



abrdrn plc

(Incorporated with limited liability in Scotland with registered number SC286832)

£210,000,000

5.250 per cent. Fixed Rate Reset Perpetual Subordinated Contingent Convertible Notes

Issue price: 100 per cent.

The £210,000,000 5.250 per cent. Fixed Rate Reset Perpetual Subordinated Contingent Convertible Notes (the "Notes") are issued by abrdrn plc (the "Issuer") and constituted by a trust deed dated on or about 13 December 2021 (as amended or supplemented from time to time, the "Trust Deed") between the Issuer and the Trustee (as defined in "Terms and Conditions of the Notes" (the "Conditions", and references herein to a numbered "Condition" shall be construed accordingly)).

This Offering Circular does not constitute (i) a prospectus for the purposes of Part VI of the United Kingdom Financial Services and Markets Act 2000 (as amended, the "FSMA"), (ii) a prospectus for the purposes of Regulation (EU) 2017/1129 as amended (the "EU Prospectus Regulation") or (iii) a prospectus for the purposes of the EU Prospectus Regulation as it forms part of the domestic law of the United Kingdom ("UK") by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA") (the "UK Prospectus Regulation").

Application will be made to the London Stock Exchange plc (the "LSE") for the Notes to be admitted to trading on the LSE's International Securities Market (the "ISM").

The ISM is neither (i) a regulated market for the purpose of the Markets in Financial Instruments Directive 2014/65/EU (as amended) ("EU MiFID II") nor (ii) a UK regulated market for the purposes of Regulation (EU) No 600/2014 as it forms part of the domestic law of the UK by virtue of the EUWA ("UK MiFIR"). The ISM is a market designated for professional investors. Notes admitted to trading on the ISM are not admitted to the Official List of the United Kingdom Financial Conduct Authority (the "FCA"). The LSE has not approved or verified the contents of this Offering Circular.

From (and including) 13 December 2021 (the "Issue Date") to (but excluding) 13 June 2027 (the "First Reset Date"), the Notes bear interest at the rate of 5.250 per cent. per annum. From (and including) each Reset Date (as defined herein) to (but excluding) the next following Reset Date, the Notes bear interest at a rate which is the aggregate of 4.709 per cent. per annum and the relevant Reset Reference Rate determined pursuant to Condition 5(e). The interest rate following any Reset Date may be less than the Initial Interest Rate (as defined in the Conditions) and/or the Interest Rate (as defined in the Conditions) that applies immediately prior to such Reset Date. Subject to the conditions set out herein, interest, if any, shall be payable semi-annually in arrear on 13 June and 13 December of each year (each an "Interest Payment Date"). Payments on the Notes shall be made in pounds sterling without deduction for or on account of taxes imposed or levied by the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, except in the circumstances described under "Terms and Conditions of the Notes—Taxation".

The Issuer may at any time elect at its sole discretion to cancel (in whole or in part) any Interest Amount (as defined in the Conditions) otherwise scheduled to be paid on any Interest Payment Date. In certain circumstances, the Issuer will be required to cancel any Interest Amount (or part thereof) otherwise scheduled to be paid on an Interest Payment Date. If the Issuer does not pay an Interest Amount (or part thereof) on the relevant Interest Payment Date, such non-payment shall evidence the cancellation of such Interest Amount (or part thereof). The non-payment or cancellation of any Interest Amount (or part thereof) in accordance with the Conditions shall not constitute a default for any purpose on the part of the Issuer, and interest payments are non-cumulative.

The Notes are perpetual and have no fixed maturity or fixed redemption date. As a result of the fact that the Notes are perpetual notes and that the Issuer may cancel (in whole or in part) any Interest Amount at any time, the Issuer will not be required to make any payment of the principal amount of the Notes at any time prior to its winding-up or administration and Noteholders (as defined herein) may not receive interest on any Interest Payment Date.

Subject to certain conditions set out in "Terms and Conditions of the Notes—Redemption and purchase", the Issuer may redeem all but not some only, of the Notes at their principal amount together with any accrued interest (to the extent that such interest has not been cancelled in accordance with the Conditions) on any day falling in the period commencing on (and including) 13 December 2026 and ending on (and including) the First Reset Date or on any Reset Date thereafter. In addition, and subject to certain conditions set out in "Terms and Conditions of the Notes—Redemption and purchase", the Issuer may redeem all but not some only, of the Notes at any time upon the occurrence of a Tax Event or a Capital Disqualification Event, each as defined herein and as more particularly provided in "Terms and Conditions of the Notes—Redemption and purchase".

Subject to Condition 7(a), if a Conversion Trigger Event (as defined herein) occurs at any time, then a Conversion (as defined herein) will occur on the Conversion Date (as defined herein), at which point all of the Issuer's obligations under the Notes shall be irrevocably and automatically released in consideration of the issue by the Issuer of the Ordinary Shares (as defined herein) to the Conversion Shares Depositary (as defined herein) on the Conversion Date at the then prevailing Conversion Price (as defined herein). Under no circumstances shall such released obligations be reinstated. The Ordinary Shares shall initially be registered in the name of the Conversion Shares Depositary (which shall hold the Ordinary Shares on behalf of the Noteholders). The Issuer may elect, in its sole and absolute discretion, that a Conversion Shares Offer (as defined herein) be made by the Conversion Shares Depositary to all or some of the Issuer's shareholders or other third parties at such time. Each Noteholder shall be entitled to give notice to the Conversion Shares Depositary in writing that it elects to retain its interest in the Conversion Shares (as defined herein) to which it is entitled in respect of some or all of its Notes, such that those Conversion Shares attributable to it in respect of such Note(s) are not eligible for inclusion in the Conversion Shares Offer. The realisable value of any Ordinary Shares received by a Noteholder following a Conversion may be significantly less than the initial Conversion Price of £1.6275, and Noteholders could lose all or part of their investment in the Notes as a result of the Conversion.

The Notes constitute direct, unsecured and subordinated obligations of the Issuer, ranking *pari passu* and without preference amongst themselves, and will, in the event of the winding-up of the Issuer or in the event of an administrator of the Issuer being appointed and giving notice that it intends to declare and distribute a dividend, be subordinated to the claims of all Senior Creditors (as defined herein) of the Issuer.

The Notes are not intended to be offered, sold or otherwise made available and should not be offered, sold or otherwise made available to retail clients in either the UK or the European Economic Area (the "EEA"). In addition to the above, pursuant to the UK FCA Handbook Conduct of Business Sourcebook ("COBS") the Notes are not intended to be offered, sold or otherwise made available and should not be offered, sold or otherwise made available in the UK to retail clients (as defined in COBS 3.4) in the UK. Prospective investors are referred to the section headed "Restrictions on marketing and sales to retail investors" on pages 3 to 4 of this Offering Circular for further information.

The Notes are expected to be rated Baa2 by Moody's Investors Service Ltd. ("**Moody's**") and BBB- by S&P Global Ratings Europe Limited ("**S&P**"). 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.

The Notes will be issued in registered form and represented upon issue by a registered global certificate which will be registered in the name of a nominee for a common depository ("**Common Depository**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking SA ("**Clearstream, Luxembourg**") and together with Euroclear, the "**Clearing Systems**") on or about the Issue Date. Definitive Certificates (as defined in the Trust Deed) will be issued only in limited circumstances – see "*Overview of the Notes while in Global Form*". The denomination of the Notes shall be £200,000 and integral multiples of £1,000 in excess thereof.

An investment in the Notes involves certain risks. Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Offering Circular.

Joint Lead Managers

Barclays

BofA Securities

HSBC

J.P. Morgan Cazenove

IMPORTANT INFORMATION

The Issuer accepts responsibility for the information contained in this Offering Circular. 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 Circular is in accordance with the facts and the Offering Circular makes no omission likely to affect the import of such information.

Any information contained in this Offering Circular 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 the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Offering Circular is to be read in conjunction with all documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*" below) and shall be read and construed on the basis that such documents are incorporated in and form part of this Offering Circular.

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 Circular 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 Joint Lead Managers (as defined in "*Subscription and Sale*" below), the Trustee or any other person. Neither the delivery of this Offering Circular 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 subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Joint Lead Managers, the Trustee, the Principal Paying and Conversion Agent, the Registrar, and the Transfer Agent have not separately verified the information contained in this Offering Circular. None of the Joint Lead Managers, the Trustee, the Principal Paying and Conversion Agent, the Registrar or the Transfer Agent 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 Circular or any other information provided by the Issuer in connection with the offering of the Notes. None of the Joint Lead Managers, the Trustee, the Principal Paying and Conversion Agent, the Registrar or the Transfer Agent accepts any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer in connection with the offering of the Notes or their distribution. Neither this Offering Circular 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 Joint Lead Managers, the Trustee or any other person that any recipient of this Offering Circular 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 Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Joint Lead Managers, the Trustee, the Principal Paying and Conversion Agent, the Registrar or the Transfer Agent undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to their attention.

Neither this Offering Circular 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, any of the Issuer, the Joint Lead Managers, the Trustee or any other person to subscribe for, or purchase, any of the Notes (see "*Subscription and Sale*" below). This Offering Circular 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 Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Trustee, the Joint Lead Managers, the Principal Paying and Conversion Agent, the Registrar, and the Transfer Agent do not represent that this Offering Circular 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, the Joint Lead Managers, the Principal Paying and Conversion Agent, the Registrar, the Transfer Agent or any of them which is intended to permit a public offering of the Notes or the distribution of this Offering Circular 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 Circular 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 Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the U.S. and the United Kingdom. Persons in receipt of this Offering Circular are required by the Issuer, the Trustee and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of Notes and distribution of this Offering Circular, see "*Subscription and Sale*" below.

The Notes and any Ordinary Shares which may be delivered on conversion of the Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the U.S. or to U.S. persons, as defined in Regulation S under the Securities Act.

The Notes are not protected by the Financial Services Compensation Scheme (the "**FSCS**"). The Notes form part of the regulatory capital of the Issuer. The Issuer is required to hold regulatory capital to absorb losses (before depositors and other senior creditors suffer losses), including during periods of financial stress. As a provider of capital to the Issuer, an investor in the Notes should be prepared to suffer losses on its investment if, in particular, the Issuer and/or the financial sector generally approaches or enters into a period of financial stress. Such losses could be manifested in a number of ways, including (without limitation) that the market price of the Notes may fall significantly, a Conversion Trigger Event could occur or the Issuer could enter into an insolvent winding-up, with the result that investors in the Notes could lose all or substantially all of their initial investment in the Notes. Since the Notes are not protected by the FSCS, the FSCS will not pay any compensation to an investor under these, or any other, circumstances. Accordingly, an investor in the Notes may lose some, or the entire amount of, its investment in the Notes.

Restrictions on marketing and sales to retail investors

1. The Notes are complex financial instruments. They are not a suitable or appropriate investment for all investors, especially retail investors. In some jurisdictions (including the United Kingdom), regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Notes. 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).

2.
 - (A) In the UK, COBS requires, in summary, that the Notes should not be offered or sold to retail clients (as defined in COBS 3.4) in the UK.

 - (B) Each of the Joint Lead Managers are each required to comply with COBS.

 - (C) By purchasing, or making or accepting an offer to purchase, any Notes (or a beneficial interest in such Notes) from the Issuer and/or the Joint Lead Managers, each prospective investor represents, warrants, agrees with and undertakes to the Issuer and each of the Joint Lead Managers that:
 - (i) it is not a retail client in the UK;

 - (ii) it will not sell or offer the Notes (or any beneficial interest therein) to retail clients in the UK or communicate (including the distribution of this Offering Circular) 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 in the UK;

 - (iii) it will act as principal in purchasing, making or accepting any offer to purchase any Notes (or any beneficial interest therein) and not as an agent, employee or representative of any of the Joint Lead Managers;

 - (iv) if it is a purchaser in Hong Kong, its business involves the acquisition and disposal, or the holding, of securities (whether as principal or as agent) and it falls within the category of persons described as “professional investors” under the Securities and Futures Ordinance and its relevant rules; and

 - (v) if it is a purchaser in Singapore, it is an “accredited investor” or an “institutional investor” as defined in Section 4A of the SFA and it will not sell or offer the Notes (or any beneficial interest therein) to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of 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.

- (D) In selling or offering the Notes or making or approving communications relating to the Notes a prospective investor may not rely on the limited exemptions set out in COBS.
3. The obligations in paragraph 2 above are in addition to the need to comply at all times with all other applicable laws, regulations and regulatory guidance (whether inside or outside the EEA or the UK) relating to the promotion, offering, distribution and/or sale of the Notes (or any beneficial interests therein), whether or not specifically mentioned in this document, including (without limitation) any requirements under EU MiFID II or the UK FCA Handbook as to determining the appropriateness and/or suitability of an investment in the Notes (or any beneficial interests therein) for investors in any relevant jurisdiction.
4. 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 interests therein) from the Issuer and/or the Joint Lead Managers, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

EU PRIIPs/IMPORTANT – 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 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 EU MiFID II; or
- (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II.

Consequently, no key information document required by Regulation (EU) 1286/2014 (as amended, the “**EU 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 EU PRIIPs Regulation.

UK PRIIPs/IMPORTANT – UK 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 UK (as defined below). For these purposes, a retail investor means a person who is one (or more) of:

- (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

Consequently, no key information document required by Regulation (EU) 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

UK MiFIR product governance / Professional investors and ECPs only target market –

Solely for the purposes of the manufacturers’ product approval processes, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in COBS, and professional clients, as defined in UK MiFIR; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

NOTICE TO CANADIAN INVESTORS

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Circular (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

The offer and sale of the Notes in Canada is being made on a private placement basis only in the Provinces of Alberta, British Columbia and Ontario and is exempt from the requirement that the Issuer prepares and files a prospectus under applicable Canadian securities laws. Any resale of the Notes must be made in accordance with applicable Canadian securities laws, which may vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with Canadian prospectus requirements, a statutory exemption from the prospectus requirements, in a transaction exempt from the prospectus requirements or otherwise under a discretionary exemption from the prospectus requirements granted by the applicable local Canadian securities regulatory authority. These resale restrictions may under certain circumstances apply to resales of the Notes outside of Canada.

Upon receipt of this Offering Circular, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Notes described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur

canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

SINGAPORE: SECTION 309B(1)(C) NOTIFICATION

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 that Notes are 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).

The Notes are complex financial instruments

The Notes are complex financial instruments and such instruments may be purchased by investors as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. Each potential investor in the Notes should determine the suitability of such investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Offering Circular;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the potential investor's currency is not pounds sterling;
- (iv) understand thoroughly the terms of the Notes, such as the provisions governing a Conversion (including, in particular, the circumstances under which a Conversion Trigger Event may occur) and the situations in which interest payments may or shall be cancelled; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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.

In this Offering Circular, unless otherwise specified, all references to "**GBP**", "**pounds**", "**sterling**", "**£**", "**p**" or "**pence**" are to the lawful currency of the United Kingdom.

Forward-Looking Statements

This Offering Circular includes certain "forward-looking statements". Statements that are not historical facts, including statements about the beliefs and expectations of the Issuer, its subsidiaries 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 Group (which term, when used in this Offering Circular, has the meaning given to it in the Conditions) 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 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 Group and the environment in which the Group will operate in the future. These forward-looking statements speak only as at the date of this Offering Circular.

Except as required by 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 Circular 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.

Table of Contents

Documents Incorporated by Reference	10
Overview of the Principal Features of the Notes	12
Risk Factors	23
Terms and Conditions of the Notes	81
Overview of the Notes while in Global Form	151
Use of Proceeds	154
Business Description	155
Description of the Ordinary Shares	166
Taxation	172
Subscription and Sale	175
General Information	180

Documents Incorporated by Reference

This Offering Circular should be read and construed in conjunction with the information set out below:

- the audited annual financial statements of the Issuer and the Group for the financial year ended 31 December 2019, the notes thereto and the audit report thereon, which can be found on pages 114 to 255 of the Group's annual report and accounts for 2019;
- the audited annual financial statements of the Issuer and the Group for the financial year ended 31 December 2020, the notes thereto and the audit report thereon, which can be found on pages 106 to 235 of the Group's annual report and accounts for 2020 (the "**2020 Annual Report**");
- the Issuer's unaudited half year results for the six months ended 30 June 2020, including the auditor's independent review report thereon, which can be found on pages 14 to 43 of the Group's half year results for 2020;
- the Issuer's unaudited half year results for the six months ended 30 June 2021, including the auditor's independent review report thereon, which can be found on pages 20 to 53 of the Group's half year results for 2021 (the "**2021 HY Results**");
- pages 9 to 19 and 24 to 37 of the strategic report contained in the 2020 Annual Report;
- pages 5 to 18 of the management report contained in the 2021 HY Results; and
- appendix I and appendix III (contained at pages 9, 10, 12 and 13) of the announcement published by the Issuer on 2 December 2021 (the "**Acquisition Announcement**") in relation to the proposed acquisition of interactive investor Limited ("**IIL**") by the Issuer (the "**Acquisition**").

The documents referred to above shall be incorporated in, and form part of this Offering Circular, 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 Circular 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 Circular.

The Issuer will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Offering Circular arising between the date of this Offering Circular and the commencement of dealings in the Notes following their admission to trading on the ISM which is capable of affecting the assessment of the Notes, prepare a supplement to this Offering Circular.

Copies of documents incorporated by reference in this Offering Circular can be obtained from the registered office of the Issuer and from the specified offices of the Principal Paying and Conversion Agent for the time being in London. Copies of documents incorporated by reference in this Offering Circular are also available for viewing on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

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

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Offering Circular.

Overview of the Principal Features of the Notes

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

Issue	£210,000,000 5.250 per cent. Fixed Rate Reset Perpetual Subordinated Contingent Convertible Notes.
Issuer	abrtn plc
Joint Lead Managers	Barclays Bank PLC HSBC Bank plc J.P. Morgan Securities plc Merrill Lynch International
Trustee	HSBC Corporate Trustee Company (UK) Limited.
Principal Paying and Conversion Agent	HSBC Bank plc.
Registrar and Transfer Agent	HSBC Bank plc.
Conversion Calculation Agent	Conv-Ex Advisors Limited.
Conversion Shares Depositary	To be determined by the Issuer prior to any Conversion Date.
Issue Price	100 per cent. of the principal amount of the Notes
Issue Date	13 December 2021
Perpetual Securities	The Notes will be perpetual securities and have no fixed maturity or fixed redemption date.
Status and Subordination	The Notes will constitute direct, unsecured and subordinated obligations of the Issuer and will rank <i>pari passu</i> and without any preference among themselves. The rights and claims of the Noteholders against the Issuer are subordinated as described in Condition 4 and the Trust Deed.
Solvency Condition	Other than where Condition 4(b), 4(c) or (in relation to the cash component of any Conversion Shares Offer Consideration) 7(b) applies, all payments in respect of or arising from (including any damages awarded for breach of any obligation under) the Notes are, in addition to the provisions of Condition 6 relating to the

cancellation of interest, conditional upon the Issuer being solvent at the time of payment by the Issuer and no principal interest or other amount shall be due and payable in respect of or arising from the Notes (and any such payments will be deemed to be cancelled) except to the extent that the Issuer could make such payment and still be solvent immediately thereafter (the "**Solvency Condition**").

Interest

The Notes will bear interest on their outstanding principal amount from (and including) the Issue Date to (but excluding) 13 June 2027 (the "**First Reset Date**") at a rate of 5.250 per cent. per annum. From (and including) each Reset Date to (but excluding) the next following Reset Date, the Notes bear interest at a rate which is the aggregate of 4.709 per cent. per annum and the relevant Reset Reference Rate (expressed as a rate per annum), as determined by the Interest Calculation Agent on the date falling two Business Days prior to the relevant Reset Date. Subject to Conditions 4(a), 6 and 7, interest shall be payable semi-annually in arrear on 13 June and 13 December of each year.

Ranking on a Winding-Up

If at any time prior to the date on which a Conversion Trigger Event occurs:

- (i) 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 purposes of a merger, reorganisation, reconstruction or amalgamation of the Issuer or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which merger, reorganisation, reconstruction, amalgamation or substitution (x) have previously been approved in writing by the Trustee or by an Extraordinary Resolution and (y) do not provide that the Notes shall thereby become redeemable or repayable in accordance with the Conditions); or
- (ii) an administrator of the Issuer is appointed and such administrator declares, or gives notice that it intends to declare and distribute, a dividend,

there shall be payable by the Issuer in respect of each Note (in lieu of any other payment by the Issuer), such amount, if any, as would have been payable to the relevant Noteholder if, on the day preceding the commencement of such winding-up or administration and thereafter, such Noteholder were the holder of one of a class of preference shares in the capital of the Issuer ("**Notional Preference Shares**"), ranking *pari passu* on a return of assets in such winding-up or administration with holders of the most senior class of preference shares (if any) for the time being in the capital of the Issuer that has a preferential right to a return of assets on such winding-up or administration and with holders of

any Parity Obligations, and ranking in priority to the holders of all other classes of shares in issue for the time being in the capital of the Issuer but ranking junior to the claims of Senior Creditors, and on the assumption that the amount that such holder was entitled to receive in respect of each Notional Preference Share, on a return of assets in such winding-up or administration, was an amount equal to the principal amount of the relevant Note together with, to the extent not otherwise included within the foregoing, any other amounts attributable to the Note, including any accrued but unpaid interest thereon (to the extent not cancelled in accordance with the Conditions) and any damages awarded for breach of any obligations, whether or not the conditions referred to in Condition 4(a) are satisfied on the date upon which the same would otherwise be due and payable.

If at any time on or after the date on which a Conversion Trigger Event occurs, an event described in (i) or (ii) in the paragraph above occurs, but the relevant Ordinary Shares to be issued and delivered to the Conversion Shares Depositary on Conversion in accordance with Condition 7 have not been so issued and delivered, the obligation of the Issuer to issue and deliver such Ordinary Shares shall be satisfied by payment in respect of each Note (in lieu of any other payment by the Issuer) of such amount, if any, as would have been payable to a Noteholder if, on the day preceding the commencement of the winding-up or administration and thereafter, such Noteholder were the holder of the number of Ordinary Shares to which such Noteholder was entitled in accordance with Condition 7 (ignoring for these purposes the Issuer's right to make an election for a Conversion Shares Offer to be effected in accordance with Condition 7(b)(ii)), whether or not the conditions referred to in Condition 4(a) are satisfied on the date upon which the same would otherwise be due and payable.

No Set-off

Subject to applicable law, no Noteholder may exercise or claim or plead any right of set-off, compensation, retention or to balance accounts on insolvency in respect of any amount owed to it by the Issuer arising under or in connection with the Notes and each Noteholder shall, by virtue of their holding of any Note, be deemed to have waived all such rights of set-off, compensation, retention or to balance accounts on insolvency.

**Discretionary
cancellation of interest**

The Issuer may at any time elect at its sole and absolute discretion to cancel (in whole or in part) the Interest Amount otherwise scheduled to be paid on any Interest Payment Date.

**Mandatory cancellation
of interest**

To the extent required to do so under the then prevailing Relevant Rules, the Issuer will cancel any Interest Amount (or part thereof) otherwise scheduled to be paid on an Interest Payment Date and

such Interest Amount (or part thereof) will not be due to the extent that:

- (i) such Interest Amount (or part thereof), when aggregated together with any interest payments or distributions which have been paid or made or which are required to be paid or made during the then current financial year of the Issuer on all other own funds items of the Issuer (excluding any such interest payments or distributions which are not required to be paid or made out of Distributable Items or which have already been provided for, by way of deduction, in calculating the amount of Distributable Items), exceeds the amount of the Distributable Items of the Issuer as at such Interest Payment Date;
- (ii) the Solvency Condition is not satisfied in respect of such Interest Amount (or part thereof); or
- (iii) the Issuer is ordered to do so by the Relevant Regulator.

Non-payment of interest sufficient evidence of cancellation

If the Issuer does not pay an Interest Amount (or part thereof) on the relevant Interest Payment Date, such non-payment shall evidence the cancellation of such Interest Amount (or relevant part thereof) in accordance with the Conditions, and accordingly such Interest Amount (or relevant part thereof) shall not in any such case be due and payable.

Notice of interest cancellation

The Issuer shall provide notice of any cancellation of an Interest Amount (or part thereof) to the Noteholders, the Trustee and the Principal Paying and Conversion Agent as soon as possible. If practicable, the Issuer shall endeavour to provide such notice at least five Business Days prior to the relevant Interest Payment Date. Any failure to provide such notice shall not affect the cancellation of any Interest Amount (or any part thereof) by the Issuer and shall not constitute a default for any purpose.

Effect of interest cancellation

The non-payment or cancellation of any Interest Amount (or any part thereof) in accordance with the Conditions shall not constitute a default for any purpose on the part of the Issuer. For the avoidance of doubt, interest payments are non-cumulative and Noteholders shall have no right to any cancelled Interest Amount.

Optional Redemption

Subject to obtaining Regulatory Approval, to compliance with the Regulatory Preconditions, to satisfaction of the Solvency Condition and to Condition 8(f), the Notes may be redeemed at the option of the Issuer on any day falling in the period commencing on (and including) 13 December 2026 and ending on (and including) the First Reset Date and on any Reset Date thereafter in whole but not

in part, at an amount equal to their principal amount together with any accrued interest.

Early Redemption at the Option of the Issuer upon the occurrence of a Tax Event or Capital Disqualification Event

Subject to obtaining Regulatory Approval, to compliance with the Regulatory Preconditions, to satisfaction of the Solvency Condition, to Condition 8(f) and to the further conditions set out below, if at any time a Tax Event or a Capital Disqualification Event occurs, the Issuer may, at its option, without any requirement for the consent or approval of the Noteholders, either:

- (A) redeem the Notes in whole, but not in part, at any time at an amount equal to their principal amount, together with any interest, as more fully provided in Condition 8 (Redemption and purchase); or
- (B) substitute at any time all (but not some only) of the Notes for, or vary at any time the terms of the Notes so that they become or remain, Qualifying AT1 Notes.

Notice of Redemption

Any redemption of the Notes shall be subject to the Issuer providing not less than 30 nor more than 60 days' notice to the Noteholders, the Trustee, the Principal Paying Agent and the Registrar (which notice shall, save as provided in Condition 4(a), 8(b) and 8(f) be irrevocable). The Issuer shall not be entitled to deliver a notice of redemption after a Conversion Trigger Notice has been delivered.

Purchases

Subject to Condition 8(b), the Issuer or any of its Subsidiaries for the time being may purchase Notes at any price to the extent that such purchase is not prohibited by the Relevant Rules.

Conversion Trigger Event

A "**Conversion Trigger Event**" shall occur if:

- (A) at any time in the period from (and including) the Issue Date to (but excluding) the IFPR Effective Date, the UK CRR CET1 Ratio is less than 7 per cent; or
- (B) at any time on or after the IFPR Effective Date, the IFPR CET1 Ratio is less than 70 per cent.

Conversion upon a Conversion Trigger Event

If a Conversion Trigger Event occurs at any time, the Issuer's obligations under the Notes shall, subject as provided in Condition 7(a)(vii), be irrevocably and automatically released in consideration of the issue by the Issuer of Ordinary Shares, credited as fully paid, to the Conversion Shares Depository. Under no circumstances shall such released obligations be reinstated. Such Conversion shall occur without delay upon the occurrence of a Conversion Trigger Event.

Whether a Conversion Trigger Event has occurred shall be determined by the Issuer or the Relevant Regulator or an agent duly appointed for such purpose by the Relevant Regulator and such determination shall be binding on the Issuer, the Noteholders and the Trustee.

The Notes will not be convertible into Ordinary Shares at the option of the Noteholders at any time.

Consequences of Conversion

Provided that the Issuer issues and delivers the relevant Ordinary Shares to the Conversion Shares Depository in accordance with the Conditions, with effect from the Conversion Date no Noteholder will have any further rights against the Issuer with respect to the repayment of the principal amount of the Notes or the payment of interest or any other amount on or in respect of such Notes; and, the Issuer's obligations with regard to any repayment of the principal amount of the Notes having been released in consideration of the issue and delivery of the Ordinary Shares upon Conversion, the balance of the principal amount shall accordingly be reduced to zero and shall therefore equal zero at all times thereafter. Any Interest Amount in respect of an Interest Period ending on an Interest Payment Date falling on or after the date of the occurrence of a Conversion Trigger Event (irrespective of whether such Interest Payment Date falls prior to, on or after the Conversion Date) shall be deemed to have been automatically and irrevocably cancelled upon the occurrence of such Conversion Trigger Event and shall not be due and payable, as provided in Condition 7(d).

Following the issuance of the Ordinary Shares to the Conversion Shares Depository (or to the relevant recipient as applicable) on the Conversion Date, the Notes shall remain in existence until the applicable Settlement Date (or, if earlier, the Final Cancellation Date) for the sole purpose of evidencing the Noteholder's right to receive Ordinary Shares or, if the Issuer elects that a Conversion Shares Offer be made as described under "*Conversion Shares Offer*" below, Conversion Shares Offer Consideration, as applicable, from the Conversion Shares Depository.

Conversion Price

The initial Conversion Price per Ordinary Share in respect of the Notes is £1.6275, subject to adjustment in accordance with the anti-dilution adjustments provided in Condition 7(g) (the "**Conversion Price**").

Ordinary Shares

The Ordinary Shares shall initially be registered in the name of the Conversion Shares Depository (which shall hold the Ordinary Shares on trust for the Noteholders).

The number of Ordinary Shares to be issued to the Conversion Shares Depository on the Conversion Date shall be determined

by dividing the aggregate principal amount of the Notes outstanding immediately prior to the occurrence of the Conversion Trigger Event by the Conversion Price prevailing on the Conversion Date rounded down, if necessary, to the nearest whole number of Ordinary Shares. Fractions of Ordinary Shares will not be issued upon a Conversion and no cash payment will be made in lieu thereof.

The number of Ordinary Shares to be held by the Conversion Shares Depository for the benefit of the Noteholders shall be, per GBP 1,000 in principal amount of Notes outstanding on the date immediately prior to the date of the occurrence of the Conversion Trigger Event (subject as provided in Condition 7(m)), the number of Ordinary Shares calculated as above, multiplied by a fraction equal to GBP 1,000 divided by the aggregate principal amount of the Notes outstanding immediately prior to the occurrence of the Conversion Trigger Event.

Conversion Shares Offer Not later than the twenty-fifth Business Day following the Conversion Date, the Issuer shall give notice to the Noteholders in accordance with Condition 18 and to the Trustee, the Principal Paying and Conversion Agent and the Conversion Calculation Agent (a “**Conversion Shares Offer Notice**”) stating whether or not it has elected, in its sole and absolute discretion, that the Conversion Shares Depository (or an agent on its behalf) will make an offer, in the Issuer’s sole and absolute discretion, of all or some of the Eligible Conversion Shares to be delivered on Conversion to, in the Issuer’s sole and absolute discretion, all or some of the Issuer’s Shareholders or other third parties at such time, such offer to be at a cash price per Ordinary Share (the “**Conversion Shares Offer Price**”) being no less than the Conversion Shares Offer Floor Price on the Business Day preceding the date on which the Conversion Shares Offer Notice is given.

For the avoidance of doubt, the Conversion Shares Offer Price may be lower than the prevailing Conversion Price (or, as the cases may be, New Conversion Price).

A Conversion Shares Offer Notice shall specify the Conversion Shares Offer Floor Price and the period of time for which the Conversion Shares Offer will be open (the “**Conversion Shares Offer Period**”). The Conversion Shares Offer Period shall end no later than 40 Business Days after the giving of the Conversion Shares Offer Notice by the Issuer. A Conversion Shares Offer Notice may also specify a final or indicative Conversion Shares Offer Price and/or the basis on which the final Conversion Shares Offer Price will be determined (which, for the avoidance of doubt, may be wholly within the Issuer’s discretion) and/or communicated

to persons who are eligible to participate in the Conversion Shares Offer.

At any point following delivery of a Conversion Shares Offer Notice but prior to the third (3rd) Business Day preceding the final day of the Conversion Shares Offer Period, each Noteholder shall be entitled to give notice to the Conversion Shares Depositary in writing that it elects to retain its interest in the Conversion Shares to which it is entitled in respect of some or all of its Notes, such that those Conversion Shares attributable to it in respect of such Note(s) are not eligible for inclusion in the Conversion Shares Offer (each such notice being an “**Opt-Out Notice**”).

The Issuer also reserves the right, in its sole and absolute discretion, to elect that the Conversion Shares Depositary terminate the Conversion Shares Offer at any time during the Conversion Shares Offer Period. If the Issuer makes such election, it will provide at least three Business Days’ notice to the Noteholders in accordance with Condition 18 and to the Trustee, the Principal Paying and Conversion Agent and the Conversion Calculation Agent.

“**Conversion Shares Offer Floor Price**” means the price per Ordinary Share specified as such in the Conversion Shares Offer Notice. The Conversion Shares Offer Floor Price to be so specified shall be:

- (A) if the Ordinary Shares are then admitted to trading on a Relevant Stock Exchange, the Current Market Price as at the Conversion Date; or
- (B) if the Ordinary Shares are not then admitted to trading on a Relevant Stock Exchange, the Fair Market Value of an Ordinary Share as at the Conversion Date;

“**Eligible Conversion Shares**” means all Conversion Shares in respect of which a valid Opt-Out Notice has not been received prior to the third (3rd) Business Day preceding the final day of the Conversion Shares Offer Period in accordance with Condition 7(c).

Defaults and Enforcement

If default is made for a period of 14 days or more in the payment of any principal due in respect of the Notes or any of them, the Trustee in its discretion may, and if so requested by holders of at least one quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to Condition 12(d)) institute proceedings for the winding-up of the Issuer and/or prove in the winding-up or administration of the Issuer and/or claim in the liquidation of the

Issuer for such payment, but may take no further or other action to enforce, prove or claim for any such payment.

If an order is made by the competent court or resolution passed for the winding-up of the Issuer or an administrator of the Issuer gives notice that it intends to declare and distribute a dividend, the Trustee at its discretion may, and if so requested by holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to Condition 12(d)), give notice to the Issuer (or, as applicable, the administrator or liquidator) that the Notes are immediately due and repayable at their principal amount and any accrued interest, and the claim in respect thereof will be subordinated as provided in Condition 4(b).

Form and Denomination The Notes will be issued in registered form and represented upon issue by a registered global certificate which are registered in the name of a nominee for a common depository for Clearstream Banking SA and Euroclear Bank SA/NV. Save in limited circumstances, definitive Certificates will not be issued in exchange for interests in the registered global certificate.

The Notes will be issued in denominations of £200,000 and integral multiples of £1,000 in excess thereof.

Use of Proceeds The net proceeds of the issue of the Notes will be used for general corporate purposes of the Group, which may include, without limitation, application towards acquisitions undertaken by the Group from time to time.

Admission to Trading The Notes are expected to be admitted to trading on the ISM on or around the Issue Date.

Ratings The Notes are expected to be rated Baa2 by Moody's and BBB- by S&P.

Taxation All payments in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any taxes imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of such taxes is required by law. In that event the Issuer shall pay such additional amounts in respect of interest on the Notes but not, for the avoidance of doubt, in respect of principal, as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, subject to certain exceptions as described in Condition 10 (*Taxation*).

Selling and Transfer Restrictions:

The United States, the United Kingdom, the EEA, Canada, Hong Kong and Singapore (see below).

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act). The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

This Offering Circular may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 would not, if the Issuer was not an authorised person, apply to the Issuer.

For a further description of restrictions on offers, sales and transfers of the Notes and distribution of this Offering Circular, see "*Subscription and Sale*".

UK MiFIR product governance/Professional investors and ECPs/ No PRIIPs or UK PRIIPs KID/ FCA CoCo restriction:

Solely for the purposes of the manufacturers' product approval processes, the manufacturers have concluded that: (i) the target market for the Notes is only eligible counterparties, as defined in COBS, and professional clients as defined in UK MiFIR; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels. No sales to EEA retail investors or UK retail investors. Consequently no key information document required by the EU PRIIPs Regulation or the UK PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA or the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or the UK may be unlawful under the EU PRIIPs Regulation or the UK PRIIPs Regulation.

In addition to the above, pursuant to the UK COBS, the Notes are not intended to be offered, sold or otherwise made available and should not be offered, sold or otherwise made available to retail clients (as defined in COBS 3.4) in the UK.

Risk Factors:

There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes. In addition, there are certain factors which are material for the purpose of assessing the market

risks associated with the Notes and certain factors which are material for the purpose of assessing the market risks associated with the Ordinary Shares, in the event that any are issued. Prospective investors should carefully consider the information set out in “*Risk Factors*” in conjunction with the other information contained in or incorporated by reference in this Offering Circular.

Clearing Systems	Euroclear and Clearstream, Luxembourg
ISIN	XS2420716628
Common Code	242071662
CFI	DBVXPR
FISN	ABRDN PLC/VAREUR NT PERP SUB RESTN
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 shall be construed in accordance with English law, save that the provisions of Condition 4 (and the related provisions of the Trust Deed) relating to the status and subordination of the Notes shall be governed by and construed in accordance with Scots law.

Risk Factors

The Issuer believes that the following factors may affect its 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, the Group or, following Completion, the Enlarged Group and the impact each risk could have on the Issuer, the Group or, following Completion, the Enlarged Group 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 Circular and reach their own views prior to making any investment decision.

Unless the context otherwise requires, capitalised terms used in these risk factors shall have the meanings given to them in the Conditions.

The Notes are complex and high-risk financial instruments and may not be a suitable investment for all investors. Investors should ensure that they understand the risks of investing in the Notes before they make their investment decision. They should make their own independent decision whether to invest in the Notes and decide whether an investment in such Notes is appropriate or proper based upon their own judgement and upon advice from such advisers as they consider necessary.

RISKS RELATING TO THE GROUP

Strategic Risks

Sustained underperformance across a range of funds or by one or more of the Group's or, following Completion, the Enlarged Group's larger funds, or other reputational damage, could adversely affect profitability and growth.

Any sustained period of actual or perceived underperformance across a range of the funds managed by the Group or, following Completion, the Enlarged Group or by one or more of its larger funds, relative to peers, benchmarks or internal targets, could have a material adverse effect on the Group's and, following Completion, the Enlarged Group's business, reputation and brand, sales, financial results, financial condition and growth prospects.

Were the Group and, following Completion, the Enlarged Group to fail to provide satisfactory investment returns across a range of its funds or in respect of one or more of its larger funds, customers and clients of the affected funds (or customers and clients more generally) may decide to reduce their investments or withdraw them altogether and intermediaries, who are the Group's or, following Completion, the Enlarged Group's distributors of products or consultants, may cease to recommend some or all of these products to their clients or consultant ratings may deteriorate.

Due to the Group predominately employing active investment management philosophies, the performance of one or more portfolios may vary materially where an underlying asset class or asset underperforms significantly, in particular where the relative concentration of that particular asset class or asset is comparatively high. The underperformance of particular asset classes or assets could have a disproportionate impact on the overall profitability of the Group and, following Completion, the Enlarged Group. Actual or perceived investment underperformance relative to competitors or relevant benchmarks would also make it more difficult for the Group and, following Completion, the Enlarged Group to attract new clients and could lead to reputational and brand damage or challenges to the fees charged. Any such investment underperformance could, therefore, have a material adverse effect on the Group's and, following Completion, the Enlarged Group's business, reputation and brand, sales, financial results, financial condition and growth prospects.

Difficult conditions in the global capital markets and the global economy generally may materially adversely affect the Group's and, following Completion, the Enlarged Group's business and financial results.

The Group's and, following Completion, the Enlarged Group's results may be materially adversely affected by conditions in global capital markets and the economy generally. In addition to the ongoing impact of the Covid-19 pandemic (in respect of which see '*Risk Factors – The ongoing Covid-19 pandemic has had and is likely to continue to have a direct and indirect adverse impact on the Group's and, following Completion, the Enlarged Group's business*'), a wide variety of factors including concerns over low levels of growth in developed and emerging economies and corporate profits, high levels of sovereign debt, a deterioration in inflation expectations and long-term low or negative interest rates and bond yields have led to ongoing uncertainty in the global economy, which is expected to result in continued volatility in financial markets and market or trading liquidity. Wider geopolitical events, such as the ongoing U.S.-China trade tensions could also lead to major changes in global trade flows. This in turn could have a material impact on the global economy, or cause volatility or decline in capital markets or particular asset classes, which could reduce the demand for or value of investment assets.

Factors such as consumer spending, business investment, government spending, the volatility and strength of both debt and equity markets and inflation all affect the business and economic environment and, ultimately, the volume and profitability of the Group's and, following Completion, the Enlarged Group's business. In an economic downturn characterised by higher unemployment, lower household income, lower corporate earnings, lower business investment and lower consumer spending, the demand for financial products could be adversely affected.

Continued economic uncertainty and volatility may have an adverse effect on the Group and, following Completion, the Enlarged Group, in part because it manages large investment portfolios and is affected by the performance of capital markets and customer and client behaviour which may change as a result of such economic uncertainty. This could lead to a decline in sales or fees related to the value of assets under management or administration ("**AUMA**"), and profit margins could erode. In addition, the Group and, following Completion, the Enlarged Group may experience a decline in the value of assets under management which are exposed to particular economies or sectors should there be a decline or depression in such economies or sectors.

A prolonged economic crisis could result in lower fees or sales figures for the Group and, following Completion, the Enlarged Group in the future. These adverse changes in the economy could

affect earnings negatively and could have a material adverse effect on the Group's and, following Completion, the Enlarged Group's business, financial results and financial condition.

The ongoing Covid-19 pandemic has had and is likely to continue to have a direct and indirect adverse impact on the Group's and, following Completion, the Enlarged Group's business.

The ongoing outbreak of Covid-19 (commonly known as coronavirus) has adversely affected, and is likely to continue to adversely affect, the financial services industry as a whole, and this may continue to impact the Group and, following Completion, the Enlarged Group, both directly and indirectly for an uncertain period of time.

The outbreak of Covid-19 was first reported in China in December 2019 and has subsequently spread globally, with significant and increasing numbers of cases and fatalities being reported in many countries around the world (including significant numbers in Europe). On 11 March 2020, the World Health Organisation declared that the Covid-19 outbreak had become a pandemic. In an attempt to contain the outbreak, governments in many countries (including the United Kingdom government) have sought to contain the virus through imposing stringent travel and other restrictions (including imposing restrictions on leaving home without reasonable cause and on public gatherings and requiring closures of certain businesses, such as non-essential shops and restaurants). Although in recent months these restrictions have been relaxed, there is no certainty that such restrictions will not be reintroduced or similar measures imposed if the number of cases of Covid-19 increases. It is unclear how long it will take to fully contain the outbreak or, if reintroduced, how long any such restrictions or similar measures will remain in place for.

The Group, like many financial services businesses, has been directly adversely affected as a result of the Covid-19 pandemic and the restrictions which have been imposed in an attempt to control the outbreak. The restrictions have led to business and operational disruption, with employees being required to work from home and generally not able to travel, which may make interactions with clients more difficult. The outbreak may also result in increased employee sick-leave, serious illness or fatalities amongst employees (including key personnel). Accordingly, the outbreak and the related restrictions may cause significant business and operational disruption to the Group and, following Completion, the Enlarged Group for an uncertain period.

The Covid-19 outbreak and restrictions put in place by governments to contain it have also had an indirect (but more significant) adverse impact on businesses in the financial services industry generally, including the Group, through the impact on the UK and global economy generally and financial markets in particular. The outbreak has had a significant adverse impact across many sectors in the UK and elsewhere, with businesses experiencing significant operational disruption (including in some cases temporary closure), severely depressed financial performance and increased risk of insolvency. Further, the outbreak has resulted in the contraction of GDP, increased levels of sovereign debt as governments have maintained relief measures to provide financial support designed to mitigate the economic impacts of the outbreak, and increased unemployment with the potential for further deterioration as government relief measures are withdrawn. The outbreak has also led to market interventions by financial regulators, such as the Prudential Regulation Authority in the UK directing banks to suspend dividend payments. The outbreak has also materially adversely impacted investor sentiment and led to sharp declines in securities prices and higher volatility in the global financial markets, with all major indices suffering significant losses. This has materially impacted investment performance across the asset management sector. In particular given the focus of the Group and, following Completion, the

Enlarged Group on investments in equity and bond markets, falling stock prices have had and are expected to continue to have an adverse impact on the Group's and, following Completion, the Enlarged Group's products and revenue. The impact of the outbreak, including the increased levels of sovereign debt required to fund relief measures, may result in long term deterioration in the prospects of the UK and global economy with the potential for continued impacted investment performance across the asset management sectors.

There can be no certainty as to when the Covid-19 pandemic will be under control and restrictions put in place by governments relaxed and/or removed permanently. However, the adverse impact of the outbreak on the economy and financial markets is likely to continue for a period after the outbreak is brought under control and restrictions permanently lifted. Accordingly, the Covid-19 pandemic could result in lower fees or sales figures for the Group and, following Completion, the Enlarged Group in current and future financial years. Therefore, as a result of one or more of the above factors, the Covid-19 outbreak may further directly and indirectly have a material adverse effect on the business, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group. The Covid-19 outbreak and related restrictions may also impact on various other risk factors relevant to the Group and, following Completion, the Enlarged Group, as detailed elsewhere in this section entitled "Risk Factors".

The Group's and, following Completion, the Enlarged Group's businesses are conducted in highly competitive environments with developing demographic trends and customer and client preferences towards savings and investment. Continued profitability is dependent on the ability of the management of the Group and, following Completion, the Enlarged Group to respond to these pressures and trends.

The markets for financial services in which the Group operates and, following Completion, the Enlarged Group will operate in the United Kingdom, Europe, North America and Asia are highly competitive, with several factors affecting the Group's and, following Completion, the Enlarged Group's sales and profitability, including price and yields offered, financial strength and ratings, range of product lines and product quality, brand strength and name recognition, investment management performance, developing demographic trends and customer and client appetites for certain savings and investment products. In some markets, the Group faces competitors that are larger, have greater financial resources or a greater market share. To ensure continued profitability and to be successful in attracting and retaining customers and clients going forward, the Group and, following Completion, the Enlarged Group will need to ensure that its products and services keep pace with emerging customer and client preferences and continue to meet customers' and clients' needs and expectations.

In the asset management sector, growth in passively-run index trackers continues to gain pace, propelled by the U.S. market and the inability of many active strategies consistently to outperform their benchmarks, net of fees. Market access to passive investing, including strategies driven by smart beta, robo-advice, artificial intelligence and machine learning, is cheap and ubiquitous through passive funds and exchange-traded products and therefore poses a risk to the investment styles of the Group and, following Completion, the Enlarged Group which are characterised predominantly by the active management of funds. In recent years, active fund managers have been subject to pressure on the fees charged to customers and clients for fund management as a result of a number of factors including regulatory pressures, the growth of lower cost passive funds and competition. This can be seen by the Group's average fee based revenue decreasing at a compound annual growth rate of 12 per cent. for the 3 years from 2017 to 2020, with adjusted

operating expenses decreasing at a compound annual growth rate of 8 per cent. over the same period.

If the asset classes on which the Group and, following Completion, the Enlarged Group focuses were to become less attractive to investors or if there were to be a further significant shift towards investors investing through passive or index-based investment products rather than investing in the funds managed by the Group and, following Completion, the Enlarged Group, leading to reduced sales of and increased redemptions from the funds managed by the Group and, following Completion, the Enlarged Group, such developments could have a material adverse effect on its business, sales, financial results, financial condition and growth prospects.

In addition to changing trends in the nature of investments, the customer and client base of the Group's business is changing. For example, although historically the Group's clients have consisted predominantly of pension funds, government authorities, insurance companies, private banks and financial advisers, there has been an increase in individuals as clients, who are predominantly intermediated, particularly in relation to wealth management and asset management services. A failure by the Group and, following Completion, the Enlarged Group to tailor its business offerings towards such individuals - who demand immediacy, simplicity, transparency and personalisation - whilst also meeting the needs of other customers and clients, could have a material negative impact on the Group's and, following Completion, the Enlarged Group's success in attracting and retaining customers and clients and remaining competitive. Such developments could have a material adverse effect on the Group and, following Completion, the Enlarged Group's profitability and its growth prospects.

Furthermore, as client bases and preferences evolve, the Group is and, following Completion, the Enlarged Group will be exposed to the risk of large sovereign wealth funds, insurers, banks and larger institutions removing assets from third party managers, taking capabilities in-house, moving funds elsewhere or having to redeem funds (for example, to fund their own expenditure or meet their own payment obligations to their own stakeholders).

The Group's and, following Completion, the Enlarged Group's ability to generate an appropriate return depends significantly upon its capacity to anticipate and respond appropriately to these competitive pressures.

Exposure to global political developments, including the consequences of the United Kingdom's withdrawal from the EU and a potential future second independence referendum in Scotland, could have a material adverse effect on the Group and, following Completion, the Enlarged Group.

Political change has the potential to impact the businesses of the Group and, following Completion, the Enlarged Group through the economic instability it may create, the introduction of new laws or regulations or indirectly by altering investor, customer and client sentiment. Actions taken by the United Kingdom and Scottish governments, and also governments in other markets in which the Group operates and, following Completion, the Enlarged Group will operate, may significantly alter circumstances and change the way business is carried out.

The Group's and, following Completion, the Enlarged Group's international operations expose it to different local political, regulatory, business and financial risks and challenges which may affect the demand for its products and services, the value of its investment portfolio, the credit quality of local counterparties, revenue, profits and the financial condition and capital requirements of the

Group and, following Completion, the Enlarged Group. These risks include, for example, political, social or economic instability in countries in which the Group operates and, following Completion, the Enlarged Group will operate, discriminatory regulation, credit risks of local borrowers and counterparties, lack of local business experience in certain markets and, in certain cases, risks associated with the potential incompatibility with partners, especially in countries in which the Group and, following Completion, the Enlarged Group conducts business through entities it does not control.

Specific global political risks to which the Group is and, following Completion, the Enlarged Group will be exposed include instability within the Euro-zone, the impact of the United Kingdom having left the EU (commonly known as “**Brexit**”) and a potential second future independence referendum in Scotland. These global political events may increase the economic instability in these countries and also increase the likelihood of changes being made to the legal and regulatory framework in which the Group operates and, following Completion, the Enlarged Group will operate, including through the adoption of new laws and regulations. Any changes in UK government policy, legislation or regulatory interpretation may ultimately influence investor decisions in particular markets in which the Group operates and, following Completion, the Enlarged Group will operate, change the structure of those markets and the products offered or increase the costs of doing business in those markets. For example, changes in taxation legislation and policy could affect investor sentiment, making investment generally, and specific types of investment products and solutions in particular, either more or less appealing. In the United Kingdom, following the UK General Election in December 2019, the Conservative Party has a sizeable majority in Parliament, which gives it greater flexibility than has been the case in recent years to introduce legal and regulatory changes.

Brexit has resulted in significant changes to the UK regulatory and international co-operation framework, introducing significant uncertainty to the legal and regulatory environment in which the Group operates and, following Completion, the Enlarged Group will operate. For more information see “*Risk Factors - The Group’s businesses are subject to regulatory risk, including adverse changes in the laws, regulations, policies and interpretations in the markets in which they operate.*” The long-term impact of the UK’s withdrawal from the EU on the broader UK economic environment remains uncertain. The wider impact of Brexit on financial markets through market fragmentation, reduced access to finance and funding, and a lack of access to certain financial market infrastructure, may affect the Group’s and, following Completion, the Enlarged Group’s operations, financial condition and prospects and those of its customers and clients.

Following the United Kingdom’s vote to leave the EU, investors sought to withdraw funds from a number of funds that invest in the United Kingdom property market, including certain of the Group’s real estate funds. There is a risk that the United Kingdom’s departure from the EU, other political developments or developments otherwise affecting market confidence may again affect investor appetite for the assets in which funds managed by the Group invest and may lead to outflows from those funds. This could result in redemptions being suspended (or other mitigating mechanisms), which would in turn adversely affect the Group and, following Completion, the Enlarged Group’s reputation and brand, financial results, financial condition and growth prospects.

Scotland’s First Minister has called for a second referendum on Scottish independence from the rest of the United Kingdom. It is uncertain whether any such referendum will in fact occur, what the outcome would be, and, if a referendum occurred and Scotland voted to leave the United Kingdom, what Scotland’s future relationship with the rest of the United Kingdom and the EU

would be. It is possible that legal and regulatory changes may result from any second independence referendum in Scotland. The consequences of a potential future referendum on the Group's and, following Completion, the Enlarged Group's business are therefore uncertain.

The Group has investors from a range of jurisdictions and invests in a range of markets. Accordingly, the Group and, following Completion, the Enlarged Group may also be affected by wider geopolitical events, including any instability in the Eurozone or the U.S., rising oil and energy prices, strained relations with North Korea and Russia, trade disputes including in particular the ongoing trade war between the United States and China, tensions and conflict in the Middle East generally, as well as widespread increases in global tariffs. There may also be political consequences and upheaval in some countries following the Covid-19 outbreak and the imposition by governments of strict restrictions on individuals in order to contain the outbreak (see "*Risk Factors – The ongoing Covid-19 pandemic has had and is likely to continue to have a direct and indirect adverse impact on the Group's business*").

The impact of the current difficult political environment is uncertain, particularly in view of the long-term impacts of the United Kingdom's exit from the EU and a potential future independence referendum in Scotland. However, it is possible that the effects will include further financial instability, slower economic growth and currency fluctuations and could include higher unemployment and inflation in the United Kingdom, continental Europe and the global economy, at least in the short to medium term. It could also create constraints on the ability of the Group and, following Completion, the Enlarged Group to operate efficiently in the future political environment. All or any combination of the foregoing could have a material adverse effect on the Group's and, following Completion, the Enlarged Group's business, financial condition and financial results.

Damage to the Group's and, following Completion, the Enlarged Group's reputation may adversely impact the Group and, following Completion, the Enlarged Group's business and prospects.

Maintaining a positive reputation is critical to attracting and retaining customers, clients and employees and conducting business transactions with counterparties. Furthermore, the Group operates and, following Completion, the Enlarged Group will operate in an industry where integrity, trust and confidence are paramount. Damage to the reputation of the Group and, following Completion, the Enlarged Group or any of its affiliates could therefore cause significant harm to the Group's and, following Completion, the Enlarged Group's business and prospects. The Group is and, following Completion, the Enlarged Group will be exposed to the risk that litigation, employee misconduct, operational failures, the outcome of regulatory investigations, press speculation and negative publicity, disclosure of confidential client information, and inadequate services, among other factors, whether or not well founded, could impact its brands or reputation, financial results, financial condition and growth prospects. It is also possible that if any of these events impact the Group's and, following Completion, the Enlarged Group's peers or other UK financial services providers, this could have a similar knock-on effect to the Group and, following Completion, the Enlarged Group. In particular, the Group is and, following Completion, the Enlarged Group will be exposed to the risk that its reputation could be adversely affected as a result of poor conduct by, or regulatory investigations being carried out in respect of, other asset managers.

The Group's and, following Completion, the Enlarged Group's customers or clients may withdraw assets under management at short notice.

The Group's revenues are predominantly derived from management fees, the quantum of which is based on the value of assets under management. A high proportion of the funds managed by the Group or client contracts permit investors or clients to reduce the aggregate amount of their investment with no, or only short periods of, notice, or to withdraw altogether from such funds or contracts. If interest rates are rising and/or stock markets are declining and/or the Group's and, following Completion, the Enlarged Group's investment performance underperforms, the pace of fund redemptions could accelerate. Redemptions of investments in funds may also be requested more quickly than assets can be sold to meet such redemptions, especially in funds where the underlying assets are less liquid. This could result in redemptions being suspended (or other mitigating mechanisms), which would in turn adversely affect the Group's and, following Completion, the Enlarged Group's reputation and brand, financial results, financial condition and growth prospects.

Material withdrawals of assets under management due to termination of one or more large investment mandates or the termination of many smaller investment mandates (in respect of which withdrawals can generally be effected on short notice) would have a material and potentially immediate impact on management fees and therefore revenues and, depending on the extent of such withdrawals, could have a material adverse effect on the Group's and, following Completion, the Enlarged Group's business, financial results, financial condition and growth prospects.

The Group is and, following Completion, the Enlarged Group will be rated by several rating agencies, and a decline in any of these ratings could affect the entities' standing among brokers, consultants, customers and clients and cause sales and earnings to decrease.

Rating agencies assign ratings based upon several factors. While most of the factors relate to the rated company, some of the factors relate to general economic conditions and circumstances outside the rated company's control. The Group and, following Completion, the Enlarged Group cannot predict what actions rating agencies may take, or what actions may be taken in response to the actions of rating agencies, which could adversely affect the Group's and, following Completion, the Enlarged Group's business. As with other companies in the financial services industry, the ratings could be downgraded at any time and potentially without any notice by any rating agency. A downgrade may adversely affect the ability to market products and retain existing customers and clients, which may negatively impact new sales and adversely affect the ability to compete and, thereby, have an adverse effect on the Group's and, following Completion, the Enlarged Group's business, financial results and financial condition. In addition, the interest rates paid on borrowings and the financial flexibility of the Group and, following Completion, the Enlarged Group may be affected by its credit ratings.

The Group operates and, following Completion, the Enlarged Group will operate in part through joint ventures, associates and other arrangements with third parties in a number of markets. These arrangements involve certain risks that the Group and, following Completion, the Enlarged Group does not face with respect to its consolidated subsidiaries.

The Group has certain proprietary investments in businesses around the world, notably in India, China and the United Kingdom. In particular, as at 31 October 2021, the Group has notable equity

holdings through a 16.22 per cent. shareholding (with an approximate value of £1.00 billion¹) in HDFC Asset Management Company Limited (“**HDFC Asset Management**”), a 3.89 per cent. shareholding (with an approximate value of £0.57 billion²) in HDFC Life Insurance Company Limited (“**HDFC Life**”), a 50 per cent. shareholding in Heng An Standard Life Insurance Company Limited (“**HASL**”) and a 14.42 per cent. shareholding (with an approximate value of £0.93 billion³) in Phoenix Group Holdings plc (“**Phoenix**”) which provide insurance and savings products to customers in India, China and the United Kingdom, respectively.

Joint venture partners and/or other public shareholders have certain rights and controls by operation of joint venture agreements or, particularly in the case of public companies, law and regulation. The Group is and, following Completion, the Enlarged Group will be exposed to the risk that it could be negatively impacted by any change in strategy or investment plan or any action that is taken by its joint venture partners over which the Group has and, following Completion, the Enlarged Group will have no control and which the Group and, following Completion, the Enlarged Group is unable to prevent. This could result in reduced margins, cash flows or profitability which may prevent the Group and, following Completion, the Enlarged Group realising its expected return in respect of the joint venture.

As a result of these holdings, the Group is, and following Completion, the Enlarged Group will be, exposed to indirect risks relating to the insurance industry. A strengthening in the actuarial assumptions used to calculate long-term business liabilities would result in an increase in the respective reserves of these businesses. This could reduce the market value of the Group’s and, following Completion, the Enlarged Group’s holdings, result in lower dividends being received from these businesses and/or reduce the profit recognised by the Group and, following Completion, the Enlarged Group in relation to these businesses. The Group is and, following Completion, the Enlarged Group will be reliant on the ability of the insurance companies in which it has equity holdings correctly to manage and assess information gathered to refine their long-term assumptions and manage their risks. However, it is not possible to determine precisely the amounts in total that will be ultimately necessary to pay liabilities under all policies written and there is therefore a risk that shareholder value is less than assumed.

The Group and, following Completion, the Enlarged Group may not be able to successfully execute its strategic initiatives.

The Group aims and, following Completion, the Enlarged Group will aim to achieve its strategic plan by focusing on the Group’s and, following Completion, the Enlarged Group’s three growth vectors. The successful execution of its strategy is not assured, and depends upon internal and external factors, including the Group’s and, following Completion, the Enlarged Group’s ability to accurately predict the type of products and services attractive to its target client base, to manage products to produce investment outperformance, and to price products competitively, as well as its ability to effectively identify growth opportunities, including by virtue of acquisitions and disposals, to provide platform solutions that are aligned with adviser needs and expectations allowing them to deliver high-quality financial advice at scale, and to provide clients with high-

¹ Value based on the closing share price observed on Bloomberg as at 30 September 2021.

² Value based on the closing share price observed on Bloomberg as at 30 September 2021.

³ Value based on the closing share price observed on Bloomberg as at 30 September 2021.

quality and competitively priced personal financial advice and discretionary investment management services (see “*Risk Factors - Recent or further acquisitions, disposals or material lines of new business may divert management attention and other resources and involve risks of undisclosed liabilities and integration issues*”). If one or more of the assumptions that the Group and, following Completion, the Enlarged Group has made or will make in setting its targets or objectives are inaccurate, or if one or more of the risks described in this section materialises, the Group and, following Completion, the Enlarged Group may be unable to achieve one or more of its targets or objectives. If the Group's or, following Completion, the Enlarged Group's strategy is not implemented successfully, if such strategy does not yield the anticipated benefits or if the Group or, following Completion, the Enlarged Group is unable to control costs in delivering its strategy, the Group and, following Completion, the Enlarged Group may be unable to achieve its targets, which could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

The failure to understand and respond effectively to the risks associated with environmental, social or governance ("ESG") factors could adversely affect the Group's and, following Completion, the Enlarged Group's achievement of its long-term strategy.

The business environment in which the Group operates and, following Completion, the Enlarged Group will operate is continually changing. ESG-related issues may directly or indirectly impact the Group and, following Completion, the Enlarged Group and its key stakeholders, ranging from clients, shareholders, employees, rating agencies, suppliers, parties to which activities have been outsourced and regulators, all of whom have expectations in this area. A failure to assess, report on and manage material ESG risks may adversely impact the reputation of the Group and, following Completion, the Enlarged Group, the results of its operations, its clients, and its ability to deliver on its long-term strategy and therefore its long-term success.

Climate change is one ESG theme that poses potentially significant long-term risks to the Group and, following Completion, the Enlarged Group. The Group is not only exposed and, following Completion, the Enlarged Group will not only be exposed to the physical impacts of climate change but also to transition risks associated with the Group and, following Completion, the Enlarged Group being required to shift to a low carbon economy and to manage the impact the Group's and, following Completion, the Enlarged Group's business has on climate change. The Group is committed to ensuring that tackling climate change remains a priority and that ESG considerations form an integral part of decision-making processes, which is evidenced by the Group being rated AA in its MSCI review and being listed in the top 3 per cent. of the Dow Jones sustainability indices⁴. However, there is an increasing expectation, both from a regulatory and policy perspective and from the Group's and, following Completion, the Enlarged Group's stakeholders, for the Group and, following Completion, the Enlarged Group to understand, manage and provide increased transparency of its exposure to climate-related risks. For example, the recommendations of the Financial Stability Board's (the "FSB") Task Force on Climate-related

⁴ ESG ratings agencies are not currently subject to any regulatory or other similar oversight in respect of their determination and award of ESG ratings and the methodologies used to determine ESG ratings may differ between such ESG rating agencies. The Group's ESG ratings are only current as at the dates on which they were initially issued and they are not a recommendation to buy, sell or hold the Notes. ESG ratings and indices are not an indication of the Issuer's creditworthiness, financial condition or performance. Prospective investors must determine for themselves the relevance of any such ESG ratings or indices referred to in this Offering Circular or elsewhere in making an investment decision.

Financial Disclosures were published in 2017 to provide a voluntary framework on corporate climate-related financial disclosures following the FSB's concern that there may be systemic risk in the financial system related to climate change.

In December 2020, the FCA published a Policy Statement on proposals intended to enhance climate-related disclosures by issuers with a UK premium listing and clarify existing disclosure obligations. The changes, applying to accounting periods beginning 1 January 2021, will broadly require companies to include a statement in their annual financial reports setting out whether their disclosures are consistent with the recommendations of the FSB's Taskforce on Climate-related Financial Disclosures (the "**TCFD**") or explain if they have not done so. The Group published its first TCFD report in 2020.

In June 2021, the FCA published a further consultation on climate-related disclosure rules. The consultation proposes to extend the application of TCFD-aligned disclosure rules to issuers of standard listed equity shares and to introduce new TCFD-aligned disclosure requirements for asset managers, life insurers, and FCA-regulated pension providers. The consultation period ended on 10 September 2021 and the FCA intends to publish the final policy by the end of 2021.

Compliance with climate-related policies and guidelines may result in incremental costs for the Group and, following Completion, the Enlarged Group, in particular where there is fragmentation in policies and guidelines among different regulators focused on local requirements. Failure by the Group and, following Completion, the Enlarged Group to adequately identify the climate-related risks to its business, to manage the impact of the Group's and, following Completion, the Enlarged Group's businesses on the environment, to transition to a low carbon economy or to adequately report on such risks could have a materially adverse effect on the Group's and, following Completion, the Enlarged Group's business, reputation and brand, its attractiveness to customers, clients and employees and the financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

Additionally, as a global asset manager, stakeholders increasingly expect responsible investment principles to be adopted to demonstrate that ESG considerations (including climate change) are effectively integrated into investment decisions and activities. The Group is and, following Completion, the Enlarged Group will be subject to an increasing number of new standards internationally relating to ESG, particularly in respect of disclosure, reporting, and present market-wide implementation challenges.

The FCA has also recently focused on sustainable finance. Together with the PRA, the FCA has established a Climate Financial Risk Forum ("**CFRF**") to build intellectual capacity and share best practice. The CFRF brings together senior representatives from across the financial sector, including banks, insurers and asset managers. It established a number of working groups to develop a guide on best practice and recommendations for industry, which was published in June 2020 ("**CFRF Guide**"). The "Disclosures" chapter of the CFRF Guide sets out guidance on different approaches for banks, asset managers and insurers, as well as gaps and barriers. It recommends firms aim to complete high level, mainly qualitative, disclosures by mid-2021 and quantitative disclosures by the end of 2022. The CFRF is expected to develop further recommendations on climate-related data, methodologies and metrics through to mid-2022.

Failure by the Group or, following Completion, the Enlarged Group to have proper regard to ESG considerations in relation to its investment portfolios could lead to a loss of existing or potential clients and have an adverse effect on client perceptions and, consequently, the business,

reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

Financial Risks

Adverse capital and credit market conditions may significantly affect the Group's and, following Completion, the Enlarged Group's ability to meet liquidity needs, access to capital and cost of capital.

The capital and credit markets have been experiencing volatility and disruption over recent years. In some cases, the markets have exerted downward pressure on availability of liquidity and credit capacity for certain groups.

The Group needs and, following Completion, the Enlarged Group will need liquidity to pay operating expenses, dividends on ordinary shares, interest on any debt and to meet other liabilities. The Group and, following Completion, the Enlarged Group also generally requires access to capital to operate its businesses. The principal sources of liquidity of the Group and, following Completion, of the Enlarged Group are fees related primarily to the value of assets under management and assets held for the account of the business, consisting mainly of cash or assets that are readily convertible into cash. In normal markets, the Group and, following Completion, the Enlarged Group may also source liquidity from a variety of short-term and long-term instruments, including repurchase agreements, commercial paper, medium-term and long-term debt, subordinated debt securities, capital securities and shareholders' equity.

The availability of such financing will depend on a variety of factors, such as market conditions, the general availability of credit, the volume of trading activities, the overall availability of credit to the financial services industry, the Group's and, following Completion, the Enlarged Group's credit ratings and credit capacity, as well as the possibility that customers, clients or lenders could develop a negative perception of the Group's or, following Completion, the Enlarged Group's long-term or short-term financial prospects if it incurred large investment losses or if the level of business activity decreased due to a market downturn. Internal sources of liquidity may prove to be insufficient, and in such case, the Group or, following Completion, the Enlarged Group may not be able to successfully obtain additional financing on favourable terms, or at all. There can be no assurance that the Group or, following Completion, the Enlarged Group will be able to raise additional funds, whether in the form of debt or equity, when needed or that such funds will be available on terms favourable to the Group or, following Completion, the Enlarged Group.

Disruptions, uncertainty or volatility in the capital and credit markets may also limit the Group's or, following Completion, the Enlarged Group's ability to replace any maturing liabilities in a timely manner; satisfy statutory capital requirements; generate fee income and market-related revenue to meet liquidity needs; and access the capital necessary to grow its businesses. As such, the Group or, following Completion, the Enlarged Group may be forced to delay raising capital, issue shorter-term securities than would be preferable, or bear an unattractive cost of capital which could decrease profitability and significantly reduce financial flexibility. Consequently, the Group's and, following Completion, the Enlarged Group's financial results, financial condition, cash flows and statutory capital position could be materially adversely affected by disruptions in such financial markets.

Recent or further acquisitions, disposals or material lines of new business may divert management attention and other resources and involve risks of undisclosed liabilities and integration issues.

In recent years the Group has acquired and, separately, disposed of businesses and has started new businesses. As the Group and, following Completion, the Enlarged Group's seeks to simplify its businesses and refocus on its three growth vectors, including by virtue of the Group's rebranding (together, the "New Strategy"), operational risks (including administrative errors) could remain elevated with a possibility of additional costs that have not been anticipated. In connection with the New Strategy and following the sale of Standard Life Assurance Limited to Phoenix in 2018 and the recent sale of the Standard Life brand to Phoenix, the Group's business is less diversified and is more reliant on its asset management business. Consequently, the Group is more susceptible to the risks relating to investment performance and to investment management businesses generally. Unanticipated events or liabilities may arise that could result in a delay or reduction in the benefits derived from the New Strategy to the extent that any anticipated benefits have not already been realised, therefore no assurance can be given that the New Strategy will deliver all or substantially all the expected benefits, or realise such benefits in a timely manner or at all.

Further acquisitions, disposals and other corporate transactions and the establishment and development of new businesses may take place in the future, and/or those in progress may not reach a successful conclusion or result in the realisation of the expected value. Growth by acquisition involves risks that could adversely affect the Group's operating results, including undisclosed liabilities in the acquired entity (such as liabilities for historic mis-selling) and the substantial amount of management time that may be diverted from operations to pursue and complete acquisitions, disposals and other corporate transactions. Further risks include the risk that new businesses may not perform as expected and that financial and management resources, over and above what was initially expected, might be required to ensure a successful acquisition, disposal, other corporate transaction or new business. The Group's and, following Completion, the Enlarged Group's acquisitions could also result in the incurrence of additional indebtedness, costs, contingent liabilities, and impairment and amortisation expenses related to goodwill and other intangible assets, all of which could materially adversely affect the Group's or, following Completion, the Enlarged Group's business, financial condition and financial results. The Group and, following Completion, the Enlarged Group may also finance future acquisitions with debt issuances or by entering into credit facilities, each of which could adversely affect the Group's and, following Completion, the Enlarged Group's business, financial condition and financial results. There could be unforeseen liabilities that arise out of the businesses that the Group or, following Completion, the Enlarged Group has acquired and that the Group or, following Completion, the Enlarged Group's may acquire in the future, which may not be covered by, or exceed, the amounts of any indemnities provided to the Group or, following Completion, the Enlarged Group by the relevant sellers.

Price and earnings inflation may adversely affect the Group and, following Completion, the Enlarged Group's operating results and financial position.

A significant proportion of the Group's and, following Completion, the Enlarged Group's costs are fixed (including a large portion of operational costs associated with staff remuneration). If such costs are not controlled within an inflationary environment, the profitability of the Group and, following Completion, the Enlarged Group may be impacted. In addition, significant increases in

inflation could impact the Group's and, following Completion, the Enlarged Group's unit costs in other ways and potentially impact on profitability.

Changes in short or long-term inflation may increase the size of the Group's and, following Completion, the Enlarged Group's payments and expenses and reduce the value of the Group's and, following Completion, the Enlarged Group's investments.

The Group and, following Completion, the Enlarged Group is exposed to risk from defined benefit employee pension arrangements.

Generally, the Group arranges and, following Completion, the Enlarged Group will arrange for employee pension provision by way of defined contribution arrangements – with the exception of fewer than ten employees, who continue to build up pensions entitlement on a defined benefit basis.

However, the Group and, following Completion, the Enlarged Group remains exposed to risk from several legacy defined benefit arrangements. The most significant legacy defined benefit arrangement is a United Kingdom arrangement, which had assets of £4,987 million and liabilities of £2,775 million on an IFRS basis as at 30 June 2021. After an adjustment to reflect tax that would be paid by the Group following a refund of surplus, the surplus was £1,438 million as at 30 June 2021. The Group's smaller defined benefit arrangements had aggregate assets of £343 million and aggregate liabilities of £379 million on an IAS19 basis as at 31 December 2020. The assets of each arrangement are held separately from each other and are held separately from those of, and cannot normally be accessed by, the Group.

There are inherent risks associated with defined benefit pension arrangements. A variety of events could result in a material deterioration in the financial position of each arrangement. In some cases, a deficit between each arrangement's assets and liabilities could develop or increase and this could lead to the need for additional contributions to be paid into the relevant arrangement. Such events could include adverse investment performance, economic and other actuarial assumption changes (including the assumption for post-retirement longevity), other experience relative to assumptions, and legislative/regulatory changes.

Volatility in financial markets may adversely affect the business and profitability of the Group and, following Completion, the Enlarged Group.

Significant downturns and volatility in financial markets could have a material adverse effect on the Group's and, following Completion, the Enlarged Group's financial condition and financial results.

The Group's and, following Completion, the Enlarged Group's businesses depend on fees related primarily to the value of its AUMA. Consequently, a decline in the financial markets could reduce revenues by reducing the value of the assets managed or administered by the applicable business. Furthermore, the Group has and, following Completion, the Enlarged Group will have significant direct holdings of financial assets whose valuations are subject to fluctuations of the public markets, in particular equity holdings in Phoenix and HDFC Asset Management.

The Group manages and, following Completion, the Enlarged Group will manage investments in a range of asset classes and offers exposure to a range of geographies and regions and industry sectors. During periods of increased market volatility, such as that which is being experienced

currently as a result of the Covid-19 pandemic (see "*Risk Factors — The ongoing Covid-19 pandemic has had and is likely to continue to have a direct and indirect adverse impact on the Group's business*"), investors' preferences may change, for example asset classes which are considered to be safer, such as government gilts, gold or cash may increase in popularity, which may lead to decreased sales in certain of the Group's and, following Completion, the Enlarged Group's products. In the event that the asset classes on which the Group and, following Completion, the Enlarged Group focuses, or the investment opportunities offered by the Group and, following Completion, the Enlarged Group were to become less attractive to investors or investors were to invest more through passive or index-based investment products, there may be reduced sales and/or increased redemptions from the Group's and, following Completion, the Enlarged Group's products.

Profits could also be reduced as a result of current investors withdrawing funds in volatile financial markets or reducing their rates of ongoing investment with the Group's and, following Completion, the Enlarged Group's products or as a result of failing to attract funds from new investors.

Fluctuations in currency exchange rates may adversely affect the Group's and, following Completion, the Enlarged Group's operating results and financial position.

The Group operates and, following Completion, the Enlarged Group will operate internationally and is exposed to foreign currency exchange risk arising from fluctuations in exchange rates of various currencies.

The Group's and, following Completion, the Enlarged Group's assets and liabilities are denominated in a variety of currencies including the euro, pounds sterling, Singapore dollars, Indian rupee, Chinese renminbi and U.S. dollars. Further, the revenues and expenses of the Group and, following Completion, the Enlarged Group may be revenues denominated in currencies other than pounds sterling including fee income in respect of assets managed or administered by the Group and, following Completion, the Enlarged Group, such that the pounds sterling of such revenues will fluctuate as a result of changes in the exchange rate. This could lead to significant fluctuation in the amount of pounds sterling income generated. This could adversely affect profits and reported results.

The effect of exchange rate fluctuations on local operating results could also lead to significant fluctuations in the Group's and, following Completion, the Enlarged Group's consolidated financial statements upon translation of values into pounds sterling. Foreign currency exchange rate fluctuation could materially adversely affect the Group's and, following Completion, the Enlarged Group's reported results due to unhedged positions or the failure of hedges to offset the impact of the foreign currency exchange rate fluctuation effectively.

Exposure to foreign exchange risk is of particular concern in light of the continued uncertainty resulting from the UK's exit from the EU and developments regarding the United Kingdom's long-term relationship with the EU and in light of the Covid-19 pandemic. The prolonged lack of clarity on the details of the framework for co-operation between the United Kingdom and the EU may result in continued market volatility and a deterioration in economic conditions in the United Kingdom. In the short to medium term, volatility of financial markets may have an adverse effect on revenue, profits and the financial condition and the capital requirements of the Group and, following Completion, the Enlarged Group (see "*Risk Factors - Exposure to global political developments, including the United Kingdom's withdrawal from the EU and a potential future*

second independence referendum in Scotland could have a material adverse effect on the Group and, following Completion, the Enlarged Group.”).

Counterparty default risk may have an adverse impact on profitability.

The Group has and, following Completion, the Enlarged Group will have an exposure to credit default risk through the assets it holds, including those in the form of unsecured cash deposits and corporate bonds as well as exposures to counterparty risk in derivatives contracts and other financial instruments. The credit risks in these assets and exposures are borne by the Group and, following Completion, the Enlarged Group. Losses may arise if the relevant counterparty or obligor defaults on their obligations or becomes insolvent, which could create an immediate loss for the Group and, following Completion, the Enlarged Group. A default by any such counterparty or obligor could impact the value of the Group’s assets, which could have a material adverse effect on the Group’s and, following Completion, the Enlarged Group’s business, financial results, financial condition and growth prospects.

The Group and, following Completion, the Enlarged Group may be subject to litigation and regulatory investigations which could result in significant liabilities and/or reputational harm and if the Group and, following Completion, the Enlarged Group is not adequately insured against such risks it may have an adverse impact on profitability.

The Group’s and, following Completion, the Enlarged Group’s businesses entail the risk of liability related to litigation from customers, clients or third party service providers and actions taken by regulatory agencies, which may not be adequately covered by insurance or at all. Specifically, there is a risk that claims may arise in relation to damage resulting from the Group’s or, following Completion, the Enlarged Group’s employees’ or service providers’ operational errors or negligence, or misconduct or misrepresentation by its employees, agents and other operational personnel.

The Group is, and, following Completion, the Enlarged Group will be like other businesses in the financial services sector, subject to legal proceedings, ombudsman processes, regulatory investigations and examinations in the normal course of its business. It is also possible that a regulator in one of the jurisdictions in which the Group or, following Completion, the Enlarged Group conducts its business may carry out a review of products previously sold or services previously supplied, whether as part of an industry-wide review, a firm-specific assessment or otherwise. It is not possible to predict the outcome of such reviews. Possible outcomes could include a requirement to compensate customers for losses they have incurred as a result of the products they were sold or services they received or the initiation of regulatory enforcement action against the Group or, following Completion, the Enlarged Group, such as the imposition of a fine. This may have an adverse effect on the Group’s and, following Completion, the Enlarged Group’s business and profitability.

As the Issuer is a listed and regulated company, the Group is and, following Completion, the Enlarged Group will be subject to the risk of investigation or litigation by certain parties including, without limitation, its regulators, including the FCA, and public shareholders arising from an array of possible claims, including investor dissatisfaction with the performance of its businesses or its

share price, allegations of misconduct by its officers and directors or claims that it has inappropriately dealt with conflicts of interest or investment allocations.

Any litigation which arises may be protracted, expensive and potentially involve negative publicity which would be damaging to the Group's and, following Completion, the Enlarged Group's reputation and brand.

While the Group maintains and, following Completion, it is expected that the Enlarged Group will maintain insurance for such claims, there can be no assurance that a claim or claims will be covered by insurance or, if covered, that any such claim will not exceed the limits of available insurance coverage or that any insurer will meet its obligations to insure. There can also be no assurance that insurance coverage with sufficient limits will continue to be available at a reasonable cost. Renewals of insurance policies or claims under existing policies may expose the Group and, following Completion, the Enlarged Group to additional costs through higher premiums or the assumption of higher deductibles or co-insurance liability. A significant increase in the costs of maintaining insurance cover or the costs of meeting liabilities not covered by insurance could have a material adverse effect on the Group's and, following Completion, the Enlarged Group's business, financial results, financial condition and growth prospects.

Regulation and Legislation Risks

The Group's businesses are and, following Completion, the Enlarged Group's businesses will be subject to regulatory risk, including adverse changes in the laws, regulations, policies and interpretations in the markets in which they operate.

The Group and, following Completion, the Enlarged Group will not always be able to predict accurately the impact of future legislation or regulation or changes in the interpretation or operation of existing legislation or regulation on its business, financial results and/or financial condition (including, but not limited to, its regulatory capital position).

Changes in government policy, legislation, regulation or regulatory interpretation applying to companies in the financial services industries in any of the markets in which the Group operates and, following Completion, the Enlarged Group will operate, which may be applied retrospectively, may adversely affect the Group's and, following Completion, the Enlarged Group's product range, distribution channels, capital and liquidity requirements and, consequently, results and financing requirements. Such changes could include, for example, expanded sanctions regulations, alterations to the regulation of selling practices or the regulation of solvency, capital adequacy or liquidity requirements. The Group and, following Completion, the Enlarged Group may face increased compliance costs due to the need to set up additional compliance controls or the direct cost of such compliance because of changes to financial services legislation or regulation. The Group faces and, following Completion, the Enlarged Group will face significant compliance challenges because the regulatory environment is evolving rapidly and supervisory authorities around the world are assuming an increasingly active and assertive role in interpreting and enforcing regulations in the jurisdictions in which the Group operates and, following Completion, the Enlarged Group will operate. For example, in the United Kingdom the regulator has, in recent years, had an increased focus on the way in which financial services providers provide investment advice and/or sell and administer investment funds and other financial products. Such adverse changes and compliance challenges could therefore impact the Group's and, following Completion, the Enlarged Group's financial results, financial condition and growth prospects.

In addition, Brexit has resulted in significant changes to the UK regulatory and international co-operation framework, introducing significant uncertainty to the legal and regulatory environment in which the Group operates and, following Completion, the Enlarged Group will operate. Under the terms of the EUWA, the UK ceased to be a member of the EU on 31 January 2020, on withdrawal terms which established a transition period until 31 December 2020, during which the majority of rights and obligations associated with membership of the EU continued to apply to the UK. The United Kingdom and the EU Commission announced on 24 December 2020 that they had reached agreement on the draft Trade and Cooperation Agreement (the “**TCA**”), which has since been ratified by both the United Kingdom and the EU parliaments. The TCA outlines the principles for a new economic and social partnership between the EU and United Kingdom. However, the TCA does not cover financial services, leaving decisions of “equivalence” and “adequacy” to be determined by each side unilaterally in due course. As a result, the Issuer is no longer able to rely on the EU passporting framework for the provision of financial services to EU clients.

The TCA was accompanied by a Joint Declaration on Financial Services Regulatory Cooperation (the “**Joint Declaration**”), pursuant to which the EU and the United Kingdom have agreed to establish structured regulatory cooperation on financial services, with the aim of establishing a durable and stable relationship, based on a shared commitment to preserve financial stability, market integrity, and the protection of investors and consumers. In March 2021, the EU and United Kingdom concluded technical negotiations on a memorandum of understanding which will establish the Joint EU-UK Financial Regulatory Forum (the “**Forum**”) to serve as a platform to facilitate structured regulatory cooperation in financial services pursuant to the Joint Declaration. As at the date of this Offering Circular, the memorandum of understanding has not yet been signed.

It is expected that consideration will be given to equivalence determinations, inter alia, in future Forum meetings. Mutual equivalence decisions between the United Kingdom and the EU relating to market access would likely allow UK-based entities within the Group to offer a restricted number of financial products and services to customers and clients based in the EEA, including permanent access to EU trading venues as well as allowing EEA based clients to access some UK-originated products and services, including permanent access to UK trading venues. However, the EU equivalence regime is very different from the previous regime of passporting rights, and the EU equivalence regime differs significantly in its scope, operation and impact. Under the current framework, equivalence decisions can be revoked at any time. To date, the EU has only granted temporary equivalence to the United Kingdom in relation to clearing and settlement, however it is not clear whether such equivalence decisions will be extended when their initial term expires. HM Treasury has also made certain unilateral equivalence decisions, including in respect of clearing and settlement and under the UK CRR and the European Market Infrastructure Regulation (Regulation (EU) No 648/2012) as amended and as it forms part of the domestic law of the United Kingdom by virtue of the EUWA (the “**UK EMIR**”).

As a result of the onshoring of EU legislation in the United Kingdom and the exercise of ‘temporary transitional powers’ (which give UK financial regulators the power to make transitional provisions to financial services legislation for a temporary period), UK firms in the Group are currently subject to substantially the same rules and regulations as before Brexit. However, the United Kingdom intends to recast onshored EU legislation into PRA and FCA rules and to complete UK implementation of the remaining Basel III reforms. The regulatory regimes for EU and UK financial services may therefore change further and temporary permissions and equivalence decisions

may expire and not be replaced, which would result in further adjustments to the UK regulatory landscape.

In October 2020, HM Treasury published a consultation on Phase II of the “Future Regulatory Framework Review” for financial services. The review was primarily launched to determine what adaptations to UK financial services regulation would be necessary following Brexit. As part of the review, House of Commons Treasury Committee published a report on 6 July 2021. The report has, among other things, provided recommendations on the changes required, including adapting the role of the UK regulators and the process for drafting and scrutinising future policy.

The impact of the TCA, any equivalence decisions or any other cooperation mechanisms on financial markets generally, the extent of legislative and regulatory convergence and regulatory cooperation between the UK and the EU member states, as well as the level of access that may be granted to financial services firms across EU and UK markets is uncertain.

The Group includes and, following Completion, the Enlarged Group will include a number of financial institutions which are authorised and regulated in the United Kingdom. The regulatory environment that applies to such entities is in large part derived from EU financial services legislation. While the United Kingdom was previously required to implement and apply such EU legislation, this is no longer the case following its departure from the EU. This may have a significant impact on United Kingdom financial services legislation and the regulatory environment in which the Group operates and, following Completion, the Enlarged Group will operate. In turn, this may have a material adverse impact on the Group’s and, following Completion, the Enlarged Group’s financial results, financial condition and growth prospects.

The Group’s regulated business is and, following Completion, the Enlarged Group’s regulated business will be subject to extensive regulation both in the United Kingdom and internationally.

The Group is and, following Completion, the Enlarged Group will be subject to detailed and comprehensive regulation in each of the jurisdictions in which it conducts business. Likewise, some of the investment vehicles it services (such as UCITS funds operated under the UCITS Directive (2009/65/EC)) also have to satisfy various regulatory requirements in order to be authorised for distribution in some jurisdictions. Regulatory agencies have broad regulatory and administrative power over many aspects of the financial services business, which may include, among other aspects, governance, systems and controls requirements, conduct of business requirements (including marketing and selling practices, advertising, customer and client documentation and service standards), product authorisation and governance, market conduct, and capital adequacy. Regulators are concerned primarily with financial stability, market integrity and the protection of customers rather than shareholders or creditors. Financial services laws, regulations and policies currently affecting the Group (and the financial products that they manufacture) may change at any time in ways that could have an adverse effect on the Group’s and, following Completion, the Enlarged Group’s business. Furthermore, it is difficult to predict the timing or form of future regulatory initiatives, although it is widely expected that there will continue to be a high level of regulation and supervision of the financial services industry.

In the United Kingdom, the Group is subject to and, following Completion, the Enlarged Group will be subject to consolidated prudential supervision by the FCA, which also regulates the United Kingdom businesses’ conduct of business. The FCA has broad powers, including the authority to grant, vary the terms of, or cancel a regulated firm’s authorisation, to investigate marketing and

sales practices and to require the maintenance of adequate financial resources. The FCA has the power to take a range of investigative, disciplinary or enforcement actions, including public censure, restitution, fines or sanctions and to award compensation. The FCA may make enquiries of the companies that it regulates regarding compliance with regulations governing the operation of business and, like all United Kingdom regulated financial services firms, the Group faces and, following Completion, the Enlarged Group will face the risk that the FCA could find that they have failed to comply with applicable regulations or have not undertaken corrective action as required. The Group contains one active insurer in the United Kingdom which is subject to prudential supervision on an individual basis by the United Kingdom Prudential Regulation Authority (the “PRA”) (see “*The Group is exposed to changes in the regulation of the insurance industry.*” below).

Issues and disputes may arise from time to time from the way in which the fund management and advisory industry has sold or administered an investment fund or other product or in the way in which they have treated investors, customers or clients, either individually or collectively.

In the United Kingdom, any such issues or disputes arising in relation to private individuals are typically resolved by the Financial Ombudsman Service, or by litigation. The relevant regulator may intervene directly, however, where larger groups or matters of public policy are concerned. There have been several industry-wide financial product mis-selling issues in recent years in which the regulator in the United Kingdom has intervened directly, including the sale of mortgage-related endowments and investments in split capital investment trusts. Certain designated consumer bodies are also empowered under FSMA to make “super-complaints” to the FCA in relation to issues causing detriment to large numbers of consumers.

The FCA conducted a market study into the asset management sector and published its final findings in June 2017. The findings identified several ways in which asset management products and services could work better for retail and institutional investors and proposed certain remedies to address this. The proposed remedies were implemented in the FCA Policy Statements published in April 2018 (PS18/8) and February 2019 (PS 19/4) which introduced various rules aimed at increasing competition within the asset management industry and providing increased protection for investors. Any further implementation of similar remedies, and any other related measures that are introduced, could affect the pricing of funds, which could in turn affect the profitability of the Group and, following Completion, the Enlarged Group.

The FCA referred the investment consultancy and fiduciary management services sector to the Competition and Markets Authority (“CMA”), who published a final report in December 2018. The CMA outlined a package of remedies which were implemented by the Investment Consultancy and Fiduciary Management Market Investigation Order 2019 made by the CMA under the market investigations provisions of the Enterprise Act 2002. The CMA also recommended that the Treasury extend the FCA’s regulatory perimeter to cover services provided by investment consultants. The FCA supports this recommendation and the Treasury stated in March 2019 that they will consider this extension, and the FCA confirmed in its Regulatory Initiatives Grid publication in May 2021 that it will consult on this recommendation. The introduction and implementation of such remedies could have an impact on the Group’s and, following Completion, the Enlarged Group’s business. Any further remedies introduced as a result of the asset management market study could also impact the asset management businesses of the Group and, following Completion, the Enlarged Group.

In February 2021, the FCA published a report on the review of product governance practices in the asset management sector. The FCA concluded that there is significant scope for asset

managers to improve their product governance arrangements. The FCA has warned that it is likely to undertake further work on this subject, including making further changes to the product governance rules for asset managers. The introduction of further product governance requirements could have an adverse effect on the Group and, following Completion, the Enlarged Group's asset management business.

In February 2021, the FCA published finalised guidance on the fair treatment of vulnerable customers. The aim of the guidance is to ensure that the fair treatment of vulnerable customers is properly embedded in the firms' culture, policies and processes. The guidance also states that the COVID-19 pandemic will see an increase in the volume of vulnerable customers and that the fair treatment of vulnerable customers is now urgent with specific groups more susceptible to harm and detriment. The guidance recommends that firms should assess customers' vulnerability as a "spectrum of risk". The implementation of the new standards may affect the Group's and, following Completion, the Enlarged Group's business.

Outside the United Kingdom, the Group's businesses are regulated by local regulators that often have similar powers to the FCA. Enforcement action taken by non-United Kingdom regulators against the Group could have a detrimental impact on perceptions of the Group and, following Completion, the Enlarged Group or have a material adverse effect on its business, financial results and financial condition and divert management's attention from the day-to-day management of its business.

There has been an increased focus in the EU on the fair treatment of customers, in particular on the way in which the fund management industry sells and administers interests in investment funds and other products or services, including investment advice. The EU has also developed EU PRIIPs, which came into force on 1 January 2018. EU PRIIPs aims to harmonise pre-contractual disclosures and selling practices for such products. Furthermore, the updated Markets in Financial Instruments Directive (2014/65/EU) and the Markets in Financial Instruments Regulation (EU) 600/2014) (together, "MiFID II"), which came into force on 3 January 2018, imposes significant changes in a number of areas including commodity derivatives, transparency, market structure, organisational requirements, conduct of business rules and transaction reporting. EU PRIIPs and MiFID II have also been implemented into the domestic law of the United Kingdom and reflected in the FCA rules and guidance. There is a risk that these regimes and any related rules or regulatory guidance introduced could lead to restrictions on the Group's and, following Completion, the Enlarged Group's ability to distribute its products within the EU and the United Kingdom and result in additional distribution and compliance costs, which could have a material adverse effect on its financial results, operations and costs or otherwise negatively impact its distribution arrangements.

The Group is exposed and, following Completion, the Enlarged Group will be exposed to risk from potential non-compliance with policies, employee misconduct or negligence and fraud, which could result in regulatory sanctions and serious reputational or financial harm. In recent years, a number of financial institutions have suffered material losses due to the actions of 'rogue traders' or other employees. It is not always possible to deter or prevent employee misconduct, and the precautions the Group takes and, following Completion, the Enlarged Group will take to detect and prevent this activity may not always be effective.

More generally, conduct risk also remains the subject of close regulatory scrutiny across the United Kingdom financial services industry. There is an industry-wide risk that conduct-related issues could result in unexpected costs or losses for the Group and, following Completion, the

Enlarged Group. This has recently been the focus of further regulatory scrutiny. Building on a Discussion Paper from 2018, the FCA has published a follow-up consultation on a new “Consumer Duty” in May 2021 (CP21/13). The consultation focuses on setting higher expectations for the standard of care that regulated firms provide to consumers. All firms would be expected to ensure that their products and services are fit for purpose, offer fair value and that their communications and customer service enable consumers to make and act on well-informed decisions. The FCA is also consulting on whether retail clients should have a private right of action against firms that breach this new duty. The first consultation period closed on 31 July 2021. The second consultation is expected by 31 December 2021 and new FCA rules by 31 July 2022. The implementation of the final rules may adversely impact on the Group’s and, following the Completion, the Enlarged Group’s activities and business.

A determination that the Group or, following Completion, the Enlarged Group has failed to comply with applicable regulation could have a negative impact on its reported results or on relations with current and potential customers and clients. Regulatory action against a member of the Group and, following Completion, the Enlarged Group could result in the suspension or revocation of regulatory authorisations, permissions or approvals, financial penalties, adverse publicity for, or negative perceptions regarding, the Group and, following Completion, the Enlarged Group. This may result in regulators subjecting the Group and, following Completion, the Enlarged Group to closer scrutiny than would otherwise be the case, which in turn may result in higher costs, sanctions or fees for the Group and, following Completion, the Enlarged Group. This could otherwise have a material adverse effect on its business, financial results and financial condition and divert management’s attention from the day-to-day management of its business.

The Group is and, following Completion, the Enlarged Group will be subject to capital and liquidity requirements that are subject to material change.

Overview of the existing prudential framework applicable to the Group

Currently, the Group is supervised under the UK CRD IV (defined below) regulatory regime for group prudential supervisory purposes; the Group measures, monitors and manages its capital on that basis.

The UK CRD IV regulatory regime, as implemented in the United Kingdom, governs the quantity and quality of capital that investment firms must retain. This prudential regime consists of the UK Capital Requirements Regulation (as amended) (Regulation (EU) No. 575/2013 as amended and as it forms part of domestic law of the United Kingdom by virtue of the EUWA, “**UK CRR**”), (ii) the law of the United Kingdom which immediately before 11:00 pm on 31 December 2020 implemented the Capital Requirements Directive (as amended) (Directive 2013/36/EU), and (iii) direct EU legislation which immediately before 11:00 pm on 31 December 2020 implemented the provisions of the Capital Requirements Regulation and the Capital Requirements Directive (together, the “**UK CRD IV**”). In the United Kingdom, the implementation of UK CRD IV for investment firms has been supplemented by the rules published by the Issuer’s regulator, the FCA, which has created rules and guidance in the Prudential Sourcebook for Investment Firms (“**IFPRU**”) which forms part of the FCA Handbook.

The Group’s regulatory capital position under UK CRD IV is determined by consolidating the eligible capital and reserves of the Group (subject to a number of deductions), to derive regulatory capital resources, and comparing this to the Group’s regulatory consolidated capital requirements.

Under the current prudential framework applicable to the Group, the Group is required to hold capital resources to cover the Pillar 1 minimum capital requirement, which focuses on fixed overhead requirements and the Group's exposure to credit and market risks in respect of risk-weighted assets. As of 30 June 2021, the Group's Pillar 1 minimum requirement for capital was approximately £0.6 billion. The Pillar 1 capital requirement is supplemented by Pillar 2, part of the Internal Capital Adequacy Assessment Process ("**ICAAP**"), under which the Group assesses the level of capital that adequately supports all of the relevant current and future risks in its business. The Group's ICAAP process is subject to periodic review by the FCA under the Supervisory Review and Evaluation Process.

The Group's capital position (including ratios and surplus) may be adversely affected not only by a reduction in the Group's capital resources (including if the Group suffers financial losses) but also by changes in the manner in which the Group is required to calculate its capital and/or changes in the Group's capital requirements. Any such adverse impact could have a material adverse effect on the Notes. See "*Risk Factors - Future regulatory changes to the calculation of common equity tier 1 capital and/or risk weighted assets may negatively affect the Group's and, following Completion, the Enlarged Group's Relevant Ratio and thus increase the risk of a Conversion Trigger Event, which will lead to a Conversion, as a result of which Noteholders could lose all or part of the value of their investment in the Notes*" below.

Future changes to the prudential framework for investment firms

The FCA has announced that it will introduce a new prudential regime for investment firms ("**IFPR**") with effect from 1 January 2022 (the "**IFPR Effective Date**") apart from certain limited transitional provisions which come into effect as of 1 December 2021. This reform will simplify both the prudential supervision and prudential classification of investment firms in the United Kingdom. The Group includes and, following Completion, the Enlarged Group will include entities which will be classified as investment firms under IFPR and, from 1 January 2022, the Group and, following Completion, the Enlarged Group will therefore be subject to group-level prudential supervision under IFPR instead of prudential rules that currently apply to it under UK CRD IV.

The new rules on IFPR will be contained in a new sourcebook of the FCA Handbook, the Prudential sourcebook for MIFID investment firms (the "**MIFIDPRU Sourcebook**"). The provisions of the MIFIDPRU Sourcebook will be implemented and complemented by amendments to existing legislation, rules and guidance (such legislation, rules and guidance together with the provisions of the MIFIDPRU Sourcebook, the "**IFPR Rules**").

The FCA has consulted on the provisions of the MIFIDPRU Sourcebook in three tranches; in December 2020 (CP20/24), April 2021 (CP21/7) and August 2021 (CP21/26). All three consultations were followed by FCA Policy Statements (PS21/6, PS21/9 and PS21/17 respectively) and by legislative instruments that contained the final form of the MIFIDPRU Sourcebook that the FCA proposes to publish in the FCA Handbook with effect from the IFPR Effective Date (FCA 2021/38, FCA 2021/39 and FCA 2021/41 respectively).

It is expected that the Group and, following Completion, the Enlarged Group will, with effect from the IFPR Effective Date, become subject to the IFPR Rules and therefore new supervisory and prudential requirements. According to the IFPR Rules, the Group's and, following Completion, the Enlarged Group's minimum capital requirement would be determined by reference to the highest of (i) a fixed overhead requirement calculated as one quarter of the Group's and, following Completion, the Enlarged Group's expenditure for the previous financial year (before distribution

of profits) subject to certain permissible deductions, (ii) a permanent minimum requirement, determined by reference to the nature of the regulated activities of the Group and, following Completion, the Enlarged Group (in any case not exceeding £750,000) and (iii) a “K-factor requirement” calculated by reference to the risk (and volume) of activities carried out by the Group and, following Completion, the Enlarged Group. The K-factor requirement calculation is complex and is designed to reflect the nature of regulated activities of the entities in the Group and, following Completion, the Enlarged Group and their respective risk exposures. Risks and exposures taken into account in calculation of the K-factor requirement may include client assets safeguarded, client money held, assets under managements and the volume of client orders handled. The minimum capital requirements will continue to be supplemented by the new Internal Capital and Risk Assessment process (“ICARA”) and supervisory review process. The Issuer does not expect the introduction of the IFPR Rules to result in a material increase in the capital requirements of the Group or, following Completion, the Enlarged Group, however further changes to the IFPR Rules following the IFPR Effective Date could result in an increase in the Group’s or, following Completion, the Enlarged Group’s capital requirements which could have a material adverse effect on the Notes. The Group and, following Completion, the Enlarged Group will also be subject to minimum consolidated liquidity requirements. Under the IFPR Rules, the Group and the Enlarged Group will have to hold an amount of liquid assets equal to or greater than the sum of the ‘basic liquid asset requirement’ and ‘additional liquid asset requirement’. The basic liquid asset requirement will be calculated as the sum of one third of the amount of the consolidated fixed overhead requirement (see above) and 1.6 per cent. of the guarantees provided to clients by entities in the Group or Enlarged Group, as applicable. Unless otherwise specified by the FCA, the additional liquid asset requirement will be determined as part of the ICARA process as the higher of (i) the additional liquid assets necessary at any given point in time to fund ongoing operations of the Group or Enlarged Group (as applicable), taking into account potential periods of financial stress during the economic cycle; and (ii) the additional liquid assets required to begin an orderly wind-down, taking into account inflows of liquid assets that can be reasonably expected to occur during the wind-down period. The IFPR Rules also list the types of assets that are eligible as ‘liquid assets’ for the purposes of meeting the new minimum liquidity requirements. The basic liquid asset requirement will have to be satisfied by the Group and the Enlarged Group holding ‘core liquid assets’ with certainty of value and high liquidity (such as short term deposits at regulated credit institutions), whereas the additional liquid asset requirement will also be satisfied by holding ‘non-core liquid assets’ which are less liquid than core liquid assets but can still be easily converted to cash (such as liquid financial instruments).

The IFPR Rules will result in changes to the rules regarding items which are deductible from the regulatory capital of the Group. This will mean that some of the Group’s capital instruments currently included in the Group’s regulatory capital under UK CRD IV may no longer fully count towards the Group’s and, following Completion, the Enlarged Group’s minimum capital requirements under the IFPR Rules (such as certain elements of Tier 2 debt and insurance holdings). Subject to the assumption that the provisions of the MIFIDPRU Sourcebook will come into force in the same form as published in the FCA’s legislative instruments 2021/38, 2021/39 and 2021/41 respectively, the Group expects that the Notes will be eligible as additional tier 1 instruments under the IFPR Rules. However, future changes to the capital eligibility requirements under IFPR Rules may cause the Notes to no longer be eligible as additional tier 1 instruments for the purposes of the IFPR Rules and a Capital Disqualification Event to occur. See also “*Risk Factors – The Notes are subject to early redemption upon the occurrence of certain events and at certain times.*”

Following Completion, the Enlarged Group will be subject to regulatory capital requirements which will include those of the Target Group as a result of the Acquisition. The Issuer does not expect the Acquisition to result in a material increase in the amount of the Group's capital requirements. As the Target Group is subject to the same prudential regime as the Group and will also be subject to the IFPR Rules from the IFPR Effective Date, the Issuer does not expect that, following Completion, the methodology used by the Enlarged Group to calculate its capital requirements will be materially different from the methodology used by the Group immediately prior to Completion. The Issuer believes that, as at Completion, the Enlarged Group's regulatory capital position will be sufficient for present requirements, and that position will be strengthened by the issuance of the Notes. For more information on the Group's and, following Completion, the Enlarged Group's regulatory capital position see '*Business Description – Capital*'. However, the FCA has broad discretion to impose increased regulatory capital requirements on regulated firms and groups and as such it is possible that the Group's and, following Completion, the Enlarged Group's regulatory capital requirements may be more onerous than the Issuer currently anticipates.

Further, the Group's or, following Completion, the Enlarged Group's classification under the IFPR Rules could change or subsequent changes in law may result in a further increase of such requirements. It is possible that the imposition of increased regulatory capital requirements could negatively impact the Group's and, following Completion, the Enlarged Group's ability to return principal or pay interest under the Notes or restrict its ability to make future acquisitions or deploy other capital expenditure. There is also a risk that a higher minimum capital requirement could apply to the Group and, following Completion, the Enlarged Group, which may increase the risk of a Conversion Trigger Event occurring or the Relevant Regulator directing the Issuer to exercise its discretion to cancel payments of Interest Amounts on the Notes. The occurrence of any of these events could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group and on the market value or trading price of the Notes.

For the avoidance of doubt, a Capital Disqualification Event may occur as a result of further changes to the IFPR Rules after the Issue Date, or any official interpretation or application of the IFPR Rules by any court or authority entitled to do so.

Any changes that are made to the IFPR Rules, or any implementing measures that are introduced, could result in a material change to the regulatory capital position (including capital resources and capital requirements) and liquidity requirements of the Issuer and/or the Group and, following Completion, the Enlarged Group, which could have a material adverse effect on the market value or trading price of the Notes.

The Group is and, following Completion, the Enlarged Group will be exposed to changes in the regulation of the insurance industry through certain of its equity holdings.

The Group has and, following Completion, the Enlarged Group will have interests in the insurance industry through its shareholdings and other arrangements with third parties. This includes direct interest in Aberdeen Standard Investments Life & Pensions which is a UK insurance undertaking as well as the Group's equity holdings in India through HDFC Life, in China through HASL and in the United Kingdom through Phoenix, which offer insurance and savings products to customers in those and other jurisdictions. The Group also has and, following Completion, the Enlarged Group will have a number of asset management arrangements with clients who are insurance undertakings.

In the United Kingdom, the insurance industry is subject to regulation by the PRA, which has similar powers to the FCA explained above (see “*The Group’s regulated business is subject to extensive regulation both in the United Kingdom and internationally.*”) above. The PRA may make enquiries of the companies that it regulates regarding compliance with regulations governing the operation of business and, like all United Kingdom regulated insurance firms, the Group faces and, following Completion, the Enlarged Group will face the risk that the PRA could find that certain of its subsidiaries have failed to comply with applicable regulations or have not undertaken corrective action as required.

Changes in government policy, legislation or regulatory interpretation applying to companies in the insurance industries in any of these markets, which may be applied retrospectively, may adversely affect the Group’s and, following Completion, the Enlarged Group’s financial results and financial condition. Such changes could include, for example, alterations to the regulatory framework for pension arrangements and policies or the regulation of selling practices and solvency requirements.

HM Treasury announced in June 2020 that it would review certain features of the UK Solvency II regime to ensure that it is properly tailored to the UK insurance sector following the United Kingdom’s withdrawal from the EU. HM Treasury published a Call for Evidence in October 2020 to seek views on how this could be achieved and this has been followed, in June 2021, by the PRA announcing a Review of Solvency II Quantitative Impact Study (the “**QIS**”) to assist in the analysis of potential reform options. The QIS covers three main areas, namely (i) the calculation of the Matching Adjustment, (ii) Risk Margin and (iii) Transitional Measure on Technical Provisions. In the context of these developments, it is likely that UK regulatory policy will further evolve under the UK Solvency II regime. This may affect the regulatory requirements that apply to the insurance undertakings in the Group and, following Completion, the Enlarged Group, including in respect of regulatory capital.

From time to time, changes in the interpretation of existing tax laws, amendments to existing tax rates or the introduction of new tax legislation may adversely impact the Group’s and, following Completion, the Enlarged Group’s business, financial results and financial condition.

The Group operates and, following Completion, the Enlarged Group will operate in several tax jurisdictions around the world. Tax risk is the risk associated with changes in tax law or in the interpretation of tax law. It also includes the risk of changes in tax rates and the risk of failure to comply with procedures required by tax authorities. Failure to manage tax risks could lead to additional tax charges or costs. It could also lead to financial penalties, particularly for a failure to comply with tax procedures or other aspects of tax law. If, as a result of a particular tax risk materialising, the tax costs associated with particular transactions are greater than anticipated, it could affect the expected profitability of those transactions.

United Kingdom and overseas taxation law includes rules governing company taxes, business taxes, personal taxes, capital taxes and indirect taxes. The Group is and, following Completion, the Enlarged Group will be unable to predict the impact of changes that may be announced in the future to United Kingdom and overseas tax legislation on its businesses. From time to time, changes to existing United Kingdom and overseas tax laws (including as a result of changes in the interpretation of such tax laws), amendments to existing tax rates or the introduction of new tax legislation in the United Kingdom or overseas may adversely impact the business, financial results and financial condition of the Group and, following Completion, the Enlarged Group.

The design of savings and investment products takes into account a number of factors, including risks, benefits, charges, expenses, investment returns and taxation. The design of such products is based upon the Group's and will, following Completion, be based on the Enlarged Group's understanding of the tax legislation and interpretation in force at that time. Changes in tax legislation or in the interpretation of tax legislation may, therefore, when applied to such products, have a material adverse effect on the financial condition of the relevant company (or investment vehicle) in which the business was written.

There are also specific rules governing the taxation of investors. The Group is unable to predict the impact of changes announced in the future to tax law on the taxation of financial products in the hands of investors. Amendments to existing legislation (particularly if there is the withdrawal of any tax relief or an increase in tax rates) or the introduction of new rules may impact upon financial products businesses and on the decisions of current and potential investors. In particular, the Issuer routinely monitors the development of proposals around an EU Financial Transactions Tax ("EU FTT"). An accurate assessment of any impact will ultimately depend on the form and detail of any EU FTT if and when it is implemented, but it could represent a transaction cost for funds (or the Issuer's separate account clients) that invest in any relevant EU securities. The impact of any changes upon the Group and, following Completion, the Enlarged Group could have a material adverse effect on its businesses, financial results and financial condition.

The Group is and, following Completion, the Enlarged Group will be subject to applicable data privacy & protection laws regarding its processing of personal data.

The Group processes and, following Completion, the Enlarged Group will process a limited amount of personal data on a large number of individuals as part of its global business operations. As such, it must evidence its compliance with the relevant data protection and privacy laws in all countries in which it operates.

The Group is and, following Completion, the Enlarged Group will be exposed to a risk that, as a result of human error, cyber-crime or otherwise, personal data could be wrongfully appropriated, accidentally lost or disclosed, or not processed in compliance with its statutory obligations, by or on behalf of the Group and, following Completion, the Enlarged Group. Such an occurrence could result in the Group and, following Completion, the Enlarged Group losing the trust of those individuals, reputational and brand damage, plus the potential for enforcement action by its regulators. Any or a combination of these could have a material adverse impact on the Group's and, following Completion, the Enlarged Group's business, financial condition and results.

Operational and Conduct Risks

The Group is and, following Completion, the Enlarged Group will be exposed to conduct risk.

Conduct risk is the risk that decisions and behaviours of a company or its employees do not support the integrity of financial markets, lead to its customers or clients being treated unfairly, or otherwise result in detrimental customer or client outcomes. Conduct risk may arise where the Group or, following Completion, the Enlarged Group fails to design, implement or adhere to appropriate policies and procedures, offer products, services or other propositions that do not meet the needs of customers or clients or fail to perform in accordance with their intended designs, fails to communicate appropriately with customers or clients, fails to deal with complaints effectively, sells unsuitable products to customers or clients, fails to provide them with adequate

information to make informed decisions or provide inappropriate investment or financial planning advice to customers or clients, among other things. The Group mitigates and, following Completion, the Enlarged Group will mitigate this risk by way of its relevant policies and procedures, but this risk may also arise as a result of employee (mis)conduct, over which the Group has only limited control.

Conduct risk remains the subject of close regulatory scrutiny. Failing to protect the interests of customers or clients in this way and failing to demonstrate sufficient suitability processes and monitoring could lead to legal proceedings or regulatory enforcement action. Given that regulation includes principles-based rules and regulations in many jurisdictions, the rules and regulations may be subject to differing applications and interpretations by regulators or market participants over time. This could in turn lead to financial penalties, reputational damage and, in the case of regulatory enforcement action, the suspension or revocation of regulatory permissions, licences or approvals. This could have a material adverse effect on the business of the Group and, following Completion, the Enlarged Group.

All of the Group's and, following Completion, the Enlarged Group's businesses are subject to operational risks, including the risk of direct or indirect loss resulting from inadequate or failed internal and external processes, systems and human error or from external events.

The Group's and, following Completion, the Enlarged Group's businesses are dependent on processing and reporting on a large number of complex transactions across numerous and diverse products. As a result, the Group's and, following Completion, the Enlarged Group's business involves a number of risks, including: a failure of the systems, processes and controls utilised by the Group and, following Completion, the Enlarged Group or its outsourced service providers to detect and prevent errors; failure of resources or employment practices to align with strategic objectives; technology failures or failure of technology to adapt to business needs; fraudulent and dishonest activity when handling client money; and human error.

The Group and, following Completion, the Enlarged Group outsources several significant operations, including much of its valuation and pricing functions and certain back office servicing and is therefore at least partially reliant upon the operational processing performance of outsourcing partners. Any failures or errors in the performance of these outsourced functions by a relevant third party provider may require the Group or, following Completion, the Enlarged Group to reimburse the affected parties in respect of losses suffered (which may be significant and may not be recovered against the third party provider or under any applicable policy of insurance). The Group or, following Completion, the Enlarged Group may be unable to recover any such losses fully or at all from the third party or under any relevant insurance policies.

The Group and, following Completion, the Enlarged Group may suffer reputational damage or potential regulatory liability if there is a failure of its information barriers, procedures and systems to identify, record, manage and, where necessary, disclose potential conflicts of interest. If investments are made or managed in breach of an investment mandate, the Group or, following Completion, the Enlarged Group could be required to unwind the relevant transactions, could suffer reputational and brand damage and would be likely to be liable for any losses suffered by an affected party in doing so. Such losses could be significant and exceed amounts recoverable under the Group's or, following Completion, the Enlarged Group's insurance policies, if any, and cause reputational and brand damage, and impact its financial results, financial condition and growth prospects.

If any of the foregoing or similar risks were to materialise, the Group or, following Completion, the Enlarged Group may also be required to conduct thorough investigations of the circumstances surrounding the breach and regulatory investigations may also follow. The costs involved in such investigations, including management time and professional fees, could be material to the Group and, following Completion, the Enlarged Group.

The systems and processes on which the Group and, following Completion, the Enlarged Group is dependent to serve customers and clients may fail due to IT malfunctions, human error, business interruptions, non-performance by third parties or other external events. This could disrupt business operations resulting in material brand and reputational damage, loss of customers and clients and regulatory action and have a consequent material adverse effect on the Group's and, following Completion, the Enlarged Group's results. The specifics or timing of all possible operational and systems failures which may adversely impact the Group's and, following Completion, the Enlarged Group's business cannot be anticipated.

There is a risk of error in the Group's mutual fund business and its calculation of the prices of these funds, which may be due to human error in data entry, IT-related issues, failure of outsourcing parties to perform required duties or other causes. Additionally, it is possible that policy or fund charges which are, or will be, deducted from these funds are taken incorrectly, or the methodology is subsequently challenged by investors or regulators and changed retrospectively. Any of these factors could give rise to future liabilities, such as compensation payments to customers or clients. Payments due to errors or compensation may negatively impact the Group's and, following Completion, the Enlarged Group's profits.

The failure to attract or retain the necessary personnel could have a material adverse effect on the Group's and, following Completion, the Enlarged Group's results and/or financial condition.

As a global financial services organisation, the Group relies and, following Completion, the Enlarged Group will rely, to a considerable extent, on the quality of key talent and business leaders in each of the regions and countries in which they respectively operate. The success of operations is dependent on, among other things, the ability to attract and retain highly qualified professional people. In particular, the Group's and, following Completion, the Enlarged Group's businesses are highly reliant on the performance of their fund management teams. It is therefore important that key fund managers, investment managers and other individuals identified as having key talents and skills critical to the success of the business are engaged and retained and, where necessary, in the event of any unexpected departures, are replaced with the best available talent from either internal or external sources.

Competition for highly qualified professional people in most countries in which the Group operates is intense. The Group's and, following Completion, the Enlarged Group's ability to attract and retain key people and, in particular, directors and experienced investment managers, fund managers and other specialists, is dependent on a number of factors, including prevailing market conditions, culture and working environment and compensation packages offered by companies competing for the same talent. In addition, it is unclear how a potential future second referendum on Scottish independence and the long-term impact of the UK's exit from the EU might impact the Group's and, following Completion, the Enlarged Group's ability to attract and retain key people in the UK or how new immigration requirements may impact the ease with which UK nationals can work in any of its European locations.

Risks relating to the outsourcing of services and other arrangements.

The Group has outsourced and, following Completion, the Enlarged Group will continue to outsource much of its valuation and pricing functions and certain middle and back office functions to third parties such as BNP Paribas and Citigroup for its asset management business and to FNZ for its platform business. In addition, under the enhanced strategic partnership that the Group entered into with Phoenix in 2018, Phoenix provided the Group with certain products and important operational services that enabled the continued provision of certain platform products and services on the Group's Wrap platform and off-platform investment products. As announced in February 2021, the Group has entered into agreements to simplify its strategic partnership with Phoenix and consolidate the Group's platforms, which includes the gradual termination of services and platform arrangements between the Group and Phoenix. However, Phoenix may continue to provide certain products and services on a transitional basis until that consolidation has completed.

If the Group or, following Completion, the Enlarged Group were to fail effectively to develop, implement or oversee its outsourcing arrangements and strategies and its strategic partnership with Phoenix, if third party providers do not perform as anticipated, if contracts with any of third party providers are terminated, or if the Group and, following Completion, the Enlarged Group were to experience technological or other problems with the receipt of or transition from the services, the Group and, following Completion, the Enlarged Group may not realise productivity improvements or cost efficiencies and may experience operational difficulties, increased costs, a loss of business and/or heightened regulatory, conduct and reputational risks.

Mistakes by third party providers, for example in relation to pricing functions, could result in reputational damage, a requirement to pay compensation to customers or clients or regulatory action or fines. The Group or, following Completion, the Enlarged Group may be unable to recover losses from third party providers, for example in the event of financial distress or limitations on liability. In addition, the ability to receive services from third party providers outside the United Kingdom (or the jurisdictions in which subsidiaries operate) might be impacted by cultural differences, political instability, unanticipated regulatory requirements or policies inside or outside the United Kingdom. As a result, the Group's and, following Completion, the Enlarged Group's ability to conduct business might be adversely affected and result in regulatory action.

The Group is and, following Completion, the Enlarged Group will be highly dependent on its IT systems and attempts by third parties or malicious insiders to disrupt the Group and, following Completion, the Enlarged Group's IT systems could result in loss of trust from the Group's and, following Completion, the Enlarged Group's customers and clients, causing reputational damage and financial loss.

The Group is and, following Completion, the Enlarged Group will be highly dependent on its IT systems to operate effectively and the maintenance, integrity and resilience of the Group's and, following Completion, the Enlarged Group's IT infrastructure and applications is paramount to meeting the Group's and, following Completion, the Enlarged Group's business and client needs. The Group's and, following Completion, the Enlarged Group's systems, software and networks may be vulnerable to unauthorised access, misuse, computer viruses or other malicious code and other events that could have a security impact. The interception, misuse or mishandling of personal, confidential or proprietary information sent to or received from a client, customer, counterparty or third party could result in legal liability, regulatory action and reputational harm,

and therefore have a material adverse effect on the Group's and, following Completion, the Enlarged Group's operations, financial condition and prospects.

In particular, the Group is and, following Completion, the Enlarged Group will be increasingly exposed to the risk that criminals (malicious third parties or insiders) may attempt to use cyber-crime techniques, including malicious software, distributed denial of service attacks, social engineering and hacking of systems to affect the availability, confidentiality and integrity of its IT systems, which could result in disruption to key operations, make it difficult to recover critical services, damage assets and compromise data (corporate, customer or client). Additionally, the global footprint of the Group and, following Completion, the Enlarged Group increases the exposure to cyber-crime. This could result in loss of trust from the Group's and, following Completion, the Enlarged Group's customers and clients as well as causing reputational damage, regulatory action and financial loss. The increasing sophistication of cyber criminals and the importance of digital interaction with the Group's and, following Completion, the Enlarged Group's customers and clients to its strategy means the inherent risk of failure of its operations due to the malicious acts of third parties is expected to increase.

The risk of IT failures or cyber-attacks may also be increased by the Covid-19 pandemic as a result of changed working patterns, with employees being required to work from home (see "*Risk Factors – The ongoing Covid-19 pandemic has had and is likely to continue to have a direct and indirect adverse impact on the Group's business*"). Many cyber-attacks are technologically simplistic by nature and are regularly mitigated by controls, in particular historical techniques and those which are not targeted at specific organisations. However, some more targeted cyber-attacks are more technologically sophisticated, such as those initiated by nation states as acts of war, and may be difficult or impossible to detect and defend against. As a result, there can be no assurance that such attacks will not be successful and result in adverse consequential effects on the Group's and, following Completion, the Enlarged Group's business and financial position.

In March 2021, the BoE, PRA and FCA published a series of papers and Supervisory Statements on the operational resilience and of firms and financial market infrastructures (the "**FMIs**"), building on the concepts introduced in a Discussion Paper from July 2018 and subsequent consultations in 2019. The published measures include expectations for certain firms (including large asset managers) and FMIs to identify their important business services that, if disrupted could cause harm to consumers or market integrity, threaten the viability of firms or cause instability in the financial system. Impact tolerances are to be set for each important business service and firms and FMIs should take action to remain within their impact tolerances through a range of severe but plausible disruption scenarios. Firms and FMIs will also be expected to identify and document the people, processes, technology, facilities and information that support their important business services. Such mapping will enable firms to identify vulnerabilities and test their ability to remain within impact tolerances. The relevant Policy Statements published by the UK regulators will apply from 31 March 2022 with a fixed three-year implementation timeline for firms to remain within their impact tolerances. After March 2025, the UK regulators expect that maintaining operational resilience will be a dynamic activity, with firms and FMIs having sound, effective and comprehensive strategies, processes and systems to enable them to address risks for important business services in the event of severe disruptions. Failure to comply with any such regulation that is introduced could lead to financial penalties, reputational damage and financial loss for the Group and, following Completion, the Enlarged Group.

There is no certainty that the Group's or, following Completion, the Enlarged Group's infrastructure and controls will prove effective in all circumstances and any failure of the controls

or other general IT system failure (whether resulting from actions by third parties or malicious insiders or otherwise) could result in significant financial losses and could therefore have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

Arrangements with third parties, including non-renewal of existing arrangements or impairment of financial institutions, service providers and business partners, could adversely affect the Group and, following Completion, the Enlarged Group.

The Group has and, following Completion, the Enlarged Group will have exposure to many different industries and counterparties, and routinely executes transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, hedge funds and other investment funds, insurance groups and other institutions. Many of these transactions expose the Group and, following Completion, will expose the Enlarged Group to credit risk in the event of default of a counterparty. With respect to secured transactions, the Group's and, following Completion, the Enlarged Group's credit risk may be impacted where the collateral held cannot be realised or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure due to it. The Group also has and, following Completion, the Enlarged Group will have exposure to these financial institutions in the form of unsecured debt instruments, derivative transactions and equity investments. Partnership agreements may also be terminated on certain dates or subject to certain conditions and could be subject to renewal on less favourable terms or not at all.

There can be no assurance that any such non-renewals, losses or impairments to the carrying value of these assets would not materially and adversely affect the Group's and, following Completion, the Enlarged Group's business and financial results.

The Group and, following Completion, the Enlarged Group may fail to detect or prevent money laundering and other financial crime activities if financial crime risks are not correctly identified and if effective controls to mitigate those risks are not implemented. This could expose the Group and, following Completion, the Enlarged Group to heavy fines, additional regulatory scrutiny, increased liability and reputational risk.

The Group is and, following Completion, the Enlarged Group will be required to comply with applicable anti-money laundering ("AML"), countering terrorist financing ("CTF"), sanctions, anti-bribery and corruption ("ABC") including fraud, insider dealing and other laws and regulations in the jurisdictions in which it operates. These laws and regulations require the Group and, following Completion, will require the Enlarged Group, among other things, to conduct customer due diligence including sanctions and politically-exposed person screening, keep customer and supplier account and transaction information up to date and implement effective financial crime policies and procedures.

Anti-financial crime has become the subject of enhanced regulatory scrutiny and supervision by regulators globally. AML, CTF, ABC and insider dealing and sanctions laws and regulations are increasingly complex and detailed and have become the subject of enhanced regulatory supervision, requiring improved systems, sophisticated monitoring and skilled compliance personnel.

Financial crime is continually evolving, and the expectations of regulators are increasing. This requires similarly proactive and adaptable responses from the Group and, following Completion,

the Enlarged Group so that it is able to effectively deter threats and criminality. Even known threats can never be fully eliminated, and there may be instances where the Group and, following Completion, the Enlarged Group may potentially be used by other third parties or associated persons to engage in money laundering and other illegal or improper activities. In addition, the Group also relies and, following Completion, the Enlarged Group will rely on its employees, external administrators and other appointed third parties to identify and report such activities. There is a risk that they could fail to do so or otherwise fail to comply with or implement the Group's and, following Completion, the Enlarged Group's policies and procedures relating to financial crime.

Where the Group or, following Completion, the Enlarged Group is unable to comply with applicable laws, regulations and expectations, regulators and relevant law enforcement agencies have the ability and authority to impose significant fines and other penalties, including requiring a complete review of business systems, day-to-day supervision by external consultants/monitors and potentially the revocation of regulatory authorisations and licences. The reputational damage to the Group's and, following Completion, the Enlarged Group's businesses and global brand would be severe if it was found to have breached AML, sanctions, or ABC requirements and this could affect its financial results, financial condition and growth prospects. The Group's and, following Completion, the Enlarged Group's finances and reputation could also suffer if it is unable to protect customers or prevent the business from being used by criminals for illegal or improper purposes.

Catastrophic events, which are often unpredictable by nature, could result in material losses and abruptly and significantly interrupt business activities.

The Group is and, following Completion, the Enlarged Group will be exposed to volatile natural and man-made disasters such as pandemics (including the Covid-19 pandemic), hurricanes, floods, windstorms, earthquakes, terrorism, riots, fires and explosions. Such events could also adversely impact investment markets and cause falls in the value of the Group's and, following Completion, the Enlarged Group's investment portfolios. Over the past several years, changing weather patterns and climatic conditions have added to the unpredictability and frequency of natural disasters in certain parts of the world and created additional uncertainty as to future trends and exposure.

Furthermore, pandemics, natural disasters, terrorism and fires could disrupt operations and result in significant loss of or stranding of property, loss of key personnel and commercial information. If business continuity plans have not included effective contingencies for such events, they could adversely affect the Group's and, following Completion, the Enlarged Group's business, strategic investments, financial results, corporate reputation and financial condition for a substantial period of time.

Risk management policies and procedures may leave the Group and, following Completion, the Enlarged Group exposed to unidentified or unanticipated risk, which could negatively affect its businesses.

Management of risk requires, among other things, policies and procedures to record properly and verify a large number of transactions and events. Many risk exposures are quantified using mathematical models which are calibrated using a combination of historical data and expert judgement. As a result, these methods may not fully predict future exposures, which can be significantly greater than historical measures indicate, particularly in unusual markets and

environments. Other risk management methods depend upon the evaluation of information, regarding markets, customers, clients, catastrophe occurrence or other matters, that is, or will be, publicly available or otherwise accessible to the Group and, following Completion, the Enlarged Group. This information may not always be accurate, complete, up to date or properly evaluated. Although the Group makes use of forward-looking risk indicators where appropriate, it is not possible for these indicators to precisely predict future outcomes which may result in the Group and, following Completion, the Enlarged Group being exposed to unidentified or unanticipated risks.

RISKS RELATING TO THE ACQUISITION

There is a risk that the Acquisition will not be implemented on a timely basis or at all, and there are risks associated with the structuring of the Acquisition. The Acquisition is subject to a number of Acquisition Conditions that may not be satisfied.

The Completion of the Acquisition is conditional upon the satisfaction of certain customary conditions set out in the Share Purchase Agreement (the “**Acquisition Conditions**”) (including among other things, approval of the Acquisition by the shareholders of the Issuer (the “**Shareholder Approval Condition**”) and the receipt of certain regulatory clearances and approvals, as described more fully in the Acquisition Announcement), in each case by a specified long stop date (initially 31 August 2022, but which may be postponed subject to the terms of the Share Purchase Agreement) (the “**Longstop Date**”). There is no guarantee that these Acquisition Conditions will be satisfied on a timely basis or at all prior to the Longstop Date. Failure to satisfy any of these Acquisition Conditions may result in the Acquisition being delayed or not being completed.

As a condition to their clearance of the Acquisition, merger control and regulatory authorities have the discretion to impose requirements, limitations or costs or require divestitures or place restrictions on the conduct of the business of the Group, the Target Group or, following Completion, the Enlarged Group. These requirements, limitations, costs, divestitures or restrictions could jeopardise or delay the Completion of the Acquisition or may reduce the anticipated benefits of the Acquisition.

Any delay to Completion could cause a prolonged period of uncertainty for the Group and the Target Group, as well as their respective customers, clients and employees (including members of their respective management teams). Any delay may also result in the accrual of additional costs to the businesses of the Group and the Target Group, without any of the potential benefits of the Acquisition having been achieved.

The Acquisition is a Class 1 transaction for the Issuer for the purposes of the UK Listing Rules and, as a result, the Issuer is required to obtain approval of the Acquisition from its shareholders at a general meeting. The Share Purchase Agreement requires that the Issuer ensures that its directors provide a unanimous recommendation to its shareholders to approve the Acquisition. This obligation is subject to a carve-out allowing the directors not to provide such recommendation (or to withdraw such recommendation once made) if required by the directors’ fiduciary duties. However, if the Shareholder Approval Condition has not been satisfied by the Longstop Date in circumstances where the directors have exercised their right to withhold or withdraw their recommendation of the Acquisition to its shareholders, the Issuer would be required to pay a break fee to the Initial Sellers, being a lump sum of £7.5 million.

If the Acquisition does not complete, the Group would not have realised the expected benefits of the Acquisition, and a substantial amount of the Group's employees' (including management) time may have been diverted from operations in pursuit of the Acquisition. In addition, if the Acquisition does not proceed to Completion, there may be an adverse impact on the reputation and brand of the Group, for example, as a result of negative media scrutiny arising in connection with the attempted Acquisition.

In addition, the structure of the Acquisition relies upon the exercise of certain drag rights in order to facilitate the acquisition by the Issuer of the entire issued share capital of each of Antler Holdco Limited ("**Antler**") and (indirectly) IIL. There is a risk that one or more of the minority shareholders in each of Antler and IIL may seek to challenge the exercise of those drag rights to transfer their respective shares to the Issuer as part of the Acquisition. If such a scenario was to occur, it could result in a dispute pursuant to which a dissenting minority shareholder could seek: (i) an award of damages to compensate the relevant shareholder for any difference in value between the price paid for their shares pursuant to the exercise of the relevant drag rights pursuant to the Share Purchase Agreement and any higher price which they are found to have been entitled to receive under the articles of association of Antler or IIL (as applicable); and/or (ii) other remedies. As such, there is a risk that the Issuer may fail to acquire the entire issued share capital of each of Antler and IIL. Even if any claims from dissenting minority shareholders are ultimately unsuccessful, the Issuer, Antler and IIL (and, post-Completion, the Enlarged Group) may still incur costs in responding to and defending any such claims. Although the Issuer has the benefit of what it considers to be appropriate protections under the Share Purchase Agreement in respect of costs incurred in relation to any such claims from dissenting minority shareholders, there is a risk that these protections are not sufficient to enable the Issuer to recover the amount of such costs in full or at all.

Therefore, the consequences of a material delay to Completion or failure to achieve Completion or failure to acquire the entire issued share capital of each of Antler and (indirectly) IIL may have a material adverse effect on the business, results of operations, financial condition and/or prospects of the Group, the Target Group and, in the case of a material delay or failure to acquire the entire issued share capital of each of Antler and (indirectly) IIL, the Enlarged Group.

The warranties and pre-Completion conduct protections that all of the Sellers have granted to the Issuer may provide limited protection for the Group.

All of the shareholders in Antler and the minority shareholders in IIL (together, the "**Sellers**") will give certain title and capacity warranties. The Group's ability to recover damages or compensation from the Sellers for any breach of such warranties is subject to customary limitations and exclusions. Accordingly, absent the Sellers' fraud in the making of any such warranties, the Group will have limited ability to recover damages or compensation from the Sellers in the event of a breach of any such warranty which is only identified following Completion. Moreover, there is no guarantee that any of the Sellers will be able to discharge such liabilities to the extent that they fall due (for example, any Seller that is a corporate entity, in particular those principally established for the purpose of holding an interest in the Target Group, may at some point following Completion distribute its assets to its investors, be wound up and/or cease to be an entity of substance). In such a scenario, the Issuer may struggle to recover meaningful amounts in respect of any valid claim it has against such Seller(s). The management of IIL have also given certain fundamental and business warranties, however the liability for any breach of these warranties is limited by, among other things, an aggregate financial cap of £1. This financial cap is customary as the Issuer has obtained warranty and indemnity insurance policies from third party insurers which will

provide coverage, in accordance with their terms and conditions, for certain breaches of warranties following Completion (as further described in the Acquisition Announcement). Those policies are, however, subject to customary limitations and exclusions as well as certain exclusions specific to the Acquisition. In particular, there is an aggregate limit of liability of £375 million under the insurance policies. These limitations and exclusions could result in the Group assuming undisclosed liabilities as a result of the Acquisition, incurring loss, and/or otherwise failing to realise the expected value of the Acquisition. There can also be no assurance that, if losses are covered by such insurance policies, any insurer will meet its obligations to insure and fully cover the losses.

In addition, while the Share Purchase Agreement imposes certain restrictions on certain of the Initial Sellers in relation to the actions to be taken or not taken by the Target Group prior to Completion and an obligation on certain of the Initial Sellers to procure that the business of the Target Group is carried on in the ordinary course and in all material respects in compliance with all applicable laws, the Group will not control or operate the Target Group until after Completion. Accordingly, it is possible that actions may be taken (or not taken) in respect of the Target Group which adversely impact the Target Group but which do not give rise to a right of the Issuer to terminate the Share Purchase Agreement or to seek compensation from any of the Sellers. Furthermore, it is possible that one or more adverse events affecting the Target Group could occur but which do not amount to a material adverse change under the terms of the Share Purchase Agreement and which would not, therefore, give rise to a right of the Issuer to terminate the Share Purchase Agreement or to seek compensation from the Initial Sellers. In any such circumstance, the value of the Target Group at and following Completion may be less than anticipated.

The due diligence conducted may not reveal all of the risks associated with the Acquisition.

Whilst the Group has performed due diligence on the Target Group in connection with the Acquisition, there is a risk that the diligence performed and/or the disclosures made by the Initial Sellers and management of IIL in respect of the Target Group (upon which the Group has relied) may not be complete or correct or may not reveal all of the relevant facts that may be necessary or helpful in evaluating the Acquisition or all of the risks associated with the Acquisition or the full extent of any liability which may arise from such risks. In addition, following Completion, the Enlarged Group may also be subject to undisclosed liabilities in connection with historic acquisitions or disposals conducted by the Target Group and legacy conduct and other exposures with respect to the Target Group that were not identified during due diligence. In such circumstances, the Group could assume undisclosed liabilities as a result of the Acquisition and/or the value of the Target Group may otherwise be less than anticipated by the Issuer. In addition, further expenditure may be required in circumstances where the diligence process has not revealed a defect in the quality of any of the assets of the Target Group but a defect is revealed following Completion, and expenditure by the Enlarged Group is required to improve the quality of such asset to the standards of the Group. If any or all of these risks were to materialise, the result could have a material adverse impact on the Enlarged Group's business, results of operations, financial condition and/or prospects.

The Enlarged Group may not be able to fully realise the anticipated benefits of the Acquisition.

There can be no certainty that the Enlarged Group will be able to achieve certain or any of the anticipated benefits of the Acquisition, or that any benefits that do materialise will meet the

expectations of the Issuer, and it may take longer than expected to realise any benefits of the Acquisition. In addition, the costs associated with achieving these benefits (including any integration or transaction costs) may exceed expectations. Further details of the benefits that the Issuer expects to arise as a result of the Acquisition are set out in the Acquisition Announcement. In particular, the strategic growth opportunities and financial returns which the Issuer expects to achieve as a result of the Acquisition relate to future actions and circumstances which, by their nature, involve assumptions, uncertainties and contingencies. As a result, these anticipated benefits may not be achieved, or those achieved could be materially different from those anticipated.

The Issuer believes that the consideration for the Acquisition is justified in part by the financial returns and other Acquisition benefits it expects to achieve by acquiring the Target Group. However, these expected benefits may not materialise, the assumptions which the Issuer relied on in deciding to pursue the Acquisition may prove to be incorrect and/or the consideration payable for the Target Group may prove not to be reflective of its actual value. For example, there is a risk that the Target Group may not perform as expected or may face greater than expected competition, or that due diligence is not effective in identifying all risks associated with the Acquisition or the full extent of any liability which may arise from such risks (see "*Risk Factors – The due diligence conducted may not reveal all of the risks associated with the Acquisition*").

To the extent that the Enlarged Group incurs higher costs or taxes in connection with the Acquisition or achieves lower financial returns or cost savings than expected, the Enlarged Group's business, results of operations, financial condition and/or prospects may be negatively impacted. Such outcomes could also adversely affect the services that each of the Group and the Target Group currently provide, and those that the Enlarged Group will provide post-Completion, which could have an adverse effect on relationships with clients, customers, employees and suppliers.

The Enlarged Group could suffer a loss of business as a result of uncertainty or negative market sentiment regarding the Acquisition.

The Enlarged Group's success and results will be dependent on the strength of its brands and reputation (see "*Risk Factors – Damage to the Group's reputation may adversely impact the Group's business and prospects*"). While both the Group and the Target Group are well-recognised, they are, and will continue to be, vulnerable to adverse market, customer and client perception, including customer and client perception of the Acquisition and the Enlarged Group post-Completion. There is a risk that customers and clients may choose to move assets away from the Enlarged Group in response to the Acquisition due to a lack of confidence in the Enlarged Group, a lack of support for the Acquisition or the actual or perceived strategic and business priorities of the Enlarged Group or otherwise (notwithstanding the fact that the Issuer intends to operate the business of the Target Group on a largely standalone basis post-Completion, including a continued commitment to IIL's standalone open-architecture, subscription model). There is also the risk that any uncertainty surrounding the Acquisition (including any lack of clarity regarding the timing of Completion) or any neutral or negative sentiment regarding the Acquisition from clients, customers, employees or other third party partners of the Group and/or the Target Group, may also have a material adverse effect on the business, results of operations, financial condition and/or prospects of the Group and/or the Target Group before Completion, and the Enlarged Group following Completion.

Management distraction in connection with, or insufficient management capacity as a result of, the Acquisition could have an adverse effect on the business of the Enlarged Group.

The Acquisition has required, and will continue to require, time and focus from both the Group's and the Target Group's respective management teams, which could adversely affect their ability to operate effectively and efficiently each of the respective businesses carried on by the Group and the Target Group. The Group's, the Target Group's and, following Completion, the Enlarged Group's management teams will also be required to devote attention and resources away from their day-to-day roles and towards the delivery of the Acquisition and any related activities post-Completion, including any integration of the two businesses. There is a risk that the challenges associated with delivery of the Acquisition and managing the Enlarged Group may result in management distraction or insufficient management capacity and that, consequently, the Group, Target Group and, following Completion, Enlarged Group businesses may not perform in line with the expectations of the Issuer, which could have a material adverse effect on the business, results of operations, financial condition and/or prospects of the Group, the Target Group and, following Completion, the Enlarged Group.

Although the Issuer intends to operate the business of the Target Group on a largely standalone basis post-Completion, the required degree of integration of the Target Group's systems and operations with the existing business carried on by the Group may be greater than expected and the Enlarged Group may experience difficulties in integrating such systems and operations.

The Target Group and the Group currently operate as two separate and independent businesses and, although the Issuer intends to continue to operate the businesses on a largely standalone basis, the Acquisition will require a small degree of integration of the business of the Target Group with the existing business of the Group and the success of the Enlarged Group will depend, in part, on the effectiveness of that integration process. The Acquisition will require a degree of integration in certain systems, such as HR and communication systems, and certain of the Enlarged Group's operations, for example certain aspects of its legal, risk and compliance, internal audit and finance operations. This integration process may take longer than expected or may involve challenges, some of which may not be known until after Completion, which could have an adverse effect on the Enlarged Group's business, results of operations, financial condition and/or prospects. As a result, the business of the Enlarged Group may not perform in line with the expectations of the Issuer.

The Enlarged Group will be exposed to risks associated with an increased focus on the United Kingdom market

The Target Group's operations are primarily located in, and most of its revenue is derived from, the United Kingdom. The Enlarged Group will therefore have an increased presence in, and will derive a higher percentage of its overall revenue from, the United Kingdom. As a result, the Enlarged Group will be more exposed to market volatility in the United Kingdom, including increased risks relating to macroeconomic factors affecting the United Kingdom (see "*Risk Factors – Exposure to global political developments, including the consequences of the United Kingdom's withdrawal from the EU and a potential second independence referendum in Scotland, could have a material adverse effect on the Group*"). Any failure to manage the Enlarged Group's exposure to political, regulatory, financial and/or economic challenges in the United Kingdom could have a material adverse effect on the Enlarged Group's business, results of operations, financial condition and/or prospects.

RISKS RELATING TO THE NOTES

Risks Relating to the Structure of the Notes

The Issuer may at any time elect, and in certain circumstances shall be required, not to make payments of interest on the Notes.

The Issuer may at any time elect at its sole and absolute discretion to cancel (in whole or in part) the Interest Amount otherwise scheduled to be paid on any Interest Payment Date. Further, in certain circumstances, such as if the Group or, following Completion, the Enlarged Group or any company in the Group or, following Completion, the Enlarged Group was unable to meet applicable regulatory capital requirements, the Relevant Regulator (as defined in Condition 20) could intervene and order that such interest payments should be cancelled, in full or in part, using the Issuer's contractual discretion to do so.

Furthermore, the Issuer will be required to cancel any Interest Amount (in whole or in part) otherwise scheduled to be paid on an Interest Payment Date and such Interest Amount (or part thereof) will not be due to the extent that such Interest Amount would: (i) when aggregated together with any interest payments or distributions which have been paid or which are required to be paid during the then current financial year of the Issuer on all other own funds items of the Issuer (excluding such interest payments which are not required to be paid out of the Distributable Items of the Issuer), exceed the amount of the Distributable Items of the Issuer as at such Interest Payment Date, or (ii) result in the Solvency Condition not being satisfied with respect to payment of such Interest Amount (or part thereof).

With respect to cancellation of interest due to insufficient Distributable Items, see also "*The level of the Issuer's Distributable Items and its available funding is affected by a number of factors, and insufficient Distributable Items (or funding) will (or may) restrict the ability of the Issuer to make interest payments on the Notes.*" below, and the section entitled "*Business Description – Capital*".

Any Interest Amounts or part thereof not so paid on any such Interest Payment Date shall be cancelled and shall no longer be due and payable by the Issuer. A cancellation of an Interest Amount (or part thereof) in accordance with the Conditions will not constitute a default of the Issuer under the Notes for any purpose.

If the Issuer elects to cancel, or is prohibited from paying, Interest Amounts (or part thereof) at any time, there is no restriction (other than any relevant restriction imposed by any applicable law or regulation) on the Issuer from otherwise making distributions or any other payments to the holders of the Ordinary Shares or any other securities issued by any member of the Group and, following Completion, any member of the Enlarged Group, including securities ranking *pari passu* with or junior to the Notes.

It is the Issuer's board of directors' current intention that, whenever exercising its discretion to declare dividends in respect of its Ordinary Shares, or its discretion to cancel interest on the Notes or any other additional tier 1 securities of the Issuer, the board will take into account the relative ranking of these instruments in the Issuer's capital structure. However, the board may at any time depart from this approach at its sole discretion.

Any actual or anticipated cancellation of interest on the Notes will likely have an adverse effect on the market price of the Notes. In addition, as a result of the interest cancellation provisions 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 cancellation and may be more sensitive generally to adverse changes in the Issuer's financial condition.

The level of the Issuer's Distributable Items and its available funding is affected by a number of factors, and insufficient Distributable Items (or funding) will (or may) restrict the ability of the Issuer to make interest payments on the Notes.

The Issuer will be required to cancel any Interest Amount (or part thereof) otherwise scheduled to be paid on an Interest Payment Date to the extent that such Interest Amount would, when aggregated together with any interest payments or distributions which have been paid or which are required to be paid during the then current financial year of the Issuer on all other own funds items of the Issuer (excluding such interest payments which are not required to be paid out of the Distributable Items of the Issuer), exceed the amount of the Distributable Items of the Issuer as at such Interest Payment Date. In addition, the Issuer may exercise its discretion to cancel, or the Relevant Regulator may direct the Issuer to exercise its discretion to cancel, any Interest Amount otherwise scheduled to be paid on any Interest Payment Date.

As a holding company, the level of the Issuer's Distributable Items will be affected by a number of factors, principally its ability to receive funds, directly or indirectly, from its operating subsidiaries in a manner which creates Distributable Items for the Issuer. The Issuer is also reliant on the receipt of distributions from its subsidiaries for funding the Issuer's payment obligations. Consequently, the level of the Issuer's Distributable Items and available funding, and therefore its ability to make interest payments on the Notes, are a function of the Issuer's existing Distributable Items, future profitability of the Group and, following Completion, the Enlarged Group and the ability of the Issuer's operating subsidiaries to distribute or dividend profits up the Group or, following Completion, the Enlarged Group structure to the Issuer. In addition, the Issuer's Distributable Items available for making payments to Noteholders may also be adversely affected by the servicing of other instruments issued by the Issuer or by any subsidiaries in the Group and, following Completion, the Enlarged Group. The level of the Issuer's Distributable Items may be further affected by changes to regulation or the requirements and expectations of applicable regulatory authorities. Any such potential changes could adversely affect the Issuer's Distributable Items in the future.

Further, the Issuer's Distributable Items and its available funding, and therefore the Issuer's ability to make interest payments under the Notes, may be adversely affected by the performance of the business of the Group and, following Completion, the Enlarged Group in general, factors affecting its financial position (including capital and leverage), the economic environment in which the Group operates and, following Completion, the Enlarged Group will operate and other factors outside of the Issuer's control. Adjustments to earnings, as determined by the Board, may fluctuate significantly and may also materially adversely affect Distributable Items. See also the section entitled "*Business Description – Capital*".

In addition, the ability of the Issuer's subsidiaries to make distributions and the Issuer's ability to receive distributions and other payments from its investments in other entities is subject to applicable laws and other restrictions, including such subsidiaries' respective regulatory, capital and leverage requirements, statutory reserves, financial and operating performance and applicable tax laws.

The Notes may be traded with accrued interest, but under certain circumstances described above, such interest may be cancelled and not paid on the relevant Interest Payment Date.

The Notes may trade, and/or the prices for the Notes may appear, on the ISM and/or in other trading systems, with accrued interest. If this occurs, purchasers of Notes in the secondary market will pay a price that reflects such accrued interest upon purchase of the Notes. However, if a payment of interest on any Interest Payment Date is cancelled (in whole or in part) as described herein and thus is not due and payable, purchasers of such Notes will not be entitled to that interest payment (or, if the Issuer elects to make a payment of a portion, but not all, of such interest payment, the portion of such interest payment not paid) on the relevant Interest Payment Date.

The interest rate on the Notes will reset on each Reset Date, which is expected to affect the interest payable on the Notes and could affect the market value of the Notes.

The Notes bear interest at the Initial Interest Rate from (and including) the Issue Date to (but excluding) the First Reset Date. From and including the First Reset Date, and on each Reset Date thereafter, the interest rate will be reset to the sum of the relevant Reset Reference Rate and the margin of 4.709 per cent. The relevant Reset Interest Rate could be less than the Initial Interest Rate, which could affect the market value of an investment in the Notes.

The Notes have no scheduled maturity and Noteholders only have a limited ability to exit their investment.

The Notes are perpetual securities and have no fixed maturity date or fixed redemption date. Although, in certain circumstances, as described in Condition 8, the Issuer may redeem the Notes, the Issuer is under no obligation to do so and the Noteholders have no right to call for their redemption. Therefore, Noteholders have no ability to exit their investment, except (i) if the Issuer exercises its right to redeem the Notes in accordance with their terms and applicable laws, (ii) by selling their Notes or, following the occurrence of a Conversion Trigger Event and the issue and delivery of Ordinary Shares, their Ordinary Shares (if the Issuer does not elect that a Conversion Shares Offer be made or where the Ordinary Shares issued upon Conversion are not all sold pursuant to the Conversion Shares Offer or the Noteholder validly delivers an Opt-Out Notice), (iii) through the cash component of any Conversion Shares Offer Consideration, (iv) where the Trustee institutes proceedings for the winding-up of the Issuer where the Issuer has exercised its right to redeem the Notes but fails to make payment in respect of such redemption when due, in which limited circumstances the Noteholders may receive some of any resulting liquidation proceeds following payment being made in full to all senior and more senior subordinated creditors, or (v) upon a winding-up, in which limited circumstances the Noteholders may receive some of any resulting liquidation proceeds following payment being made in full to all senior and more senior subordinated creditors. The proceeds, if any, realised by any of the actions described in (i) to (v) of the preceding sentence may be substantially less than the principal amount of the Notes or amount of a Noteholder's investment in the Notes.

Accordingly, the Issuer will be under no obligation to repay all or any part of the principal amount of the Notes, the Issuer has no obligation to redeem the Notes at any time and Noteholders have no right to call for their redemption or otherwise accelerate the repayment of the principal amount of the Notes (except in the very limited circumstances described above).

The Notes are subject to early redemption upon the occurrence of certain events and at certain times.

Subject to obtaining Regulatory Approval and compliance with the Regulatory Preconditions, the Solvency Condition and Condition 8(f), the Issuer may, at its option, redeem all (but not some only) of the Notes (i) at any time upon the occurrence of a Tax Event or a Capital Disqualification Event or (ii) on any day falling in the period commencing on (and including) 13 December 2026 and ending on (and including) the First Reset Date and on any Reset Date thereafter, at their principal amount together with any accrued interest. See also "*Risk Factors – The Group is and, following Completion, the Enlarged Group will be subject to capital and liquidity requirements that are subject to material change – Future changes to the prudential framework for investment firms.*"

Such optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes or is perceived to be able to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed.

If the Issuer redeems the Notes in any of the circumstances mentioned above, there is a risk that the Notes may be redeemed at times when the redemption proceeds are less than the current market value of the Notes or when prevailing interest rates may be relatively low, in which latter case Noteholders may only be able to reinvest the redemption proceeds in securities with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Notes do not contain events of default and the Noteholders have limited remedies.

Payments in respect of the Notes may only be accelerated in the event of the occurrence of a Winding-Up. There is no right of acceleration in the case of non-payment of principal or interest on the Notes or of the Issuer's failure to perform any of its obligations under or in respect of the Notes.

The sole remedy against the Issuer available for recovery of amounts owing in respect of any non-payment of any amount that has become due and payable under the Notes is, subject to certain conditions and to the provisions set forth in Condition 12 (*Non-payment when due*), for the Trustee to institute proceedings for the winding-up of the Issuer and/or prove and/or claim in a Winding-Up.

Although the Trustee may institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision 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, without limitation, payment of any principal or interest in respect of the Notes and any damages awarded for breach of any obligations), in no event shall the Issuer, by virtue of the institution of any such proceedings or the taking of such action or step, be obliged to pay any sum or sums (in cash or otherwise) sooner than the same would otherwise have been payable by it, except by proving and/or claiming such payment in the event of a Winding-Up.

Upon the occurrence of a Conversion Trigger Event, Noteholders will lose all or some of the value of their investment in the Notes.

The Notes are being issued for capital adequacy purposes with the intention and purpose of being eligible as Additional Tier 1 Capital of the Group and, following Completion, the Enlarged Group. Such eligibility depends upon a number of conditions being satisfied, which are reflected in the Conditions. One of these relates to the ability of the Notes, and the proceeds of their issue, to be

available to absorb any losses of the Issuer. Accordingly, a Conversion Trigger Event shall occur if: (a) at any time in the period from (and including) the Issue Date to (but excluding) the IFPR Effective Date the UK CRR CET1 Ratio is less than 7 per cent; or (b) at any time on or after the IFPR Effective Date the IFPR CET1 Ratio is less than 70 per cent. (the "**IFPR Conversion Trigger**"). The IFPR Conversion Trigger has been formulated by reference to the IFPR Rules, the provisions of which (to the extent applicable to the Issuer) are intended to supplement and/or replace certain of the applicable requirements of Articles 52(1)(d) to 52(1)(o) of the UK CRR.

Subject to Condition 7(a), if a Conversion Trigger Event occurs at any time, the Issuer's obligations under the Notes shall be irrevocably and automatically released in consideration of the issue by the Issuer of Ordinary Shares to the Conversion Shares Depositary, and under no circumstances shall such released obligations be reinstated. As a result, Noteholders could lose all or part of the value of their investment in the Notes, as, following a Conversion Trigger Event, Noteholders will receive only (i) the Ordinary Shares (if the Issuer does not elect that a Conversion Shares Offer be made) or (ii) the Conversion Shares Offer Consideration, which shall comprise Ordinary Shares and/or cash depending on the results of the Conversion Shares Offer (if the Issuer elects that a Conversion Shares Offer be made), and the realisable value of any Ordinary Shares received may be significantly less than the Conversion Price. In addition, the realisable value of any Ordinary Shares received could be substantially lower than that implied by the price paid for the Notes at the time of their purchase and, following Conversion, Noteholders will no longer have a debt claim in relation to the Notes.

Furthermore, upon the occurrence of a Conversion Trigger Event, the Noteholders will not be entitled to any compensation in the event of any improvement in the Group's or, following Completion, the Enlarged Group's UK CRR CET1 Ratio or IFPR CET1 Ratio, as applicable (each a "**Relevant Ratio**"), after the Conversion Date.

The occurrence of a Conversion Trigger Event is inherently unpredictable and depends on a number of factors, which may be outside the control of the Issuer. Accordingly, investors may be unable to predict accurately if and when a Conversion Trigger Event may occur. See "*The circumstances surrounding or triggering a Conversion Trigger Event are unpredictable, and there are a number of factors that could affect the Relevant Ratio of the Group*" below.

Noteholders will bear the risk of changes in the Group's and, following Completion, the Enlarged Group's Relevant Ratio.

The market price of the Notes is expected to be affected by changes in the Group's and, following Completion, the Enlarged Group's Relevant Ratio. Any decline or perceived decline in the Relevant Ratio may have an adverse effect on the market price of the Notes, and such adverse effect may be particularly significant if there is any indication or expectation that the Relevant Ratio is, or may be moving towards, the level of a Conversion Trigger Event. See "*The circumstances surrounding or triggering a Conversion Trigger Event are unpredictable, and there are a number of factors that could affect the Relevant Ratio of the Group and, following Completion, the Enlarged Group*" and "*Future regulatory changes to the calculation of common equity tier 1 capital and/or risk weighted assets may negatively affect the Group's and, following Completion, the Enlarged Group's Relevant Ratio and thus increase the risk of a Conversion Trigger Event, which will lead to a Conversion, as a result of which Noteholders could lose all or part of the value of their investment in the Notes*".

The Issuer intends to report publicly the Group's and, following Completion, the Enlarged Group's Relevant Ratio only when public financial reporting is conducted, and therefore during the intervening periods there may be no published updates to the Group's and, following Completion, the Enlarged Group's Relevant Ratio. In addition, there may be no prior warning of adverse changes in the Group's and, following Completion, the Enlarged Group's Relevant Ratio. However, any indication that the Group's and, following Completion, the Enlarged Group's Relevant Ratio is moving towards the level of a Conversion Trigger Event may have an adverse effect on the market price of the Notes.

The circumstances surrounding or triggering a Conversion Trigger Event are unpredictable, and there are a number of factors that could affect the Relevant Ratio of the Group and, following Completion, the Enlarged Group.

The occurrence of a Conversion Trigger Event is inherently unpredictable and depends on a number of factors, including those discussed in greater detail in the following paragraphs, any of which may be outside the control of the Issuer. A Conversion Trigger Event may occur at any time.

The Group's and, following Completion, the Enlarged Group's Relevant Ratio may fluctuate between public financial reporting periods. The calculation of such ratio could be affected by one or more factors, including, among other things, changes in the mix of the Group's and, following Completion, the Enlarged Group's business, major events affecting its earnings, distributions payments by the Issuer, regulatory changes and the Group's and, following Completion, the Enlarged Group's ability to manage its Risk Weighted Assets or, following the IFPR Effective Date, its IFPR Capital Requirement. Actions that the Issuer takes could also affect its Relevant Ratio, including causing it to decline.

The calculation of the Group's and, following Completion, the Enlarged Group's Relevant Ratio may also be affected by changes in applicable accounting rules, or by changes to regulatory adjustments which modify the regulatory capital impact of accounting rules. Moreover, even if changes in applicable accounting rules, or changes to regulatory adjustments which modify accounting rules, are not yet in force as at the relevant calculation date, the FCA could require the Issuer to reflect such changes in any particular calculation of the Group's and, following Completion, the Enlarged Group's Relevant Ratio.

Accordingly, accounting changes or regulatory changes may have a material adverse impact on the Group's and, following Completion, the Enlarged Group's calculations of regulatory capital.

Because of the inherent uncertainty regarding whether a Conversion Trigger Event will occur and that the Group's and, following Completion, the Enlarged Group's Relevant Ratio may be calculated at any time by the Issuer or the FCA, it will be difficult to predict when, if at all, a Conversion Trigger Event and subsequent Conversion may occur. Accordingly, the trading behaviour of the Notes is not necessarily expected to follow the trading behaviour of other types of securities. Any indication that a Conversion Trigger Event and subsequent Conversion may occur can be expected to have a material adverse effect on the liquidity and/or market price of the Notes.

The Group and, following Completion, the Enlarged Group's Relevant Ratio and, more generally, its overall capital position will be affected by the Group's and, following Completion, the Enlarged Group's business decisions and, in making such decisions, the Group's interests may not be aligned with those of the Noteholders.

As discussed in "*The circumstances surrounding or triggering a Conversion Trigger Event are unpredictable, and there are a number of factors that could affect the Relevant Ratio of the Group and, following Completion, the Enlarged Group.*" above, the Group's and, following Completion, the Enlarged Group's Relevant Ratio and, more generally, its overall respective capital position could be affected by a number of factors, including the Group's and, following Completion, the Enlarged Group's decisions relating to its businesses and operations, as well as the management of its capital position. Neither the Issuer nor any member of the Group or, following Completion, the Enlarged Group will have any obligation to consider the interests of the Noteholders in connection with its strategic decisions, including in respect of its capital management. Noteholders will not have any claim against the Issuer or any other member of the Group or, following Completion, the Enlarged Group relating to decisions that affect the business and operations of the Group and, following Completion, the Enlarged Group, including the Group's and, following Completion, the Enlarged Group's capital position, regardless of whether they result in the occurrence of a Conversion or a cancellation of interest payments in respect of the Notes. Such decisions could cause the Noteholders to lose all or part of the value of their investment in the Notes.

As a result of Noteholders receiving Ordinary Shares following the occurrence of a Conversion Trigger Event, they are particularly exposed to changes in the market price of the Issuer's ordinary shares.

In general, investors in convertible or exchangeable securities may seek to hedge their exposure in the underlying equity securities at the time of acquisition of the convertible or exchangeable securities. Prospective investors in the Notes may look to sell Ordinary Shares in anticipation of taking a position in, or whilst holding, the Notes. This could drive down the price of the Ordinary Shares. Since the Notes will mandatorily convert into Ordinary Shares upon the occurrence of a Conversion, the price of the Ordinary Shares may be more volatile if the Issuer is trending toward a Conversion Trigger Event.

Furthermore, if the Issuer elects that a Conversion Shares Offer is made, and unless the Noteholder delivers a valid Opt-Out Notice in accordance with the Conditions, such Noteholder will only be entitled to receive Conversion Shares Offer Consideration – see "*Noteholders may receive Conversion Shares Offer Consideration instead of Ordinary Shares upon Conversion*" below.

Noteholders may receive Conversion Shares Offer Consideration instead of Ordinary Shares upon Conversion.

The Issuer may elect, in its sole and absolute discretion, that a Conversion Shares Offer be conducted by the Conversion Shares Depositary (or any agent(s) on its behalf) upon the occurrence of a Conversion Trigger Event. If the Issuer elects that a Conversion Shares Offer be conducted, the Conversion Shares Depositary (or any agent(s) on its behalf) will make an offer of all or some of the Eligible Conversion Shares (being Ordinary Shares for which a valid Opt-Out Notice has not been delivered in accordance with the Conditions) to all or some of the Issuer's shareholders.

The Conversion Shares Offer Price relating to any such Conversion Shares Offer shall be not lower than the Conversion Shares Offer Floor Price. The Conversion Shares Offer Floor Price shall be (i) if the Ordinary Shares are then admitted to trading on a Relevant Stock Exchange, the Current Market Price as at the Conversion Date; or (ii) if the Ordinary Shares are not then admitted

to trading on a Relevant Stock Exchange, the Fair Market Value of a Conversion Share as at the Conversion Date. Accordingly, the Conversion Shares Offer Price may be more or less than the Conversion Price.

Subject to the provisions of Condition 7 (*Conversion*), if all of the Eligible Conversion Shares are sold in the Conversion Shares Offer, Noteholders will be entitled to receive, in respect of each Note for which an Opt-Out Notice is not received by the Conversion Shares Depositary from a Noteholder prior to the third Business Day preceding the final day of the Conversion Shares Offer Period and as determined by the Issuer and/or Conversion Calculation Agent, the *pro rata* share of the cash proceeds of the sale of the Eligible Conversion Shares attributable to such Note (less the *pro rata* share of any foreign exchange transaction costs), subject (in applicable circumstances) to the cap described in the following paragraph. If not all of the Eligible Conversion Shares are sold in the Conversion Shares Offer, Noteholders shall be entitled to receive, in respect of each such Note and as determined by the Conversion Calculation Agent, (i) the *pro rata* share of the cash proceeds from the sale of the Eligible Conversion Shares attributable to such Note (less the *pro rata* share of any foreign exchange transaction costs), subject (in applicable circumstances) to the cap described in the following paragraph together with (ii) the *pro rata* share of the Eligible Conversion Shares not sold pursuant to the Conversion Shares Offer attributable to such Note rounded down to the nearest whole number of Conversion Shares.

If any Eligible Conversion Shares are sold in the Conversion Shares Offer and the cash component (if any) of the Conversion Shares Offer Consideration per Calculation Amount would otherwise exceed the product of (i) the Calculation Amount, and (ii) the proportion (expressed as a percentage) of the Conversion Shares sold in the Conversion Shares Offer (such excess, the "**Excess Amount**"), the Excess Amount shall not form part of the Conversion Shares Offer Consideration. The holders of the Notes will be deemed, by virtue of their holding, to have waived any and all entitlement to any such Excess Amount, and such Excess Amount shall instead be payable to the Issuer for its own account. In such circumstances, the value of the Conversion Shares Offer Consideration received by a Noteholder may be less than the market value of the Conversion Shares which it would have been entitled to receive if the Issuer had not elected that a Conversion Shares Offer be made.

Accordingly, if the Issuer elects that a Conversion Shares Offer be made and a Noteholder does not validly submit an Opt-Out Notice in accordance with the Conditions, that Noteholder may not ultimately receive Conversion Shares, or may receive only some Conversion Shares as part of the Conversion Shares Offer Consideration.

No interest or other compensation is payable in respect of the period from the Conversion Date to the date of delivery of the Conversion Shares or the cash proceeds from the sale of the Conversion Shares in the circumstances described above. Furthermore, neither the occurrence of a Conversion Trigger Event nor, following the occurrence of a Conversion Trigger Event, the election (if any) by the Issuer that a Conversion Shares Offer be made, will preclude the Issuer from undertaking a rights issue or other equity issue at any time on such terms as the Issuer deems appropriate in its sole discretion, including, for the avoidance of doubt, but without limitation, the offer of Ordinary Shares at or below the Conversion Shares Offer Price.

Notice of the results of any Conversion Shares Offer will be provided to Noteholders only at the end of the Conversion Shares Offer Period. Accordingly, Noteholders would not know the composition of the Conversion Shares Offer Consideration to which they may be entitled until the end of the Conversion Shares Offer Period.

The Notes are unsecured and subordinated obligations of the Issuer. On a winding-up of the Issuer, investors in the Notes may lose their investment in the Notes.

The Issuer's obligations under the Notes are unsecured and are subordinated to all of the Issuer's obligations to Senior Creditors. In addition, prior to winding-up payment of principal or interest in respect of the Notes cannot be made in respect of the Notes except to the extent that the Issuer could make such payment and still satisfy the Solvency Condition immediately thereafter.

If at any time prior to the date on which a Conversion Trigger Event occurs, (i) 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 purposes of a merger, reorganisation, reconstruction or amalgamation of the Issuer or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which merger, reorganisation, reconstruction, amalgamation or substitution (x) have previously been approved in writing by the Trustee or by an Extraordinary Resolution and (y) do not provide that the Notes shall thereby become redeemable or repayable in accordance with the Conditions); or (ii) an administrator of the Issuer is appointed and such administrator declares, or gives notice that it intends to declare and distribute, a dividend (a "**Winding-Up**"), there shall be payable by the Issuer in respect of each Note (in lieu of any other payment by the Issuer) such amount, if any, as would have been payable to the relevant Noteholder if, on the day preceding the commencement of such winding-up or administration and thereafter, such Noteholder were the holder of one of a class of preference shares in the capital of the Issuer ("**Notional Preference Shares**"), ranking *pari passu* on a return of assets in such winding-up or administration with holders of the most senior class of preference shares (if any) for the time being in the capital of the Issuer that has a preferential right to a return of assets on such winding-up or administration and with holders of any Parity Obligations, and ranking in priority to the holders of all other classes of shares in issue for the time being in the capital of the Issuer but ranking junior to the claims of Senior Creditors, and on the assumption that the amount that such holder was entitled to receive in respect of each Notional Preference Share, on a return of assets in such winding-up or administration, was an amount equal to the principal amount of the relevant Note together with, to the extent not otherwise included within the foregoing, any other amounts attributable to the Note, including any accrued but unpaid interest thereon (to the extent not cancelled in accordance with the Conditions) and any damages awarded for breach of any obligations, whether or not the conditions referred to in Condition 4(a) are satisfied on the date upon which the same would otherwise be due and payable.

If at any time on or after the date on which a Conversion Trigger Event occurs, a Winding-Up occurs, but the relevant Ordinary Shares to be issued and delivered to the Conversion Shares Depository on Conversion in accordance with Condition 7 have not been so issued and delivered, the obligation of the Issuer to issue and deliver such Ordinary Shares shall be satisfied by payment in respect of each Note (in lieu of any other payment by the Issuer) of such amount, if any, as would have been payable to a Noteholder if, on the day preceding the commencement of the winding-up or administration and thereafter, such Noteholder were the holder of the number of Ordinary Shares to which such Noteholder was entitled in accordance with Condition 7 (ignoring for these purposes the Issuer's right to make an election for a Conversion Shares Offer to be effected in accordance with Condition 7(b)(ii)), whether or not the conditions referred to in Condition 4(a) are satisfied on the date upon which the same would otherwise be due and payable.

Therefore, if, on a Winding-Up, the assets of the Issuer are insufficient to enable the Issuer to repay the claims of Senior Creditors in full, the Noteholders will lose their entire investment in the

Notes. If there are sufficient assets to enable the Issuer to pay the claims of Senior Creditors in full but insufficient assets to enable the Issuer to pay claims arising under its obligations in respect of the Notes and all Parity Obligations, the Noteholders will lose some (which may be substantially all) of their investment in the Notes.

If the Issuer's financial condition deteriorates such that there is an increased risk that the Issuer may be wound-up or enter into administration, 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, whether or not the Issuer is wound up or enters into administration.

Although the Notes may pay a higher rate of interest than notes which are not subordinated, there is a substantial risk that investors in the Notes will lose all or some of the value of their investment should the Issuer become insolvent.

Furthermore, Noteholders should be aware that, upon the occurrence of a Conversion Trigger Event, all of the Issuer's obligations under the Notes shall be irrevocably and automatically released in consideration of the Issuer's issuance of the Ordinary Shares to the Conversion Shares Depositary, and each Noteholder will be effectively further subordinated due to the change in their status on a Winding-Up after the Conversion Date from being the holder of a debt instrument ranking ahead of holders of Ordinary Shares to being the holder of Ordinary Shares of the Issuer or the beneficial owner of Ordinary Shares of the Issuer as evidenced by the Notes. As a result, upon the occurrence of a Conversion Trigger Event, the Noteholders could lose all or part of their investment in the Notes irrespective of whether the Issuer has sufficient assets available to settle what would have been the claims of the Noteholders or other securities subordinated to the same extent as the Notes, in a Winding-Up or otherwise. Therefore, even if Parity Obligations are paid in full, following the Conversion Date in respect of a Conversion Trigger Event, the Noteholders will have no rights to the repayment of the principal amount of the Notes or the payment of interest on the Notes and will rank as holders of Ordinary Shares of the Issuer (or beneficial owners of Ordinary Shares of the Issuer).

Future regulatory changes to the calculation of common equity tier 1 capital and/or the minimum capital requirement applicable to the Group and, following Completion, the Enlarged Group may negatively affect the Group's or, following Completion, the Enlarged Group's Relevant Ratio and thus increase the risk of a Conversion Trigger Event, which will lead to a Conversion, as a result of which Noteholders could lose all or part of the value of their investment in the Notes.

Under the UK CRD IV (as amended), the Issuer is required to calculate the Group's Relevant Ratio as a function of its common equity tier 1 capital and its assets, risk weighted in accordance with the Relevant Rules. The common equity tier 1 capital, the applicable risk exposure amounts and the resulting Relevant Ratio will be calculated in accordance with the capital adequacy standards, guidelines and other Relevant Rules applicable to the Issuer on the relevant date.

Further, it is expected that the Issuer and the Group and, following Completion, the Enlarged Group will, with effect from the IFPR Effective Date, cease to be subject to the current UK CRD IV prudential regime and instead become subject to the IFPR Rules with the Issuer being classified as a parent undertaking of a 'Non-SNI' (i.e. other than 'Small and Non-Interconnected')

investment firm. The relevant IFPR Rules have either (i) been published in their final form but have not yet entered in force or (ii) have only been published in draft form which may differ from the final form. There can therefore be no certainty on their ultimate implementation (in respect of the rules published in final form but not yet in force), final form (in respect of the rules only published in draft form) or impact with respect to the Issuer, the Group and, following Completion, the Enlarged Group or the Notes. In the event that changes are made to the IFPR Rules from the form published as at the date of this Offering Circular, this could result in a material change to the minimum capital requirements, eligible capital of the Issuer and/or the Group and, following Completion, the Enlarged Group or other regulatory or prudential requirements which could have a material adverse effect on the Notes.

The Group's interpretation of the UK CRD IV, the published IFPR Rules and the basis of its calculation of the Group's and, following Completion, the Enlarged Group's Relevant Ratio may be different from those of other financial institutions. For the purposes of the Notes, the calculation of the Group's and, following Completion, the Enlarged Group's CET1 Capital (based on its interpretation of the IFPR Rules) at any time is binding on the Trustee and the Noteholders. Similarly, whether a Conversion Trigger Event has occurred shall be determined by the Issuer, the FCA or an agent duly appointed for such purpose by the FCA and such determination will be binding on the Issuer, the Trustee and the Noteholders.

Any changes that may occur in the application of the UK CRD IV, the IFPR Rules or other rules applicable to the Issuer, the Group or, following Completion, the Enlarged Group, in the United Kingdom subsequent to the date of this Offering Circular and/or any subsequent changes to such rules and other variables may individually and/or in the aggregate negatively affect the Group's and, following Completion, the Enlarged Group's Relevant Ratio and thus increase the risk of the occurrence of a Conversion Trigger Event, which will lead to a Conversion, as a result of which a Noteholder could lose all or part of the value of its investment in the Notes.

As the Conversion Price is fixed at the time of issue of the Notes, Noteholders will bear the risk of fluctuations in the market price of the Ordinary Shares.

Because a Conversion Trigger Event will only occur at a time when the Group's and, following Completion, the Enlarged Group's Relevant Ratio has deteriorated significantly, a Conversion Trigger Event may be accompanied by a deterioration in the market price of the Ordinary Shares, which may be expected to continue after the occurrence of the Conversion Trigger Event. Therefore, following a Conversion Trigger Event, the realisable value of the Ordinary Shares may be below the Conversion Price. The initial Conversion Price is fixed at the time of issue of the Notes at £1.6275 per Ordinary Share, and is subject to certain anti-dilution adjustments, as described in Condition 7(e) and under "*Noteholders do not have anti-dilution protection in all circumstances*" below. As a result, the Conversion Price may not reflect the market price of the Ordinary Shares, which could be significantly lower than the Conversion Price.

In addition, there may be a delay in a Noteholder receiving its Ordinary Shares following a Conversion Trigger Event (in particular if the Issuer elects that a Conversion Shares Offer be conducted, as the Conversion Shares Offer Period may last up to 40 Business Days after the delivery of the Conversion Shares Offer Notice), during which time the market price of the Ordinary Shares may further decline.

Issuance of Ordinary Shares to the Conversion Shares Depositary shall constitute a complete, irrevocable and automatic release of all of the Issuer's obligations in respect of the Notes.

Upon Conversion, the Issuer shall issue Ordinary Shares to the Conversion Shares Depositary, which will hold the Ordinary Shares on trust for the Noteholders. Issuance of the Ordinary Shares to the Conversion Shares Depositary shall constitute a complete, irrevocable and automatic release of all of the Issuer's obligations in respect of the Notes. Provided that the Issuer issues the Ordinary Shares to the Conversion Shares Depositary in accordance with the terms of the Notes, with effect from the Conversion Date, Noteholders shall have recourse only to the Conversion Shares Depositary for the delivery to them of Ordinary Shares or, if the Issuer elects that a Conversion Shares Offer be made, of any Conversion Shares Offer Consideration to which such Noteholders are entitled.

In addition, the Issuer has not, as at the Issue Date, appointed a Conversion Shares Depositary and the Issuer may not be able to appoint a Conversion Shares Depositary if a Conversion Trigger Event occurs. In such a scenario, the Issuer would give notice to the Noteholders and the Trustee in accordance with the Conditions of any alternative arrangements as it shall consider reasonable in the circumstances in connection with the issuance and/or delivery of the Ordinary Shares and such arrangements may be disadvantageous to, and more restrictive on, the Noteholders. For example, such arrangements may involve Noteholders having to wait longer to receive their Ordinary Shares than would be the case under the arrangements expected to be entered into with a Conversion Shares Depositary. Under these circumstances, the Issuer's issuance of the Ordinary Shares to the relevant recipient in accordance with these alternative arrangements shall constitute a complete, irrevocable and automatic release of all of the Issuer's obligations in respect of the Notes as if the Ordinary Shares had been issued to the Conversion Shares Depositary.

Following a Conversion Trigger Event, the Notes will remain in existence until the applicable Settlement Date for the sole purpose of evidencing the holder's right to receive Ordinary Shares or Conversion Shares Offer Consideration, as applicable, from the Conversion Shares Depositary and the rights of the Noteholders will be limited accordingly.

Following a Conversion Trigger Event, the Notes shall remain in existence until the applicable Settlement Date (or, if earlier, the Final Cancellation Date) for the sole purpose of evidencing the Noteholder's right to receive Ordinary Shares or Conversion Shares Offer Consideration, as applicable, from the Conversion Shares Depositary, and that the Notes may continue to be transferable until the applicable Settlement Date (or, if earlier, the Final Cancellation Date). In no circumstances shall such released obligations be reinstated.

Although the Issuer currently expects that beneficial interests in the Notes will be transferable between the Conversion Date and the Suspension Date, there is no guarantee that an active trading market will exist for the Notes following the Conversion Trigger Event. Accordingly, the price received for the sale of any beneficial interest under a Note during this period may not reflect the market price of such Note or the Ordinary Shares. Furthermore, transfers of beneficial interests in the Notes may be restricted following the Conversion Date, for example if the clearance and settlement of transactions in the Notes is suspended by a Clearing System at an earlier time than currently expected. In such a situation it may not be possible to transfer beneficial

interests in the Notes in such Clearing System and trading in the Notes may cease through such Clearing System.

In addition, the Issuer expects that each of the Clearing Systems will suspend all clearance and settlement of transactions in the Notes on the Suspension Date. As a result, Noteholders will not be able to settle the transfer of any Notes through such Clearing System following the Suspension Date, and any sale or other transfer of the Notes that a Noteholder may have initiated prior to the Suspension Date with respect to such Clearing System that is scheduled to match or settle after the Suspension Date will be rejected by such Clearing System and will not be matched or settled through such Clearing System.

The Notes may cease to be admitted to trading on the ISM before or after the Suspension Date.

Moreover, although the Noteholders will become beneficial owners of the Ordinary Shares upon the issuance of such Ordinary Shares to the Conversion Shares Depository and the Ordinary Shares will be registered in the name of the Conversion Shares Depository (or the relevant recipient in accordance with the terms of the Notes), no holder will be able to sell or otherwise transfer any Ordinary Shares until such time as they are finally delivered to such holder and registered in their name.

Noteholders do not have anti-dilution protection in all circumstances.

The number of Ordinary Shares to be issued to the Conversion Shares Depository upon a Conversion will be the aggregate principal amount of the Notes outstanding immediately prior to the occurrence of the Conversion Trigger Event divided by the Conversion Price prevailing on the Conversion Date (rounded down to the nearest whole number of Ordinary Shares). The Conversion Price will be adjusted if there is a consolidation, reclassification, re-designation or subdivision of the Ordinary Shares, an issuance of Ordinary Shares in certain circumstances by way of capitalisation of profits or reserves, a rights issue, a Capital Distribution or if a Qualifying Takeover Event occurs, but only in the situations and only to the extent provided in "*Terms and Conditions of the Notes—Adjustments of Conversion Price*". There is no requirement that there should be an adjustment for every corporate or other event that may affect the market price of the Ordinary Shares. Furthermore, the adjustment events that are included are less extensive than those often included in the terms of voluntarily convertible securities. Accordingly, the occurrence of events in respect of which no adjustment to the Conversion Price is made may adversely affect the value of the Notes.

If a Takeover Event occurs, the Notes may be converted into shares in an entity other than the Issuer, into unlisted shares or written down.

If a Qualifying Takeover Event occurs, then, following a Conversion, the Notes shall become convertible or exchangeable as follows (i) where the Conversion Date falls on or after the date the New Conversion Condition (as summarised below) is satisfied and the Approved Entity Status Condition (as defined below) is met as at the Conversion Date, Relevant Shares of the Approved Entity at the prevailing New Conversion Price, or (ii) otherwise, Ordinary Shares of the Issuer at the prevailing Conversion Price as provided under "*Terms and Conditions of the Notes—Conversion Takeover Events*".

There can be no assurance as to the nature of any such Approved Entity, that shares designated as Relevant Shares will continue to be Relevant Shares on the Conversion Date (and as such,

whether a Qualifying Takeover Event shall remain a Qualifying Takeover Event), of the risks associated with becoming an actual or potential shareholder in such Approved Entity, or that the Approved Entity Status Condition will be met and, accordingly, a Qualifying Takeover Event may have an adverse effect on the value of the Notes.

In addition, the Issuer and the Acquiror have certain discretions in determining whether a Qualifying Takeover Event has occurred. A Qualifying Takeover Event requires the New Conversion Condition to be satisfied. For the New Conversion Condition to be satisfied, among other requirements, the Issuer must determine that the arrangements to the satisfaction of the Issuer to deliver Approved Entity Shares following a Conversion Trigger Event are in place. If the Issuer and the Acquiror are unable to enter into such arrangements within this timeframe, the New Conversion Condition would not be satisfied.

If a Non-Qualifying Takeover Event occurs (including because on the Conversion Date the Acquiror is not an Approved Entity, i.e. because it does not have in issue Relevant Shares), with effect from the occurrence of the Takeover Event (or the date on which the Acquiror's Shares cease to be Relevant Shares) and unless a Conversion Date shall have occurred prior to the date of such Takeover Event (or the date on which the Acquiror's Shares cease to be Relevant Shares), outstanding Notes shall not be subject to Conversion into shares of the Acquiror at any time notwithstanding that a Conversion Trigger Event may occur subsequently but instead, upon the occurrence of a subsequent Conversion (if any) (or where the Conversion Date occurs on or after the date of such Takeover Event) the Notes shall be (i) converted into Ordinary Shares in the Issuer in accordance with Condition 7(a)(vii)(A) or, (ii) if the Issuer has given notice pursuant to Condition 7(a)(vi) prior to the occurrence of a Conversion Trigger Event, the full principal amount outstanding of each Note will automatically be written down to zero in accordance with Condition 7(a)(vii)(B), each Note will be cancelled and will no longer be traded on the ISM. In such circumstances, the Noteholders would not be entitled to receive any Ordinary Shares or other compensation and would lose their entire investment in the Notes.

The "**Approved Entity Status Condition**" is met only if (i) Relevant Shares of the Approved Entity are shares of a description specified in section 475C(5) of the Corporation Tax Act 2009 (or any successor provision) and (ii) conversion or potential conversion of the Notes into Relevant Shares of the Approved Entity in accordance with the Conditions does not cause the Notes to fail to be "hybrid capital instruments" for the purposes of section 475C of the said Act (or any successor provision).

There can be no assurance that a Takeover Event will be a Qualifying Takeover Event, that the Relevant Shares will continue to be Relevant Shares on the Conversion Date or that the Approved Entity Status Condition will be met after the Issuer has determined that a Qualifying Takeover Event has occurred. As noted above, the Issuer may give notice that it elects that if a Non-Qualifying Takeover Event occurs the Notes shall be written down rather than being converted into Ordinary Shares.

Further, a Takeover Event shall occur only where a person or persons acting in concert acquires control of the Issuer, meaning (i) an Acquiror acquires a holding of legal or beneficial ownership of more than 50 per cent. of the issued Ordinary Shares of the Issuer, or (ii) the right to appoint and/or remove all or the majority of the members of the board of directors of the Issuer (whether such right is obtained directly or indirectly and whether obtained by ownership of share capital, contract or otherwise) is vested in an Acquiror. There can be no assurance that the assumption of control of the Issuer by an Acquiror will not have an adverse effect on the value of the Notes.

Noteholders may be subject to disclosure obligations, take-over requirements and/or may need approval from the Issuer's regulator under certain circumstances.

As the Noteholders may receive Ordinary Shares if a Conversion Trigger Event occurs, an investment in the Notes may result in Noteholders having to comply with certain disclosure, take-over and/or regulatory approval requirements pursuant to applicable laws and regulations following a Conversion Trigger Event. For example, pursuant to Chapter 5 of the Disclosure Rules and Transparency Rules Sourcebook of the FCA Handbook, the Issuer (and the FCA) must be notified by a person when the percentage of voting rights in the Issuer controlled by that person (together with its concert parties), by virtue of direct or indirect holdings of shares aggregated with direct or indirect holdings of certain financial instruments, reaches, exceeds or falls below 3 per cent. and every percentage point thereafter.

Furthermore, as Ordinary Shares represent voting securities of a parent undertaking of regulated group entities, under the laws of the United Kingdom and other jurisdictions, ownership of the Notes themselves (or the Ordinary Shares) above certain levels may require the holder of the voting securities to obtain regulatory approval or subject the holder to additional regulation.

Non-compliance with such disclosure and/or approval requirements may lead to the incurrance of substantial fines or other criminal and/or civil penalties and/or suspension of voting rights associated with the Ordinary Shares. Accordingly, each potential investor should consult its legal advisers as to the terms of the Notes, in respect of its existing shareholding and the level of holding it would have if it receives Ordinary Shares following a Conversion Trigger Event.

Prior to the Conversion Date, Noteholders will not be entitled to any rights with respect to the Ordinary Shares, but will be subject to all changes made with respect to the Issuer's Ordinary Shares.

Any pecuniary and other rights with respect to Ordinary Shares, in particular the entitlement to dividends shall only arise and the exercise of voting rights and certain other rights related to any Ordinary Shares is only possible after the issue, registration and delivery of the Ordinary Shares on the Conversion Date to the Conversion Shares Depositary (or the relevant recipient) in accordance with the provisions of, and subject to the limitations provided in, the articles of association of the Issuer and under "*Terms and Conditions of the Notes— Conversion*". Prior to such issuance, registration and delivery, Noteholders will be subject to all changes made with respect to the Ordinary Shares.

Noteholders will have to submit a Conversion Shares Settlement Notice in order to receive delivery of the Ordinary Shares or the Conversion Shares Offer Consideration, as applicable.

In order to obtain delivery of the relevant Ordinary Shares or the Conversion Shares Offer Consideration, as applicable, a Noteholder must deliver a Conversion Shares Settlement Notice (and the relevant Notes, if applicable) to the Conversion Shares Depositary or the specified office of its agent(s) designated for the purpose, by the Notice Cut-off Date. The Conversion Shares Settlement Notice must contain certain information, including the Noteholder's CREST account details and bank account details. Accordingly, Noteholders (or their nominee, custodian or other representative) will have to have an account with CREST in order to receive the Ordinary Shares or Ordinary Share component, if any, of any Conversion Shares Offer Consideration, as applicable. If a Noteholder fails to properly complete and deliver a Conversion Shares Settlement

Notice on or before the Notice Cut-off Date, the Conversion Shares Depositary shall continue to hold the relevant Ordinary Shares or Ordinary Share component, if any, of any Conversion Shares Offer Consideration until a Conversion Shares Settlement Notice (and the relevant Notes, if applicable) is (or are) so delivered. However, the relevant Notes shall be cancelled on the Final Cancellation Date and any Noteholder delivering a Conversion Shares Settlement Notice after the Notice Cut-off Date will have to provide evidence of its entitlement to the relevant Ordinary Shares (or the relevant Ordinary Shares component, if any, of any Conversion Shares Offer Consideration) satisfactory to the Conversion Shares Depositary in its sole and absolute discretion in order to receive delivery of such Ordinary Shares (or Ordinary Share component of any Conversion Shares Offer Consideration). The Issuer shall have no liability to any Noteholder for any loss resulting from such Noteholder not receiving any Ordinary Shares, the relevant Conversion Shares Offer Consideration or from any delay in the receipt thereof, in each case as a result of such holder failing to duly submit a Conversion Shares Settlement Notice and the relevant Notes, if applicable, on a timely basis or at all. If any such Ordinary Shares or the relevant Conversion Shares Offer Consideration (as applicable) have not been claimed for 12 years after the Final Cancellation Date as aforesaid, the Issuer may, at any time after such time and in its sole and absolute discretion, instruct the Conversion Shares Depositary (or an agent on its behalf) to sell for cash all or some of any such Ordinary Shares or any Ordinary Share component of any Conversion Shares Offer Consideration (as applicable) and any such cash proceeds from such sale(s) and any such cash component of any Conversion Shares Offer Consideration will, in each case, be forfeited and will be transferred to the Issuer.

The Notes are the obligations of the Issuer only and Noteholders are structurally subordinated to the creditors of the Issuer's subsidiaries.

The Notes are obligations of the Issuer only. The Issuer is a holding company and conducts substantially all of its operations through its subsidiaries, and accordingly the claims of the Noteholders under the Notes are structurally subordinated to the claims of creditors of its subsidiaries. The Issuer's rights to participate in the assets of any subsidiary if such subsidiary is liquidated will be subject to the prior claims of such subsidiary's creditors and any preference shareholders, except where the Issuer is a creditor of such subsidiary with claims that are recognised to be ranked ahead of or *pari passu* with such claims.

Further, if one of the Issuer's subsidiaries were to be wound up, liquidated or dissolved, (i) the Noteholders would have no right to proceed against the assets of such subsidiary, and (ii) the Issuer would only recover any amounts (directly, or indirectly through its holdings of other subsidiaries) in the winding-up, liquidation or dissolution of that subsidiary in respect of its direct or indirect holding of ordinary shares in such subsidiary, if and to the extent that any surplus assets remain following payment in full of the claims of the creditors and preference shareholders (if any) of that subsidiary.

A Noteholder may be subject to taxes following Conversion.

Neither the Issuer, nor any member of the Group or, following Completion, the Enlarged Group, will pay any taxes or capital, stamp, issue and registration or transfer taxes or duties arising upon, Conversion or that may arise or be paid as a consequence of the issue and delivery of Ordinary Shares to the Conversion Shares Depositary. A Noteholder must pay any taxes and capital, stamp, issue and registration and transfer taxes or duties arising upon Conversion (other than on the transfer and delivery of any Ordinary Shares to a purchaser in any Conversion Shares Offer which in each case shall be payable by the relevant purchaser of the Ordinary Shares) and such

Noteholder must pay all, if any, such taxes or duties arising by reference to any disposal or deemed disposal of its Notes or interest therein.

Risks Relating to the Notes Generally

Changes in law may adversely affect the rights of Noteholders.

Changes in law after the date hereof may affect the rights of Noteholders as well as the market value of the Notes. Such changes in law may include changes in statutory, tax and regulatory regimes during the life of the Notes, which may have an adverse effect on an investment in the Notes.

In addition, the occurrence of a Capital Disqualification Event or a Tax Event would entitle the Issuer, at its option (subject to obtaining Regulatory Approval, compliance with the Regulatory Preconditions, the satisfaction of the Solvency Condition and Condition 8(f)), to redeem the Notes, in whole but not in part, as provided under "*Terms and Conditions of the Notes—Redemption and purchase*". Any such redemption within five years of the Issue Date is also conditional on the Issuer demonstrating to the satisfaction of the Relevant Regulator that the relevant change which constitutes a Capital Disqualification Event or Tax Event was not reasonably foreseeable as at the Issue Date.

Such legislative and regulatory uncertainty could also affect an investor's ability to accurately value the Notes and, therefore, affect the trading price of the Notes given the extent and impact on the Notes that one or more regulatory or legislative changes, including those described above, could have on the Notes.

Furthermore, the financial services industry continues to be the focus of significant regulatory change and scrutiny which may adversely affect the Group and, following Completion, the Enlarged Group's business, financial performance, capital and risk management strategies – see "*Risk Factors - Regulation and Legislation risks*" above. Such regulatory changes, and the resulting actions taken to address such regulatory changes, may have an adverse impact on the Group's and, following Completion, the Enlarged Group's, and therefore the Issuer's, performance and financial condition, which could in turn affect the levels of common equity tier 1 capital and Risk Weighted Assets (or, following the IFPR Effective Date, IFPR Capital Requirement) and, therefore, the resulting Relevant Ratio. It is not yet possible to predict the detail of such legislation or regulatory rulemaking or the ultimate consequences to the Group and, following Completion, the Enlarged Group or the Noteholders, which could be material.

There is no active trading market for the Notes.

The Notes are new securities for which no active trading market may develop. If a market does develop, it may not be liquid or may become illiquid at a later stage. The Notes are designed to meet regulatory capital requirements applicable to an asset manager and, as a result, the Notes may have a more limited secondary market with greater price volatility than would be typical of more conventional debt securities. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although application has been made for the Notes to be admitted for trading on the ISM, there is no assurance that such application will be accepted or that an active trading market will develop.

Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes.

Because the Global Notes will be held by or on behalf of the Clearing Systems, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

The Notes will be represented by the Global Certificate, except in certain limited circumstances described in the Global Certificate. The Global Certificate will be deposited with the common depositary for the Clearing Systems. The Clearing Systems 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 the Clearing Systems.

The Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common depositary for the Clearing Systems for distribution to their account holders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the Clearing Systems to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Noteholders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Notes. Instead, such holders are permitted to act only to the extent that they are enabled by the Clearing Systems to appoint appropriate proxies.

Credit ratings may not reflect all risks associated with an investment in the Notes.

The Notes are expected to be rated by credit rating agencies and may in the future be rated by additional independent credit rating agencies (including on an unsolicited basis), although the Issuer is under no obligation to ensure that the Notes are rated by any credit rating agency. Credit ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in these Risk Factors and other factors that may affect the liquidity or market value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the credit rating agency at any time.

In general, investors in the EEA are restricted under Regulation (EC) No 1060/2009 on credit rating agencies ("**EU CRA Regulation**") from using a credit rating for regulatory purposes, unless such rating is issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of a credit rating issued by non-EEA credit rating agencies, unless the relevant credit rating is endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances).

The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency

and the publication of the updated ESMA list. Certain information with respect to the credit rating agency and rating is set out on the cover of this Offering Circular.

Investors regulated in the UK are subject to similar restrictions under the EU CRA Regulation as transposed into domestic law via the EUWA (the “**UK CRA Regulation**”). As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. This is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of a rating agency rating the Notes changes for the purpose of the EU CRA Regulation or the UK CRA Regulation, as applicable, EEA or UK regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment. This may result in Noteholders selling the Notes which may impact the value of the Notes and any secondary market.

Additionally, if one or more credit ratings are not assigned to the Notes, if the Issuer determines to no longer maintain one or more credit ratings, if any other independent credit rating agency decides to assign a rating to the Notes, or if any credit rating agency withdraws, suspends or downgrades any credit ratings of the Issuer or the Notes, or if such a withdrawal, suspension or downgrade is anticipated (or any credit rating agency places the credit ratings of the Issuer or the Notes on "credit watch" status in contemplation of a downgrade, suspension or withdrawal), such event could adversely affect the liquidity or market value of the Notes.

The Notes are not protected by the Financial Services Compensation Scheme. If the Issuer becomes insolvent, investors may lose some or all of their investment in the Notes.

Unlike a bank deposit, the Notes are not protected by the Financial Services Compensation Scheme (the “**FSCS**”). As a result, the FSCS will not pay compensation to an investor in the Notes upon the failure of the Issuer. If the Issuer goes out of business or becomes insolvent or otherwise unable to meet all their respective obligations under the Notes, Noteholders may lose all or part of their investment in the Notes.

No limitation on issuing senior or pari passu securities.

The Notes do not contain any restriction on the amount of securities which the Issuer may issue, nor on the amount of any other obligations it may assume, which rank senior to, or *pari passu* with, the Notes. The issue of any such securities and/or the assumption of any such other obligations may reduce the amount recoverable by Noteholders on a Winding-Up and/or may increase the likelihood of a cancellation of interest under the Notes. In addition, the Notes do not contain any restriction on the Issuer issuing securities with preferential rights to the Notes or securities with similar or different provisions to those set out herein.

Variation or substitution of the Notes without Noteholder consent

Subject as provided in Condition 8 (*Redemption and Purchase*), the Issuer may, at its option and without the consent or approval of Noteholders, elect to substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they become or remain, Qualifying AT1 Notes (i) in the event of the occurrence of a Tax Event or (ii) following the occurrence of a Capital Disqualification Event.

There can be no assurance that, due to the particular circumstances of each Noteholder, any Qualifying AT1 Notes will be as favourable to each Noteholder in all respects or that, if it were entitled to do so, a particular Noteholder would make the same determination as the Issuer as to whether the terms of the relevant Qualifying AT1 Notes are not materially less favourable to investors than the terms of the Notes. The Issuer bears no responsibility towards the Noteholders for any adverse effects of such variation or substitution (including, without limitation, with respect to any adverse tax consequences suffered by any Noteholder).

The Trust Deed will contain provisions which may permit modification of the Notes without the consent of all Noteholders.

The Trust Deed will contain provisions permitting modifications and amendments to the Notes without the consent of the Noteholders and with the consent of a specified quorum and majority of the outstanding Notes in other circumstances. Valid resolutions passed by such Noteholders will bind all Noteholders including those Noteholders that did not attend and vote at the relevant meeting and those Noteholders who voted in a manner contrary to the majority.

Limitation on gross-up obligation under the Notes.

The Issuer's obligation to pay additional amounts in respect of any withholding or deduction in respect of taxes applies only to payments of interest due and paid under the Notes and not to any payments of principal. As such, the Issuer would not be required to pay any additional amounts to the extent any withholding or deduction applied to any payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under the Notes, Noteholders may receive less than the full principal amount due under the Notes, and the market value of the Notes may be adversely affected.

Waiver of set-off

As set out in Condition 4(d) (*Set-off, etc.*) Noteholders waive any right of set-off, compensation or retention in respect of the Notes, insofar as permitted by applicable law. Therefore, Noteholders will not be entitled (subject to applicable law) to set-off the Issuer's obligations under the Notes against obligations owed by them to the Issuer.

Minimum Denomination.

As the Notes will have a denomination consisting of the minimum denomination plus an integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of £200,000 (or its equivalent) that are not integral multiples of £200,000 (or its equivalent). A Noteholder who, as a result of trading such amounts, holds an amount which is less than the minimum denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at, or in excess of, the minimum denomination such that its holding amounts to the minimum denomination.

Terms and Conditions of the Notes

The GBP £210,000,000 5.250 per cent. Fixed Rate Reset Perpetual Subordinated Contingent Convertible Notes (the “**Notes**”, which expression shall, unless the context otherwise requires, include any further notes issued pursuant to Condition 17 and forming a single series with the Notes) are constituted by a trust deed dated 13 December 2021 (as amended and/or restated and/or supplemented from time to time, the “**Trust Deed**”) between abrdn plc (the “**Issuer**”) and HSBC Corporate Trustee Company (UK) Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Notes (the “**Noteholders**”). These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Notes referred to below. An agency agreement dated 13 December 2021 (as amended and/or restated and/or supplemented from time to time, the “**Agency Agreement**”) has been entered into in relation to the Notes between the Issuer, the Trustee, HSBC Bank plc as principal paying and conversion agent and interest calculation agent and the other agents named in it. The principal paying and conversion agent, the other paying agents, the interest calculation agent, the conversion calculation agent, the registrar and the transfer agents and are referred to below respectively as the “**Principal Paying and Conversion Agent**”, the “**Paying and Conversion Agents**” (which expression shall include the Principal Paying and Conversion Agent), the “**Registrar**”, the “**Transfer Agents**” (which expression shall include the Registrar), the “**Interest Calculation Agent**” and the “**Conversion Calculation Agent**”. The Conversion Calculation Agent and the Issuer have entered into a conversion calculation agency agreement (the “**Conversion Calculation Agency Agreement**”). Copies of the Trust Deed, the Agency Agreement and the Conversion Calculation Agency Agreement (i) are available for inspection at the specified offices of the Paying and Conversion Agents and the Transfer Agents; or (ii) will, at the option of the Paying and Conversion Agents and the Transfer Agents, be available by email at a Noteholder’s request (subject to provision of proof of holding satisfactory to the Paying and Conversion Agents and the Transfer Agents), in each case, during usual business hours and upon reasonable notice on any weekday (excluding Saturdays, Sundays and public holidays).

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 are deemed to have notice of those provisions applicable to them of the Agency Agreement and the Conversion Calculation Agency Agreement.

Capitalised terms used in these Conditions but not defined in these Conditions shall have the meaning given to them in the Trust Deed unless context otherwise requires or unless otherwise stated.

1. Form, denomination and title

The Notes are issued in registered form in specified denominations of GBP 200,000 and integral multiples of GBP 1,000 in excess thereof.

The Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(a), each Certificate shall represent the entire holding of Notes by the same Noteholder.

Title to the Notes shall pass upon registration in the register of the Noteholders that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent

jurisdiction or as required by law, the holder of any Note shall be deemed to be and may 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 in it, any writing on the Certificate representing it or the theft or loss of the relevant Certificate and no person shall be liable for so treating the Noteholder.

2. Transfers of Notes

(a) Transfer of Notes

One or more Notes may, subject to Condition 2(d), be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. A Note may not be transferred unless the principal amount of the Notes transferred (and where not all of the Notes held by a Noteholder are transferred, the principal amount of the balance of the Notes not transferred) is equal to a specified denomination. In the case of a transfer of Notes to a person who is already a Noteholder, a new Certificate representing the enlarged holding may be issued but only against surrender of the Certificate representing the existing holding of such person. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. 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 made available by the Registrar to any Noteholder upon request.

(b) Delivery of new Certificates

Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within three business days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the Noteholder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the Noteholder entitled to the new Certificate to such address as may be so specified, unless such Noteholder requests otherwise and pays in advance to the Registrar or relevant Transfer Agent (as applicable) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(b), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(c) Transfers free of charge

Transfers of Notes and the issue of new Certificates on transfer shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment by the person submitting such Notes or Certificates of any tax or other governmental charges that may be imposed in relation to the transfer or its registration (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(d) Closed periods

No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 days ending on the date fixed for redemption of the Notes pursuant to Condition 8, (ii) at any time after the second Business Day following the giving of a Conversion Trigger Notice by the Issuer, or (iii) during the period of seven days ending on (and including) any Record Date.

3. 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 Noteholders are subordinated as described in Condition 4.

4. Subordination

(a) Conditions to payment

Other than where Condition 4(b), 4(c) or (in relation to the cash component of any Conversion Shares Offer Consideration) 7(b) applies, all payments in respect of or arising from (including any damages for breach of any obligations under) the Notes are, in addition to the provisions of Condition 6 relating to the cancellation of interest, conditional upon the Issuer being solvent at the time of payment by the Issuer and no principal, interest or other amount shall be due and payable in respect of or arising from the Notes (and any such payments will be deemed to be cancelled) except to the extent that the Issuer could make such payment and still be solvent immediately thereafter (the “**Solvency Condition**”).

The Issuer shall, for these purposes, be considered to satisfy the Solvency Condition at a particular time if, at that time, both (x) it is able to pay its debts owed to its Senior Creditors as they fall due and (y) its Assets equal or exceed its Liabilities.

A certificate as to the solvency of the Issuer signed by two Authorised Signatories 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, conclusive and sufficient evidence thereof.

Any payment of interest not due by reason of this Condition 4(a) shall be cancelled as provided in Condition 6.

As used herein:

“Assets” means the non-consolidated gross assets of the Issuer, as shown in the latest published audited balance sheet of the Issuer, but adjusted for contingencies and subsequent events to such extent and in such manner as two Directors, or, if the Issuer is in winding-up or administration, its liquidator or administrator (as the case may be), may determine; and

“Liabilities” means the non-consolidated gross liabilities of the Issuer, as shown in the latest published audited balance sheet of the Issuer, but adjusted for contingencies and subsequent events to such extent and in such manner as two Directors, or, if the Issuer is in winding-up or administration, its liquidator or administrator (as the case may be), may determine.

(b) Winding-up prior to a Conversion Trigger Event

If at any time prior to the date on which a Conversion Trigger Event occurs:

- (i) 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 purposes of a merger, reorganisation, reconstruction or amalgamation of the Issuer or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which merger, reorganisation, reconstruction, amalgamation or substitution (x) have previously been approved in writing by the Trustee or by an Extraordinary Resolution and (y) do not provide that the Notes shall thereby become redeemable or repayable in accordance with these Conditions); or
- (ii) an administrator of the Issuer is appointed and such administrator declares, or gives notice that it intends to declare and distribute, a dividend,

there shall be payable by the Issuer in respect of each Note (in lieu of any other payment by the Issuer) such amount, if any, as would have been payable to the relevant Noteholder if, on the day preceding the commencement of such winding-up or administration and thereafter, such Noteholder were the holder of one of a class of preference shares in the capital of the Issuer (**“Notional Preference Shares”**), ranking *pari passu* on a return of assets in such winding-up or administration with holders of the most senior class of preference shares (if any) for the time being in the capital of the Issuer that has a preferential right to a return of assets on such winding-up or administration and with holders of any Parity Obligations, and ranking in priority to the holders of all other classes of shares in issue for the time being in the capital of the Issuer but ranking junior to the claims of Senior Creditors, and on the assumption that the amount that such holder was entitled to receive in respect of each Notional Preference Share, on a return of assets in such winding-up or administration, was an amount equal to the principal amount of the relevant Note together with, to the extent not otherwise included within the foregoing, any other amounts attributable to the Note, including any accrued but unpaid interest thereon (to the extent not cancelled in accordance with these Conditions) and any damages awarded for breach of any obligations,

whether or not the conditions referred to in Condition 4(a) are satisfied on the date upon which the same would otherwise be due and payable.

(c) Winding-up on or after a Conversion Trigger Event

If at any time on or after the date on which a Conversion Trigger Event occurs:

- (i) 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 purposes of a merger, reorganisation, reconstruction or amalgamation of the Issuer or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which merger, reorganisation, reconstruction, amalgamation or substitution (x) have previously been approved in writing by the Trustee or by an Extraordinary Resolution and (y) do not provide that the Notes shall thereby become redeemable or repayable in accordance with these Conditions); or
- (ii) an administrator of the Issuer is appointed and such administrator declares, or gives notice that it intends to declare and distribute a dividend,

but the relevant Ordinary Shares to be issued and delivered to the Conversion Shares Depository on Conversion in accordance with Condition 7 have not been so issued and delivered, the obligation of the Issuer to issue and deliver such Ordinary Shares shall be satisfied by payment in respect of each Note (in lieu of any other payment by the Issuer) of such amount, if any, as would have been payable to a Noteholder if, on the day preceding the commencement of the winding-up or administration and thereafter, such Noteholder were the holder of the number of Ordinary Shares to which such Noteholder was entitled in accordance with Condition 7 (ignoring for these purposes the Issuer's right to make an election for a Conversion Shares Offer to be effected in accordance with Condition 7(b)(ii)), whether or not the conditions referred to in Condition 4(a) are satisfied on the date upon which the same would otherwise be due and payable.

(d) Set-off, etc.

Subject to applicable law, no Noteholder may exercise, claim or plead any right of set-off, compensation, retention or to balance accounts on insolvency in respect of any amount owed to it by the Issuer arising under or in connection with the Notes and each Noteholder shall, by virtue of being the holder of any Note, be deemed to have waived all such rights of set-off, compensation, retention or to balance accounts on insolvency. Notwithstanding the preceding sentence, if any of the amounts owing to any Noteholder by the Issuer in respect of the Notes is discharged by set-off, such Noteholder shall, unless such payment is prohibited by applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer or, in the event of its winding-up or administration, the liquidator or administrator, as appropriate, of the Issuer and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer, or the liquidator or administrator, as appropriate, of the Issuer and, accordingly, any such discharge shall be deemed not to have taken place.

(e) References to include principal and interest

The foregoing provisions of this Condition 4 apply only to the principal, interest and other amounts under or arising from the Notes and nothing in this Condition 4 or in Conditions 7 or 12 shall affect or prejudice the payment of the costs, charges, expenses or liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof and in such capacity the Trustee shall rank as an unsubordinated creditor of the Issuer.

(f) Trustee

The Trustee shall have no responsibility for, or liability or obligation in respect of, any loss, claim or demand incurred as a result of or in connection with any non-payment of interest or other amounts by reason of the operation of this Condition 4 or Condition 6, Conversion pursuant to Condition 7 or any cancellation of the Notes or (if the Issuer has given notice in accordance with Condition 7(a)(vi) of its election that, if a Conversion Trigger Event occurs after the date of such notice, the Notes shall be written down) the write down of any claims in respect thereof following the occurrence of a Conversion Trigger Event which occurs after a Non-Qualifying Takeover Event. Furthermore, the Trustee shall not be responsible for any calculation or the verification of any calculation in connection with any of the foregoing.

5. Interest

(a) Interest and Interest Payment Dates

Each Note bears interest on its outstanding principal amount from (and including) the Issue Date at the applicable Interest Rate. Subject to Conditions 4(a), 6 and 7, interest shall be payable semi-annually in arrear on each Interest Payment Date as provided in this Condition 5.

(b) Interest accrual

Without prejudice to Conditions 4(a), 6 and 7, each Note will cease to bear interest from (and including) its date fixed for its redemption unless, upon due presentation, payment of the principal in respect of that Note is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event interest shall continue to accrue as provided in the Trust Deed up to (but excluding) the Relevant Date (in the case of payment) or the date of performance of the relevant obligations (in the case of performance).

(c) Calculation of interest

Interest shall be calculated per GBP 1,000 in principal amount of each Note (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount in respect of any period shall be equal to the product of the Calculation Amount, the relevant Interest Rate in respect of such period and the Day Count Fraction, rounding the resultant figure to two decimal places (with 0.005 being rounded up).

(d) Initial Fixed Interest Rate

The Notes bear interest on their outstanding principal amount:

- (i) from and including the Issue Date to but excluding 13 June 2027 (the “**First Reset Date**”), at the rate of 5.250 per cent. per annum (the “**Initial Interest Rate**”); and
- (ii) thereafter, at the relevant Reset Interest Rate.

Subject to Conditions 4(a), 6 and 7, each interest payment for each Interest Period commencing prior to the First Reset Date will (if paid in full) amount to GBP 26.25 per Calculation Amount.

(e) Reset Interest Rate

The Interest Rate will be reset in accordance with this Condition 5 on each Reset Date. The “**Reset Interest Rate**” in respect of a Reset Period will be the rate of interest determined by the Interest Calculation Agent on the relevant Reset Determination Date as the sum of:

- (i) the Reset Reference Rate in respect of that Reset Period (expressed as a rate per annum); and
- (ii) the Margin.

In these Conditions (except where otherwise defined), the expression:

“**Business Day**” means a day which is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

“**Margin**” means 4.709 per cent. per annum;

“**Reset Determination Date**” means, in relation to a Reset Period, the day falling two Business Days prior to the Reset Date on which such Reset Period commences;

“**Reset Period**” means the period from (and including) the First Reset Date to (but excluding) the next succeeding Reset Date, and each successive period from (and including) a Reset Date to (but excluding) the next succeeding Reset Date;

“**Reset Reference Banks**” means six reputable gilt dealers in the London interbank market relating to pounds sterling selected by the Issuer; and

“**Reset Reference Rate**” means, in respect of the relevant Reset Period, the percentage rate determined by the Interest Calculation Agent on the basis of the 5-year Gilt Yield Quotations provided (upon request by or on behalf of the Issuer) by the Reset Reference Banks to the Interest Calculation Agent at approximately 11.00 a.m. (London time) on the relevant Reset Determination Date. Such

quotations shall be obtained by or on behalf of the Issuer and provided to the Interest Calculation Agent. If at least four quotations are provided, the Reset Reference Rate will be the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reset Reference Rate will be the arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Rate will be the quotation provided. If no quotations are provided, the Reset Reference Rate shall be the Reset Reference Rate in respect of the immediately preceding Reset Period or, in the case of the calculation of the first Reset Reference Rate, the Initial Interest Rate (less the Margin), where:

- (A) **“5-year Gilt Yield Quotation”** means, with respect to a Reset Reference Bank and a Reset Period, the arithmetic mean of the bid and offered yields (on a semi-annual compounding basis) for the Benchmark Gilt in respect of that Reset Period, expressed as a percentage, as quoted by such Reset Reference Bank;
- (B) **“Benchmark Gilt”** means, in respect of the relevant Reset Period, such United Kingdom government security customarily used in the pricing of new issues having an actual or interpolated maturity date on or about the next succeeding Reset Date as the Issuer (on the advice of an independent investment bank or financial adviser of international repute) may determine to be appropriate; and
- (C) **“dealing day”** means a day on which the London Stock Exchange plc (or such other stock exchange on which the Benchmark Gilt is at the relevant time listed) is ordinarily open for the trading of securities.

(f) Publication of Reset Interest Rate

The Issuer shall (by no later than the relevant Reset Determination Date) give notice of the relevant Reset Interest Rate to the Paying and Conversion Agents, the Trustee and to any stock exchange on which the Notes are at the relevant time listed or admitted to trading or other relevant authority and notify the Noteholders in accordance with Condition 18 as soon as practicable after its determination, but in no event later than the fourth Business Day thereafter. The Reset Interest Rate so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of manifest error.

(g) Interest Calculation Agent

With effect from the Reset Determination Date relating to the First Reset Date, and so long as any Notes remain outstanding thereafter, the Issuer will maintain an Interest Calculation Agent.

The Issuer may, at any time with the prior written approval of the Trustee, but without prior notice to the Conversion Calculation Agent, the Paying and Conversion Agents or the Noteholders, replace the Interest Calculation Agent

with itself or another reputable investment, merchant or commercial bank or financial institution or financial adviser with appropriate expertise. If the Interest Calculation Agent is unable or unwilling to continue to act as the Interest Calculation Agent or fails duly to determine the Reset Interest Rate in respect of any Reset Period as provided in Condition 5(f), the Issuer shall forthwith appoint itself or another reputable investment, merchant or commercial bank or financial institution, in each case approved in writing by the Trustee, to act as such in such Interest Calculation Agent's place. Subject as provided in the Agency Agreement, the Interest Calculation Agent may not resign its duties or be removed without a successor having been appointed as aforesaid.

(h) Determinations binding

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 by the Issuer, the Interest Calculation Agent or the Reset Reference Banks (or any of them) shall (in the absence of manifest error) be final and binding on the Issuer, the Interest Calculation Agent, the Conversion Calculation Agent, the Trustee, the Paying and Conversion Agents, the Registrar and all Noteholders and (in the absence of wilful default or fraud) no liability to the Noteholders or the Issuer shall attach to the Interest Calculation Agent or the Reset Reference Banks (or any of them) in connection with the exercise or non-exercise by them of their powers, duties and discretions under this Condition 5.

6. Interest cancellation

(a) To the extent required to do so under the then prevailing Relevant Rules, the Issuer will cancel any Interest Amount (or part thereof) otherwise scheduled to be paid on an Interest Payment Date and such Interest Amount (or part thereof) will not be due to the extent that:

- (i) such Interest Amount (or part thereof), when aggregated together with any interest payments or distributions which have been paid or made or which are required to be paid or made during the then current financial year of the Issuer on all other own funds items of the Issuer (excluding any such interest payments or distributions which are not required to be paid or made out of Distributable Items or which have already been provided for, by way of deduction, in calculating the amount of Distributable Items), exceeds the amount of the Distributable Items of the Issuer as at such Interest Payment Date;
- (ii) the Solvency Condition is not satisfied in respect of such Interest Amount (or part thereof); or
- (iii) the Issuer is ordered to do so by the Relevant Regulator.

(b) Determinations

The Issuer shall be responsible for determining compliance with the restrictions in Condition 6(a) above and neither the Trustee nor any Agent shall be required

to monitor such compliance or to perform any calculations in connection therewith.

(c) Interest payments discretionary

Interest on the Notes is due and payable only at the sole and absolute discretion of the Issuer, subject to the mandatory cancellation of interest pursuant to Condition 4(a), to the foregoing provisions of this Condition 6 and to the provisions of Condition 7. Accordingly, the Issuer may at any time elect at its sole and absolute discretion to cancel (in whole or in part) any Interest Amount otherwise scheduled to be paid on any Interest Payment Date.

(d) Non-payment of interest sufficient evidence of cancellation

If the Issuer does not pay an Interest Amount or part thereof on the relevant Interest Payment Date, such non-payment shall evidence either the non-payment and cancellation of such Interest Amount (or relevant part thereof) by reason of it not being due in accordance with Condition 4(a), the cancellation of such Interest Amount (or relevant part thereof) in accordance with this Condition 6 or with Condition 7 and accordingly such Interest Amount (or relevant part thereof) shall not in any such case be due and payable.

If the Issuer provides notice to cancel a part, but not all, of an Interest Amount and the Issuer subsequently does not make a payment of the remaining part of such Interest Amount on the relevant Interest Payment Date, such non-payment shall evidence the Issuer's exercise of its discretion to cancel such remaining part of the Interest Amount, and accordingly such remaining portion of the Interest Amount shall also not be due and payable.

(e) Notice of cancellation of interest

The Issuer shall provide notice of any cancellation of an Interest Amount (or part thereof) to the Noteholders (in accordance with Condition 18), the Trustee and the Principal Paying and Conversion Agent as soon as possible. If practicable, the Issuer shall endeavour to provide such notice at least five Business Days prior to the relevant Interest Payment Date. Any failure to provide such notice shall not affect the cancellation of any Interest Amount (or any part thereof) by the Issuer and shall not constitute a default for any purpose.

(f) Interest non-cumulative

The non-payment or cancellation of any Interest Amount (or any part thereof) in accordance with Condition 4(a), this Condition 6 or Condition 7 shall not constitute a default for any purpose (including, without limitation, under Condition 12) on the part of the Issuer. For the avoidance of doubt, interest payments are non-cumulative and the Noteholders shall have no right to any cancelled Interest Amount, whether under the Notes or the Trust Deed, on a winding-up administration or otherwise. The Issuer may use such cancelled payments without restriction to meet its obligations as they fall due.

7. Conversion

(a) Conversion upon Conversion Trigger Event

- (i) If a Conversion Trigger Event occurs at any time, the Issuer's obligations under each Note shall, subject to and as provided in this Condition 7(a), be automatically and irrevocably released in consideration of the issue by the Issuer of Ordinary Shares, credited as fully paid, in the manner and in the circumstances described below and the delivery of such Ordinary Shares to the Conversion Shares Depositary, to be held on trust (on terms permitting a Conversion Shares Offer in accordance with Condition 7(b)(ii)) for the Noteholders, as provided below. Such Conversion shall occur without delay upon the occurrence of a Conversion Trigger Event.

The Notes are not convertible at the option of Noteholders or the Trustee at any time.

A "**Conversion Trigger Event**" shall occur if:

- (A) at any time in the period from (and including) the Issue Date to (but excluding) the IFPR Effective Date, the UK CRR CET1 Ratio is less than 7 per cent; or
- (B) at any time on or after the IFPR Effective Date, the IFPR CET1 Ratio is less than 70 per cent.

Following the occurrence of a Conversion Trigger Event, the Issuer shall give notice thereof to the Noteholders (the "**Conversion Trigger Notice**") in accordance with Condition 18 and to the Trustee, the Principal Paying and Conversion Agent and the Conversion Calculation Agent without undue delay. The Conversion Trigger Notice shall specify (i) that a Conversion Trigger Event has occurred (specifying the applicable CET1 Ratio on the date on which the Conversion Trigger Event occurred), (ii) the Conversion Price (or, as the case may be, New Conversion Price) then prevailing (which Conversion Price (or, as the case may be, New Conversion Price) shall remain subject to any subsequent adjustment pursuant to Condition 7(f) up to the Conversion Date), (iii) the Conversion Date or expected Conversion Date, (iv) details of the Conversion Shares Depositary, the Notice Cut-off Date and the Final Cancellation Date, (v) that the Issuer has the option, at its sole and absolute discretion, to elect that a Conversion Shares Offer be conducted and that the Issuer will issue a Conversion Shares Offer Notice in accordance with Condition 18 no later than the 25th Business Day following the Conversion Date notifying Noteholders of its decision as to such election and (vi) that the Notes shall remain in existence until the applicable Settlement Date (or, if earlier, the Final Cancellation Date) for the sole purpose of evidencing the Noteholder's right to receive Ordinary Shares or Conversion Shares Offer Consideration, as applicable, from the Conversion Shares

Depository, and that the Notes will continue to be transferable until the applicable Settlement Date (or, if earlier, the Final Cancellation Date).

- (ii) If a Conversion Trigger Event occurs, the Notes will (subject as provided in Condition 7(a)(vii)) be converted in whole and not in part on the Conversion Date as provided below, at which point all of the Issuer's obligations under the Notes shall be automatically and irrevocably released in consideration of the Issuer's issuance of the relevant Ordinary Shares to the Conversion Shares Depository on the Conversion Date. In no circumstances shall such released obligations be reinstated, notwithstanding that the Issuer shall be obliged to issue and deliver the relevant Ordinary Shares to the Conversion Shares Depository in accordance with these Conditions.

If the Issuer has been unable to appoint a Conversion Shares Depository, it shall make such other arrangements for the issuance and delivery of the Ordinary Shares to be issued and delivered upon Conversion to the Noteholders as it shall consider reasonable in the circumstances, which may include issuing and delivering the Ordinary Shares to another independent nominee to be held on trust (on terms permitting a Conversion Shares Offer in accordance with Condition 7(b)(ii)) for the Noteholders or to the Noteholders directly, which issuance and delivery shall irrevocably discharge and satisfy all of the Issuer's obligations under the Notes as if the relevant Ordinary Shares had been issued and delivered to the Conversion Shares Depository and, in which case, where the context so admits, references in these Conditions to the issue and delivery of Ordinary Shares to the Conversion Shares Depository shall be construed accordingly and apply *mutatis mutandis* (including, without limitation, for the purposes of the delivery of Opt-Out Notices and Conversion Shares Settlement Notices by Noteholders and the receipt by them of the Conversion Shares or, as the case may be, Conversion Shares Offer Consideration to which they are entitled).

- (iii) Provided that the Issuer issues and delivers the relevant Ordinary Shares to the Conversion Shares Depository in accordance with these Conditions, with effect on and from the Conversion Date, Noteholders shall have recourse only to the Conversion Shares Depository as provided in Condition 7(a)(viii) below and no Noteholder will have any further rights against the Issuer with respect to the repayment of the principal amount of the Notes or the payment of interest or any other amount on or in respect of such Notes; and, the Issuer's obligations with regard to any repayment of the principal amount of the Notes having been released in consideration of the issue and delivery of the Ordinary Shares upon Conversion, the balance of the principal amount of each Note shall accordingly be reduced to zero and shall therefore equal zero at all times thereafter. Any Interest Amount in respect of an Interest Period ending on an Interest Payment Date falling on or after the date of the occurrence of a Conversion Trigger Event (irrespective of whether such Interest Payment Date falls prior to, on or after the Conversion Date) shall be deemed to have been automatically and irrevocably cancelled upon the

occurrence of the Conversion Trigger Event and shall not be due and payable, as provided in Condition 7(d) below.

(iv) Whether a Conversion Trigger Event has occurred shall be determined by the Issuer, the Relevant Regulator or an agent duly appointed for such purpose by the Relevant Regulator and such determination will be binding on the Issuer, the Noteholders and the Trustee. Upon its determination that a Conversion Trigger Event has occurred, the Issuer shall promptly inform the Relevant Regulator and shall, on or (if practicable) prior to giving the Conversion Trigger Notice, deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer stating that a Conversion Trigger Event has occurred and the Trustee shall accept such certificate without any further enquiry as sufficient evidence of such matters, in which event such certificate will be conclusive and binding on the Trustee and the Noteholders.

(v) If a Takeover Event occurs that is a Qualifying Takeover Event, then each Note shall, upon the occurrence of a Conversion Trigger Event, be converted into:

(A) where the Conversion Date falls on or after the New Conversion Condition Effective Date and the Approved Entity Status Condition is met as at the Conversion Date, Relevant Shares of the Approved Entity at the prevailing New Conversion Price; or

(B) otherwise, Ordinary Shares at the prevailing Conversion Price,

in either case, subject to and as provided in this Condition 7(a) and in Condition 7(k).

The “**Approved Entity Status Condition**” is met only if (i) the Relevant Shares of the Approved Entity are shares of a description specified in section 475C(5) of the Corporation Tax Act 2009 (or any successor provision) and (ii) conversion or potential conversion of the Notes into Relevant Shares of the Approved Entity in accordance with these Conditions does not cause the Notes to fail to be “hybrid capital instruments” for the purposes of section 475C of such Act (or any successor provision).

(vi) The Issuer may (in its sole and absolute discretion) elect, at any time between the occurrence of (i) a Takeover Event (x) that is a Non-Qualifying Takeover Event or (y) in circumstances where the Approved Entity Status Condition is not met and is not anticipated by the Issuer to be met thereafter and (ii) the occurrence of a Conversion Trigger Event, by giving notice to the Noteholders in accordance with Condition 18 and to the Trustee, the Principal Paying and Conversion Agent and the Conversion Calculation Agent, that, if a Conversion Trigger Event occurs after the date of such notice, the Notes shall be written down in accordance with Condition 7(a)(vii)(B) below.

- (vii) If a Takeover Event occurs that is a Non-Qualifying Takeover Event, then:
- (A) unless the Issuer has given notice in accordance with Condition 7(a)(vi) above, each Note shall, subject to and as provided in this Condition 7(a) and in Condition 7(k), upon the occurrence of a Conversion Trigger Event, be converted into Ordinary Shares at the prevailing Conversion Price; or
 - (B) if the Issuer has given notice in accordance with Condition 7(a)(vi) above, then the outstanding Notes shall not be subject to Conversion at any time (notwithstanding that a Conversion Trigger Event may occur subsequently) but, instead, upon the occurrence of a Conversion Trigger Event after the date of such notice and, without any further action being required, the full principal amount of each Note will be written down to zero, each Note will be cancelled, the Noteholders will be deemed to have irrevocably waived their right to receive, and will no longer have any rights against the Issuer with respect to, repayment of the aggregate principal amount of the Notes written down pursuant to this Condition and all accrued but unpaid interest and any other amounts payable on each Note will be cancelled, irrespective of whether such amounts have become due and payable on or prior to the date of the occurrence of the Conversion Trigger Event.
- (viii) The Ordinary Shares to be issued and delivered on Conversion shall (except where the Issuer has been unable to appoint a Conversion Shares Depositary as contemplated in Condition 7(a)(ii)) initially be registered in the name of the Conversion Shares Depositary, which (subject to the provisions of Condition 7(b)(ii)) shall hold such Ordinary Shares on trust for the Noteholders. By virtue of its holding of any Note, each Noteholder shall be deemed to have irrevocably directed the Issuer to issue and deliver such Ordinary Shares to the Conversion Shares Depositary or as otherwise arranged by the Issuer pursuant to Condition 7(a)(ii).

Provided that the Issuer so issues and delivers the Ordinary Shares to be issued and delivered on Conversion to the Conversion Shares Depositary, with effect on and from the Conversion Date, Noteholders shall have recourse only to the Conversion Shares Depositary for the delivery to them of such Ordinary Shares or, subject to and as provided in Condition 7(b)(ii), the Conversion Shares Offer Consideration. Subject to Condition 4(c), if the Issuer fails to issue and deliver the Ordinary Shares to be issued and delivered on Conversion to the Conversion Shares Depositary on the Conversion Date, a Noteholder's only right under the Notes against the Issuer for any such failure will be to petition to have such Ordinary Shares so issued and delivered.

Following the issuance and delivery of the Ordinary Shares to be delivered on Conversion to the Conversion Shares Depositary on the

Conversion Date, the Notes shall remain in existence until the applicable Settlement Date (or, if earlier, the Final Cancellation Date) for the sole purpose of evidencing each Noteholder's right as aforesaid to receive such Ordinary Shares or the Conversion Shares Offer Consideration, as the case may be, from the Conversion Shares Depositary.

- (ix) Subject to and as provided in Condition 7(b)(ii), the Conversion Shares Depositary shall hold the Ordinary Shares to be issued and delivered on Conversion on trust (on terms permitting a Conversion Shares Offer in accordance with Condition 7(b)(ii)) for the Noteholders for the Noteholders who shall, for so long as such Ordinary Shares are held by the Conversion Shares Depositary, be entitled to direct the Conversion Shares Depositary to exercise on their behalf all rights of a Shareholder (including voting rights and rights to receive dividends) except that Noteholders shall not be able to sell or otherwise transfer such Ordinary Shares unless and until such time as they have been delivered to Noteholders in accordance with Condition 7(n).

(b) Conversion Shares Offer

- (i) With effect on and from the Conversion Date, the Issuer's obligations under each Note shall, subject to and as provided in Condition 7(a), be automatically and irrevocably released in consideration of the issue by the Issuer of Ordinary Shares, credited as fully paid, in the manner and in the circumstances described in Condition 7(a), and the delivery of such Ordinary Shares to the Conversion Shares Depositary, to be held on trust (on terms permitting a Conversion Shares Offer in accordance with Condition 7(b)(ii)) for the Noteholder), as provided below.
- (ii) Not later than the 25th Business Day following the Conversion Date, the Issuer shall give notice to the Noteholders in accordance with Condition 18 and to the Trustee, the Principal Paying and Conversion Agent and the Conversion Calculation Agent (a "**Conversion Shares Offer Notice**") stating whether or not it has elected, in its sole and absolute discretion, that the Conversion Shares Depositary (or an agent on its behalf) will make an offer, in the Issuer's sole and absolute discretion, of all or some of the Ordinary Shares delivered to the Conversion Shares Depositary on the Conversion Date to, in the Issuer's sole and absolute discretion, all or some of the Issuer's Shareholders or other third parties at such time, such offer to be at a cash price per Ordinary Share (the "**Conversion Shares Offer Price**") being no less than the Conversion Shares Offer Floor Price (translated, if necessary, from pounds sterling into the currency (or currencies) in which such Ordinary Shares are being offered as aforesaid at the Prevailing Rate on the Business Day immediately preceding the date on which the Conversion Shares Offer Notice is given), all in accordance with the following provisions (the "**Conversion Shares Offer**"). For the avoidance of doubt, the Conversion Shares Offer Price may be lower than the prevailing Conversion Price (or, as the case may be, New Conversion Price). The Issuer may, on behalf of the Conversion Shares Depositary, appoint a Conversion Shares Offer

Agent to act as placement or other agent to facilitate the Conversion Shares Offer. The Issuer may not purchase any Eligible Conversion Shares for its own account pursuant to a Conversion Shares Offer.

- (iii) A Conversion Shares Offer Notice shall specify the Conversion Shares Offer Floor Price and the period of time for which the Conversion Shares Offer will be open (the “**Conversion Shares Offer Period**”). The Conversion Shares Offer Period shall end no later than 40 Business Days after the giving of the Conversion Shares Offer Notice by the Issuer. A Conversion Shares Offer Notice may also specify a final or indicative Conversion Shares Offer Price and/or the basis on which the final Conversion Shares Offer Price will be determined (which, for the avoidance of doubt, may be wholly within the Issuer's discretion) and/or communicated to persons who are eligible to participate in the Conversion Shares Offer.
- (iv) The Issuer also reserves the right, in its sole and absolute discretion, to elect that the Conversion Shares Depositary terminate the Conversion Shares Offer at any time during the Conversion Shares Offer Period. If the Issuer makes such election, it will provide at least three Business Days' notice to the Noteholders in accordance with Condition 18 and to the Trustee, the Principal Paying and Conversion Agent and the Conversion Calculation Agent.
- (v) By virtue of its holding of any Note, each Noteholder acknowledges and agrees that if the Issuer elects, in its sole and absolute discretion, that a Conversion Shares Offer be conducted by the Conversion Shares Depositary, such Noteholder shall (subject always to its ability to deliver an Opt-Out Notice in respect of some or all of the Notes it holds, in accordance with Condition 7(c)) be deemed to have: (i) consented to any Conversion Shares Offer and, notwithstanding that such Ordinary Shares are held by the Conversion Shares Depositary on trust for the Noteholders, to the Conversion Shares Depositary using the Eligible Conversion Shares delivered to it on Conversion to settle any Conversion Shares Offer; (ii) consented to the transfer of the interest such Noteholder has in the Eligible Conversion Shares delivered on Conversion to the Conversion Shares Depositary to one or more purchasers identified by the Conversion Shares Depositary in connection with the Conversion Shares Offer; (iii) agreed that the Issuer and the Conversion Shares Depositary may take any and all actions necessary to conduct the Conversion Shares Offer in accordance with the terms of the Notes; and (iv) agreed that none of the Issuer, the Trustee or the Conversion Shares Depositary shall, to the extent permitted by applicable law, incur any liability to the Noteholders in respect of the Conversion Shares Offer (except for the obligations of the Conversion Shares Depositary in respect of the Noteholders' entitlement to, and the subsequent delivery of, any Conversion Shares Offer Consideration).
- (vi) Any Conversion Shares Offer shall be made subject to applicable laws and regulations in effect at the relevant time and shall be conducted, if at

all, only to the extent that the Issuer, in its sole and absolute discretion, determines that the Conversion Shares Offer is practicable. The purchasers of the Eligible Conversion Shares sold in any Conversion Shares Offer shall bear the costs and expenses of any Conversion Shares Offer (other than the taxes and foreign exchange transaction costs referred to in Condition 7(o) and in the definition of "Conversion Shares Offer Consideration"), including the fees of the Conversion Shares Offer Agent, if any. Neither the occurrence of a Conversion Trigger Event nor, following the occurrence of a Conversion Trigger Event, the election (if any) by the Issuer to undertake a Conversion Shares Offer on the terms set out herein, shall preclude the Issuer from undertaking a rights issue or other equity issue at any time on such terms as the Issuer deems appropriate, at its sole discretion, including, for the avoidance of doubt, the offer of Ordinary Shares at or below the Conversion Shares Offer Price or the Conversion Shares Offer Floor Price.

- (vii) Upon expiry of the Conversion Shares Offer Period, the Conversion Shares Depositary will provide notice to the Noteholders in accordance with Condition 18 and to the Trustee, the Principal Paying and Conversion Agent and the Conversion Calculation Agent of the composition of the Conversion Shares Offer Consideration (and of the deductions to the cash component, if any, of the Conversion Shares Offer Consideration (as set out in the definition of "Conversion Shares Offer Consideration")) per GBP 1,000 in principal amount of such Notes. The Conversion Shares Offer Consideration shall be held on trust by the Conversion Shares Depositary for the Noteholders. The cash component of any Conversion Shares Offer Consideration shall be payable on the Settlement Date by the Conversion Shares Depositary to the Noteholders in pounds sterling and whether or not the conditions referred to in Condition 4(a) are satisfied.
- (viii) The Trustee shall not be responsible for monitoring any Conversion Shares Offer, nor for monitoring or enforcing the obligations of the Conversion Shares Depositary in respect thereof. Following the issuance and delivery of the Ordinary Shares to be issued on Conversion by the Issuer to the Conversion Shares Depositary, Noteholders shall have recourse only to the Conversion Shares Depositary for the delivery to them of such Ordinary Shares or, subject to and as provided in this condition 7(b)(viii), the Conversion Shares Offer Consideration, as the case may be.

(c) Opt-Out Notices

At any point following delivery of a Conversion Shares Offer Notice but prior to the third (3rd) Business Day preceding the final day of the Conversion Shares Offer Period, each Noteholder shall be entitled to give notice to the Conversion Shares Depositary notice in writing that it elects to retain its interest in the Conversion Shares to which it is entitled in respect of some or all of its Notes, such that those Conversion Shares attributable to it in respect of such Note(s)

are not eligible for inclusion in the Conversion Shares Offer (each such notice being an “**Opt-Out Notice**”). Provided such Opt-Out Notice is received prior to the third (3rd) Business Day preceding the final day of the Conversion Shares Offer Period, the Conversion Shares attributable to such Note(s) (rounded down, if necessary, to the nearest whole number of Conversion Shares) shall not constitute Eligible Conversion Shares. In such case, the Conversion Shares Offer Consideration of such Noteholder in respect of such opted-out Note(s) shall be the entitlement described in part (ii) of the definition of “Conversion Shares Offer Consideration” (and, for the avoidance of doubt, such Noteholder shall not be entitled to any Conversion Shares Offer Consideration under part (i) of the definition of that term with respect to such opted-out Note(s), and the determination of *pro rata* entitlements under part (i) of that definition shall disregard such opted-out Note(s)).

If no Opt-Out Notice is received by the Conversion Shares Depository from a Noteholder prior to the third (3rd) Business Day preceding the final day of the Conversion Shares Offer Period, such Noteholder shall be treated as having not given an Opt-Out Notice.

(d) Accrued interest on Conversion

Any Interest Amount in respect of an Interest Period ending on an Interest Payment Date which falls on or after the date of the occurrence of a Conversion Trigger Event (irrespective of whether such Interest Payment Date falls prior to, on or after the Conversion Date) shall be deemed to have been automatically and irrevocably cancelled upon the occurrence of such Conversion Trigger Event and shall not be due and payable.

(e) Conversion Price

The Issuer shall issue and deliver to the Conversion Shares Depository on the Conversion Date the number of Ordinary Shares determined by dividing the aggregate principal amount of the Notes outstanding on the date immediately prior to the date of the occurrence of the Conversion Trigger Event by the Conversion Price (or, as the case may be, New Conversion Price) prevailing on the Conversion Date rounded down, if necessary, to the nearest whole number of Ordinary Shares.

The number of Ordinary Shares to be held by the Conversion Shares Depository for the benefit of the Noteholders shall be, per GBP 1,000 in principal amount of Notes outstanding on the date immediately prior to the date of the occurrence of the Conversion Trigger Event (subject as provided in Condition 7(m)), the number of Ordinary Shares calculated as above, multiplied by a fraction equal to GBP 1,000 divided by the aggregate principal amount of the Notes outstanding on the date immediately prior to the date of the occurrence of the Conversion Trigger Event (the “**Conversion Shares**”).

The “**Conversion Price**” per Ordinary Share in respect of the Notes is GBP 1.6275, subject to adjustment in the circumstances described in Condition 7(f).

Once a Note has been converted into Ordinary Shares, there is no provision for the reconversion of such Ordinary Shares back into Notes.

(f) Adjustment of Conversion Price

Upon the occurrence of any of the events described below prior to the Conversion Date, the Conversion Price shall be adjusted by the Conversion Calculation Agent as follows:

- (i) If and whenever there shall be a consolidation, reclassification, re-designation or subdivision in relation to the Ordinary Shares which alters the number of Ordinary Shares in issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such consolidation, reclassification, re-designation or subdivision by the following fraction:

$$\frac{\mathbf{A}}{\mathbf{B}}$$

where:

“**A**” is the aggregate number of Ordinary Shares in issue immediately before such consolidation, reclassification, re-designation or subdivision, as the case may be; and

“**B**” is the aggregate number of Ordinary Shares in issue immediately after, and as a result of, such consolidation, reclassification, re-designation or subdivision, as the case may be.

Such adjustment shall become effective on the date the consolidation, reclassification, re-designation or subdivision, as the case may be, takes effect.

- (ii) If and whenever the Issuer shall issue any Ordinary Shares to Shareholders as a class credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) other than where such issue of Ordinary Shares is determined to be a Cash Dividend pursuant to paragraph (a) of the definition of "Dividend", the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{\mathbf{A}}{\mathbf{B}}$$

where:

“**A**” is the aggregate number of Ordinary Shares in issue immediately before such issue; and

“B” is the aggregate number of Ordinary Shares in issue immediately after such issue.

Such adjustment shall become effective on the date of issue of such Ordinary Shares.

- (iii) If and whenever the Issuer shall declare, announce, make or pay any Capital Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{(A - B)}{A}$$

where:

“A” is the Current Market Price of one Ordinary Share on the Ex-Date in respect of such Capital Distribution; and

“B” is the portion of the Fair Market Value of the aggregate Capital Distribution attributable to one Ordinary Share, with such portion being determined by dividing the Fair Market Value of the aggregate Capital Distribution by the number of Ordinary Shares entitled to receive the relevant Capital Distribution (or, in the case of a purchase, redemption or buy back of Ordinary Shares or any depositary or other receipts or certificates representing Ordinary Shares by or on behalf of the Issuer or any Subsidiary of the Issuer, by the number of Ordinary Shares in issue immediately following such purchase, redemption or buy back, and treating as not being in issue any Ordinary Shares, or any Ordinary Shares represented by depositary or other receipts or certificates, purchased, redeemed or bought back).

Such adjustment shall become effective on the Effective Date.

In these Conditions:

“**Capital Distribution**” means:

- (a) any Cash Dividend which (or, in the case of a Cash Dividend pursuant to paragraph (a) of the definition of “Dividend”, any such Cash Dividend if such Cash Dividend or any of the relevant Dividend, capitalisation, issue or delivery of any property or assets referred to in such paragraph (a) of the definition of “Dividend” as aforesaid) is expressed by the Issuer or declared by the board of directors of the Issuer to be a capital distribution, extraordinary dividend, extraordinary distribution, special dividend, special distribution or return of value to Shareholders as a class or any analogous or similar term; or

(b) any Non-Cash Dividend.

“Cash Dividend” means (i) any Dividend which is to be paid or made in cash (in whatever currency), other than a Dividend falling within paragraph (b) of the definition of “Spin-Off” and (ii) any Dividend determined to be a Cash Dividend pursuant to paragraph (a) of the definition of “Dividend”. For the avoidance of doubt, a Dividend falling within paragraph (c) or (d) of the definition of “Dividend” shall be treated as being a Non-Cash Dividend.

“Dividend” means any dividend or distribution to Shareholders as a class (including a Spin-Off) whether of cash, assets or other property, and however described and whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including a distribution or payment to Shareholders upon or in connection with a reduction of capital (and for these purposes a distribution of assets includes, without limitation, an issue of Ordinary Shares or other Securities credited as fully or partly paid up by way of capitalisation of profits or reserves), provided that:

(a) where:

- (1) a Dividend in cash is announced which may at the election of a Shareholder or Shareholders be satisfied by the issue or delivery of Ordinary Shares or other property or assets, or where an issue of Ordinary Shares or other property or assets to Shareholders by way of a capitalisation of profits or reserves (including any share premium account or capital redemption reserve) is announced which may at the election of a Shareholder or Shareholders be satisfied by the payment of cash, then the Dividend or capitalisation in question shall be treated as a Cash Dividend of an amount equal to the greater of (i) the Fair Market Value of such cash amount and (ii) the Current Market Price of such Ordinary Shares or, as the case may be, the Fair Market Value of such other property or assets, in any such case as at the Ex-Date in respect of the relevant Dividend or capitalisation (or, if later, the Dividend Determination Date), save that where a Dividend in cash is announced which may at the election of a Shareholder or Shareholders be satisfied by the issue or delivery of Ordinary Shares or an issue of Ordinary Shares to Shareholders by way of capitalisation of profits or reserves is announced which may at the election of a Shareholder or Shareholders be satisfied by the payment of cash where the number of Ordinary Shares which may be issued or delivered is to be determined at a date or during a period following the last day on which such election can be made as aforesaid and is to be determined by reference to a publicly

available formula based on the closing price or volume weighted average price or any like or similar pricing benchmark of the Ordinary Shares, without factoring in any discount or premium to such price or benchmark, then such Dividend shall be treated as a Cash Dividend in an amount equal to the Fair Market Value of such cash amount on such date as such cash amount is determined as aforesaid; or

- (2) there shall (other than in circumstances subject to proviso (1) above) (x) be any issue of Ordinary Shares or other property or assets to Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) where such issue or delivery is or is expressed to be in lieu of a Dividend in cash (whether or not a cash Dividend equivalent amount is announced) or a Dividend in cash is announced that is to be satisfied by the issue or delivery of Ordinary Shares or other property or assets, or (y) any issue or delivery of Ordinary Shares or other property or assets by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) that is to be satisfied by the payment of cash, then, in the case of (x) the capitalisation or Dividend in question shall be treated as a Cash Dividend of an amount equal to the Current Market Price of such Ordinary Shares or, as the case may be, the Fair Market Value of such other property or assets as at the Ex-Date in respect of the relevant capitalisation (or, if later, the Dividend Determination Date), and, in the case of (y), the capitalisation in question shall be treated as a Cash Dividend of an amount equal to the Fair Market Value of such cash amount as at the Ex-Date in respect of the relevant capitalisation (or, if later, the Dividend Determination Date), save that where an issue of Ordinary Shares by way of capitalisation of profits or reserves is announced where such issue is or is expected to be in lieu of a Dividend in cash (in circumstances where the cash amount thereof is announced) or an issue of Ordinary Shares by way of capitalisation of profits or reserves is announced that is to be satisfied by the payment of cash where the number of Ordinary Shares to be issued or delivered or the amount of such payment of cash is to be determined at a date or during a period following such announcement and is to be determined by reference to a publicly available formula based on the closing price or volume weighted average price or any like or similar pricing benchmark of the Ordinary Shares, without factoring in any discount or premium to such price or benchmark,

then such capitalisation shall be treated as a Cash Dividend in an amount equal to the Fair Market Value of such cash amount on such date as such cash amount is announced or determined as aforesaid;

- (b) any issue of Ordinary Shares falling within Condition 7(f)(i) or 7(f)(ii) shall be disregarded;
- (c) a purchase or redemption or buy back of Ordinary Shares by or on behalf of the Issuer or any of its Subsidiaries shall not constitute a Dividend unless, in the case of a purchase or redemption or buy back of Ordinary Shares by or on behalf of the Issuer or any of its Subsidiaries, the weighted average price per Ordinary Share (before expenses) on any one date (a "**Specified Share Day**") in respect of such purchase or redemption or buy back (translated, if not in the Relevant Currency, into the Relevant Currency at the Prevailing Rate on such day) exceeds by more than 5 per cent. the Current Market Price of an Ordinary Share:
 - (1) on the Specified Share Day; or
 - (2) where an announcement (excluding, for the avoidance of doubt for these purposes, any general authority for such purchases, redemptions or buy backs approved by a general meeting of Shareholders or any notice convening such a meeting of Shareholders) has been made of the intention to purchase, redeem or buy back Ordinary Shares at some future date at a specified price or where a tender offer is made, on the date of such announcement or, as the case may be, on the date of first public announcement of such tender offer (and regardless of whether or not a price per Ordinary Share, a minimum price per Ordinary Share or a price range or a formula for the determination thereof is or is not announced at such time),

in which case such purchase, redemption or buy back shall be deemed to constitute a Dividend in the Relevant Currency in an amount equal to the amount by which the aggregate price paid (before expenses) in respect of such Ordinary Shares purchased, redeemed or bought back by or on behalf of the Issuer or, as the case may be, any of its Subsidiaries (translated where appropriate into the Relevant Currency as provided above) exceeds the product of (i) 105 per cent. of such Current Market Price and (ii) the number of Ordinary Shares so purchased, redeemed or bought back;

- (d) if the Issuer or any of its Subsidiaries (or any person on its or their behalf) shall purchase, redeem or buy back any depositary or

other receipts or certificates representing Ordinary Shares, the provisions of paragraph (c) above shall be applied in respect thereof in such manner and with such modifications (if any) as shall be determined in good faith by an Independent Adviser;

- (e) where a dividend or distribution is paid or made to Shareholders pursuant to any plan implemented by the Issuer for the purpose of enabling Shareholders to elect, or which may require Shareholders, to receive dividends or distributions in respect of the Ordinary Shares held by them from a person other than (or in addition to) the Issuer, such dividend or distribution shall for the purposes of these Conditions be treated as a dividend or distribution made or paid to Shareholders by the Issuer, and the foregoing provisions of this definition and the provisions of these Conditions shall be construed accordingly;
- (f) where a Dividend in cash is declared which provides for payment by the Issuer to Shareholders in the Relevant Currency or an amount in cash is or may be paid in the Relevant Currency, whether at the option of Shareholders or otherwise, it shall be treated as a Cash Dividend in the amount of such Relevant Currency or, as the case may be, an amount in such Relevant Currency, and in any other case it shall be treated as a Cash Dividend or, as the case may be, an amount in cash in the currency in which it is payable by the Issuer; and
- (g) a dividend or distribution that is a Spin-Off shall be deemed to be a Non-Cash Dividend paid or made by the Issuer,

and any such determination shall be made in good faith by the Conversion Calculation Agent or where specifically provided, an Independent Adviser and, in either such case, on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit.

“Dividend Determination Date” means, for the purposes of the definition of “Dividend”, the date on which the number of Ordinary Shares or, as the case may be, amount of other property or assets, which may be issued or delivered is, or is capable of being, determined, and where determined by reference to prices or values or the like on or during a particular day or during a particular period, the Dividend Determination Date shall be deemed to be such day or the last day of such period, as the case may be.

“Eligible Conversion Shares” means all Conversion Shares in respect of which a valid Opt-Out Notice has not been received in accordance with Condition 7(c).

“Effective Date” means, in respect of this Condition 7(f)(iii), the date which is the later of (i) the Ex-Date in respect of such Capital Distribution

and (ii) the first date upon which the Fair Market Value of the relevant Capital Distribution can be determined as provided herein.

“Ex-Date” means, in relation to any Dividend (including without limitation any Spin-Off), capitalisation, redesignation, reclassification, sub-division, consolidation, issue, grant, offer or other entitlement, unless otherwise defined herein, the first dealing day on which the Ordinary Shares are traded ex- the relevant Dividend, capitalisation, redesignation, reclassification, sub-division, consolidation, issue, grant, offer or other entitlement on the Relevant Stock Exchange (or, in the case of a Dividend which is a purchase, redemption or buy back of Ordinary Shares (or, as the case may be, any depositary or other receipts or certificates representing Ordinary Shares) pursuant to paragraph (c) (or, as the case may be, paragraph (d)) of the definition of “Dividend”, the date on which such purchase, redemption or buy back is made).

“Non-Cash Dividend” means any Dividend which is not a Cash Dividend, and shall include a Spin-Off.

“Spin-Off” means:

- (a) a distribution of Spin-Off Securities by the Issuer to Shareholders as a class; or
- (b) any issue, transfer or delivery of any property or assets (including cash or shares or other securities of or in or issued or allotted) by any entity (other than the Issuer) to Shareholders as a class or, in the case of or in connection with a Scheme of Arrangement, Existing Shareholders as a class (but excluding the issue and allotment of ordinary shares (or depositary or other receipts or certificates representing such ordinary shares) by Newco to Existing Shareholders as a class), pursuant in each case to any arrangements with the Issuer or any of its Subsidiaries.

“Spin-Off Securities” means equity share capital of an entity other than the Issuer or options, warrants or other rights to subscribe for or purchase equity share capital of an entity other than the Issuer.

For the purposes of this Condition 7(f)(iii), Fair Market Value shall (subject as otherwise provided above or in paragraph (a) of the definition of “Dividend” or in the definition of “Fair Market Value”) be determined as at the Ex-Date in respect of the relevant Capital Distribution.

- (iv) If and whenever the Issuer shall issue Ordinary Shares to Shareholders as a class by way of rights, or the Issuer or any member of the Group or (at the direction or request or pursuant to arrangements with the Issuer or any member of the Group) any other company, person or entity shall issue or grant to Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for or purchase Ordinary Shares, or any Securities which by their terms of issue carry (directly or indirectly)

rights of conversion into, or exchange or subscription for, any Ordinary Shares (or shall grant any such rights in respect of existing Securities so issued), in each case at a price per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share on the Effective Date, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{(A + B)}{(A + C)}$$

where:

“A” is the aggregate number of Ordinary Shares in issue on the Effective Date;

“B” is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares issued by way of rights, or for the Securities issued by way of rights, or for the options or warrants or other rights issued by way of rights and for the total number of Ordinary Shares deliverable on the exercise thereof, would purchase at such Current Market Price per Ordinary Share on the Effective Date; and

“C” is the number of Ordinary Shares to be issued or, as the case may be, the maximum number of Ordinary Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights or upon conversion or exchange or exercise of rights of subscription or purchase in respect thereof at the initial conversion, exchange, subscription or purchase price or rate,

provided that if, on the Effective Date, such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time, then for the purposes of this Condition 7(f)(iv), **“C”** shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Effective Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Effective Date.

Such adjustment shall become effective on the Effective Date.

“Effective Date” means, in respect of this Condition 7(f)(iv), the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange.

Notwithstanding the foregoing provisions:

- (A) where the events or circumstances giving rise to any adjustment pursuant to this Condition 7(f) have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already given or will give rise to an adjustment to the Conversion Price or where more than one event which gives rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of the Issuer, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be determined in good faith by an Independent Adviser to be in its opinion appropriate to give the intended result;
- (B) such modification shall, subject to compliance with the Relevant Rules, be made to the operation of these Conditions as may be determined in good faith by an Independent Adviser to be in its opinion appropriate (i) to ensure that an adjustment to the Conversion Price or the economic effect thereof shall not be taken into account more than once, (ii) to ensure that the economic effect of a Capital Distribution is not taken into account more than once and (iii) to reflect a redenomination of the issued Ordinary Shares for the time being into a new currency; and
- (C) for the avoidance of doubt, the issue of Ordinary Shares upon a Conversion or upon any conversion or exchange in respect of any other Securities or the exercise of any other options, warrants or other rights shall not result in an adjustment to the Conversion Price.

(g) Determination of consideration receivable

For the purpose of any calculation of the consideration receivable or price pursuant to Condition 7(f)(iv), the following provisions shall apply:

- (1) the aggregate consideration receivable or price for Ordinary Shares issued for cash shall be the amount of such cash;
- (2) (x) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the conversion or exchange of any Securities shall be deemed to be the consideration or price received or receivable for any such Securities and (y) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the exercise of rights of subscription attached to any Securities or upon the exercise of any options, warrants or rights shall be deemed to be that part (which may be the whole) of the consideration or price received or receivable for such Securities or, as the case may be, for such options, warrants or rights which are attributed by the Issuer to such rights of subscription or, as the case may be, such

options, warrants or rights or, if no part of such consideration or price is so attributed, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or rights as at the relevant Effective Date, plus in the case of each of (x) and (y) above, the additional minimum consideration receivable or price (if any) upon the conversion or exchange of such Securities, or upon the exercise of such rights of subscription attached thereto or, as the case may be, upon exercise of such options, warrants or rights and (z) the consideration receivable or price per Ordinary Share upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such Securities or, as the case may be, upon the exercise of such options, warrants or rights shall be the aggregate consideration or price referred to in (x) or (y) above (as the case may be) divided by the number of Ordinary Shares to be issued upon such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate;

- (3) if the consideration or price determined pursuant to (1) or (2) above (or any component thereof) shall be expressed in a currency other than the Relevant Currency, it shall be converted into the Relevant Currency at the Prevailing Rate on the relevant Effective Date;
- (4) in determining the consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Ordinary Shares or Securities or options, warrants or rights, or otherwise in connection therewith; and
- (5) the consideration or price shall be determined as provided above on the basis of the consideration or price received, receivable, paid or payable, regardless of whether all or part thereof is received, receivable, paid or payable by or to the Issuer or another entity.

(h) Decision of an Independent Adviser

If any doubt shall arise as to whether an adjustment pursuant to Condition 7(f) falls to be made to the Conversion Price or as to the appropriate adjustment to the Conversion Price, the Issuer may at its discretion appoint an Independent Adviser and, following consultation between the Issuer and such Independent Adviser, a written opinion of such Independent Adviser in respect thereof shall be conclusive and binding on the Issuer and the Noteholders, save in the case of manifest error.

(i) Share option schemes

No adjustment will be made to the Conversion Price where Ordinary Shares or other Securities (including rights, warrants and options) are issued, offered, exercised, allotted, purchased, appropriated, modified or granted to, or for the benefit of, employees or former employees (including directors holding or formerly holding executive office or the personal service company of any such person) or their spouses or relatives, in each case, of the Issuer or any of its

Subsidiaries or any associated company or to a trustee or trustees to be held for the benefit of any such person, in any such case pursuant to any share or option scheme.

(j) Rounding down and notice of adjustment to the Conversion Price

On any adjustment, if necessary, the resultant Conversion Price shall be rounded down to the nearest whole multiple of GBP0.0001. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made.

Notice of any adjustments to the Conversion Price shall be given by the Issuer to Noteholders as soon as practicable after the determination thereof in accordance with Condition 18 and to the Trustee, the Principal Paying and Conversion Agent and the Conversion Calculation Agent.

The Conversion Price shall not in any event be reduced to below the nominal value of an Ordinary Share for the time being. The Issuer undertakes that it shall not take any action, and shall procure that no action is taken, that would otherwise result in an adjustment to the Conversion Price to below such nominal value. No adjustment to the Conversion Price will be made pursuant to Condition 7(f) if an increase in the Conversion Price would result from such adjustment, except in the case of the consolidation of the Ordinary Shares.

(k) Takeover Events

(i) If a Qualifying Takeover Event occurs, the Notes shall, where the Conversion Date (if any) falls on or after the New Conversion Condition Effective Date and the Approved Entity Status Condition (as defined at Condition 7(a)(v)) is met as at the Conversion Date, be converted on such Conversion Date into Relevant Shares of the Approved Entity (save as provided below in this Condition 7(k)(i), *mutatis mutandis* as provided in this Condition 7) at the prevailing New Conversion Price. Such conversion shall be effected by (i) the automatic and irrevocable release of the Issuer's obligations under each Note in consideration of the issuance and delivery by the Issuer of such number of Ordinary Shares as is determined in accordance with Condition 7(e) to, or to the order of, the Approved Entity and (ii) the Approved Entity irrevocably undertaking, for the benefit of the Noteholders, to deliver the Relevant Shares to the Conversion Shares Depositary as aforesaid. For the avoidance of doubt, the Issuer may elect that a Conversion Shares Offer be made by the Conversion Shares Depositary in respect of the Relevant Shares.

- (ii) The New Conversion Price shall be subject to adjustment in the circumstances provided in Condition 7(f), assuming for this purpose that references in Conditions 7(f), 7(g), 7(h), 7(i), 7(j) and 7(k) to the “Conversion Price” were references to the “New Conversion Price” (with such modifications and amendments (if any) as an Independent Adviser acting in good faith shall determine to be appropriate) and the Issuer shall give notice to Noteholders of the New Conversion Price and of any such modifications and amendments in accordance with Condition 18 and to the Trustee, the Principal Paying and Conversion Agent and the Conversion Calculation Agent as soon as reasonably practicable.

- (iii) In the case of a Qualifying Takeover Event:
 - (1) the Issuer shall, to the extent permitted by applicable law and regulation, on or prior to the New Conversion Condition Effective Date, seek to enter into such agreements and arrangements, which may include deeds supplemental to the Trust Deed (reflecting such amendments and modifications to the Trust Deed) to ensure that, with effect from the New Conversion Condition Effective Date, the Notes shall (following the occurrence of a Conversion Trigger Event and provided that the Approved Entity Status Condition is met as at the Conversion Date) be convertible into, or exchangeable for, Relevant Shares of the Approved Entity, *mutatis mutandis* in accordance with, and subject to, this Condition 7 (as may be so supplemented, amended or modified) at the prevailing New Conversion Price; and

 - (2) the Issuer shall, where the Conversion Date falls on or after the New Conversion Condition Effective Date and the Approved Entity Status Condition (as defined at Condition 7(a)(v)) is met as at the Conversion Date, procure (to the extent that it is within its power to do so) the issue and/or delivery of the relevant number of Relevant Shares of the Approved Entity *mutatis mutandis* in the manner provided in this Condition 7, as may be supplemented, amended or modified as provided above.

The Trustee shall be obliged to concur with the Issuer in making any such amendments and modifications to the Trust Deed, and to execute any such deeds supplemental to the Trust Deed, provided that the Trustee shall not be bound to do so if any such amendments, modifications or deeds would, in the opinion of the Trustee, have the effect of (i) exposing the Trustee to any liability against which it is not indemnified and/or secured and/or pre-funded to its satisfaction, (ii) changing, increasing or adding to the obligations or duties of the Trustee or (iii) removing or amending any protection or indemnity afforded to, or any other provision in favour of, the Trustee under the Trust Deed, these Conditions and/or the Notes.

- (iv) Within 10 days following the occurrence of a Takeover Event, the Issuer shall give notice thereof to the Noteholders (a “**Takeover Event Notice**”) in accordance with Condition 18 and to the Trustee, the Principal Paying and Conversion Agent and the Conversion Calculation Agent.

The Takeover Event Notice shall specify:

- (1) the identity of the Acquiror;
 - (2) whether the Takeover Event is, or is expected to be, a Qualifying Takeover Event or a Non-Qualifying Takeover Event;
 - (3) in the case of a Qualifying Takeover Event, whether the Approved Entity Status Condition (as defined at Condition 7(a)(v)) is met or, if it is not met at the time the Takeover Event Notice is given but is anticipated by the Issuer to be met at a time thereafter, the circumstances in which it will be met;
 - (4) in the case of a Qualifying Takeover Event, the New Conversion Price; and
 - (5) in the case of a Non-Qualifying Takeover Event, that, with effect from the occurrence of the Takeover Event the outstanding Notes will, upon the occurrence of a Conversion Trigger Event (unless the Issuer has given notice in accordance with Condition 7(a)(vi) of its election that, if a Conversion Trigger Event occurs after the date of such notice, the Notes shall be written down) be converted into Ordinary Shares in accordance with Condition 7(a), as if no Takeover Event had occurred.
- (v) As used herein:

“**Acquiror**” means the person which, following a Takeover Event, controls the Issuer.

“**Approved Entity**” means a body corporate which, on the occurrence of the Takeover Event, has in issue Relevant Shares.

“**EEA Regulated Market**” means a market as defined by Article 4.1(21) of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments.

The “**New Conversion Condition**” shall be satisfied if by not later than seven Business Days following the occurrence of a Takeover Event where the Acquiror is an Approved Entity, the Issuer shall have entered into arrangements to its satisfaction with the Approved Entity pursuant to which the Approved Entity irrevocably undertakes to the Trustee, for the benefit of the Noteholders, to deliver the Relevant Shares to the Conversion Shares Depository upon a Conversion of the Notes, all as contemplated in Condition 7(k)(i).

“New Conversion Condition Effective Date” means the date with effect from which the New Conversion Condition shall have been satisfied.

“New Conversion Price” means (subject to adjustment as provided below) the amount (rounded down to the nearest whole multiple of GBP0.001) determined by the Conversion Calculation Agent in accordance with the following formula:

$$\mathbf{NCP = ECP \times (VWAPRS / VWAPOS)}$$

where:

“NCP” is the New Conversion Price (subject to adjustment in accordance with Condition 7(k)(ii)).

“ECP” is the Conversion Price in effect immediately prior to the New Conversion Condition Effective Date, provided that for the purpose of this definition only, if in accordance with Condition 7(j) any adjustment was not required to be made to the Conversion Price and/or the Conversion Price was rounded down in respect of an adjustment pursuant to Condition 7(f), the Conversion Price in effect immediately prior to the New Conversion Condition Effective Date shall be the Conversion Price that would have been in effect on such date if such adjustment which was not made had actually been made at the relevant time and/or, as the case may be, if such rounding down had not been made.

“VWAPRS” means the average of the Volume Weighted Average Prices of the Relevant Shares (translated, if necessary, into pounds sterling at the Prevailing Rate on the relevant dealing day) on each of the 10 dealing days ending on the dealing day prior to the date the Takeover Event shall have occurred (and where references in the definition of “Volume Weighted Average Price” to “Ordinary Shares” shall be construed as references to the Relevant Shares and in the definition of “dealing day”, references to the “Relevant Stock Exchange” shall be construed as references to the primary Regulated Market on which the Relevant Shares are then listed, admitted to trading or accepted for dealing).

“VWAPOS” is the average of the Volume Weighted Average Prices of the Ordinary Shares (translated, if necessary, into pounds sterling at the Prevailing Rate on the relevant dealing day) on each of the 10 dealing days ending on the dealing day prior to the date the Takeover Event shall have occurred.

“Non-Qualifying Takeover Event” means a Takeover Event that is not a Qualifying Takeover Event.

“Qualifying Takeover Event” means a Takeover Event where:

- (i) the Acquiror is an Approved Entity; and
- (ii) the New Conversion Condition is satisfied.

“Regulated Market” means an EEA Regulated Market or another regulated, regularly operating, recognised stock exchange or securities market in an OECD member state.

“Relevant Shares” means ordinary share capital of a body corporate that constitutes equity share capital or the equivalent (or depositary or other receipts representing the same) which are listed and admitted to trading on a Regulated Market.

A **“Takeover Event”** shall occur if any person or persons acting in concert (as defined in the Takeover Code of the United Kingdom Panel on Takeovers and Mergers) acquires control of the Issuer (other than as a result of a Newco Scheme).

For the purposes of the definitions of “Acquiror” and “Takeover Event”, **“control”** means:

- (a) the acquisition or holding of legal or beneficial ownership of more than 50 per cent. of the issued Ordinary Shares of the Issuer; or
- (b) the right to appoint and/or remove all or the majority of the members of the board of directors of the Issuer, whether obtained directly or indirectly and whether obtained by ownership of share capital, contract or otherwise,

(vi) and **“controls”** and **“controlled”** shall be construed accordingly.

- (l) Procedure for settlement and delivery of Ordinary Shares on Conversion

Ordinary Shares to be issued and delivered upon a Conversion in respect of the Notes shall be issued and delivered subject to and as provided below.

- (m) Fractions

Fractions of Ordinary Shares will not be delivered to the Conversion Shares Depositary or to Noteholders upon a Conversion and no cash payment will be made in lieu thereof. However, if one or more Certificates are delivered to the Conversion Shares Depositary pursuant to any one Conversion Shares Settlement Notice or Opt-Out Notice, the number of Ordinary Shares to be issued and delivered in respect thereof shall be calculated by the Conversion Calculation Agent on the basis of the aggregate principal amount of such Notes the subject of such Conversion Shares Settlement Notice or Opt-Out Notice.

(n) Procedure for delivery in respect of a Conversion upon Conversion Trigger Event

- (i) Subject as provided in Condition 7(n)(ii) below, in order to obtain delivery of the relevant Ordinary Shares or the Conversion Shares Offer Consideration, as applicable, following a Conversion of the Notes, the relevant Noteholder must deliver a duly completed Conversion Shares Settlement Notice, together with the relevant Certificates representing the Notes to the Conversion Shares Depositary or the specified office of its agent(s) designated for the purpose in the Conversion Trigger Notice by the Notice Cut-off Date.

If such delivery is made or notice is given after the end of normal business hours at the specified office of the Conversion Shares Depositary or, as appropriate, its designated agent as aforesaid or on a day which is not a business day, such delivery or notice shall be deemed for all purposes of these Conditions to have been made or given on the following business day. If Noteholders fail to make such delivery on or before the Notice Cut-off Date or otherwise the relevant Conversion Shares Settlement Notice shall have been determined by the Conversion Shares Depositary to be null and void, then the Conversion Shares Depositary shall continue to hold the relevant Ordinary Shares or the relevant Conversion Shares Offer Consideration, as the case may be, on trust for the relevant Noteholders, until a valid Conversion Shares Settlement Notice (and the Certificate representing the relevant Notes) is so delivered. In this Condition 7(n)(i), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Conversion Shares Depositary or, as appropriate, its designated agent as aforesaid.

Subject as otherwise provided herein, the relevant Ordinary Shares (or the Ordinary Share component of any Conversion Shares Offer Consideration) will be delivered by or on behalf of the Conversion Shares Depositary in accordance with the instructions given in the relevant Conversion Shares Settlement Notice.

Any cash component of any Conversion Shares Offer Consideration shall be paid by transfer to a pounds sterling account with a bank in London (as may be specified in the relevant Conversion Shares Settlement Notice) in accordance with the instructions contained in the relevant Conversion Shares Settlement Notice.

- (ii) If not previously cancelled on the relevant Settlement Date, the relevant Notes shall be cancelled on the Final Cancellation Date and any Noteholder delivering a Conversion Shares Settlement Notice after the Notice Cut-off Date will have to provide evidence of its entitlement to the relevant Ordinary Shares or the relevant Conversion Shares Offer Consideration, as applicable, satisfactory to the Conversion Shares Depositary in its sole and absolute discretion in order to receive delivery of such Ordinary Shares or such Conversion Shares Offer Consideration, as applicable. Neither the Issuer nor the Conversion Shares Depositary

shall have any liability to any Noteholder for any loss resulting from such Noteholder not receiving any Ordinary Shares or the relevant Conversion Shares Offer Consideration, as applicable, or from any delay in the receipt thereof, in each case as a result of such Noteholder failing to properly submit a valid Conversion Shares Settlement Notice and the relevant Certificate, on a timely basis or at all. If any such Ordinary Shares or the relevant Conversion Shares Offer Consideration (as applicable) have not been claimed for 12 years after the Final Cancellation Date as aforesaid, the Issuer may, at any time after such time and in its sole and absolute discretion, instruct the Conversion Shares Depository (or an agent on its behalf) to sell for cash all or some of any such Ordinary Shares or any Ordinary Share component of any Conversion Shares Offer Consideration (as applicable) and any such cash proceeds from such sale(s) and any such cash component of any Conversion Shares Offer Consideration will, in each case, be forfeited and will be transferred to the Issuer unless the Issuer decides, in its sole and absolute discretion, otherwise and the Issuer will not be a trustee of any such cash and the Issuer shall have no liability to any Noteholder for any loss resulting from such Noteholder not receiving any Ordinary Shares, the relevant Conversion Shares Offer Consideration or the cash proceeds from any such sale(s) as aforesaid (as applicable).

- (iii) Any determination as to whether any Conversion Shares Settlement Notice has been properly completed and delivered together with the relevant Certificate(s) as provided in these Conditions, or whether any evidence of entitlement to Ordinary Shares or Conversion Shares Offer Consideration, as applicable, is satisfactory, shall be made by the Conversion Shares Depository in its sole and absolute discretion and shall be conclusive and binding on the relevant Noteholders.

In the case of Notes represented by a Global Certificate, any Conversion Shares Settlement Notice delivered prior to the day following the Suspension Date shall be void.

*For the purpose of the paragraph above, "**Suspension Date**" shall mean a date specified by the Issuer in the Conversion Trigger Notice or the Conversion Shares Offer Notice (and any notice of termination of the Conversion Shares Offer), as the case may be, as being the date on which Euroclear or Clearstream, Luxembourg shall suspend all clearance and settlement of transactions in the Notes in accordance with its rules and procedures which date shall, in the case of a Conversion Shares Offer, be as proximate to the end of the Conversion Shares Offer Period as is reasonably practicable in accordance with the rules and procedures of Euroclear or Clearstream, Luxembourg.*

- (o) Taxes and duties

Neither the Issuer nor any member of the Group shall be liable for any taxes or capital, stamp, issue and registration or transfer taxes or duties arising on Conversion or that may arise or be paid as a consequence of the issue and delivery of Ordinary Shares on Conversion. A Noteholder must pay any taxes and

capital, stamp, issue and registration or transfer taxes or duties arising on Conversion in connection with the issue and delivery of Ordinary Shares to the Conversion Shares Depository on behalf of such Noteholder and such Noteholder must pay all, if any, such taxes or duties arising by reference to any disposal or deemed disposal of such Noteholder's Notes or interest therein. Any taxes and capital, stamp, issue and registration or transfer taxes or duties arising on delivery or transfer of Ordinary Shares to a purchaser in any Conversion Shares Offer shall be payable by the relevant purchaser of those Ordinary Shares.

(p) Delivery

The Ordinary Shares to be delivered on Conversion will be issued and delivered to the Conversion Shares Depository (see above) on trust (on terms permitting a Conversion Shares Offer in accordance with Condition 7(b)(ii)) for the Noteholders on the Conversion Date.

Ordinary Shares (or the Ordinary Share component of any Conversion Shares Offer Consideration) will be delivered to Noteholders in uncertificated form through the dematerialised Notes trading system operated by Euroclear UK & Ireland Limited, known as CREST, unless at the relevant time the Ordinary Shares are not a participating security in CREST, in which case Ordinary Shares will be delivered in certificated form. Where any Ordinary Shares (or the Ordinary Share component of any Conversion Shares Offer Consideration) are to be delivered to Noteholders by the Conversion Shares Depository through CREST, they will be delivered to the account specified by the relevant Noteholder in the relevant Conversion Shares Settlement Notice, on the relevant Settlement Date. Where any Ordinary Shares (or the Ordinary Share component of any Conversion Shares Offer Consideration) are to be delivered to Noteholders in certificated form, a certificate in respect thereof will be dispatched by mail free of charge to the relevant Noteholder or as it may direct in the relevant Conversion Shares Settlement Notice (in each case uninsured and at the risk of the relevant recipient) within 28 days following delivery of the relevant Conversion Shares Settlement Notice.

The Ordinary Shares (or the Ordinary Share component of any Conversion Shares Offer Consideration) will not be available for issue or delivery (i) to, or to a nominee for, Euroclear or Clearstream, Luxembourg or any other person providing a clearance service within the meaning of Section 96 of the Finance Act 1986 of the United Kingdom or (ii) to a person, or nominee or agent for a person, whose business is or includes issuing depository receipts within the meaning of Section 93 of the Finance Act 1986 of the United Kingdom, in each case at any time prior to the "abolition day" as defined in Section 111(1) of the Finance Act 1990 of the United Kingdom or (iii) to the CREST account of such a person described in (i) or (ii).

(q) Ordinary Shares

The Ordinary Shares issued and delivered on Conversion will be fully paid and non-assessable and will in all respects rank *pari passu* with the fully paid Ordinary

Shares in issue on the Conversion Date, except in any such case for any right excluded by mandatory provisions of applicable law, and except that any Ordinary Shares so issued and delivered will not rank for (or, as the case may be, the relevant Noteholder shall not be entitled to receive) any rights, distributions or payments the record date or other due date for the establishment of entitlement for which falls prior to the Conversion Date.

(r) Purchase or redemption of Ordinary Shares

The Issuer or any Subsidiary of the Issuer may exercise such rights as it may from time to time enjoy to purchase or redeem or buy back any shares or other securities of the Issuer (including Ordinary Shares) or any depositary or other receipts or certificates representing the same without the consent of Noteholders.

(s) Covenants

Whilst any Note remains outstanding, the Issuer shall (if and to the extent permitted by the Relevant Rules from time to time and only to the extent that such covenant would not cause a Capital Disqualification Event to occur), save with the approval of an Extraordinary Resolution:

- (i) ensure that, on Conversion, the Ordinary Shares will, subject to applicable law then in effect, be issued as fully paid;
- (ii) in the event of a Newco Scheme, take (or shall procure that there is taken) all necessary action to ensure that the Newco Scheme is an Exempt Newco Scheme and that immediately after completion of the Scheme of Arrangement such amendments are made to these Conditions as are necessary to ensure that the Notes may be converted into or exchanged for ordinary shares or units or the equivalent in Newco *mutatis mutandis* in accordance with and subject to these Conditions.

The Trustee shall be obliged to concur in effecting such amendments, provided that the Trustee shall not be bound so to concur if to do so would, in the opinion of the Trustee, have the effect of (i) exposing the Trustee to any liability against which it is not indemnified and/or secured and/or pre-funded to its satisfaction, (ii) changing, increasing or adding to the obligations or duties of the Trustee or (iii) removing or amending any protection or indemnity afforded to, or any other provision in favour of, the Trustee under the Trust Deed, these Conditions and/or the Notes;

- (iii) use reasonable endeavours to ensure that the Ordinary Shares or Relevant Shares (as applicable) issued upon Conversion shall be admitted to listing and trading on the Relevant Stock Exchange;
- (iv) notwithstanding the provisions of Condition 7(b)(ii), at all times keep available for issue, free from pre-emptive or other preferential rights, sufficient Ordinary Shares to enable Conversion of the Notes to be satisfied in full;

- (v) in circumstances where these Conditions require the appointment of a Conversion Shares Depositary, use reasonable endeavours to appoint such Conversion Shares Depositary; and
- (vi) where these Conditions require or provide for a determination by an Independent Adviser, use reasonable endeavours to appoint an Independent Adviser for such purpose.

(t) Conversion Calculation Agent

So long as any Notes remain outstanding, the Issuer will maintain a Conversion Calculation Agent, which may be the Issuer or another person appointed by the Issuer to serve in such capacity. The name of the initial Conversion Calculation Agent and its initial specified office are set out at the end of these Conditions.

The Issuer may, at any time with the prior written approval of the Trustee, but without prior notice to the Interest Calculation Agent, the Paying and Conversion Agents or the Noteholders, replace the Conversion Calculation Agent with itself or another reputable investment, merchant or commercial bank or financial institution or financial adviser with appropriate expertise. If the Conversion Calculation Agent is unable or unwilling to continue to act as the Conversion Calculation Agent or fails duly to perform determinations specified to be made by it pursuant to these Conditions, the Issuer shall forthwith appoint itself or another reputable investment, merchant or commercial bank or financial institution or a financial adviser with appropriate expertise, in each case approved in writing by the Trustee, to act as such in such Conversion Calculation Agent's place. Subject as provided in the Conversion Calculation Agency Agreement, the Conversion Calculation Agent may not resign its duties or be removed without a successor having been appointed as aforesaid.

(u) Determinations of Conversion Calculation Agent and Independent Adviser binding

All determinations, calculations and adjustments given, expressed, made or obtained for the purposes of these Conditions by the Conversion Calculation Agent, or, as the case may be, an Independent Adviser, shall (in the absence of manifest error) be final and binding on the Issuer, the Conversion Calculation Agent, the Interest Calculation Agent, the Trustee, the Paying and Conversion Agents and all Noteholders.

The Conversion Calculation Agent may (acting in good faith) consult, at the expense of the Issuer, on any matter (including, but not limited to, any legal matter), any reputable legal or other professional adviser and it shall be able to rely upon, and it shall not be liable and shall incur no liability as against the Interest Calculation Agent, the Trustee, the Paying and Conversion Agents and all Noteholders in respect of anything done, or omitted to be done, relating to that matter in good faith in accordance with that adviser's opinion.

The Conversion Calculation Agent shall act solely upon request from, and exclusively as agent of, the Issuer and in accordance with these Conditions.

Neither the Conversion Calculation Agent (acting in such capacity) nor any Independent Adviser appointed in connection with the Notes (acting in such capacity) will thereby assume any obligations towards or relationship of agency or trust with, and shall not be liable and shall incur no liability in respect of anything done, or omitted to be done in good faith, in accordance with these Conditions as against the Interest Calculation Agent, the Trustee, the Paying and Conversion Agents or the Noteholders.

8. Redemption and purchase

(a) Redemption

The Notes are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 4(a)), only have the right to repay them or purchase them in accordance with the following provisions of this Condition 8.

(b) Conditions to redemption and purchase

Any redemption, substitution, variation or purchase of the Notes by or on behalf of Issuer or its Subsidiaries under Conditions 8(c), (d), (e) or (g) is subject to:

- (i) obtaining Regulatory Approval;
- (ii) (in the case of any redemption or purchase) compliance with the Regulatory Preconditions;
- (iii) in the case of a redemption or purchase occurring within five years of the Issue Date, if and to the extent then required under the Relevant Rules:

(A)

- (1) the Issuer having, before or at the same time as such redemption or purchase, replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer, and the Relevant Regulator having permitted such action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or
- (2) the relevant Notes being purchased for market-making purposes in accordance with the Relevant Regulations,

- (B) pursuant to Condition 8(d) following the occurrence of a Tax Event, the Issuer demonstrating to the satisfaction of the Relevant Regulator that the change in the applicable tax treatment of the Notes resulting from the relevant Tax Event is material and was not reasonably foreseeable as at the Issue Date; or

- (C) pursuant to Condition 8(e) following the occurrence of a Capital Disqualification Event, the Issuer having demonstrated to the satisfaction of the Relevant Regulator that the relevant change in the regulatory classification of the Notes was not reasonably foreseeable as at the Issue Date;
- (iv) (in the case of any redemption) the Issuer being solvent (as described in Condition 4(a)) both immediately prior to and immediately following such redemption; and
- (v) (in the case of any redemption) Condition 8(f).

Notwithstanding the above conditions, if at the time of any redemption or purchase the prevailing Relevant Rules permit the repayment or purchase only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 8(b), the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

Prior to the publication of any notice of redemption, substitution or variation pursuant to this Condition 8, the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories confirming compliance with the conditions set out in this Condition 8(b), which certificate shall be conclusive evidence of such compliance and shall, in the absence of manifest error, be accepted by the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without further investigation and without liability to any person.

(c) Redemption at the option of the Issuer

Subject to Conditions 4(a), 8(b) and 8(f), the Issuer may, by giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 18, the Trustee, the Registrar, the Principal Paying and Conversion Agent and the Conversion Calculation Agent (which notice shall, save as provided in Conditions 4(a), 8(b) and 8(f), be irrevocable and shall specify the date fixed for redemption), elect to redeem all, but not some only, of the Notes:

- (i) on any day falling in the period commencing on (and including) 13 December 2026 and ending on (and including) the First Reset Date; or
- (ii) on any Reset Date thereafter,

at their principal amount, together with any interest (to the extent that such interest has not been cancelled in accordance with these Conditions) accrued to (but excluding) the date of redemption in accordance with these Conditions.

(d) Redemption, substitution or variation at the option of the Issuer due to Taxation

- (i) If, prior to the giving of the notice referred to below, as a result of a change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, including any treaty to which the Relevant Jurisdiction is a party, or a

change in an official application of those laws or regulations which change or amendment becomes effective on or after the Issue Date, including a decision of any court or tribunal which becomes effective on or after the Issue Date or the issuance or modification by any tax authority on or after the Issue Date of any publication or guidance (whether or not having force of law) relating to the application of any such laws or regulations:

- (A) the Issuer has paid, or will or would on the next Interest Payment Date be required to pay, Additional Amounts (as defined in Condition 10 below) in respect of the Notes;
- (B) the Issuer is not or would not be entitled to claim a deduction in computing its taxable profits and losses in respect of interest payable on the Notes, or such a deduction is or would be reduced or deferred;
- (C) the Issuer is not or would not, as a result of the Notes being in issue, be able to have losses or deductions set against the profits or gains, or profits or gains offset by the losses or deductions, of companies with which the Issuer is or would otherwise be so grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the Issue Date or any similar system or systems having like effect as may from time to time exist);
- (D) the Issuer would be required to bring into account any amount of income, profit or gain or other tax credit or taxable item for tax purposes, or any other liability to tax would arise in respect of the write-down of the Notes, the conversion of the Notes into shares, or both; or
- (E) the Notes or any part thereof are or would become treated as a derivative or embedded derivative for tax purposes,

(each, a “**Tax Event**”), the Issuer may, in its sole discretion, but subject to Conditions 4(a) and 8(b), having given not less than 30 nor more than 60 days' notice to Noteholders, in accordance with Condition 18, and to the Trustee, the Principal Paying and Conversion Agent and the Registrar (which notice shall, subject as provided in Conditions 4(a) and 8(b), be irrevocable and shall specify the date fixed for redemption), redeem in accordance with these Conditions all, but not some only, of the Notes at any time. The Notes will be redeemed at their principal amount together with any interest (to the extent that such interest has not been cancelled in accordance with these Conditions) accrued to (but excluding) the date of redemption in accordance with these Conditions.

- (ii) If a Tax Event has occurred and is continuing, then the Issuer may, subject to Condition 8(b) (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 and Conversion Agent and, in accordance with Condition 18, the Noteholders (which notice shall be irrevocable and shall specify the date on which any such variation or substitution is to become effective), substitute at any time all (and not some only) of the Notes for, or vary the terms of the Notes so that they remain or become, Qualifying AT1 Notes, and the Trustee shall (subject to the following provisions of this paragraph (ii) and subject to the receipt by it of the certificate of the Authorised Signatories referred to below) agree to such substitution or variation. The Trustee shall, at the request and expense of the Issuer, use its reasonable endeavours to assist the Issuer in the substitution or variation of the Notes for or into Qualifying AT1 Notes, provided that the Trustee shall not be obliged to participate or assist in any such substitution or variation if 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. If the Trustee does not so participate or assist as provided above, the Issuer may, subject as provided above, redeem the Notes as provided above.

Prior to the publication of any notice of redemption, variation or substitution pursuant to this Condition 8(d) the Issuer shall deliver to the Trustee (a) a certificate signed by two Authorised Signatories stating that a Tax Event has occurred and (b) an opinion in form and substance satisfactory to the Trustee of independent legal advisers or other tax advisers of recognised standing that the relevant requirement or circumstance referred to above applies. Upon expiry of such notice the Issuer shall (subject to Condition 8(b)) redeem, vary or substitute (as applicable) the Notes pursuant to the relevant terms of this Condition 8(d).

- (e) Redemption, substitution or variation at the option of the Issuer due to Capital Disqualification Event

If, prior to the giving of the notice referred to below:

- (i) a Capital Disqualification Event has occurred and is continuing, then the Issuer may, subject to Conditions 4(a) and 8(b), having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying and Conversion Agent and the Registrar and, in accordance with Condition 18, the Noteholders (which notice shall, subject as provided in Conditions 4(a) and 8(b) be irrevocable and shall specify the date fixed for redemption), redeem in accordance with these Conditions all, but not some only, of the Notes at any time. The Notes will be redeemed at their principal amount together with any interest (to the extent that such interest has not been cancelled in accordance with these Conditions) accrued to (but excluding) the date of redemption in accordance with these Conditions; or
- (ii) a Capital Disqualification Event has occurred and is continuing, then the Issuer may, subject to Condition 8(b) (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 and

Conversion Agent and, in accordance with Condition 18, the Noteholders (which notice shall be irrevocable) and shall specify the date on which any such variation or substitution is to become effective, substitute at any time all (and not some only) of the Notes for, or vary the terms of the Notes so that they remain or become, Qualifying AT1 Notes, and the Trustee shall (subject to the following provisions of this paragraph (ii) and subject to the receipt by it of the certificate of the Authorised Signatories referred to below) agree to such substitution or variation. The Trustee shall, at the request and expense of the Issuer, use its reasonable endeavours to assist the Issuer in the substitution or variation of the Notes for or into Qualifying AT1 Notes, provided that the Trustee shall not be obliged to participate or assist in any such substitution or variation if 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. If the Trustee does not so participate or assist as provided above, the Issuer may, subject as provided above, redeem the Notes as provided above.

Prior to the publication of any notice of redemption, variation or substitution pursuant to this Condition 8(e) the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories stating that a Capital Disqualification Event has occurred and is continuing as at the date of the certificate. Upon expiry of such notice the Issuer shall (subject to Condition 8(b)) redeem, vary or substitute (as applicable) the Notes pursuant to the relevant terms of this Condition 8(e).

(f) Conversion Trigger Event

The Issuer may not give a notice of redemption of the Notes pursuant to this Condition 8 if a Conversion Trigger Notice has been given. If a Conversion Trigger Notice is given after a notice of redemption shall have been given by the Issuer but before the relevant redemption date, such notice of redemption shall automatically be revoked and be null and void and the relevant redemption shall not be made.

(g) Purchases

Subject to Condition 8(b), the Issuer or any of its Subsidiaries for the time being may purchase or procure others to beneficially purchase for its account, Notes in the open market or otherwise and at any price to the extent that such purchase is not prohibited by the Relevant Rules and subject to the requirements (if any) of any stock exchange on which the Notes are listed.

(h) Cancellation

All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may (at the option of the Issuer or the relevant Subsidiary) be held, reissued, resold or surrendered for cancellation by surrendering the Certificate representing such Notes to the Registrar and Principal Paying and Conversion Agent and, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith. Any Notes so redeemed or surrendered for cancellation may not be

reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

- (i) Trustee not obliged to monitor

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists within this Condition 8 and will not be responsible to Noteholders for any loss arising from any failure or delay by the Trustee to do so. Unless and until the Trustee has actual knowledge or express notice of the occurrence of any event or circumstance within this Condition 8, it shall be entitled to assume that no such event or circumstance exists.

9. Payments

- (a) Method of payment

- (i) Payments of principal in respect of Notes shall be made in pounds sterling against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 9(a)(iii) below.
- (ii) Interest on the Notes shall be paid in pounds sterling to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”).
- (iii) Payments of interest on each Note shall be made in pounds sterling by transfer to a pounds sterling account maintained by or on behalf of the payee with a bank and (in the case of interest payable on redemption) upon presentation of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar.
- (iv) Payments of any cash component of any Conversion Shares Offer Consideration shall be made in accordance with the provisions of Condition 7.

- (b) Payments subject to fiscal laws

All payments are in all cases subject to any applicable fiscal or other laws, regulations and directives in any jurisdiction and the Issuer will not be liable to pay any additional amount in respect of taxes or duties of whatever nature imposed or levied by or pursuant to such laws, regulations or directives, but without prejudice to the provisions of Condition 10. No commission or expenses shall be charged to the Noteholders in respect of such payments. For the purpose of this paragraph, the phrase “subject to any applicable fiscal or other laws, regulations and directives” shall include any withholding or deduction imposed by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (“**FATCA**”), any regulations thereunder, any law implementing an inter-governmental approach thereto, any agreement entered into pursuant to FATCA, or any official interpretation of FATCA (“**FATCA Withholding**”).

(c) Appointment of Agents

The initial Principal Paying and Conversion Agent, the other Paying and Conversion Agents, the Registrar, the Transfer Agents, the Interest Calculation Agent and the Conversion Calculation Agent and their respective specified offices are listed below. Subject as provided in the Agency Agreement and the Conversion Calculation Agency Agreement, the Principal Paying and Conversion Agent, the Paying and Conversion Agents, the Registrar, the Transfer Agents, the Interest Calculation Agent and the Conversion Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Principal Paying and Conversion Agent, any other Paying and Conversion Agent, the Registrar, any Transfer Agent, the Interest Calculation Agent or the Conversion Calculation Agent and to appoint additional or other Paying and Conversion Agents, Interest Calculation Agents, Conversion Calculation Agents or Transfer Agents, provided that there shall at all times be (i) a Principal Paying and Conversion Agent, (ii) a Registrar, (iii) a Transfer Agent, (iv) one or more Interest Calculation Agents where these Conditions so require, (v) a Conversion Calculation Agent, and (vi) such other agents as may be required by any stock exchange on which the Notes may be listed, in each case as approved by the Trustee.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 18.

(d) Non-Business Days

If any date for payment in respect of any Note is not a Business Day, the Noteholder shall not be entitled to payment until the next following Business Day and shall not be entitled to any interest or other sum in respect of such postponed payment.

(e) Fractions

When making payments to Noteholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest unit.

10. Taxation

All payments of principal and 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 taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any Relevant Jurisdiction, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts of interest but not, for the avoidance of doubt, of principal as shall result in receipt by the Noteholders of such amounts of interest as would have been received by them had no such withholding or deduction been required by law to be made

(“**Additional Amounts**”), except that no such Additional Amounts shall be payable with respect to any Note to the extent that such withholding or deduction is FATCA Withholding or:

(a) Other connection

in respect of which the relevant Certificate is presented for payment by or on behalf of a Noteholder or beneficial owner of the relevant Notes (or interest payable thereon) who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with that Relevant Jurisdiction other than the mere holding of the Note; or

(b) Lawful avoidance of withholding

in respect of which such deduction or withholding could lawfully have been avoided or reduced had the relevant Noteholder or its agent complied with any requirement, or made a declaration of non-residence or other similar claim for exemption in the Relevant Jurisdiction (or the place where the relevant Certificate is presented for payment), such Noteholder or its agent having failed to do so properly, or within any prescribed time limited, or at all; or

(c) Presentation more than 30 days after the Relevant Date

in respect of which the relevant Certificate is presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder of it would have been entitled to such Additional Amounts on presenting it for payment on the thirtieth day after the Relevant Date; or

(d) Beneficial ownership

to, or to a third party on behalf of, a Noteholder that is a partnership, or a Noteholder that is not the sole beneficial owner of the Note, or which holds the Note in a fiduciary capacity, to the extent that any of the members of the partnership, the beneficial owner or the settlor or beneficiary with respect to the fiduciary would not have been entitled to the payment of an additional amount had each of the members of the partnership, the beneficial owner, settlor or beneficiary (as the case may be) received directly its beneficial or distributive share of the payment; or

(e) Any combination

where such withholding or deduction arises out of any combination of paragraphs (a) to (c) above.

Any reference in these Conditions to any interest in respect of the Notes shall be deemed also to include any Additional Amounts which is, were or would be payable under this Condition 10. The mandatory restrictions on payments of Interest Amounts in Condition 6 shall apply to any Additional Amounts *mutatis mutandis*.

11. Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

12. Non-payment when due**(a) Rights to institute and/or prove in a winding-up**

Notwithstanding any of the provisions below in this Condition 12, the right to institute winding-up proceedings is limited to circumstances where payment has become due and is not duly paid.

(i) If default is made for a period of 14 days or more in the payment of any principal due in respect of the Notes or any of them, the Trustee in its discretion may, subject to paragraph (ii) below, and if so requested by holders of at least one quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to Condition 12(d)) institute proceedings for the winding-up of the Issuer and/or prove in the winding-up or administration of the Issuer and/or claim in the liquidation of the Issuer for such payment, but may take no further or other action to enforce, prove or claim for any such payment.

(ii) The Issuer shall not be in default (and the Trustee may not initiate, or be obligated to comply with any direction, request or instruction in respect of, such proceedings or other action or claim for any such payment) if during the 14 days' grace period, the Issuer satisfies the Trustee that such sums were not paid (A) in order to comply with any fiscal or other law, regulation or order of any court or competent jurisdiction, in each case applicable to such payment, the Issuer, the relevant Paying and Conversion Agent or any Noteholder or (B) (subject as provided in the Trust Deed) in case of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice as to such validity or applicability given at any time during the said 14 days' grace period by independent legal advisers acceptable to the Trustee.

(b) Amount payable on winding-up or administration

If an order is made by the competent court or resolution 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 of the Issuer, the terms of which reconstruction or amalgamation (i) have previously been approved in writing by the Trustee or by an Extraordinary Resolution and (ii) do not provide that the Notes shall thereby become payable) or an administrator of the Issuer gives notice that it intends to declare and distribute a dividend, the Trustee at its discretion may, and if so requested by holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to Condition 12(d)), give notice to the

Issuer (or, as applicable, the administrator or liquidator) that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount and any accrued interest, and the claim in respect thereof will be subordinated as provided in Condition 4(b).

(c) Enforcement

Without prejudice to Conditions 9(a) and 9(b), the Trustee may at its discretion and without further notice institute such proceedings or take such action or step against the Issuer as it may think fit to enforce any obligation, condition or provision 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, without limitation, payment of any principal or interest in respect of the Notes and any damages awarded for breach of any obligations) and in no event shall the Issuer, by virtue of the institution of any such proceedings or the taking of such action or step, 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 12(c) shall, subject to Condition 12(a), prevent the Trustee instituting proceedings for the winding-up of the Issuer, proving in any winding-up of the Issuer and/or claiming in any liquidation of the Issuer, or exercising rights under Condition 4(b) or, as applicable, 4(c), in respect of any payment obligations of the Issuer arising from the Notes or the Trust Deed (including without limitation, payment of any principal or interest in respect of the Notes and any damages awarded for any breach of any obligations).

(d) Entitlement of the Trustee

The Trustee shall not be bound to take any of the actions referred to in Conditions 12(a), (b) or (c) to enforce the obligations of the Issuer under the Trust Deed or the Notes unless: (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so 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 in connection with such action.

(e) Right of Noteholders

No Noteholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up or claim in the liquidation of the Issuer or to prove in such winding-up unless the Trustee, having become so bound to proceed or being able to prove in such winding-up or claim in such winding-up, 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 12.

(f) Extent of Noteholders' remedy

No remedy against the Issuer, other than as referred to in this Condition 12, 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.

13. Meetings of Noteholders, modification, waiver and substitution

(a) Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting (which need not be a physical meeting and instead may be by way of conference call, including by use of a videoconference platform or a combination of such methods) may be convened by Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons holding or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to amend the dates of optional redemption of the Notes or any date for payment of interest on the Notes, (ii) to reduce or cancel the principal amount of the Notes, (iii) to reduce the rate of interest in respect of the Notes or to vary the method or basis of calculating the rate or amount of interest or the basis for calculating any interest amount in respect of the Notes, (iv) to vary the currency of payment or denomination of the Notes, (v) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (vi) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, or (vii) to modify the provisions of Condition 7 (other than pursuant to or as a result of any amendment to these Conditions and the Trust Deed made pursuant to and in accordance with Condition 7(k) and/or Condition 7(s)(ii)), in which case the necessary quorum shall be one or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that (i) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the aggregate principal amount of Notes outstanding (which may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders) or (ii) consents given by way of electronic consent through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than 75 per cent. of the aggregate principal amount of the Notes outstanding, shall, in any such case, be effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held.

(b) Modification of the Trust Deed or the Agency Agreement

The Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of these Conditions and the provisions of the Trust Deed or the Agency Agreement that is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions and the provisions of the Trust Deed or the Agency Agreement that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders.

Any such modification, authorisation or waiver shall be binding on the Noteholders and, unless the Trustee agrees otherwise, be notified by the Issuer to the Noteholders in accordance with Condition 18 and to the Principal Paying and Conversion Agent and the Conversion Calculation Agent, in each case as soon as practicable thereafter.

(c) Notice to Relevant Regulator

No modification to these Conditions or any other provisions of the Trust Deed shall become effective unless (to the extent then required by the Relevant Regulator or the Relevant Rules) the Issuer shall have received confirmation of consent or no objection from, the Relevant Regulator and the Issuer shall promptly provide a copy to the Trustee.

(d) Newco Scheme

In the event of a Newco Scheme, the Issuer may, subject as provided in Condition 13(e) and the Trust Deed, without the consent of Noteholders, at its option, procure that Newco is substituted under such Notes as the Issuer.

At the request of the Issuer, the Trustee shall (subject to and in accordance with the Trust Deed), without the requirement for any consent or approval of the Noteholders, concur with the Issuer in the substitution in place of the Issuer (or any previous substituted company) as principal debtor under the Trust Deed and the Notes of Newco, subject to the provisions set out in Condition 7(s)(ii).

(e) Substitution

The Trustee may agree with the Issuer, without the consent of the Noteholders, to the substitution on a subordinated basis equivalent to that referred to in Condition 4 of any person or persons incorporated in any country in the world which is the successor in business of the Issuer (the “**Substitute Obligor**”) in place of the Issuer (or any previous Substitute Obligor under this Condition) as a new principal debtor under the Trust Deed and the Notes provided that:

- (i) a trust deed is executed or some other form of undertaking is given by the Substitute Obligor in 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 had been named in the Trust Deed and on the Notes as the principal debtor in place of the Issuer (or of any previous Substitute Obligor, as the case may be);

- (ii) two directors of the Substitute Obligor or other officers acceptable to the Trustee certify that the Substitute Obligor is solvent at the time at which the said substitution is proposed to be effected (and 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);
- (iii) (without prejudice to the rights of reliance of the Trustee under sub-paragraph (ii) above) the Trustee is satisfied that the said substitution is not materially prejudicial to the interests of the Noteholders;
- (iv) (without prejudice to the generality of sub-paragraph (i) 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, provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders; and
- (v) the Issuer and the Substitute Obligor comply with such other requirements as are reasonable in the interests of the Noteholders, as the Trustee may direct.

In connection with any proposed substitution as aforesaid, the Trustee shall have regard to the interests of the Noteholders as a class and the Trustee shall not have regard to the consequences of such substitution or such exercise for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory.

Any substitution pursuant to this Condition 13 shall be subject (to the extent then required by the Relevant Regulator or the Relevant Rules) to any notifications to, or confirmation of consent or non-objection from, the Relevant Regulator.

14. Entitlement of the Trustee

In connection with the exercise of its functions (including but not limited to those referred to in Condition 13) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders and the Trustee shall not be entitled to require, nor shall any Noteholder or be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

15. Limitation on Trustee actions; indemnification and rights of the Trustee**(a) Limitation on Trustee actions**

The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

(b) Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including (i) provisions relieving it from taking any action unless indemnified and/or secured and/or prefunded to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

(c) Reliance on reports etc.

The Trustee may rely without liability to Noteholders on a report, confirmation or certificate or any advice of any reputable accountants, financial advisers, financial institution or any other reputable expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise.

16. Replacement of Certificates

If a Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Registrar or such other Transfer Agent as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Certificate is subsequently presented for payment, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Certificates) and otherwise as the Issuer may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

17. Further issues

The Issuer may from time to time without the consent of the Noteholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further

issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

18. Notices

Notices to Noteholders shall be mailed to them at their respective addresses in the Register and, if and for so long as the Notes are admitted to trading on the International Securities Market of the London Stock Exchange or on any other stock exchange, notices will also be given in accordance with any applicable requirements of such stock exchange. Any notice shall be deemed to have been given on the second weekday (being a day other than a Saturday or a Sunday) after the date of mailing or on the date of publication, or, if published more than once or on different dates, on the first date on which publication is made.

19. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

20. Definitions

As used herein:

“**5-year Gilt Yield Quotation**” has the meaning given under the definition of “Reset Reference Rate” in Condition 5(e);

“**Acquiror**” has the meaning given to it in Condition 7(k)(v);

“**Additional Amounts**” has the meaning given to it in Condition 10;

“**Additional Tier 1 Capital**” has the meaning given to it in the Relevant Rules from time to time (including, without limitation, by virtue of the operation of any grandfathering provisions under the Relevant Rules);

“**Approved Entity**” has the meaning given to it in Condition 7(k)(v);

“**Approved Entity Status Condition**” has the meaning given to it in Condition 7(a)(v);

“**Authorised Signatory**” has the meaning given to it in the Trust Deed;

“**Business Day**” has the meaning given to it Condition 5(e);

A "**Capital Disqualification Event**" shall occur if there is a change (which has occurred or which the Relevant Regulator considers to be sufficiently certain) in the regulatory classification of the Notes, in any such case becoming effective on or after the Issue Date, that results, or would be likely to result, in the whole or any part of the principal amount of the Notes being excluded from the Tier 1 Capital of the Group except where such exclusion is only as a result of any applicable limitation (other than any limitation imposed by amortisation under transitional or grandfathering rules) on the amount of such capital;

"**Capital Distribution**" has the meaning given to it in Condition 7(f)(iii);

"**Cash Dividend**" has the meaning given to it in Condition 7(f)(iii);

"**CET1 Capital**" means, at any time, the sum, expressed in pounds sterling, of all amounts that constitute Common Equity Tier 1 Capital of the Group as at such date, after any deductions from Common Equity Tier 1 Capital of the Group required to be made as at such date, in each case as calculated on a consolidated basis of the Issuer in accordance with the Relevant Rules as at such date (which calculation shall be binding on the Trustee and the Noteholders);

"**Closing Price**" means, in respect of an Ordinary Share or any Security, Spin-Off Security, option, warrant or other right or asset on any dealing day, the official closing price of such Ordinary Share, Security, Spin-Off Security, option, warrant or other right or asset on the Relevant Stock Exchange on such dealing day as published by or derived from Bloomberg page HP (or any successor ticker page) (using the setting 'Last Price', or any successor setting and using values not adjusted for any event occurring after such dealing day; and for the avoidance of doubt, all values will be determined with all adjustment settings on the DPDF Page, or any successor or similar setting, switched off) in respect of such Ordinary Share, Security, Spin-Off Security, option, warrant or other right or asset for the Relevant Stock Exchange in respect thereof on such dealing day (and for the avoidance of doubt such Bloomberg page for the Ordinary Shares as at the Issue Date is ABDN LN Equity HP) (all as determined by the Conversion Calculation Agent), if available, or, in any other case, such other source as shall be determined in good faith to be appropriate by an Independent Adviser on such dealing day, provided that:

- (i) if on any such dealing day (for the purpose of this definition, the "Original Date") such price is not available or cannot otherwise be determined as provided above, the Closing Price of an Ordinary Share, Security, Spin-Off Security, option, warrant or other right or asset, as the case may be, in respect of such dealing day shall be the Closing Price, determined by the Conversion Calculation Agent as provided above, on the immediately preceding dealing day on which the same can be so determined, provided however that if such immediately preceding dealing day falls prior to the fifth day before the Original Date, the Closing Price in respect of such dealing day shall be considered to be not capable of being determined pursuant to this proviso (i); and
- (ii) if the Closing Price cannot be determined as provided above, the Closing Price of an Ordinary Share, Security, option, warrant, or other right or asset, as the case may be, shall be determined as at the Original Date by an Independent Adviser in such manner as it shall determine in good faith to be appropriate;

“**Common Equity Tier 1 Capital**” has the meaning given to it in the Relevant Rules;

“**Companies Act**” means the Companies Act 2006;

“**Conversion**” means the release of the Issuer’s obligations under the Notes in consideration of the issue by the Issuer of Ordinary Shares pursuant to Condition 7, and “convert” and “converted” shall be construed accordingly;

“**Conversion Calculation Agent**” means, initially, Conv-Ex Advisors Limited, 30 Crown Place, London, EC2A 4EB, United Kingdom;

“**Conversion Date**” means the date specified in the Conversion Trigger Notice as the date on which the Conversion shall take place;

“**Conversion Price**” has the meaning given to it in Condition 7(e);

“**Conversion Shares Depositary**” means a financial institution, trust company, depositary, nominee entity or similar entity (which in each such case is wholly independent of the Issuer) to be appointed by the Issuer on or prior to any date when a function ascribed to the Conversion Shares Depositary in these Conditions is required to be performed to perform such functions and that will hold the Ordinary Shares (and any Conversion Shares Offer Consideration) on trust for the Noteholders in one or more segregated accounts, unless otherwise required to be transferred out of such accounts for the purposes of the Conversion Shares Offer, and otherwise on terms consistent with these Conditions;

“**Conversion Shares Offer**” has the meaning given to it in Condition 7(b)(ii);

“**Conversion Shares Offer Agent**” means the agent(s), if any, to be appointed on behalf of the Conversion Shares Depositary by the Issuer, in its sole and absolute discretion, to act as placement or other agent of the Conversion Shares Depositary to facilitate a Conversion Shares Offer;

“**Conversion Shares Offer Consideration**” means, as determined by the Conversion Calculation Agent:

- (i) in respect of each GBP 1,000 in principal amount of Notes for which a valid Opt-Out Notice is not received by the Conversion Shares Depositary from a Noteholder in accordance with Condition 7(c):
 - (A) if all of the Eligible Conversion Shares to be issued and delivered on Conversion are sold in the Conversion Shares Offer, the *pro rata* share of the cash proceeds from the sale of such Eligible Conversion Shares attributable to each GBP 1,000 in principal amount of such Notes translated, if necessary, into pounds sterling at the Prevailing Rate on the last day of the Conversion Shares Offer Period (less any foreign exchange transaction costs), and rounded down to the nearest whole multiple of GBP 0.01;

- (B) if some but not all of such Eligible Conversion Shares are sold in the Conversion Shares Offer:
- (1) the *pro rata* share of the cash proceeds from the sale of such Eligible Conversion Shares attributable to each GBP 1,000 in principal amount of such Notes translated, if necessary, into pounds sterling at the Prevailing Rate on the last day of the Conversion Shares Offer Period (less any foreign exchange transaction costs), and rounded down to the nearest whole multiple of GBP 0.01; and
 - (2) the *pro rata* share of such number of Eligible Conversion Shares not sold pursuant to the Conversion Shares Offer attributable to each GBP 1,000 in principal amount of such Notes (for the purposes of this paragraph (B)(2), without rounding (but without prejudice to subsequent rounding under Condition 7(m))); and
- (C) if no Eligible Conversion Shares are sold in a Conversion Shares Offer, the relevant number of Eligible Conversion Shares attributable to each GBP 1,000 in principal amount of such Notes (for the purposes of this paragraph (C), without rounding (but without prejudice to subsequent rounding under Condition 7(m))),

subject, in the case of paragraphs (i) and (B)(2) above, to deduction from any such cash proceeds of an amount (determined by the Conversion Shares Depository) equal to the *pro rata* share of any stamp duty, stamp duty reserve tax, or any other capital, issue, transfer, registration, financial transaction or documentary tax or duty that may arise or be paid as a consequence of the transfer of (or any agreement to transfer) any interest in such Eligible Conversion Shares to the Conversion Shares Depository (or Conversion Shares Offer Agent(s) (if any)) as a consequence of the Conversion Shares Offer (but excluding, for the avoidance of doubt, any costs and expenses borne by the purchasers of the Eligible Conversion Shares in the Conversion Shares Offer pursuant to Condition 7(b)(ii)),

provided that if the cash component (if any) of the Conversion Shares Offer Consideration in respect of each GBP 1,000 in principal amount of such Notes determined in accordance with the foregoing (after the deductions referred to in the immediately preceding paragraph) would exceed the product of (a) GBP 1,000 in principal amount of such Notes and (b) the proportion (expressed as a percentage) of the Eligible Conversion Shares sold in the Conversion Shares Offer (such excess, rounded down to the nearest whole multiple of GBP 0.01, the “**Excess Amount**”), the Excess Amount shall not form part of the Conversion Shares Offer Consideration, and shall instead be payable to the Issuer as provided in Condition 7(b)(ii); or

- (ii) in respect of Notes for which a valid Opt-Out Notice is received by the Conversion Shares Depository from a Noteholder in accordance with Condition 7(c), the relevant Conversion Shares (subject to Condition 7(m)).

“Conversion Shares Offer Floor Price” means the price per Ordinary Share specified as such in the Conversion Shares Offer Notice. The Conversion Shares Offer Floor Price to be so specified shall be:

- (i) if the Ordinary Shares are then admitted to trading on a Relevant Stock Exchange, the Current Market Price as at the Conversion Date; or
- (ii) if the Ordinary Shares are not then admitted to trading on a Relevant Stock Exchange, the Fair Market Value of an Ordinary Share as at the Conversion Date;

“Conversion Shares Offer Notice” has the meaning given to it in Condition 7(b)(ii);

“Conversion Shares Offer Period” has the meaning given to it in Condition 7(b)(ii);

“Conversion Shares Settlement Notice” means a notice in the form for the time being currently available from the specified office of any Paying and Conversion Agent and which is required to be delivered to the Conversion Shares Depository (or its agent(s) designated for the purpose in the Conversion Trigger Notice) in connection with a Conversion of the Notes;

“Conversion Trigger Event” has the meaning given to it in Condition 7(a);

“Conversion Trigger Notice” has the meaning given to it in Condition 7(a);

“CRD IV Directive” means the Directive (2013/36/EU) of the European Parliament and of the Council on the access to the activity of credit institutions and investment firms and the prudential supervision of credit institutions and investment firms dated 26 June 2013, as amended or replaced from time to time;

“Current Market Price” means, in respect of an Ordinary Share at a particular date, the average of the daily Volume Weighted Average Prices of an Ordinary Share on each of the five consecutive dealing days ending on the dealing day immediately preceding such date; provided that, for the purposes of Condition 7(f)(iv) if at any time during the said five dealing-day period the Volume Weighted Average Prices shall have been based on a price ex-Dividend (or ex- any other entitlement) (which may be on each of such five dealing days) and during some other part of that period the Volume Weighted Average Prices shall have been based on a price cum-dividend (or cum- any other entitlement) (which may be on each of such five dealing days), then:

- (i) if the Ordinary Shares to be issued and delivered do not rank for the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares shall have been based on a price cum-Dividend (or cum- any other entitlement) shall, for the purposes of this definition, be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such dividend or entitlement per Ordinary Share as at the Ex-Date in respect of such Dividend or entitlement (or, where on each of the said 5 dealing days the Volume Weighted Average Price shall have been based on a price cum- such Dividend (or cum- such other entitlement), as at the date of first public announcement of such Dividend or entitlement), in any such case, determined on

a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit; or

- (ii) if the Ordinary Shares to be issued and delivered do rank for the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares shall have been based on a price ex-Dividend (or ex-any other entitlement) shall, for the purposes of this definition, be deemed to be the amount thereof increased by an amount equal to the Fair Market Value of any such dividend or entitlement per Ordinary Share as at the Ex-Date in respect of such Dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit,

and provided further that:

- (x) for the purposes of any calculation or determination required to be made pursuant to paragraph (a) of the definition of “Dividend”, if on any of the said five dealing days the Volume Weighted Average Price shall have been based on a price cum-the relevant Dividend or capitalisation giving rise to the requirement to make such calculation or determination, the Volume Weighted Average Price on any such dealing day shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of the relevant cash Dividend, as determined in good faith by the Conversion Calculation Agent on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit; and
- (y) for any other purpose, if any day during the said five dealing day period was the Ex-Date in relation to any Dividend (or any other entitlement) the Volume Weighted Average Prices that shall have been based on a price cum- such Dividend (or cum- such entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the Ex-Date in respect of such Dividend or entitlement;

“Day Count Fraction” means, in respect of the calculation of an amount of interest on the Notes for any period of time (the **“Accrual Period”**):

- (i) if the Accrual Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Accrual Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; or
- (ii) if the Accrual Period is longer than one Determination Period, the sum of:
 - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

- (B) the number of days in such Accrual Period falling in the next following Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year,

where:

“Determination Period” means each period from and including a Determination Date in any year to but excluding the next following Determination Date; and

“Determination Date” means each Interest Payment Date;

“dealing day” means a day on which the Relevant Stock Exchange is open for business and on which Ordinary Shares, Securities, Spin-Off Securities, options, warrants or other rights or assets (as the case may be) may be dealt in (other than a day on which the Relevant Stock Exchange or relevant stock exchange or securities market is scheduled to or does close prior to its regular weekday closing time);

“Directors” means the directors of the Issuer;

“Distributable Items” means, to the extent such definition is not amended or otherwise modified in the Relevant Rules after the Issue Date (in which case such amended or modified definition shall apply), in relation to any Interest Payment Date:

- (i) the amount of the profits of the Issuer as at the end of the financial year immediately preceding that Interest Payment Date plus any profits brought forward and reserves available for that purpose before distributions to holders of other own funds instruments of the Issuer (other than Tier 2 Capital instruments); less
- (ii) any losses brought forward, any profits which are non-distributable pursuant to provisions in legislation or the Issuer's articles of association and any sums placed to non-distributable reserves in accordance with the Companies Act or the articles of association of the Issuer, in each case with respect to the specific category of own funds instruments to which that legislation or the Issuer's articles of association relate,

such profits, losses and reserves being determined on the basis of the individual accounts of the Issuer and not on the basis of its consolidated accounts;

“Dividend” has the meaning given to it in Condition 7(f)(iii);

“Dividend Determination Date” has the meaning given to it in Condition 7(f)(iii);

“EEA Regulated Market” has the meaning given to it in Condition 7(k)(v);

“EU CRD IV” means (a) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms as amended or replaced from time to time; and (b) the CRD IV Directive;

“**Ex-Date**” has the meaning given to it in Condition 7(f)(iii);

“**Exempt Newco Scheme**” means a Newco Scheme where, immediately after completion of the relevant Scheme of Arrangement, the ordinary shares of Newco (or depositary or other receipts or certificates representing ordinary shares of Newco) are (i) admitted to trading on the Relevant Stock Exchange or (ii) admitted to listing on such Regulated Market as the Issuer or Newco may determine;

“**Extraordinary Dividend**” has the meaning given to it in Condition 7(f)(iii);

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

“**Fair Market Value**” means, on any date (the “**FMV Date**”):

- (i) with respect to a Cash Dividend, the amount of such Cash Dividend, as determined in good faith by the Conversion Calculation Agent;
- (ii) with respect to any other cash amount, the amount of such cash, as determined in good faith by the Conversion Calculation Agent;
- (iii) with respect to Securities (including Ordinary Shares), Spin-Off Securities, options, warrants or other rights or assets that are publicly traded on a Relevant Stock Exchange of adequate liquidity (as determined in good faith by the Conversion Calculation Agent or an Independent Adviser), the arithmetic mean of:
 - (A) in the case of Ordinary Shares or (to the extent constituting equity share capital) other Securities or Spin-Off Securities for which a daily Volume Weighted Average Price (disregarding for this purpose proviso (ii) to the definition thereof) can be determined, such daily Volume Weighted Average Price of the Ordinary Shares or such other Securities or Spin-Off Securities; and
 - (B) in any other case, the daily Closing Price of such Securities, options, warrants or other rights or assets,

in the case of (A) and (B) during the period of five dealing days on the Relevant Stock Exchange for such Securities, Spin-Off Securities, options, warrants or other rights or assets commencing on such FMV Date (or, if later, the date (the “**Adjusted FMV Date**”) which falls on the first such dealing day such Ordinary Shares, Securities, Spin-Off Securities, options, warrants or other rights or assets are publicly traded), provided that where such Adjusted FMV Date falls after the fifth day following the FMV Date, the Fair Market Value of such Securities, Spin-Off Securities, options, warrants or other rights or assets shall instead be determined pursuant to paragraph (iv) below, and no such Adjusted FMV Date shall be deemed to apply) or such shorter period as such Ordinary Shares, Securities, Spin-Off Securities, options, warrants or other rights or assets are publicly traded, all as determined in good faith by the Conversion Calculation Agent; and

- (iv) with respect to Securities (including Ordinary Shares), Spin-Off Securities, options, warrants or other rights or assets that are not publicly traded on a Relevant Stock Exchange of adequate liquidity (determined as aforesaid), or where otherwise provided in paragraph (iii) above to be determined pursuant to this (iv), an amount equal to the fair market value of such Securities, Spin-Off Securities, options, warrants or other rights or assets as determined in good faith by an Independent Adviser, on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per Ordinary Share, the dividend yield of an Ordinary Share, the volatility of such market price, prevailing interest rates and the terms of such Securities, Spin-Off Securities, options, warrants or other rights or assets, including the expiry date and exercise price or the like (if any) thereof.

Such amounts shall be translated (if not expressed in the Relevant Currency on the FMV Date (or, as the case may be, on the Adjusted FMV Date)) into the Relevant Currency at the Prevailing Rate on the FMV Date (or, as the case may be, the Adjusted FMV Date), all as determined in good faith by the Conversion Calculation Agent. In addition, in the case of (i) and (ii) above, the Fair Market Value shall be determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit;

“Final Cancellation Date” means the date on which any Notes in relation to which no Conversion Shares Settlement Notice has been received by the Conversion Shares Depository (or its designated agent(s)) on or before the Notice Cut-off Date shall be cancelled, which date is expected to be no more than 12 Business Days following the Notice Cut-off Date and which will be notified to Noteholders in the Conversion Trigger Notice;

“Group” means, at any time, the Issuer and its Subsidiaries at such time;

“IFPR Capital Requirement” means, at any time, an amount equal to D, expressed in pounds sterling, being the own funds requirement of the Group, as (i) determined in accordance with MIFIDPRU 4.3 and any Relevant Rules which implement MIFIDPRU 4.3 (or any successor thereto) and (ii) applicable to the Issuer on the basis of its consolidated situation in accordance with MIFIDPRU 2.5.7R (or any successor provision thereto to the extent applicable to the Issuer), where **“D”** is defined as the highest of the amounts calculated pursuant to paragraphs (1) to (3) of MIFIDPRU 4.3.2R (or any successor provision thereto and only to the extent each of such paragraphs is applicable to the Group pursuant to the IFPR Rules);

“IFPR CET1 Ratio” means, on any date on or after the IFPR Effective Date, the ratio of CET1 Capital, as at such date, to the IFPR Capital Requirement, as at the same date, expressed as a percentage and on the basis that all measures used in such calculation shall be calculated without taking into account any transitional provisions in any Relevant Rules as at such date;

“IFPR Effective Date” means 1 January 2022;

“IFPR Rules” means the provisions of the Prudential sourcebook for MiFID Investment firms of the FCA Handbook (the **“MIFIDPRU Sourcebook”**) and provisions of any

legislation, rules and/or guidance that implement or complement the provisions of the MIFIDPRU Sourcebook;

“Independent Adviser” means an independent financial institution of international repute or independent financial adviser (which may include the initial Conversion Calculation Agent) with appropriate expertise appointed by the Issuer;

“Interest Amount” means the amount of interest payable on each Note on an Interest Payment Date, subject to Conditions 4(b), 4(c) and 6;

“Interest Payment Date” means 13 June and 13 December in each year commencing on 13 June 2022;

“Interest Period” means the period commencing on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period commencing on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

“Interest Rate” means the Initial Interest Rate or the relevant Reset Interest Rate (as applicable);

“Issue Date” means 13 December 2021, being the date of the initial issue of the Notes;

“Junior Securities” means (i) any Ordinary Share or other securities of the Issuer ranking, or expressed to rank, junior to the Notes in a winding-up or administration of the Issuer as described in Condition 4(b) and/or (ii) any securities issued by any other member of the Group where the terms of such securities benefit from a guarantee or support agreement entered into by the Issuer which ranks, or is expressed to rank, junior to the Notes in a winding-up or administration of the Issuer as described in Condition 4(b);

“New Conversion Condition” has the meaning given to it in Condition 7(k)(v);

“New Conversion Condition Effective Date” has the meaning given to it in Condition 7(k)(v);

“New Conversion Price” has the meaning given to it in Condition 7(k)(v);

“Newco Scheme” means a Scheme of Arrangement which effects the interposition of a limited liability company (**“Newco”**) between the shareholders of the Issuer immediately prior to the Scheme of Arrangement (the **“Existing Shareholders”**) and the Issuer; provided that (i) only ordinary shares of Newco or depositary or other receipts or certificates representing ordinary shares of Newco are issued to Existing Shareholders; (ii) immediately after completion of the Scheme of Arrangement the only holders of ordinary shares of Newco or, as the case may be, the only holders of depositary or other receipts or certificates representing ordinary shares of Newco, are Existing Shareholders holding in the same proportions as immediately prior to completion of the Scheme of Arrangement (disregarding *de minimis* shareholdings of initial subscribers, if applicable); (iii) immediately after completion of the Scheme of Arrangement, Newco is (or one or more wholly-owned Subsidiaries of Newco are) the only shareholder of the Issuer; (iv) all Subsidiaries of the Issuer immediately prior to the Scheme of Arrangement (other than

Newco, if Newco is then a Subsidiary of the Issuer) are Subsidiaries of the Issuer (or of Newco) immediately after completion of the Scheme of Arrangement; and (v) immediately after completion of the Scheme of Arrangement the Issuer (or Newco) holds, directly or indirectly, the same percentage of the ordinary share capital and equity share capital of those Subsidiaries as was held by the Issuer immediately prior to the Scheme of Arrangement;

“Non-Cash Dividend” has the meaning given to it in Condition 7(f)(iii);

“Non-Qualifying Takeover Event” has the meaning given to it in Condition 7(k)(v);

“Noteholder” means the person in whose name a Note is registered;

“Notice Cut-off Date” means the date specified as such in the Conversion Trigger Notice, which date shall be at least 20 Business Days following the Conversion Date;

“Opt-Out Notice” has the meaning given in Condition 7(c);

“Ordinary Shares” means fully paid ordinary shares in the capital of the Issuer, currently with a par value of 13 61/63 pence each;

“Parity Obligations” means any obligations of the Issuer (including any guarantee or other support obligations) which rank, or are expressed to rank, *pari passu* with the Issuer’s obligations in respect of the Notes on a winding-up or administration of the Issuer prior to a Conversion Trigger Event (and, for the avoidance of doubt, shall include any other Additional Tier 1 Capital securities of the Issuer (if any) from time to time outstanding);

“Prevailing Rate” means, in respect of any currencies on any day, the spot mid-rate of exchange between the relevant currencies prevailing as at 12 noon (London time) on that date as appearing on or derived from Bloomberg page BFIX (or any successor page) in respect of such pair of currencies or, if such a rate cannot be so determined, the rate prevailing as at 12 noon (London time) on the immediately preceding day on which such rate can be so determined or, if such rate cannot be so determined, the rate determined in such other manner as an Independent Adviser shall in good faith prescribe;

“Qualifying AT1 Notes” means, at any time, any debt securities or notes (other than the Notes) issued by the Issuer that 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 Adviser, provided that they shall:

- (i) contain terms which at such time comply with the minimum requirements in the Relevant Rules in relation to Additional Tier 1 Capital;
- (ii) bear the same rate of interest (including, any applicable reset provisions), from time to time applying to the Notes immediately prior to the relevant substitution or variation;
- (iii) contain terms providing for the cancellation and/or suspension of payments of interest or principal only if such terms are not materially less favourable to an

investor than the cancellation and/or suspension provisions, respectively, contained in the terms of the Notes;

- (iv) rank senior to or *pari passu* with the ranking of the Notes immediately prior to the substitution or variation;
- (v) 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;
- (vi) preserve in full any existing rights under the Notes to any accrued interest which has accrued to Noteholders but not been cancelled or paid (but without prejudice to any right of the Issuer subsequently to cancel any such rights so preserved in accordance with the terms of the Qualifying AT1 Notes);
- (vii) not at such time be subject to a Capital Disqualification Event or a Tax Event;
- (viii) if such securities contain terms providing for or requiring the Issuer to effect principal loss absorption, require such loss absorption to be effected through conversion to Ordinary Shares rather than by way of principal write-down (save for any provision equivalent to Condition 7(a)(vi)); and
- (x) if (a) the Notes were listed or admitted to trading on a Regulated Market immediately prior to the relevant substitution or variation, are listed or admitted to trading on a Regulated Market or (b) the Notes were listed or admitted to trading on a recognised stock exchange other than a Regulated Market immediately prior to the relevant substitution or variation, are listed or admitted to trading on any recognised stock exchange (including, without limitation, a Regulated Market), in either case as selected by the Issuer;

“Qualifying Takeover Event” has the meaning given to it in Condition 7(k)(v);

“Record Date” has the meaning given to it in Condition 9(a)(ii);

“Regulated Market” has the meaning given to it in Condition 7(k)(v);

“Regulatory Approval” means the Issuer giving notice to the Relevant Regulator and the Relevant Regulator granting permission (or, as applicable, not expressing any objection) to the Issuer to redeem, substitute, vary or purchase the relevant Notes (in each case to the extent, and in the manner, required by the Relevant Rules) and to such redemption or purchase not being prohibited by the Relevant Rules;

“Regulatory Preconditions” means, in relation to any redemption or purchase of the Notes, any alternative or additional pre-conditions to redemption or purchase, as applicable, set out and to the extent required by the Relevant Rules;

“Relevant Currency” means the currency in which the Ordinary Shares or the Relevant Shares (as applicable) are quoted or dealt in on the Relevant Stock Exchange at such time;

“Relevant Date” in respect of any payment on any Note, means the date on which such payment first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount required to be paid is made or, in the case where presentation is required pursuant to these Conditions, (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate) being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation;

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

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

“Relevant Rules” means, at any time, any legislation, rules, guidance or regulations (whether having the force of law or otherwise) then applying to the Issuer or the Group relating, but not limited to, 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 without limitation to the foregoing, includes (to the extent then applying as aforesaid) UK CRD IV or (from the date of their entry into force in respect of the Issuer and the Group) the IFPR Rules, and any legislation, rules, guidelines or regulations of the Relevant Regulator or the United Kingdom relating to such matters;

“Relevant Shares” has the meaning given to it in Condition 7(k)(v);

“Relevant Stock Exchange” means:

- (i) with respect to Ordinary Shares, the London Stock Exchange or, if at the relevant time the Ordinary Shares are not at that time listed and admitted to trading on the London Stock Exchange, the principal stock exchange or securities market (if any) on which the Ordinary Shares are then listed, admitted to trading or quoted or accepted for dealing; and
- (ii) with respect to any Securities (other than Ordinary Shares), Spin-Off Securities, options, warrants or other rights or assets, the principal stock exchange or securities market (if any) on which such Securities, options, warrants or other rights or assets are then listed, admitted to trading or quoted or accepted for dealing,

where **“principal stock exchange or securities market”** shall mean the stock exchange or securities market on which such Ordinary Shares, Securities, Spin-Off Securities, options, warrants or other rights or assets are listed, admitted to trading or quoted or dealt in, provided that if such Ordinary Shares, Securities, Spin-Off Securities, options, warrants or other rights or assets are listed, admitted to trading or quoted or dealt in (as

the case may be) on more than one stock exchange or securities market at the relevant time, then “**principal stock exchange or securities market**” shall mean that stock exchange or securities market on which such Ordinary Shares, Securities, Spin-Off Securities, options, warrants or other rights or assets are then traded as determined by the Conversion Calculation Agent (if the Conversion Calculation Agent determines that it is able to make such determination) or (in any other case) by an Independent Adviser by reference to the stock exchange or securities market with the highest average daily trading volume in respect of such Ordinary Shares, Securities, Spin-Off Securities, options, warrants or other rights or assets;

“**Reset Date**” means the First Reset Date and each fifth anniversary thereof;

“**Reset Determination Date**” has the meaning given to it in Condition 5(e);

“**Reset Interest Rate**” has the meaning given to it in Condition 5(e);

“**Reset Period**” has the meaning given to it in Condition 5(e);

“**Reset Reference Banks**” has the meaning given to it in Condition 5(e);

“**Reset Reference Rate**” has the meaning given to it in Condition 5(e);

“**Risk Weighted Assets**” means, at any time, the aggregate amount, expressed in pounds sterling, of the risk weighted assets of the Group as at such date, as calculated by the Issuer on a consolidated basis in accordance with the Relevant Rules applicable to the Group on such date (which calculation shall be binding on the Trustee and the Noteholders) and where the term “risk weighted assets” means the risk weighted assets or total risk exposure amount, as calculated by the Issuer in accordance with the Relevant Rules applicable to the Group at the relevant time;

“**Scheme of Arrangement**” means a scheme of arrangement, share for share exchange or other analogous procedure;

“**Securities**” means any securities including, without limitation, Ordinary Shares and any other shares in the capital of the Issuer, and options, warrants or other rights to subscribe for or purchase or acquire Ordinary Shares or any other shares in the capital of the Issuer (and each a “Security”);

“**Senior Creditors**” means creditors of the Issuer (a) who are unsubordinated creditors, (b) whose claims are, or are expressed to be, subordinated (whether only in the event of the winding-up or administration of the Issuer or otherwise) to the claims of unsubordinated creditors of the Issuer but not further or otherwise or (c) whose claims are, or are expressed to be, junior to the claims of other creditors of the Issuer, whether subordinated or unsubordinated, other than those whose claims rank, or are expressed to rank, *pari passu* with, or junior to, the claims of the Noteholders in a winding-up or administration of the Issuer occurring prior to the occurrence of a Conversion Trigger Event;

“**Settlement Date**” means:

- (i) with respect to any Note in relation to which a Conversion Shares Settlement Notice is received by the Conversion Shares Depository or its designated agent on or before the Notice Cut-off Date where the Issuer does not elect that the Conversion Shares Depository will carry out a Conversion Shares Offer, the date that is three Business Days after the latest of (a) the Conversion Date, (b) the date on which the Conversion Shares Offer Notice is given in accordance with these Conditions (or, if the Issuer fails to give such Conversion Shares Offer Notice as aforesaid, the 25th Business Day following the Conversion Date) and (c) the date on which the relevant Conversion Shares Settlement Notice has been received by the Conversion Shares Depository or its designated agent;
- (ii) with respect to any Note in relation to which a Conversion Shares Settlement Notice is received by the Conversion Shares Depository or its designated agent on or before the Notice Cut-off Date where the Issuer elects that the Conversion Shares Depository will carry out a Conversion Shares Offer, the date that is two Business Days after the later of (a) the day on which the Conversion Shares Offer Period expires or is terminated and (b) the date on which the relevant Conversion Shares Settlement Notice has been received by the Conversion Shares Depository or its designated agent; and
- (iii) with respect to any Note in relation to which a Conversion Shares Settlement Notice is not received by the Conversion Shares Depository or its designated agent on or before the Notice Cut-off Date, the date on which the Conversion Shares Depository delivers the relevant Ordinary Shares or Conversion Shares Offer Consideration, as applicable, to the relevant Noteholders;

“Shareholders” means the holders of Ordinary Shares;

“Spin-Off” has the meaning given to it in Condition 7(f)(iii);

“Spin-Off Security” has the meaning given to it in Condition 7(f)(iii);

“Subsidiary” has the meaning given to it under section 1159 of the Companies Act 2006 (as amended from time to time);

“successor in business” has the meaning given to it in the Trust Deed;

“Takeover Event” has the meaning given to it in Condition 7(k)(v);

“Tax Event” has the meaning given to it in Condition 8(d);

“Tier 1 Capital” has the meaning given to it in the Relevant Rules from time to time (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules);

“Tier 2 Capital” has the meaning given to it in the Relevant Rules from time to time (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules);

“UK CRD IV” means (a) the UK CRR; (b) the law of the United Kingdom which immediately before IP completion date (as defined in European Union (Withdrawal Agreement) Act 2020) implemented the CRD IV Directive; and (c) direct EU legislation (as defined in the Withdrawal Act), which immediately before IP completion day (as defined in the European Union (Withdrawal Agreement) Act 2020) implemented EU CRD IV as it forms part of domestic law of the United Kingdom by virtue of the Withdrawal Act;

“UK CRR” means the Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms dated 26 June 2013, as amended and as it forms part of domestic law of the United Kingdom by virtue of the Withdrawal Act and as amended or replaced from time to time;

“UK CRR CET1 Ratio” means, on any date in the period from (and including) the Issue Date to (but excluding) the IFPR Effective Date, the ratio of CET1 Capital, as at such date, to the Risk Weighted Assets, as at the same date, expressed as a percentage and on the basis that all measures used in such calculation shall be calculated without taking into account any transitional provisions in any Relevant Rules as at such date;

“United Kingdom” or **“UK”** means the United Kingdom of Great Britain and Northern Ireland;

“Volume Weighted Average Price” means, in respect of an Ordinary Share, (or Relevant Share, as applicable), Security, Spin-Off Security, option, warrant or other right or asset on any dealing day, the volume-weighted average price of such Ordinary Share, Security, Spin-Off Security, option, warrant or other right or asset on the Relevant Stock Exchange on such dealing day as published by or derived from Bloomberg page HP (or any successor page) (using the setting ‘Weighted Average Line’, or any successor setting and using values not adjusted for any event occurring after such dealing day; and for the avoidance of doubt, all values will be determined with all adjustment settings on the DPDF Page, or any successor or similar setting, switched off) in respect of such Ordinary Share, Security, Spin-Off Security, option, warrant or other right or asset (and for the avoidance of doubt such page for an Ordinary Share as at the Issue Date is ABDN LN Equity HP) if any or, if such price is not available from Bloomberg as aforesaid, in any such case, such other source as shall be determined in good faith to be appropriate by an Independent Adviser on such dealing day, provided that:

- (i) if on any such dealing day (for the purposes of this definition, the **“Original Date”**) such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an Ordinary Share, Security, Spin-Off Security, option, warrant or other right or asset, as the case may be, in respect of such dealing day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding dealing day on which the same can be so determined, provided however that if such immediately preceding dealing day falls prior to the fifth day before the Original Date, the Volume Weighted Average Price in respect of such dealing day shall be considered to be not capable of being determined pursuant to this proviso (i); and
- (ii) if the Volume Weighted Average Price cannot be determined as provided above, the Volume Weighted Average Price of an Ordinary Share, Security, Spin-Off Security, option, warrant or other right or asset, as the case may be, shall be

determined as at the Original Date by an Independent Adviser in such manner as it shall determine in good faith to be appropriate; and

“Withdrawal Act” means the European Union (Withdrawal) Act 2018, as amended.

“£”, “GBP” and **“pounds sterling”** mean the lawful currency for the time being of the United Kingdom.

References to any act or statute or any provision of any act or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such statutory modification or re-enactment.

References to **“ordinary share capital”** have the meaning provided in Section 1119 of the Income and Corporation Taxes Act 2010 and **“equity share capital”** has the meaning provided in Section 548 of the Companies Act.

References to any issue or offer or grant to Shareholders or Existing Shareholders **“as a class”** or **“by way of rights”** shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders or Existing Shareholders, as the case may be, other than Shareholders or Existing Shareholders, as the case may be, to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

In making any calculation or determination of Current Market Price or Volume Weighted Average Price, such adjustments (if any) shall be made as an Independent Adviser determines in good faith to be appropriate to reflect any consolidation or sub-division of the Ordinary Shares or any issue of Ordinary Shares by way of capitalisation of profits or reserves, or any like or similar event.

For the purposes of Conditions 7(a), (b), (f), (i), (o) and (s), (1) references to the **“issue”** of Ordinary Shares or Ordinary Shares being **“issued”** shall, unless otherwise expressly specified in those paragraphs, include the delivery of Ordinary Shares, whether newly issued and allotted or previously existing or held by or on behalf of the Issuer or any of its Subsidiaries, and (2) Ordinary Shares held by or on behalf of the Issuer or any of its respective Subsidiaries (and which, in the case of Condition 7(f)(iv), do not rank for the relevant right or other entitlement) shall not be considered as or treated as **“in issue”** or **“issued”** or entitled to receive the relevant dividend, right or other entitlement.

Unless the context otherwise requires, references to (i) **“principal”** shall be deemed to include all amounts in the nature of principal payable pursuant to these Conditions or any amendment or supplement to them and (ii) **“interest”** shall be deemed to include any Additional Amounts relating to interest that may be payable under Condition 10 or any undertaking given in addition to or in substitution for it under the Trust Deed in respect of any such amount.

21. Governing law and jurisdiction

(a) Governing law

The Trust Deed and the Notes and any non-contractual obligations arising out of or in connection with the Trust Deed and the Notes are governed by, and shall be construed in accordance with, English law, save that the provisions of Condition 4 (and the related provisions of the Trust Deed) relating to the status and subordination of the Notes shall be governed by and construed in accordance with Scots law.

(b) Jurisdiction

The Issuer has in the Trust Deed: (i) agreed for the benefit of the Trustee and the Noteholders that the Courts of England shall have exclusive jurisdiction to settle any dispute (a “**Dispute**”) arising from or connected with the Notes; (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; and (iii) consented to the enforcement of any judgment. The Trust Deed also states that nothing contained in the Trust Deed prevents the Trustee or any of the Noteholders from taking proceedings relating to a Dispute (“**Proceedings**”) in any other courts with jurisdiction and that, to the extent allowed by law, the Trustee or any of the Noteholders may take concurrent Proceedings in any number of jurisdictions.

Overview of the Notes while in Global Form

1. Initial Issue of Certificates

The Global Certificate (as defined in the Trust Deed) will be registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg (the “**Common Depository**”) and may be delivered on or prior to the Issue Date.

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

2. Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system approved by the Trustee (an “**Alternative Clearing System**”) as the holder of a Note represented by the Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative 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 Alternative Clearing System (as the case may be). Such persons 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 the registered holder of the Global Certificate in respect of each amount so paid.

3. Exchange

Interests in the Global Certificate will be exchangeable (free of charge to the holder), in whole but not in part, for Definitive Certificates only if Euroclear and Clearstream, Luxembourg are both closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or both announce an intention permanently to cease business or do in fact do so.

Any reference herein to Euroclear and/or Clearstream, Luxembourg, shall, wherever the context so permits, be deemed to include a reference to any Alternative Clearing System.

4. Amendments to Conditions

The Global Certificate contains provisions that apply to the Notes that it represents, some of which modify the effect of the Conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions:

4.1 Payments

All payments in respect of Notes represented by the 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 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).

The calculation of all payments on the Notes will be made in respect of the total aggregate amount of the Notes represented by the Global Certificate, together with such other sums and additional amounts (if any) as may be payable under the Conditions, all in accordance with the Conditions and the Trust Deed.

4.2 Meetings

For the purposes of any meeting of Noteholders, the holder of the Notes represented by the Global Certificate shall be treated as being entitled to one vote in respect of each integral currency unit of the currency of the Notes.

4.3 Trustee's Powers

In considering the interests of Noteholders while the Global Certificate is held on behalf of, or registered in the name of any nominee for, a Clearing System, the Trustee may have regard to any information provided to it by such Clearing System or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Global Certificate and may consider such interests as if such accountholders were the holders of the Notes represented by the Global Certificate.

4.4 Notices

Notwithstanding Condition 18 (*Notices*) and Condition 7 (*Conversion*) so long as all the Notes are represented by the Global Certificate and it is held on behalf of a Clearing System, notices to Noteholders will be given by delivery of the relevant notice to that Clearing System for communication by it to entitled accountholders in substitution for notification as required by the Conditions. A notice will be deemed to have been given to accountholders on the day on which such notice is sent to the relevant Clearing System for delivery to entitled accountholders.

4.5 Conversion Shares Settlement Notice and Opt-Out Notice

So long as the Notes are represented by the Global Certificate deposited with a depository or a common depository for the Clearing Systems, a Conversion Shares Settlement Notice or an Opt-Out Notice may be given by a Noteholder by delivering it to Euroclear, Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been delivered to the Conversion Shares Depository on the date of delivery of such notice to the Conversion Shares Depository by Euroclear and/or Clearstream, Luxembourg and/or its depository or common depository.

4.6 Cash component

So long as the Notes are represented by the Global Certificate deposited with a depository or a common depository for the Clearing Systems, the cash component, if any, of any Conversion Shares Offer Consideration will be delivered through the facilities of the Clearing Systems on or around the date on which the Conversion Shares Offer Period ends, subject to the applicable rules and operating procedures of the Clearing System in effect at such time.

4.7 Suspension Date

In the case of Notes represented by a Global Certificate, any Conversion Shares Settlement Notice delivered prior to the day following the Suspension Date shall be void.

For the purpose of the paragraph above, "**Suspension Date**" shall mean a date specified by the Issuer in the Conversion Trigger Notice or the Conversion Shares Offer Notice (and any notice of termination of the Conversion Shares Offer), as the case may be, as being the date on which Euroclear or Clearstream, Luxembourg shall suspend all clearance and settlement of transactions in the Notes in accordance with its rules and procedures which date shall, in the case of a Conversion Shares Offer, be as proximate to the end of the Conversion Shares Offer Period as is reasonably practicable in accordance with the rules and procedures of Euroclear or Clearstream, Luxembourg.

4.8 Electronic Consent and Written Resolution

While the Global Certificate is registered in the name of any nominee for a Clearing System, then:

- (a) 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 75 per cent. in principal amount of the Notes outstanding (an "**Electronic Consent**" as defined in the Trust Deed) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting), 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; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a written resolution 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, (a) by accountholders in the clearing system(s) with entitlements to such Global Certificate and/or (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg (the "**relevant clearing system**") and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. 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.

Use of Proceeds

The net proceeds of the issue of the Notes will be used for general corporate purposes of the Group, which may include, without limitation, application towards acquisitions undertaken by the Group from time to time.

Business Description

General

The Issuer is a public limited company incorporated under the laws of Scotland, with registered number SC286832, and is the holding company of the Group. The Group's main activities include the provision of investment management solutions, adviser platforms and financial advice, and strategic investments.

The issued share capital of the Issuer as at 30 June 2021 comprised 2,180,723,714 ordinary shares of 13 61/63 pence all of which are fully paid. This results in a total issued share capital of £305 million in aggregate nominal amount.

The Issuer's registered office is 1 George Street, Edinburgh, United Kingdom EH2 2LL. The telephone number is +44 (0)131 245 2552.

History of the Group

The Standard Life Assurance Company was established in 1825 and the first Standard Life Assurance Company Act was passed by the United Kingdom Parliament in 1832. In 2006, the Standard Life Assurance Company demutualised and Standard Life plc was floated on the London Stock Exchange. Aberdeen Asset Management PLC ("**Aberdeen**") was formed in 1983, as Aberdeen Fund Managers Limited. In 1991, Aberdeen obtained its listing on the London Stock Exchange under the name of Aberdeen Trust PLC. Aberdeen changed its name to Aberdeen Asset Management PLC in 1997.

Standard Life plc and Aberdeen merged on 14 August 2017 by means of a court-sanctioned scheme of arrangement of Aberdeen under Part 26 of the Companies Act 2006. Upon completion of the merger, the Issuer changed its name from Standard Life plc to Standard Life Aberdeen plc.

The sale of the Issuer's United Kingdom and European insurance business to Phoenix in August 2018 for a total consideration of £3.3 billion completed the transformation of Standard Life Aberdeen into a fee-based capital-light investment company.

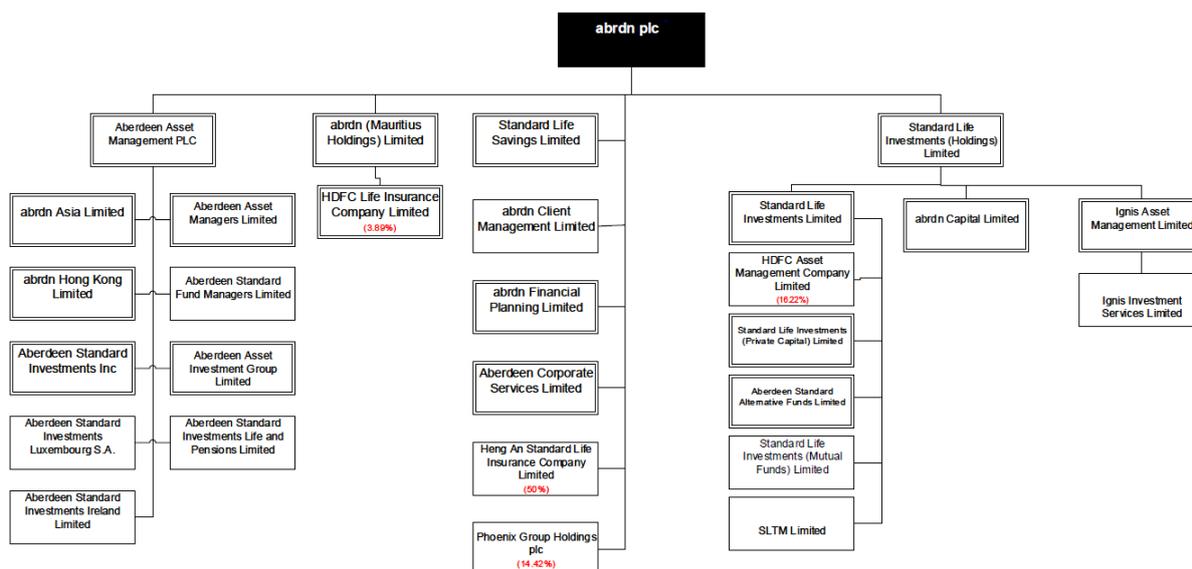
Following the sale of the Standard Life brand to Phoenix in May 2021, the Issuer changed its name from Standard Life Aberdeen plc to abrdn plc on 2 July 2021.

As announced in the Acquisition Announcement, the Issuer entered into a share purchase agreement on 2 December 2021 (the "**Share Purchase Agreement**") with J.C. Flowers IV L.P., MMC GP Scale-Up I LLP, MMC Scale-up Fund 2019 LP, Mainspring Nominees (2) Limited and other investors, as well as Richard Wilson, Barry Bicknell, John Tumilty and Gary Shaw as management sellers (together, the "**Initial Sellers**") and Antler Holdco Limited ("**Antler**") pursuant to which the Issuer has agreed to purchase 100 per cent. of the ordinary share capital of Antler and to indirectly acquire IIL and its subsidiaries (together, Antler, IIL and its subsidiaries, the "**Target Group**"). Upon completion of the Acquisition ("**Completion**"), the Group will become one enlarged group of companies with the Target Group (the "**Enlarged Group**"). See '*Business of*

the Group' below for more information about the Acquisition, the Target Group, the Enlarged Group, and the impact that the Issuer believes the Acquisition will have on the Group.

Group Structure

The following chart gives an overview of the legal structure of the Group and the Issuer's position within the Group as at 16 November 2021.⁵



Business of the Group

Headquartered in Edinburgh, the Group has offices across Europe, the Middle East, Asia Pacific and the Americas, employing over 5,000 people. As at 30 June 2021, the Group managed and administered £532 billion of assets worldwide.

The business of the Group is a combination of global asset management, savings and advice services in the United Kingdom, and strategic investments. The Group's investment products and innovative solutions (which previously operated under the Aberdeen Standard Investments brand) are offered across a diverse range of asset classes, either directly to institutional clients, or to wholesale clients such as private banks and third party investment platforms. The Group's wealth business (previously operating under the Aberdeen Standard Capital brand), provides discretionary investment management to high net worth individuals. The Group's financial advice business provides full financial planning and tax advice direct to clients.

As part of the sale of the Group's United Kingdom and European insurance business, the Group entered into an enhanced strategic relationship with Phoenix in August 2018 (and the Group has, as at 31 October 2021, a 14.42 per cent. shareholding in Phoenix). This relationship was based on the complementary strengths of each business: Phoenix as an administrator of insurance and

⁵ As part of the rebranding of the Group, certain of the company names of members of the Group are in the process of being changed.

long-term savings books, and the Group as a leading provider of investment management solutions, adviser platforms and financial advice. In February 2021, the Group announced a simplification and extension of its strategic partnership with Phoenix which will operate for at least 10 years up to February 2031. This is intended to allow the partnership to focus on the provision of the Group's high-quality asset management services to Phoenix and its insurance and workplace pension customers. In connection with this, the Group sold the Standard Life brand to Phoenix (which had previously been licensed by the Group to Phoenix since 2018) in July 2021.

The Group has historically operated its businesses under several different brands (including the two flagship brands, Aberdeen Standard Investments for global asset management and Standard Life for savings). In March 2021, the Group announced that it would bring all client facing businesses under one brand – abrdn. The rebranding of the Group is expected to be completed by the end of 2021.

The Group is focused on simplifying its business into the following three interrelated growth vectors:

(1) *Investments*

The Group manages assets on behalf of a broad client base of governments, pension funds, insurers, companies, charities, foundations and individuals and across a diverse range of asset classes, with over 50 per cent. of the Group's critical institutional clients having invested with the Group for over 10 years. The Group's client led growth of its investment vector is underpinned by three enablers:

- (i) continued expansion and evolution of its ***innovative products and solutions*** in the fastest areas of growth in the industry;
- (ii) continued use of ***collaborative partnerships*** to help tailor products to meet client need and promote growth. This includes the Group's strategic partnership with Phoenix but is also seen in the Group's strong reputation and focus in Asia, including the Group's joint venture in China, Heng An Standard Life Insurance Company Limited; and
- (iii) continued use of ***research, data and technology*** to underpin investment decision-making, and to make improvements to the Group's infrastructure.

The Group is continuing to build on its long-term commitment to responsible investing through its bespoke climate change scenario research, the creation of a proprietary ESG House Score and increasing transparency for clients. The Group has announced its target to achieve a 50 per cent. reduction in the carbon intensity of the assets it manages by 2030 (based on the 2019 baseline). The Group is also accelerating specific ESG fund launches such as the Climate & Environment Equity Fund, Climate Transition Bond Fund, Multi-Asset Climate Opportunities Fund and Multi-Asset Climate Solutions Funds.

In addition, the Group has joined the Net Zero Asset Managers initiative group which supports the goal of net zero greenhouse gas emissions by 2050 or sooner – with the Group having accelerated its own commitment to achieve a 50 per cent. reduction in operational emissions by 2025 and to be net zero by 2040. The Group also became carbon neutral in 2020 by virtue of offsetting 110 per cent. of its own operational emissions. In addition, the Group is committed to ensuring that other ESG considerations, such as gender diversity, also become an integral part

of the Group's decision-making processes. The Group's commitment to furthering these ESG initiatives can be evidenced by it being ranked 13th in the Hampton-Alexander Review of FTSE 350 gender diversity and also being included in the Bloomberg Gender Equality Index.

(2) Adviser

The Group provides two adviser platform businesses in the United Kingdom savings market: Wrap, which enables advisers to deliver high-quality financial planning to large numbers of clients with complex investment requirements, and Elevate, which is a lower-cost proposition which enables advisers to deliver services at scale by virtue of certain core features. In 2020, the Group's adviser platform serviced approximately 419,500 customers (up from approximately 417,000 in 2019), with approximately 2,700 independent financial adviser (IFA) firms on the Group's platforms.

In 2020, the Group launched its Platform Experience Programme which is designed to help modernise the platform component whilst separating the operational activity from Phoenix. This initiative will also align the operating system more closely with the needs of advisers and will allow for consistent innovation and improvements.

The Group's strategy in the Adviser vector is underpinned by the strategic relationship that the Group has with technology provider FNZ, who provides leading platform technology and in-house expertise. This partnership has been strengthened by entering into a 10-year relationship with FNZ which offers the Group's clients access to a wider range of technology and services through its framework than was available under the previous agreement with FNZ.

(3) Personal

The Group also offers clients:

- (i) a full financial planning and personal tax advice service through the Group's financial advice business, which has a national presence with approximately 120 advisers across the United Kingdom, as well as through digital channels and has provided services to approximately 11,000 clients in each of 2020 and 2019; and
- (ii) discretionary investment management to high net worth individuals, with approximately 14,500 clients accessing these services in 2020 (up from 13,000 in 2019).

The Group is continuing to expand its direct-to-consumer offering including by virtue of its new mobile app, Choices, which helps clients to manage their money more effectively. As part of the expansion, the Group has also entered into an agreement to purchase EXO Investing Limited, an automated wealth management proposition driven by artificial intelligence which will accelerate the Group's technological capabilities.

The Issuer has also announced its agreement to purchase the Target Group, which is a leading subscription-based direct investment platform. The Issuer expects that the Acquisition will, on Completion, materially increase the Group's capabilities in the direct investment market and will transform the offering and financial position of the Enlarged Group's Personal vector by, among other things, diversifying the Enlarged Group's revenue streams and increasing profitability. The Acquisition allows the Group to use available capital to significantly increase its scale in a high-growth market in order to increase returns and realise the Group's ambition of being a leading

player in the personal wealth market. Following Completion, it is expected that the Target Group will be run on a largely standalone basis – under the brand ii - but with a shared vision of a combined high-touch / high-tech model that meets clients' financial needs throughout their lives.

Since 2018, the Group's net flows have been spread across these three growth vectors as set out in the table below.

Vector	Net flows (£bn)						
	H1 2018	H2 2018	H1 2019	H2 2019	H1 2020	H2 2020	H1 2021
Investment							
<i>Institutional and Wholesale</i> ⁱ	-15.5	-23.0	-14.8	-5.6	-7.5	-1.4	-0.8
<i>Insurance</i> ⁱⁱ	-5.6	0.1	-5.7	2.3	-1.3	-5.6	-3.8
Adviser	2.5	1.7	1.1	1.2	1.1	0.8	2.0
Personal	-0.2	-0.5	-0.1	0.2	0.1	-0.1	0.5

i. Excluding liquidity.

ii. Excluding Lloyds Banking Group tranche withdrawals.

However, on Completion, the Acquisition is expected to transform the Group's Personal vector with a significant increase in the addressable market and aggregate offering of the Enlarged Group in the personal wealth market. The impact that the Acquisition will, following Completion, have on the financial position of the Group's Personal vector is demonstrated by the financial metrics set out below in respect of the Group's Personal vector, the Target Group and, following Completion, the Enlarged Group⁶.

	The Group's Personal vector	Target Group	The Enlarged Group (post-Completion)
Fee based revenue ⁱ	£83m	£116m	£199m
Adjusted operating profit ⁱⁱ	£3m	£41m	£44m
AUMA ⁱⁱⁱ	£14bn	£55bn	£69bn
Net flows ^{iv}	£0.4bn	£5.5bn	£5.9bn
Customers ^v	c. 26,000	c. 404,000	c. 430,000

i. The Group's Personal vector figure is provided for the twelve months ended 30 June 2021 and the Target Group's figure is provided for the financial year ended 31 December 2020. The Target Group's figure refers to revenue net of cost of sale, which is comparable to the fee based revenue alternative performance measure used by the Issuer and as defined in the 2021 HY Results.

ii. The Group's Personal vector figure is provided for the twelve months ended 30 June 2021 and the Target Group's figure is provided for the financial year ended 31 December 2020. The Target Group's figure refers to operating profit before amortisation of acquisition intangibles and exceptional items, which is comparable to the adjusted operating profit alternative performance measure used by the Issuer and as defined in the 2021 HY Results.

iii. Figures provided as at 30 June 2021.

iv. Figures provided for the twelve months ended 30 June 2021.

v. Figures provided as at 30 June 2021. The Group's Personal vector customer numbers may include some double count (which is not material) between discretionary investment management and financial advice and businesses.

⁶ All figures for the Enlarged Group are provided on a pro forma basis as if Completion had occurred and are based on the Issuer's expectations as to the impact of the Acquisition. Such pro forma information is prepared for illustrative purposes only, is hypothetical in nature, and does not represent the Group's or the Enlarged Group's actual financial position or results.

Ratings

The Issuer has an issuer rating of A- (stable) from S&P and of A3 (stable) from Moody's.

Other Relevant Information

Capital

Previously, the Group was regulated as an insurance company under Directive 2009/138/EC of the European Parliament (the Solvency II Directive). Since the sale of the Group's United Kingdom and European insurance business to Phoenix, the Group has been classified as an investment group and is currently subject to group-level regulation and prudential supervision under the UK CRD IV regime, including minimum capital requirements under the UK CRR.

It is expected that on 1 January 2022, the provisions of the Prudential sourcebook for MiFID Investment firms of the FCA Handbook (the "**MIFIDPRU Sourcebook**") will come into effect. The MIFIDPRU Sourcebook and the provisions of any legislation, rules and/or guidance implementing its provisions will introduce a new prudential regime for MiFID investment firms (such legislation, rules and guidance together with the MIFIDPRU Sourcebook, the "**IFPR Rules**"). As an investment firm group, from 1 January 2022 the Group will be subject to group-level regulation and prudential supervision under the IFPR Rules rather than the UK CRD IV prudential regime.

Under the IFPR Rules, the Issuer will be classified as a parent undertaking of a 'Non-SNI' investment firm (i.e. an investment firm which is not 'small and non-interconnected') and subject to prudential supervision on the basis of its consolidated situation. The prudential requirements that will apply to the Group under the IFPR Rules will be materially different than those with which the Group must currently comply under the UK CRD IV prudential regime. In particular, the IFPR Rules introduce new minimum liquidity standards, prescribe a different methodology for calculating the minimum capital requirement and will also make changes to the relevant capital eligibility rules, in particular in respect of items which must be deducted from regulatory capital. As a result, the Group's regulatory capital and relevant ratios may be different under the IFPR Rules, as explained further below.

Financial strength and liquidity

The Group considers that it has a strong capital position which is critical to its ability to invest more in its businesses in order to accelerate growth within each of the three growth vectors.

Group regulatory capital position as at 30 June 2021	£bn
Common Equity Tier 1 capital resources	3.4
Tier 2 capital resources ⁷	0.5
Total capital resources	3.9
Total capital requirements	(1.1)
Surplus regulatory capital	2.8

As at 30 June 2021, the Group's UK CRR CET1 Ratio – being the regime applicable at such date – was 46 per cent.. This reflects the Common Equity Tier 1 capital resources divided by the Risk Weighted Assets (being 12.5 x Pillar 1 Market and Credit Risk requirement).

If the IFPR Rules had been in force and applied to the Group on 30 June 2021, based on the Group's calculations and interpretation of how such IFPR Rules would have applied, as at 30 June 2021, the Group's total capital requirement would have been approximately £1.1 billion, of which approximately £0.3 billion would reflect the Group's current expectation of its own funds requirement and approximately £0.8 billion would reflect the Group's current expectation of its additional own funds requirement. Similarly, based on the Group's calculations and interpretation of how such IFPR Rules would have applied, if the IFPR Rules had been in force and applied to the Group on 30 June 2021, the Group's CET1 capital would have been approximately £2.5 billion and total capital resources would have been approximately £2.8 billion, each as at 30 June 2021. The decrease in capital resources relative to the position outlined in the table above is as a result of certain of the Group's capital resources no longer being eligible to count toward the minimum capital requirements under the IFPR Rules, as detailed in the footnote 7 below. The Group estimates that had the IFPR Rules been in force on 30 June 2021, the Group's IFPR CET1 Ratio would have been approximately 790 per cent., with surplus regulatory capital of approximately £1.7 billion, each as at 30 June 2021. On this basis and as at 30 June 2021, the Group would have had a buffer of £2.2 billion above the threshold at which the IFPR CET1 Ratio would amount to a Conversion Trigger Event (being an IFPR CET1 Ratio of less than 70 per cent. at any time) for the purposes of Condition 7(a) of the Notes⁸.

⁷ The Group's capital resources as at 30 June 2021 include c. £0.8 billion from holdings in insurance entities that will no longer be eligible as Common Equity Tier 1 capital resources following the implementation of the IFPR Rules on 1 January 2022. The IFPR Rules also recalibrate the respective proportions of the minimum capital requirement that can be met by each tier of capital. As a result, it is estimated that c. £0.3 billion of existing Tier 2 capital, whilst continuing to be reported within the Group's capital resources, would not be available to meet the current minimum capital requirement from 1 January 2022.

⁸ All figures in this paragraph are based on the Issuer's interpretation of how the IFPR Rules will apply following the IFPR Rules becoming effective and, where applicable, the Issuer's expectations as to the impact of the Acquisition. The assumptions underlying these figures are described in the footnotes in this section. These figures are prepared for illustrative purposes only, are hypothetical in nature, and do not represent the Group's or the Enlarged Group's actual regulatory capital position.

As at 30 June 2021, the Issuer had available Distributable Items (as defined in the Terms and Conditions) of £2.0 billion⁹ and consolidated net assets of £6.7 billion. In June 2021 the Issuer completed an offer for sale for HDFC Life shares for cash proceeds of £0.7 billion and in September 2021 the Issuer completed a sale for HDFC Asset Management shares with cash proceeds of £0.3 billion received, each of which further strengthened the Group's capital position and will, following internal distributions accounted for in the Issuer's annual financial statements, increase the Issuer's Distributable Items. There is a lock-up on the Issuer's remaining stake in HDFC Life which expires in the second financial quarter of the financial year ending 31 December 2022, following which the Issuer will be able to fully monetise its stake which, if it elects to do so, would further strengthen its capital position.

Following Completion of the Acquisition, and having taken account of the proposed issuance of the Notes and the corporate transactions which the Group has undertaken since 30 June 2021, the Issuer expects that the Enlarged Group will have an indicative pro forma regulatory capital surplus of approximately £0.5 billion.¹⁰ The Issuer estimates that, calculated on the same basis, the Enlarged Group's indicative pro forma IFPR CET1 Ratio would have been approximately 330 per cent., with £1.1 billion in Common Equity Tier 1 capital resources¹¹. On this basis, the Group would have had a buffer of £0.9 billion above the threshold at which the IFPR CET1 Ratio would amount to a Conversion Trigger Event under Condition 7(a) of the Notes. The Issuer does not expect the Acquisition to materially affect the Issuer's Distributable Items or to materially increase the Group's capital requirements.

Management

Directors of the Issuer

The following is a list of directors of the Issuer and their principal directorships held outside the Group which are, or may be, significant with respect to the Issuer, as at the date of this Offering Circular. The business address of each of the directors referred to below is 1 George Street, Edinburgh, EH2 2LL.

⁹ In line with the Companies Act and accounting practices, this figure does not take into account the sale of HDFC Life shares in June 2021.

¹⁰ This figure is an estimate prepared by the Issuer, calculated as at 30 September 2021 and taking into account £0.1 billion of capital benefit which has been achieved from other H2 2021 corporate actions and capital movements since 30 June 2021, and assuming: (i) that Completion of the Acquisition had occurred on 30 September 2021, reducing the IFPR capital position by £1.5 billion; (ii) that the IFPR Rules had been in force as at 30 September 2021 and been applied consistently with the Group's interpretation of such IFPR Rules; and (iii) that the issuance of £0.2 billion Fixed Rate Perpetual Subordinated Contingent Convertible Notes, qualifying as additional tier 1 capital, had occurred. This figure is prepared for illustrative purposes only, is hypothetical in nature, and does not represent the Group's or the Enlarged Group's actual regulatory capital position.

¹¹ These figures are calculated on the basis set out in footnote 10. All figures in this paragraph are based on the Issuer's interpretation of how the IFPR Rules will apply following the IFPR Rules becoming effective and, where applicable, the Issuer's expectations as to the impact of the Acquisition. The assumptions underlying these figures are described in the footnotes in this section. These figures are prepared for illustrative purposes only, are hypothetical in nature, and do not represent the Group's or the Enlarged Group's actual regulatory capital position.

Name	Responsibilities in relation to the Issuer	Principal activities outside the Group
Sir Douglas Flint CBE	Chairman	<p>IP Group plc (Chairman)</p> <p>Centre for Policy Studies (Non-Executive Director)</p> <p>Just Finance Foundation (Chairman)</p> <p>Cancer Research UK (Chairman of Corporate Board)</p> <p>Hong Kong Association (Chairman)</p> <p>Global Advisory Council of Motive Partners (Member)</p> <p>Institute of International Finance (Board Member)</p> <p>International Chamber of Commerce UK (Board Member)</p> <p>Economy Honours Committee (Member)</p> <p>Asia House Advisory Board (Member)</p> <p>Holdingham International Advisory Board (Member)</p> <p>International Advisory Panel of the Monetary Authority of Singapore (Member)</p> <p>Advisory Board of the International Business & Diplomatic Exchange (Member)</p> <p>HM Treasury's Special Envoy for Financial and Professional Services to China's Belt and Road Initiative (Member)</p> <p>Royal Marsden Cancer Charity (Trustee)</p> <p>Cambridge China Development Trust (Trustee)</p>
Executive Directors		
Stephen Bird	Chief Executive Officer	N/A

Name	Responsibilities in relation to the Issuer	Principal activities outside the Group
Stephanie Bruce	Chief Financial Officer	Virgin Money Unit Trust Managers Limited (Director)
<i>Non-Executive Directors</i>		
Brian McBride	Non-Executive Director	Trainline PLC (Chairman) Kinnevik AB (Non-Executive Director) UK Ministry of Defence (Lead Non-Executive Director) Scottish Equity Partners (Senior Adviser)
Cathleen Raffaeli	Non-Executive Director	Hamilton White Group LLC (Managing Partner) Soho Venture Partners, Inc (Managing Partner)
Cecilia Reyes	Non-Executive Director	NN Group N.V. (Member of Supervisory Board) Pioneer Management Services GmbH (Founder)
Hannah Grove	Non-Executive Director	Women's Business Collaborative (Advisory Board Member) Reboot with #SuperBAMES (Member of the Board of Advisers)
John Devine	Non-Executive Director	Credit Suisse International (Non-Executive Chairman) Credit Suisse Securities (Europe) Limited (Non-Executive Chairman) Citco Custody Limited (Non-Executive Director) Citco Custody (UK) Limited (Non-Executive Director) Blue Pebble Solutions Limited (Directors)

Name	Responsibilities in relation to the Issuer	Principal activities outside the Group
Jonathan Asquith	Non-Executive Director and Senior Independent Director	Capital Four Holding A/S (Non-Executive Director) CiCap Limited (Non-Executive Director) Colter Capital Limited (Non-Executive Director) Northill Capital Holdings Limited (Non-Executive Director) Securis Investment Partners (Non-Executive Director) Securis Group Supervisory Board (Non-Executive Director) Vantage Infrastructure Holdings (Non-Executive Director) Waypoint Group Holdings SA (Non-Executive Director)
Jutta af Rosenberg	Non-Executive Director	JPMorgan European Investment Trust plc (Non-Executive Director) NKT A/S (Non-Executive Director) Nilfisk Holding A/S (Non-Executive Director) BBGI SICAV S.A (Member of Supervisory Board)
Martin Pike	Non-Executive Director	Faraday Underwriting Limited (Chairman and Director) AIG Life Limited (Chairman and Non-Executive Director) Greencore Construction Limited (Chairman and Director) Oxford Advanced Living Limited (Director)

Conflicts of Interest

There are no potential conflicts of interest between the duties to the Issuer of the persons listed under “*Directors of the Issuer*” above and their private interests or other duties.

Description of the Ordinary Shares

Set out below is a description of the principal rights attaching, as at the date of this Offering Circular, to the Ordinary Shares that will be issued in the event that the Notes are converted in accordance with their terms.

Share Capital

The issued and fully paid share capital of the Issuer as at 31 October 2021 is:

Class	Issued and fully paid		
	Nominal Value	Number	Amount
Ordinary	13 61/63 pence	2,180,724,402	£304,609,123

Ordinary Shares rank *pari passu* with each other in all respects.

Articles of Association

The Issuer's articles of association (the "**Articles of Association**") were adopted by special resolution of the Issuer on 21 May 2021.

General

There are no limitations imposed by Scottish law or the Articles of Association on the rights of non-residents of the UK or non-citizens of the UK to hold shares of the Issuer or their voting rights in respect of such shares.

Voting Rights

Subject to any special terms as to voting for the time being attached to any class of shares (as to which there are none at present) and subject to disenfranchisement in the event of non-payment of any call or other amount due and payable in respect of any share or non-compliance with any statutory notice requiring disclosure of the beneficial ownership of any shares, on a show of hands every member present in person or by proxy has one vote and on a poll every member present in person or by proxy has one vote for every share of which he is a holder.

Governing Law

The Articles of Association and the laws of Scotland govern the relationship between the Issuer and its members.

Dividends

Subject to the Companies Act 2006 and the Articles of Association, the Issuer may by ordinary resolution declare dividends, and the board of directors of the Issuer (the "**Board**") may decide to pay interim dividends. The Board may also pay any dividend payable at a fixed rate at intervals settled by the Board if it appears to the Board that the financial position of the Issuer justifies the

payment. A dividend must not be declared unless the Board has made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the Board and no dividend may be declared or paid unless it is in accordance with members' respective rights.

Every distribution shall, at any point prior to its payment, be cancellable by the Board if the Board considers, in its sole discretion, that such cancellation is or may be necessary or appropriate: (i) as a result of any applicable law or regulation; or (ii) in order otherwise to meet any applicable capital or solvency requirement.

Unless the members' resolution to declare, or Board's decision to pay, a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each members' holdings of shares on the date of the resolution or decision to declare or pay it.

Subject to the provisions of the Companies Act 2006 and rights attached to shares, the Issuer may fix any date as the record date for a dividend. The record date may be on or at any time before or after a date on which the dividend is declared or paid.

Except as otherwise provided by the Articles of Association or the rights attached to, or the terms of issue of, any shares, all dividends must be declared and paid according to the amounts paid up on the shares on which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated as paid up on the share. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

Except as otherwise provided by the rights attached to the shares, the Board may determine (i) the currency in which dividends shall be declared; (ii) the currency or currencies in which any dividends declared shall be paid; and (iii) how and when any currency exchange calculations shall be carried out and how any associated costs shall be met.

All dividends or other sums which are payable in respect of shares and unclaimed after having been declared or become payable may be invested or otherwise made use of by the Board for the benefit of the Issuer until claimed. If 12 years have passed from the date on which a dividend or other sum became due for payment and the distribution recipient has not claimed it, the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Issuer, unless the Board decides otherwise.

Subject to the Articles of Association, the Issuer may, by ordinary resolution on the recommendation of the Board, decide to pay all or part of a dividend or distribution payable in respect of a share by transferring non cash assets of equivalent value (including shares or other securities in any company).

Subject to the Companies Act 2006 and the Articles of Association, the Issuer may by ordinary resolution offer to shareholders the right to elect to receive, in lieu of a dividend, an allotment of new ordinary shares credited as fully paid and any such offer may be made subject to the condition that any required authorisation by an ordinary resolution of the Issuer is passed before the relevant ordinary shares are allotted if such authorisation has not been obtained by the date of such offer. If any difficulty arises in regard to the distribution the Board may settle it as it thinks expedient, and in particular may authorise any person to sell and transfer any fractions or may ignore fractions altogether, and may fix the value for distribution purposes of any assets or any part thereof to be distributed and may determine that cash shall be paid to any members upon

the footing of the value so fixed in order to secure equality of distribution and may vest any assets to be distributed in trustees as may seem expedient to the Board.

Method of Payment

Any dividend or other sum payable in cash by the Issuer in respect of a share may be paid by cheque, warrant or similar financial instrument sent by post addressed to the holder at his registered address or, in the case of joint holders, addressed to the holder whose name stands first in the register in respect of the shares at his address as appearing in the register or addressed to such person and at such address as the holder or joint holders may in writing direct. Every cheque, warrant or similar financial instrument shall, unless the holder or joint holders otherwise direct, be made payable to the holder or, in the case of joint holders, to the holder whose name stands first on the register in respect of the shares, and shall be sent at his or their risk and payment of the cheque, warrant or similar financial instrument by the financial institution on which it is drawn shall constitute a good discharge to the Issuer.

The Issuer may pay any dividend, interest or other amount payable in respect of a share in the Issuer as the Board may decide in its absolute discretion. If the Board decides that a payment will be made by bank or other funds transfer system (including, in respect of uncertificated shares, by means of the facilities and requirements of a relevant system) to an account nominated by a person entitled to the payment, but no such account is nominated by the relevant person or the payment cannot be made by the Issuer using the details provided by the holder (or joint holders) the dividend shall be treated as unclaimed under the Articles of Association. The Issuer will not be a trustee of the money and no interest will accrue on the money.

Transfer of Shares

- (a) Subject to the Articles of Association, shares of the Issuer are free from any restriction on transfer. Where a shareholder or any other person appearing to be interested in shares in the Issuer fails to comply within the relevant statutory periods with any statutory notice in respect of those shares or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular, the Issuer may give the holder of those shares a further notice (a “**restriction notice**”) to the effect that from the service of the restriction notice those shares will be subject to certain restrictions. In particular, where a restriction notice is served on a person who holds shares, or an interest in shares, representing at least 0.25 per cent. of the Issuer’s share capital (a “**person with a 0.25 per cent. interest**”), the Board may refuse to register a transfer of certificated shares, unless such a transfer is pursuant to an arm’s length sale.
- (b) Pursuant and subject to the uncertificated securities rules, the Board may permit title to shares of any class to be evidenced otherwise than by a certificate and title to shares of such a class to be transferred by means of a relevant system and may make arrangements for a class of shares (if all shares of that class are in all respects identical) to become a participating class. Title to shares of a particular class may only be evidenced otherwise than by a certificate where that class of shares is at the relevant time a participating class. The Board may also, subject to compliance with the uncertificated securities rules, determine at any time that title to any class of shares may from a date specified by the Board no longer be evidenced otherwise than by a certificate or that title to such a class shall cease to be transferred by means of any particular relevant system.

- (c) Subject to the restrictions of the Articles of Association as may be applicable:
 - (A) any member may transfer all or any of his uncertificated shares by means of a relevant system in such manner provided for, and subject as provided in, the uncertificated securities rules, and accordingly no provision of the Articles of Association shall apply in respect of an uncertificated share to the extent that it requires or contemplates the effecting of a transfer by an instrument in writing or the production of a certificate for the share to be transferred; and
 - (B) any member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve.
- (d) The Board may decline to register any transfer of any share which is not a fully paid share.
- (e) Registration of a transfer of an uncertificated share may be refused in the circumstances set out in the uncertificated securities rules, and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four. The Board may also, in its absolute discretion, refuse to register the transfer of a certificated share unless:
 - (A) the instrument of transfer is in respect of only one class of share;
 - (B) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four; and
 - (C) the instrument is duly stamped or duly certified or otherwise shown to the satisfaction of the Board to be exempt from stamp duty and is left at the office or such other place as the Board may from time to time determine accompanied (save in the case of a transfer by a person to whom the Issuer is not required by law to issue a certificate and to whom a certificate has not been issued) the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to show the right of the person signing the instrument of transfer to make the transfer and, if the transfer is signed by some other person on his behalf, the authority of that person to do so.

Variation of Rights

Subject to the Companies Act 2006, the rights attached to a class of shares may be varied or abrogated (whether or not the Issuer is being wound up) either (i) with the consent in writing of the holders of at least three-quarters in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or (ii) with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class validly held in accordance with the Articles of Association.

The rights attached to a class of shares are not, unless otherwise expressly provided for in the rights attaching to those shares, deemed to be varied by the creation, allotment or issue of further shares ranking *pari passu* with or subsequent to them or by the purchase or redemption by the Issuer of its own shares in accordance with the Companies Act 2006.

Redeemable Shares in the Issuer

Subject to the Companies Act 2006 and the rights attached to existing shares, the Issuer may issue shares which are to be redeemed or are liable to be redeemed at the option of the Issuer or the holder, and the Board may determine the terms, conditions and manner of redemption of any such shares.

General Meetings

The Issuer must give at least 21 clear days' notice in writing of an annual general meeting. All other general meetings may be called by at least 14 clear days' notice in writing. The Board may direct that persons wishing to attend any general meeting should submit to such searches or other security arrangements or restrictions as the Board shall consider appropriate in the circumstances. In the case of any general meeting, the Board can make whatever arrangements it sees fit to allow persons to attend and participate in the general meeting, including any general meeting being held by electronic facilities or by satellite meeting. Unless the notice of the meeting says otherwise, the meeting will be treated as being held at the place where the chairman is at the time of the meeting. The Board can decide to let persons entitled to attend and participate in a general meeting do so by simultaneous attendance and participation by means of an electronic facility. The chairman of a general meeting shall take such action or give such directions for such action to be taken as he thinks fit to promote the orderly conduct of the business of the meeting as laid down in the notice of the meeting. The chairman of a general meeting has express authority to adjourn the meeting if, in his opinion, it has become necessary to do so in order to secure the proper conduct of the meeting.

Subject to section 336 of the Companies Act 2006 (which requires public companies to hold an annual general meeting within six months of the end of each financial year), annual general meetings of the Issuer are to be held at such time and in such place as the Board may determine.

Disclosure of Holdings Exceeding Certain Percentages

The Disclosure and Transparency Rules of the FCA require the Issuer's shareholders to notify the Issuer if the voting rights held by such shareholders (including by way of certain financial instruments) reach, exceed or fall below 3 per cent. and each 1 per cent. threshold thereafter up to 100 per cent. Under the Disclosure and Transparency Rules, certain voting rights in the Issuer may be disregarded.

If a shareholder or any other person appearing to be interested in shares in the Issuer has been sent a notice under section 793 of the Companies Act (which confers upon public companies the power to require information from any person whom the Issuer knows or has reasonable cause to believe to be interested in the shares) and has failed in relation to any shares (the "**default shares**") to supply the information requested within the period set out in the notice or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular, then the Issuer may give the shareholder a restriction notice to the effect that, from the service of such restriction notice, the default shares will no longer confer a right to be present or vote at any general meeting of the Issuer, or to exercise any other right conferred by being a shareholder of the Issuer in relation to general meetings. Where a restriction notice is served on a person with a 0.25 per cent. interest, the restriction notice may also state that: (i) the payment of all or part of any dividend or other moneys payable in respect of the default shares will be withheld by the Issuer and the shareholder shall not be entitled to receive shares in lieu of

dividend; and (ii) the Board may decline to register a transfer of any default shares that are certificated shares, unless such transfer is pursuant to an arm's length sale.

Mandatory Takeover-Bids, Squeeze-Out and Sell-Out Rules

Other than as provided by the Companies Act and the Takeover Code of the United Kingdom, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules in relation to the Ordinary Shares.

Winding-Up

On a winding-up of the Issuer, the Ordinary Shares rank equally in all respects and distributions of the Issuer's assets to holders of Ordinary Shares will be made in accordance with applicable insolvency laws.

Admission to Trading of the Ordinary Shares

The Ordinary Shares have a listing in the United Kingdom.

In the United Kingdom, the Ordinary Shares currently in issue are listed on the premium segment of the Official List of the FCA and admitted to trading on the London Stock Exchange's main market for listed securities. The London Stock Exchange dates back to 1801 and the London Stock Exchange's regulated market is regulated by the FCA.

As at market close on 8 December 2021, the daily trading volume of all order book trading on the London Stock Exchange was approximately 4,221,433 shares. Price and trading information is available on the London Stock Exchange's website which is continually updated with a 15 minute time delay. The trading prices of the Ordinary Shares and daily trading volumes are published on the London Stock Exchange's website and in the London Stock Exchange's Daily Official List. The ISIN of the Ordinary Shares is GB00BVFD7Q58. Further information about the London Stock Exchange can be obtained from the website of the London Stock Exchange at www.londonstockexchange.com.

Taxation

1. United Kingdom Taxation

The comments below, which are of a general nature and are based on the Issuer's understanding of current United Kingdom tax law and HM Revenue & Customs published practice (which may not be binding on HM Revenue & Customs), describe only the United Kingdom withholding tax treatment of payments of interest (as that term is understood for United Kingdom tax purposes) in respect of the Notes and certain United Kingdom stamp duty and stamp duty reserve tax implications of acquiring, holding and disposing of Notes. They are not exhaustive and do not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are the absolute beneficial owners of Notes and who hold them as investments. Certain classes of persons, such as dealers or persons connected with the Issuer, may be subject to different treatment.

Prospective investors who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom are strongly advised to consult their own professional advisers.

1.1 Withholding Tax

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 of the Income Tax Act 2007 (the "**Act**")) or admitted to trading on a "multilateral trading facility" (within the meaning of section 987 of the Act). The Issuer's understanding is that the ISM is a multilateral trading facility for the purposes of section 987 of the Act. 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 United Kingdom income tax.

In other cases, absent any other applicable 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 United Kingdom 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 United Kingdom 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 United Kingdom income tax.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of the Issuer and does not consider the tax consequences of any such substitution.

1.2 Stamp Duty and Stamp Duty Reserve Tax

No United Kingdom stamp duty or stamp duty reserve tax ("**SDRT**") should be payable in the United Kingdom on the issue of the Notes into Clearing Systems. Provided no election that applies to the Notes is or has been made under section 97A of the Finance Act 1986 (a "**97A election**") by a Clearing System, no stamp duty or SDRT should be payable on their transfer within that Clearing System without an instrument of transfer. However, if a 97A election were to apply to the

Notes in the future, transfers of the Notes within the Clearing System could, unless the HCI rules (as described below) or another exemption applies, be subject to SDRT, generally at the rate of 0.5 per cent. of the consideration given under the agreement to transfer the Notes.

The Finance Act 2019 introduced a new regime for hybrid capital instruments (the “HCI rules”). The HCI rules contain an exemption from all stamp duties so that no liability to United Kingdom stamp duty or SDRT should arise on the issue or transfer of the Notes provided that the Notes each constitute a “hybrid capital instrument” for the purposes of the HCI rules and there are no arrangements, the main purpose, or one of the main purposes, of which is to secure a tax advantage.

The Notes should constitute “hybrid capital instruments” for the purposes of the HCI rules provided that:

- the Issuer is entitled to defer or cancel a payment of interest under the Notes;
- the Notes “have no other significant equity features”; and
- the Issuer has made an election in respect of the Notes.

The Notes would “have no other significant equity features” provided that:

- the Notes carry neither significant voting rights in the Issuer nor a right to exercise a dominant influence over the Issuer;
- any provision in the Notes for altering the amount of the principal is limited to write-down or conversion events in certain qualifying cases and that is not a right exercisable by the Noteholders; one of the qualifying cases is where a provision is included solely because of a need to comply with a regulatory or other legal requirement; and
- any provision for the Noteholder to receive anything other than interest or principal is limited to conversion events in qualifying cases.

The Issuer will make a valid hybrid capital election in respect of the Notes within the required timeframe, in accordance with the provisions of section 475C of the Corporation Tax Act 2009 and the Notes are not being issued in consequence of, or otherwise in connection with, any arrangements, the main purpose, or one of the main purposes of which, is to secure a tax advantage. Consequently, the Issuer expects that the HCI rules will apply to the Notes such that they would benefit from the exemption from all stamp duties.

No United Kingdom stamp duty or SDRT will be payable by a Noteholder on a cash redemption of the Notes in accordance with the Conditions.

No liability to United Kingdom stamp duty or SDRT will generally arise for a Noteholder on the redemption of the Notes, and the issue of any Ordinary Shares, under a Conversion of the Notes into Ordinary Shares, in accordance with the Conditions.

United Kingdom stamp duty and SDRT may be payable in relation to a Conversion Shares Offer.

The above description of the United Kingdom stamp duty and SDRT position does not deal with the issue, transfer or agreement to transfer of any Relevant Shares of an Approved Entity.

2. The United States Foreign Account Tax Compliance Act (“FATCA”)

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements.

A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change.

Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, proposed regulations have been issued that provide that such withholding would not apply prior to the date that is two years after the date on which final regulations defining “foreign passthru payments” are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding. Noteholders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and IGAs, all of which are subject to change or which may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

Subscription and Sale

Pursuant to a Subscription Agreement dated 9 December 2021 (the “**Subscription Agreement**”), Barclays Bank PLC, HSBC Bank plc, J.P. Morgan Securities plc and Merrill Lynch International (the “**Joint Lead Managers**”) have agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe for the Notes at the issue price of 100 per cent. of their principal amount less commissions. The Joint Lead Managers are entitled to terminate and to be released and discharged from their obligations under the Subscription Agreement in certain circumstances prior to payment to the Issuer.

United States

The Notes and the Ordinary Shares to be delivered upon conversion of the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Joint Lead Manager represents that it has offered and sold the Notes, and agrees that it will offer and sell the Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, only in accordance with Rule 903 of Regulation S as set forth below. Accordingly, neither it, its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes or the Ordinary Shares to be delivered upon conversion of the Notes.

Each Joint Lead Manager agrees that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes or Ordinary Shares to be delivered upon conversion of the Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

“The securities covered hereby have not been registered under the U.S. Securities Act of 1933 (the “**Securities Act**”) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date of the offering, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S under the Securities Act.”

Terms used in this paragraph have the meanings given to them by Regulation S.

United Kingdom

Each of the Joint Lead Managers 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 an 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 the 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 the Notes in, from or otherwise involving the United Kingdom.

Prohibition of Sales to UK Retail Investors

Each Joint Lead Manager represents and agrees that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available the Notes to any retail investor in

the United Kingdom. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Prohibition of Sales to EEA Retail Investors

Each of the Joint Lead Managers 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 EEA.

For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of EU MiFID II; or
- (ii) a customer within the meaning of the Insurance Distribution Directive where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II.

Canada

No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offer and sale of the Notes. The Notes and any Ordinary Shares which may be delivered on conversion of the Notes have not been, and will not be, qualified for sale under the securities laws of Canada or any province or territory thereof and no securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this Offering Circular or the merits of the Notes or any Ordinary Shares which may be delivered on conversion of the Notes and any representation to the contrary is an offence.

Each Joint Lead Manager has represented, warranted and agreed that it has not offered, sold or distributed and will not offer, sell or distribute any Notes, directly or indirectly, in Canada or to or for the benefit of any resident of Canada, other than in compliance with applicable securities laws and, without limiting the generality of the foregoing:

- (i) any offer, sale or distribution of the Notes in Canada has and will be made only to purchasers that are (i) “accredited investors” (as such term is defined in section 1.1 of National Instrument 45-106 Prospectus Exemptions (“**NI 45-106**”) or, in Ontario, as such term is defined in section 73.3(1) of the Securities Act (Ontario)) and “permitted clients” (as such term is defined in section 1.1 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations), (ii) purchasing as principal, or are deemed to be purchasing as principal in accordance with applicable Canadian securities laws, and (iii) not a person created or used solely to purchase or hold

the Notes as an "accredited investor" as described in paragraph (m) of the definition of "accredited investor" in section 1.1 of NI 45-106;

- (ii) it is either (i) appropriately registered under applicable Canadian securities laws in each relevant province or territory to sell and deliver the Notes, (ii) such sale and delivery will be made through an affiliate of it that is so registered if the affiliate is registered in a category that permits such sale and has agreed to make such sale and delivery in compliance with the representations, warranties and agreements set out herein, or (iii) it is relying on an exemption from the dealer registration requirements under applicable Canadian securities laws and has complied with the requirements of that exemption; and
- (iii) it has not and will not distribute or deliver this Offering Circular, or any other offering material in connection with any offering of the Notes, in or to a resident of Canada other than in compliance with applicable Canadian securities laws.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, Notes other than (a) 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 (b) 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
- (ii) 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.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented 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 Circular 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:

- (i) 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
- (ii) 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:

- (A) 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;
- (B) where no consideration is or will be given for the transfer;
- (C) where the transfer is by operation of law;
- (D) as specified in Section 276(7) of the SFA; or
- (E) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ‘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 Joint Lead Managers that would permit a public offering of the Notes or possession or distribution of this Offering Circular 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 Offering Circular 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 Joint Lead Managers represent that the Notes may at any time lawfully be sold in or from any jurisdiction in compliance with any applicable registration requirements or pursuant to an exemption available thereunder or assumes any responsibility for facilitating such sales.

General Information

- (1) The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg with a Common Code of 242071662 and an ISIN of XS2420716628.
- (2) The Legal Entity Identifier ("LEI") of the Issuer is 0TMBS544NMO7GLCE7H90.
- (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 Notes are expected to be admitted to trading on the ISM from 14 December 2021. The ISM is not a regulated market within the meaning of UK MiFIR. The ISM is a market designated for professional investors.
- (5) The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The issue of the Notes was authorised by resolutions of the board of directors of the Issuer passed on 22 November 2021 and a committee of the board of directors of the Issuer passed on 1 December 2021.
- (6) The Trust Deed provides that the Trustee may rely 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 Issuer or the Group since 30 June 2021 (the date of the Issuer's most recent interim financial information). There has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2020.
- (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 Offering Circular, a significant effect on the financial position or profitability of the Issuer or the Group.
- (9) Copies of this Offering Circular, the documents incorporated by reference in this Offering Circular, the Issuer's latest annual report and accounts, the Trust Deed and the Agency Agreement and the constitutional documents of the Issuer (1) will be available for inspection at the specified offices of each of the Paying and Conversion Agents (as defined in the Conditions); or (2) will, at the option of the Paying and Conversion Agents and the Transfer Agents, be available by email at a Noteholder's request (subject to provision of proof of holding satisfactory to the Paying and Conversion Agents and the Transfer Agents), in each case, during usual business hours at reasonable notice on any weekday (excluding Saturdays, Sundays and public holidays), so long as any of the Notes is outstanding.
- (10) The annual consolidated accounts of the Issuer for the years ended 31 December 2020 and 31 December 2019 have been audited without qualification by KPMG LLP. KPMG LLP is registered to carry out audit work by the Institute of Chartered Accountants in

England and Wales, and has been appointed as auditors of the Issuer for the financial year ended 31 December 2020 and 31 December 2019.

- (11) The Joint Lead Managers and their affiliates have engaged, and may in the future engage in investment banking and/or commercial banking transactions with, and may perform services for members of the Group and, following Completion, the Enlarged Group and their affiliates in the ordinary course of business. They have received, or may in the future receive, customary fees and commissions for these transactions. Certain of the Joint Lead Managers and their affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and their 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 Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. The Joint Lead Managers and/or their affiliates may receive allocations of Notes (subject to customary closing conditions), which could affect the future trading of the Notes. Certain of the Joint Lead Managers or their affiliates may have (or may in the future have) a lending relationship with the Issuer and may hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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