which is equal to the gross sale proceeds less all expenses of the sale) from the property securing the LTM in the event of the borrower either moving into permanent care or dying. This guarantee is the NNEG. In the JRL portfolio, since 2005, when the Just Group started writing LTMs, there have been 15 NNEG shortfalls out of 12,250 redemptions, amounting to a total shortfall of £339,000 out of total redemptions of £1 billion. Low initial LTV ratios help to mitigate against the risk of a NNEG shortfall occurring. As part of the sales process, the Just Group underwrites the properties against which it is proposing 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. 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 LTV at commencement of the LTMs in the portfolio typically being 25 to 30 per cent.

The average LTV ratio of the mortgage book (including rolled up interest) as at 30 June 2019 was 34 per cent. of the updated property valuation. As at 30 June 2019, the total outstanding LTM balance including principal and rolled up interest was £6.1 billion, comprising more than 67,000 loans, of which one per cent. had an LTV ratio in excess of 75 per cent.. As of 30 June 2019, in respect of the Just Group’s overall LTM book, the average loan size was approximately £90,000 and the average property value at 30 June 2019 was approximately £270,000.

LTMs constitute a key component of the Just Group’s business model as the Issuer believes that their characteristics are suitable for annuity writers. The Just Group invests in LTMs for a number of reasons:

(A) they are typically high-yield, long duration assets, and can be used as a match for longer duration annuity liabilities, especially given the scarcity of longer duration corporate or government bonds;

(B) LTMs provide a partial hedge against annuitant longevity risk; and

(C) LTMs can diversify an investment portfolio away from credit risk.

The Issuer believes that LTMs currently offer higher risk-adjusted yields than other fixed income investments, and the risk-adjusted returns contribute positively to the rate used to discount insurance liabilities. These factors reduce the capital the Just Group is required to hold for DB de-risking solutions and GIfL products at the point of sale. The Just Group takes a risk-based approach towards its mortgage appetite, and uses the longer duration characteristic of these assets to provide what it considers to be an appropriate backing ratio relative to the liabilities it writes during a particular period. The residential property collateralising the LTM portfolio is well-diversified geographically across the UK.

While the Issuer believes that the attractiveness of LTM assets to back annuity liabilities will continue following the amendments made to SS3/17 in December 2018 and September 2019 (see the risk factor entitled "*The regulatory capital regime applying to certain members of the Just Group is extensive and subject to change, and a failure to comply with this regime could have a variety of negative regulatory and operational implications for the Just Group*"), the Just Group is also undertaking a gradual reduction of the LTM backing ratio and increasing its use of alternative, long-duration, asset classes.

For the six months ended 30 June 2019, LTM loan advances were £156 million, a decrease of 50 per cent. compared to £313 million for the six months ended 30 June 2018, a greater reduction than the fall in retirement income sales. In 2018, LTM loan advances were £602 million, an increase of 18 per cent. on £510 million in 2017, similar to the growth in new business sales of GIfL and DB de-risking solutions.

Market position

The Just Group is one of three large providers of LTM mortgages in the UK, who collectively in 2018 had a 63 per cent. share of the UK market. In 2018, Legal & General was the largest provider with a 30 per cent. share, Aviva had an 18 per cent. share and the Just Group had a 15 per cent. share (source: Equity Release Council and Company data).

LTM mortgages are typically only used to back annuities and so it is normally only annuity providers that are involved in the LTM market; this limits the number of potential competitors in the market. The largest current player, Legal & General, entered the market in 2016 (source: ERC). Although they have taken significant market share in the last three and a half years, Legal & General's entry into the market has also helped to stimulate demand. Market sales in the first half of 2018 were larger than for the whole of 2015, the year before Legal & General's entry (source: Equity Release Council and Company data).

As well as having an annuity business, any prospective entrant to the UK LTM market would require distribution capability and the requisite capital strength. Other barriers to entry include the complexity of the products, historic conduct issues among certain banks, and an absence of longevity expertise outside of life insurers.

In the first six months of 2019, the overall UK LTM market was £1.84 billion, unchanged from the first six months of 2018. The Issuer believes that the uncertain political and economic climate has led to a slow-down in growth of the market. In 2018, the overall UK LTM market grew by 29 per cent. year on year to £3.9 billion from £3.1 billion. In 2017, the UK LTM market grew 42 per cent. year on year to £3.1 billion compared to £2.1 billion in 2016 (source: Equity Release Council).

The Issuer believes that the UK LTM market 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), while aggregate LTM advances of only £25 billion were made from 2002 to December 2018 (source: Equity Release SHIP quarterly statistics). The Issuer estimates an existing UK industry LTM book of £26 billion including rolled up interest, and thus a penetration rate of approximately four per cent. assuming an average loan to value of 30 per cent. The Issuer believes that growth in this market will continue to be driven by the following factors:

(A) people are living longer, but are increasingly spending the extra years living with some form of disability. Homeowners are therefore relying on releasing home equity to meet the additional costs of care;

(B) an increase in the use of LTMs to settle outstanding indebtedness including unsecured debt and interest only residential mortgages without alternative means of repayment;

(C) customers facing significant shortfalls between actual and expected private pension schemes, due to insufficient savings, low interest rates, and underestimations of life expectancy;

(D) new market entrants and increased advertising spend driving customer awareness; and

(E) increasing distribution reach as specialist advisors are recruited and trained.

Care Plans

Background

Care plans are long term insurance products which are designed to pay a regular, tax-free income to a customer's registered care provider to help meet the costs of their care in exchange for an up-front lump sum premium. The amount payable is agreed at the outset and will continue for the rest of their life, no matter how long they live.

Under current rules in the UK, where income is paid directly to a UK registered care provider, it can be paid tax-free. If, for whatever reason, they leave care, or no longer need to fund their care themselves, the income can be paid directly to them. In this situation, the income would lose its tax-free status. However, it can be re-converted to being tax-free should income be paid to a UK registered care provider again at a later date.

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

The Just Group provides immediate and deferred care plans.

The Just Group's immediate care plan product is designed for income to commence immediately, whereas income from the Just Group's deferred care plan product will start between one and five years in the future.

New business sales for the Just Group's care plan products in for the six months to 30 June 2019 were £31 million, compared to £35 million in the first six months of 2018. New business sales for the Just Group's care plan products in 2018 were £73 million, compared to £72 million in 2017.

The Just Group remains one of the market leaders in this sector and remains committed to the care market, albeit future growth prospects are difficult to predict at present.

Market position

The Issuer believes that the Just Group is one of only two providers of care plans in the UK. The other is Aviva. The number of market participants declined from three to two in 2016 as a result of the Merger (source: Company analysis).

Flexible Pension Plans ("FPP")

FPP was closed to new business in July 2019. All existing business, which amounts to £128 million in funds under management, has been outsourced to a third-party provider.

HUB

Background

The HUB group offers retirement and distribution solutions to corporate partners, their customers, employees and pension scheme members. HUB earns a separate income stream but also serves as a distribution partner for the Just Group's products. HUB is currently in an investment phase and the costs of HUB are accounted for within the Other segment in the Just Group's segmental reporting analysis, within the items for other Just Group companies' operating results (£7.2 million loss for the six months to 30 June 2019) and development expenditure (£1.4 million loss for the six months to 30 June 2019) in the Just Group's consolidated financial statements. The Other segment also includes the Group's corporate activities. The Issuer believes that HUB is an important part of the strategy of the Just Group. The Issuer expects the growth of HUB to help to grow the Just Group's markets, broaden the Just Group's distribution reach and diversify the Just Group's business away from any single business line or market.

HUB consists of the following four businesses:

(A) HUB FS, which is the most established of the businesses. It provides a range of retirement focussed services to UK businesses. In particular it delivers whole-of-market shopping around services to source retirement income products for the customers, employees or pension scheme members of businesses;

(B) HUB Pension Solutions Limited ("**HUB PS**"), which provides advice solutions to pension trustees;

(C) Corinthian Pension Consulting Limited, which is an appointed representative of HUB FS, which is authorised and regulated by the FCA; and

(D) HUB On-line Development Limited, which designs, creates and operates software solutions for retirement operations.

4.3 South Africa

GIfL

Products offered by the Just Group in South Africa

JRSA began offering individually underwritten GIfL solutions via EBCs and financial intermediaries in August 2015. The Just Group has since introduced an innovative new product to the South African market which provides the customer with the benefit of a guaranteed income for life solution within a drawdown product.

In 2018, the South African operation wrote its first defined benefit bulk annuity transaction.

Total revenues for the Just Group in South Africa grew in the first six months of 2019 but are still not material to the Just Group.

5. Investment policy and management

As of 30 June 2019, the Just Group's investment portfolio had a carrying value of £20.7 billion. The Just Group's investment strategy is designed to: (i) meet its policyholder liabilities as they fall due; (ii) provide an attractive risk adjusted return on the capital provided by its shareholders over time; and (iii) 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 generally held to maturity to capture the full risk premium. Some assets are replaced with more attractive assets where the Issuer believes this is appropriate, for example if the credit circumstances of the issuer change.

The Just Group uses external asset managers including Insight, Robeco, BlackRock and other specialists to manage its fixed income portfolio. Approximately 44 per cent. of the Just Group's total investment portfolio, including all of its LTM assets, was managed in-house as of 30 June 2019.

As of 30 June 2019, the Just Group held an £11.6 billion corporate credit portfolio comprising corporate bonds, gilts, commercial mortgages and infrastructure. Of these assets, 8 per cent. were in publicly rated AAA grade investments and 53 per cent. were invested in publicly rated A grade or higher investments. Only 1 per cent. of the corporate credit portfolio was invested in publicly rated BB or below.

The corporate bonds are predominantly used to match shorter duration liabilities, and the Just Group applies controls for 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 2019, the Just Group's corporate

credit portfolio comprised 521 issuers, with an average holding of £22 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 all other sectors, the Just Group targets a limit for all issuers in the sector of 20 per cent. of the relevant life insurance company's credit assets. The Just Group seeks to hedge its currency risk, with exposures closely monitored and cash flows swapped back to sterling.

Bond investment management is outsourced to reputable specialist asset managers who are subject to detailed due diligence. Oversight is provided by the PLACL Investment Committee and the JRL Investment Committee with regular portfolio review.

Within the Just Group's investment portfolio, loans secured by mortgages accounted for £7.6 billion as of 30 June 2019, which were all LTMs. The Issuer believes that LTMs provide a high-quality source of enhanced investment return and an appropriate match for the Just Group's long-duration liabilities. The average LTV ratio of the LTM book (including rolled up interest) was 34 per cent. as of 30 June 2019.

The following table sets forth the mix of assets in the Just Group's investment portfolio as at 30 June 2019:

Assets	Value (£m)
Corporate bonds – financial	3,522.5
Corporate bonds – non-financial	5,596.9
Government bonds	1,128.3
Lifetime mortgages	7,623.7
Infrastructure loans	895.9
Commercial mortgages	414.6
Liquidity funds	1,015.6
Derivatives and collateral	313.3
Other	209.7
Total	**20,720.5**

6. Loans and borrowings

The Just Group has, and after the issuance of the Notes, will continue to have, a significant amount of outstanding debt. As of 30 June 2019, after giving pro forma effect to the issuance of the Notes and the application of proceeds therefrom, the aggregate amount of the Just Group's outstanding subordinated debt and the Notes would have been £602.7 million.[1] As detailed in footnote (5) to the table below, the Just Group's 2019 Solvency II Tier 1 notes are accounted for as equity.

The following table sets forth the Just Group's loans and borrowings for the periods indicated:

[1] This figure assumes 100 per cent. of the PLACL Notes (as defined below) are repurchased by Just Group pursuant to the Tender Offer (as defined below). The actual amount of the PLACL Notes so repurchased may be less than this. The results of the Tender Offer are expected to be published by Just Group on 3 October 2019.

	As of 30 June		As of 31 December		
	2019	2018	2018	2017	2016
			(*£ in millions; carrying value*)		
Bank borrowings[(1)]	—	—	—	—	—
Subordinated debt	**573.9**	**573.3**	**573.4**	**343.9**	**343.1**
2015 Solvency II Tier 2[(2)]	96.2	95.6	95.9	95.3	94.6
2016 Solvency II Tier 2[(3)]	248.9	248.7	248.8	248.6	248.5
2018 Solvency II Tier 3[(4)]	228.9	229.0	228.7	—	—
Total loans and borrowings[(5)]	**573.9**	**573.3**	**573.4**	**343.9**	**343.1**
	(unaudited)	*(unaudited)*	*(audited)*	*(audited)*	*(audited)*

(1) The 2017 Revolving Credit Facility remains undrawn for corporate purposes, but is tested from time to time.

(2) In March 2015, PAG issued a £100 million Solvency II Tier 2 qualifying instrument at par with a five-year call date, a maturity date of March 2025 and a coupon of 9.5 per cent. Net of issuance fees, the amount received was £99.9 million. PAG was replaced and substituted as principal obligor by Partnership Life Assurance Company Limited with effect from 4 April 2016. The carrying value of the debt at the date of the Merger was £94.1 million, and the difference to the nominal value is being amortised over the period to maturity. The carrying value as of 30 June 2019 was £96.2 million.

(3) On 26 October 2016, the Just Group issued a £250 million Solvency II Tier 2 qualifying instrument at par with a maturity date of October 2026 and a coupon of 9.0 per cent. A subordinated guarantee was provided by JRL. Net of issuance fees, the amount received was £248.8 million, and the difference to the nominal value is being amortised over the period to maturity. The carrying value as of 30 June 2019 was £248.9 million.

(4) On 7 February 2018, the Just Group issued a £230 million Solvency II Tier 3 qualifying instrument at an issue price of 99.883 per cent. with a maturity date of February 2025 and a coupon of 3.500 per cent. Net of issuance fees, the amount received was £229.0 million, and the difference to the nominal value is being amortised over the period to maturity. The carrying value as of 30 June 2019 was £228.9 million.

(5) On 21 March 2019, the Just Group completed the issue of £300 million fixed rate reset perpetual restricted Tier 1 contingent convertible notes, incurring issue costs of £6.2 million net of tax. The notes bear interest on the principal amount up to 26 April 2024 (the "**first call date**") at the rate of 9.375 per cent. per annum and thereafter at a fixed rate of interest reset on the first call date and on each fifth anniversary thereafter. The Tier 1 notes are treated as a separate category within equity and the coupon payments are recognised outside of the profit after tax result and directly in shareholders' equity. The Just Group has the option to cancel the coupon payment in certain circumstances.

7. Equity Placing

The Issuer announced on 14 March 2019 that it had successfully completed the non-pre-emptive cash placing of new ordinary shares (the "**Placing**"). A total of 94,012,782 new ordinary shares having a nominal value of £0.10 each in the capital of the Issuer (the "**Placing Shares**"), representing approximately 9.99% of the Issuer's issued share capital were placed by Barclays Bank PLC and Numis Securities Limited at a price of £0.80 per Placing Share, raising total gross proceeds of approximately £75 million for the Issuer.

The Placing Shares rank *pari passu* in all respects with, and carry the same voting and dividend rights as, all other ordinary shares in the Issuer including the right to receive all dividends and other distributions declared, made or paid on or in respect of such Placing Shares after 18 March 2019, being the date of issue of the Placing Shares.

The Placing 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 on 18 March 2019.

8. Tender Offer

On 25 September 2019, the Issuer announced an invitation to holders of the £100,000,000 9.5 per cent. Fixed Rate Subordinated Notes due 2025 (ISIN: XS1207688919) (the "**PLACL Notes**")

issued by its subsidiary PLACL to tender any or all of such PLACL Notes for purchase by the Issuer for cash (the "**Tender Offer**").

The Issuer intends that proceeds of the issue of the Notes will be used to fund the purchase of PLACL Notes pursuant to the Tender Offer and for general corporate purposes. The offering of the Notes is not conditional on any minimum amount of PLACL Notes being repurchased pursuant to the Tender Offer.

The issue of the Notes and the Tender Offer together are intended to have a small positive net effect on the solvency position of the Just Group. See the section entitled "*Pro forma Solvency II capital coverage ratio*" in "Regulation" below.

9. Risk management

Ultimate responsibility for approving, establishing and embedding the risk management framework and determination of the Just Group's risk appetite rests with Board. The Board recognises the critical importance of having an efficient and effective risk management system and appropriate oversight of its operation, and aims to evolve its risk practice to keep up with emerging developments.

9.1 Organisation

The chief risk officer of the Just Group (the "**Group Chief Risk Officer**") manages the Group Risk, Compliance, Legal and Chief Actuary functions and has responsibility for the implementation and oversight of the risk management framework. The Group Risk function has responsibility for oversight of strategic, financial, operational and regulatory risk. The Compliance function provides oversight of regulatory matters and manages the relationship and interactions with the Just Group's regulators and reports to the Group Chief Risk Officer.

The Group Chief Risk Officer also chairs the Internal Model Governance Forum ("**IMGF**") which governs the partial internal model used by the Just Group. The IMGF is attended by members of the first and second lines of defence (described in paragraph 9.5 below, notably the Director of Actuarial of the Just Group, the Director of Capital Management of the Just Group and the chief actuary of the Just Group (the "**Chief Actuary**")). The IMGF oversees all changes to the internal model, whether minor or major. Results calculated using the internal model are independently validated by the second line, which provides an annual report to the Group Risk and Compliance Committee.

9.2 Risk Operating Model

The Risk Operating Model, together with the Just Group's risk management policy sets out the Just Group's enterprise-wide risk management framework.

The Just Group's risk management policy is the overarching policy that specifies the minimum risk management requirements for the Just Group, including the requirement for subsidiary policies. The Risk Operating Model explains how the Risk Management Policy is implemented in practice.

9.3 Just Group risk policies

The Just Group has established risk policies, specified by the Just Group's risk management policy and including the requirement for subsidiary policies governing operational risk, financial risks and internal model governance. The policies contain the minimum control standards to which each business unit must adhere to and against which they report compliance. The policies define:

(a) the individual risks the policy is intended to manage;

(b) the degree of risk the Just Group is willing to accept;

(c) the minimum controls required in order to manage the risk to an acceptable level; and

(d) the frequency of the controls' operation.

9.4 Risk management framework

The Just Group's risk management framework is intended to align overall business strategy with financial and non-financial risk exposures, capital allocation and sustainable growth. This framework is embedded in all activities within the Just Group.

The Just Group's risk management framework comprises:

(a) risk governance and standards;

(b) risk management processes;

(c) risk reporting and own risk and solvency assessment;

(d) risk management system; and

(e) training and communication.

9.5 Risk governance and standards

Risk Strategy

The Just Group's enterprise-wide risk management strategy is designed to enable all employees to take more effective business decisions through a better understanding of risk and the Just Group's expectations for risk-based returns. In turn, this increases the likelihood of meeting the Just Group's business objectives and improves its financial and operational performance. The Issuer believes that this risk management strategy should give the Just Group a competitive advantage against its peers.

Risk Governance

The risk management framework is underpinned by the operation of a three lines of defence model with clearly defined roles and responsibilities for the Board and the boards of each of the Just Group's subsidiary undertakings, committees of the Board and of the Just Group's subsidiary undertakings, the Group Chief Risk Officer and the Just Group's Executive Committee (the "**GEC**").

The Just Group uses the three lines of defence as a key principle of operation as follows:

(a) line management within the business have primary “first line” responsibility for the day-to-day management of risk;

(b) a second line of defence is provided by the Risk & Compliance functions and the Chief Actuary which provide oversight, support and challenge to the “first line”; and

(c) the third line of defence is provided by the Group Internal Audit function, which has responsibility for providing independent assurance over the risk management and business processes. The internal audit function will report any significant breaches of this three lines of defence policy discovered during their work to the Audit Committee.

Roles and Responsibilities

The Board is responsible for the oversight and challenge of the Just Group’s risk management framework in order to ensure it is suitable, effective and proportionate to the nature, scale and complexity of the risks faced by the Just Group. The Board is also responsible for reviewing and approving the Just Group’s risk policies and the Just Group’s risk appetite statements and tolerances. The Board is also responsible for reviewing the effectiveness, and ongoing appropriateness, of the implementation of the risk management framework, which it exercises through its review and approval of the ORSA (as defined below). The Board is assisted in its responsibility by the Group Risk and Compliance Committee.

Members of the GEC are responsible for providing oversight of the Just Group’s operations to ensure competent and prudent management, adequate systems of internal control and risk management and compliance with legal and regulatory obligations. The Chief Actuary function supports the Chief Actuary and Group Chief Risk Officer in discharging their duties in relation to Solvency II.

The Group Chief Risk Officer manages the Group Risk, Compliance, Chief Actuary and Legal functions and has responsibility for the implementation and oversight of the risk management framework.

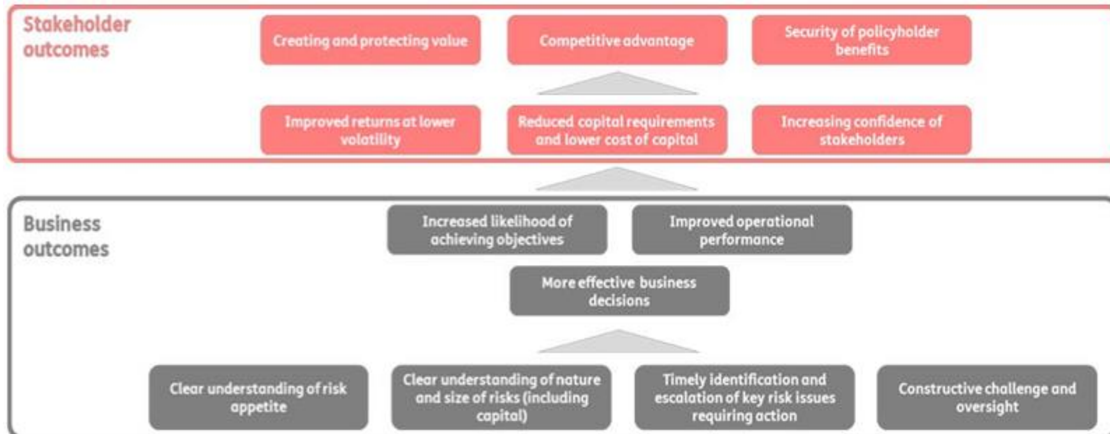
The Group Risk function has responsibility for oversight of financial, operational and regulatory risk. The Compliance function provides oversight of regulatory matters and manages the relationship and interactions with the Just Group's regulators and reports to the Group Chief Risk Officer.

The Chief Actuary function has responsibility for Actuarial Assurance, and supports the Group Chief Risk Officer in their role, as well as providing their own views under their own senior manager’s responsibilities.

Risk Management Objectives

The Just Group's Risk function is tasked with the following high-level risk objectives:

The Issuer expects that achievement of these risk objectives will in turn, lead to value for the business through the following desirable business and stakeholder outcomes:



Risk appetite framework

The Just Group's risk appetite framework is the level of risk the Just Group is willing to accept in pursuit of its strategic objectives. This risk appetite framework embeds the management of risks within the business operation and empowers each business unit to make risk-based decisions within agreed operating ranges.

9.6 Risk management processes

The risk management processes operated by the Just Group are designed to identify, measure, manage and report all potential risks. These processes are integrated into the Just Group’s organisational structure and decision-making processes and are documented in the Just Group's Risk Operating Model. Good integration is assisted by, in particular, the Just Group’s internal control system.

Under the Just Group’s risk management processes, all categories of risk, as set out in the Just Group’s core risk categories, are required to be considered and appropriate processes executed to review and understand them effectively.

The key risk processes operated by the Just Group include:

(a) strategic risk management;

(b) financial & insurance risk management;

(c) operational risk management;

(d) stress testing and scenario analysis;

(e) corporate activity and business change;

(f) risk management effectiveness;

(g) intra-group transactions and concentration risk; and

(h) risk crisis management.

The Just Group undertakes annual and regular stress testing and scenario analysis which assess the capital and liquidity impacts of underwriting, market, credit, liquidity and operational risks. The Just Group maintains a register of contingent management actions that could be applied to restore the Just Group's capital and liquidity positions if necessary.

9.7 Risk reporting and own risk and solvency assessment ("ORSA")

The Just Group defines its ORSA as the entirety of the processes and procedures employed to identify, assess, monitor, manage and report the short and long term risks the Just Group faces or may face in the future and to determine the capital necessary to ensure that the Just Group's overall solvency needs are met at all times.

For the purpose of ORSA, the capital requirements of the Just Group and its insurance subsidiaries, JRL and PLACL, are measured on the basis of Solvency II requirements for determining Solvency II own funds and SCR. Solvency II capital, as a risk based capital measure, is central to the Just Group's risk and capital evaluation and is a key input to business and strategic decisions. As well as being a Solvency II requirement, using the internal model, which reflects the actual risk profile of the Just Group, also plays an important role in the Just Group's risk management system and decision making processes.

Performing its ORSA is an essential part of the Just Group's risk management framework - the ORSA processes and reporting are integrated into the Just Group's organisational structures and decision-making processes.

The purpose of the ORSA is to:

(a) provide the Just Group with a comprehensive picture of the risks it is exposed to or could face in the future;

(b) integrate the Just Group's approach to managing risk and capital;

(c) enable senior management to understand these risks and how they translate into solvency needs;

(d) inform decision-making, particularly in respect of strategy setting and business planning; and

(e) drive management actions, for example, whether to retain or transfer risks, or alternatively put in place mitigation actions to ensure that the Just Group operates within its solvency constraints.

A full Just Group ORSA is conducted on an annual basis and submitted to the PRA pursuant to Solvency II requirements. ORSA updates are prepared on a quarterly basis for review by the Group Risk and Compliance Committee. Other risk management reports are prepared when needed to support emerging business or other needs. The Just Group has a waiver in place from the Prudential Regulation Authority to provide a single Just Group ORSA report at the level of the Just Group.

9.8 Risk management system

The primary functions of the risk management system are:

(a) the collection of qualitative and quantitative risk information to provide consistent and good quality data;

(b) the completion of risk and control self-assessments, supporting a positive risk culture where risks and control effectiveness are regularly considered;

(c) the collection and storage of operational loss data for operational risk analysis and capital modelling;

(d) the provision of a reporting tool able to manipulate data for analysis and reporting of risk information; and

(e) a reduction in manual data capture and manipulation, allowing risk resource to focus on analysis, challenge and targeted risk management activity.

9.9 Training and communication

The Just Group's risk management framework is communicated and trained across the business by various methods, in order to ensure the Just Group achieves its risk management objectives by:

(a) embedding the management of risk into the Just Group's culture;

(b) building and developing risk management expertise and capability; and

(c) helping the business apply risk management practices in everyday activities in line with risk appetite.

10. Operations

10.1 Proprietary IP

Proprietary data

The Just Group has a proprietary database in relation to medical and lifestyle factors used when underwriting GIfL products. The data is used during the medical underwriting process (evaluating an individual's current health, medical and lifestyle information as they relate to life expectancy) to price individually underwritten GIfL policies. Assumptions about future longevity are based on

historic experience information, lifestyle and medical factors relevant to individual customers, and judgements about the future development of longevity improvements.

Since their inception, Just Retirement Group plc and PAG collated underwriting information (the intellectual property used by the Just Group to make its underwriting determinations pre-dates the Merger). As of 31 December 2018, the Just Group held medical and longevity data on over 300,000 GIfL policies which cover almost 450,000 lives. This includes 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 2018, the Just Group's database had in excess of 3.1 million person-years of longevity experience on GIfL business, and the total is growing at the rate of more than 30,000 person-years per month.

The key features of the Just Group's medical and mortality data can be summarised as follows:

(A) 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;

(B) it has been accumulated over a significant length of time. The dataset has been collected for over 21 years which adds to its statistical significance and narrows the range of underwriting estimates;

(C) the dataset contains a large number of rating factors for each individual case. In order to assess life expectancy, the Just Group considers up to 250 rating factors for each life, including medical conditions and medication, as well as taking into account medical reports and general practitioner assessments where required. In contrast, non-medical underwriters typically request basic personal information such as an annuitant's age, address and details of their pension size; and

(D) the medical and lifestyle risk factors of the individuals purchasing the products shorten the duration between policy provision and an annuitant's death, and as a result the Just Group experiences higher levels of mortality compared to an annuity provider who offers a greater proportion of its annuities to those with a healthy life expectancy.

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.

The Issuer believes that the Just Group's proprietary intellectual property provides a significant competitive advantage and underpins its ability to deliver profitable growth, as it allows the Just Group to set customer pricing more appropriately for its selected risks compared to other providers. The Just Group continuously looks to utilise its proprietary intellectual property to develop new products, and to compete more effectively in the retirement income market.

Automated underwriting system

In 2011, the Just Group started development of its own automated underwriting system, PrognoSys™. The first phase of this system allowed the Just 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 Group uses PrognoSys™ to refine its pricing and acceptance criteria. In 2013, the Just Group initiated a second phase of the PrognoSys™ programme, which was completed in the first quarter 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.

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. The Just Group's proprietary intellectual property and the high number of rating factors (up to 250) considered on an individual life typically enables the Just Group 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.

Trademarks

The Just Group has developed and maintains a portfolio of registered trademarks. In addition, the Just Group has its own proprietary trade secrets and expertise, and it is a party to certain licensing arrangements and other agreements authorising it to use trade secrets, know-how and related technology and/or operate within the scope of certain patents owned by other entities. The Just Group has licensed or sub-licensed intellectual property rights to third parties.

Because of the breadth and nature of its intellectual property rights and its business, the Issuer does not believe that any single intellectual property right (other than certain trademarks for which the Issuer intends to maintain the applicable registrations) is material to the Just Group's business.

10.2 Distribution channels

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

The Issuer believes that the Just Group's access to a breadth of distribution channels positions it well to understand changing trustee and consumer behaviour and future market developments. The Issuer believes that this strategy and the Just Group's owned software and solutions capability position the business strongly for the continued evolution of the distribution landscape.

DB de-risking

DB de-risking solutions sales are generally made via EBCs who advise the schemes' trustees on the structuring of the schemes. The Just Group maintains relationships with 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 diversified multi-channel GIfL distribution strategy. Financial intermediaries have been the primary distribution channel for GIfL products. 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 provides professional services to businesses such as insurance companies, banks and building societies and actively seeks to support these businesses in introducing a wider range of products to their customers. It provides financial advice, guidance and information services to the customers of these businesses and members of pension schemes who are not served by financial intermediaries. HUB also has exclusive distribution agreements with various strategic partners including life insurance 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.

10.3 Reinsurance

As part of its overall risk mitigation and capital management strategy, the Just Group purchases reinsurance from a number of reinsurance providers.

The reinsurance is used primarily to manage longevity risk, both to reduce economic exposure and to reduce regulatory capital requirements. The reinsurance arrangements have been entered into taking into account the requirements of the Solvency II capital regime.

On 29 August 2019, the Just Group entered into a transaction with RGA to increase the amount of its longevity reinsurance to 100 per cent. on DB business written between 1 January 2016 and 30 June 2019. This transaction has reduced the amount of capital the Just Group has to hold in relation to back book longevity risk, resulting in a £118 million increase in pro forma Solvency II surplus at an attractive implied cost of capital. A one-off reduction in IFRS profit after tax reported at 31 December 2019 in the region of £8 million is expected to result from the transaction, as well as a £48 million reduction in embedded value (representing the sum of shareholders' net assets and the value of in-force business). Thereafter, the impact to IFRS profit after tax is expected to be less than £1 million per annum. The Just Group is also increasing the longevity reinsurance on future DB new business. From 1 July 2019, the relevant reinsurance treaty has been amended so that 90 per cent. of standard underwritten new business and 75 per cent. of medically underwritten new business is longevity reinsured. This is expected to reduce further the Just Group's new business capital strain and improve its IRR, at a small cost to the IFRS new business profit and future in-force profit.

For GIfL business, the Just Group reinsured 75 per cent. of the longevity risk with SCOR Global Life SE – UK Branch until December 2018. From 1 December 2018, it reinsured 45 per cent. of longevity risk for GIfL business with SCOR Global Life SE – UK Branch and 30 per cent. with GenRe. The Just Group has reinsured 42.5 per cent. of the longevity risk for Care business products with Hannover Re up until 2018. The Just Group no longer reinsures Care business.

The Issuer believes that the Just Group's market-leading intellectual property in medical underwriting enables it to secure reinsurance agreements on attractive terms.

11. Information technology ("IT")

The Just Group has adopted a standardised approach to both hardware and software, using current and fully supported Microsoft-compatible systems wherever possible in order to create a cost-effective IT and service environment.

Bespoke systems have been developed by the Just Group to manage GIfL new business and LTM advances processing in JRL and Just Retirement Solutions Limited ("**JRSL**") and policy administration in JRL. Developed in Microsoft languages, these systems connect with industry standard third-party solutions and some further specialist systems which together underpin the service capabilities of the business. The Just Group's integrated IT system has helped the Just Group to deliver its service proposition, including prompt turnaround times.

In addition, the Just Group's hardware platform is capable of scaling to support substantial increases in the volume of business written by the Just Group for relatively modest incremental cost. The business operates an IT investment programme to maintain hardware and software currency, as a result of which no substantial investment is planned in the near term to maintain current capabilities.

12. Employees

12.1 Number of employees

The number of employees (including temporary workers and fixed term contractors) of the Just Group for the period ending 31 December 2018 is as follows:

Location	**31 December 2018**	**30 June 2018**	**31 December 2017**	**31 December 2016**
UK	1,122	1,092	1,058	1,034
South Africa	42	40	50	11
Total	1,164	1,132	1,108	1,045

12.2 Trade unions

The Just Group does not have a relationship with any trade union.

12.3 Employee pension and retirement programmes

The Just Group operates a defined contribution pension scheme (the "**Just Group Defined Contribution Pension Plan**"). All employees are provided with the opportunity to participate in the Just Group Defined Contribution Pension Plan. The assets of the scheme are held separately from those of the Just Group in funds managed by a third party. Obligations for contributions to the Just Group Defined Contribution Pension Plan are recognised as an expense in profit or loss when due.

The Just Group does not operate any DB pension scheme.

12.4 Employee practice

The Just Group is an equal opportunities employer and it is the Just Group's policy that decisions on recruitment, development, training and promotion and other employment related issues are made solely on the grounds of individual ability, achievement, expertise and conduct. It is the Just Group's policy to operate on a non-discriminatory basis, without regard to race, colour, nationality, culture, ethnic origin, religion, belief, gender, sexual orientation, age, disability or any other reason not related to job performance or prohibited by applicable law.

The Just Group is committed to paying women and men equally for doing equivalent jobs across the Just Group's business. The Just Group is also committed to addressing the gender pay gap and in particular enabling and improving the progression of women into more senior roles, so that there is a more balanced gender profile throughout the organisation.

13. Board of Directors

13.1 Board of Directors of the Issuer

The Board comprises six Non-Executive Directors (including the Chairman) and one Executive Director. Their names and positions are as follows:

Director	Position
Chris Gibson-Smith	Chairman
David Richardson	Group Chief Executive Officer, Interim Group Chief Financial Officer and Managing Director UK Corporate Business
Keith Nicholson	Senior Independent Director
Paul Bishop	Non-Executive Director
Ian Cormack	Non-Executive Director
Steve Melcher	Non-Executive Director
Clare Spottiswoode	Non-Executive Director

The usual business address of all the Directors is the Just Group plc registered address: Vale House, Roebuck Close, Bancroft Road, Reigate, Surrey RH2 7RU.

As at the date of this Offering Memorandum, no Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or is or was significant to the Just Group's business and which was effected by the Just Group or any member of the Just Group during the current or immediately preceding financial year or during an earlier financial year and which remains in any respect outstanding or underperformed.

13.2 Description of Directors

Chris Gibson-Smith (Chairman of the Just Group)

Chris Gibson-Smith was appointed Chairman of the Issuer in April 2016. He previously served as Chairman of PAG from April 2013 until April 2016. Chris brings over 46 years of business experience across a wide range of industries. This includes over 40 years of cumulative FTSE main board experience, 26 of which as Chairman.

Chris currently holds the role of Vice Chairman of UBS Investment Bank, which he has held since July 2016, and was previously Chairman of the London Stock Exchange 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 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 Market Disclosure Committee, a member of the Group Risk and Compliance Committee and Remuneration Committee, and a Director of PLACL and JRL.

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

David was appointed Group Chief Executive Officer of the Issuer on 18 September 2019, Interim Group Chief Executive Officer of the Issuer on 30 April 2019 and Interim Group Chief Financial Officer of the Issuer on 31 October 2018. He was appointed Group Deputy CEO (and Managing Director of UK Corporate Business) in April 2016. He was Group Chief Financial Officer of PAG 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, Chief Executive Officer of JRL and PLACL and an Executive Director of JRML and Partnership Home Loans Limited ("**PHLL**").

Keith Nicholson (Senior Independent Director of the Issuer)

Keith was appointed as Senior Independent Director of the Issuer in April 2016. He was Senior Independent Director of Just Retirement Group plc from October 2013 until April 2016.

Keith is Chairman of Liberty Managing Agency Limited and Liberty Mutual Insurance Europe SE 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 Group Risk and Compliance Committee and a member of the Audit, Nomination and Market Disclosure Committees. He is also Senior Independent Director of JRL and PLACL, and a Director of HUB FS and HUB PS.

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

Paul was appointed as a Non-Executive Director of the Issuer in April 2016. He previously served as a Non-Executive Director for PAG 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). Paul is currently a Non-Executive Director of the National House-Building Council and the Police Mutual Assurance Society, and in March 2019 was appointed as Non-Executive Director of Zurich Assurance Limited.

Paul is Chair of the Audit Committee and a member of the Nomination Committee and the JRL/PLACL Investment Committee. He is also the Chairman of PHLL and JRL and a Director of PLACL and JRML.

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

Ian was appointed as a Non-Executive Director of the Issuer in April 2016. He served as Senior Independent Director for PAG 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 from 2005 to 2009, Aspen Insurance Holdings from 2002 to 2012, Qatar Financial Centre Authority from 2006 to 2012, Bloomsbury Publishing from 2011 to 2015, Xchanging from 2012 to 2016, and previously Chairman of the CHAPS hi-value payment system.

Ian is a former Chairman of the London Stock Exchange 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, the Council of the British Bankers’ Association, and a former member of the Association for Payment Clearing Services. In addition, Ian previously served as Senior Independent Director of Phoenix Group Holdings Limited from 2009 to 2018 and Non-Executive Director of Hastings Group Holdings plc from 2015 to May 2019.

Ian is currently Chairman of Maven Income & Growth VCT 4 and Non-Executive Director of The Royal Bank of Scotland Group plc (including the businesses of National Westminster Bank plc, Ulster Bank Limited, and NatWest Holdings Limited).

Ian is Chair of the Remuneration Committee and a member of the Nomination and Group Risk and Compliance Committee. Ian is also a Director of JRL, PLACL, HUB FS, HUB PS, JRML and PHLL.

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

Steve was appointed as a Non-Executive Director of the Issuer in April 2016. He served as 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 a member of the Audit, Group Risk and Compliance Committee and the Remuneration Committee. He is also Chair of HUB FS, HUB PS, and a Director of JRL, PLACL, JRML and PHLL.

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

Clare was appointed as a Non-Executive Director of the Issuer in April 2016. She served as a Non-Executive Director of PAG 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 Issuer, Clare is a Non-Executive Director of BW Offshore Limited, Ilika plc, British Management Data Foundation, Gas Strategies Group Limited, and Gas Strategies Holdings Limited.

Clare is a member of the Audit Committee, Group Risk and Compliance Committee, and a Director of JRL, PLACL, HUB FS and HUB PS.

13.3 Current directorships

Director	Position	Current directorships and partnerships outside the Just Group
Chris Gibson-Smith	Vice Chairman Non-Executive Director	UBS Investment Bank Knightsbridge Residents Management Company Ltd
David Richardson	-	-

Keith Nicholson	Chairman	Liberty Managing Agency Limited
		Liberty Mutual Insurance Europe SE
	Deputy Chairman	Equitable Life Assurance Society
Paul Bishop	Non-Executive Director	Zurich Assurance Limited
		Police Mutual Assurance Society
		National House-Building Council
Ian Cormack	Chairman	Maven Income and Growth VCT 4 plc
	Non-Executive Director	Royal Bank of Scotland plc
		National Westminster Bank plc
		Ulster Bank Limited
		NatWest Holdings Limited
Steve Melcher	Chairman	Euler Hermes Pension Fund
	Non-Executive Director	Allianz Re Dublin dac
Clare Spottiswoode	Chairperson	Naftogaz Supervisory Board
	Non-Executive Director	BW Offshore Limited
		British Management Data Foundation
		Ilika plc
		Gas Strategies Group Ltd
		Gas Strategies Holdings Ltd

13.4 Corporate governance

Corporate Governance Code

The UK Corporate Governance Code 2018 recommends that at least half the members of the board of directors (excluding the Chairman) of a public limited company incorporated in the UK should be independent in character and judgement and free from relationships or circumstances which are likely to affect, or could appear to affect, their judgement.

Currently, the Board is composed of seven members, consisting of the Chairman, Senior Independent Director, Independent Non-Executive Directors and an Executive Director.

The Board is responsible for the strategy, effective control and management of the Just Group.

The Board is firmly committed to high standards of corporate governance. The Just Group complies with all the provisions of the UK Corporate Governance Code 2018 and for which the Board is accountable to shareholders.

The Board has established Audit, Group Risk and Compliance, Investment, Remuneration and Nomination Committees which operate within defined terms of reference, which are made available on the Just Group's website (www.justgroupplc.co.uk).

Board Committees

Audit Committee

The Audit Committee is comprised of Paul Bishop (Chair), Steve Melcher, Keith Nicholson and Clare Spottiswoode.

The Audit Committee's key role is to provide effective governance and assurance over the Just Group's financial reporting, the performance of the internal audit function, the external auditor, and the management of the Just Group's systems of internal controls and related compliance activities.

The Audit Committee liaises closely with the Group Risk and Compliance Committee through some cross-membership and close cooperation of the Chairmen, which ensures that audit work is focused on higher risk areas and that the results of internal and external audit work can be used to inform the work of the Group Risk and Compliance Committee.

The Audit Committee normally meets not less than four times a year. The Group Company Secretary is secretary to the Audit Committee.

Nomination Committee

The Nomination Committee is comprised of four Independent Non-Executive Directors. The members are Chris Gibson Smith (Chair), Paul Bishop, Ian Cormack and Keith Nicholson.

The role of the Nomination Committee is to keep under review the leadership needs of the Issuer, and regularly review the size and composition of the Board, where appropriate making recommendations for the orderly succession of Executive and Non-Executive Director appointments, and the progressive refreshing of the Board and its committees. In assisting and advising the Board, the Nomination Committee seeks to maintain an appropriate balance of skills, knowledge, independence, experience and diversity on the Board, taking into account the challenges and opportunities facing the Just Group.

The Nomination Committee meets at least twice a year, and the Chief Executive Officer of the Issuer and Group Human Resources Director are normally invited to attend meetings. The Just Group Company Secretary is secretary to the Nomination Committee.

Remuneration Committee

The Remuneration Committee is comprised of three Independent Non-Executive Directors. The members are Ian Cormack (Chair), Chris Gibson-Smith and Steve Melcher.

The Remuneration Committee recommends what policy the Just Group should adopt on executive remuneration and, within the terms of the Directors' Remuneration Policy approved by the shareholders at the Issuer's annual general meeting in May 2018, determines the remuneration benefits, pension rights and compensation payments for all Solvency II staff, the Chairman, the Executive Directors of the Issuer, the Chief Actuary, the Group Company Secretary, the members of the Executive Committee and any other employees of the Just Group for when the Committee determines it will have oversight as agreed by the Board from time to time. The Remuneration Committee will also generate an annual remuneration report to be approved by the members of the Just Group Board at the Issuer's annual general meeting.

The Remuneration Committee normally meets not less than twice a year. The Just Group Company Secretary is secretary to the Remuneration Committee.

Group Risk and Compliance Committee

The Group Risk and Compliance Committee is comprised of five Independent Committee members. The members are Keith Nicholson (Chair), Chris Gibson-Smith, Ian Cormack, Steve Melcher and Clare Spottiswoode.

The Group Risk and Compliance Committee's key roles and responsibilities include the review and recommendation to the Board of the Just Group's overall risk appetite, strategy, monitoring the overall effectiveness of the risk management framework, governance, and compliance activity within the Just Group. In reviewing the Just Group's risk exposures, it ensures that these are adequately mitigated by the risk methodologies and management's actions. The Group Risk and Compliance Committee is also responsible for monitoring the appropriateness of the internal model related to the implementation of the Solvency II regime requirements and for recommending any changes to the model to the Board. In this regard it established a sub-committee to provide a more flexible forum in which to consider emerging developments.

The Group Risk and Compliance Committee normally meets not less than four times a year. The Just Group Company Secretary is secretary to the Group Risk and Compliance Committee.

Other Committees

The Investment Committee of the boards of JRL and PLACL assist the Board in achieving their investment objectives. The Investment Committees are responsible for reviewing and overseeing the implementation of JRL and PLACL's investment policy, including the performance of the investment portfolio, recommending the appointment and assessing the performance of the external investment managers, and the effectiveness of reporting procedures. The Investment Committee normally meets not less than four times a year. Nick Poyntz-Wright, Chairman of JRL and PLACL, was recently appointed as chair of the Investment Committee. Prior to his appointment, the chair was held by Michael Deakin, who sadly passed away in 2019.

The Market Disclosure Committee oversees the disclosure of information by the Issuer to meet its obligations under the Market Abuse Regulation ("**MAR**"), and to ensure that decisions in relation to those obligations can be made quickly. The Committee's role is to determine whether information is inside information, when such information needs to be disclosed and whether any announcements are required. Other responsibilities include reviewing and approving announcements concerning developments in the Just Group's business and monitoring compliance with the Issuer's MAR disclosure controls and procedures. Its members comprise Chris Gibson-Smith (Chair), Keith Nicholson and David Richardson.

The Allotment Committee has responsibility for overseeing the allotment and listing of new ordinary shares in the Issuer in accordance with the Issuer's executive incentive plans and employee share plans. Its members comprise any two Directors, one of whom must be a Non-Executive Director.

The Just Group Company Secretary is secretary to each of the Investment Committee, Market Disclosure Committee and Allotment Committee.

14. Licences, permits, authorisations, concessions and certifications

The Just Group is required to hold a number of licences, permits, authorisations, concessions and certifications in each of the jurisdictions in which it operates. The Issuer believes that the Just Group holds all licences, permits, authorisations, concessions and certifications necessary to operate its business as it is currently conducted. See "*Regulation*" below.

15. Property

The Just Group operates from leasehold premises in Reigate in Surrey, UK and in the City of London. The Just Group is also the owner of freehold premises in Reigate. 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.

The Just Group is not aware of any environmental issues that may affect the Just Group's utilisation of its tangible fixed assets.

16. Environment

The Just Group, as a member of the business community, recognises its corporate responsibilities towards the environment in its various roles as insurer, investor, employer and consumer. It believes in the importance of environmental protection and that best environmental practice makes sound commercial sense and recognises that its business activities have direct and indirect environmental impacts, and endeavours to manage these in a responsible manner. All of the Just Group's premises offer full recycling, and the Just Group is committed to a programme of continuous improvement and reporting of its direct and indirect environmental impact covering such areas as heat and light, recycling, paper usage, colour printing, transport initiatives and reduction of its carbon footprint.

The Just Group remains committed to reducing the environmental impact of its business. The Just Group has reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

The Just Group uses the Greenhouse Gas ("**GHG**") Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from UK Government's GHG Conversion Factors for Company Reporting, expiry 31 July 2018. Alphacello Ltd conduct an annual review of the Just Group's data collations and calculation processes with respect to greenhouse gas emissions and provides verification of the Just Group's greenhouse gas emissions data.

17. Health and safety

The health and safety of the Just Group's employees is a priority and is reviewed at regular intervals. Information on health and safety matters is communicated to staff through the normal communication channels. Under the Just Group's Health and Safety Policy, the Group Chief Executive Officer is accountable for health and safety.

18. Charity and the community

The Just Group has a comprehensive programme of community and charitable activities. The company's corporate charity partner is Contact the Elderly and employees have hosted various

activities to support them, including the ‘Just Walk’ from London to Reigate and organising tea parties for local elderly guests. The company runs a programme called ‘Just Get Active’ to encourage and help older people be more active and get more out of later life by engaging in walking sports, as well as sponsoring the annual ‘Run Reigate’ event. Working alongside Dementia Friends and the Alzheimer’s Society, Just has trained over 200 employees as ‘Dementia Friends’ to improve the support offered to customers in vulnerable situations. The Just Group is committed to diversity and inclusion and co-host an event at Dive-In, the annual festival for diversity and inclusion within the insurance industry. Just also supports a number of other charities by half-matching employees’ fundraising initiatives and donating food to Loveworks to help local families who are experiencing food poverty.

Regulation

1. Background

The Just Group is subject to detailed and comprehensive legislation and regulation in respect of its operations. Regulatory agencies have broad administrative powers over many aspects of the insurance and LTM businesses, including marketing and selling practices, advertising, product development structures, data and records management, systems and controls, capital adequacy and permitted investments.

The Just Group is subject to regulation and supervision by the FCA and PRA in relation to the carrying on of its regulated activities in the UK. The Just Group's regulated activities comprise insurance business, regulated mortgage business and insurance and mortgage intermediation. The Just Group contains five UK authorised firms: JRL, PLACL, JRML, PHLL and HUB FS. The Just Group's regulated entities are subject to capital requirements, with a view to ensuring the protection of policyholders. JRSA holds a licence from South Africa's Financial Services Board to provide retirement income solutions in South Africa.

2. The powers of the FCA and the PRA

JRL and PLACL (the Just Group's principal insurance companies) are dual-regulated, which means that they are authorised and prudentially regulated by the PRA, and regulated by the FCA for conduct of business matters. Companies which carry on insurance and mortgage intermediation activities (such as HUB FS) are authorised and regulated for both prudential and conduct of business purposes by the FCA.

The PRA is part of the Bank of England, with responsibility for promoting the stable and prudent operation of the financial system through the regulation of all deposit-taking institutions, insurers and certain large investment firms. The PRA's general objective is promoting the safety and soundness of PRA-authorised 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-authorised insurers.

The PRA's Business Plan 2019/20, published on 15 April 2019, identifies their priorities. Priorities of particular relevance to the Just Group include:

(A) risk margin;

(B) continuation of asset reviews, especially concerning illiquid assets;

(C) consultation on simplification of the TMTP;

(D) implementation of updated SS3/17 on equity release mortgages;

(E) consultation on the Effective Value Test;

(F) greater scrutiny of internal ratings for illiquid assets;

(G) issue of a supervisory statement on implementation of the Solvency II Prudent Person Principle;

(H) publication of final policy on managing financial risks arising from climate change;

(I) issue of a supervisory statement outlining good practice for insurers to identify, monitor and manage liquidity risks; and

(J) evaluation of the effectiveness of the SMCR (as defined below) and remuneration policies.

The FCA is responsible for regulating conduct in retail and wholesale financial markets (including insurance and LTMs) and the infrastructure that supports those markets. The FCA has three "operational objectives": (i) a consumer protection objective; (ii) an integrity objective; and (iii) 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.

The FCA's Business Plan 2019/20, published on 17 April 2019, identified numerous areas of focus for the FCA across the financial services industry. The business plan outlines four ongoing cross-sector priorities which are of particular relevance to the Just Group:

(A) focus on firms' culture and governance, including extending the SMCR to all firms;

(B) ensuring fair treatment of existing customers, including by monitoring firms' practices regarding information given to prospective and current customers;

(C) developing work on operational resilience; and

(D) combating financial crime and improving anti-money laundering practices by enhancing the use of technology and data, as well as cross-agency and government body engagement.

The plan also sets out three additional cross-sector priorities particularly relevant to the Just Group, which have longer time horizons:

(A) the future of regulation;

(B) ensuring innovation and the use of data benefit consumer interests; and

(C) examining the intergenerational challenge in financial services.

Pensions and retirement income will also form part of the FCA's sector priorities for 2019/20. The FCA intends to focus on the harm presented by inadequate income in retirement by helping consumers make better pensions transfer choices and access better value products.

The standards that the FCA requires firms to maintain are set out in the FCA's handbook of rules and guidance (the "**FCA Handbook**"). The PRA's rulebook of rules and guidance (the "**PRA Rulebook**") sets out the PRA's rules, which focus principally on prudential matters. Firms are also required to comply with certain directly effective EU legislation, and the FCA and the PRA act as enforcers of this EU legislation.

The FCA Handbook comprises a number of sourcebooks which set out the rules which apply to the firms that it regulates and supervises. The PRA Rulebook contains a section applicable only to insurers to which Solvency II applies (see below), and this is divided into a number of parts which cover different topics.

In the wake of the financial crisis, the Financial Services Authority (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.

The FCA and PRA have broad powers under the FSMA including, among others, the authority to grant permissions and, in specific circumstances, to vary or cancel permissions of firms that they authorise. The FCA has power to enforce its rules to ensure that regulated firms treat customers fairly and to investigate marketing, sales, claims and complaint handling practices. The FCA and the PRA also have rules that require firms that they regulate to have adequate risk management and control functions and to maintain appropriate financial resources.

The PRA has powers to impose requirements on an insurance company (such as a requirement not to take on new business) if it is not satisfied that the insurance company has met the applicable regulatory requirements or if the company does not meet the Threshold Conditions (as defined below). Similarly, the FCA has powers to impose requirements on an insurance and mortgage intermediary (which again would include a requirement not to transact any further business) if it is not satisfied that the intermediary has met the applicable regulatory requirements or if the intermediary does not meet the applicable Threshold Conditions.

The FCA may make enquiries or conduct inspections of the firms it regulates to ensure compliance with regulations governing the conduct and operation of their businesses. Issues and disputes may arise from time to time in relation to the way an insurance or LTM product has been constructed, sold or administered, or in the way in which policyholders or customers have been treated, either at an individual firm level or across the insurance industry. In the UK, individual policyholder disputes of this nature are typically resolved by the FOS or by litigation. The FCA may intervene directly, however, where larger groups or matters of public policy are involved. There have been several industry-wide issues in recent years where the FCA's and the PRA's predecessor, the Financial Services Authority, intervened directly, such as in relation to the sale of payment protection insurance.

The FCA and PRA have wide powers to supervise and intervene in the affairs of an insurance company or insurance and mortgage intermediary if, for example, they consider: that it is appropriate in order to protect policyholders or potential policyholders against the risk that the firm may be unable to meet its liabilities as they fall due; that the Threshold Conditions may not be met; that the firm or its parent has failed to comply with obligations under the relevant legislation; that the firm has furnished misleading or inaccurate information; or that there has been a substantial departure from any proposal or forecast submitted to the FCA or PRA.

The FCA and PRA also have the power to take a range of informal and formal disciplinary or enforcement actions in relation to a breach by a firm of the FSMA or the rules in the FCA Handbook or the PRA Rulebook, including private censure, public censure, restitution, fines or sanctions and the award of compensation. The FCA and PRA may also cancel or vary (including by imposing limitations on) a Part 4A Permission (as defined below) of an insurance company or of an insurance and mortgage intermediary, including imposing restrictions on the ongoing

operation of the insurance company or intermediary's business or cancelling the insurance company's permission to write new policies, thereby putting the insurer into run-off.

3. Permission to carry on insurance business

Under section 19 of the FSMA, it is unlawful to carry on regulated activities, including insurance or mortgage intermediation activities or insurance business, in the UK without permission to do so from the FCA or PRA (as applicable) under Part 4A of the FSMA (a "**Part 4A Permission**"). The FCA is the appropriate regulator for insurance and mortgage intermediary Part 4A Permissions, and the PRA is the appropriate regulator for insurance company Part 4A Permissions.

The FCA or PRA (as applicable), in deciding whether to grant a Part 4A Permission, is required to determine whether the applicant satisfies, and will continue to satisfy, minimum conditions under the FSMA (the "**Threshold Conditions**"). Dual-regulated firms, including insurers, must meet both the FCA and PRA Threshold Conditions. As part of this decision, the appropriate regulator will consider whether the applicant has appropriate resources and if the applicant is 'fit and proper' to be authorised. A Part 4A Permission will specify: (a) a description of the activities the firm can carry on, including any limitations to the scope of the permission; (b) the specified investments involved; and (c) if appropriate, any requirements imposed in relation to the Part 4A Permission.

Once authorised, insurance companies and insurance and mortgage intermediaries are required to continue to meet the Threshold Conditions and comply with all applicable FCA and PRA rules, as well as directly effective EU and UK legislation, to the extent applicable. The FCA or the PRA may impose limitations and requirements relating to the operation of an insurance company and the carrying on by it of insurance business through its Part 4A Permissions; the FCA may do the same in relation to the operation of an insurance and mortgage intermediary and the intermediary business carried on by it.

4. Screening of controllers (including shareholders)

Under section 178 of the FSMA, if a person intends to acquire or increase its "control" of an insurance company or acquire "control" of an insurance and mortgage intermediary, it must first notify the appropriate regulator. The appropriate regulator for an insurance company is the PRA, and for an insurance and mortgage intermediary, it is the FCA. Once notified, the appropriate regulator must then decide whether to approve the acquisition or increase of control within 60 working days of receipt of this notice (assuming it has been provided with a complete application), subject to an extension of up to 30 working days in certain circumstances if the appropriate regulator requests further information from an applicant for approval, while it awaits receipt of that information. The FCA or PRA will not approve any new controller or any increase of control without being satisfied that the controller is financially sound and suitable to be a controller of, or acquire increased control of, the insurance company or insurance and mortgage intermediary.

Acquiring control for the purposes of the FSMA includes where a person first holds 10 per cent. or more of the shares or voting power in an insurance company or any of its parent undertakings or 20 per cent. or more of the shares or voting power in an insurance and mortgage intermediary or any of its parent undertakings. A person will be treated as increasing his or her control over an insurance company, and therefore require further approval from the PRA, if the level of his or her shareholding or entitlement to voting power increases to or above certain thresholds. The

thresholds for an insurance company are 10 per cent., 20 per cent., 30 per cent. or 50 per cent. of shares or voting power.

When determining a person's level of control, that person's holding of shares or entitlement to voting power will be aggregated with the holdings or entitlements of any person with whom he or she is "acting in concert".

5. Approved Persons regime and Senior Managers and Certification Regime

Certain important functions in the operation of an insurance business or insurance and mortgage intermediary business (known as "**controlled functions**" or, in the case of insurance companies, in certain cases as "**key functions**" and/or "**PRA senior management functions**") may only be carried out by persons who are approved for such tasks by the FCA or PRA, as appropriate, under the FSMA (known as "**Approved Persons**", and, in the case of insurance companies, also as "**key function holders**" and "**PRA senior management function holders**").

The terms "**controlled functions**" and "**Approved Persons**" are used to include all of the above classifications.

Under the FSMA, the FCA and PRA have powers to regulate two types of individuals: those whose functions have a significant influence on the conduct of an authorised company's affairs and functions and those who deal with customers (or the property of customers).

The "significant influence" controlled functions include governing functions such as being a director or non-executive director of an insurance company or insurance and mortgage intermediary, some finance functions, actuarial functions and significant management functions, such as insurance underwriting.

The FCA or PRA will not grant Approved Person status to an individual unless it is satisfied that the individual has appropriate qualifications and/or experience and is fit and proper to perform those functions. Approved Persons must comply with the FCA and PRA's Fit and Proper Test for Approved Persons and the Statements of Principle and Code of Practice for Approved Persons, as well as with certain provisions of the FCA Handbook and the PRA Rulebook.

With effect from 10 December 2018, the PRA amended its rules on the Senior Insurance Managers Regime ("**SMCR**"). The amendments extend the existing Senior Managers and Certification Regime, which previously applied to banks, to insurance companies, such extension effective from December 2018, with transitional provisions applying up to December 2019.

The SMCR has three main components.

First, the SMCR contains a senior managers regime, which requires individuals performing senior management functions ("**SMFs**") to be pre-approved by regulators before they start their role. The PRA and the FCA both produce lists of SMFs, which (among other functions) include the chief executive function, the chief financial function, the chief risk function and the chief actuary function. Individuals who hold SMFs have a duty in relation to their prescribed responsibilities. The FCA and the PRA can take action against individuals who hold SMFs if there is a regulatory breach within their area of responsibility and they do not take reasonable steps to avoid the breach.

Second, the SMCR contains a certification regime for staff employed in roles that do not entail the performance of SMFs but could nonetheless pose a significant risk of harm to their firm or its customers ("**certification roles**"). A firm is responsible for ensuring that no employee performs certification roles without having been certified as fit and proper by the firm (on recruitment and then on an annual basis). Employees performing certification roles in relation to insurers must be certified by 10 December 2019.

Third, the SMCR contains a conduct regime for senior managers and other employees. There are two tiers of conduct rules, contained in both the PRA Rulebook and the FCA Handbook. Some of these rules apply only to senior managers; some apply to senior managers and non-executive directors; and others apply to senior managers, non-executive directors, and staff in certification roles. From December 2019 the FCA intends to extend the application of some of the conduct rules to the majority of employees within the firm.

The FCA's Senior Management Arrangements, Systems and Controls Sourcebook also contains rules on the apportionment of significant responsibilities among an insurer's directors and other senior managers and, more generally, the systems and controls that insurers are required to have in place. In particular, firms must take reasonable care to establish and maintain effective systems and controls for compliance with applicable regulatory requirements and for countering the risk that they might be used to further financial crime.

6. Prudential requirements

Detailed prudential rules applicable to carrying on insurance business are contained in EU and UK legislation and in rules contained in the PRA Rulebook. Most of these rules are derived from the EU Solvency II Directive, which has been implemented in the UK through a combination of legislation and rules contained in the PRA Rulebook, and a number of directly effective regulations made under the Solvency II Directive, including the Solvency II Regulation.

Prudential rules applicable to carrying on an insurance and mortgage intermediary business are contained in the FCA's Prudential sourcebook for Mortgage and Home Finance Firms, and Insurance Intermediaries ("**MIPRU**"). MIPRU amplifies certain of the Threshold Conditions and the FCA's Principles for Businesses by providing that a firm must meet, on a continuing basis, a basic solvency requirement and a minimum capital resources requirement. MIPRU also requires intermediaries to maintain adequate professional indemnity insurance that meets specified minimum limits of indemnity.

7. Capital requirements

There are numerous prudential rules which have an impact on the regulatory capital position of an insurance company and its group, such as the Just Group. These are as follows:

7.1 The Solvency Capital Requirement

Insurance companies are required to hold regulatory capital sufficient to cover their "Solvency Capital Requirement" or "**SCR**". The Solvency II Regulation sets out a "standard formula" for the calculation of the SCR. Among other rules, the standard formula applies specific capital charges to different types of assets held by the insurer. These capital charges can be very high for some types of assets, with the result that it is economically unviable for an insurer to invest in them.

Insurers can avoid the application of the standard formula by applying to the regulator for approval to use an internal model (or a partial internal model) to calculate its SCR. If approved, the internal model allows the insurer to use its own determinations of the capital charges, based on the data available to it which shows the potential risk created by the relevant assets.

JRL has obtained approval from the PRA to use a full internal model. PLACL uses the standard formula. The Just Group has approval to calculate its group SCR using a partial internal model.

The PRA has the power to impose a capital add-on in circumstances where it concludes that the risk profile of an insurance company deviates significantly from the assumptions underlying the SCR as calculated using the standard formula or an internal model. This would have the effect of increasing the SCR.

Insurance companies that are part of a group of companies are required to ensure that the regulatory capital of the group is sufficient to cover the group SCR. JRL and PLACL are both indirect subsidiaries of the Issuer, so for them the group regulatory capital and group SCR are calculated on a consolidated basis at the level of the Issuer.

For the purposes of satisfying the group SCR, the regulatory capital is not required to be held in any particular entity, as the calculation is done on a consolidated basis. However, in certain circumstances excess capital that cannot be readily distributed from one entity is not permitted to be treated as freely available to the remainder of the group and therefore has to be deducted when calculating the group regulatory capital.

In practice, insurance companies are expected to maintain an SCR coverage ratio and group SCR coverage ratio above 100 per cent. in order to minimise the risk that their regulatory capital will fall below the SCR or group SCR. This expectation can mean that an insurance company or its parent company decides to retain profits that might otherwise have been available to pay a dividend to shareholders.

The regulatory capital position of an insurance company and its group can be affected by numerous different factors, such as movements in asset values and changes in the assumptions about the amounts and timing of future liabilities.

It is possible for management actions to affect the regulatory capital position. Such actions may include retaining profits rather than paying dividends; entering into risk mitigation transactions such as reinsurance agreements or derivative contracts; changing the pricing or amount of business taken on by the insurance company; and changing the investment policy of the insurance company or group so as to invest in less risky assets, with the result that the SCR is reduced.

Management actions such as those described above generally have an effect on future shareholder value. It is therefore a critical function of the management of the insurer, overseen by the board of directors, to determine the extent to which, and when, these actions should be taken in order to meet the objectives of maintaining an appropriate SCR coverage ratio and group SCR coverage ratio while also maintaining and increasing shareholder value.

Insurers whose regulatory capital falls below the SCR, or whose group regulatory capital falls below the group SCR, are required to produce a realistic recovery plan showing how they would recover to a position in excess of the SCR or group SCR (this is known as the ladder of

intervention). They may also be subject to regulatory action taken by the PRA using the powers described in paragraph 2 above.

Solvency II capital coverage ratio

The Solvency II capital coverage ratio of the Just Group is set out in the table below, which includes the Just Group's calculation with respect to own funds (which is reconciled to total equity attributable to members of the Just Group under IFRS):

	As of 30 June		As of 31 December		
	2019	**2018**	**2018**	**2017**	**2016**
	(unaudited)		*(unaudited)*		
Solvency II capital coverage ratio[(1)(2)]	149%	142%	136%	139%	151%

(1) These figures allow for a notional recalculation of TMTP as of 30 June 2018, 31 December 2018 and 30 June 2019.
(2) As the Solvency II capital coverage ratio is an Alternative Performance Measure ("**APM**"), the table below presents a reconciliation of total equity attributable to members of the Just Group (an IFRS measure) to Solvency II excess own funds (which is used to calculate the Solvency II capital coverage ratio).

	As of 30 June		As of 31 December		
	2019	**2018**	**2018**	**2017**	**2016**
	(unaudited)		*(unaudited)*		
			(£ in millions)		
Total equity attributable to members of the Just Group	**2,133**	**1,768**	**1,664**	**1,741**	**1,611**
Goodwill	(34)	(33)	(34)	(33)	(33)
Intangible assets	(127)	(149)	(137)	(161)	(184)
Risk margin	(971)	(833)	(851)	(902)	(951)
TMTP	1,840	1,791	1,738	2,110	1,336
Other valuation differences and impact on deferred tax	(863)	(875)	(793)	(1,009)	(36)
Group adjustments	0	(6)	1	0	(1)
Ineligible items	(6)	29	(6)	(5)	(3)
Subordinated debt	589	579	590	394	361
Own funds	**2,561**	**2,271**	**2,172**	**2,135**	**2,100**
Solvency Capital Requirement	**(1,721)**	**(1,600)**	**(1,595)**	**(1,539)**	**(1,394)**
Solvency II excess own funds	**840**	**671**	**577**	**596**	**706**
Solvency II capital coverage ratio	**149%**	**142%**	**136%**	**139%**	**151%**

As of 30 June 2019, the Just Group's Solvency II capital coverage ratio was estimated to be 149

per cent., an increase of 13 percentage points from 136 per cent. as of 31 December 2018. This increase was primarily due to the £300 million of Tier 1 capital and an equity placing which took place in March 2019. This was partially offset by a fall in UK house prices, decreases in risk-free rates and the capital strain arising from new business sales during the period.

The TMTP was recalculated as at 31 December 2017. The TMTP is fully recalculated every two years and the next recalculation would ordinarily be done at 31 December 2019. The numbers in the table above for 30 June 2018, 31 December 2018 and 30 June 2019 include a notional recalculation of TMTP. The SCR coverage ratio at 30 June 2019, excluding a notional recalculation of TMTP, has been estimated at 145 per cent.

The PRA further consulted on additional proposals (CP7/19). Such consultation closed in July 2019 and the results of such consultation were published in September 2019 (PS19/19). The resulting amendments to SS3/17 will take effect from 31 December 2019, with a two-year phasing-in period applying to certain aspects of their proposals (as detailed above in the section "*Risk Factors – Regulatory Risks – The regulatory capital regime applying to certain members of the Just Group is extensive and subject to change, and a failure to comply with this regime could have a variety of negative regulatory and operational implications for the Just Group*").

As at 30 June 2019, the Just Group's balance sheet complies with the principles in SS3/17 (13 per cent. volatility and 0 per cent. deferment rate).

Pro forma Solvency II capital coverage ratio

A pro forma Solvency II capital coverage ratio for the issuance of the Notes has not been provided as the expected net effect from a Tier 2 issuance of £125 million and the Tender Offer is likely to be limited once the PLACL Notes have been redeemed.

The Just Group's Solvency II capital coverage ratio as at 30 June 2019 is 149 per cent, including a notional recalculation of TMTP. This does not reflect a £118 million increase to the Just Group's solvency surplus from DB longevity reinsurance, partly offset by the £70 million increase in the Just Group's SCR in preparation for adjustments to the treatment of LTMs within the internal model including a notional recalculation of TMTP thereon. Adjusting for these items, the pro forma Solvency II capital coverage ratio is 152 per cent.

In accordance with the announcement made in PS31/18, the PRA launched a further consultation on its expectations in respect of firms' investment in equity release mortgage portfolios in April 2019. CP7/19 aims to address various matters, including the process by which the volatility and deferment rates will be reset and how the Effective Value Test applies in stress scenarios. This consultation closed in July 2019, and the results of the consultation were published in September 2019 (PS19/19), with an implementation date of 31 December 2019, and a two year phasing-in period applying to certain aspects of the proposals (as detailed above in the section "*Risk Factors – Regulatory Risks – The regulatory capital regime applying to certain members of the Just Group is extensive and subject to change, and a failure to comply with this regime could have a variety of negative regulatory and operational implications for the Just Group*").

In capital planning, considering the potential impact of CP7/19, PS19/19 and the requirements of the final form SS3/17, the Just Group has assumed a further increase in SCR of approximately £130 million on existing business will arise, the full amount being effective at year-end 2021. This

estimated impact on SCR is in addition to the cost arising from the phasing-in of the Effective Value Test described below.

Own funds as at 30 June 2019 have been calculated on a basis equivalent to using a 13 per cent. volatility and 0 per cent. deferment rate assumption in relation to the treatment of LTMs within the Effective Value Test. PS31/18 suggests phasing this to 13 per cent. volatility and a one per cent. deferment rate by 31 December 2021, although this remains subject to change, with CP7/19 proposing, and PS19/19 confirming, that rates will be periodically reviewed and published by the PRA (see *Risk Factors – Risks relating to the Just Group's business and industry – The regulatory capital regime applying to certain members of the Just Group is extensive and subject to change, and a failure to comply with this regime could have a variety of negative regulatory and operational implications for the Just Group*). As at 30 June 2019, the sensitivity of the Just Group's own funds (post-tax) to a 0.5 per cent. increase in the implied property volatility is a reduction of c.£15 million; and to a 0.5 per cent. increase in the implied deferment rate is a reduction of c.£79 million. A 0.5 per cent. decrease to the implied property volatility and a 0.5 per cent. decrease in the implied deferment rate would result in an increase in the Just Group's Own Funds (post-tax) of c.£15 million and c.£79 million respectively. The sensitivities quoted allow for an offset from a change in TMTP.

Although the Issuer views the pro forma capital position following issuance of the Notes and completion of the Tender Offer as satisfactory, investors should review the risk factors relating to regulatory risk (See *Risk Factors – Risks relating to the Just Group's business and industry – Regulatory risks* above).

Summary of the Just Group's Solvency II sensitivities

The table below sets out the impact on the Just Group's Solvency II capital position following instantaneous key market risk movements, based on the Just Group's solvency coverage ratio and excess own funds, each as of 30 June 2019:

	As of 30 June 2019[1]	
	Solvency coverage ratio	**Excess own funds**
	(unaudited)	
	%	*(£ millions)*
Solvency coverage ratio/excess own funds	**149**	**840**
-50 basis points fall in interest rates (with TMTP recalculation)[2]	(7)	(56)
+100 basis points in credit spreads	(2)	(28)
+10% in LTM early redemptions	2	6
-10% in property values	(20)	(312)
-5% in mortality[3]	(14)	(222)

(1) Allowing for a notional recalculation of TMTP.
(2) Additional interest rate hedging since 30 June 2019 has reduced the go forward interest rate sensitivity to (£21m), equivalent to a 5 percentage point reduction in solvency coverage ratio.
(3) Mortality sensitivity following the impact of DB reinsurance is (£199m), equivalent to a 14 percentage point reduction in solvency coverage ratio.

Management actions to address a fall in SCR coverage ratio

The group SCR is calibrated so that the likelihood of a loss exceeding the group SCR is less than 0.5 per cent. over one year. This is meant to ensure that capital is sufficient to withstand a broadly ‘1 in 200 year event’ and is calculated in accordance with the Just Group’s Solvency II partial internal model.

If the SCR coverage ratio were to fall materially, there are a number of management actions that could be undertaken. The Just Group’s internal capital risk appetite categories contain different pre-set levels at which these different actions would be considered, prepared and executed, well ahead of the SCR coverage ratio falling to 100 per cent. The management actions include:

(A) changing investment mix;

(B) market risk hedging including NNEG hedging;

(C) solvency hedging;

(D) reinsurance and/or longevity swaps;

(E) reducing new business;

(F) major new expense review;

(G) deferring or reducing dividends;

(H) sale of businesses/portfolios;

(I) raising subordinated debt; and

(J) raising equity.

7.2 The risk margin

Under Solvency II, an insurer must value its insurance liabilities (referred to as "**technical provisions**") as its best estimate of those liabilities plus the risk margin. The risk margin is an estimate of the cost of capital over the life of the in-force business. Because it is determined using risk-free interest rates, it is particularly sensitive to interest rate movements. It exposes insurers with long-term business, including members of the Just Group, to significant balance sheet movements as a result of even small changes in interest rates.

7.3 The Matching Adjustment

Ordinarily the best estimate component of technical provisions must be valued using risk-free interest rates, and so can give rise to the same interest rate volatility as is experienced in the risk margin. Where the risk-free rate is very low (as in current economic circumstances), it also results in a high best estimate valuation. Solvency II allows insurers to apply to the regulator for approval to use the MA to value certain eligible types of liabilities, provided that they hold portfolios of assets whose cash flows match the cash flows on the liabilities. If approval is granted, insurers may determine the best estimate for the relevant liabilities by reference to the yield on the assets,

to the extent that the yield exceeds the "fundamental spread", which is an assessment of the risks retained by the insurer.

Use of the MA results in a lower best estimate valuation, and therefore lower overall technical provisions for the insurer. In addition, it generally results in less balance sheet volatility because the best estimate valuation of the liabilities will move in line with the values of the portfolio of assets held by the insurer, rather than risk-free interest rates.

Both JRL and PLACL have received approval from the PRA to apply the MA in relation to certain types of asset classes.

The MA is an area where regulatory policy is continuing to develop. As described in paragraph 13.2 of this section and in the risk factor entitled "*The regulatory capital regime applying to certain members of the Just Group is extensive and subject to change, and a failure to comply with this regime could have a variety of negative regulatory and operational implications for the Just Group*", the PRA has issued a number of supervisory statements over the last two years in which it has sought to develop and refine its guidance on the use of the MA by UK insurers, and it is planning to launch further consultations in relation to certain aspects of the MA. Depending on the outcome of these consultations (and the content of the proposed supervisory statements, to be issued following conclusion of the consultations), the extent to which JRL and PLACL can continue to rely on and benefit from the MA may be reduced, or they may be subject to more onerous capital requirements in relation to the use of the MA.

7.4 Transitional measures on technical provisions

Solvency II permits insurers to apply to the regulator for approval to apply a deduction to their technical provisions representing the difference between the valuation of technical provisions under the Solvency II regime and the valuation of technical provisions under the pre-Solvency II regime. The provisions permitting the deduction are referred to as the "**TMTP deduction**".

There are a number of important features of the TMTP deduction:

(A) it is calculated only in respect of business in force as at 31 December 2015. This means that insurers cannot benefit from its effect in relation to new business written after Solvency II was implemented (with an exception for new reinsurance of business written before Solvency II was implemented);

(B) it is required to be reduced on a linear basis over 16 years from 2016 to 2032;

(C) it is required to be recalculated every two years, and in circumstances where there has been a significant change in risk profile of the insurer; and

(D) when it is recalculated, both elements of the calculation (i.e. the Solvency II valuation and the pre-Solvency II valuation) must be recalculated. This means that changes to the Solvency II valuation that would also have affected the pre-Solvency II valuation will not be reflected in the TMTP deduction. The PRA has said that changes in best estimate assumptions in the Solvency II valuation must also be reflected in the pre-Solvency II valuation, and therefore cannot affect the TMTP deduction.

Both JRL and PLACL have received approval from the PRA to apply a TMTP deduction.

The PRA may request that a firm carry out a recalculation of the transitional measure at any time if the firm's risk profile has materially changed since the approval was initially granted (or since the last time a recalculation was approved). Solvency II also makes provision for a firm itself to apply for approval to carry out a recalculation in similar circumstances. If a recalculation were to occur, and were to result in a reduction in the TMTP deduction, then the insurers' technical provisions could be increased. This increase would reduce the capital available to cover the SCR.

Even in the absence of adverse recalculations, the automatic reduction of the TMTP deduction on a linear basis over 16 years may make it necessary for JRL and PLACL to retain some of their profits, or otherwise raise capital, to offset the resulting increase in technical provisions. This would be the case if the underlying business does not run off at the same rate as the TMTP deduction is reduced.

The PRA is currently consulting on changes to SS6/16 to simplify the calculation of the TMTP deduction (CP11/19) with a proposed implementation date for these changes of 31 December 2019. This consultation closed on 21 August 2019. There is a risk that the changes proposed in CP11/19 could have an impact on the amount of TMTP deduction JRL and PLACL are permitted to take.

8. Reporting

Insurance companies are required to complete numerous financial reports and regulatory returns. These include:

(A) quarterly regulatory returns which are submitted to the PRA;

(B) an annual own-risk and solvency assessment supervisory report (an "**ORSA**") which is submitted to the PRA; and

(C) a Solvency and Financial Condition Report (an "**SFCR**") which is made publicly available by publication on the insurance company's website.

Insurance companies are also required to provide other information and documents to the PRA on request.

These reporting requirements mean that there is detailed and regular oversight and scrutiny of an insurance company's business by the PRA. In addition, publication of the SFCR enables third parties to review extensive information about an insurance company's regulatory capital position.

Insurance companies also undertake reporting to the FCA. Such reporting includes providing details to the FCA in relation to product sales.

9. Conduct of business requirements

The FCA conduct of business requirements in relation to the distribution and sale of insurance products are contained in the Conduct of Business Sourcebook ("**COBS**"). COBS applies to insurance products with an investment element, such as mortgage endowments, pension policies

and insurance bonds. This sourcebook also implements the EU Insurance Distribution Directive which replaced the EU Insurance Mediation Directive with effect from 1 October 2018.

The FCA's conduct of business requirements with respect to the distribution and sale of mortgages are contained in MCOB, which applies to the Just Group's LTM products.

JRML and Partnership Home Loans Limited are each also members of the Equity Release Council. As a result, they are required to follow the Equity Release Council's code of practice. This code requires, among other things, that all customers must receive professional advice.

10. Consumer complaints and compensation

Insurance companies, along with other authorised firms and certain other unregulated businesses, fall under the compulsory jurisdiction of the FOS. Authorised firms are required to have adequate complaints handling procedures in place but, where these are exhausted and the complaint or dispute has not been resolved, the FOS provides for dispute resolution in respect of certain categories of customer complaints brought by individuals and small business customers.

Rulings of the FOS are binding on firms and, in analysing a complaint, the FOS is not bound to make a strict legal assessment but may instead have regard to more general considerations of fairness. Authorised firms covered by the FOS are required to pay levies and case fees, which provide funding for the FOS.

The Financial Services Compensation Scheme ("**FSCS**") seeks to protect policyholders when a UK authorised firm is unable or is likely to be unable to meet its financial obligations. Most claims made in respect of insurance business will also be protected if the business was carried out from the UK or in another EEA State from a branch of an insurer authorised by the PRA. The FSCS is funded by levies on all of its participating financial services firms. Generally, firms subject to the FSCS make provisions for their share of the levies. Such provisions are often based on estimates of a firm's market participation in the relevant charging periods and the interest they will pay on the facilities provided by HM Treasury to the FSCS in support of its obligations.

In relation to insurance business in particular, there are detailed provisions which govern the amount to be paid on a failure by the firm. With effect from 3 July 2015, this is 100 per cent. of the claim, with no upper limit for long-term insurance business. Upon failure of an insurer, the liquidator or administrator is required to attempt to transfer the insurance business to another insurer as a going concern. If this is achieved, and there is therefore no default in the payment of claims by the insurer, there will be no need for the FSCS to pay compensation to policyholders.

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.

11. Anti-money laundering, anti-terrorism and sanctions laws and regulations

In addition to financial and insurance regulation, the Just Group must comply with anti-money laundering, anti-terrorism and sanctions laws and regulations. The Just Group is committed to

working with international organisations, governments, law enforcement agencies, regulators and its industry peers to identify the threat of money laundering and close off channels in the financial system that money launderers, terrorists and other criminals may use.

Sanctions screening requires the Just Group to ensure that they neither breach legal and/or regulatory requirements nor suffer reputational damage by providing services to, or dealing directly or indirectly with, persons, entities or countries which have been identified by the UK as subject to any form of restriction, including financial sanctions or asset freezing orders.

12. Competition laws

The Just Group is also subject to competition and consumer protection laws enforced by the 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.

13. Regulatory developments

13.1 General

The insurance industry faces a number of regulatory initiatives aimed at addressing lessons learned from the financial crisis and other industry-level issues such as payment protection insurance mis-selling. These initiatives include new prudential rules on capital adequacy frameworks, new conduct rules and new applications for those rules, and other changes as a result of regulatory investigations and actions. In addition, new UK regulatory bodies have been established under the Financial Services Act 2012.

13.2 PRA consultation papers, reviews and other related publications

Over the past three years, the PRA has conducted a number of consultations relating to elements of the Solvency II regime. As a result of these consultations, a number of supervisory statements have been issued or updated. Supervisory statements are not binding regulatory rules. They set out the expectations of the PRA in relation to the way in which regulatory rules are to be interpreted and applied. In practice, therefore, insurers are expected to comply with them.

To date, the consultation papers and supervisory statements issued by the PRA have covered such issues as illiquid assets, the MA and the TMTP deduction.

The following supervisory statements issued by the PRA could require further adjustments by the Just Group in the future:

(A) SS6/16 (May 2016, updated in April 2017 and currently undergoing further consultation in CP11/19);

(B) SS3/17 (July 2017, updated in July 2018, December 2018 and September 2019 (September 2019 changes to be effective from December 2019, subject to certain phasing-in periods);

(C) SS7/18 (July 2018);

(D) SS8/18 (July 2018);

(E) SS17/16 (November 2016, updated in July 2018 and October 2018);

(F) SS3/15 (March 2015, updated in February 2019 and currently undergoing further consultation (consultation paper 13/19 "*Occasional Consultation Paper*" ("**CP13/19**")); and

(G) SS9/15 (March 2015, updated in July 2018 and March 2019 and currently undergoing review (CP16/19)).

SS6/16 describes the expectations of the PRA on all insurers regarding the recalculation of the TMTP deduction. In particular, the update in April 2017 from the original supervisory statement published in May 2016 includes a specific section covering the consistency of pre-Solvency II and Solvency II best estimate assumptions. Consultation on further updates, in particular providing additional guidance on TMTP recalculation methodology, closed on 21 August 2019 (CP11/19). The PRA has indicated in a statement on its website that the PRA has been monitoring market conditions in line with SS6/16, and, if market conditions persist, the PRA would be willing to accept applications from firms to recalculate TMTP as at 30 September 2019.

SS3/17 and the amendments made to it in December 2018 and September 2019 have been described elsewhere in this Offering Memorandum – see in particular, the risk factor entitled "*The regulatory capital regime applying to certain members of the Just Group is extensive and subject to change, and a failure to comply with this regime could have a variety of negative regulatory and operational implications for the Just Group".*

SS7/18 introduced additional guidance in the following areas:

(A) asset eligibility – demonstrating cash flow fixity;

(B) criteria for assessing 'sufficient compensation';

(C) restructuring asset cash flows using special purpose vehicles (SPVs);

(D) trading in the MA portfolio;

(E) consequences of breaches of MA requirements; and

(F) changes to MA portfolio approval.

In SS7/18 there is a greater emphasis on firms being able to demonstrate that their portfolios meet, and continue to meet, eligibility conditions. The risk is that the PRA takes a different view from firms as to whether the eligibility conditions are satisfied and therefore this may constrain firms from investing in certain types of assets which the firms may otherwise have selected.

In SS8/18, the PRA:

(A) published its up-to-date thinking for why a mechanistic approach is inappropriate for modelling the MA in internal models;

(B) clarified its overarching expectations as to how the MA should be captured in the SCR and the extent to which firms' modelling approaches for the MA should be constrained by the approach used in the calculation of Technical Provisions; and

(C) discussed and expanded upon a five-step framework for the modelling of the MA within internal models.

SS8/18 includes proposals on the calculation of the MA and the MA under stress. The PRA has also published a five-step framework in SS8/18 that sets out how the MA could be considered in the context of the SCR calculation. The framework is recommended by the PRA as a good-practice way for firms to demonstrate that their approaches cover all material and quantifiable risks to which they are exposed, and SS8/18 expands upon the steps within the framework in detail. SS8/18 requires not only value stresses which underpin the SCR calculation, but also cash-flow tests of the MA portfolio. In addition SS8/18 requires firms to stress the fundamental spread.

SS17/16 has been updated to reflect updated expectations of firms in respect of internal model change policies and quarterly model change reporting.

SS3/15 clarifies the PRA's expectations of the quality of capital instruments and the PRA is currently consulting on changes to realign certain aspects with the Solvency II regime (CP13/19).

On 17 June 2019 the PRA sent a letter from the Head of Division – Life Insurance and Pensions Risk Division, Insurance Supervision to chief actuaries of UK life insurers. In this letter the PRA shared some observations from the regulatory activities they had carried out over the previous 12 months and signposted the following areas which the PRA intends to focus on over the 12 months from the date of the letter. These areas included (1) matters connected to internal model drift, (2) proxy modelling, (3) the treatment of expenses in Solvency II technical provisions and the SCR and (4) firms' monitoring of MA portfolios. The PRA may issue consultation papers covering these matters and such consultation papers could require further adjustments by the Just Group in the future.

13.3 Recent developments in the UK individual retirement income market

Pensions continue to be an area of focus for the FCA given their economic and social importance, as well as the fundamental changes this market has experienced over recent years.

The 2014 UK Budget introduced unprecedented legislative changes to the individual retirement income market. These changes, which were implemented in April 2015, were intended to increase consumers' choice and freedom in accessing their pension savings and remove some of the constraints that inhibited the development of flexible guaranteed retirement income solutions.

Since the introduction of pension reforms in April 2015, there have been a number of further key developments. In particular, as part of the FCA's Retirement Income Market Study in March 2015, the FCA identified a number of issues relating to consumer decision making which it wanted to address as a result of pension reforms. As part of this, in July 2016, the FCA announced that they

wanted to assess the impact of the pension reforms on competition in the pensions decumulation market and using a Retirement Outcomes Review to look at how firms and consumers have responded to the new freedoms. The key topics explored in the review were shopping around and switching, non-advised consumer journeys, business models and barriers to entry, and the impact of regulation on retirement outcomes.

In June 2018, the FCA published its final report in relation to their Retirement Outcomes Review (MS 16/1.3). This was accompanied by consultation paper 18/17 "*Retirement Outcomes Review: Proposed changes to our rules and guidance*" ("**CP18/17**"). The report and CP18/17 primarily focus on the protection of consumers who do not take advice when considering their retirement income options. The FCA proposed a package of measures in relation to consumer investment choices, consumer attitudes to switching, barriers to shopping around and switching and the level of charges in non-advised drawdown. The deadline for submission of responses to the proposed package of remedies detailed in CP18/17 was 6 September 2018.

Following a second consultation paper 19/5 "*Retirement Outcomes Review: Investment pathways and other proposed changes to our rules and guidance*" ("**CP19/5**"), the FCA published final rules and guidance in policy statement 19/21 "*Retirement Outcomes Review: feedback on CP19/5 and our final rules and guidance*" in July 2019, which provides an enhanced framework for the provision of certain information to pension product customers. The FCA are consulting on guidance regarding fair treatment of vulnerable customers, which sets out various consumer outcomes (guidance consultation 19/3 "*Guidance for firms on the fair treatment of vulnerable customers*"), and on contingent charging and other proposed changes to the pension transfer advice regime (consultation paper 19/25 "*Pension transfer advice: contingent charging and other proposed changes*"), both consultations due to close in October 2019. Feedback statement 19/5 on effective competition in non-workplace pensions was published in July 2019 in response to feedback received during discussion paper 18/1 ("*Effective competition in non-workplace pensions*") by designing a package of remedies to address low levels of competitive pressure. A consultation paper on simplification and disclosure remedies is expected in 2020.

13.4 Ageing population and financial services

In September 2017, the FCA published an occasional paper (Occasional Paper 31), outlining the findings from a project that explored how the UK's ageing population would affect the financial services industry. It was intended to:

(A) help firms identify and understand the specific needs, characteristics and preferences of older consumers;

(B) encourage sustainable change by helping create an environment that delivers good outcomes for older consumers;

(C) challenge financial exclusion;

(D) ensure firms proactively recognise the potential vulnerabilities associated with older consumers and act with appropriate levels of care; and

(E) encourage firms to consider the issues posed by demographic change and take steps to mitigate potential risks of harm.

The FCA set out some ideas that they want firms to consider as part of how they treat customers fairly. These included product and service design, customer support and to continuously review and adapt strategies. These issues are a diverse set of challenges that firms need to address in ways that fit with their business model. The FCA are not proposing rules or guidance as a result of Occasional Paper 31, but may consult on this in the future, if they think that it is needed.

13.5 Financial Advice Market Review

The Financial Advice Market Review ("**FAMR**") was launched jointly by HM Treasury and the FCA in August 2015 to explore ways in which government, industry and regulators could take individual and collective steps to stimulate the development of a market that delivers affordable and accessible financial advice and guidance to everyone, particularly those who do not have significant wealth or income.

In its final report in March 2016, the FAMR set out a series of recommendations intended to tackle the barriers to consumers accessing advice in markets for retail investments, protection and retirement income planning.

The FAMR recommendations included a Treasury consultation on amending the definition of regulated advice in the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) so that it only includes advice involving a "personal recommendation", in line with the definition set out in MiFID II. This was designed to reduce uncertainty for firms providing guidance and took effect from 3 January 2018. The FCA were also asked to consult on new guidance on what constitutes a personal recommendation to give greater confidence to firms offering services that help consumers when making their own investment decisions. During February 2018 the FCA published policy statement 18/3 "*Perimeter guidance on personal recommendations on retail investments*" to provide this additional guidance and amend parts of the FCA Handbook and the FCA's Perimeter Guidance Manual ("**PERG**"). The FCA was also encouraged to setup a dedicated team to help firms developing mass-market automated advice models bring them to market more quickly. This led to the publication of finalised guidance 17/8 which provided the FCA's finalised guidance on streamlined advice and fact finding.

The FCA will be reviewing the advice market as part of their review of FAMR implementation and the next phase of the post-implementation review of the retail distribution review and is expected to publish its findings in early 2020.

13.6 Replacement of the Insurance Mediation Directive

The EU Insurance Mediation Directive was replaced by the Insurance Distribution Directive with effect from 1 October 2018. The replacement did not have a significant impact on UK insurers because the main changes made by the Insurance Distribution Directive had already been adopted by the FCA as part of its rules when the Insurance Mediation Directive was originally implemented.

However, the Insurance Distribution Directive did introduce some new requirements that have been transposed into the FCA rules, and these had an effect on some of the requirements that applied to the way in which insurance products are distributed.

13.7 Data protection

The data protection law currently in effect in the UK is derived from the first data Protection Directive (Directive 95/46/EC). On 25 May 2018, the GDPR replaced the existing regime set out in Directive 95/46/EC on the protection of individuals with regard to the processing of personal data and on the free movement of such data. The regulation contains measures that seek to harmonise data protection procedures and enforcement across the EU, and achieve consistency with the existing system for ensuring privacy online. Many of the new provisions contained in the regulation are expected to have a significant impact on data controllers and processors who are active within the EU, including many who are located outside it but who monitor the behaviour of EU consumers, or offer them goods or services. Importantly, the penalties for breach of the new regime are much more substantial than under previous legislation.

13.8 Proposed Anti-Discrimination Directive (EU)

The Anti-Discrimination Directive (or the Equal Treatment Directive) was proposed by the European Commission in July 2008 to combat discrimination in the provision of goods and services based on religion, belief, disability, age or sexual orientation. The draft Equal Treatment Directive allows service providers to apply different treatment when age or disability is a key factor in relation to financial services.

The most recent progress report (June 2017) states that tangible progress has been made on the outstanding issues but further political discussions are needed before the required unanimity in Council is reached. The European Commission confirmed in June 2017 that the Equal Treatment Directive remains a priority.

Depending on the provisions of the Equal Treatment Directive, it could be a significant matter for the Just Group as one of the significant factors used in its pricing is the age of the customer.

13.9 Recovery and resolution proposals

Following a consultation on an EIOPA discussion paper published in December 2016, EIOPA published on 5 July 2017 an Opinion addressed to the EU institutions in which EIOPA calls for the establishment of a minimum harmonised and comprehensive framework in the area of recovery and resolution of insurers and reinsurers.

On 21 December 2017, the Financial Stability Board published a consultation paper on a methodology for assessing the implementation of the key attributes of effective resolution regimes for firms in the insurance sector. It will now be for the European Commission to decide whether or not to propose legislation.

13.10 The UK's exit from the EU

The regulatory framework that applies to insurers in the UK is derived to a large extent from EU legislation. As a member of the EU, the UK is required to implement the requirements of EU Directives in national law, and EU Regulations and other directly applicable EU law apply in UK domestic law without the need for further implementing measures. The relevant EU legislation has, to the extent that it is not directly applicable in the UK, been implemented in UK domestic law by changes to the FCA Handbook and/or the PRA Rulebook.

Members of the Just Group currently rely on passporting rights arising from EU directives to enable them to service a small number of customers in other jurisdictions. There is uncertainty

about how these customers will be serviced in future – this will depend on what agreement (if any) is put in place between the EU and the UK at the time the UK ceases to be a member of the EU.

It is expected that EU law will cease to apply from the date on which the UK ceases to be a Member State. This means that EU treaties, other EU laws and the principle of supremacy of EU law will no longer apply in the UK. The UK government has stated its intention that most laws and regulations that are derived from EU legislation will initially remain the same at the time when the UK leaves the EU, subject to amendments necessary to address any deficiencies that would otherwise arise. However, the future development of financial services law and regulation thereafter, and in particular how closely it will adhere to EU legislation, is not certain.

The European Union (Withdrawal) Act 2018 (the "**Withdrawal Act**") will repeal the European Communities Act 1972 (as amended) (the "**ECA**") with effect from Exit Day. If the UK Parliament agrees to the Withdrawal Agreement negotiated between the UK and the EU27 (being the EU Member States, excluding the UK), the UK's withdrawal from the EU will be subject to a transitional period ending on 31 December 2020 (subject to extension by agreement with the EU27). In those circumstances, the UK government proposes to pass legislation (the European Union (Withdrawal Agreement) Bill) that would preserve the effect of the ECA until the end of the transitional period.

As such, with effect from Exit Day (if the Withdrawal Agreement is not ratified by the UK Parliament) or from the end of the transitional period (if it is), the Withdrawal Act will:

(A) preserve UK domestic legislation that has implemented non-directly applicable EU law (such as EU directives);

(B) convert directly applicable legislation (such as EU regulations, decisions and certain tertiary legislation) into UK domestic legislation; and

(C) preserve as UK domestic law any EU rights (such as directly effective EU treaty rights) that are not otherwise captured by the provisions referred to in paragraphs (A) or (B) above.

The Withdrawal Act also gives HM Treasury the power to remedy (by subordinate legislation) deficiencies in retained EU law arising from its domestication under the Withdrawal Act. HM Treasury has exercised this power in numerous statutory instruments which are due to come into force on Exit Day. Subordinate legislation made under the Withdrawal Act also gives the PRA, the FCA and the Bank of England (amongst other UK regulators) the power to make instruments (which must be approved by HM Treasury) correcting deficiencies in domesticated EU implementing technical standards and regulatory technical standards. The PRA and the FCA have also made or proposed a number of changes to their rules and guidance to reflect the UK's withdrawal from the EU and the legislative changes referred to above.

The Bank of England, the PRA and the FCA have also issued guidance clarifying their approach to guidance and other non-binding materials issued by the three European Supervisory Authorities ("**ESAs**"), including EIOPA. Under the approach adopted by the UK regulators, these materials will continue to be relevant following Exit Day, unless the relevant regulator had previously informed the relevant ESA that it did not intend to comply with them. As such, UK firms

will be expected to continue to apply such material as they did prior to Exit Day. The UK regulators, for their part, will continue to have regard to this material as appropriate.

If the UK Parliament approves the European Union (Withdrawal Agreement) Bill (and with it, the Withdrawal Agreement), any EU regulations and other directly applicable legislation adopted by the EU after Exit Day but during the transition period would have direct effect in the UK. The UK would also be required to implement any EU directives (and other non-directly applicable EU legislation) adopted during that period. If Parliament does not approve the Withdrawal Agreement, and the UK leaves the EU with no deal, the Financial Services (Implementation of Legislation) Bill would, if passed, give HM Treasury the power to adopt subordinate legislation to give effect to specified EU financial services legislation that, as at Exit Day, has been adopted but does not yet apply, as well as specified legislative proposals that, as at Exit Day, have been published, but not yet adopted, by the European Parliament and the European Commission.

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 25 September 2019 (the "**Subscription Agreement**") the Sole Lead Manager has agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe for the Notes at the issue price of 100.00 per cent. of their principal amount. The Issuer will also pay to the Sole Lead Manager certain commissions. The Sole Lead Manager is 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, US 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.

The Sole Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (i) as part of its 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, US 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, US 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

The Sole Lead 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

The Sole Lead 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, the expression "**retail investor**" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(b) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Hong Kong

The Sole Lead Manager has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act 129 of Japan (Act No. 25 of 1948, as amended; the "**FIEA**") and the Sole Lead Manager has represented and agreed that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

The Sole Lead Manager has acknowledged that this Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Sole Lead Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore), as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the

SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law; or

(4) as specified in Section 276(7) of the SFA.

Notification under Section 309B(1)(c) of the SFA - In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined the classification of the Notes as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

General

No action has been or will be taken by the Issuer or the Sole Lead Manager 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 Sole Lead Manager 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 net proceeds of the Notes will be used for general corporate purposes of the Just Group, which may include, without limitation, the repurchase or refinancing of existing debt, including pursuant to the Tender Offer.

(2) The Notes have been accepted for clearance and settlement through Euroclear and Clearstream, Luxembourg with a Common Code of 205977040 and an ISIN of XS2059770409.

(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 to maturity of the Notes is 8.123 per cent., on a semi-annual basis (assuming solely for this purpose, that no payments of interest or principal are deferred). The yield is calculated as at the Issue Date on the basis of the issue price and the interest rate of 8.125 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 passed on 14 December 2018, and by resolutions of a committee of the Board passed on 19 September 2019 and 24 September 2019, which committee was established pursuant to a resolution of the Board passed on 14 December 2018.

(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 31 December 2018, nor has there been any material adverse change in the prospects of the Issuer since 31 December 2018 (in each case, 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 and Financial Condition 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 IFRS, the consolidated financial statements of Just Group plc for the 12 month period ended 31 December 2018 and the 12 month period ended 31 December 2017. KPMG LLP has no material interest in the Issuer.

(13) The Sole Lead Manager and its 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. The Sole Lead Manager and its 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 Sole Lead Manager and its 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 its own account and for the accounts of its customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. The Sole Lead Manager or certain of its affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, the Sole Lead Manager and its 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 Sole Lead Manager and its 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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