



## LEGAL & GENERAL GROUP PLC

(incorporated with limited liability in England & Wales with registered no. 01417162)

### **£500,000,000 Fixed Rate Reset Perpetual Restricted Tier 1 Contingent Convertible Notes**

**Issue price: 100 per cent.**

The issue of £500,000,000 Fixed Rate Reset Perpetual Restricted Tier 1 Contingent Convertible Notes (the “Notes”) was (save in respect of any further Notes issued pursuant to Condition 17) authorised by resolutions of the board of directors of Legal & General Group Plc (the “Issuer” and “Legal & General”) passed on 20 May 2026 and a duly authorised committee of the board of directors of the Issuer passed on 25 June 2026. The Notes will be issued by the Issuer on 7 July 2026 (the “Issue Date”). The Notes will constitute direct, unsecured and subordinated obligations of the Issuer. The terms and conditions of the Notes are set out more fully in “*Terms and Conditions of the Notes*” (the “Conditions”).

The Notes will bear interest on their principal amount from (and including) the Issue Date to (but excluding) 7 July 2033 (the “First Reset Date”) at a fixed rate of 7.125 per cent. per annum and thereafter at a fixed rate of interest which will be reset on the First Reset Date and on each fifth anniversary of the First Reset Date thereafter (each a “Reset Date”) as provided in the Conditions. Interest will be payable on the Notes semi-annually in arrear on 7 January and 7 July in each year (each an “Interest Payment Date”) commencing on 7 January 2027, subject to cancellation as provided below and as further described in the Conditions.

**The Issuer may elect at any time to cancel (in whole or in part) any Interest Payment (as defined herein) otherwise scheduled to be paid on an Interest Payment Date and shall, save as otherwise permitted pursuant to the Conditions, cancel in full an Interest Payment upon the occurrence of a Mandatory Interest Cancellation Event (as defined herein) with respect to that Interest Payment. Any interest accrued in respect of an Interest Payment Date which falls on or after the date on which the Conversion Trigger Event (as defined herein) occurs shall also be cancelled. The cancellation or non-payment of any Interest Payment shall not constitute a default or event of default on the part of the Issuer for any purpose. Any Interest Payment (or part thereof) which is cancelled in accordance with the Conditions shall not accumulate or become due and payable in any circumstances. Subject as provided in the Conditions, all payments in respect of or arising from the Notes will be conditional upon the Issuer being solvent (as defined in the Conditions) at the time for payment and immediately thereafter.**

Payments in respect of the Notes by or on behalf of the Issuer will be made without withholding or deduction for, or on account of, taxes of the United Kingdom (the “UK”), unless that withholding or deduction is required by law. In the event that any such withholding or deduction is made in respect of payments of interest (but not in respect of any payments of principal), additional amounts may be payable by the Issuer, subject to certain exceptions, all as more fully described in the Conditions.

**The Notes will be perpetual securities with no fixed redemption date. The Issuer shall only have the right to redeem or purchase the Notes in accordance with the Conditions. Holders of the Notes (“Noteholders”) will have no right to require the Issuer to redeem or purchase the Notes at any time.**

The Issuer may, at its option, elect to redeem all (but not some only) of the Notes at their principal amount together with any interest accrued but unpaid to (but excluding) the date of redemption (to the extent not cancelled in accordance with the Conditions) (i) on any day falling in the period commencing on (and including) 7 January 2033 and ending on (and including) the First Reset Date or on any Reset Date thereafter, or (ii) at any time (a) upon the occurrence of a Tax Event (as defined in the Conditions), (b) following the occurrence of a Capital Disqualification Event (as defined in the Conditions), (c) following the occurrence of a Ratings Methodology Event (as defined in the Conditions), or (d) if 75 per cent. or more of the aggregate principal amount of the Notes originally issued has been purchased and cancelled, subject to certain conditions (including, without limitation, the Redemption and Purchase Conditions (as defined in the Conditions)). In the event of non-compliance with such requirements, any scheduled redemption shall be suspended as provided in the Conditions.

The Issuer may, alternatively, subject to compliance with the Redemption and Purchase Conditions (without any requirement for the consent or approval of the Noteholders), vary or substitute all (and not some only) of the Notes so that they remain or become (as applicable) Qualifying Tier 1 Notes in the event of a Tax Event or a Capital Disqualification Event, or Rating Agency Compliant Notes in the event of a Ratings Methodology Event (in each case, as defined in the Conditions) in the circumstances described in Condition 7.

**UPON THE OCCURRENCE OF A CONVERSION TRIGGER EVENT THE ISSUER’S OBLIGATIONS IN RELATION TO THE NOTES WILL BE PERMANENTLY AND AUTOMATICALLY RELEASED AND THE NOTES WILL BE IRREVOCABLY CONVERTED INTO ORDINARY SHARES OF THE ISSUER AT THE PREVAILING CONVERSION PRICE (AS DEFINED HEREIN).**

**Although the Noteholders will (subject to a Conversion Shares Offer) become beneficial owners of the Conversion Shares upon the issuance of such Conversion Shares to the Conversion Shares Depositary and the**

Conversion 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 Noteholder will be able to sell or otherwise transfer any Conversion Shares until such time as they are finally delivered to such Noteholder and registered in its name. In the event of a Conversion Shares Offer, only some – or none – of the Conversion Shares may be delivered to the Noteholders, unless Noteholders validly opt out of the Conversion Shares Offer in accordance with the Conditions. See Conditions 6.5 to 6.7 for further information.

With effect from the Conversion Date, no Noteholder will have any rights against the Issuer with respect to the repayment of principal or interest in respect of the Notes. The Notes are not convertible at the option of the Noteholders at any time.

Application has been made to the London Stock Exchange plc (the “London Stock Exchange”) for the Notes to be admitted to the London Stock Exchange’s International Securities Market (“ISM”). References in this Offering Memorandum to Notes being “admitted to trading” (and all related references) shall mean that such Notes will be admitted to trading on the ISM. The ISM is not a regulated market for the purposes of Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of the domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (“UK MiFIR”). This Offering Memorandum does not constitute: (i) a prospectus for the purposes of Regulation (EU) 2017/1129 (the “EU Prospectus Regulation”) or (ii) a prospectus for the purposes of the Prospectus Rules: Admission to Trading on a Regulated Market sourcebook (the “PRM Rules”).

The ISM is a market designated for qualified investors (as defined in Regulation 16 of the POATRs). The London Stock Exchange, as a Recognised Investment Exchange, does not make assessments of investor eligibility. Given that under Regulation 16 of the POATRs, only qualified investors are permitted to trade on the ISM and no qualified investor is permitted to trade on behalf of persons who are not themselves qualified investors, financial intermediaries acting for investors are responsible for ensuring that only investors who are qualified investors as prescribed by Regulation 16 of the POATRs are permitted to trade on the ISM. Securities admitted to trading on the ISM are not admitted to the Official List of the Financial Conduct Authority (the “FCA”). The London Stock Exchange has not approved or verified the contents of this Offering Memorandum. This Offering Memorandum comprises admission particulars for the purposes of the admission to trading of the Notes to the ISM, in accordance with the ISM Rulebook published by the London Stock Exchange.

The Notes are expected to be rated BBB+ by Fitch Ratings Ltd (“Fitch”) and Baa2(hyb) by Moody’s Investors Service Ltd. (“Moody’s”). Each of Fitch and Moody’s is established in the UK and is registered under Regulation (EC) No. 1060/2009 (as amended) of the European Parliament and of the Council of 15 September 2009 on credit rating agencies as it forms part of the domestic law of the UK (as amended, the “UK CRA Regulation”). Neither Fitch nor Moody’s is established in the European Union and they have not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”). The ratings issued by Moody’s and Fitch have been endorsed by Moody’s Deutschland GmbH and Fitch Ratings Ireland Limited respectively, in accordance with the CRA Regulation. Each of Moody’s Deutschland GmbH and Fitch Ratings Ireland Limited is established in the European Union and registered under the CRA Regulation. As such, each of Moody’s Deutschland GmbH and Fitch Ratings Ireland Limited is included in the list of credit rating agencies published by the European Securities and Markets Authority (“ESMA”) on its website (at <http://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation. 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 in principal amounts of £200,000 and integral multiples of £1,000 in excess thereof. The Notes will be represented by a global certificate (the “Global Certificate”) registered in the name of a common depository for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking, S.A. (“Clearstream, Luxembourg”) on or about the Issue Date. Individual certificates (“Certificates”) evidencing holdings of Notes will be available only in certain limited circumstances described under “Summary of Provisions relating to the Notes while in Global Form”.

Potential investors should read the whole of this Offering Memorandum, in particular the section entitled “Risk Factors” set out on pages 28 to 64.

Pursuant to the UK FCA 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 to retail clients (as defined in COBS 3.4) in the UK (as if COBS 22.3 applies to the Notes). Prospective investors are referred to the section headed “Prohibition on sales to EEA retail investors” and “Prohibition on sales to UK retail investors” of this Offering Memorandum for further information.

#### Joint Lead Managers

Barclays

BNP PARIBAS

BofA Securities

Citigroup

HSBC

J.P. Morgan

Santander Corporate & Investment Banking

## IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Offering Memorandum. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Memorandum is in accordance with the facts and contains no omission likely to affect its import.

This Offering Memorandum is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see *“Documents Incorporated by Reference”*).

No person has been authorised to give any information or to make any representation other than those contained in this Offering Memorandum in connection with the issue, sale, listing and admission to trading of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of Banco Santander, S.A., Barclays Bank PLC, BNP PARIBAS, Citigroup Global Markets Limited, HSBC Bank plc, J.P. Morgan Securities plc and Merrill Lynch International acting as joint lead managers (the **“Joint Lead Managers”**). Neither the delivery of this Offering Memorandum nor the issue, sale, listing and admission to trading of the Notes 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 the date upon which this Offering Memorandum has been most recently amended or supplemented, or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Offering Memorandum has been most recently amended or supplemented.

Save for the Issuer, no other person has separately verified the information contained herein. To the fullest extent permitted by law, neither the Joint Lead Managers nor The Law Debenture Trust Corporation p.l.c. (the **“Trustee”**) accepts any responsibility for the contents of this Offering Memorandum or for any other statement made or purported to be made by the Trustee or a Joint Lead Manager or on its behalf in connection with the Issuer or the issue, sale, listing and admission to trading of the Notes. The Trustee and each Joint Lead Manager disclaims all and any liability to any investor whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Memorandum or any such statement. Neither this Offering Memorandum nor any other information supplied in connection with the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Trustee or the Joint Lead Managers that any reader of this Offering Memorandum or any other information supplied in connection with the Notes should purchase the Notes. Each potential purchaser of Notes must determine for itself the relevance of the information contained in this Offering Memorandum or any other information supplied in connection with the Notes and its purchase of Notes should be based upon such investigation as it deems necessary. Neither the Trustee nor the Joint Lead Managers undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Memorandum nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Joint Lead Managers or the Trustee.

### **Restrictions on marketing and sales to retail investors**

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

In the UK, COBS requires, in summary, that certain securities with characteristics similar to the Notes should not be offered or sold to retail clients (as defined in COBS 3.4 and each a “**retail client**”) in the UK.

Each of the Joint Lead Managers is required to comply with COBS (as if COBS 22.3 applies to the Notes).

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

- (A) it is not a retail client in the UK; and
- (B) it will not sell, offer, or distribute the Notes (or any beneficial interest therein) to retail clients in the UK or communicate (including the distribution of this Offering Memorandum, in preliminary or final form) or approve an invitation or inducement to participate in, acquire or underwrite the Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the UK.

In selling or offering the Notes or making or approving communications relating to the Notes, each prospective investor may not rely on the limited exemptions set out in COBS (as if COBS 22.3 applies to the Notes).

The obligations 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 European Economic Area (the “**EEA**”) or the UK) relating to the promotion, offering, distribution and/or sale of the Notes (or any beneficial interest therein), whether or not specifically mentioned in the Offering Memorandum, in preliminary or final form, including (without limitation) any requirements under the UK FCA Handbook as to determining the appropriateness and/or suitability of an investment in the Notes (or any beneficial interest therein) for investors in any relevant jurisdiction.

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

***Prohibition on sales to EEA retail investors***

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the 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 Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of the Directive (EU) 2016/97 (the “**IDD**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document

required by Regulation (EU) No 1286/2014 (as amended, the “**PRIPs 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 PRIPs Regulation.

***Prohibition on sales to UK retail investors***

The Notes are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of the UK domestic law by virtue of the EUWA. Consequently no disclosure document required by the FCA Product Disclosure Sourcebook (“**DISC**”) for offering, selling or distributing the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering, selling or distributing the Notes or otherwise making them available to any retail investor in the UK may be unlawful under DISC and the Consumer Composite Investments (Designated Activities) Regulations 2024.

***MiFID II product governance/Professional Investors and Eligible Counterparties only target market***

Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; 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 manufacturer's target market assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

***UK MiFIR product governance/Professional Investors and Eligible Counterparties only target market***

Solely for the purposes of each manufacturer's product approval process, 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 (the “**UK MiFIR Product Governance Rules**”) 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.

***Notification under section 309B(1) of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”)***

In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined, and hereby notifies all persons (including 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 Monetary Authority of Singapore (“MAS”) Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

***Restrictions on marketing and sales in the United States (“U.S.” and “United States”) and to U.S. persons***

The distribution of this Offering Memorandum and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Memorandum comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the U.S. Subject to certain exceptions, Notes may not be offered or sold within the U.S. or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)).

The Notes are being offered and sold outside the U.S. to non-U.S. persons in reliance on Regulation S. For a description of these and certain further restrictions on offers and sales of Notes and on distribution of this Offering Memorandum, see “*Subscription and Sale*”.

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission, any State securities commission in the U.S. or any other U.S. regulatory authority, nor has any of the foregoing authorities passed upon or endorsed the merits of the offering of Notes or the accuracy or the adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offence in the U.S.

***Notice to prospective investors in 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. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this Offering Memorandum or on the merits of the Notes and any representation to the contrary is an offence.

The offer and sale of the Notes in Canada is being made on a private placement basis only and pursuant to an exemption from the requirement that the Issuer prepares and files a prospectus under applicable Canadian securities laws. Any resale of the Notes acquired by a Canadian investor must be made in accordance with applicable Canadian securities laws, which may vary depending on the relevant jurisdiction, and which may require sales to be made in accordance with Canadian 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.

The Notes may be sold only to purchasers, resident in, or subject to the securities laws of the provinces of Ontario, Alberta or British Columbia that are purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* (“**NI 45-106**”) or subsection 73.3(1) of the *Securities Act* (Ontario), and that are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (“**NI 31-103**”) that are not created or used solely to purchase or hold securities as an accredited investor described in paragraph (m) of the definition of “accredited investor” in section 1.1 of NI 45-106.

Securities legislation in certain provinces or territories of Canada may provide Canadian investors with remedies for rescission or damages if an “offering memorandum” such as this Offering Memorandum (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 the particulars of these rights or consult with a legal advisor.

### **General restrictions on marketing and sales**

This Offering Memorandum does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Joint Lead Managers to subscribe for, or purchase, any Notes.

### **Stabilisation**

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

### **Forward looking statements**

This Offering Memorandum includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Offering Memorandum and include, but are not limited to, statements regarding the intentions of the Issuer and its consolidated subsidiaries (the “**Group**”), beliefs or current expectations concerning, among other things, the Group’s business, results of operations, financial position, prospects, dividends, growth and strategies.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Group's operations, its financial position and dividends, and the development of the markets and the industries in which the Group operates may differ materially from those described in, or suggested by, the forward-looking statements contained in this Offering Memorandum. In addition, even if the Group's results of operations and financial position, and the development of the markets and the industries in which the Group operates, are consistent with the forward-looking statements contained in this Offering Memorandum, those results or developments may not be indicative of results or developments in subsequent periods.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this Offering Memorandum reflects the Group's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's business, results of operations, financial condition, prospects, dividends, growth and strategies. Investors should specifically consider the factors identified in this Offering Memorandum, which could cause actual results to differ, before making an investment decision. Subject to any obligations under admission to trading rules of the ISM (as amended from time to time), the Issuer undertakes no obligation publicly to release the result of any revisions to any forward-looking statements in this Offering Memorandum that may occur due to any change in the Issuer's expectations or to reflect events or circumstances after the date of this Offering Memorandum.

### **Alternative Performance Measures**

Certain alternative performance measures ("**APMs**") are included or referred to in this Offering Memorandum (including the annual report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2025 incorporated by reference). APMs are non-GAAP measures used by the Group within its financial publications to supplement disclosures prepared in accordance with other regulations such as IFRS and Solvency UK. The Group considers that these measures provide useful information to enhance the understanding of financial performance. The APMs should be viewed as complementary to, rather than a substitute for, the figures determined according to other regulatory measures. An explanation of each such metric's components and calculation method can be found on pages 248-250 of the annual report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2025 (as incorporated by reference herein).

### **Currencies**

In this Offering Memorandum and the information incorporated by reference herein, references to "**£**", "**pounds sterling**" or "**GBP**" are to the lawful currency of the United Kingdom, references to "**USD**", "**U.S. dollars**", "**U.S.\$**", "**\$US**", "**US¢**" or "**cents**" are to the lawful currency of the United States, and references to "**Euro**", "**euro**" or "**€**" are to the euro, the lawful currency of the member states of the EU that adopted the Euro in Stage Three of the Treaty establishing the European Community (as amended from time to time).

### **No profit forecast**

No statement in this Offering Memorandum is, or is intended to be, a profit forecast. Without limitation to the foregoing, no statement in this Offering Memorandum should be interpreted to mean that

earnings per ordinary share of the Issuer (a “**Share**” or “**Ordinary Share**”) for the current or future financial years would necessarily match or exceed the historical published earnings per Share.

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## Overview of the Principal Features of the Notes

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

<b>Issuer</b>	Legal & General Group Plc
<b>Group</b>	At any time, the Group Holding Company and its Subsidiaries at such time.
<b>Joint Lead Managers</b>	Banco Santander, S.A. Barclays Bank PLC BNP PARIBAS Citigroup Global Markets Limited HSBC Bank plc J.P. Morgan Securities plc Merrill Lynch International
<b>Trustee</b>	The Law Debenture Trust Corporation p.l.c.
<b>Principal Paying and Conversion Agent and Transfer Agent</b>	Citibank, N.A., London Branch
<b>Registrar</b>	Citibank, N.A., London Branch
<b>Conversion Calculation Agent</b>	Conv-Ex Advisors Limited
<b>Notes</b>	£500,000,000 Fixed Rate Reset Perpetual Restricted Tier 1 Contingent Convertible Notes.
<b>Issue Date</b>	7 July 2026
<b>Issue Price</b>	100 per cent.
<b>Perpetual Securities</b>	The Notes will be perpetual Notes with no fixed maturity or redemption date, and the holders of the Notes (the “ <b>Noteholders</b> ”) will have no right to require the Issuer to redeem or purchase the Notes at any time.
<b>Status and Subordination</b>	The Notes will constitute direct, unsecured and subordinated obligations of the Issuer and will rank <i>pari passu</i> and without any preference among themselves.

The rights and claims of the Noteholders against the Issuer will be subordinated as described in Condition 3 (*Status*).

### **Interest Rate**

The Notes will bear interest on their principal amount:

- (i) from (and including) the Issue Date to (but excluding) 7 July 2033 (the “**First Reset Date**”) at a fixed rate of 7.125 per cent. per annum; and
- (ii) thereafter at a fixed rate of interest which will be reset on the First Reset Date and on each fifth anniversary of the First Reset Date thereafter (each such date, a “**Reset Date**”) as the sum of the applicable Reset Reference Rate, plus the Margin.

Interest will, subject as described below in “*Cancellation of Interest Payments*”, “*Mandatory Cancellation of Interest Payments*” and “*Interest Payments Discretionary*”, be payable on the Notes semi-annually in arrear on 7 January and 7 July (each, an “**Interest Payment Date**”) in each year, commencing on 7 January 2027.

### **Cancellation of Interest Payments**

If the Issuer does not make an Interest Payment (or part thereof) on the relevant Interest Payment Date, such non-payment shall evidence:

- (i) the cancellation of such Interest Payment in accordance with the provisions described under “*Mandatory Cancellation of Interest Payments*” below;
- (ii) the cancellation of such Interest Payment (or relevant part thereof) in accordance with Condition 6.9 (*Accrued Interest on Conversion*); or
- (iii) the Issuer’s exercise of its discretion otherwise to cancel such Interest Payment (or relevant part thereof) as described under “*Interest Payments Discretionary*” below.

### **Mandatory Cancellation of Interest Payments**

Subject to certain limited exceptions as more fully described in the Conditions, the Issuer shall be required to cancel in full any Interest Payment if:

- (i) the Solvency Condition is not met at the time for payment of such Interest Payment, or would cease to be met immediately following, and as a result of making, such Interest Payment (having regard also to any Additional Amounts payable with respect thereto);

- (ii) there is non-compliance with the Solvency Capital Requirement at the time for payment of such Interest Payment, or non-compliance with the Solvency Capital Requirement would occur immediately following, and as a result of making, such Interest Payment (having regard also to any Additional Amounts payable with respect thereto);
- (iii) there is non-compliance with the Minimum Capital Requirement at the time for payment of such Interest Payment, or non-compliance with the Minimum Capital Requirement would occur immediately following, and as a result of making, such Interest Payment (having regard also to any Additional Amounts payable with respect thereto);
- (iv) the amount of such Interest Payment, together with any Additional Amounts payable with respect thereto, when aggregated together with any interest payments or distributions which have been paid or made or which are scheduled simultaneously to be paid or made on all Tier 1 Own Funds (excluding any such payments which do not reduce the Issuer's Distributable Items and any payments already accounted for by way of deduction in determining the Issuer's Distributable Items) since the end of the latest financial year of the Issuer and prior to, or on, such Interest Payment Date, would exceed the amount of the Issuer's Distributable Items as at the Interest Payment Date in respect of such Interest Payment; or
- (v) the Issuer is otherwise required by the Relevant Regulator or under the Relevant Rules to cancel the relevant Interest Payment.

The Issuer shall not be required to cancel an Interest Payment where a Mandatory Interest Cancellation Event has occurred and is continuing, or would occur if payment of interest on the Notes were to be made, to the extent permitted by the Relevant Rules, where:

- (A) the Mandatory Interest Cancellation Event is of the type described in paragraph (ii) above only;
- (B) the Relevant Regulator has exceptionally waived the cancellation of the Interest Payment (and such waiver has not been withdrawn by the Relevant Regulator);

(C) payment of the Interest Payment would not further weaken the solvency position of the Issuer or the Group; and

(D) the Minimum Capital Requirement will be complied with immediately following such Interest Payment, if made.

**Issuer's Distributable Items**

With respect to and as at any Interest Payment Date, without double-counting, an amount equal to:

- (i) the Distributable Profits of the Issuer, calculated on an unconsolidated basis, as at the last day of the then most recently ended financial year of the Issuer; either, plus
- (ii) the interim Distributable Profits (if any) of the Issuer, calculated on an unconsolidated basis, for the period from the Issuer's then latest financial year end to (but excluding) such Interest Payment Date; or less
- (iii) the interim net realised losses (if any) of the Issuer, calculated on an unconsolidated basis, for the period from the Issuer's then latest financial year end to (but excluding) such Interest Payment Date.

**Interest Payments Discretionary**

Interest on the Notes will be due and payable only at the sole and absolute discretion of the Issuer, subject to the additional restrictions set out in the Conditions. Accordingly, the Issuer may at any time elect to cancel any interest payment (or part thereof) which would otherwise be due and payable on any Interest Payment Date.

**Solvency Condition**

Other than in an Issuer Winding-Up, or in relation to the cash component of any Conversion Shares Offer Consideration, all payments in respect of or arising from the Notes (including any damages for breach of any obligations but excluding any cash component of the Conversion Shares Offer Consideration) shall be conditional upon the Issuer being solvent at the time for payment by the Issuer and no amount shall be due and payable by the Issuer in respect of or arising from (including any damages for breach of any obligations under) the Notes except to the extent that the Issuer could make such payment and still be solvent immediately thereafter.

The Issuer will be solvent if (i) it is able to pay its debts owed to Pari Passu Creditors and Senior Creditors as they fall due and (ii) its Assets exceed its Liabilities.

Any payment of interest that would have been due and payable but for the Solvency Condition being satisfied shall be cancelled.

For this purpose:

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

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

**"Pari Passu Creditors"** means the holders of securities of the Issuer which, by their terms, rank or are expressed to rank *pari passu* with the Notes in a winding-up, liquidation or other return of capital (including, without limitation, shares of any class which may be issued or deemed to be in issue for the time being in the capital of the Issuer which, by their terms, rank or are expressed to rank *pari passu* with the Notional Preference Shares in a winding-up, liquidation or other return of capital).

**"Senior Creditors"** means creditors of the Issuer:

- (i) who are unsubordinated creditors of the Issuer, including, without limitation, all policyholders of the Issuer and all beneficiaries under contracts of insurance of the Issuer (and for the avoidance of doubt, the claims of such policyholders and beneficiaries shall include all amounts to which such policyholders and beneficiaries are entitled under applicable legislation or rules relating to the winding-up of insurance companies to reflect any right to receive or expectation of receiving benefits which such policyholders and beneficiaries may have); or
- (ii) other creditors of the Issuer whose claims are, or are expressed to be subordinated to the claims of other creditors of the Issuer (other than those whose claims constitute or would, but for any applicable limitation on the amount of such capital, constitute (i) Tier 1 Capital of the Issuer, or (ii) claims otherwise ranking, or expressed to rank, *pari passu* with, or junior to, the claims of the Noteholders in an Issuer Winding-Up occurring prior to a Conversion Trigger Event).

**Redemption at the option of the Issuer**

Subject to certain conditions, the Issuer may, at its option, redeem all (but not some only) of the Notes, on (i) any day falling in the period commencing on (and including) 7 January 2033 and ending on (and including) the First Reset Date or (ii) any Reset Date thereafter at their principal amount outstanding together with (to the extent that such interest has not been cancelled in accordance with the Conditions) any accrued and unpaid interest to (but excluding) the date of redemption.

**Redemption, substitution or variation at the option of the Issuer due to a Tax Event**

Subject to certain conditions, if:

- (i) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction (a "**Tax Event**"), which change or amendment becomes effective after the Relevant Issue Date: (a) the Issuer would (if it were to make a payment of interest on such date) be required to pay Additional Amounts on the next Interest Payment Date; or (b) the Issuer would no longer be entitled to claim a deduction in respect of the payment of interest in computing its taxation liabilities for United Kingdom tax purposes, or such entitlement would be materially reduced; or (c) in respect of the payment of interest, the Issuer would not to any material extent be entitled to have any attributable loss or non-trading deficit set against the profits (assuming there are any) of companies with which it is grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the Relevant Issue Date or any similar system or systems having like effect as may from time to time exist); or (d) the Issuer would be subject to a tax liability in a Relevant Jurisdiction, or the receipt of income or profit would be subject to tax in a Relevant Jurisdiction, if a Conversion Trigger Event or a Conversion were to occur; or (e) the Issuer suffers or would suffer any other material adverse tax consequence in connection with the Notes in a Relevant Jurisdiction; and
- (ii) the effect of the foregoing cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may, upon notice to the Noteholders either (at its sole discretion):

- (A) redeem all (but not some only) of the Notes at any time at their principal amount outstanding together with (to the extent that such interest has not been cancelled in

accordance with the Conditions) any accrued and unpaid interest to (but excluding) the date of redemption; or

- (B) substitute at any time all (but not some only) of the Notes for, or vary the terms of the Notes so that they become or remain, Qualifying Tier 1 Notes.

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

Subject to certain conditions, if at any time a Capital Disqualification Event has occurred and is continuing, or, as a result of any change in, or amendment to, or any change in the application or official interpretation of, any applicable law, regulation or other official publication, a Capital Disqualification Event will occur within the forthcoming period of six months, then the Issuer may, upon notice to Noteholders either (at its sole discretion):

- (i) redeem all (but not some only) of the Notes at any time at their principal amount outstanding together with (to the extent that such interest has not been cancelled in accordance with the Conditions) any accrued and unpaid interest to (but excluding) the date of redemption; or
- (ii) substitute at any time all (but not some only) of the Notes for, or vary the terms of the Notes so that they become or remain, Qualifying Tier 1 Notes.

A “**Capital Disqualification Event**” is deemed to have occurred if, as a result of any replacement of or change to (or change to the interpretation by any court or authority entitled to do so of) the Relevant Rules, the whole or any part of the Notes are no longer capable of counting as Tier 1 Capital for the purposes of the Issuer, the Group or any insurance or reinsurance undertaking within the Group whether on a solo, group or consolidated basis (except where such non-qualification is only as a result of any applicable limitation on the amount of such capital).

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

Subject to certain conditions, if at any time a Ratings Methodology Event has occurred and is continuing, or, as a result of any change in or clarification to the methodology of any Rating Agency (or in the interpretation of such methodology by such Rating Agency), a Ratings Methodology Event will occur within the forthcoming period of six months, then the Issuer may, upon notice to Noteholders either:

- (i) redeem all (but not some only) of the Notes at any time at their principal amount outstanding together with (to the extent that such interest has not been cancelled in

accordance with the Conditions) any accrued and unpaid interest to (but excluding) the date of redemption; or

- (ii) substitute at any time all (but not some only) of the Notes for, or vary the terms of the Notes so that they become or remain, Rating Agency Compliant Notes.

A “**Ratings Methodology Event**” will be deemed to occur upon a change in methodology of any Rating Agency (or in the interpretation of such methodology) as a result of which the “equity content” (or such other nomenclature as may be used by the Rating Agency from time to time to describe the degree to which the terms of an instrument are supportive of an issuer’s senior obligations in terms of either leverage or total capital) assigned by that Rating Agency to the Notes is, in the reasonable opinion of the Issuer, materially reduced when compared to the “equity content” assigned by that Rating Agency to the Notes around the Issue Date or (if any further tranche(s) of the Notes has or have been issued pursuant to Condition 17 (*Further Issues*) and consolidated to form a single series with the Notes and the “equity content” assigned by the relevant Rating Agency on the issue date of such tranche is lower than the “equity content” assigned to the Notes on or around the Issue Date) the Relevant Issue Date.

**Clean-up redemption at the option of the Issuer**

Subject to certain conditions, if at any time after the Issue Date 75 per cent. or more of the aggregate principal amount of the Notes originally issued (and, for these purposes, any Further Notes will be deemed to have been originally issued) has been purchased by the Issuer or any of its Subsidiaries and cancelled, then the Issuer may, at its option (without any requirement for the consent or approval of the Noteholders), redeem all (but not some only) of the Notes at any time at their principal amount outstanding, together with (to the extent that such interest has not been cancelled in accordance with the Conditions) any accrued and unpaid interest to (but excluding) the date of redemption.

**Purchases**

Subject to certain conditions, the Issuer or any of its Subsidiaries may at any time purchase Notes in any manner and at any price.

**Conditions to redemption and purchase**

To the extent required pursuant to the Relevant Rules at the relevant time, and save as otherwise permitted pursuant to Condition 7.3 (*Waiver of Redemption and Purchase Condition relating to Solvency Capital Requirement by the Relevant Regulator*), the Issuer may not redeem or purchase any Notes unless each of the following conditions is satisfied:

- (i) in the case of a redemption or purchase of the Notes prior to the fifth anniversary of the Relevant Issue Date, either
  - (A) such redemption or purchase is funded out of the proceeds of a new issuance of, or the Notes are exchanged into, Tier 1 Own Funds of the same or a higher quality than the Notes; or
  - (B) in the case of any redemption following a Tax Event or Capital Disqualification Event, the Relevant Regulator is satisfied that the Solvency Capital Requirement will be exceeded by an appropriate margin immediately after such redemption (taking into account the solvency position of the Issuer and the Group, including by reference to the Issuer's and the Group's medium-term capital management plans); and
    - (1) in the case of any such redemption following the occurrence of a Tax Event, the Issuer has demonstrated to the satisfaction of the Relevant Regulator that the applicable change in tax treatment is material; or
    - (2) in the case of any such redemption following the occurrence of a Capital Disqualification Event, the Relevant Regulator considers that the relevant change in the regulatory classification of the Notes is sufficiently certain; and
    - (3) in either case, the Issuer has demonstrated to the satisfaction of the Relevant Regulator that such change was not reasonably foreseeable as at the Relevant Issue Date;
- (ii) in respect of any redemption or purchase of the Notes occurring on or after the fifth anniversary of the Relevant Issue Date and before the tenth anniversary of the Relevant Issue Date, the Relevant Regulator has confirmed to the Issuer that it is satisfied that the Solvency Capital Requirement is exceeded by an appropriate margin (taking into account the solvency position of the Issuer and the Group, including by reference to the Issuer's and the Group's medium-term capital management plans) at the time or, and immediately following, such redemption or purchase, unless such redemption or purchase is funded out of the proceeds of a new issuance of, or the Notes are

exchanged into, Tier 1 Own Funds of the same or a higher quality than the Notes;

- (iii) the Solvency Condition is met immediately prior to the redemption or purchase of the Notes (as applicable) and the redemption or purchase (as applicable) would not cause the Solvency Condition to be breached;
- (iv) the Solvency Capital Requirement is met immediately prior to the redemption or purchase of the Notes (as applicable) and the redemption or purchase (as applicable) would not cause the Solvency Capital Requirement to be breached;
- (v) the Minimum Capital Requirement is met immediately prior to the redemption or purchase of the Notes (as applicable) and the redemption or purchase (as applicable) would not cause the Minimum Capital Requirement to be breached;
- (vi) no Insolvent Insurer Winding-up has occurred and is continuing;
- (vii) the Regulatory Clearance Condition is satisfied; and
- (viii) any other additional or alternative requirements or pre-conditions to which the Issuer is otherwise subject and which may be imposed by the Relevant Regulator or the Relevant Rules have (in addition or in the alternative to the foregoing subparagraphs, as the case may be) been complied with (and shall continue to be complied with following the proposed redemption or purchase).

If on the proposed date for redemption of the Notes the Redemption and Purchase Conditions are not met, redemption of the Notes shall instead be suspended and such redemption shall occur only in accordance with Condition 7.4 (*Suspension of Redemption*).

**Preconditions to redemption, variation, substitution or purchase**

Prior to the publication of any notice of redemption, variation or substitution pursuant to Condition 7.7 (*Redemption, substitution or variation at the option of the Issuer due to a Tax Event*), Condition 7.8 (*Redemption, substitution or variation at the option of the Issuer due to a Capital Disqualification Event*) or Condition 7.9 (*Redemption, substitution or variation at the option of the Issuer due to a Ratings Methodology Event*) or Condition 7.11 (*Clean-up redemption at the option of the Issuer*), the Issuer shall deliver to the Trustee a certificate signed by two Directors or other Authorised Signatories (as defined in the Trust Deed) of the

Issuer stating that, as the case may be, the Issuer is entitled to redeem the Notes on the grounds that a Tax Event, a Capital Disqualification Event or a Ratings Methodology Event has occurred and is continuing or, for the purposes of Condition 7.11 (*Clean-up redemption at the option of the Issuer*), that 75 per cent. or more of the appropriate principal amount of the Notes originally issued (and, for these purposes, any Further Notes will be deemed to have been originally issued) has been purchased and cancelled, in any such case as at the date of the certificate or, as the case may be, (in the case of a Capital Disqualification Event or a Ratings Methodology Event) will occur within a period of six (6) months and that it would have been reasonable for the Issuer to conclude, judged at the Relevant Issue Date, that such Tax Event, Capital Disqualification Event or Ratings Methodology Event was unlikely to occur.

In the case of a Tax Event, the Issuer shall also deliver to the Trustee an opinion from a nationally recognised law firm or other tax adviser in the applicable Relevant Jurisdiction experienced in such matters to the effect that the relevant requirement or circumstance referred to in Condition 7.7(A) applies or (where applicable) will apply on the next Interest Payment Date (save that such opinion need not provide any confirmation as to whether the Issuer could avoid the occurrence of the relevant Tax Event by taking measures reasonably available to it).

The Issuer shall not be entitled to amend or otherwise vary the terms of the Notes or substitute the Notes unless:

- (i) it has notified the Relevant Regulator in writing of its intention to do so; and
- (ii) the Regulatory Clearance Condition has been satisfied.

**Withholding tax and additional amounts**

Payments on the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of the Relevant Jurisdiction unless the withholding or deduction of the Taxes is required by law. In any such event, the Issuer will, subject to certain exceptions set out in Condition 9 (*Taxation*), pay such additional amounts in respect of Interest Payments, but not in respect of any payments of principal, as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been received in respect of the Notes in the absence of the withholding or deduction.

**“Relevant Jurisdiction”** means the United Kingdom or 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 on the Notes.

## **Enforcement**

If default is made by the Issuer in the payment of principal in respect of the Notes and such default continues for a period of 14 days or more, the Trustee may at its discretion, and if so requested by Noteholders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by Extraordinary Resolution shall (but in each case subject to it having been indemnified and/or secured and/or prefunded to its satisfaction), institute proceedings for the winding-up of the Issuer in England and Wales (but not elsewhere), subject to it being indemnified and/or secured and/or prefunded to its satisfaction.

In the event of an Issuer Winding-Up (whether in England and Wales or elsewhere and whether or not instituted by the Trustee), the Trustee may prove in the winding-up of the Issuer and/or (as the case may be) claim in the liquidation or administration of the Issuer, such claim being as provided in, and subordinated in the manner described in, Condition 3.3 (*Winding-up prior to a Conversion Trigger Event*) or Condition 3.4 (*Winding-up on or after a Conversion Trigger Event*), as applicable.

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

## **Substitution of the Issuer**

The Conditions permit the Trustee to agree, without the consent of Noteholders, to the substitution in place of the Issuer of: (i) Newco, in respect of a Newco Scheme; (ii) the Issuer’s successor in business; and/or (iii) the Group Holding Company, if the Issuer ceases, has ceased, or will cease, to be the Group Holding Company.

## **Conversion**

If a Conversion Trigger Event occurs, each Note shall be irrevocably released and discharged on a permanent basis in

consideration for the issue and delivery of Ordinary Shares by the Issuer, credited as fully paid, to the Conversion Shares Depository to be held on trust for the Noteholders, as described in the Conditions.

**Conversion Trigger Event**

A Conversion Trigger Event shall occur if at any time:

- (i) the amount of Own Fund Items eligible and available to cover the Solvency Capital Requirement is equal to or less than 75 per cent. of the Solvency Capital Requirement;
- (ii) the amount of Own Fund Items eligible and available to cover the Minimum Capital Requirement is equal to or less than the Minimum Capital Requirement; or
- (iii) a breach of the Solvency Capital Requirement has occurred and such breach has not been remedied within a period of three months from the date on which the breach was first observed.

Whether the Conversion Trigger Event has occurred at any time shall be determined by the Issuer, and such determination shall (in the absence of manifest error) be binding on the Trustee and the Noteholders.

**Conversion Price**

The Conversion Price per Ordinary Share in respect of the Notes is £1.6310, subject to certain anti-dilution adjustments.

**Conversion Shares Offer**

Not later than the 30<sup>th</sup> Business Day following the Conversion Date, the Issuer may, in its sole and absolute discretion, make an election that the Conversion Shares Depository (or any agent(s) 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, in the Issuer's sole and absolute discretion, all or some of the Issuer's Shareholders at such time, such offer to be at a price (the "**Conversion Shares Offer Price**") determined by the Issuer in its sole and absolute discretion, provided that the Conversion Shares Offer Price shall not be lower than the Conversion Shares Offer Floor Price. For the avoidance of doubt, the Conversion Shares Offer Price may be lower than the Conversion Price. The Issuer may, on behalf of the Conversion Shares Depository, appoint one or more Conversion Shares Offer Agents to act as a placement or other agent to facilitate the Conversion Shares Offer.

Following delivery of a Conversion Trigger Notice and prior to the 5<sup>th</sup> Business Day preceding the commencement of the Conversion Shares Offer described therein, each Noteholder

shall be entitled to give notice to the Conversion Shares Depositary that it elects to receive Conversion Shares, such that those Conversion Shares attributable to it are not eligible for inclusion in the Conversion Shares Offer (each such notice being an **“Opt-Out Notice”**).

**“Eligible Conversion Shares”** means all Conversion Shares in respect of which an Opt-Out Notice has not been received prior to the 5th Business Day preceding the commencement of the relevant Conversion Shares Offer.

The Conversion Shares Offer Period shall commence no earlier than 10 Business Days after the giving of the Conversion Shares Offer Notice by the Issuer and shall end no later than 40 Business Days after the giving of the Conversion Shares Offer Notice by the Issuer.

Upon expiry of the Conversion Shares Offer Period, the Conversion Shares Depositary will provide notice to the Noteholders 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 Calculation Amount and the amount (if any) of any Excess Amount (as defined in "Conversion Shares Offer Consideration" below). The Conversion Shares Offer Consideration shall be held on trust by the Conversion Shares Depositary for the Noteholders, and any Excess Amount shall be held on trust by the Conversion Shares Depositary for the Issuer until paid to or to the order of the Issuer. The cash component of any Conversion Shares Offer Consideration shall be payable by the Conversion Shares Depositary to the Noteholders in Sterling irrespective of whether or not the Solvency Condition is satisfied.

**“Conversion Shares Offer Floor Price”** means the price per Conversion 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 a Conversion Share as at the Conversion Date.

**Conversion Shares Offer  
Consideration**

In respect of each Note for which no Opt-Out Notice is received by the Conversion Share Depositary from a Noteholder prior to the fifth Business Day preceding the commencement of the Conversion Shares Offer and as determined by the Conversion Calculation Agent:

- (i) if all of the Eligible Conversion Shares 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 such Note translated, if necessary, into Sterling at the Prevailing Rate on the last day of the Conversion Shares Offer Period (less any foreign exchange transaction costs);
- (ii) if some but not all of such Eligible Conversion Shares are sold in the Conversion Shares Offer:
  - (A) the *pro rata* share of the cash proceeds from the sale of such Eligible Conversion Shares attributable to such Notes translated, if necessary, into Sterling at the Prevailing Rate on the last day of the Conversion Shares Offer Period (less any foreign exchange transaction costs); and
  - (B) the *pro rata* share of such Eligible Conversion Shares not sold pursuant to the Conversion Shares Offer attributable to such Notes rounded down to the nearest whole number of Ordinary Shares; and
- (iii) if no Eligible Conversion Shares are sold in a Conversion Shares Offer, the relevant Eligible Conversion Shares attributable to such Notes rounded down to the nearest whole number of Ordinary Shares,

subject, in the case of paragraphs (i) and (ii)(A), to deduction from any such cash proceeds of an amount 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 that may arise or be paid as a consequence of the transfer of any interest in such Eligible Conversion Shares to the Conversion Shares Depositary (or Conversion Shares Offer Agent(s) (if any)) as a consequence of the Conversion Shares Offer;

provided that if the cash component (if any) of the Conversion Shares Offer Consideration in respect of a Note determined in accordance with the foregoing (after the deductions referred to in the immediately preceding paragraph) would exceed the product of (a) the principal amount of such Note and (b) the proportion (expressed as a percentage) of the Eligible 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, and shall instead be payable to the Issuer as provided in Condition 6.6(E).

<b>Ordinary Shares</b>	The Conversion Shares issued and delivered on the Share Delivery Date will be fully paid and non-assessable and will in all aspects rank <i>pari passu</i> with the fully paid Ordinary Shares in issue on the Share Delivery Date, save as provided in the Conditions.
<b>Form</b>	The Notes will be issued in registered form and represented upon issue by a global certificate (the " <b>Global Certificate</b> ") which will be registered in the name of a nominee for a common depository (the " <b>Common Depository</b> ") for Clearstream Banking S.A. (" <b>Clearstream, Luxembourg</b> ") and Euroclear Bank SA/NV (" <b>Euroclear</b> ") on or about the Issue Date.
<b>Denomination</b>	The Notes will be issued in denominations of £200,000 each and integral multiples of £1,000 in excess thereof.
<b>Meetings of Noteholders</b>	<p>The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.</p> <p>The Conditions may also be amended with Noteholder consent given by way of (i) a written resolution executed, or (ii) electronic consents given through the relevant clearing system(s), in each case by or on behalf of the holders of 75 per cent. in principal amount of the Notes outstanding.</p>
<b>Admission to trading</b>	Application will be made for the Notes to be admitted to trading on the ISM.
<b>Ratings</b>	The Notes are expected to be assigned a rating of BBB+ by Fitch and Baa2(hyb) by Moody's.
<b>Governing Law</b>	The Notes and the Trust Deed, and any non-contractual obligations arising out of or in connection therewith, will be governed by and construed in accordance with English law.
<b>ISIN</b>	XS3404445663
<b>Common Code</b>	340444566

**Clearing Systems**

Euroclear and Clearstream, Luxembourg

**Selling Restrictions**

The Notes and any Ordinary Shares which may be delivered upon conversion of 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. The Notes may be sold in other jurisdictions only in compliance with applicable laws and regulations. See “*Subscription and Sale*” below.

**Use of Proceeds**

The net proceeds of the Notes will be used for the general corporate purposes of the Group, including the refinancing of the Group’s existing securities (in the Issuer’s sole and absolute discretion), including the repurchase and cancellation, pursuant to the tender offers announced by the Issuer on 30 June 2026, of some of the outstanding (i) US\$850,000,000 Fixed Rate Reset Subordinated Notes due March 2047 (ISIN: XS1580239207) issued by the Legal & General Group Plc (the “**Tier 2 Notes**”), (ii) GBP 350,000,000 5.875% Fixed Rate Senior Notes due December 2031 (ISIN: XS0121464779) issued by Legal & General Finance plc and guaranteed by Legal & General Group Plc, (iii) GBP 200,000,000 5.875% Fixed Rate Senior Notes due April 2033 (ISIN: XS0145680426) issued by Legal & General Finance plc and guaranteed by Legal & General Group Plc, (iv) GBP 40,000,000 5.750% Fixed Rate Senior Notes due April 2033 (ISIN: XS0126453843) issued by Legal & General Finance plc and guaranteed by Legal & General Group Plc, and/or (v) GBP 10,000,000 5.800% Fixed Rate Senior Notes due April 2041 (ISIN: XS0127393972) issued by Legal & General Finance plc and guaranteed by Legal & General Group Plc (together, the “**Senior Notes**”, and together with the Tier 2 Notes, the “**Existing Notes**”).

## **Risk Factors**

*Investing in the Notes involves certain risks. The Issuer believes that the following factors, which are specific to the Issuer, 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 Group and the impact each risk could have on the 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 as at the date of this Offering Memorandum. If any or a combination of these risks actually occurs, the business, results of operations, financial condition and/or prospects of the Group could be materially and adversely affected, which could result in the Issuer being unable to pay interest, principal or other amounts on or in connection with any Notes or materially and adversely affect the trading price of any Notes.*

*Prospective investors should note that the risks relating to the Issuer and the Notes summarised in this section are the risks that the Issuer believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Notes and the Issuer does not represent that the statements below regarding the risks of investing in the Notes are exhaustive. As the risks which the Issuer faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should also read the detailed information set out elsewhere in this Offering Memorandum (including any documents which are incorporated by reference herein) and reach their own views prior to making any investment decision.*

*Capitalised terms which are defined in the “Terms and Conditions of the Notes” have the same meaning when used in this section.*

### **1. RISKS RELATING TO THE GROUP’S BUSINESS ACTIVITIES AND INDUSTRY**

This section details certain risk factors which could affect the Group’s future results of operations and cause them to be materially different from past results or from expected results. The factors detailed in this section should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties.

#### **1.1 Credit Risk**

Credit risk is the risk that the Group is exposed to loss if another party fails to perform its financial obligations to the Group, particularly where proceeds from its investments or its reinsurance arrangements are not available as expected. A counterparty default could create an immediate loss or a reduction in future profits, depending on where the loss occurred in the business. Such losses could have adverse impacts on the Group’s business, financial condition, results of operations and prospects.

The significant areas in which the Group is exposed to credit risk are the following:

- (A) the Group holds corporate bonds, sovereign debt and other lending investments within its portfolios of investment assets to back its insurance liabilities. There is a risk that the issuers of such bonds or borrowers of such loans may default upon their payment obligations, resulting in financial loss to the Group, with potential for more significant loss where systemic corporate sector failures, or a major sovereign debt event, trigger widespread defaults. A widespread widening of credit spreads and downgrades can also result in a reduction in the Group's Solvency UK balance sheet surplus, despite the Group setting aside significant capital for credit risk;
- (B) the Group is exposed to counterparty default risk in connection with the derivatives held to hedge guarantees and other financial risks to which the Group may be exposed;
- (C) the Group limits its exposure to insurance risk by ceding part of the risks it assumes to the reinsurance market. When the Group obtains reinsurance, it remains primarily liable for the re-insured risks, regardless of whether the reinsurer meets its reinsurance obligations. Therefore, there is a risk that one or more reinsurers may default upon their reinsurance obligations which could affect the Group's business profitability to the extent any collateral mechanism, if such a mechanism is in place, also fails. The Group may also be required to carry an element of associated risk capital requirement on its balance sheet should the business not be re-brokered on the same terms. Credit risk syndication also exposes the Group to similar counterparty default risks;
- (D) the Group holds property lending and sale and leaseback investments and is inherently exposed to the risk of default by a borrower or tenant;
- (E) the Group is exposed to credit risk where it undertakes property lending, with exposure to loss if an accrued debt exceeds the value of security taken following a default event by the borrower; and
- (F) the Group is also exposed to credit risk through money market counterparties and providers of investment settlement, banking, custody and other bespoke business services.

## 1.2 Market Risk

Market risk is the risk that the Group is exposed to financial loss as a direct or indirect result of volatility or fluctuations in variables such as market prices. The Group holds a broad range of investment assets including equities, bonds, property and cash and direct investments such as property lending and sale and leaseback investments for the purposes of meeting its obligations under contracts of insurance, prudential capital requirements and for generating returns to shareholders. A range of factors influence the value of, and income from, these investment assets, including the performance and liquidity of investment markets, and macro-economic factors such as interest rates and inflation. A reduction in the value of these assets relative to contracted obligations or targeted returns will directly or indirectly affect the reported financial results and capital requirements of the Group.

A wide variety of factors, including concerns over low or negative economic growth, the stability and solvency of banks and financial institutions, interest rate policy and the unwind of central bank asset purchase schemes in developed markets and sustained inflation have all contributed to increased volatility in the financial markets in recent years. Geopolitical tensions - including the Russia-Ukraine war, ongoing hostilities in the Middle East in light of the Iran-Israel-US conflict, Asia-Pacific security issues, and shifting U.S. foreign relations - continue to drive market volatility. These issues have and are expected to continue to have long-term impacts on the global geopolitical structure, some of which are yet to emerge and cannot be fully predicted. Over the longer term, these may have unforeseen implications for certain of the investments in the Group's portfolio.

The ongoing strain in global trade relations with the United States resulting in increased import tariffs (applied both by the United States and by other nations) and general trade restrictions and sanctions may also contribute to increased volatility in the financial markets.

These risks have the potential to diminish growth expectations for the global economy and are characterised by a higher number of economic risks than expected in a normal economic cycle. Uncertainty, fluctuations or negative trends in international economic and investment climates could have a material adverse effect on the Group's business and profitability and pose a material risk to the Group's results of operations and financial condition.

Asset values may also be adversely affected by factors such as the temporary closure of markets, uncertainty over the operation of financial instruments and the imposition of capital controls, all of which could adversely impact the Group's businesses and financial condition. Shocks to financial markets, in the extreme, could also adversely impact the Group's ability to execute hedging strategies that ensure the profiles of the Group's asset and liability cash flows are appropriately matched.

As well as reducing the value of assets backing the obligations and capital of the Group, significant falls in asset values can also result in a reduction in earnings from investment management, can affect the flows of funds to and from the Group's Investment Management businesses and can increase the cost of guarantees in certain long-term products. Falls in the risk-free yield curve can also create a degree of inherent volatility to be managed in the Group's Solvency UK balance sheet, potentially impacting capital requirements and surplus capital. The value of, and income generated from, investment assets denominated in currencies other than sterling and the sterling profits and value of holdings in overseas subsidiaries can be adversely impacted by fluctuations in exchange rates. In addition, lifetime mortgages include a no-negative equity guarantee which transfers to the Group an exposure to loss as a result of low house price inflation.

More broadly, the performance of financial markets and economic conditions can influence the purchase by customers of retail financial services products, and how long they are retained, adversely affecting new business volumes as well as existing business.

### **1.3 Insurance Risk**

Insurance risk is the risk of loss or adverse change in the value of insurance liabilities resulting from differing experience to that assumed within product pricing and provisions or from revision of the assumptions underlying provisions from one period to the next. The pricing of long-term insurance business requires the setting of assumptions for long-term trends in factors such as mortality, morbidity, longevity, lapse rates and persistency (as well as for market and credit risk factors such as valuation interest rates, expenses and credit defaults, as well as the availability of assets with

appropriate returns). Assumptions are determined on actuarial principles. However, the Group is inherently exposed to the risk that actual experience may differ to that assumed, resulting in unanticipated loss or the need to recalibrate these assumptions reducing profitability, which could impact the Group's financial condition. Forced changes in assumptions and reserves can also be required as a result of regulatory or legislative intervention impacting capital requirements and reducing profitability and future earnings.

The Group has made a number of assumptions regarding future rates of mortality, morbidity and longevity determined on actuarial principles. However, projecting future rates and trends cannot be precise and remains subject to inherent uncertainties. In its Annuities business, the Group is exposed to factors such as improvements in medical science beyond those anticipated, leading to unexpected changes in life expectancy. Lifetime mortgage business also has some exposure to the life expectancy of borrowers. If the assumptions underlying the reserving basis were to prove incorrect, the Group may have to increase the amount of its reserves, which could adversely affect the Group's operating results. In its Protection business, the Group is inherently exposed to loss from events causing widespread mortality, morbidity or significant policy lapse rates, for example as a result of pandemics, the emergence of new diseases or reductions in immunology. Furthermore, legislative intervention in the pricing of insurance products may increase the costs of insurance products for consumers, reducing their propensity to purchase such products and impacting new business volumes.

The inappropriate acceptance of financial risks associated with the writing of new products, or the incorrect assessment of liabilities once business has been accepted, represents a financial risk to the strength of the 'Long Term Fund' (the Long Term Fund consists of those assets which are attributed to the long-term business). Within the area of insurance risk, there are three particular risks to the Group:

- (A) the concentration of certain types of liability within the Long Term Fund, creating future risks to financial strength should there be significant differences in actual experience (for example, in the mortality rate of annuitants) to underlying design and pricing assumptions;
- (B) the potential incorrect valuation of existing and contingent liabilities due to the inherent complexity of the valuation process and underlying interaction of assumptions; and
- (C) forced changes in reserves could be required as a result of changes in regulations or law which have a retrospective effect.

#### **1.4 Liquidity Risk**

Liquidity risk is the risk that the Group, though solvent, either does not have sufficient financial resources available to enable it to meet its obligations as they fall due or can secure them only at excessive cost. This could adversely affect the Group's business, financial condition, results of operations and prospects.

Contingent event liquidity risks relate to low probability and typically extreme events that, if not adequately planned for, can result in unanticipated requirements for liquidity. Such events may include those leading to significant higher levels of claims that would normally be expected or

extreme events impacting the timing of cash flows or the ability to realise investments at a given value within a specified timeframe. A limited level of contingent liquidity risk is an accepted element of writing contracts of insurance.

Collateral liquidity risk relates to a failure to hold sufficient cash or other assets suitable to meet collateral requirements for financial instruments and other transactions, resulting in unplanned disposals of assets at excessive cost. Within the Group's businesses, the use of financial instruments to hedge default, interest rate, currency and inflation risks can require the posting of collateral with counterparties, and as such an appropriate pool of eligible assets must either be held or readily available. Other transactions can require the posting of collateral should the Group's (or its subsidiaries') credit rating change.

Investment liquidity risk relates to the risk that investment assets are insufficiently liquid to be realised in line with contracted liabilities. Where policyholders have discretion to require early payment of policy proceeds, contractual safeguards seek to ensure that the fund and remaining policyholders are not disadvantaged should a material number of policyholders exercise this discretion. Direct lending, sale and leaseback investments and lifetime mortgage business are inherently illiquid forms of investment, with limited secondary markets to realise the value of assets outside agreed redemption terms. The Group sets limits on the overall exposure to illiquid assets taking account of the nature and type of liabilities that the assets are held to meet.

Wholesale funding liquidity risk relates to the risk of adverse markets conditions limiting the access to funding markets for new funding and refinancing of existing borrowings. There can be no guarantee that the Group will be able to refinance its borrowings in the future and reduced levels of liquidity could also increase the Group's cost of borrowing.

## 1.5 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. The Group's plan for growth, together with any regulatory change, will inherently increase the profile of operational risks across its business.

### (A) Artificial Intelligence ("AI") and Quantum Computing Risk

AI technology and quantum computing are being developed at pace and scale. AI presents opportunities for process efficiency, better underwriting and pricing and improved customer services. However, this also presents a range of risks, most notably a change in the competitive landscape, customer and reputational harm and compounding of external cyber threats through AI-fuelled attack vectors. There are also increasing vulnerabilities from the rapid adoption of AI and increased data confidentiality and bias challenges. There is an additional risk that the Group fails to manage its use of AI appropriately, exposing it to reputational risks from use of models generating inappropriate or unacceptable outcomes for customers. Longer term there is a risk that AI and quantum computing will transform the industry in which the Group participates or the industries of the companies in which the Group invests, and such transformation could have a material adverse effect on the business, results of operations, financial condition and prospects of the Group.

As the regulatory environment around AI develops, the Group will need to be agile and may be required to make adaptations to its business practices. Failure to do this could have regulatory consequences on the business, including financial sanctions, and may also lead to reputational issues as AI becomes more embedded in business practice and customer expectations.

(B) Business Process Risk

The Group's business processes can be complex, with significant reliance placed upon IT systems and manual processes. A material failure in the Group's business processes or IT systems may result in unanticipated loss or reputational damage which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group has constructed a framework of internal controls to reduce the probability of such business process or IT system failure occurring. However, no system of internal controls can completely eliminate the risk of error, financial loss, fraudulent actions or reputational damage. The Group's housing and property development businesses are also exposed to property construction, project delivery and other liability and safety risks.

(C) Cyber Security Risk

As the Group and its business partners increasingly digitise their businesses, the Group is inherently exposed to the risk that third parties may seek to disrupt the Group's online operations, steal customer data or perpetrate acts of fraud using digital media. Large organisations, such as the Group and its suppliers, are increasingly becoming targets for cyber-crime and are at risk of nefarious cyber-attacks. The likelihood of such attacks arising has increased as a result of geopolitical tensions globally (including the Russia-Ukraine, China-Taiwan and Middle East conflicts) as well as due to the increased use of AI tools. This is particularly the case for organisations who retain personal information about large numbers of people and/or migrate some of their operations on to digital platforms. A significant cyber event could result in reputational damage to and financial loss for the Group. The Group deploys a range of control techniques to evaluate system security and proactively manage emerging threats to reduce the probability of a cyber event occurring, but the success of such measures cannot be guaranteed.

## 1.6 Third Party Risk

- (A) The Group is also exposed to operational risk from reliance on external suppliers of administration, IT and system development services. Dependencies also exist on the provision of banking infrastructure, and the availability of security dealing and custody services. As the use and depth of the Group's relationship with third parties increases, including the use of AI and cloud-based services, the Group increasingly faces the risk of operational failure with respect to such third parties, should they experience operational issues or failures with respect to system safeguards. Unforeseen events leading to the loss of any of these services may impact operational effectiveness and lead to financial loss. Similarly, any weakness in

administration systems (such as those relating to policyholder records) could result in the loss of confidential or proprietary data (exposing it to potential legal claims and regulatory sanctions) and damage its reputation and relationships with customers, regulators and business partners, all of which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

(B) People Risk

The Group actively focuses on recruiting and retaining high quality individuals. The success of its operations is dependent on, among other things, the ability to attract and retain highly qualified professional people. It ensures that key dependencies do not arise through employee training and development programmes, remuneration strategies and succession planning. However, the sudden unanticipated loss of teams of expertise may require substantial expense and could, in the short term, have an adverse effect on the Group's business, results of operations and prospects. Competition for highly qualified professional people is intense and demands that the Group must offer competitive compensation arrangements, the costs of which may be significant. Failure to attract and retain key employees could have a material effect on the Group's competitive position which could, in turn, affect the business, financial conditions, results and operations and prospects of the Group.

(C) Data Risk

The Group collects and processes personal data (including name, address, age, medical details, bank details and other personal data, including information which falls within special categories of personal data) from its customers, business contacts and employees as part of the operation of its business, and therefore it must comply with data protection and privacy laws. This includes compliance with the General Data Protection Regulation ((EU) 2016/679) as it forms part of the domestic law of the UK by virtue of the EUWA ("GDPR") and the Data Protection Act 2018 ("DPA"), which supplements the obligations under the GDPR. The GDPR increased the maximum levels of fines for compliance failures to 4 per cent. of the Group's global annual turnover. There is a risk that data collected by the Group and its third-party service providers (including those using or used by AI) is not processed in accordance with notifications made to, or obligations imposed by, data subjects, regulators, or other counterparties or applicable law. Failure to operate effective data collection controls could potentially lead to regulatory censure, fines, reputational and financial costs, as well as result in potential inaccurate rating of risks or overpayment of claims.

(D) Change Risk

As the Group transforms and modernises to meet its strategic objectives and customer needs, it is exposed to change risk. Exposure to change risk is inherent in all change activity across the Group.

## 1.7 Climate change risk

There is potential that certain climate change risk factors have not yet been fully priced in by financial markets. There is a risk that sudden late government policy action, introduced in response to missed emission goals or a sudden reversal of existing climate-related policy action, could lead to potentially large and unanticipated shifts in asset valuations. Physical climate risks, including the increasing frequency and severity of extreme weather events, may also adversely affect asset valuations through direct damage, disruption to operations, and changes in long-term risk profiles. The corporate risk is the impact on the Group from exposure to regulatory censure, climate-related litigation risks, or adverse customer perception of the Group. This may be through loss of franchise value, directly through fines or costs due to adverse investor sentiment resulting from poor alignment with ESG rating expectations. A failure to identify and limit financial exposures to impacted asset classes could adversely impact the Group's profitability, financial condition and customer perceptions. Currently regulatory focus is on improving the transparency of reporting, for example through disclosures mandated by the Task Force on Climate-Related Financial Disclosures, the FCA's Sustainability Disclosures Regime ("SDR") and anti-greenwashing rules. Regulatory developments are managed through the Group's regulatory change programmes.

As a significant investor in financial markets, commercial real estate and housing, the Group is exposed to climate-related risks. The Group's exposure to climate change falls into three broad categories: physical, transition and corporate. Physical risks, particularly to property assets arising from severe weather events; and transition risks from the move to a low carbon economy, which will impact the value of those investments associated with higher levels of greenhouse gas emissions. These two risks are linked. Continued emissions will increase physical risks, and limiting the impacts will require substantial emission reductions which will increase transition risks. There are also potential impacts on the health, longevity and mortality rates of those the Group insures, and although the Group expects this to be gradual and over the long term, it will require consideration within the Group's pricing and long-term liability matching strategies. Transition risks may arise under a wide range of plausible pathways, including those where there is no further policy action. Anti-climate change sentiment, particularly in high carbon-emitting countries, could have far-reaching consequences for the pace and effectiveness of climate action and continue to slow down policy changes. This could limit future sustainable investment opportunities and make it more difficult for the Group to manage climate-related risks and meet its climate commitments. There is potential that certain climate change risk factors have also not yet been fully priced in by financial markets with the risk that delayed or disruptive policy action could materially increase transition risk, as deeper and more rapid decarbonisation would then be required to meet climate goals.

## 1.8 Market Competition

The market in which the Group operates remains attractive to new entrants. As has been seen in other business sectors, it is possible that alternative digitally enabled providers of financial service products emerge with new technological advances, lower cost business models or innovative service propositions and capital structures disrupting the current competitive landscape which could result in the Group losing business to new entrants which could have an adverse impact on the Group's business, financial condition, results of operations and prospects. The continued evolution of AI has the potential to be a significant disrupting force across the Group's businesses, for example, by enabling new entrants to compete with potentially lower costs, and more efficient processes. The technology itself could have an impact on asset valuations, and on the Group's liabilities including through its impact on life sciences and health care systems effectiveness.

## 1.9 Reputation and Contagion Risks

The Group's earnings and profits are influenced by the perception and confidence of retail and wholesale investors in the UK financial services sector, financial markets and the broader economic outlook, as well as their confidence in the Group itself.

Factors impacting the perception of the financial services sector include the adverse performance of investment markets, actions by regulators against peer organisations and shock events such as significant market failures. Regulatory actions may also adversely impact consumers' perception of the value of insurance products and result in changes to the regulatory and legislative environment in which the Group operates, which could have an adverse impact on the Group's business, financial condition, results of operations and prospects.

The Group's reputation can be affected by events impacting parties with which the Group has a relationship, internal process failures and the consequences of external events. Additionally, as a consequence of the use of a common brand across the majority of the Group and the provision of intra-group loans and guarantees, the occurrence of a risk in one part of the Group may result in contagion elsewhere in the Group. Such events that cannot be readily controlled may affect the reputation of the Group with potential consequences for the earning streams of the Group.

As well as impacting reputation, the failure of other UK financial services organisations can have a direct financial impact on the Group through its participation in the Financial Services Compensation Scheme (the "FSCS"). Under the scheme, in the event of a failure of a significant financial institution, the Group may be obliged to provide additional funding to the FSCS over a sustained period of time, reducing capital available to the Group. Similarly, compensation schemes such as the Pension Protection Fund can result in calls for funds on the Group through its own pension scheme arrangements. This could have an adverse impact on the Group's business, results of operations, financial condition and/or prospects.

## 1.10 Litigation

The Group is not currently, but may in the future be, subject to legal proceedings and disputes which are sufficiently significant to have a material adverse effect on the Group's business, financial condition, results of operations and prospects. Legal proceedings and disputes may arise in the future under contracts, regulations or from a course of conduct taken by the Group and may be class actions. Given the large or indeterminate amounts of damages sometimes sought, and the inherent unpredictability of the outcome of litigation and disputes, it is possible that an adverse outcome in material legal proceedings or disputes could, from time to time, have a material adverse effect on the Group's business, reputation, ability to offer certain products, customer numbers, results of operations, cashflows and/or financial condition, and could divert management attention.

## 1.11 Joint Ventures

The Group operates in certain markets through joint ventures. This creates reliance upon the operational performance and resilience of these joint venture partners. The Group's ability to exercise management control over its joint venture operations and its investment in them depends on the terms of the joint venture agreements, in particular, the allocation of control among, and continued co-operation between, the joint venture participants. The Group may face financial loss or other exposure in the event the Group fails to adequately oversee such partners or any of its joint venture

partners fails to meet its obligations under the joint venture agreement, encounters financial difficulty or may fail to resolve disputes that potentially arise from existing agreements or during the course of implementing business strategy which could adversely impact the Group's business, financial condition, results of operations and prospects.

### 1.12 Credit Ratings

The Group's business is dependent on its ability to access the capital markets and its cost of borrowing in these markets is influenced by the credit ratings supplied by ratings agencies. As at the date of this Offering Memorandum, L&G's long term issuer credit ratings are A2 (Moody's), A (S&P), A+ (Fitch) and a (A.M. Best Europe - Rating Services Limited ("**A.M. Best**")). Any downgrading of these ratings could increase the Group's borrowing cost and consequently may weaken its market position. The Group's financial strength and credit ratings are also used by the market to measure its ability to meet policyholder and counterparty obligations and are important factors affecting public confidence in the Group's products and as a result its competitiveness. Downgrades in the Group's ratings could have an adverse effect on its ability to market products, retain current policyholders and on the Group's financial flexibility. Changes in methodology and criteria used by rating agencies to rate the insurance sector could result in downgrades that do not reflect changes in general economic conditions or the Issuer's financial condition. Any downgrading of these ratings could adversely impact the Group's financial condition and prospects and result in a reduction in the trading value of the Notes.

The credit ratings included or referred to in this Offering Memorandum will be treated for the purposes of the UK CRA Regulation as having been issued by Moody's, S&P, Fitch or A.M. Best, as the case may be. Each of S&P, Moody's, Fitch and A.M. Best is established in the UK and registered under the UK CRA Regulation. The ratings issued by Moody's, S&P, Fitch or A.M. Best have been endorsed by Moody's Deutschland GmbH, S&P Global Ratings Europe Limited, Fitch Ratings Ireland Limited and A.M. Best (EU) Rating Services B.V., respectively in accordance with the CRA Regulation, each of which is established in the European Union and registered under the CRA Regulation.

### 1.13 Position of the Issuer within the Group

The Group's operations are generally conducted through direct and indirect subsidiaries which are subject to the risks discussed elsewhere in this "*Risk Factors*" section. As a holding company, the Issuer's principal sources of funds are dividends from its operational subsidiaries and amounts that may be raised through the issue of debt instruments. The Issuer may not necessarily have access to the full amount of cashflows generated by the rest of the Group, due in particular to legal or tax constraints and other arrangements that can limit the subsidiaries' ability to make remittances and/or require the Issuer to make capital or liquidity available to those subsidiaries. In some circumstances this could limit the Issuer's ability to make available funds held in certain subsidiaries and a material change in the financial condition of any of its subsidiaries may have a material effect on the results of operations and financial condition of the Issuer.

## 2. RISKS RELATING TO REGULATION AND LEGISLATION

### 2.1 Legal, Supervisory and Regulatory Risks

The Group's business is subject to applicable law and regulations, both within the UK and internationally. In the UK, the Group's business is subject to regulation by the FCA and the UK

Prudential Regulation Authority (the “**PRA**”), which have broad powers under the Financial Services and Markets Act 2000 (“**FSMA**”). These powers include the ability to grant, vary the terms of, or cancel the regulatory authorisation of a UK regulated firm, to investigate marketing and sales practices, and to require the maintenance of adequate capital resources (see below). Each regulator has the power to take a range of disciplinary and enforcement actions, including public censure, fines and mandating remediation. The Group’s overseas operations are also subject to similar regulatory regimes.

Some firms within the Group are regulated solely by the FCA and others are regulated by both the FCA and the PRA. The FCA and the PRA may make enquiries of the companies they regulate regarding compliance with the suite of regulations to which those companies are subject. Regulated financial services companies face the risk that the FCA or the PRA could find that they have failed to comply with applicable regulation or to undertake corrective action where required.

In recent years, issues associated with poor conduct have been a significant source of cost and reputational damage to the financial services industry which has attracted increased scrutiny from regulators. This is of particular focus in the UK given the FCA’s implementation, from July 2023, of the consumer duty for regulated firms (the “**Consumer Duty**”) which aims to set a higher level of consumer protection in retail financial markets. In particular, the Consumer Duty introduced (i) a new ‘Consumer Principle’ that requires regulated firms to deliver good outcomes for retail clients; (ii) cross-cutting rules requiring firms to act in good faith, avoid causing foreseeable harm, and enable and support clients to pursue their financial objectives; and (iii) fair outcomes requiring firms to ensure consumers receive communications they can understand, products and services that meet their needs and offer fair value, and the support they need. The Consumer Duty impacts all areas of the Group’s UK regulated business and has applied to all new and existing products and services that remain open for sale or renewal since the end of July 2023 and has applied to closed products and services since the end of July 2024. The Group may continue to face increased ongoing costs due to the need to implement additional compliance controls because of changes to the interpretation and guidance issued in relation to the Consumer Duty. On 26 July 2024, the PRA published SS5/24, which clarified its supervisory expectations with respect to insurers’ use of funded reinsurance arrangements and expressed concern that counterparty risks in such arrangements may be underestimated. The PRA has since stated on 29 April 2026 (in Consultation Paper CP8/26: Funded reinsurance) that the current regulatory treatment of funded reinsurance does not appropriately reflect the underlying risks and that it encourages insurers to rely excessively on these arrangements (in particular, to support bulk purchase annuities business). As a result, the PRA has proposed changes to the calculation of capital requirements for funded reinsurance (see below). The PRA will continue to monitor how market practice evolves and will keep under review whether there is a need for specific supervisory intervention or further policy measures with respect to funded reinsurance. Any further legislative or regulatory action (whether in the UK or elsewhere) could have a negative impact upon the Group’s results or on its relations with current and potential customers. Regulatory action against a member of the Group could result in financial penalties, remediation costs and/or adverse publicity for, or negative perceptions regarding, the Group. Such action could also have an adverse effect on the business operations of the Group, its results or its financial condition.

Legislation and government fiscal policy influence the Group’s product design, the period of retention of products and its required reserves for future liabilities. Regulation defines the overall framework for the design, marketing, taxation and distribution of its products, as well as the prudential regime applicable to the Group (see below). The Group’s activities and strategies are based upon prevailing legislation and regulation. Changes in legislation or regulation (or changes to the interpretation or

application of legislation or regulation, including by the FCA or the PRA) may increase the Group's cost base, reduce the Group's future revenues and profitability, or require the Group to hold more capital. Unanticipated and sudden changes in legislation or regulation without adequate prior consultation or engagement with the financial services sector can have a significant impact on the Group's strategy and ultimately can impact the Group's earnings and profitability. Some changes in legislation and regulation can also have a retrospective effect on in-force books of business, impacting future cash generation. The Group may face increased compliance costs due to the need to implement additional compliance controls because of changes to financial services legislation or regulation.

The FCA introduced a new anti-greenwashing rule which applies to all UK regulated firms who make sustainability-related claims about financial products and services from 31 May 2024. This, along with the SDR applicable to UK asset managers will lead to increased scrutiny of the wording used to label the sustainability characteristics of investments, requiring that such wording is fair, clear and not misleading. The implementation of these proposals began in May 2024 and is ongoing, with the final measures to be introduced in December 2026. This may affect the cost of compliance and introduce new regulatory risks for the Group's Investment Management business, which could have an adverse effect on the business of the Group.

The Pension Schemes Act 2026 (which received Royal Assent on 29 April 2026) gives trustees of defined benefit ("DB") pension schemes greater flexibility to release surplus funds to sponsoring employers (with further regulations expected to come into force by spring 2027) and establishes a permanent statutory framework for the authorisation and supervision of commercial DB consolidator schemes known as 'superfunds' (with regulations expected to come into force in 2028). These changes will take effect via statutory instruments and may affect the bulk annuity market and the Group's opportunities. In May 2025, the UK government responded to proposals for a public DB consolidator administered by the Pension Protection Fund but confirmed it would not legislate for such a consolidator and would take further time to assess how it could complement rather than compete with existing commercial options in the de-risking market. While the implications for the Group remain uncertain, it may face increased compliance costs due to regulatory changes arising from the new Pension Schemes Act 2026 and alterations in how it conducts business.

The Group's accounts are prepared in accordance with the current International Financial Reporting Standards as adopted by the European Union ("IFRS") applicable to the insurance industry. Any future changes or modification of IFRS accounting policies or statutory reporting of insurance entities within the Group that may be proposed in the future, whether or not specifically targeted at insurance companies cannot be predicted and may require a change in the way in which future accounts are prepared and/or a retrospective adjustment of reported results.

## 2.2 Capital Adequacy Requirements

To ensure the interests of policyholders and beneficiaries are protected, a firm permitted to carry on insurance business in the UK is required to maintain a minimum level of eligible capital that enables it to absorb significant losses. Groups containing such firms are also required to maintain a minimum level of eligible capital on a group-wide basis. The Group and each of the relevant companies within the Group satisfy all of their current regulatory requirements in this regard. A range of factors, including the value of fixed income, equity and property assets, the outlook for interest rates, and changes in assumptions underpinning aspects of the Group's capital model affect the level of eligible capital that must be held by the Group and each of the relevant companies within the Group.

Establishing the minimum level of eligible capital therefore depends, in part, on management estimates, which can embed modelling simplifications.

An inability to meet regulatory capital requirements in the future would be likely to lead to intervention by the PRA, which could be expected to require the Group to take steps to restore the level of eligible capital held to acceptable levels.

Insurance prudential regulation in the UK is currently largely based upon the requirements of EU directives as transposed into English law. Following the UK's withdrawal from the EU, the UK has reformed its capital regime to move from Solvency II to a new UK prudential regime for insurers, known as 'Solvency UK.' Solvency UK has resulted in changes to the rules on risk margin which took effect from 31 December 2023, and which reduced the risk margin significantly. Further reforms to areas including the eligibility rules and calculation of the matching adjustment, and reductions of reporting and administrative requirements, took effect from 30 June 2024. The remainder of the new regime came into force on 31 December 2024 (including by way of new PRA rules, supervisory statements and statements of policy). In addition, on 23 October 2025, the PRA published its policy statement and final rules for the introduction of a "Matching Adjustment Investment Accelerator" ("**MAIA**") and the new MAIA regime has come into effect on 27 October 2025. Under the MAIA framework, firms with an existing matching adjustment permission will be able to apply for a MAIA permission. Once received, the permission will allow the firm to include "new assets" in its relevant portfolio of assets without needing to first obtain a variation of its matching adjustment permission to alter the scope.

The PRA continues to release consultations and supervisory statements to clarify its expectations under the Solvency UK regime. For instance, on 29 April 2026, the PRA published a consultation paper "CP8/26: Funded reinsurance", which sets out proposed changes to the counterparty default adjustment calculation with respect to funded reinsurance to more accurately reflect counterparty credit risk. These proposals are at consultation stage but, if implemented in their current form, would increase the capital required to be held in respect of funded reinsurance arrangements. Changes resulting from the review of Solvency UK or the implementation of any of the PRA consultation papers or supervisory statements may increase capital requirements, prompt structural or business adjustments, or affect pricing and financial outcomes for the Group.

In addition, changes in the local regulatory regimes of countries in which the Group operates could affect the calculation of the Group's solvency position. For instance, in December 2024, the International Association of Insurance Supervisors ("**IAIS**") (i) endorsed an updated common framework for the supervision of internationally active insurance groups ("**ComFrame**") and (ii) adopted the insurance capital standard ("**ICS**"), which is a risk-based measure of capital adequacy for internationally active insurance groups. The IAIS set high-level timelines for the implementation of the ICS across jurisdictions and, in particular, aims to start detailed jurisdictional assessments of ICS implementation in 2027. An alternative to the ICS called the 'Aggregation Method' has also been developed in the U.S. by the National Association of Insurance Commissioners; the IAIS is in the process of evaluating whether it produces comparable outcomes to the ICS. On that basis, there is a risk attached to the manner in which regulators from member jurisdictions may choose to implement the ICS which could lead to additional burdens or adverse impacts to the Group. As a result, there remains a degree of uncertainty over the potential impact of such changes on the Group.

## 2.3 Taxation Law

Changes in the interpretation of existing tax laws, amendments to existing tax rates or the introduction of new tax legislation may adversely affect the business, results of operations and financial condition of the Group. The impact on the Group would depend upon the business undertaken, and other relevant circumstances, at the time of such change.

The design of the Group's products takes into account a number of factors, including taxation. Future changes in tax law may impact the taxation of the Group's customers or policyholders. Such changes could have a material adverse effect on the Group's business, results of operations and/or financial condition. The approach to, territory of and level of corporate taxation also continues to be an area of political debate internationally and in the specific jurisdictions in which the Group operates.

The UK has enacted legislation to implement parts of the Model Rules for Pillar Two agreed by the Organisation for Economic Co-operation and Development ("OECD") which seek to establish, among others, a 15 per cent. global minimum tax rate. Under the UK legislation, which applies to accounting periods beginning on or after 31 December 2023, multinational groups with at least one member located in the UK and with annual global revenues within the consolidated financial statements of the ultimate parent entity of €750 million or more in two of the previous four accounting periods will be subject to additional reporting requirements and, where applicable, a top-up tax. A domestic top-up tax will be charged if a qualifying group entity located in the UK has an aggregate effective tax rate below the minimum rate of 15 per cent.. In addition, a multinational top-up tax will be charged where a subsidiary is located in a non-UK jurisdiction, and the group's profits in that jurisdiction are taxed below the minimum rate of 15 per cent.. Bermuda introduced a new corporate income tax in 2023 which applies from 1 January 2025. The Group may be liable to UK top-up tax and to Bermuda corporate income tax from 2025 in respect of profits arising in the Group's global reinsurance hub in Bermuda.

It was announced in the Budget 2025 that the amount of pension contributions which can be 'salary sacrificed' will be capped at £2,000 per tax year from April 2029. Any pension contributions above that cap will be subject to employee and employer national insurance contributions. Guidance on this proposal will be published by HMRC before 2029. It remains to be seen how employers and employees will respond to this proposal, but, if implemented as announced, these changes could have an impact on the Group's business as it relates to pension schemes.

### **3. Risks related to the structure of the Notes**

#### **3.1 The Issuer's obligations under the Notes are subordinated**

The Issuer's obligations under the Notes will constitute direct, unsecured and subordinated obligations of the Issuer and will rank *pari passu* and without any preference among themselves.

The rights and claims of the Noteholders (and of the Trustee on their behalf) will be subordinated to the claims of Senior Creditors in that if, at any time prior to the date on which a Conversion Trigger Event occurs, an Issuer Winding-Up occurs, 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, that would have been payable in respect of that Note if, on the day prior to the commencement of the winding-up or liquidation of the Issuer or the Issuer's entry into administration and thereafter, the holder of that Note was the holder of one of a class of preference shares in the Issuer ("**Notional Preference Shares**"):

- (A) having a preferential right to a return of assets in such winding-up, liquidation or administration to, and so ranking in priority to, the holders of the Ordinary Shares and any other class of shares in issue or deemed to be in issue for the time being in the capital of the Issuer (other than shares of any class referred to in paragraphs (B) and (C) below); and
- (B) having an equal right to a return of assets in such winding-up, liquidation or administration to, and so rank *pari passu* with, the holders of securities of the Issuer which, by their terms, rank or are expressed to rank, *pari passu* with the Notes in a winding-up, liquidation or other return of capital (including, without limitation, shares of any class which may be issued or deemed to be in issue for the time being in the capital of the Issuer which, by their terms, rank or are expressed to rank *pari passu* with the Notional Preference Shares in a winding-up, liquidation or other return of capital); and
- (C) ranking junior to the claims of Senior Creditors and the holders of shares of any class which may be issued or deemed to be in issue for the time being in the capital of the Issuer which, by their terms, rank or are expressed to rank senior to the Notional Preference Shares in a winding-up, liquidation or other return of capital,

on the assumption that the holder of each such Notional Preference Share was entitled (to the exclusion of all other rights and privileges) to receive, in respect of each such Notional Preference Share, as a return of capital in such Issuer Winding-Up an amount equal to the principal amount of the relevant Note then outstanding 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 in respect thereof, whether or not the conditions referred to in Condition 3.2 (*Solvency Condition*) are satisfied on the date upon which the same would otherwise be due and payable (and, in the case of an administration, on the assumption that shareholders were entitled to claim and recover in respect of their shares to the same degree as in a winding-up or liquidation).

Furthermore if, at any time on or after the date on which a Conversion Trigger Event occurs, an Issuer Winding-Up occurs but the relevant Ordinary Shares to be issued and delivered to the Conversion Shares Depository have not been so delivered, 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, that would have been payable in respect of that Note if, on the day prior to the commencement of the winding-up, liquidation or administration of the Issuer and thereafter, the holder of that Note was the holder of such number of Ordinary Shares as it would have been entitled to receive on Conversion of that Note in accordance with Condition 6 (*Conversion*) (ignoring for these purposes the Issuer's right to make an election for a Conversion Shares Offer to be effected in accordance with Condition 6.6 (*Conversion Shares Offer*)).

Although the Notes may potentially pay a higher rate of interest (subject always to the Issuer's right and, in certain circumstances, obligation to cancel any interest payment under the Conditions) than comparable notes which are not subordinated, there is a significant risk that an investor in the Notes will lose all or some of its investment should the Issuer become insolvent.

Further, subject to applicable law, no holder of the Notes may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer arising under or

in connection with the Notes and each holder shall, by virtue of being the holder of any Note, be deemed to have waived all such rights of set-off, compensation or retention.

In addition, investors should be aware that, upon Conversion of the Notes following a Conversion Trigger Event, Noteholders will be effectively further subordinated as they will be treated as, and subsequently become, holders of Ordinary Shares, even if other existing subordinated indebtedness and preference shares remain outstanding. There is a risk that Noteholders will lose the entire amount of their investment, regardless of whether the Issuer has sufficient assets available to settle what would have been the claims of Noteholders or of securities subordinated to the same or greater extent as the Notes, in winding-up proceedings or otherwise.

In addition, the court has the power to write-down and defer unsecured liabilities (which could include the Notes) of a UK insurer prior to it becoming insolvent in certain circumstances (see the risk factor below '*The Group may in future become subject to regimes governing the recovery, resolution or restructuring of insurance companies and, as the scope and implications of these regimes are still evolving, it is unclear what the consequences could be for the Group*'). If such powers are exercised in respect of the Issuer, as the Notes are subordinated liabilities, they would be amongst the first liabilities of the Issuer to be written down, and may be written down in full before any liabilities ranking in priority to the Notes are written down. Similarly, any subsequent write-up or 'reactivation' of liabilities would also be expected to respect the creditor hierarchy, such that the Notes would likely be amongst the last of the liabilities to be written-up, and may only be written up after the write-up in full of liabilities ranking in priority to the Notes.

### **3.2 As the Issuer is a holding company, Noteholders are structurally subordinated to the creditors of the Issuer's Subsidiaries**

The Notes are the obligations of the Issuer alone. The Issuer is a holding company and the Issuer's subsidiaries are separate and distinct legal entities with no obligation to pay, or provide funds in respect of, any amounts due and payable in respect of the Issuer's payment obligations under the Notes.

Payments on the Notes are structurally subordinated to all existing and future liabilities and obligations of the Issuer's subsidiaries. Claims of creditors of such subsidiaries will have priority as to the assets of such subsidiaries over the Issuer and its creditors, including the Noteholders. Neither the Conditions nor the Trust Deed contain any restrictions on the ability of the Issuer or its subsidiaries or associates to incur additional unsecured or secured indebtedness.

In the event of a Newco Scheme, the Issuer may without the consent of Noteholders, at its option, procure that Newco is substituted under the Notes as the issuer of the Notes. If such a substitution occurs the claims of Noteholders will be structurally subordinated to the creditors of the subsidiaries of Newco, including the remaining creditors of the Issuer.

The Trustee, if it is satisfied that such substitution would not materially prejudice the Noteholders' interest, may agree with the Issuer, without the consent of the Noteholders, to the substitution of the Issuer's successor in business or a new Group Holding Company as the principal debtor under the Trust Deed and the Notes (in each case, as defined in the Conditions) in place of the Issuer or any previously substituted company, in circumstances described in Condition 15.4 or 15.5. Such a substitution would occur on a subordinated basis equivalent to that set out in Condition 3. The claims

of Noteholders may be further structurally subordinated to the claims of other creditors of the Group as a result of such a substitution.

**3.3 As a holding company, the level of the Issuer's Distributable Items is affected by a number of factors, and insufficient Distributable Items will restrict the Issuer's ability to make interest payments on the Notes**

As a holding company, the level of the Issuer's Distributable Items is 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. Consequently, the Issuer's future Distributable Items, and therefore the Issuer's ability to make Interest Payments on the Notes, are a function of the Issuer's existing Distributable Items, future Group profitability and performance and the ability to distribute or dividend profits from the Issuer's operating subsidiaries up the Group structure to the Issuer. In addition, the Issuer's Distributable Items will also be reduced by the servicing of other debt and equity instruments.

The ability of the Issuer's operating subsidiaries to pay dividends and the Issuer's ability to receive distributions and other payments from the Issuer's investments in other entities is subject to applicable local laws and other restrictions, including their respective regulatory, capital and leverage requirements, statutory reserves, financial and operating performance and applicable tax laws, and any changes thereto. These laws and restrictions could limit the payment of dividends, distributions and other payments to the Issuer by the Issuer's operating subsidiaries, which could in time restrict the Issuer's ability to fund other operations or to maintain or increase its Distributable Items.

**3.4 The Notes have no scheduled maturity date and Noteholders only have a limited ability to exit their investment in the Notes**

The Notes are perpetual securities and have no fixed maturity date or fixed redemption date. Although the Issuer may, under certain circumstances described in Condition 7 (*Redemption, Substitution, Variation and Purchase*), redeem or purchase the Notes, the Issuer is under no obligation to do so and Noteholders have no right to call for the Issuer to exercise any right it may have to redeem or purchase the Notes.

Therefore, Noteholders have no ability to exit their investment in any Notes, except (i) in the event of the Issuer exercising its right to redeem or purchase the Notes in accordance with the Conditions, (ii) by selling their Notes in the secondary market (if any market participant agrees to purchase the Notes) or, following the occurrence of the Conversion Trigger Event and the issue and delivery of Ordinary Shares, their Ordinary Shares (to the extent that their Ordinary Shares are Eligible Conversion Shares and are not all sold to the Issuer's Shareholders pursuant to a Conversion Shares Offer), (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, liquidation or administration of the Issuer, 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 of the actions described in (ii) to (v) above may be substantially less than the principal amount of the Notes or amount of the investor's investment in the Notes.

See also "Absence of public markets for the Notes" below.

### 3.5 **Payments by the Issuer are conditional upon the Issuer being solvent**

Other than in the circumstances set out in Condition 3.3 (*Winding-up prior to a Conversion Trigger Event*) or Condition 3.4 (*Winding-up on or after a Conversion Trigger Event*), all payments in respect of or arising from the Notes (including, without limitation, any payments in respect of damages awarded for breach of any obligations but excluding any cash component of the Conversion Shares Offer Consideration) shall be conditional upon the Issuer being solvent at the time for payment by the Issuer and no amount shall be due and payable by the Issuer in respect of or arising from (including any damages for breach of any obligations under) the Notes except to the extent that the Issuer could make such payment and still be solvent immediately thereafter. For these purposes, the Issuer will be solvent if (i) it is able to pay its debts owed to Pari Passu Creditors and Senior Creditors as they fall due and (ii) its Assets exceed its Liabilities. Any payment of interest that would have been due and payable but for the inability to comply with the Solvency Condition shall be cancelled in full pursuant to Condition 5.2 (*Mandatory Cancellation of Interest Payments*).

### 3.6 **Interest Payments on the Notes are discretionary and the Issuer may cancel Interest Payments, in whole or in part, at any time. Cancelled Interest Payments shall not be due and shall not accumulate or be payable at any time thereafter and investors shall have no rights thereto**

Interest on the Notes will be due and payable only at the sole and absolute discretion of the Issuer and is subject to Condition 3.2 (*Solvency Condition*), Condition 5.2 (*Mandatory Cancellation of Interest Payments*) and Condition 6.9 (*Accrued Interest on Conversion*). The Issuer may at any time elect to cancel any Interest Payment, in whole or in part, which would otherwise be due and payable on any Interest Payment Date.

At the time of publication of this Offering Memorandum, it is the intention of the Issuer's directors (the "**Directors**") to take into account the relative ranking in the Issuer's capital structure of its Ordinary Shares and its outstanding restricted Tier 1 securities (including, but not limited to, the Notes) whenever exercising its discretion to declare dividends on the former or to cancel interest on the latter. However, the Directors may depart from this policy at any time in their sole discretion.

Any Interest Payment (or relevant part thereof) which is cancelled shall not accumulate and shall not become due and payable at any time thereafter. In the event of such cancellation, Noteholders will have no rights in respect of the Interest Payment (or relevant part thereof) which is cancelled. In addition, cancellation or non-payment of Interest in accordance with the Conditions shall not constitute a default or event of default on the part of the Issuer for any purpose.

The cancellation, or any actual or perceived increase in the likelihood of cancellation, of any Interest Payment may affect the market value of an investment in the Notes and could result in increased volatility and/or reduced liquidity in the market (if any) for the Notes.

### 3.7 **In addition to the Issuer's right to cancel Interest Payments, in whole or in part, at any time, the Conditions require that Interest Payments must be cancelled under certain circumstances. Cancelled Interest Payments shall not be due and shall not accumulate or be payable at any time thereafter and investors shall have no rights thereto**

The Issuer must cancel any Interest Payment on the Notes in full pursuant to Condition 5.2 (*Mandatory Cancellation of Interest Payments*) in the event that, *inter alia*, the Issuer cannot make the payment (including, if applicable, any Additional Amounts) in compliance with the Solvency Condition, the Solvency Capital Requirement or the Minimum Capital Requirement, or where the Interest Payment would, together with any Additional Amounts payable with respect thereto, exceed the amount of the Issuer's Distributable Items as at the time of payment, or if required to cancel any Interest Payment by the Relevant Regulator or under the Relevant Rules.

Any Interest Payment which is cancelled shall not accumulate and shall not become due and payable at any time thereafter. In the event of such cancellation, Noteholders will have no rights in respect of the Interest Payment which is cancelled. In addition, cancellation or non-payment of Interest in accordance with the Conditions shall not constitute a default or event of default on the part of the Issuer for any purpose.

The cancellation, or any actual or perceived increase in the likelihood of cancellation, of any Interest Payment may affect the market value of an investment in the Notes.

### **3.8 The interest rate on the Notes will be reset on each Reset Date, which may affect the market value of the Notes**

The Notes will initially accrue interest at the Initial Fixed Interest Rate to, but excluding, the First Reset Date. From, and including, the First Reset Date, however, the interest rate will be reset on each Reset Date to the Reset Rate of Interest (as described in Condition 4.5 (*Determination of Reset Rate of Interest*)). This Reset Rate of Interest could be less than the Initial Fixed Interest Rate, which could affect the amount of any interest payments under the Notes and the market value of an investment in the Notes.

As the Notes bear interest at a fixed rate (reset from time to time), an investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes. Potential movements in the market interest rates over the life of the Notes are difficult to predict. While the nominal rate of a security with a fixed interest rate is fixed for a specified period, the market interest rate typically changes on a daily basis and the price of such security is likely to change in the opposite direction. If the market interest rate increases, the price of such security typically falls, until the yield of such security is approximately equal to the market interest rate. If the market interest rate falls, the price of a security with a fixed compensation rate typically increases, until the yield of such security is approximately equal to the market interest rate. Investors should be aware that movements of the market interest rate can lead to losses for the Noteholders if they sell the Notes.

### **3.9 Redemption payments under the Notes must, under certain circumstances, be deferred**

Notwithstanding that a notice of redemption has been delivered to Noteholders, the Issuer must defer redemption of the Notes on any date set for redemption of the Notes pursuant to Condition 7 (*Redemption, Substitution, Variation and Purchase*) in the event that, *inter alia*, the Issuer cannot make the redemption payments in compliance with the Solvency Condition, the Solvency Capital Requirement, the Minimum Capital Requirement or the Regulatory Clearance Condition, or an Insolvent Insurer Winding-up has occurred and is continuing.

Further, if a Conversion Trigger Notice is given after a notice of redemption 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 or effected and the Notes shall be converted in accordance with Condition 6 (*Conversion*).

The deferral of redemption of the Notes will not constitute a default under the Notes for any purpose and will not give Noteholders or the Trustee any right to accelerate the Notes or take any enforcement action under the Notes or the Trust Deed. Where redemption of the Notes is deferred, subject to certain conditions (including satisfaction of the Solvency Condition), the Notes will be redeemed by the Issuer on the earlier of (a) the date falling 10 Business Days after the date on which the Redemption and Purchase Conditions are (and provided that they continue to be) met or (where capable of waiver) waived pursuant to Condition 7.3 (*Waiver of Redemption and Purchase Condition relating to Solvency Capital Requirement by Relevant Regulator*) or (b) the date on which an Issuer Winding-Up occurs (insofar as such Issuer Winding-Up occurs prior to the date on which a Conversion Trigger Event occurs, in respect of which the Relevant Regulator has not permitted the waiver of Conversion as contemplated in Condition 6.4 (*Waiver of Conversion by the Relevant Regulator*)).

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

### **3.10 Subject to certain conditions, the Issuer may redeem the Notes at the Issuer's option on certain dates**

Subject, *inter alia*, to the solvency of the Issuer, to compliance with the Solvency Capital Requirement and Minimum Capital Requirement and to satisfaction of the Regulatory Clearance Condition, the Issuer may redeem all (but not some only) of the Notes at their principal amount outstanding together with (to the extent that such interest has not been cancelled in accordance with the Conditions) any accrued and unpaid interest to (but excluding) the date of redemption specified pursuant to the Conditions. Such redemption may occur at the option of the Issuer (i) on any day falling in the period commencing on (and including) 7 January 2033 and ending on (and including) the First Reset Date or any Reset Date thereafter, (ii) at any time in the event of certain changes in the tax treatment of the Notes or payments thereunder due to a Tax Event, (iii) at any time following the occurrence of (or if there will occur within six months) a Capital Disqualification Event or a Ratings Methodology Event, or (iv) if at any time 75 per cent. or more of the aggregate principal amount of the Notes originally issued (and, for these purposes, any Further Notes will be deemed to have been originally issued) have been purchased by the Issuer or any of its Subsidiaries and cancelled.

The Issuer shall only be entitled to redeem the Notes upon the occurrence of certain changes in the tax treatment of the Notes or payments thereunder due to a Tax Event if a Capital Disqualification Event or a Ratings Methodology Event, if (amongst other conditions) it was reasonable for the Issuer to conclude, judged at the Issue Date or (if any further tranche(s) of the Notes has or have been issued pursuant to Condition 17 (*Further Issues*) and consolidated to form a single series with the Notes) the Relevant Issue Date, that such event was not reasonably foreseeable.

The Issuer is also entitled to redeem the Notes if 75 per cent. or more of the aggregate principal amount of the Notes originally issued (and, for these purposes, any Further Notes will be deemed to have been originally issued) have been purchased by the Issuer or any of its Subsidiaries.

The cash paid to investors upon such a redemption may be less than the then current market value of the Notes or the price at which investors purchased the Notes, and any actual or perceived possibility of redemption by the Issuer could also impact the market value of the Notes. Subject to the contractual and regulatory restrictions on doing so set out in the Conditions, the Issuer might be expected to redeem the Notes when its costs of borrowing for an instrument with a comparable regulatory capital treatment at the time is lower than the interest payable on them. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Furthermore, pursuant to Condition 7.16, the Issuer may waive or suspend, at any time, in its sole discretion, its right to redeem the Notes under any of Condition 7.7, 7.8, 7.9 or 7.11, in each case for a (definite or indefinite) period of time to be determined by the Issuer (the “**Inapplicability Period**”) by notice to the Noteholders in accordance with the Condition 14, the Agents and the Trustee and may subsequently terminate any such Inapplicability Period at any time and in its sole discretion by similar notice. Any decision by the Issuer to initiate or terminate an Inapplicability Period could adversely affect the market value of Notes and/or result in volatility in the market price of the Notes.

### **3.11 The Issuer’s interests may not be aligned with those of investors in the Notes**

The Issuer’s satisfaction of the Solvency Condition, the availability of Distributable Items as well as there being no occurrence of a Conversion Trigger Event and the compliance by the Issuer and other members of the Group with their capital requirements will depend in part on decisions made by the Issuer and other entities in the Group relating to their businesses and operations, as well as the management of their capital positions.

While the Directors of the Issuer are under an obligation to consider the interests of all stakeholders of the Issuer, including the Noteholders, the interests of other stakeholders of the Issuer could be adverse to and outweigh the interests of the Noteholders, including in the context of capital management and the relationship among the various entities in the Group and the Group’s structure. The Issuer may decide not to raise capital at a time when it is feasible to do so, even if that would result in the occurrence of a Conversion Trigger Event. It may decide not to propose to its shareholders to reallocate share premium to a distributable reserve account or to take other actions necessary in order for share premium or other reserves or earnings to be included in Distributable Items. Moreover, in order to avoid the use of public resources, the Relevant Regulator may decide that the Issuer should allow a Conversion Trigger Event to occur or should cancel an interest payment at a time when it is feasible to avoid this outcome. Noteholders will not have any claim against the Issuer or any other entity of the Group relating to decisions that affect the capital position of the Group, regardless of whether they result in the occurrence of a Conversion Trigger Event or a lack of Distributable Items or breach of the Solvency Condition. Such decisions could cause Noteholders to lose the full amount of their investment in the Notes.

### **3.12 Notes may be traded with accrued interest which may subsequently be subject to cancellation**

The Notes may trade, and/or the prices for the Notes may appear, in trading systems with accrued interest. Purchasers of Notes in the secondary market may pay a price which reflects such accrued interest on purchase of the Notes.

If an Interest Payment is cancelled (in whole or in part) as described above, a purchaser of Notes in the secondary market will not be entitled to the accrued interest (or part thereof) reflected in the purchase price of the Notes.

### **3.13 Restricted remedy for non-payment when due**

In accordance with PRA requirements for subordinated capital, the sole remedy against the Issuer available to the Trustee or (where the Trustee has failed to proceed against the Issuer as provided in the Conditions) any Noteholder for recovery of amounts which have become due and payable in respect of the Notes will be the institution of proceedings for the winding-up in England and Wales (but not elsewhere) of the Issuer and/or proving in any winding-up of the Issuer and/or claiming in the liquidation or administration of the Issuer. Any cancellation or non-payment of interest shall not constitute a default or event of default on the part of the Issuer for any purpose.

### **3.14 Variation or substitution of the Notes without Noteholder consent**

Subject as provided in Condition 7 (*Redemption, Substitution, Variation 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 Tier 1 Notes (i) in the event of certain changes in the tax treatment of the Notes or payments thereunder due to a Tax Event, or (ii) following the occurrence of (or where there will occur within six months) a Capital Disqualification Event or, following the occurrence of (or where there will occur within six months) a Ratings Methodology Event, the Issuer may 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, Rating Agency Compliant Notes.

In the event of a Newco Scheme, the Issuer may without the consent of Noteholders, at its option, procure that Newco is substituted under the Notes as the issuer of the Notes. Any such substitution shall be subject to the Issuer having complied with the Regulatory Clearance Condition, as further described in Condition 15.2 (*Newco Scheme*).

The Trustee, may agree with the Issuer, without the consent of the Noteholders, to the substitution of the Issuer's successor in business as the principal debtor under the Trust Deed and the Notes (in each case, as defined in the Conditions), subject to compliance with certain conditions set out in Condition 15.4 (including but not limited to, the Trustee being satisfied that such substitution would not materially prejudice the Noteholders' interests).

Furthermore, if requested by the Issuer and if the Issuer ceases, has ceased or, on the date of the substitution, will cease to be the Group Holding Company for any reason, the Trustee shall agree, without the consent of the Noteholders, to the substitution of the Group Holding Company in place of the Issuer or any previous substitute under Condition 15.5 as principal debtor under the Trust Deed and the Notes and to the making of any consequential amendments to the Trust Deed and the Notes which the Issuer may reasonably require (in each case, as defined in the Conditions). There can be no assurance that any such substitution will not adversely affect the market value of the Notes or that

the Issuer will elect to exercise its right to substitute the Group Holding Company in place of the Issuer in respect of all outstanding issuances where the Issuer has the right to do so.

### 3.15 Notes may be mandatorily converted into Ordinary Shares

Following the occurrence of a Conversion Trigger Event, the Notes will be mandatorily converted into Ordinary Shares on the Conversion Date. Once the Conversion Shares have been issued and delivered to the Conversion Shares Depositary, all of the Issuer's obligations under the Notes (including any payment obligation in respect of principal and/or accrued interest) shall be irrevocably released, discharged and satisfied. As a result, Noteholders may lose all or part of the value of their investment in the Notes as, following Conversion, they will receive only Conversion Shares and/or (if the Issuer elects that a Conversion Shares Offer be made and the Noteholder has not served an Opt-Out Notice in accordance with the Conditions) the Conversion Shares Offer Consideration.

Although the market value of any Conversion Shares received by Noteholders may increase (or decrease) in value over time, the Conversion Price at the time the Conversion Shares are issued may not reflect (and may be considerably higher than) the market value of the Ordinary Shares. A Conversion Price that is higher than the market price of an Ordinary Share will represent a loss for Noteholders, since (through Conversion) they will obtain Ordinary Shares (subject to a Conversion Shares Offer) at a higher price than they will be able to sell such Ordinary Shares at in the market.

In the event that the Issuer elects that a Conversion Shares Offer be made, the Conversion Shares Offer Price relating to any such Conversion Shares Offer shall be at a price (the "**Conversion Shares Offer Price**") not lower than the Conversion Shares Offer Floor Price. The Conversion Shares Offer Floor Price 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 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.

Furthermore, if the Issuer elects that a Conversion Shares Offer be made in circumstances where the cash component (if any) of the Conversion Shares Offer Consideration in respect of a Note would otherwise exceed the product of (a) the principal amount of such Note and (b) the proportion (expressed as a percentage) of the Eligible 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.

Any Conversion of the Notes shall be irrevocable and Noteholders shall not be entitled to any compensation in the event that the value of Ordinary Shares or Conversion Shares Offer Consideration received by them is less than the principal amount of their Notes, or if the solvency position of the Issuer subsequently improves following Conversion (including if the Conversion Trigger Event has ceased to continue). Furthermore, the sole remedy available to Noteholders in the event that the Issuer fails to deliver Conversion Shares to the Conversion Shares Depositary on or after the Conversion Trigger Event will be to apply to the court to obtain an order requiring the Issuer

to issue and deliver such Conversion Shares to the Conversion Shares Depository or, where applicable, participate in the liquidation proceeds of the Issuer as if the Conversion Shares had been issued. Once the Conversion Shares to be delivered on Conversion have been issued and delivered to the Conversion Shares Depository, the only claims Noteholders will have will be against the Conversion Shares Depository for delivery of Conversion Shares or Conversion Shares Offer Consideration, as applicable.

For the avoidance of doubt, the Noteholders will have no right to convert their Notes into Ordinary Shares at their election. Conversion of the Notes will occur only following the occurrence of a Conversion Trigger Event.

### **3.16 The occurrence of a Conversion Trigger Event may depend on factors outside of the Issuer's control**

A Conversion Trigger Event shall occur if the Issuer determines at any time that (i) the amount of Own Fund Items eligible and available to cover the Solvency Capital Requirement is equal to or less than 75 per cent. of the Solvency Capital Requirement, (ii) the amount of Own Fund Items eligible and available to cover the Minimum Capital Requirement is equal to or less than the Minimum Capital Requirement, or (iii) a breach of the Solvency Capital Requirement has occurred and such breach has not been remedied within a period of three months from the date on which the breach was first observed.

The occurrence of a Conversion Trigger Event and, therefore, Conversion is to some extent unpredictable and depends on a number of factors, some of which may be outside of the Issuer's control, including actions that the Issuer is required to take at the direction of the Relevant Regulator and regulatory changes. Accordingly, the trading behaviour of the Notes may not necessarily follow the trading behaviour of other types of subordinated securities, including the Issuer's other subordinated debt securities. Any indication that the Issuer or the Group may be at risk of failing to meet its Solvency Capital Requirement or Minimum Capital Requirement may have an adverse effect on the market price and liquidity of the Notes. Therefore, investors may not be able to sell their Notes easily (if at all) or at prices that will provide them with a yield comparable to other types of subordinated securities, including the Issuer's other subordinated debt securities. In addition, the risk of Conversion could drive down the price of the Ordinary Shares and could have a material adverse effect on the market value of any Conversion Shares received upon Conversion.

### **3.17 Noteholders must submit a Conversion Shares Settlement Notice to receive delivery of Conversion Shares or Conversion Shares Offer Consideration following Conversion**

In order to obtain delivery of the relevant Conversion Shares or the Conversion Shares Offer Consideration, as applicable, following a Conversion of the Notes, the relevant Noteholder must deliver, *inter alia*, a duly completed Conversion Shares Settlement Notice to the Conversion Shares Depository, which must contain specified information. 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 Conversion Shares or the relevant Conversion Shares Offer Consideration, as applicable, satisfactory to the Conversion Shares Depository in its sole and absolute discretion in order to receive delivery of such Conversion Shares or such Conversion Shares Offer Consideration, as applicable. The Issuer shall have no liability to any Noteholder for any loss resulting from such Noteholder not receiving any Conversion 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 submit, *inter alia*, a valid Conversion Shares Settlement Notice, on a timely basis or at all.

**3.18 The Notes will remain in existence following Conversion for a period with Noteholders having limited rights**

Following Conversion, the Notes will 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 to receive Conversion Shares or Conversion Shares Offer Consideration, as applicable, from the Conversion Shares Depository. All obligations of the Issuer under the Notes shall be irrevocably released in consideration of the Issuer's issuance and delivery of the Conversion Shares to the Conversion Shares Depository on the Conversion Date, and under no circumstances shall such released obligations be reinstated. The Notes shall be cancelled on the applicable Settlement Date (or, if earlier, the Final Cancellation Date). Notwithstanding the foregoing, there can be no assurance that Noteholders will be able to sell any Notes following the occurrence of a Conversion Trigger Event.

Receipt by the Conversion Shares Depository of the Conversion Shares shall irrevocably discharge and satisfy the Issuer's obligations in respect of the Notes and a Noteholder shall, with effect on and from the Conversion Date, only have recourse to the Conversion Shares Depository for the delivery to it of the relevant Conversion Shares or, if the Issuer elects that a Conversion Shares Offer be made, of any Conversion Shares Offer Consideration to which such Noteholder is entitled. The Issuer shall not have any liability for the performance of the obligations of the Conversion Shares Depository. There may, therefore, be a period following Conversion during which the Noteholders remain in possession of their Notes but are owed no obligations thereunder by the Issuer.

**3.19 There may be a delay in Noteholders being able to transfer any Conversion Shares following Conversion**

Although the Noteholders will (subject to a Conversion Shares Offer) become beneficial owners of the Conversion Shares upon the issuance of such Conversion Shares to the Conversion Shares Depository and the Conversion 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 Noteholder will be able to sell or otherwise transfer any Conversion Shares until such time as they are finally delivered to such Noteholder and registered in its name. In the event of a Conversion Shares Offer, only some – or none – of the Conversion Shares may be delivered to the Noteholders.

**3.20 Noteholders are subject to all changes made with respect to Conversion Shares prior to their registration as a holder of such Conversion Shares**

Noteholders will be unable to exercise voting rights and other rights related to any Conversion Shares until such Conversion Shares have been issued and delivered to the Conversion Shares Depository following the Conversion Date and subsequently delivered to the Noteholders, and such Noteholder has been registered in the Issuer's share register as a shareholder in accordance with the provisions of, and subject to the limitations provided in, the articles of association of the Issuer. Prior to such registration, Noteholders will be subject to all changes made with respect to the Conversion Shares but will not be entitled to any of the rights of a shareholder.

### **3.21 Noteholders may be subject to taxes following Conversion**

Neither the Issuer nor any member of the Group will pay any taxes, including any capital, stamp, issue, registration, financial transaction, documentary or transfer taxes or duties, arising on, or as a result of, Conversion or that may arise or be paid as a consequence of the issue and delivery of Ordinary Shares on Conversion or their transfer in any Conversion Shares Offer. Except as provided in the relevant Conditions, Noteholders must pay any such taxes or duties which may arise as a result of, or in connection with, the ownership, any transfer and/or any payment in respect of the Notes, or which arise on Conversion in connection with the issue and delivery of the Conversion Shares, whether to the Conversion Shares Depository on behalf of the relevant Noteholder or otherwise to or for the benefit of such Noteholder. Noteholders must pay all, if any, such taxes or duties arising by reference to any disposal or deemed disposal of their Notes or interest therein, save that the Issuer intends to make it a condition of any Conversion Shares Offer that any capital, stamp, issue, registration, financial transaction, documentary or transfer taxes or duties arising on delivery or transfer of Conversion Shares to a purchaser in any Conversion Shares Offer are borne by the relevant purchaser.

### **3.22 Noteholders may be obliged to make a takeover bid following the Conversion Trigger**

Upon the occurrence of the Conversion Trigger Event, Noteholders receiving Conversion Shares from the Conversion Shares Depository may have to make a takeover bid addressed to the shareholders of the Issuer pursuant to the rules of The City Code on Takeovers and Mergers implementing the Takeovers Directive (2004/25/EC) by means of Part 28 of the United Kingdom Companies Act 2006 (the "**Companies Act 2006**") if any Noteholder's aggregate holding in the Issuer exceeds 30 per cent. of the voting rights in the Issuer as a result of the Conversion of the Notes into Conversion Shares.

### **3.23 Changes to Solvency UK may increase the risk of the occurrence of a Conversion Trigger Event, cancellation of Interest Payments or the occurrence of a Capital Disqualification Event**

Solvency UK requirements or the way in which the PRA interprets and applies these requirements to the UK insurance industry, may change. Any such changes, either individually and/or in aggregate, may lead to further unexpected requirements in relation to the calculation of the Issuer's or the Group's Solvency Capital Requirement, and such changes may make the Issuer's or the Group's regulatory capital requirements more onerous. Such changes that may occur in the application of Solvency UK subsequent to the date of this Offering Memorandum and/or any subsequent changes to such rules and other variables may individually and/or in aggregate negatively affect the calculation of the Issuer's or the Group's Solvency Capital Requirement and thus increase the risk of cancellation of Interest Payments, the occurrence of a Capital Disqualification Event and subsequent redemption of the Notes by the Issuer, or a Conversion Trigger Event occurring, 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.

### **3.24 Other capital instruments issued by the Issuer may not absorb losses at the same time, or to the same extent, as the Notes**

The terms and conditions of other regulatory capital instruments issued from time to time by the Issuer or any of its Subsidiaries may vary and accordingly such instruments may not convert into equity or be written-down at the same time, or to the same extent, as the Notes, or at all. Further,

regulatory capital instruments issued by a member of the Group with terms that require such instruments to be converted into equity and/or written-down when a solvency or capital measure falls below a certain threshold may have different capital or solvency measures for triggering a conversion or write-down to those set out in the definition of Conversion Trigger Event or may be determined with respect to a group or sub-group of entities that is different from the Group, with the effect that they may not be converted into equity and/or written down on the occurrence of a Conversion Trigger Event. Therefore, the Notes may be subject to a greater degree of loss absorption than would otherwise have been the case had such other instruments been written down or converted at the same time as or prior to the Notes.

### **3.25 Noteholders may be subject to disclosure obligations and/or may need approval by the Relevant Regulator**

As the Notes are mandatorily convertible into Conversion Shares following a Conversion Trigger Event, an investment in the Notes may result in Noteholders, following such Conversion, having to comply with certain disclosure and/or approval requirements pursuant to laws and regulations applicable in the UK. For example, pursuant to Chapter 5 of the Disclosure Guidance 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 or crosses 3 per cent. and every percentage point thereafter.

Furthermore, as the Conversion Shares are of an ultimate parent undertaking of a number of regulated entities, under the laws of the UK and other jurisdictions, ownership of an interest in the Conversion Shares to be delivered following Conversion above a certain level may require the Noteholder to obtain regulatory approval or subject the Noteholder to additional regulation.

Non-compliance with such disclosure and/or approval requirements may lead to the incurrance by Noteholders of substantial fines and/or suspension of voting rights associated with the Ordinary Shares. Any potential investor should consult its financial, legal and other professional advisers as to the terms of the Notes and the potential consequences for such potential investor if a Conversion Trigger Event were to occur and such potential investor received Conversion Shares. In particular, each potential investor should satisfy themselves, both at the time of investing in the Notes and for so long as such investor remains a Noteholder, that the maximum number of Conversion Shares that it could receive following Conversion, when aggregated with its other relevant holdings of Ordinary Shares, would not give rise to any of the consequences described above, or any other legal or regulatory implications.

### **3.26 Noteholders may receive Conversion Shares Offer Consideration instead of Ordinary Shares**

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 the 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 Conversion 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 a price determined by the Issuer in its sole discretion, provided that the Conversion Shares Offer Price shall not be lower than the Conversion Shares Offer Floor Price. The Conversion Shares Offer Floor Price 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 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 6 (*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 fifth (5th) Business Day preceding the commencement of the Conversion Shares Offer and as determined by the Conversion Calculation Agent, the *pro rata* share of the cash proceeds of the sale of the Eligible Conversion Shares attributable to such Note (less: (a) the *pro rata* share of any foreign exchange transaction costs; and (b) an amount 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 Depositary (or Conversion Shares Offer Agent(s) (if any)) as a consequence of the Conversion Shares Offer), 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: (a) the *pro rata* share of any foreign exchange transaction costs; and (b) an amount 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 Depositary (or Conversion Shares Offer Agent(s) (if any)) as a consequence of the Conversion Shares Offer), 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 in respect of a Note would otherwise exceed the product of (a) the principal amount of such Note and (b) 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.

### **3.27 Notes may be convertible into shares in an entity other than the Issuer where a Qualifying Change of Control occurs, or may be written down to zero where a Non-Qualifying Change of Control occurs**

If a Qualifying Change of Control occurs, the Notes will, following Conversion, become convertible into Relevant Shares of the Approved Entity, as described in Condition 6.15 (*Change in Terms on Change of Control*). The Issuer can provide no assurances as to the nature of any such Approved Entity or the risks associated with becoming an actual or potential shareholder therein. A Qualifying Change of Control may, therefore, have an adverse effect on the value of the Notes.

If a Non-Qualifying Change of Control occurs then the Notes shall not be subject to Conversion at any time but, instead, upon the occurrence of a Conversion Trigger Event the full principal amount outstanding of each Note will automatically be written down to zero, each Note will be cancelled and each Note 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. Therefore, if a Non-Qualifying Change of Control occurs, or if the market anticipates that such an event may occur, this may have an adverse effect on the value of the Notes.

### **3.28 Conversion Price is fixed at the time of issue of the Notes**

Subject to certain limited anti-dilution provisions set out in Condition 6.10 (*Adjustment of Conversion Price*), the Conversion Price of the Notes is fixed at the time of issue of the Notes. The Conversion Trigger Event is linked to a deterioration in the regulatory solvency position of the Issuer and, therefore, its occurrence will likely be accompanied and preceded by a deterioration in the market price of the Ordinary Shares. Therefore, if a Conversion Trigger Event were to occur, investors would receive Conversion Shares or, as the case may be, Conversion Shares Offer Consideration at a time when the market price of the Ordinary Shares is diminished. In addition, there may be a delay in a Noteholder receiving its Conversion Shares (if any) following the Conversion Trigger Event, during which time the market price of the Ordinary Shares may further decline. As a result, the realisable value of the Conversion Shares may be below the Conversion Price.

At the time at which the Conversion Shares are issued following Conversion, the Conversion Price may not reflect the market price of the Ordinary Shares, which could be significantly lower than the Conversion Price. Although the market value of such Conversion Shares may increase over time, they may never be equal to the principal amount of the Notes converted.

### 3.29 **Noteholders have limited anti-dilution protection**

The number of Conversion Shares to be delivered in respect of the Notes will be determined by dividing the principal amount outstanding of the Notes by the Conversion Price prevailing at the relevant time (or, if higher, the nominal value of a Conversion Share prevailing at the relevant time). Fractions of Conversion Shares will not be delivered to the Conversion Shares Depository or to Noteholders upon a Conversion and no cash payment will be made in lieu thereof.

The Conversion Price will be adjusted in accordance with Condition 6.10 (*Adjustment of Conversion Price*) in the event that there is a (i) consolidation, reclassification, redesignation or subdivision in relation to the Ordinary Shares which alters the number of Ordinary Shares in issue, (ii) an issuance of Ordinary Shares in certain circumstances by way of capitalisation of profits or reserves, (iii) payment of an Extraordinary Dividend (as further discussed below) or (iv) an issue of Ordinary Shares to Shareholders as a class by way of rights in certain circumstances, all as further described in the Conditions.

The definition of 'Extraordinary Dividend' excludes any dividend which is a special dividend payable from surplus capital generated from continuing operations of the Group ("**Excluded Dividends**"). Accordingly, the declaration and payment of Excluded Dividends will not result in an adjustment to the Conversion Price.

Any New Conversion Price following a Qualifying Change of Control will be similarly adjusted.

There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the Ordinary Shares. Furthermore, the adjustment events that are included are less extensive than those often included in the terms of other convertible securities. As a result, events in respect of which no adjustment to the Conversion Price is made may adversely affect the value of the Notes.

### 3.30 **Notes where denominations involve integral multiples**

Since the Notes will be issued in a minimum denomination (as defined in this Offering Memorandum) plus one or more higher integral multiples, it is possible that the Notes may be traded in amounts in excess of the minimum denomination that are not integral multiples of such minimum denomination. In such a case a Noteholder, who as a result of trading such amounts, holds a principal amount of less than the minimum denomination in its account with the relevant clearing system at the relevant time 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 a denomination. Further, a holder 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 at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more denominations.

### **3.31 Modification and waivers**

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. They also provide for resolutions to be passed with the consent of Noteholders given by way of written resolutions or electronic consents. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting or, as the case may be, who did not execute the written resolution or give electronic consent, and Noteholders who voted in a manner contrary to the majority. The Conditions also provide that, subject to the satisfaction of the Regulatory Clearance Condition, the Trustee may, without the consent of Noteholders, agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the Conditions or any of the provisions of the Trust Deed or Agency Agreement in the circumstances described in Condition 15 (*Meetings of Noteholders, Modification, Waiver and Authorisation*).

### **3.32 No limitation on issuing senior or *pari passu* securities**

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

### **3.33 No restriction on dividends**

The Conditions do not contain any restriction on the ability of the Issuer to pay dividends on its Ordinary Shares. This could decrease the profits that are available for distribution and therefore increase the likelihood of a cancellation of payments of interest. At the time of publication of this Offering Memorandum, it is the intention of the Directors to take into account the relative ranking in the Issuer's capital structure of its Ordinary Shares and its outstanding restricted Tier 1 securities (including, but not limited to, the Notes) whenever exercising its discretion to declare dividends on the former or to cancel interest on the latter. However, the Directors may depart from this policy at any time in their sole discretion.

### **3.34 Change of law**

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

### **3.35 Limitation on gross-up obligation under the Notes**

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

As such, the Issuer would not be required to pay any Additional Amounts under the terms of the Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under the Notes,

Noteholders will receive less than the full amount which would otherwise be due to them under the Notes, and the market value of the Notes may be adversely affected.

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

The UK Financial Services and Markets Act 2023 implemented amendments to clarify and extend the powers of the court under Section 377A to 377K of FSMA to enable (among other things) the write-down and deferral of unsecured liabilities of UK insurers (which may include the Notes) in financial distress (i.e., prior to an insurer becoming insolvent in certain circumstances). These amendments were intended to enhance the UK's resolution regime for insurers, enabling smoother and more orderly wind-downs of troubled insurers, thereby protecting policyholders, and mitigating risks to the wider financial system. This includes clarifying the scope of the power, creating a statutory moratorium on certain contractual termination rights upon application to the court for and during a write-down, administration or a winding-up, providing for the appointment of a 'write-down manager', a stay on policyholder surrender rights in certain circumstances for life insurance policies and ensuring that the FSCS rules require payments to policyholders whose claims are reduced by a write-down. The court's write-down powers do not extend to secured liabilities of the insurer but insurers' liabilities which are secured by a floating charge are potentially within the court's write down powers. Any such write-down (and any subsequent write-up or 'reactivation', if applicable) would have regard to the order in which liabilities sit in the creditor hierarchy as set out in the Insurers (Reorganisation and Winding Up) Regulations 2004 (SI 2004/353), although the regime does not include a specific 'no creditor worse off' (NCWO) safeguard (see the risk factor above '*The Issuer's obligations under the Notes are subordinated*').

In addition, in January 2023 HM Treasury released a consultation paper (the "**Consultation**") detailing its proposals for introducing an Insurer Resolution Regime (the "IRR"), which is separate from the changes introduced by sections 377A to 377K of FSMA. The proposals intended to facilitate, amongst other things, UK financial stability and the protection of policyholders. In August 2023, HM Treasury confirmed that it plans to legislate for the implementation of the IRR. However, draft legislation for the IRR has not yet been published and the timetable for enacting the proposals in the Consultation is not yet clear. Firms will have at least 12 months to comply with the IRR requirements once in force.

If the IRR is implemented, the Bank of England will serve as the resolution authority for insurers, working in collaboration with the PRA and FCA to bring the IRR into effect. The IRR will apply to UK branches of foreign insurers, holding companies, niche insurers, and mutuals, excluding Lloyd's. The IRR will grant the PRA greater flexibility in determining and responding to potentially systemic failures compared to the Solvency UK ladder of intervention. Provided certain conditions are met, the Bank of England, as resolution authority, will be granted the power to exercise a range of "stabilisation options" to mitigate the harm caused by a failing insurer, including arranging the 'bail-in' of a failing insurer through restructuring, modifying, limiting, or writing down its liabilities. The Bank of England could also potentially issue new equity to those creditors whose debt is written down. Furthermore, the regime will incorporate two distinct valuation processes; a set of pre-resolutions valuations before the resolution authority exercises any of the stabilisation options and a second valuation, following resolution, by an independent valuer appointed by HM Treasury to conduct an independent valuation to determine the level of "no creditor worse off" compensation.

The implementation of the IRR means there is a risk that in a resolution scenario, in order to reduce or defer the liabilities of the Issuer and/or the Group, liabilities owed to unsecured creditors could be restructured, modified, limited, or written down and/or converted into shares (in whole or in part). In such a scenario the first affected creditors would likely be those that rank below policyholders, including holders of the Notes.

Separately, on 23 January 2024, the PRA published a consultation on the introduction of new rules for UK insurers (such as the Issuer) to ensure they are appropriately prepared to undertake a solvent exit (as an alternative to recovery action), including by producing and maintaining a solvent exit analysis and, where solvent exit becomes a reasonable prospect, preparing a detailed solvent exit execution plan. The PRA published a policy statement on these proposed reforms in December 2024, which will be implemented by way of new rules and a new Supervisory Statement SS11/24. UK insurers (such as the Issuer) are expected to comply with these new rules and expectations by 30 June 2026.

#### **4. Risks related to the market generally**

##### **4.1 The secondary market generally**

The Notes may have no established trading market when issued and one may never develop. If a market develops, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable with similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of the Notes as the Notes are publicly traded securities which may from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them. Such volatility may be increased in an illiquid market including in circumstances where a significant proportion of the Notes are held by a limited number of initial investors.

If the Issuer's financial condition deteriorates such that there is an increased risk that the Issuer may be wound up or enter into administration, or if at any time there is any actual or anticipated deferral of interest or redemption in accordance with the Terms and Conditions of the Notes, such circumstances can be expected to have a material adverse effect on the market price of the Notes, and could increase volatility and/or reduce liquidity in the market (if any) for 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.

If any market in the Notes has developed, or does develop, it may become severely restricted, or may disappear, if the financial condition and/or the solvency position of the Issuer deteriorates such that there is an actual or perceived increased likelihood of the Issuer being unable to pay interest on the Notes or of a Conversion Trigger Event occurring.

See also *"The market value of the Notes may be influenced by factors beyond the Issuer's control"* below.

## 4.2 Exchange rate risks and exchange controls

Payments of principal and interest on the Notes will be made in Sterling, as will any Conversion Shares Offer Consideration paid following a Conversion Trigger Event. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of Sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to Sterling would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes. Governments and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

## 4.3 Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings assigned to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities. Any rating assigned to the Issuer and/or the Notes may be withdrawn entirely by a credit rating agency, may be suspended or may be lowered, if, in that credit rating agency's judgment, circumstances relating to the basis of the rating so warrant. The credit rating agencies may also revise the ratings methodologies applicable to issuers within a particular industry or political or economic region. If credit rating agencies perceive there to be adverse changes in the factors affecting the Issuer's credit rating, including by virtue of change to applicable ratings methodologies, the credit rating agencies may downgrade, suspend or withdraw the ratings assigned to the Issuer and/or its securities that do not reflect changes in the general economic conditions or the Issuer's financial condition, which in turn could reduce the liquidity or market value of the Notes.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restrictions will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the 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 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.

Investors regulated in the UK are subject to similar restrictions under 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: (i) endorsed by a UK registered credit rating agency; or (ii) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to: (i) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended; and (ii) 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 the rating agency rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant 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, which may impact the value of the Notes and their liquidity in the secondary market.

#### **4.4 The market value of the Notes may be influenced by factors beyond the Issuer's control**

Many factors, most of which are beyond the Issuer's control, will influence the market value of the Notes and the price, if any, at which securities dealers may be willing to purchase or sell the Notes in the secondary market. Such factors include any credit ratings assigned to the Issuer and the Notes (and any subsequent downgrading thereof), the creditworthiness of the Issuer and in particular the Issuer and the Group's compliance with the Solvency Capital Requirement and the Minimum Capital Requirement, supply and demand for the Notes, the Interest Rate applicable to the Notes from time to time, exchange rates and macro-economic, political, regulatory or judicial events which affect the Issuer or the markets in which it operates.

#### **4.5 Legal investment considerations may restrict certain investments**

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

#### **4.6 The Notes are complex financial instruments and are not a suitable or appropriate investment for all investors**

The Notes are complex financial instruments and are not a suitable or appropriate investment for all investors. In particular, but without limitation, the Notes are not intended to be sold and should not be sold to retail clients in the European Economic Area or the United Kingdom, as defined in the

rules set out in the PI Instrument, as amended or replaced from time to time, other than in circumstances that would not (were the Notes within the scope of such rules) give rise to a contravention of those rules by any person. Prospective investors are referred to the sections headed "*Prohibition on sales to EEA retail investors*" and "*Prohibition on sales to UK retail investors*" in this Offering Memorandum for further information.

Further, 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:

- (A) 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 or incorporated by reference in this Offering Memorandum;
- (B) 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;
- (C) understand thoroughly the terms of the Notes, such as the provisions governing a Conversion (including, in particular, the circumstances under which the Conversion Trigger Event may occur) and the situations in which interest payments may be cancelled or deemed cancelled (including that the Issuer may cancel any interest payment in its sole and absolute discretion); and
- (D) 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.

This Offering Memorandum has been prepared on the basis that any purchaser of Notes is a person or entity having sufficient knowledge and experience of financial matters as to be capable of evaluating the merits and risks of the purchase. Before making any investment decision with respect to the Notes, prospective investors should consult their own counsel, accountants or other advisers and carefully review and consider their investment decision in the light of the foregoing. An investment in the Notes is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may result therefrom.

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

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

While the Notes are represented by the Global Certificate, the Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the registered holder as nominee for the Common Depositary for Euroclear or Clearstream, Luxembourg for distribution to their accountholders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

## Documents Incorporated by Reference

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

- (1) the annual report and the audited consolidated annual financial statements of the Group for the financial year ended 31 December 2024, together with the audit report thereon <https://group.legalandgeneral.com/media/2rcpejt1/l-g-annual-report-and-accounts-2024.pdf> (the “**2024 Annual Report and Accounts**”);
- (2) the annual report and the audited consolidated annual financial statements of the Group for the financial year ended 31 December 2025, together with the audit report thereon <https://group.legalandgeneral.com/media/dgofuvu2/annual-reports-and-accounts-2025.pdf> (the “**2025 Annual Report and Accounts**”); and
- (3) the Solvency and Financial Condition Report of the Group for the financial year ended 31 December 2025 <https://group.legalandgeneral.com/media/g0pefj4b/legal-general-group-sfcr-2025.pdf> (the “**2025 Solvency and Financial Condition Report**”),

each of which has been previously published or is published simultaneously with this Offering Memorandum and which has been filed with the London Stock Exchange.

The documents referred to above shall be incorporated in, and form part of this Offering Memorandum, save that any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Memorandum to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Memorandum.

Following the publication of this Offering Memorandum a supplement may be prepared by the Issuer. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Offering Memorandum. Any statement so modified or superseded shall not, except as so modified or superseded, constitute part of this Offering Memorandum.

Copies of documents incorporated by reference in this Offering Memorandum can be obtained from the registered office of the Issuer at One Coleman Street, London EC2R 5AA and from the specified offices of the Paying Agents for the time being in London and from 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>.

Copies of documents incorporated by reference in this Offering Memorandum are also available for viewing on the website of the Issuer at <https://group.legalandgeneral.com/en/investors/debt-investors>. The website of the Issuer does not form part of this Offering Memorandum.

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

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 Memorandum.

## Terms and Conditions of the Notes

*The following is the text of the terms and conditions of the Notes (as defined below) that shall be applicable to the Certificates (as defined below) in definitive form (if any) issued in exchange for the Global Certificate representing the Notes. The full text of these terms and conditions shall be endorsed on the Certificates relating to such Notes.*

The £500,000,000 Fixed Rate Reset Perpetual Restricted Tier 1 Contingent Convertible Notes (the "**Notes**", which expression shall in these terms and conditions (the "**Conditions**"), unless the context otherwise requires, include any Further Notes issued pursuant to Condition 17 (*Further Issues*)) of Legal & General Group Plc (the "**Issuer**") are constituted by a trust deed dated 7 July 2026 (as modified and/or supplemented from time to time, the "**Trust Deed**") between the Issuer and The Law Debenture Trust Corporation p.l.c. (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.

These Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Certificates referred to below. An agency agreement dated 7 July 2026 (as modified and/or supplemented from time to time, the "**Agency Agreement**") has been entered into in relation to the Notes between the Issuer, the Trustee, Citibank, N.A., London Branch as registrar, principal paying and conversion agent, transfer agent and interest calculation agent and the other agents named in it. The principal paying and conversion agent, the other paying and conversion agents, the registrar, the transfer agent and the interest calculation agent for the time being (if any) 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 Agent**" and the "**Interest Calculation Agent**". A conversion calculation agency agreement dated 7 July 2026 (as modified from time to time, the "**Conversion Calculation Agency Agreement**") has been entered into in relation to the Notes between the Issuer and Conv-Ex Advisors Limited as conversion calculation agent (the "**Conversion Calculation Agent**" which expression shall include any successor as conversion calculation agent).

Copies of the Trust Deed, the Agency Agreement and the Conversion Calculation Agency Agreement are available for inspection by a Noteholder following their prior written request to the Agent or Trustee and provision of proof of holding and identity (in a form satisfactory to the relevant Agent or Trustee) during normal business hours by the Noteholders at the specified offices of the Trustee (presently at 8th Floor, 100 Bishopsgate, London EC2N 4AG, United Kingdom) and at the specified offices of the Paying and Conversion Agents and the Transfer Agent.

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.

Capitalised terms and expressions used in these Conditions but not otherwise defined herein shall, unless the context requires otherwise, have the meanings given to them in the Trust Deed.

## **1. Form, Denomination and Title**

### **1.1 Form and Denomination**

The Notes are issued in registered form in specified denominations of £200,000 and integral multiples of £1,000 in excess thereof. The Notes are represented by registered certificates ("**Certificates**") and each Certificate shall represent the entire holding of the Notes by the same holder.

### **1.2 Title**

Title to the Notes shall pass by registration in the register 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 (as defined below) 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 an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder. In these Conditions, "**Noteholder**" and (in relation to a Note) "**holder**" means the person in whose name a Note is registered in the Register.

## **2. Transfers of Notes and Issue of Certificates**

### **2.1 Transfers**

One or more Notes may, subject to Condition 2.4 (*Closed periods*), 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 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 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.

### **2.2 Delivery of new Certificates**

Each new Certificate to be issued pursuant to Condition 2.1 (*Transfers*) shall be available for delivery within 3 (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 of such form of transfer and surrender of the relevant Certificate shall have been made or, at the option of the holder making such delivery and 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 holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2.2, “**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).

### **2.3 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 of any tax or other governmental charges by the person submitting such Notes or Certificates 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).

### **2.4 Closed periods**

No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 days ending on (and including) any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 7.6 (*Redemption at the Option of the Issuer*), (ii) after that Note has been called for redemption, (iii) during the period of seven days ending on (and including) any record date (as defined in Condition 8.1 (*Payments in respect of Notes*)), or (iv) at any time after the second Business Day following the giving of a Conversion Trigger Notice by the Issuer.

## **3. Status**

### **3.1 Status of the Notes**

The Notes constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. The rights and claims of the Noteholders are subordinated as described in this Condition 3.

### **3.2 Solvency Condition**

Other than where Condition 3.3 (*Winding-up prior to a Conversion Trigger Event*) or Condition 3.4 (*Winding-up on or after a Conversion Trigger Event*) applies, and subject as provided in Condition 3.6 (*Trustee’s fees*), all payments under or arising from the Notes and the Trust Deed (including, without limitation, any payments in respect of damages awarded for breach of any obligations but excluding any cash component of the Conversion Shares Offer Consideration) shall be conditional upon the Issuer being solvent at the time for payment by the Issuer, and no amount shall be payable under or arising from the Notes or the Trust Deed (including, without limitation, any payments in respect of damages awarded for breach of any obligations) unless and until such time as the Issuer could make such

payment and still be solvent immediately thereafter (referred to herein as the "**Solvency Condition**").

For the purposes of this Condition 3.2, the Issuer will be solvent if:

- (A) it is able to pay its debts owed to *Pari Passu* Creditors and Senior Creditors as they fall due; and
- (B) its Assets exceed its Liabilities.

A certificate as to the solvency of the Issuer signed by two (2) Directors or other Authorised Signatories (as defined in the Trust Deed) of the Issuer or, if there is a winding-up or administration of the Issuer, the liquidator or, as the case may be, the administrator of the Issuer shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without further investigations and without liability to any person for doing so.

Any payment of interest that would have been due and payable but for the operation of this Condition 3.2 shall be cancelled pursuant to Condition 5.2 (*Mandatory Cancellation of Interest Payments*).

### **3.3 Winding-up prior to a Conversion Trigger Event**

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

- (A) an order is made, or an effective resolution is passed, for the winding-up or liquidation of the Issuer (other than an Approved Winding-up); or
- (B) an administrator of the Issuer is appointed and such administrator declares, or gives notice that it intends to declare and distribute, a dividend,

(the events in (A) and (B) each being an "**Issuer 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, that would have been payable in respect of that Note if, on the day prior to the commencement of the winding-up or liquidation of the Issuer or the Issuer's entry into administration and thereafter, the holder of that Note was the holder of one of a class of preference shares in the capital of the Issuer ("**Notional Preference Shares**"):

- (i) having a preferential right to a return of assets in such winding-up, liquidation or administration to, and so ranking ahead of, the holders of the Ordinary Shares and shares of any other class which may be issued or deemed to be in issue for the time being in the capital of the Issuer (other than shares of any class referred to in paragraphs (ii) and (iii) below);
- (ii) having an equal right to a return of assets in such winding-up, liquidation or administration to, and so ranking *pari passu* with, the holders of securities of the Issuer which, by their terms, rank or are expressed to rank *pari passu* with the Notes in a winding-up, liquidation or other return of capital (including, without limitation,

shares of any class which may be issued or deemed to be in issue for the time being in the capital of the Issuer which, by their terms, rank or are expressed to rank *pari passu* with the Notional Preference Shares in a winding-up, liquidation or other return of capital) (the holders of such securities being “**Pari Passu Creditors**”); and

- (iii) ranking behind the claims of Senior Creditors and the holders of shares of any class which may be issued or deemed to be in issue for the time being in the capital of the Issuer which, by their terms, rank or are expressed to rank ahead of the Notional Preference Shares in a winding-up, liquidation or other return of capital,

on the assumption that the holder of each such Notional Preference Share was entitled (to the exclusion of all other rights and privileges) to receive, in respect of each such Notional Preference Share, as a return of capital in such Issuer Winding-Up an amount equal to the principal amount of the relevant Note then outstanding 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 in respect thereof, whether or not the conditions referred to in Condition 3.2 (*Solvency Condition*) are satisfied on the date upon which the same would otherwise be due and payable (and, in the case of an administration, on the assumption that shareholders were entitled to claim and recover in respect of their shares to the same degree as in a winding-up or liquidation).

#### **3.4 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, an Issuer Winding-Up occurs but the relevant Ordinary Shares to be issued and delivered to the Conversion Shares Depositary on Conversion in accordance with Condition 6 (*Conversion*) have not been so delivered, 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, that would have been payable in respect of that Note if, on the day prior to the commencement of the winding-up or liquidation of the Issuer or the Issuer's entry into administration and thereafter, the holder of that Note was the holder of such number of Ordinary Shares as it would have been entitled to receive following Conversion of that Note in accordance with Condition 6 (*Conversion*) (ignoring for these purposes the Issuer's right to make an election for a Conversion Shares Offer to be effected in accordance with Condition 6.6 (*Conversion Shares Offer*)), whether or not the conditions referred to in Condition 3.2 (*Solvency Condition*) are satisfied on the date upon which the same would otherwise be due and payable (and, in the case of an administration, on the assumption that shareholders were entitled to claim and recover in respect of their shares to the same degree as in a winding-up or liquidation).

#### **3.5 Set-off and counterclaim**

Subject to applicable law, no holder of the Notes may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Notes and each holder shall, by virtue of being the holder of any Note, be deemed to have waived all such rights of set-off, compensation or retention. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of the Notes by the Issuer in respect of, or arising under or in connection with, the Notes is discharged by set-off, such holder 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 for payment to the Senior Creditors in respect of amounts owing to them by 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 for payment to the Senior Creditors in respect of amounts owing to them by the Issuer, and accordingly any such discharge shall be deemed not to have taken place. The perpetuity period for each trust created pursuant to this Condition 3.5 shall be 125 years from the date such trust becomes constituted.

### 3.6 Trustee's fees

Nothing in the Trust Deed or these Conditions shall affect, subordinate or prejudice the payment of the costs, fees, charges, expenses, liabilities or remuneration of the Trustee under the Trust Deed or the rights and remedies of the Trustee in respect thereof.

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, principal or other amounts by reason of Conditions 3.2 (*Solvency Condition*), 3.3 (*Winding-up prior to a Conversion Trigger Event*), 3.4 (*Winding-up on or after a Conversion Trigger Event*), 5 (*Interest Cancellation*), 6 (*Conversion*) or 7 (*Redemption, Substitution, Variation and Purchase*).

## 4. Interest

### 4.1 Interest Rate

- (A) Each Note bears interest on its principal amount outstanding at the applicable Interest Rate from (and including) the Issue Date in accordance with the provisions of this Condition 4.

Subject to Condition 3.2 (*Solvency Condition*), Condition 5 (*Interest Cancellation*) and Condition 6 (*Conversion*), interest shall be payable on the Notes semi-annually in arrear on each Interest Payment Date, in each case as provided in this Condition 4.

Interest in respect of the Notes shall be calculated per £1,000 in principal amount outstanding of the Notes (the "**Calculation Amount**").

- (B) The amount of interest payable (subject as aforesaid) per Calculation Amount in respect of each Interest Period (or any other period in respect of which interest is payable pursuant to these Conditions) shall be equal to the product of the Calculation Amount, the relevant Interest Rate and the relevant Day Count Fraction, rounding the resulting figure to the nearest penny (half a penny being rounded upwards).

In these Conditions, "**Day Count Fraction**" means, in respect of any relevant period, (a) the actual number of days in the period from and including the date from which interest begins to accrue (the "**Accrual Period**") to but excluding the date on which

it falls due divided by (b) twice the actual number of days in the Interest Period in which such Accrual Period falls.

#### **4.2 Interest Accrual**

Without prejudice to Condition 3.2 (*Solvency Condition*), Condition 5 (*Interest Cancellation*) and Condition 6 (*Conversion*), interest shall cease to accrue on each Note from (and including) the date of redemption thereof pursuant to Condition 7 (*Redemption, Substitution, Variation and Purchase*) unless payment is improperly withheld or refused, in which event interest shall continue to accrue (in each case, both before and after judgment) as provided in the Trust Deed.

#### **4.3 Initial Interest Rate**

For each Interest Period falling within the period from (and including) the Issue Date to (but excluding) the First Reset Date (such period being the "**Initial Fixed Rate Interest Period**"), the Notes bear interest at the rate of 7.125 per cent. per annum (the "**Initial Fixed Interest Rate**").

Accordingly, the amount of interest which will, subject to Condition 3.2 (*Solvency Condition*), Condition 5 (*Interest Cancellation*) and Condition 6 (*Conversion*), be payable on each Interest Payment Date up to (and including) the First Reset Date will (if paid in full) be £35.625 per Calculation Amount.

#### **4.4 Reset Rate of Interest**

The Interest Rate will be reset in accordance with this Condition 4 on each Reset Date. The Reset Rate of Interest applicable in respect of each Reset Period will be determined by the Interest Calculation Agent on the relevant Reset Determination Date.

#### **4.5 Determination of Reset Rate of Interest**

The Interest Calculation Agent will, as soon as practicable after 11:00 a.m. (London time) on each Reset Determination Date, determine the applicable Reset Rate of Interest in respect of the Reset Period commencing immediately following each Reset Determination Date and shall promptly notify the Issuer, the Principal Paying and Conversion Agent and the Trustee thereof.

#### **4.6 Publication of Reset Rate of Interest**

Once the Issuer, the Principal Paying and Conversion Agent and the Trustee have been notified of an applicable Reset Rate of Interest by the Interest Calculation Agent in accordance with Condition 4.5 (*Determination of Reset Rate of Interest*), the Issuer shall cause notice of such Reset Rate of Interest, and the amount of interest which will, subject to Condition 3.2 (*Solvency Condition*), Condition 5 (*Interest Cancellation*) and Condition 6 (*Conversion*), be payable per Calculation Amount on each Interest Payment Date in respect of which such Reset Rate of Interest applies, to be given to the Noteholders in accordance with Condition 14 (*Notices*) as soon as reasonably practicable after the determination of such

Reset Rate of Interest in accordance with Condition 4.5 (*Determination of Reset Rate of Interest*) and in any event no later than the fourth (4th) Business Day thereafter.

#### **4.7 Determinations and calculation**

If the Interest Calculation Agent does not at any relevant time and for any reason determine any applicable Reset Rate of Interest in accordance with this Condition 4, the Issuer shall (with the prior approval of the Trustee) appoint another leading financial institution (which may or may not be an institution which is also appointed to replace the Interest Calculation Agent pursuant to Condition 4.8 (*Interest Calculation Agent*) below) to act in its place and to determine that Reset Rate of Interest. Following such appointment, the relevant leading financial institution shall determine the relevant Reset Rate of Interest (being such rate as, in its absolute discretion (having such regard as it deems fit to the procedures prescribed in this Condition 4), it shall deem fair and reasonable in all the circumstances) and such determination shall be deemed to be a determination thereof by the Interest Calculation Agent.

#### **4.8 Interest Calculation Agent**

Unless the Issuer has given notice that it intends to redeem the Notes on or before the First Reset Date pursuant to Condition 7 (*Redemption, Substitution, Variation and Purchase*), with effect from the date falling no later than five (5) days prior to the First Reset Date and for so long as any of the Notes remains outstanding, the Issuer shall appoint and maintain an Interest Calculation Agent. If the Issuer has given notice that it intends to redeem the Notes on or before the First Reset Date pursuant to Condition 7 (*Redemption, Substitution, Variation and Purchase*) but such redemption is, as determined on or after the fifth day prior to the First Reset Date, required to be suspended or to continue to be suspended in accordance with Condition 7.4 (*Suspension of Redemption*), the Issuer shall appoint an Interest Calculation Agent as soon as reasonably practicable following the determination that such redemption is to be suspended or to continue to be suspended and shall maintain the same so long as any of the Notes remains outstanding.

The Issuer may, with the prior written approval of the Trustee, from time to time replace the Interest Calculation Agent with another leading financial institution in London. If the Interest Calculation Agent is unable or unwilling to continue to act as the Interest Calculation Agent, the Issuer shall forthwith appoint another leading financial institution in London approved in writing by the Trustee to act as such in its place. The Interest Calculation Agent may not resign its duties or be removed without a successor having been appointed.

#### **4.9 Determinations binding**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4, by the Interest Calculation Agent or any leading financial institution appointed pursuant to Condition 4.7 (*Determinations and calculation*), shall (in the absence of manifest error) be binding on the Issuer, the Interest Calculation Agent, the Trustee, the Paying and Conversion Agents, the Conversion Calculation Agent and all Noteholders and (in the absence of wilful default and gross negligence) no liability to the Noteholders or the Issuer shall attach to the Interest Calculation Agent or any leading financial institution appointed pursuant to Condition 4.7

*(Determinations and calculation)* in connection with the exercise or non-exercise by them of any of their powers, duties and discretions.

## **5. Interest Cancellation**

### **5.1 Interest Payments Discretionary**

Interest on the Notes is due and payable only at the sole and absolute discretion of the Issuer and is subject to the provisions of Condition 3.2 (*Solvency Condition*), Condition 5.2 (*Mandatory Cancellation of Interest Payments*) and Condition 6.9 (*Accrued Interest on Conversion*). Accordingly, the Issuer may at any time elect to cancel any Interest Payment (or any part thereof) which would otherwise be due and payable on any Interest Payment Date.

If the Issuer does not make an Interest Payment or part thereof on the relevant Interest Payment Date, such non-payment shall evidence the non-payment and cancellation of such Interest Payment (or relevant part thereof) by reason of it not being due in accordance with Condition 3.2 (*Solvency Condition*), the cancellation of such Interest Payment in accordance with Condition 5.2 (*Mandatory Cancellation of Interest Payments*) or Condition 6.9 (*Accrued Interest on Conversion*) or, as appropriate, the Issuer's exercise of its discretion otherwise to cancel such Interest Payment (or relevant part thereof) in accordance with this Condition 5.1, and accordingly such interest shall not in any such case be due and payable.

### **5.2 Mandatory Cancellation of Interest Payments**

To the extent required by the Relevant Rules from time to time and save as otherwise permitted pursuant to Condition 5.3 (*Waiver of Cancellation of Interest Payments by the Relevant Regulator*), the Issuer shall cancel in full any Interest Payment on the Notes in accordance with this Condition 5 if:

- (A) the Solvency Condition is not met at the time for payment of such Interest Payment, or would cease to be met immediately following, and as a result of making, such Interest Payment (having regard also to any Additional Amounts payable with respect thereto);
- (B) there is non-compliance with the Solvency Capital Requirement at the time for payment of such Interest Payment, or non-compliance with the Solvency Capital Requirement would occur immediately following, and as a result of making, such Interest Payment (having regard also to any Additional Amounts payable with respect thereto);
- (C) there is non-compliance with the Minimum Capital Requirement at the time for payment of such Interest Payment, or non-compliance with the Minimum Capital Requirement would occur immediately following, and as a result of making, such Interest Payment (having regard also to any Additional Amounts payable with respect thereto);
- (D) the amount of such Interest Payment, together with any Additional Amounts payable with respect thereto, when aggregated together with any interest payments or

distributions which have been paid or made or which are scheduled simultaneously to be paid or made on all Tier 1 Own Funds (excluding any such payments which do not reduce the Issuer's Distributable Items and any payments already accounted for by way of deduction in determining the Issuer's Distributable Items) since the end of the latest financial year of the Issuer and prior to, or on, such Interest Payment Date, would exceed the amount of the Issuer's Distributable Items as at the Interest Payment Date in respect of such Interest Payment; or

- (E) the Issuer is otherwise required by the Relevant Regulator or under the Relevant Rules to cancel the relevant Interest Payment,

each of the events or circumstances described in paragraphs (A) to (E) (inclusive) above being a "**Mandatory Interest Cancellation Event**".

A certificate signed by two (2) Directors or other Authorised Signatories (as defined in the Trust Deed) of the Issuer confirming that: (i) a Mandatory Interest Cancellation Event has occurred and is continuing, or would occur if payment of interest on the Notes were to be made; or (ii) a Mandatory Interest Cancellation Event has ceased and is no longer continuing and/or payment of interest on the Notes would not result in a Mandatory Interest Cancellation Event occurring, shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof, shall be binding on all such persons and the Trustee shall be entitled to rely on such certificate without liability to any person.

### **5.3 Waiver of Cancellation of Interest Payments by the Relevant Regulator**

Notwithstanding Condition 5.2 (*Mandatory Cancellation of Interest Payments*), the Issuer shall not be required to cancel an Interest Payment where a Mandatory Interest Cancellation Event has occurred and is continuing, or would occur if payment of interest on the Notes were to be made (to the extent permitted by the Relevant Rules) where:

- (A) the Mandatory Interest Cancellation Event is of the type described in paragraph (B) of Condition 5.2 (*Mandatory Cancellation of Interest Payments*) only;
- (B) the Relevant Regulator has exceptionally waived the cancellation of the Interest Payment (and such waiver has not been withdrawn by the Relevant Regulator);
- (C) payment of the Interest Payment would not further weaken the solvency position of the Issuer or the Group; and
- (D) the Minimum Capital Requirement will be complied with immediately following such Interest Payment, if made.

A certificate signed by two (2) Directors or other Authorised Signatories (as defined in the Trust Deed) of the Issuer confirming that the conditions set out in this Condition 5.3 are met, shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof, shall be binding on all such persons and the Trustee shall be entitled to rely on such certificate without liability to any person.

#### **5.4 Effect of Cancellation of Interest Payments**

Any Interest Payment (or relevant part thereof) which is cancelled in accordance with this Condition 5 or which is otherwise not due and payable in accordance with Condition 3.2 (*Solvency Condition*) or which is cancelled in accordance with Condition 6.9 (*Accrued Interest on Conversion*) shall not become due and shall not accumulate or be payable at any time thereafter, and Noteholders shall have no rights in respect thereof (whether in an Issuer Winding-Up or otherwise) and any such cancellation or non-payment shall not constitute a default or event of default on the part of the Issuer for any purpose.

#### **5.5 Notice of Cancellation of Interest Payments**

The Issuer shall provide notice of any cancellation of any Interest Payment (or any part thereof) pursuant to Condition 5.1 (*Interest Payments Discretionary*) or Condition 5.2 (*Mandatory Cancellation of Interest Payments*) to Noteholders in accordance with Condition 14 (*Notices*), and to the Trustee in a certificate signed by two (2) Directors or other Authorised Signatories (as defined in the Trust Deed) of the Issuer, and the Principal Paying and Conversion Agent in writing, at least five (5) Business Days prior to the relevant Interest Payment Date (or, if the determination that such Interest Payment (or any part thereof) is to be cancelled is made after such fifth (5th) Business Day, as soon as is practicable following the making of such determination). However, any failure to provide such notice will not invalidate the cancellation of the relevant Interest Payment (or relevant part thereof) and shall not constitute a default or event of default on the part of the Issuer for any purpose.

### **6. Conversion**

#### **6.1 Notes not convertible at the option of Noteholders or the Trustee**

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

#### **6.2 Conversion upon Conversion Trigger Event**

- (A) If a Conversion Trigger Event occurs, the Issuer's obligation to repay the principal amount outstanding of each Note and (to the extent applicable) to pay interest on the Notes shall, subject to and as provided in this Condition 6 and without any further action required on the part of the Issuer or the Trustee, be irrevocably released and discharged on a permanent basis in consideration for an undertaking on the part of the Issuer to issue and deliver Ordinary Shares, credited as fully paid, in the manner and in the circumstances described below to the Conversion Shares Depositary, to be held on trust (on terms permitting a Conversion Shares Offer in accordance with Condition 6.6 (*Conversion Shares Offer*)) for the Noteholders, as provided below.
- (B) On the Share Delivery Date the Issuer shall issue and deliver to the Conversion Shares Depositary a number of Ordinary Shares determined by dividing the aggregate principal amount outstanding of the Notes by the Conversion Price prevailing on the last Dealing Day immediately preceding the Share Delivery Date (subject to Condition 6.16 (*Fractions*)) (or, if higher, the nominal value of an Ordinary Share prevailing on such Dealing Day).

The "**Conversion Price**" per Ordinary Share in respect of the Notes is £1.6310, subject to adjustment in the circumstances described in Condition 6.10 (*Adjustment of Conversion Price*).

- (C) Upon the issue and delivery of the Conversion Shares to the Conversion Shares Depository on the Share Delivery Date, the Issuer shall be deemed to have redeemed the Notes on the Conversion Date in an amount equal to their principal amount outstanding and the Noteholders shall be deemed irrevocably to have directed and authorised the Issuer to apply such sum on their behalf in paying up the Conversion Shares issued and delivered to the Conversion Shares Depository on the Share Delivery Date.
- (D) Once a Note has been converted into Ordinary Shares, there is no provision for the reconversion of such Ordinary Shares back into Notes.
- (E) Immediately upon the issue and delivery by the Issuer of the Conversion Shares to the Conversion Shares Depository in accordance with these Conditions, the Issuer's obligations under the Notes shall irrevocably be released and discharged in full and no Noteholder will have any rights against the Issuer with respect to such obligations. Provided that the Issuer so issues and delivers the Conversion Shares, from (and including) the Share Delivery Date Noteholders shall have recourse only to the Conversion Shares Depository for the delivery to them of such Conversion Shares or, subject to and as provided in Condition 6.6 (*Conversion Shares Offer*), the Conversion Shares Offer Consideration.
- (F) Subject to Condition 3.4 (*Winding-up on or after a Conversion Trigger Event*), if the Issuer fails to issue and deliver the Conversion Shares to the Conversion Shares Depository on the Share Delivery Date, a Noteholder's only right under the Notes against the Issuer for any such failure will be to claim to have such Conversion Shares so issued and delivered.

### **6.3 Notification of the occurrence of a Conversion Trigger Event**

- (A) Whether the Conversion Trigger Event has occurred at any time shall be determined by the Issuer, and such determination shall (in the absence of manifest error) be binding on the Trustee and the Noteholders. Following the occurrence of a Conversion Trigger Event, the Issuer shall promptly notify the Relevant Regulator and shall deliver to the Trustee a certificate signed by two (2) Directors or other Authorised Signatories (as defined in the Trust Deed) of the Issuer confirming that a Conversion Trigger Event has occurred. The certificate shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof, shall be binding on all such persons and the Trustee shall be entitled to rely on such certificate without liability to any person.
- (B) Following the occurrence of a Conversion Trigger Event, but only after delivery to the Trustee of the certificate referred to in paragraph (A) of this Condition 6.3, the Issuer shall promptly (and, in any event, within such period as the Relevant Regulator may require) give notice thereof to the Noteholders (a "**Conversion**

**Trigger Notice**") in accordance with Condition 14 (*Notices*), and to the Trustee and the Principal Paying and Conversion Agent in writing, stating (to the extent applicable):

- (i) details of the Conversion Trigger Event;
  - (ii) the date on which the Conversion Trigger Event occurred (the "**Conversion Date**");
  - (iii) the Conversion Price prevailing on the Conversion Date (which shall remain subject to any subsequent adjustment pursuant to Condition 6.10 (*Adjustment of Conversion Price*) up to the last Dealing Day immediately preceding the Share Delivery Date);
  - (iv) the Share Delivery Date or expected Share Delivery Date;
  - (v) the Notice Cut-off Date and the Final Cancellation Date;
  - (vi) details of the Conversion Shares Depositary and details of how notices may be delivered to such Conversion Shares Depositary;
  - (vii) that:
    - (1) 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 14 (*Notices*) within thirty (30) Business Days following the Conversion Date notifying Noteholders of its decision as to such election; and
    - (2) each Noteholder shall be entitled to deliver an Opt-Out Notice in respect of any Conversion Shares Offer, as described in Condition 6.7 (*Eligible Conversion Shares*); and
  - (viii) 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 relevant Noteholder's right to receive Conversion Shares or Conversion Shares Offer Consideration, as applicable, from the Conversion Shares Depositary.
- (C) Failure by the Issuer to deliver a certificate to the Trustee or to give notice to Noteholders, the Trustee and the Principal Paying and Conversion Agent of the occurrence of a Conversion Trigger Event pursuant to this Condition 6.3 shall in no way invalidate or otherwise affect the automatic Conversion of the Notes pursuant to Condition 6.2 (*Conversion upon Conversion Trigger Event*).

#### **6.4 Waiver of Conversion by the Relevant Regulator**

- (A) To the extent permitted by and in accordance with the Relevant Rules in force as at the relevant time, a Conversion may be exceptionally waived by the Relevant

Regulator at any time prior to the Conversion Date if such a Conversion (taking into account the write-down or conversion of any other Own Fund Items on or around the Conversion Date) would give rise to a tax liability that would have a significant adverse effect on the solvency or capital position of the Issuer and/or the Group. If a Conversion is so waived, such Conversion shall not occur (but without prejudice to the cancellation of any Interest Payment or part thereof pursuant to Condition 5 (*Interest Cancellation*)). The Issuer shall give notice to the Trustee, any stock exchange on which the Notes are for the time being listed or admitted to trading and, in accordance with Condition 14 (*Notices*), the Noteholders of the grant of any such waiver as soon as practicable following its receipt from the Relevant Regulator.

- (B) A certificate signed by two (2) Directors or other Authorised Signatories (as defined in the Trust Deed) of the Issuer confirming that Relevant Regulator has waived any Conversion as described in the immediately preceding paragraph shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without further investigations and without liability to any person for doing so.
- (C) Under the Relevant Rules in force as at the Issue Date, the Relevant Regulator is permitted (but not required) exceptionally to waive a Conversion in certain limited circumstances (being that it was triggered only by limb (c) of the definition of "Conversion Trigger Event" and not by either of limbs (a) or (b) of such definition) where it has received, prior to the Conversion Date (i) projections provided by the Issuer and/or the Group when it submits its recovery plan required by the Relevant Rules, that demonstrate that triggering the principal loss absorption mechanism in such case would be very likely to give rise to a tax liability that would have a significant adverse effect on the Issuer's and/or the Group's solvency position; and (ii) a certificate issued by the Issuer's or the Group's auditors certifying that all of the assumptions used in the projections are realistic.

## **6.5 Conversion Shares Depositary**

- (A) The Issuer shall use all reasonable endeavours to appoint a Conversion Shares Depositary as soon as reasonably practicable following the occurrence of a Conversion Trigger Event.
- (B) If the Issuer is unable to appoint a Conversion Shares Depositary, it shall make such other arrangements for the issuance and delivery of the Conversion Shares as it shall consider reasonable in the circumstances, which may include issuing and delivering the Conversion Shares to another independent nominee to be held on trust (on terms permitting a Conversion Shares Offer in accordance with Condition 6.6 (*Conversion Shares Offer*)) for the Noteholders or to the Noteholders directly. The issuance and delivery of the Conversion Shares pursuant to such other arrangements shall be in consideration of the irrevocable release and discharge of the Issuer's obligations under the Notes on a permanent basis as though the relevant Conversion Shares had been issued and delivered to the Conversion Shares Depositary and, in which case, where the context so admits, references in these Conditions to the issue and delivery of Conversion Shares to the Conversion Shares

Depository, and all references herein regarding matters to be undertaken by, or in respect of, the Conversion Shares Depository shall be construed as though they were references to such other arrangements and apply *mutatis mutandis* (including, without limitation, for the purposes of the delivery of 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).

- (C) The Conversion Shares shall (except where the Issuer has been unable to appoint a Conversion Shares Depository as contemplated in paragraph (B) of this Condition 6.5) initially be registered in the name of the Conversion Shares Depository, which (subject to the provisions of paragraph (B) of this Condition 6.5) shall hold such Conversion 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 Conversion Shares to the Conversion Shares Depository.
- (D) For so long as the Conversion Shares are held by the Conversion Shares Depository, the Noteholders shall be entitled to direct the Conversion Shares Depository to exercise on their behalf all rights of an ordinary shareholder (including voting rights and rights to receive dividends) except that Noteholders shall not be able to sell or otherwise transfer such Conversion Shares unless and until such time as they have been delivered to Noteholders in accordance with Condition 6.8 (*Settlement Procedure*).
- (E) Following the issuance and delivery of the Conversion Shares to the Conversion Shares Depository on the Share Delivery Date, the Notes shall remain in existence until the applicable Settlement Date (or, if earlier, the Final Cancellation Date) for the purpose only of evidencing the Noteholders' right as aforesaid to receive the Conversion Shares or the Conversion Shares Offer Consideration, as the case may be, to be delivered by the Conversion Shares Depository.

## 6.6 Conversion Shares Offer

- (A) Subject to this Condition 6.6, the Issuer shall be entitled to elect, in its sole and absolute discretion, that the Conversion Shares Depository (or any agent(s) 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, in the Issuer's sole and absolute discretion, all or some of the Issuer's Shareholders at such time, such offer to be at a price (the "**Conversion Shares Offer Price**") determined by the Issuer in its sole and absolute discretion, provided that the Conversion Shares Offer Price shall not be lower than the Conversion Shares Offer Floor Price, all in accordance with this Condition 6.6 (the "**Conversion Shares Offer**"). For the avoidance of doubt, the Conversion Shares Offer Price may be lower than the Conversion Price.
- (B) Not later than the thirtieth (30th) Business Day following the Conversion Date, the Issuer shall give notice (a "**Conversion Shares Offer Notice**") to the Noteholders in accordance with Condition 14 (*Notices*), and to the Trustee and the Principal Paying and Conversion Agent in writing, stating whether or not it has elected that a Conversion Shares Offer be conducted and specifying the other information referred to in paragraph 6.6(D) below. If the Issuer fails to give such notice on or before such

thirtieth (30th) Business Day, the Issuer shall be treated as having elected not to make a Conversion Shares Offer.

- (C) The Issuer may, on behalf of the Conversion Shares Depositary, appoint one or more Conversion Shares Offer Agents to act as a 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.
- (D) 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 commence no earlier than ten (10) Business Days after the giving of the Conversion Shares Offer Notice by the Issuer and shall end no later than forty (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.
- (E) Upon expiry of the Conversion Shares Offer Period, the Conversion Shares Depositary will provide notice to the Noteholders in accordance with Condition 14 (*Notices*), and to the Trustee and the Principal Paying and Conversion Agent in writing, 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 Calculation Amount and the amount (if any) of any Excess Amount per Calculation Amount. The Conversion Shares Offer Consideration shall be held on trust by the Conversion Shares Depositary for the Noteholders, and any Excess Amount shall be held on trust by the Conversion Shares Depositary for the Issuer until paid to or to the order of the Issuer. In accordance with paragraph (F) of Condition 6.8 (*Settlement Procedure*), the cash component of any Conversion Shares Offer Consideration shall be payable by the Conversion Shares Depositary to the Noteholders in Sterling irrespective of whether or not the conditions referred to in Condition 3.2 (*Solvency Condition*) are satisfied.
- (F) The Issuer 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 promptly provide notice to the Noteholders in accordance with Condition 14 (*Notices*), and to the Trustee and the Principal Paying and Conversion Agent in writing, and the Conversion Shares Depositary may then, in its sole and absolute discretion, take steps to deliver to Noteholders the Conversion Shares at a time that is earlier than the time at which they would have otherwise received the Conversion Shares Offer Consideration had the Conversion Shares Offer been completed.
- (G) 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 (or on behalf of) the Conversion Shares Depositary, such

Noteholder shall be deemed to have: (i) irrevocably consented to any Conversion Shares Offer taking place subject to and in accordance with the terms of the Notes (including, without limitation, the ability of Noteholders to opt out of the Conversion Shares Offer pursuant to Condition 6.7 (*Eligible Conversion Shares*)) and, notwithstanding that such Conversion Shares are held by the Conversion Shares Depository on trust for the Noteholders, to the Conversion Shares Depository using the Eligible Conversion Shares to settle any Conversion Shares Offer; (ii) irrevocably consented to the transfer of the interest such Noteholder has in the Eligible Conversion Shares (if any) to one or more purchasers identified by the Conversion Shares Depository in connection with the Conversion Shares Offer; (iii) irrevocably agreed that the Issuer and the Conversion Shares Depository may take any and all actions necessary to conduct the Conversion Shares Offer in accordance with the terms of the Notes; (iv) irrevocably waived any and all entitlement to Excess Amounts (if any) and instructed that any such Excess Amounts be paid to the Issuer; and (v) irrevocably agreed that none of the Issuer, the Trustee or the Conversion Shares Depository 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 Depository in respect of the Noteholders' entitlement to, and the subsequent delivery of, any Conversion Shares Offer Consideration).

- (H) 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 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 6.17 (*Taxes and Duties*) 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 at any time on such terms as the Issuer deems appropriate, at 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).
- (I) The Trustee shall not be responsible for monitoring any Conversion Shares Offer, nor for monitoring or enforcing the obligations of the Conversion Shares Depository in respect thereof. Following Conversion and delivery of the Conversion Shares to the Conversion Shares Depository, Noteholders must look to the Conversion Shares Depository for any Conversion Shares or Conversion Shares Offer Consideration due to them at the relevant time.
- (J) Nothing in this Condition 6.6 shall entitle the Issuer to elect that a Conversion Shares Offer be undertaken unless, at least 10 (ten) days (or such shorter period as the Relevant Regulator may accept) prior to making such election, the Issuer has delivered to the Relevant Regulator a properly reasoned, independent tax opinion from an appropriately qualified person, taking into account HM Revenue and

Customs' precedent, statements and guidance, to the effect that, under the law applicable at the time of such election, the exercise of the Conversion Shares Offer should not, before the set-off of any prior year losses, be an action that would create a United Kingdom tax charge for the Issuer.

## **6.7 Eligible Conversion Shares**

Following delivery of a Conversion Trigger Notice and prior to the fifth (5th) Business Day preceding the commencement of the Conversion Shares Offer described therein, each Noteholder shall be entitled to give notice to the Conversion Shares Depository that it elects to receive Conversion Shares such that those Conversion Shares attributable to it are not eligible for inclusion in the Conversion Shares Offer (each such notice being an "**Opt-Out Notice**"). If an Opt-Out Notice in respect of a Note is received by the Conversion Shares Depository prior to the fifth (5th) Business Day preceding the commencement of the Conversion Shares Offer, the Conversion Shares attributable to that Note (rounded down, if necessary, to the nearest whole number of Conversion Shares) shall not constitute Eligible Conversion Shares. If no Opt-Out Notice is received by the Conversion Shares Depository from a Noteholder prior to the fifth (5th) Business Day preceding the commencement of the Conversion Shares Offer, such Noteholder shall be treated as having not given an Opt-Out Notice.

## **6.8 Settlement Procedure**

- (A) To obtain delivery from the Conversion Shares Depository of Conversion Shares or, as applicable, the relevant Conversion Shares Offer Consideration, Noteholders will be required to deliver a Conversion Shares Settlement Notice and the relevant Certificate representing the relevant Note to the Conversion Shares Depository (or an agent designated for the purpose in the Conversion Trigger Notice) on or before the Notice Cut-off Date.
- (B) If such Conversion Shares Settlement Notice or Certificate is delivered after the end of normal business hours at the specified office of the Conversion Shares Depository, such delivery shall be deemed for all purposes to have been made or given on the following Business Day.
- (C) If a Noteholder fails to deliver a Conversion Shares Settlement Notice or Certificate on or before the Notice Cut-off Date, or the relevant Conversion Shares Settlement Notice is otherwise determined by the Conversion Shares Depository to be null and void, then the Conversion Shares Depository shall continue to hold the relevant Conversion Shares or the relevant Conversion Shares Offer Consideration, as the case may be, on trust for that Noteholder until a valid Conversion Shares Settlement Notice (and the Certificate representing the relevant Notes) is so delivered. If any such Conversion 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 Conversion Shares or any Conversion 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 for its own account 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 Conversion Shares, the relevant Conversion Shares Offer Consideration or the cash proceeds from any such sale(s) as aforesaid (as applicable).

- (D) 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 Conversion Shares or Conversion Shares Offer Consideration, as applicable, is satisfactory, shall be made by the Conversion Shares Depositary in its sole and absolute discretion and shall be conclusive and binding on the relevant Noteholders.
- (E) Subject as otherwise provided herein, the relevant Conversion Shares (or the Conversion Shares component of any Conversion Shares Offer Consideration) will be delivered on the applicable Settlement Date by or on behalf of the Conversion Shares Depositary in accordance with the instructions given in the relevant Conversion Shares Settlement Notice.
- (F) Any cash component of any Conversion Shares Offer Consideration shall be paid by or on behalf of the Conversion Shares Depositary on the applicable Settlement Date by transfer to a Sterling account with a bank capable of processing payments in Sterling (as may be specified in the relevant Conversion Shares Settlement Notice) in accordance with the instructions contained in the relevant Conversion Shares Settlement Notice.
- (G) If not previously cancelled on the applicable Settlement Date, the Notes shall be cancelled in full 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 Conversion 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 Conversion Shares or such Conversion Shares Offer Consideration, as applicable. Neither the Issuer nor the Trustee shall have any liability to any Noteholder for any loss resulting from such Noteholder not receiving any Conversion 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 submit a valid Conversion Shares Settlement Notice and the relevant Certificate, on a timely basis or at all.

## **6.9 Accrued Interest on Conversion**

Any interest in respect of an Interest Payment Date which falls on or after the date of a Conversion Trigger Event shall, without any action required on the part of the Issuer or any other person, be immediately, irrevocably and automatically cancelled and the Issuer's obligation to pay such interest (if any) shall be irrevocably and permanently released in full

upon the occurrence of such Conversion Trigger Event and shall not under any circumstances become due and payable.

#### **6.10 Adjustment of Conversion Price**

Upon the happening of any of the events described below, the Conversion Price shall be adjusted by the Conversion Calculation Agent as follows:

- (A) If and whenever there shall be a consolidation, reclassification, redesignation 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 the date on which such consolidation, reclassification, redesignation or subdivision takes effect by the following fraction:

$A/B$

where:

A is the aggregate number of Ordinary Shares in issue immediately before such consolidation, reclassification, redesignation 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, redesignation or subdivision, as the case may be.

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

- (B) 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: (i) where any such Ordinary Shares are or are to be issued instead of the whole or part of a Cash Dividend which the Shareholders would or could otherwise have elected to receive; (ii) where the Shareholders may elect to receive a Cash Dividend in lieu of such Ordinary Shares; or (iii) where any such Ordinary Shares are or are expressed to be issued in lieu of a dividend (whether or not a Cash Dividend equivalent or amount is announced or would otherwise be payable to the Shareholders, whether at their election or otherwise), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the date on which such Ordinary Shares are issued by the following fraction:

$A/B$

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.

In these Conditions, "**Cash Dividend**" means any dividend or distribution in respect of the Ordinary Shares which is to be paid or made to Shareholders as a class in cash (in whatever currency) and however described and whether payable out of the 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.

(C) If and whenever the Issuer shall pay any Extraordinary Dividend to the Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$(A-B)/A$

where:

A is the Current Market Price of one (1) Ordinary Share on the Effective Date; and

B is the portion of the Fair Market Value (as at the Effective Date) of the aggregate Extraordinary Dividend attributable to one (1) Ordinary Share, with such portion being determined by dividing the aggregate Extraordinary Dividend by the number of Ordinary Shares entitled to receive the relevant Extraordinary Dividend.

Such adjustment shall become effective on the Effective Date.

"**Effective Date**" means, in respect of this paragraph (C) of this Condition 6.10, the first date on which the Ordinary Shares are traded ex-the Extraordinary Dividend on the Relevant Stock Exchange.

"**Extraordinary Dividend**" means any Cash Dividend that is expressly declared by 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, in which case the Extraordinary Dividend shall be such Cash Dividend, provided that any Cash Dividend that is a special dividend or distribution payable from surplus capital generated from continuing operations of the Group shall not constitute an Extraordinary Dividend.

(D) If and whenever the Issuer shall issue Ordinary Shares to Shareholders as a class by way of rights, or the Issuer or any of its Subsidiaries or (at the direction or request or pursuant to arrangements with the Issuer or any of its Subsidiaries) 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 Relevant 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 Relevant 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:

$$(A + B)/(A + C)$$

- A is the 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 Relevant 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 paragraph (D) of this Condition 6.10, "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 paragraph (D) of this Condition 6.10, 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, where the events or circumstances giving rise to any adjustment pursuant to this Condition 6.10 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:

- (i) 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; and
- (ii) such modification shall 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: (a) to ensure that an adjustment to the Conversion Price or the economic effect thereof shall not be taken into account more than once; (b) to ensure that the economic effect of an Extraordinary Dividend is not taken into account more than once; and (c) to reflect a redenomination of the issued Ordinary Shares for the time being into a new currency.

For the avoidance of doubt, the issue of Ordinary Shares on the Share Delivery Date 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.

#### **6.11 Determination of Consideration Receivable**

For the purpose of any calculation of the consideration receivable or price pursuant to paragraph (D) of Condition 6.10 (*Adjustment of Conversion Price*), the following provisions shall apply:

- (A) the aggregate consideration receivable or price for Ordinary Shares issued for cash shall be the amount of such cash;
- (B) (x) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the conversion or exchange of any Relevant Securities shall be deemed to be the consideration or price received or receivable for any such Relevant 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 Relevant 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 Relevant 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 Relevant 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 Relevant 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;

- (C) if the consideration or price determined pursuant to paragraph (A) of this Condition 6.11 or paragraph (B) of this Condition 6.11 (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;
- (D) 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 Relevant Securities or options, warrants or rights, or otherwise in connection therewith; and
- (E) 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.

#### **6.12 Decision of the Conversion Calculation Agent or an Independent Adviser**

Adjustments to the Conversion Price shall be calculated by the Conversion Calculation Agent upon request from the Issuer and/or, to the extent so specified in the Conditions, in good faith by an Independent Adviser. Adjustments to the Conversion Price calculated by the Conversion Calculation Agent or, where applicable, an Independent Adviser and any other determinations made by the Conversion Calculation Agent or, where applicable, an Independent Adviser, or an opinion of an Independent Adviser, pursuant to these Conditions shall in each case be made in good faith and shall be final and binding (in the absence of manifest error) on the Issuer, the Trustee, the Noteholders, the Interest Calculation Agent, the Paying and Conversion Agents and (in the case of a determination by an Independent Adviser) the Conversion Calculation Agent. Subject to the provisions of the Conversion Calculation Agency Agreement, the Conversion Calculation Agent may consult on any matter (including, but not limited to, any legal matter), any 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 Issuer, the Trustee, the Noteholders, the Interest Calculation Agent or the Paying and Conversion Agents 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 the request from, and exclusively as agent of, the Issuer. 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 the Conditions as against the Trustee, the Noteholders, the Interest Calculation Agent or the Paying and Conversion Agents.

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

or the Noteholders, replace the Conversion Calculation Agent with itself or an independent financial institution or an independent financial adviser with appropriate expertise.

If any doubt shall arise as to whether an adjustment 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, the Trustee and the Noteholders, save in the case of manifest error.

### **6.13 Share Option Schemes**

No adjustment will be made to the Conversion Price where Ordinary Shares or other Relevant 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.

### **6.14 Rounding Down and Notice of Adjustment to the Conversion Price**

On any adjustment of the Conversion Price pursuant to Condition 6.10 (*Adjustment of Conversion Price*), if the resultant Conversion Price is not an integral multiple of £0.0001, it shall be rounded down to the nearest integral multiple of £0.0001. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one (1) 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.

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.

In the event the Conversion Price is required to be adjusted pursuant to this Condition 6, the Issuer shall deliver to the Trustee a certificate promptly after the occurrence of the event giving rise to such adjustment, setting forth, inter alia, a brief description of such event and (if then known) the adjusted Conversion Price and the date on which the adjustment takes effect (and if not then known, the Issuer shall deliver a further certificate to the Trustee specifying the same promptly following the determination thereof). Such event and adjustment to the Conversion Price shall be notified by the Issuer to the Principal Paying and Conversion Agent and, in accordance with Condition 14 (*Notices*), to Noteholders promptly after delivery of the relevant certificate to the Trustee.

## 6.15 Change in Terms on Change of Control

- (A) If a Qualifying Change of Control occurs, the Notes shall, where the Share Delivery Date (if any) falls on or after the New Conversion Condition Effective Date, be converted into, or exchanged for, on such Share Delivery Date, Relevant Shares of the Approved Entity (save as provided below in this Condition 6.15) at a Conversion Price that shall be the New Conversion Price, and the provisions of this Condition 6 shall apply *mutatis mutandis* to such conversion or exchange as though references herein to the Ordinary Shares comprising the Conversion Shares were instead to the Relevant Shares of the Approved Entity. Such conversion or exchange shall be effected by the delivery by the Issuer of such number of Ordinary Shares as is determined in accordance with paragraph (B) of Condition 6.2 (*Conversion upon Conversion Trigger Event*) to, or to the order of, the Approved Entity. Such delivery shall irrevocably release, discharge and satisfy all of the Issuer's obligations under the Notes on a permanent basis (but shall be without prejudice to the rights of the Trustee and the Noteholders against the Approved Entity in connection with its undertaking to deliver Relevant Shares as provided in the definition of "New Conversion Condition" in paragraph (F) of this Condition 6.15). Such delivery shall be in consideration of the Approved Entity irrevocably undertaking, for the benefit of the Noteholders, to deliver the Relevant Shares to the Conversion Shares Depository as aforesaid. For the avoidance of doubt, the Issuer may elect that a Conversion Shares Offer be made by the Conversion Shares Depository in respect of the Relevant Shares.
- (B) The New Conversion Price shall be subject to adjustment in the circumstances provided in this Condition 6 (with such modifications and amendments 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 14 (*Notices*), and to the Trustee and the Principal Paying and Conversion Agent in writing.
- (C) In the case of a Qualifying Change of Control:
- (i) the Issuer shall, on or prior to the New Conversion Condition Effective Date, enter into such agreements and arrangements, which may include deeds supplemental to the Trust Deed, and such amendments and modifications to the Trust Deed, Agency Agreement or Conversion Calculation Agency Agreement shall be made to ensure that, with effect from the New Conversion Condition Effective Date, the Notes shall (following the occurrence of a Conversion Trigger Event) be converted into, or exchanged for, Relevant Shares of the Approved Entity, *mutatis mutandis* in accordance with, and subject to, this Condition 6 (as may be so supplemented, amended or modified) at the New Conversion Price and any references to the Conversion Price therein shall be construed as reference to the New Conversion Price; and
  - (ii) the Issuer shall, where the Share Delivery Date falls on or after the New Conversion Condition Effective Date, procure the issue and/or delivery of the relevant number of Relevant Shares in the manner provided in this

Condition 6, as may be supplemented, amended or modified as provided above.

Prior to, or simultaneously with, the entry into such agreements and arrangements, the Issuer shall deliver to the Trustee a certificate signed by two (2) Directors or other Authorised Signatories (as defined in the Trust Deed) of the Issuer stating that the amendments and modifications to the Trust Deed, the Agency Agreement and the Conversion Calculation Agency Agreement (as applicable) are in accordance with Condition 6.15(C)(i) above. The Trustee shall be entitled to rely on such certificate without liability to any person and without further enquiry. Subject to receipt thereof, the Trustee shall be obliged (at the expense of the Issuer) 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, the Conditions and/or the Notes.

- (D) If a Non-Qualifying Change of Control occurs then, with effect from the occurrence of such Non-Qualifying Change of Control and unless the Share Delivery Date shall have occurred prior to such date, the Notes shall not be subject to Conversion at any time notwithstanding the occurrence of a Conversion Trigger Event but, instead, upon the occurrence of a Conversion Trigger Event in such circumstances the full principal amount outstanding of each Note will automatically be written down to zero, each Note will be cancelled, the Noteholders will be automatically deemed to have irrevocably waived their right to receive, and 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 6 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 prior to the occurrence of a Conversion Trigger Event. For the avoidance of doubt, once the full principal amount outstanding of each Note has been written down, it will not be restored under any circumstances, including where the relevant Conversion Trigger Event has ceased to continue. For the avoidance of doubt, nothing in this paragraph (D) of this Condition 6.15 shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof.
- (E) Within ten (10) days following the occurrence of a Change of Control, the Issuer shall give notice thereof to the Noteholders (a "**Change of Control Notice**") in accordance with Condition 14 (*Notices*) and to the Trustee.

The Change of Control Notice shall specify:

- (i) the identity of the Acquiror;

- (ii) whether the Change of Control is a Qualifying Change of Control or a Non-Qualifying Change of Control;
- (iii) in the case of a Qualifying Change of Control, the New Conversion Price; and
- (iv) in the case of a Non-Qualifying Change of Control, that, with effect from the occurrence of the Change of Control and unless a Conversion Trigger Event has occurred prior to the date of such Change of Control and the Share Delivery Date in respect thereof shall have occurred prior to such date, outstanding Notes shall not be subject to Conversion at any time notwithstanding the occurrence of a Conversion Trigger Event but that, instead, upon the occurrence of a Conversion Trigger Event in such circumstances, the full principal amount of each Note will automatically and permanently be written down to zero, each Note will be irrevocably cancelled, the Noteholders will be automatically deemed to have irrevocably waived their right to receive, and 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 6.15 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 prior to the occurrence of a Conversion Trigger Event.

(F) As used in this Condition 6.15:

**"Acquiror"** means the person which, following a Change of Control, controls the Issuer.

**"Approved Entity"** means a body corporate which, on the occurrence of the Change of Control, has in issue Relevant Shares.

a **"Change of Control"** 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), where **"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.

**"Change of Control Notice"** shall have the meaning given to such term in paragraph (E) of Condition 6.15 (*Change in Terms on Change of Control*) above.

**"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 (7) days following the occurrence of a Change of Control 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 paragraph (A) of Condition 6.15 (*Change in Terms on Change of Control*).

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

**"New Conversion Price"** means initially the higher of: (i) such price as is determined by the Conversion Calculation Agent in accordance with the following formula (and, if not an integral multiple of £0.0001, rounded to the nearest integral multiple of £0.0001 (with £0.0005 being rounded upwards); and (ii) the nominal value of a Relevant Share prevailing on the New Conversion Condition Effective Date, subject to Condition 6.15(B):

$$ECP \times \frac{VWAPRS}{VWAPOS}$$

where:

**"ECP"** is the Conversion Price in effect on the Dealing Day immediately prior to the New Conversion Condition Effective Date, provided that for the purpose of this definition only, if any adjustment was not required to be made to such Conversion Price and/or such Conversion Price was rounded down in each case pursuant to Condition 6.14, 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 at such time 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 Price of the Relevant Shares (translated, if necessary, into Sterling at the Prevailing Rate on the relevant Dealing Day) on each of the 10 Dealing Days ending on (and including) the Dealing Day prior to the date the Change of Control shall have occurred (and where references in the definition of "Volume Weighted Average Price" to "Ordinary Shares" shall be construed as a reference to the Relevant Shares and in the definition of "Dealing Day", references to the "Relevant Stock Exchange" shall be 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 Price of the Ordinary Shares (translated, if necessary, into Sterling at the Prevailing Rate on the relevant Dealing Day) on each of the 10 Dealing Days ending on (and including) the Dealing Day prior to the date the Change of Control shall have occurred.

**"Non-Qualifying Change of Control"** means a Change of Control that is not a Qualifying Change of Control.

**"Qualifying Change of Control"** means a Change of Control 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 the United Kingdom or an OECD member state.

**"Relevant Shares"** means the shares comprising the ordinary share capital of the Approved Entity that constitutes equity share capital or the equivalent (or depository or other receipts representing the same) which is listed and admitted to trading on a Regulated Market (and each of such ordinary shares as aforesaid, a **"Relevant Share"**).

#### **6.16 Fractions**

Fractions of Ordinary Shares will not be delivered to or for the benefit of the Conversion Shares Depository on the Share Delivery Date nor to Noteholders on the applicable Settlement Date and no cash payment will be made in lieu thereof. However, if one or more Conversion Shares Settlement Notices and relevant Certificates are delivered to the Conversion Shares Depository such that any Ordinary Shares (or any Ordinary Share component of any Conversion Shares Offer Consideration, as applicable) to be issued and delivered to or for the benefit of a Noteholder on Conversion are to be registered in the same name, 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 to be converted.

#### **6.17 Taxes and Duties**

None of the Issuer, any other member of the Group or the Trustee shall be liable for any taxes, including any capital, stamp, issue and registration or transfer taxes or duties, arising on or as a result of Conversion or that may arise or be paid as a consequence of the issue and delivery of Ordinary Shares on Conversion or their transfer in any Conversion Shares Offer. A Noteholder must pay any taxes, including any capital, stamp, issue and registration and transfer taxes or duties, arising on Conversion in connection with the issue and delivery of the Conversion Shares whether to the Conversion Shares Depository on behalf of such Noteholder or otherwise to or for the benefit of such Noteholder in accordance with Condition 6.5(B) and such Noteholder must pay all, if any, taxes or duties arising by reference to any disposal or deemed disposal of such Noteholder's Notes or interest therein. Any capital, stamp, issue, registration and transfer taxes or duties arising on delivery or transfer of Conversion Shares to a purchaser in any Conversion Shares Offer shall be payable by the relevant purchaser of those Ordinary Shares.

## 6.18 Delivery

- (A) Conversion Shares (or the Conversion Shares component of any Conversion Shares Offer Consideration) will be delivered to Noteholders in uncertificated form through the dematerialised securities trading system operated by Euroclear UK & Ireland Limited, known as CREST, unless at the relevant time the Conversion Shares are not a participating security in CREST, in which case Conversion Shares will be delivered either through the primary electronic trading system (if any) in which the Ordinary Shares are, at such time, traded or in certificated form. Where any Conversion Shares (or the Conversion Shares component of any Conversion Shares Offer Consideration) are to be delivered to Noteholders by the Conversion Shares Depository through CREST or any other electronic trading system, they will be delivered to the account specified by the relevant Noteholder in the relevant Conversion Shares Settlement Notice, on the applicable Settlement Date. Where any Conversion Shares (or the Conversion Shares 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 twenty-eight (28) days following the date of the relevant Conversion Shares Settlement Notice.
- (B) The Conversion Shares (or the Conversion Shares component of any Conversion Shares Offer Consideration) will not be available for issue or delivery (i) to, or to a nominee for, Euroclear Bank SA/NV or Clearstream Banking S.A. 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, if earlier, such other time at which the Issuer, in its absolute discretion, determines that no charge under Section 67, 70, 93 or 96 of the Finance Act 1986 or any similar charge (under any successor legislation) would arise as a result of such delivery or (iii) to the CREST account of such a person described in (i) or (ii).

## 6.19 Ordinary Shares

The Conversion Shares issued and delivered on the Share Delivery Date 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 Share Delivery Date, except in any such case for any right excluded by mandatory provisions of applicable law, and except that any Conversion 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 Share Delivery Date.

## 6.20 Purchase or Redemption of Ordinary Shares

The Issuer or any Subsidiary of the Issuer may, subject to paragraph (C) of Condition 6.6 (*Conversion Shares Offer*) exercise such rights as it may from time to time enjoy to purchase or redeem or buy back any shares of the Issuer (including Ordinary Shares) or any depositary or other receipts or certificates representing the same without the consent of Noteholders.

## 6.21 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:

- (A) not make any issue, grant or distribution or take or omit to take any other action if the effect thereof would be that, on the Share Delivery Date, Ordinary Shares could not, under any applicable law then in effect, be legally issued as fully paid;
- (B) 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, following the occurrence of a Conversion Trigger Event, 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 (at the expense of the Issuer) 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 prefunded 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, the Conditions and/or the Notes;

- (C) use all reasonable endeavours to ensure that the Ordinary Shares delivered on the Share Delivery Date shall be admitted to listing and trading on the Relevant Stock Exchange;
- (D) notwithstanding the provisions of Condition 6.6 (*Conversion Shares Offer*), at all times keep available for issue or allotment, free from any pre-emptive or other preferential rights, sufficient Ordinary Shares to enable the issue of all Conversion Shares as would be necessary to satisfy in full the obligation of the Issuer to issue and deliver Conversion Shares following the occurrence of a Conversion Trigger Event; and
- (E) where these Conditions require or provide for a determination by an Independent Adviser, use all reasonable endeavours promptly to appoint an Independent Adviser for such purpose.

## **7. Redemption, Substitution, Variation and Purchase**

### **7.1 No Redemption Date**

The Notes are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall only have the right to redeem or purchase the Notes in accordance with the following provisions of this Condition 7. The Notes are not redeemable at the option of the Noteholders at any time.

### **7.2 Conditions to Redemption and Purchase**

To the extent required pursuant to the Relevant Rules at the relevant time, and save as otherwise permitted pursuant to Condition 7.3 (*Waiver of Redemption and Purchase Condition relating to Solvency Capital Requirement by the Relevant Regulator*), the Issuer may not redeem or purchase any Notes unless each of the following conditions is satisfied:

- (A) in the case of a redemption or purchase of the Notes prior to the fifth (5<sup>th</sup>) anniversary of the Relevant Issue Date, either:
  - (i) such redemption or purchase is funded out of the proceeds of a new issuance of, or the Notes are exchanged into, Tier 1 Own Funds of the same or a higher quality than the Notes; or
  - (ii) in the case of any redemption pursuant to Condition 7.7 (*Redemption, substitution or variation at the option of the Issuer due to a Tax Event*) or 7.8 (*Redemption, substitution or variation at the option of the Issuer due to a Capital Disqualification Event*), the Relevant Regulator is satisfied that the Solvency Capital Requirement will be exceeded by an appropriate margin immediately after such redemption (taking into account the solvency position of the Issuer and the Group, including by reference to the Issuer's and the Group's medium-term capital management plans); and
    - (1) in the case of any such redemption following the occurrence of a Tax Event, the Issuer has demonstrated to the satisfaction of the Relevant Regulator that the applicable change in tax treatment is material; or
    - (2) in the case of any such redemption following the occurrence of a Capital Disqualification Event, the Relevant Regulator considers that the relevant change in the regulatory classification of the Notes is sufficiently certain; and
    - (3) in either case, the Issuer has demonstrated to the satisfaction of the Relevant Regulator that such change described in sub-paragraph (1) or (2) above was not reasonably foreseeable as at the Relevant Issue Date;
- (B) in respect of any redemption or purchase of the Notes occurring on or after the fifth (5<sup>th</sup>) anniversary of the Relevant Issue Date and before the tenth (10<sup>th</sup>) anniversary of the Relevant Issue Date, the Relevant Regulator has confirmed to the Issuer that

it is satisfied that the Solvency Capital Requirement is exceeded by an appropriate margin (taking into account the solvency position of the Issuer and the Group, including by reference to the Issuer's and the Group's medium-term capital management plans) at the time of, and immediately following, such redemption or purchase, unless such redemption or purchase is funded out of the proceeds of a new issuance of, or the Notes are exchanged into, Tier 1 Own Funds of the same or a higher quality than the Notes;

- (C) the Solvency Condition is met immediately prior to the redemption or purchase of the Notes (as applicable) and the redemption or purchase (as applicable) would not cause the Solvency Condition to be breached;
- (D) the Solvency Capital Requirement is met immediately prior to the redemption or purchase of the Notes (as applicable) and the redemption or purchase (as applicable) would not cause the Solvency Capital Requirement to be breached;
- (E) the Minimum Capital Requirement is met immediately prior to the redemption or purchase of the Notes (as applicable) and the redemption or purchase (as applicable) would not cause the Minimum Capital Requirement to be breached;
- (F) no Insolvent Insurer Winding-up has occurred and is continuing;
- (G) the Regulatory Clearance Condition is satisfied; and
- (H) any other additional or alternative requirements or pre-conditions to which the Issuer is otherwise subject and which may be imposed by the Relevant Regulator or the Relevant Rules have (in addition or in the alternative to the foregoing subparagraphs, as the case may be) been complied with (and shall continue to be complied with following the proposed redemption or purchase),

the conditions set out in paragraphs (A) to (H) (inclusive) above (to the extent required pursuant to the Relevant Rules at the relevant time as aforesaid) being the "**Redemption and Purchase Conditions**".

If on the proposed date for redemption of the Notes the Redemption and Purchase Conditions are not met, redemption of the Notes shall instead be suspended and such redemption shall occur only in accordance with Condition 7.4 (*Suspension of Redemption*).

### **7.3 Waiver of Redemption and Purchase Condition relating to Solvency Capital Requirement by the Relevant Regulator**

Notwithstanding Condition 7.2 (*Conditions to Redemption and Purchase*), the Issuer shall be entitled to redeem or purchase Notes (to the extent permitted by the Relevant Rules) where:

- (A) all Redemption and Purchase Conditions are met other than that described in paragraph (D) of Condition 7.2 (*Conditions to Redemption and Purchase*);

- (B) the Relevant Regulator has exceptionally waived the cancellation or suspension of redemption or, as the case may be, purchase of the Notes (and such waiver not having been withdrawn by the Relevant Regulator);
- (C) all (but not some only) of the Notes being redeemed or purchased at such time are exchanged for a new issue of Tier 1 Own Funds of the same or higher quality than the Notes; and
- (D) the Minimum Capital Requirement will be complied with immediately following such redemption or purchase, if made.

A certificate signed by two (2) Directors or other Authorised Signatories (as defined in the Trust Deed) of the Issuer confirming that the conditions set out in this Condition 7.3 are met, shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof, shall be binding on all such persons and the Trustee shall be entitled to rely on such certificate without liability to any person.

#### **7.4 Suspension of Redemption**

The Issuer shall notify the Trustee, the Principal Paying and Conversion Agent and the Noteholders in accordance with Condition 14 (*Notices*) no later than five (5) Business Days prior to any date set for redemption of the Notes if such redemption is to be suspended in accordance with this Condition 7.4, provided that if an event occurs or is determined less than five (5) Business Days prior to the date set for redemption that results in the Redemption and Purchase Conditions ceasing to be met, the Issuer shall notify the Trustee, the Principal Paying and Conversion Agent and the Noteholders in accordance with Condition 14 (*Notices*) as soon as reasonably practicable following the occurrence or determination (as the case may be) of such event.

If redemption of the Notes does not occur on the date specified in the notice of redemption by the Issuer under Conditions 7.6 (*Redemption at the Option of the Issuer*), 7.7 (*Redemption, substitution or variation at the option of the Issuer due to a Tax Event*), 7.8 (*Redemption, substitution or variation at the option of the Issuer due to a Capital Disqualification Event*), 7.9 (*Redemption, substitution or variation at the option of the Issuer due to a Ratings Methodology Event*) or 7.11 (*Clean-up redemption at the option of the Issuer*) as a result of the operation of Condition 7.2 (*Conditions to Redemption and Purchase*), the Issuer shall redeem the Notes at their principal amount outstanding together with any accrued and unpaid interest (in each case, to the extent that such amounts have not previously been cancelled pursuant to these Conditions), upon the earlier of:

- (A) the date falling ten (10) Business Days after the date on which the Redemption and Purchase Conditions are met or redemption of the Notes is otherwise permitted pursuant to Condition 7.3 (*Waiver of Redemption and Purchase Condition relating to Solvency Capital Requirement by the Relevant Regulator*) (unless on such tenth (10th) Business Day the Redemption and Purchase Conditions are again not met or the redemption of the Notes on such date would result in the Redemption and Purchase Conditions ceasing to be met (in each case save for the Redemption and Purchase Condition at paragraph (D) of Condition 7.2 to the extent waived under

Condition 7.3), in which case the provisions of Condition 7.2 (*Conditions to Redemption and Purchase*) and this paragraph (A) of this Condition 7.4 will apply *mutatis mutandis* to determine the rescheduled due date for redemption of the Notes); or

- (B) the date on which an Issuer Winding-Up occurs (insofar as such Issuer Winding-Up occurs prior to the date on which a Conversion Trigger Event occurs, in respect of which the Relevant Regulator has not permitted the waiver of Conversion as contemplated in Condition 6.4 (*Waiver of Conversion by the Relevant Regulator*)).

The Issuer shall notify the Trustee, the Principal Paying and Conversion Agent and the Noteholders in accordance with Condition 14 (*Notices*) no later than five (5) Business Days prior to any such date set for redemption pursuant to (A) or (if reasonably practicable in the circumstances) (B) above.

A certificate signed by two (2) Directors or other Authorised Signatories (as defined in the Trust Deed) of the Issuer confirming that: (i) the Redemption and Purchase Conditions are not met or would cease to be met if the proposed redemption or purchase were to be made; or (ii) the Redemption and Purchase Conditions are met and would continue to be met if the proposed redemption or purchase were to be made, shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof, shall be binding on all such persons and the Trustee shall be entitled to rely on such certificate without liability to any person.

#### **7.5 Suspension of Redemption and Cancellation of Purchases Not a Default**

Notwithstanding any other provision in these Conditions or in the Trust Deed, the suspension of redemption of the Notes and any cancellation of any purchases of any Notes in accordance with Condition 7.2 (*Conditions to Redemption and Purchase*) and Condition 7.4 (*Suspension of Redemption*) will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate the Notes or take any enforcement action under the Notes or the Trust Deed.

#### **7.6 Redemption at the Option of the Issuer**

Provided that the Redemption and Purchase Conditions are met, the Issuer may, having given:

- (A) not less than fifteen (15) nor more than thirty (30) days' notice to the Noteholders in accordance with Condition 14 (*Notices*) (which notice shall (save as provided in Condition 7.15 (*Notices Final*) below) be irrevocable and shall specify the date fixed for redemption); and
- (B) notice to the Registrar, the Principal Paying and Conversion Agent and the Trustee not less than three (3) days before the giving of the notice referred to in (A),

redeem all (but not some only) of the Notes, on (i) any day falling in the period commencing on (and including) 7 January 2033 and ending on (and including) the First Reset Date or (ii) any Reset Date thereafter at their principal amount outstanding together with (to the extent

that such interest has not been cancelled in accordance with these Conditions) any accrued and unpaid interest to (but excluding) the date of redemption.

#### **7.7 Redemption, substitution or variation at the option of the Issuer due to a Tax Event**

Provided that the Redemption and Purchase Conditions are met, and subject to Condition 7.12 (*Preconditions to redemption, variation or substitution*), if:

- (A) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction (a "**Tax Event**"), which change or amendment becomes effective after the Relevant Issue Date:
  - (i) the Issuer would (if it were to make a payment of interest on such date) be required to pay Additional Amounts on the next Interest Payment Date; or
  - (ii) the Issuer would no longer be entitled to claim a deduction in respect of the payment of interest in computing its taxation liabilities for United Kingdom tax purposes, or such entitlement would be materially reduced; or
  - (iii) in respect of the payment of interest, the Issuer would not to any material extent be entitled to have any attributable loss or non-trading deficit set against the profits (assuming there are any) of companies with which it is grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the Relevant Issue Date or any similar system or systems having like effect as may from time to time exist); or
  - (iv) the Issuer would be subject to a tax liability in a Relevant Jurisdiction, or the receipt of income or profit would be subject to tax in a Relevant Jurisdiction, if a Conversion Trigger Event or a Conversion were to occur; or
  - (v) the Issuer suffers or would suffer any other material adverse tax consequence in connection with the Notes in a Relevant Jurisdiction; and
- (B) the effect of the foregoing cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may at its option (without any requirement for the consent or approval of the Noteholders) and having given not less than thirty (30) nor more than sixty (60) days' notice in writing to the Trustee, the Principal Paying and Conversion Agent and, in accordance with Condition 14 (*Notices*), the Noteholders (which notice shall (save as provided in Condition 7.15 (*Notices Final*) below) be irrevocable) either (at its sole discretion):

- (i) redeem all (but not some only) of the Notes, at any time at their principal amount outstanding together with (to the extent that such interest has not been cancelled in accordance with these Conditions) any accrued and unpaid interest to (but excluding) the date of redemption, provided that no such notice of redemption shall be given earlier than ninety (90) days prior to the earliest date on which: (i) with respect to (A)(i), the Issuer would be obliged to pay such Additional Amounts; (ii)

with respect to (A)(ii), the payment of interest would no longer be deductible for United Kingdom tax purposes or such deduction would be materially reduced; (iii) with respect to (A)(iii), the Issuer would not to any material extent be entitled to have the loss or non-trading deficit set against the profits as provided in (A)(iii), in each case were a payment in respect of the Notes then due; (iv) with respect to (A)(iv), such change would occur; or (v) with respect to (A)(v), the relevant adverse tax consequence would arise or be suffered; or

- (ii) substitute at any time all (but not some only) of the Notes for, or vary the terms of the Notes so that they become or remain, Qualifying Tier 1 Notes, and the Trustee shall (subject as provided in Condition 7.10 (*Trustee role on redemption, variation or substitution; Trustee not obliged to monitor*) and to the receipt by it of the certificates referred to in Condition 7.12 (*Preconditions to redemption, variation or substitution*) below and in the definition of "Qualifying Tier 1 Notes") agree to such substitution or variation.

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

- (A) Provided that the Redemption and Purchase Conditions are met, and subject to Condition 7.12 (*Preconditions to redemption, variation or substitution*), if at any time a Capital Disqualification Event has occurred and is continuing, or, as a result of any change in, or amendment to, or any change in the application or official interpretation of, any applicable law, regulation or other official publication, a Capital Disqualification Event will occur within the forthcoming period of six (6) months, then the Issuer may, having given not less than thirty (30) nor more than sixty (60) days' notice to the Noteholders in accordance with Condition 14 (*Notices*), the Trustee and the Principal Paying and Conversion Agent in writing, which notice shall (save as provided in Condition 7.15 (*Notices Final*) below) be irrevocable, either (at its sole discretion):
  - (i) redeem all (but not some only) of the Notes at any time at their principal amount outstanding together with (to the extent that such interest has not been cancelled in accordance with these Conditions) any accrued and unpaid interest to (but excluding) the date of redemption; or
  - (ii) substitute at any time all (but not some only) of the Notes for, or vary the terms of the Notes so that they become or remain, Qualifying Tier 1 Notes, and the Trustee shall (subject as provided in Condition 7.10 (*Trustee role on redemption, variation or substitution; Trustee not obliged to monitor*) and to the receipt by it of the certificates referred to in Condition 7.12 (*Preconditions to redemption, variation or substitution*) below and in the definition of "Qualifying Tier 1 Notes") agree to such substitution or variation.
- (B) For the purposes of this Condition 7.8, "**Notice Period**" means the twelve (12) month period commencing on the date on which the relevant Capital Disqualification Event first occurs (or, as applicable, the date on which the Issuer certifies that the same will occur within a period of twelve (12) months), provided that if the Issuer has, during such twelve-month period, made such application or notification to the

Relevant Regulator as is then required under the Relevant Rules for the purposes of initiating the process for satisfying the Regulatory Clearance Condition, the Notice Period shall extend to the thirtieth (30<sup>th</sup>) calendar day following satisfaction of the Regulatory Clearance Condition in respect of the redemption, substitution or variation which is the subject of the notice to which the Notice Period relates.

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

- (A) Provided that the Redemption and Purchase Conditions are met, and subject to Condition 7.12 (*Preconditions to redemption, variation or substitution*), if at any time a Ratings Methodology Event has occurred and is continuing, or, as a result of any change in or clarification to, the methodology of any Rating Agency (or in the interpretation of such methodology by such Rating Agency), a Ratings Methodology Event will occur within the forthcoming period of six (6) months, then the Issuer may, having given not less than thirty (30) nor more than sixty (60) days' notice to the Noteholders in accordance with Condition 14 (*Notices*), and to the Trustee and the Principal Paying and Conversion Agent in writing, which notice shall (save as provided in Condition 7.15 (*Notices Final*) below) be irrevocable, either:
- (i) redeem all (but not some only) of the Notes at any time at their principal amount outstanding, together with (to the extent that such interest has not been cancelled in accordance with these Conditions) any accrued and unpaid interest to (but excluding) the date of redemption; or
  - (ii) substitute at any time all (but not some only) of the Notes for, or vary the terms of the Notes so that they become or remain, Rating Agency Compliant Notes, and the Trustee shall (subject as provided in Condition 7.10 (*Trustee role on redemption, variation or substitution; Trustee not obliged to monitor*)) and to the receipt by it of the certificates referred to in Condition 7.12 (*Preconditions to redemption, variation or substitution*) below and in the definition of "Rating Agency Compliant Notes") agree to such substitution or variation.
- (B) For the purposes of this Condition 7.9, "**Notice Period**" means the twelve (12) month period commencing on the date on which the relevant Ratings Methodology Event first occurs (or, as applicable, the date on which the Issuer certifies that the same will occur within a period of twelve (12) months), provided that if the Issuer has, during such twelve-month period, made such application or notification to the Relevant Regulator as is then required under the Relevant Rules for the purposes of initiating the process for satisfying the Regulatory Clearance Condition, the Notice Period shall extend to the thirtieth (30<sup>th</sup>) calendar day following satisfaction of the Regulatory Clearance Condition in respect of the redemption, substitution or variation which is the subject of the notice to which the Notice Period relates.

#### **7.10 Trustee role on redemption, variation or substitution; Trustee not obliged to monitor**

The Trustee shall (at the expense of the Issuer) use its reasonable endeavours to co-operate with the Issuer (including, but not limited to, entering into such documents or deeds as may

be necessary) to give effect to substitution or variation of the Notes for or into Qualifying Tier 1 Notes pursuant to Condition 7.7 (*Redemption, substitution or variation at the option of the Issuer due to a Tax Event*) or Condition 7.8 (*Redemption, substitution or variation at the option of the Issuer due to a Capital Disqualification Event*) or Rating Agency Compliant Notes (as the case may be) pursuant to Condition 7.9 (*Redemption, substitution or variation at the option of the Issuer due to a Ratings Methodology Event*), provided that the Issuer delivers to the Trustee a certificate signed by two (2) Directors or other Authorised Signatories (as defined in the Trust Deed) of the Issuer certifying that the Issuer is entitled to effect such substitution or variation. The Trustee shall not be obliged to co-operate in or agree to any such substitution or variation of the terms if the securities into which the Notes are to be substituted or are to be varied or the co-operation in such substitution or variation would, in the Trustee's opinion, 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, the Conditions and/or the Notes. If the Trustee does not so co-operate or agree as provided above, the Issuer may, subject as provided above, redeem the Notes as provided above.

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists for the purposes of this Condition 7 and will not be responsible to Noteholders for any loss arising from any failure by it to do so. Unless and until the Trustee has express notice of the occurrence of any event or circumstance within this Condition 7, it shall be entitled to assume that no such event or circumstance exists.

#### **7.11 Clean-up redemption at the option of the Issuer**

Provided that the Redemption and Purchase Conditions are met, and subject to Condition 7.12 (*Preconditions to redemption, variation or substitution*), if at any time after the Issue Date 75 per cent. or more of the aggregate principal amount of the Notes originally issued (and, for these purposes, any Further Notes will be deemed to have been originally issued) has been purchased by the Issuer or any of its Subsidiaries and cancelled, then the Issuer may, at its option (without any requirement for the consent or approval of the Noteholders), having given not less than fifteen (15) nor more than thirty (30) days' notice to the Trustee, the Principal Paying and Conversion Agent and, in accordance with Condition 14 (*Notices*), the Noteholders (which notice shall (save as provided in Condition 7.15 (*Notices Final*) below) be irrevocable), redeem all (but not some only) of the Notes at any time at their principal amount outstanding, together with (to the extent that such interest has not been cancelled in accordance with these Conditions) any accrued and unpaid interest to (but excluding) the date of redemption.

#### **7.12 Preconditions to redemption, variation or substitution**

- (A) Prior to the publication of any notice of redemption, variation or substitution pursuant to Condition 7.7 (*Redemption, substitution or variation at the option of the Issuer due to a Tax Event*), Condition 7.8 (*Redemption, substitution or variation at the option of the Issuer due to a Capital Disqualification Event*), Condition 7.9 (*Redemption, substitution or variation at the option of the Issuer due to a Ratings Methodology Event*), or 7.11 (*Clean-up redemption at the option of the Issuer*), the Issuer shall

deliver to the Trustee a certificate signed by two (2) Directors or other Authorised Signatories (as defined in the Trust Deed) of the Issuer stating that, as the case may be, the Issuer is entitled to redeem the Notes on the grounds that a Tax Event, a Capital Disqualification Event or a Ratings Methodology Event has occurred and is continuing or, for the purposes of Condition 7.11 (*Clean-up redemption at the option of the Issuer*), that 75 per cent. or more of the aggregate principal amount of the Notes originally issued (and, for these purposes, any Further Notes will be deemed to have been originally issued) has been purchased and cancelled, in any such case as at the date of the certificate or, as the case may be (in the case of a Capital Disqualification Event or a Ratings Methodology Event), will occur within a period of six (6) months and that it would have been reasonable for the Issuer to conclude, judged at the Relevant Issue Date, that such Tax Event, Capital Disqualification Event or Ratings Methodology Event was unlikely to occur.

In the case of a Tax Event, the Issuer shall also deliver to the Trustee an opinion from a nationally recognised law firm or other tax adviser in the applicable Relevant Jurisdiction experienced in such matters to the effect that the relevant requirement or circumstance referred to in Condition 7.7(A) applies or (where applicable) will apply on the next Interest Payment Date (save that such opinion need not provide any confirmation as to whether the Issuer could avoid the occurrence of the relevant Tax Event by taking measures reasonably available to it).

- (B) The Issuer shall not be entitled to amend or otherwise vary the terms of the Notes or substitute the Notes unless:
- (i) it has notified the Relevant Regulator in writing of its intention to do so not less than one (1) month (or such other period as may be required by the Relevant Regulator or the Relevant Rules at the relevant time) prior to the date on which such amendment, variation or substitution is to become effective; and
  - (ii) the Regulatory Clearance Condition has been satisfied in respect of such proposed amendment, variation or substitution.

A certificate signed by two (2) Directors or other Authorised Signatories (as defined in the Trust Deed) of the Issuer confirming the requirements set out above are met shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof, shall be binding on all such persons and the Trustee shall be entitled to rely on such certificate without liability to any person.

### **7.13 Purchases**

The Issuer or any of its Subsidiaries may at any time purchase Notes in any manner and at any price subject to the Redemption and Purchase Conditions being met prior to, and at the time of, such purchase. All Notes purchased by or on behalf of the Issuer or of any Subsidiary of the Issuer may be held, reissued, resold or, at the option of the Issuer and the relevant purchaser, surrendered for cancellation to the Principal Paying and Conversion Agent but whilst held may not be treated as outstanding for various purposes set out in the Trust Deed.

#### **7.14 Cancellations**

All Notes redeemed or substituted by the Issuer pursuant to this Condition 7, and all Notes purchased and surrendered for cancellation pursuant to Condition 7.13 (*Purchases*), will forthwith be cancelled. Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

#### **7.15 Notices Final**

Subject and without prejudice to Conditions 3.2 (*Solvency Condition*), 7.2 (*Conditions to Redemption and Purchase*) and 7.4 (*Suspension of Redemption*), any notice of redemption as is referred to in Condition 7.6 (*Redemption at the Option of the Issuer*) or Condition 7.11 (*Clean-up redemption at the option of the Issuer*) and any notice of redemption, variation or substitution as is referred to in Condition 7.7 (*Redemption, substitution or variation at the option of the Issuer due to a Tax Event*), Condition 7.8 (*Redemption, substitution or variation at the option of the Issuer due to a Capital Disqualification Event*) and Condition 7.9 (*Redemption, substitution or variation at the option of the Issuer due to a Ratings Methodology Event*) above shall, except in the circumstances described in the following paragraph of this Condition 7.15, be irrevocable and on the redemption, variation or (as the case may be) substitution date specified in such notice, the Issuer shall be bound to redeem or, as the case may be, vary or substitute the Notes in accordance with the terms of the relevant Condition.

For the avoidance of doubt, the Issuer may not give a notice of redemption, substitution or variation of the Notes pursuant to this Condition 7 if a Conversion Trigger Notice has been given. If a Conversion Trigger Notice is given after a notice of redemption, substitution or variation has been given by the Issuer but before the relevant redemption, substitution or (as the case may be) variation date, such notice of redemption, substitution or variation (as applicable) shall automatically be revoked and be null and void and the relevant redemption, substitution or variation (as applicable) shall not be made or effected and the Notes shall be converted in accordance with Condition 6 (*Conversion*).

#### **7.16 Waiver of redemption rights at the Issuer's option**

The Issuer may waive or suspend, at any time and in its sole discretion, its right to redeem the Notes under any of Condition 7.7 (*Redemption, substitution or variation at the option of the Issuer due to a Tax Event*), Condition 7.8 (*Redemption, substitution or variation at the option of the Issuer due to a Capital Disqualification Event*), Condition 7.9 (*Redemption, substitution or variation at the option of the Issuer due to a Ratings Methodology Event*) or Condition 7.11 (*Clean-up redemption at the option of the Issuer*) for a (definite or indefinite) period of time to be determined by the Issuer (the "**Inapplicability Period**") by notice to the Noteholders in accordance with Condition 14 (*Notices*), the Agents and the Trustee. Any notice so given shall specify the Inapplicability Period(s) during which the Issuer shall cease to have the right to redeem the Notes under any of Condition 7.7 (*Redemption, substitution or variation at the option of the Issuer due to a Tax Event*), Condition 7.8 (*Redemption, substitution or variation at the option of the Issuer due to a Capital Disqualification Event*), Condition 7.9 (*Redemption, substitution or variation at the option of the Issuer due to a Ratings Methodology Event*) or Condition 7.11 (*Clean-up redemption at the option of the Issuer*). Any ongoing Inapplicability Period may be terminated by the Issuer at any time and

in its sole discretion by notice to the Noteholders in accordance with Condition 14 (*Notices*), the Agents and the Trustee.

## **8. Payments**

### **8.1 Payments in respect of Notes**

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

For the purposes of this Condition 8.1, a Noteholder's registered account means the Sterling account maintained by or on behalf of it with a bank that processes payments in Sterling, details of which appear on the Register at the close of business, in the case of principal, and of interest due at the time of redemption of the Notes, on the second Business Day before the due date for payment and, in the case of any other payment of interest, on the relevant record date.

### **8.2 Payments subject to applicable laws**

Payments will be subject in all cases to:

- (i) without prejudice to Condition 9 (*Taxation*), any other applicable fiscal or other laws and regulations in the place of payment or other laws and regulations to which the Issuer or its respective Paying Agents agree to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements; and
- (ii) any withholding or deduction imposed or required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (the "**Code**"), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (or any law implementing such an intergovernmental agreement) (a "**FATCA Withholding Tax**"), and the Issuer will not be required to pay Additional Amounts on account of any FATCA Withholding Tax.

### **8.3 No commissions**

No commissions or expenses shall be charged to the Noteholders in respect of any payments made in accordance with this Condition 8.

## 8.4 Payment on Business Days

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

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

## 8.5 Partial payments

If the amount of principal or interest which is due on the Notes is not paid in full, the Registrar will annotate the Register with a record of the amount of principal or interest in fact paid. With respect to the amount of any interest payment due, the Registrar shall be entitled to have regard to the provisions of Condition 5.1 (*Interest Payments Discretionary*).

## 8.6 Agents

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

- (A) a Principal Paying and Conversion Agent; and
- (B) a Registrar.

In addition, the Issuer shall appoint and maintain an Interest Calculation Agent in accordance with the provisions of Condition 4.8 (*Interest Calculation Agent*) and a Conversion Calculation Agent in accordance with the provisions of Condition 6.12 (*Decision of the Conversion Calculation Agent or an Independent Adviser*). Notice of any termination or appointment and of any changes in specified offices of any of the Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 14 (*Notices*).

## 9. Taxation

### 9.1 Payment without withholding

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of the Relevant Jurisdiction unless the withholding or deduction of the Taxes is required by law. In any such event, the Issuer will pay such additional amounts in respect of Interest Payments but not in respect of any payments of principal ("**Additional Amounts**") as may be necessary in order that the net amounts received by the Noteholders after the

withholding or deduction shall equal the respective amounts which would have been received in respect of the Notes in the absence of the withholding or deduction; except that no Additional Amounts shall be payable in relation to any payment in respect of any Note:

- (A) the holder of which is liable to the Taxes in respect of the Note by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note; and/or
- (B) in circumstances where such withholding or deduction would not be required or to the extent that it would have been reduced if the holder or any person acting on his behalf had obtained and/or presented any form or certificate or had made a declaration of non-residence or similar claim for exemption to the relevant tax authority upon the making of which the holder would have been able to avoid or reduce such withholding or deduction; and/or
- (C) surrendered for payment (where surrender is required) more than thirty (30) days after the Relevant Date except to the extent that a holder would have been entitled to Additional Amounts on surrendering the same for payment on the last day of the period of thirty (30) days assuming (whether or not such is in fact the case) that day to have been a Business Day.

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

## **9.2 Additional Amounts**

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

## **10. Prescription**

Claims in respect of principal and interest will become prescribed unless made within ten (10) years (in the case of principal) and five (5) years (in the case of interest) from the Relevant Date.

## **11. Non-payment when due**

### **11.1 Proceedings for Winding-up**

Notwithstanding any of the provisions below in this Condition 11, the right to institute winding-up proceedings by the Trustee on behalf of the Noteholders in respect of the Issuer is limited to circumstances where a payment of principal in respect of the Notes by the Issuer under the Conditions or any provision of the Trust Deed has become due and is not duly paid. No amount shall be due from the Issuer in circumstances where payment of principal could not be made in compliance with the Solvency Condition, after a Conversion Trigger Event has

occurred, where payment cannot be made in compliance with Condition 7.2 (*Conditions to Redemption and Purchase*) or where redemption is suspended pursuant to Condition 7.4 (*Suspension of Redemption*).

If default is made by the Issuer in the payment of principal in respect of the Notes and such default continues for a period of fourteen (14) days or more, the Trustee may at its discretion, and if so requested by Noteholders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by Extraordinary Resolution shall (but in each case subject to it having been indemnified and/or secured and/or prefunded to its satisfaction), institute proceedings for the winding-up of the Issuer in England and Wales (but not elsewhere).

In the event of an Issuer Winding-Up (whether in England and Wales or elsewhere and whether or not instituted by the Trustee), the Trustee may prove in the winding-up of the Issuer and/or (as the case may be) claim in the liquidation or administration of the Issuer, such claim being as provided in, and subordinated in the manner described in, Condition 3.3 (*Winding-up prior to a Conversion Trigger Event*) or Condition 3.4 (*Winding-up on or after a Conversion Trigger Event*), as applicable.

## **11.2 Enforcement**

Without prejudice to Condition 11.1 (*Proceedings for Winding-up*), the Trustee may (subject to having been indemnified and/or secured and/or prefunded to its satisfaction) at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any term or Condition binding on the Issuer under the Trust Deed or the Notes (other than any payment obligation of the Issuer under or arising from the Notes or the Trust Deed, or in respect of any damages awarded for breach of any obligations thereunder, but excluding any payments made to the Trustee acting on its own account under the Trust Deed) but in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

Nothing in this Condition 11.2 shall, however, prevent the Trustee, subject to Condition 11.1 (*Proceedings for Winding-up*), from instituting proceedings for the winding-up of the Issuer in England and Wales and/or proving in any winding-up or administration of the Issuer (whether in England and Wales or elsewhere) and/or claiming in any liquidation of the Issuer in respect of any payment obligation of the Issuer (whether in England and Wales or elsewhere, and such claim being as provided in, and subordinated in the manner described in, Condition 3.3 (*Winding-up prior to a Conversion Trigger Event*) or Condition 3.4 (*Winding-up on or after a Conversion Trigger Event*)), as applicable, where such payment obligation arises from the Notes or the Trust Deed (including, without limitation, payment of any principal or other amounts due in respect of the Notes or any damages awarded for breach of any obligations under the Notes or the Trust Deed).

## **11.3 Entitlement of Trustee**

The Trustee shall not be bound to take any of the actions referred to in Condition 11.1 (*Proceedings for Winding-up*) or Condition 11.2 (*Enforcement*) above against the Issuer to enforce the terms of the Trust Deed, the Notes or any other action under or pursuant to the Trust Deed unless:

- (A) it shall have been so directed by an Extraordinary Resolution of the Noteholders or requested in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding; and
- (B) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

#### **11.4 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 or administration 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 liquidation or administration, fails to do so within a reasonable time 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 11.

#### **11.5 Extent of Noteholders' remedy**

No remedy against the Issuer, other than as referred to in this Condition 11, 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.

### **12. Statutory Loss Absorption Powers**

- (A) Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements or understandings between the Issuer and any Noteholder (or any holder of a beneficial interest in any Note) (or the Trustee on their behalf), by its acquisition of any Note (or any interest in any Note), each holder of any Note (or any interest in any Note) (and the Trustee on their behalf):
  - (i) acknowledges and accepts that any amounts due under the Notes (whether by way of principal, interest or otherwise, and whether or not the same shall have become due) may be subject to any applicable Statutory Loss Absorption Powers;
  - (ii) acknowledges, accepts, consents and agrees to be bound by the effect of the exercise of Statutory Loss Absorption Powers and any amendment or variation of the terms of the Notes or any redemption, write-down, conversion, substitution, variation, purchase, cancellation, transfer, suspension of rights or other action (as applicable) in relation to the Notes required to give effect to, or resulting from the exercise of, the Statutory Loss Absorption Powers; and
  - (iii) acknowledges and accepts that an exercise of the Statutory Loss Absorption Powers in respect of the Issuer or the Notes and its effects on the Notes shall not constitute a default by the Issuer.

(B) Upon any exercise of the Statutory Loss Absorption Powers with respect to the Notes, the Issuer will provide a written notice to the Trustee, the Agents and, in accordance with Condition 14 (*Notices*), the Noteholders as soon as practicable regarding such exercise.

(C) If, at any time, the Issuer, in its sole discretion, determines:

(i) that it is:

(1) necessary, in order to ensure that the Notes continue to qualify (in whole or in part) as Tier 1 Capital for the purposes of the Issuer and/or the Group (whether on a solo, group or consolidated basis); or

(2) required by the Relevant Rules or a determination or decision of the Relevant Regulator,

to make amendments to these Conditions and/or the Trust Deed to ensure that the Notes are subject to (or are otherwise acknowledged as being so subject to) any applicable Statutory Loss Absorption Powers; and

(ii) the amendments that are necessary to achieve the objective specified in (i) above,

the Issuer shall be entitled (at its sole option) to deliver to the Trustee a certificate signed by two Authorised Signatories confirming the circumstances in (i) above and specifying the amendments determined pursuant to (ii) above (which certificate shall be conclusive evidence thereof, and the Trustee may rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof) and thereupon, without the consent of Noteholders, the Trustee shall (at the expense of the Issuer and subject to Condition 12(D) below and the receipt by it of the certificate of two Authorised Signatories referred to in this Condition 12(C)) be obliged to (x) concur with the Issuer in making the amendments determined by the Issuer pursuant to (ii) above to these Conditions and/or the Trust Deed (as applicable) and (y) co-operate with the Issuer (including, but not limited to, entering into such documents or deeds as may be necessary) to give effect to any such amendments.

(D) The Trustee shall not be obliged to concur with the Issuer in making, to co-operate in, or to agree to, any amendments to these Conditions and/or the Trust Deed pursuant to Condition 12(C) if such co-operation or the amendments impose, in the Trustee's opinion, 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, the Conditions and/or the Notes.

(E) For the purposes of this Condition 12, "**Statutory Loss Absorption Powers**" means any write-down, conversion, transfer, modification, suspension or similar or related

power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements provided for under the laws of the United Kingdom (or of any other jurisdiction in which a relevant resolution authority is competent to exercise analogous powers in respect of the Issuer) establishing or implementing (in whole or in part) a regime for the recovery and resolution of insurance firms and their affiliates which is applicable to the Issuer or the Group, together with the instruments, rules and standards created thereunder, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person or suspended for a temporary period.

- (F) To the extent required by the Relevant Rules, any amendment to or variation of these Conditions or any provisions of the Trust Deed pursuant to Condition 12(C) will be subject to the Relevant Regulator having approved, permitted or consented to, or otherwise having confirmed that it does not object to (and having not subsequently withdrawn its approval, permission, consent or non-objection to) such act (in any case only if and to the extent required by the Relevant Regulator, the Relevant Rules (if not waived) or any other applicable rules of the Relevant Regulator at the relevant time).

### **13. Replacement of Certificates**

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

### **14. Notices**

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

### **15. Meetings of Noteholders, Modification, Waiver and Authorisation**

#### **15.1 Meetings of Noteholders**

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

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

and/or secured and/or prefunded to its satisfaction) or Noteholders holding not less than ten (10) per cent. in principal amount of the Notes for the time being outstanding. The quorum at any meeting for passing an Extraordinary Resolution will be one (1) or more persons present holding or representing more than fifty (50) per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one (1) or more persons present whatever the principal amount of the Notes held or represented by it or them, except that, at any meeting the business of which includes the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed (in each case as specified in the Trust Deed), the necessary quorum for passing an Extraordinary Resolution will be one (1) or more persons present holding or representing not less than seventy five (75) per cent., or at any adjourned such meeting not less than twenty five (25) per cent., of the principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting.

The Trust Deed also provides that (i) a written resolution executed, or (ii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee), in each case by or on behalf of the holders of seventy five (75) per cent. in principal amount of the Notes outstanding who would have been entitled to vote upon it if it had been proposed at a meeting at which they were present shall take effect as if it were an Extraordinary Resolution.

The agreement or approval of the Noteholders shall not be required in the case of any variation of these Conditions and/or the Trust Deed required to be made in connection with the substitution or variation of the Notes pursuant to Condition 7.7 (*Redemption, substitution or variation at the option of the Issuer due to a Tax Event*), Condition 7.8 (*Redemption, substitution or variation at the option of the Issuer due to a Capital Disqualification Event*) or Condition 7.9 (*Redemption, substitution or variation at the option of the Issuer due to a Ratings Methodology Event*) or any consequential amendments to these Conditions and/or the Trust Deed approved by the Trustee in connection with a Qualifying Change of Control pursuant to Condition 6.15 (*Change in Terms on Change of Control*).

## **15.2 Newco Scheme**

In the event of a Newco Scheme, the Issuer may, without the consent of Noteholders, at its option, procure that Newco is substituted under the Notes as the Issuer.

At the written 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 of Newco in place of the Issuer (or any previous substituted company) as principal debtor under the Trust Deed and the Notes, subject to the provisions set out in paragraph (B) of Condition 6.21 (*Covenants*).

The Issuer shall not be entitled to substitute Newco in place of the Issuer (or any previous substitute) as principal debtor under the Trust Deed and the Notes unless:

- (A) it has notified the Relevant Regulator in writing of its intention to do so not less than one (1) month (or such other period as may be required by the Relevant Regulator

or the Relevant Rules at the relevant time) prior to the date on which such proposed substitution is to become effective; and

- (B) the Regulatory Clearance Condition has been satisfied in respect of such proposed substitution,

in each case only if and to the extent required by the Relevant Regulator or the Relevant Rules at the relevant time.

A certificate signed by two (2) Directors or other Authorised Signatories (as defined in the Trust Deed) of the Issuer confirming the requirements set out above are met, shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof, shall be binding on all such persons and the Trustee shall be entitled to rely on such certificate without liability to any person.

Any substitution pursuant to this Condition 15.2 (*Newco Scheme*) shall: (i) if prior to the fifth anniversary of the Issue Date (or, if any Further Notes have been issued pursuant to Condition 17 (*Further Issues*), within five years of the Issue Date of the latest such Further Notes to be issued), be subject to Condition 7.2(A)(i); and (ii) if on or after the fifth anniversary of the Issue Date (or, if any further tranche(s) of the Notes have been issued pursuant to Condition 17 (*Further Issues*), on or after fifth anniversary of the Issue Date of the latest Further Notes to be issued) and before the tenth anniversary of the Issue Date (or, if any further tranche(s) of the Notes have been issued pursuant to Condition 17 (*Further Issues*), on or after tenth anniversary of the Issue Date of the latest Further Notes to be issued), be subject to Condition 7.2(B).

### **15.3 Modification, waiver and authorisation**

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

The Issuer shall not be entitled to amend or otherwise vary the terms of the Notes unless:

- (A) it has notified the Relevant Regulator in writing of its intention to do so not less than one (1) month (or such other period as may be required by the Relevant Regulator or the Relevant Rules at the relevant time) prior to the date on which such proposed amendment or variation is to become effective; and
- (B) the Regulatory Clearance Condition has been satisfied in respect of such proposed amendment or variation,

in each case only if and to the extent required by the Relevant Regulator or any Relevant Rules at the relevant time.

A certificate signed by two (2) Directors or other Authorised Signatories (as defined in the Trust Deed) of the Issuer confirming the requirements set out above are met, shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof, shall be binding on all such persons and the Trustee shall be entitled to rely on such certificate without liability to any person.

#### 15.4 Successor in Business Substitution

The Trustee, if it is satisfied that such substitution would not be materially prejudicial to the interests of the Noteholders, 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 3 (*Status*) of the Retiring Issuer's successor in business (the "**New Issuer**") in place of the Retiring Issuer as the principal debtor under the Trust Deed and the Notes, provided that:

- (A) a deed is executed or undertaking given by the New Issuer to the Trustee, in form and manner satisfactory to the Trustee, agreeing to be bound by the terms of the Trust Deed and the Notes (with such consequential amendments as the Trustee may deem appropriate) as if the New Issuer had been named in the Trust Deed and the Notes as the principal debtor in place of the Retiring Issuer;
- (B) if any two Directors of the New Issuer certify that it will be solvent immediately after such substitution, the Trustee need not have regard to the New Issuer's financial condition, profits or prospects or compare them with those of the Issuer;
- (C) (without prejudice to the generality of sub-paragraph (A) above) the Trustee may in the event of such substitution agree, without the consent of the Noteholders to a change in the law governing the Trust Deed and/or the Notes, provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders;
- (D) if the New Issuer is, or becomes, subject generally to the taxing jurisdiction of a territory or any authority of or in that territory with power to tax (the "**Substituted Territory**") other than the territory of the taxing jurisdiction of which (or to any such authority of or in which) the Retiring Issuer is subject generally (the "**Issuer's Territory**"), the New Issuer will (unless the Trustee otherwise agrees) give to the Trustee an undertaking satisfactory to the Trustee in terms corresponding to Condition 9 (*Taxation*) with the substitution for the references in that Condition and in Condition 7.7 (*Redemption, substitution or variation at the option of the Issuer due to a Tax Event*) to the Issuer's Territory of references to the Substituted Territory whereupon the Trust Deed and the Notes will be read accordingly; and
- (E) the Retiring Issuer and the New Issuer comply with such other requirements as the Trustee may direct in the interests of the Noteholders.

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. In connection with any substitution or such exercise as aforesaid, no Noteholder shall be entitled to claim, whether from the Retiring Issuer, the New Issuer or the Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such substitution or any such exercise upon any individual Noteholders except to the extent already provided in Condition 9 (*Taxation*) and/or any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed.

Any substitution pursuant to this Condition 15.4 (*Successor in Business Substitution*) shall: (i) if prior to the fifth anniversary of the Issue Date (or, if any Further Notes have been issued pursuant to Condition 17 (*Further Issues*), within five years of the Issue Date of the latest such Further Notes to be issued), be subject to Condition 7.2(A)(i); (ii) if on or after the fifth anniversary of the Issue Date (or, if any further tranche(s) of the Notes have been issued pursuant to Condition 17 (*Further Issues*), on or after fifth anniversary of the Issue Date of the latest Further Notes to be issued) and before the tenth anniversary of the Issue Date (or, if any further tranche(s) of the Notes have been issued pursuant to Condition 17 (*Further Issues*), on or after tenth anniversary of the Issue Date of the latest Further Notes to be issued), be subject to Condition 7.2(B); and (iii) in either case, be subject (to the extent then required by the Relevant Regulator or the Relevant Rules) to any notifications to, or permission, consent or provision of non-objection from, the Relevant Regulator and the Relevant Regulator not having withdrawn its permission, consent or non-objection, to such act.

## **15.5 Group Holding Company Substitution**

- (A) The Trust Deed further provides that, if requested by the Issuer and if the Issuer ceases, has ceased or, on the date of the substitution, will cease to be the Group Holding Company for any reason (including, without limitation, as a result of, or in connection with, any transaction instigated by the Issuer or any of its shareholders or Subsidiaries or to which the Issuer or any of its shareholders or Subsidiaries is a party), the Trustee shall agree, without the consent of the Noteholders, to the substitution of the Group Holding Company in place of the Issuer or any previous substitute under this Condition 15.5 (*Group Holding Company Substitution*) as principal debtor under the Trust Deed and the Notes and to the making of any consequential amendments to the Trust Deed and the Notes which the Issuer may reasonably require in connection therewith, without the requirement to satisfy any conditions other than the conditions which are expressly specified in the Trust Deed, which include:
- (i) the Notes being rated (at the request of the Issuer) by at least one of Moody's Investors Service Ltd. or S&P Global Ratings UK Limited or Fitch Ratings Ltd. or by any of their respective successors or affiliates immediately prior to the substitution and the Issuer certifying to the Trustee that:
    - (1) the Notes will, immediately following the substitution, continue to be rated (at the request of the Issuer) by at least one of such rating agencies; and

- (2) no such rating agency has announced (or confirmed in writing to the Issuer) that it has downgraded (or will downgrade), or that it has placed (or will place) on review with negative implications, the rating assigned (at the request of the Issuer) to the Notes where the substitution (or potential substitution pursuant to this Condition 15.5 *Group Holding Company Substitution*) has been cited in such announcement or confirmation in writing as a reason for such downgrade or placing on review;
  - (ii) the Issuer having complied with the Regulatory Clearance Condition, the Notes being eligible to count as Tier 1 Capital of the Insurance Group immediately following the substitution, the principal amount of the Notes which is available to count as Tier 1 Capital of the Insurance Group immediately following the substitution being no less than the principal amount of the Notes which is available to count as Tier 1 Capital of the Insurance Group immediately prior to the substitution, and the Issuer not being in default in respect of any of its payment obligations under these Conditions;
  - (iii) the Notes being (or continuing to be): (i) listed on a "recognised stock exchange" for the purposes of section 1005 of the Income Tax Act 2007 or (ii) admitted to trading on a "multilateral trading facility" operated by an "EEA regulated recognised stock exchange" (within the meaning of section 987 of the Income Tax Act 2007) immediately following the substitution;
  - (iv) if the Group Holding Company is, or becomes, subject generally to the taxing jurisdiction of a territory or any authority of or in that territory with power to tax (the "**Group Holding Company Substituted Territory**") other than the territory or any such authority to the taxing jurisdiction of which the Issuer is subject generally (the "**Issuer's Territory**"), the Group Holding Company will (unless the Trustee otherwise agrees) give to the Trustee an undertaking satisfactory to the Trustee in terms corresponding to Condition 9 (*Taxation*) with the substitution for, or, as the case may be, the addition to, the references in that Condition and in Condition 7.7 (*Redemption, substitution or variation at the option of the Issuer due to a Tax Event*) to the Issuer's Territory of references to the Group Holding Company Substituted Territory, whereupon the Trust Deed and the Notes will be read accordingly; and
  - (v) the substitution not causing a Capital Disqualification Event, a Ratings Methodology Event or a Tax Event to occur in respect of the Notes immediately following the substitution.
- (B) The Trustee shall be required to accept a certificate from any two Authorised Signatories of the Issuer to the Trustee confirming that the conditions to such a substitution are satisfied and the Trustee shall be entitled to rely absolutely on such a certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

- (C) For the avoidance of doubt, the substitution provisions described in this Condition 15.5 (*Group Holding Company Substitution*) are separate from, and in addition to, the substitution provisions described in Conditions 15.2 (*Newco Scheme*) and 15.4 (*Successor in Business Substitution*). Accordingly, the Issuer may, at its sole and absolute discretion, elect to request the substitution of the Group Holding Company pursuant to the provisions described in this Condition 15.5 (*Group Holding Company Substitution*) instead of pursuant to the provisions described in Conditions 15.2 (*Newco Scheme*) and 15.4 (*Successor in Business Substitution*), or vice versa.
- (D) Any substitution pursuant to this Condition 15.5 (*Group Holding Company Substitution*) shall: (i) if prior to the fifth anniversary of the Issue Date (or, if any Further Notes have been issued pursuant to Condition 17 (*Further Issues*), within five years of the Issue Date of the latest such Further Notes to be issued), be subject to Condition 7.2(A)(i); (ii) if on or after the fifth anniversary of the Issue Date (or, if any further tranche(s) of the Notes have been issued pursuant to Condition 17 (*Further Issues*), on or after fifth anniversary of the Issue Date of the latest Further Notes to be issued) and before the tenth anniversary of the Issue Date (or, if any further tranche(s) of the Notes have been issued pursuant to Condition 17 (*Further Issues*), on or after tenth anniversary of the Issue Date of the latest Further Notes to be issued), be subject to Condition 7.2(B); and (iii) in either case, be subject (to the extent then required by the Relevant Regulator or the Relevant Rules) to any notifications to, or permission, consent or provision of non-objection from, the Relevant Regulator and the Relevant Regulator not having withdrawn its permission, consent or non-objection, to such act.

#### **15.6 Trustee to have regard to interests of Noteholders as a class**

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution of obligor), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent already provided for in Condition 9 (*Taxation*) and/or any undertaking given in addition to, or in substitution for, Condition 9 (*Taxation*) pursuant to the Trust Deed.

#### **15.7 Notification to the Noteholders**

Any modification, abrogation, waiver, authorisation, determination or substitution effected in accordance with these Conditions or the Trust Deed shall be binding on the Noteholders and shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 14 (*Notices*).

## **16. Indemnification of the Trustee and its contracting with the Issuer**

### **16.1 Indemnification of the Trustee**

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

The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

The Trustee may rely without liability to Noteholders on a report, confirmation or certificate or opinion or any advice of any accountants, financial advisers, financial institution or other 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. The Trustee may accept and shall be entitled to rely on any such report, opinion, confirmation or certificate or advice without liability to any person and such report, opinion, confirmation, or certificate or advice shall be binding on the Issuer, the Trustee and the Noteholders.

### **16.2 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 appropriate legal advice, 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.

### **16.3 Trustee contracting with the Issuer**

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

#### 16.4 Regulatory Clearance Condition

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

#### 17. Further Issues

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

#### 18. Governing Law

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

#### 19. Rights of Third Parties

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

#### 20. Defined Terms

In these Conditions:

"**Additional Amounts**" has the meaning given to such term in Condition 9.1 (*Payment without withholding*);

"**Agency Agreement**" has the meaning given to such term in the preamble to these Conditions;

"**Agents**" means the Registrar, the Principal Paying and Conversion Agent, the Interest Calculation Agent, the Transfer Agent and the other Paying Agents appointed from time to time under the Agency Agreement;

"**Approved Winding-up**" means a solvent winding-up of the Issuer solely for the purpose of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer the terms of which reconstruction, amalgamation or substitution: (i) have previously been approved in writing by the Trustee or by an Extraordinary Resolution; and (ii) do not provide that the Notes or any amount in respect thereof shall thereby become payable;

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

**"Business Day"** means:

- (a) except for the purposes of Conditions 2 (*Transfers of Notes and Issue of Certificates*), 6.8(B) (*Settlement Procedure*), 8.4 (*Payment on Business Days*) and 9.1(C) (*Payment without withholding*) a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets are open for general business in London;
- (b) for the purposes of Condition 2 (*Transfers of Notes and Issue of Certificates*), a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for business in the city in which the specified office of the Transfer Agent with whom a Certificate is deposited in connection with a transfer is located;
- (c) for the purposes of Condition 6.8(B) (*Settlement Procedure*), a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for business in the city in which the specified office of the Conversion Shares Depository is located; and
- (d) for the purposes of Conditions 8.4 (*Payment on Business Days*) and 9.1(C) (*Payment without withholding*), a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for business in London and, in the case of surrender of a Certificate, in the place in which the Certificate is surrendered;

**"Calculation Amount"** has the meaning given to such term in Condition 4.1 (*Interest Rate*);

a **"Capital Disqualification Event"** is deemed to have occurred if, as a result of any replacement of or change to (or change to the interpretation by any court or authority entitled to do so of) the Relevant Rules the whole or any part of the Notes are no longer capable of counting as Tier 1 Capital for the purposes of the Issuer, the Group, or any insurance or reinsurance undertaking within the Group whether on a solo, group or consolidated basis (except where such non-qualification is only as a result of any applicable limitation on the amount of such capital);

**"Certificate"** has the meaning given to such term in Condition 1 (*Form, Denomination and Title*);

**"Closing Price"** means, in respect of a Relevant Security, option, warrant or other right on any Dealing Day, the official closing price of such Relevant Security, option, warrant or other right 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 "Last Price", or any successor setting) in respect of such Relevant Security, option, warrant or other right for the Relevant Stock Exchange in respect thereof on such Dealing Day 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 if on any such Dealing Day such price is not available or cannot otherwise be

determined as provided above, the Closing Price of a Relevant Security, option, warrant or other right, as the case may be, in respect of such Dealing Day shall be the Closing Price, determined as provided above, on the immediately preceding Dealing Day on which the same can be so determined, or if such price cannot be determined as provided above, the Closing Price shall be determined as an Independent Adviser might otherwise determine in good faith to be appropriate;

"**Conditions**" has the meaning given to such term in the preamble to these Conditions;

"**Conversion**" means the conversion of the Notes into Ordinary Shares pursuant to Condition 6 (*Conversion*), and "**convert**" and "**converted**" shall be construed accordingly;

"**Conversion Date**" has the meaning given to such term in Condition 6.3 (*Notification of the occurrence of a Conversion Trigger Event*);

"**Conversion Price**" has the meaning given to such term in paragraph (B) of Condition 6.2 (*Conversion upon Conversion Trigger Event*);

"**Conversion Shares**" means the Ordinary Shares to be issued and delivered to the Conversion Shares Depositary (or to the relevant recipient in accordance with these Conditions) by the Issuer on the Share Delivery Date on and subject to the terms set out in Condition 6 (*Conversion*);

"**Conversion Shares Depositary**" means a reputable financial institution, trust company 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 Conversion Shares (and any Conversion Shares Offer Consideration) on trust for the Noteholders of the Notes 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 such term in paragraph (A) of Condition 6.6 (*Conversion Shares Offer*);

"**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:

- (a) in respect of each Note for which no Opt-Out Notice is received by the Conversion Shares Depositary from a Noteholder prior to the fifth (5<sup>th</sup>) Business Day preceding the commencement of the Conversion Shares Offer and as determined by the Conversion Calculation Agent:
  - (i) if all of the Eligible Conversion Shares 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 such Note translated, if necessary, into Sterling at the Prevailing Rate on the last day of the Conversion Shares Offer Period (less any foreign exchange transaction costs);

- (ii) if some but not all of such Eligible Conversion Shares are sold in the Conversion Shares Offer:
  - (A) the *pro rata* share of the cash proceeds from the sale of such Eligible Conversion Shares attributable to such Notes translated, if necessary, into Sterling at the Prevailing Rate on the last day of the Conversion Shares Offer Period (less any foreign exchange transaction costs); and
  - (B) the *pro rata* share of such Eligible Conversion Shares not sold pursuant to the Conversion Shares Offer attributable to such Notes rounded down to the nearest whole number of Ordinary Shares; and
- (iii) if no Eligible Conversion Shares are sold in a Conversion Shares Offer, the relevant Eligible Conversion Shares attributable to such Notes rounded down to the nearest whole number of Ordinary Shares,

subject, in the case of paragraphs (i) and (ii)(A) above, to deduction from any such cash proceeds of an amount 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 that may arise or be paid as a consequence of the transfer of 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;

provided that if the cash component (if any) of the Conversion Shares Offer Consideration in respect of a Note determined in accordance with the foregoing (after the deductions referred to in the immediately preceding paragraph) would exceed the product of (a) the principal amount of such Note and (b) the proportion (expressed as a percentage) of the Eligible 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, and shall instead be payable to the Issuer as provided in Condition 6.6(F); and

- (b) in respect of each Note for which an Opt-Out Notice is received by the Conversion Shares Depository from a Noteholder prior to the fifth (5<sup>th</sup>) Business Day preceding the commencement of the Conversion Shares Offer and as determined by the Conversion Calculation Agent, the Eligible Conversion Shares attributable to such Note rounded down to the nearest whole number of Ordinary Shares;

**"Conversion Shares Offer Floor Price"** means the price per Conversion 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 a Conversion Share as at the Conversion Date;

**"Conversion Shares Offer Notice"** has the meaning given to such term in paragraph (B) of Condition 6.6 (*Conversion Shares Offer*);

**"Conversion Shares Offer Period"** has the meaning given to such term in paragraph (D) of Condition 6.6 (*Conversion Shares Offer*);

**"Conversion Shares Offer Price"** has the meaning given to such term in paragraph (A) of Condition 6.6 (*Conversion Shares Offer*);

**"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 Depositary (or its agent(s) designated for the purpose in the Conversion Trigger Notice) in connection with a Conversion of the Notes;

a **"Conversion Trigger Event"** shall occur if at any time:

- (a) the amount of Own Fund Items eligible and available to cover the Solvency Capital Requirement is equal to or less than seventy-five (75) per cent. of the Solvency Capital Requirement;
- (b) the amount of Own Fund Items eligible and available to cover the Minimum Capital Requirement is equal to or less than the Minimum Capital Requirement; or
- (c) a breach of the Solvency Capital Requirement has occurred and such breach has not been remedied within a period of three (3) months from the date on which the breach was first observed;

**"Conversion Trigger Notice"** has the meaning given to such term in paragraph (B) of Condition 6.3 (*Notification of the occurrence of a Conversion Trigger Event*);

**"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 (5) consecutive Dealing Days (or, for the purposes of paragraph (D) of Condition 6.10 (*Adjustment of Conversion Price*) ten (10) consecutive Dealing Days) ending on the Dealing Day immediately preceding such date,

provided that, for the purposes of paragraph (D) of Condition 6.10 (*Adjustment of Conversion Price*), if at any time during the said ten (10) dealing-day period the Volume Weighted Average Price shall have been based on a price ex-dividend (or ex- any other entitlement) and during some other part of that period the Volume Weighted Average Price shall have been based on a price cum-dividend (or cum- any other entitlement), then:

- (a) 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- such dividend (or cum- such 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 date of first public announcement relating to such dividend or entitlement, in any such case, 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; or
- (b) 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 date of first public announcement relating to such dividend or entitlement, in any such case, 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,

and provided further that, for the purposes of paragraph (D) of Condition 6.10 (*Adjustment of Conversion Price*), if on each of the said ten (10) Dealing Days the Volume Weighted Average Price shall have been based on a price cum-dividend (or cum- any other entitlement) in respect of a dividend (or other entitlement) which has been declared or announced but the Ordinary Shares to be issued and delivered do not rank for that dividend (or other entitlement), the Volume Weighted Average Price on each of such dates 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 date of first public announcement of the terms such dividend or entitlement, in any such case, 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,

and provided further that, if the Volume Weighted Average Price of an Ordinary Share is not available on one or more of the said five (5) Dealing Days (or, for the purposes of paragraph (D) of Condition 6.10 (*Adjustment of Conversion Price*), the said ten (10) Dealing Days) (disregarding for this purpose the proviso to the definition of Volume Weighted Average Price), then the average of such Volume Weighted Average Prices which are available in that five (5) (or, for the purposes of paragraph (D) of Condition 6.10 (*Adjustment of Conversion Price*), ten (10)) Dealing Day period shall be used (subject to a minimum of two (2) such prices) and if only one, or no, such Volume Weighted Average Price is available in the relevant period, the Current Market Price shall be determined in good faith by an Independent Adviser;

**"Day Count Fraction"** has the meaning given to such term in Condition 4.1 (*Interest Rate*);

**"Dealing Day"** means a day on which the Relevant Stock Exchange or any other relevant stock exchange or securities market is open for business on which Ordinary Shares, Relevant Securities, Relevant Shares, options, warrants or other rights (as the case may be) may be dealt in (other than a day on which the Relevant Stock Exchange or such other

relevant stock exchange or securities market is scheduled to or does close prior to its regular weekday closing time);

**"Director"** means any member of the board of directors of the Issuer from time to time;

**"Distributable Items"** means, with respect to and as at any Interest Payment Date, without double-counting, an amount equal to:

- (a) the Distributable Profits of the Issuer, calculated on an unconsolidated basis, as at the last day of the then most recently ended financial year of the Issuer; either, plus
- (b) the interim Distributable Profits (if any) of the Issuer, calculated on an unconsolidated basis, for the period from the Issuer's then latest financial year end to (but excluding) such Interest Payment Date; or less
- (c) the interim net realised losses (if any) of the Issuer, calculated on an unconsolidated basis, for the period from the Issuer's then latest financial year end to (but excluding) such Interest Payment Date;

**"Distributable Profits"** has the meaning given to such term in section 736 of the Companies Act 2006 (as amended from time to time), or any equivalent or replacement provision;

**"Eligible Conversion Shares"** means all Conversion Shares in respect of which an Opt-Out Notice has not been received prior to the fifth (5<sup>th</sup>) Business Day preceding the commencement of the relevant Conversion Shares Offer;

**"Excess Amount"** has the meaning given to such term in the definition of "Conversion Shares Offer Consideration";

**"Exempt Newco Scheme"** means a Newco Scheme where, immediately after completion of the relevant Scheme of Arrangement, the ordinary shares or units or equivalent of Newco (or depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco) are:

- (a) admitted to trading on the Relevant Stock Exchange on which the Ordinary Shares were admitted to trading immediately prior to the Newco Scheme; or
- (b) admitted to listing on such other EEA Regulated Market as the Issuer or Newco may determine;

**"Extraordinary Resolution"** has the meaning given to such term in the Trust Deed;

**"Fair Market Value"** means:

- (a) with respect to a Cash Dividend, the amount of such Cash Dividend;
- (b) with respect to a cash amount, the amount of such cash;

- (c) with respect to Relevant Securities, options, warrants or other rights that are publicly traded on a Relevant Stock Exchange of adequate liquidity (as determined in good faith by an Independent Adviser), (i) with respect to such Relevant Securities (to the extent constituting equity share capital), the arithmetic mean of the daily Volume Weighted Average Prices of such Relevant Securities and (ii) with respect to such Relevant Securities (other than to the extent constituting equity share capital), options, warrants or other rights, the arithmetic mean of the daily Closing Prices of such Relevant Securities, options, warrants or other rights, in the case of (i) and (ii), during the period of five Dealing Days on the Relevant Stock Exchange commencing on such date (or, if later, the first such Dealing Day such Relevant Securities, options, warrants or other rights are publicly traded) or such shorter period as such Relevant Securities, options, warrants or other rights are publicly traded; and
- (d) with respect to Relevant Securities, options, warrants or other rights that are not publicly traded on a Relevant Stock Exchange of adequate liquidity (as aforesaid), the fair market value of such Relevant Securities, options, warrants or other rights 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 Relevant Securities, options, warrants or other rights, including as to the expiry date and exercise price (if any) thereof.

Save for the Fair Market Value determination referred to in the definition of "Conversion Shares Offer Floor Price", such amounts shall, in the case of (a) and (b) above, be translated (if expressed in a currency other than the Relevant Currency) into the Relevant Currency (if declared, announced, made, paid or payable in a currency other than the Relevant Currency, and if the relevant dividend is payable at the option of the Issuer or a Shareholder in any currency additional to the Relevant Currency, the relevant dividend shall be treated as payable in the Relevant Currency) at the rate of exchange (if any) used to determine the amount payable to Shareholders who were paid or are to be paid or are entitled to be paid the Cash Dividend in the Relevant Currency; and, in any other case, shall be translated into the Relevant Currency (if expressed in a currency other than the Relevant Currency) at the Prevailing Rate on that date. In addition, in the case of (a) and (b) 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 Depositary (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 twelve (12) Business Days following the Notice Cut-off Date and which will be notified to Noteholders in the Conversion Trigger Notice;

**"First Reset Date"** means 7 July 2033;

**"Further Notes"** has the meaning given to such term in Condition 17 (*Further Issues*);

**"Group"** means at any time, the Group Holding Company and its Subsidiaries at such time;

**"Group Holding Company"** means, from time to time, the ultimate insurance holding company of the Issuer that is subject to consolidated supervision by the Relevant Regulator for the purposes of the Relevant Rules (howsoever described) (such ultimate insurance holding company being, as at the Issue Date, the Issuer);

**"holder"** (in relation to a Note) has the meaning given to such term in Condition 1.2 (*Title*);

**"Independent Adviser"** means an independent financial institution of international repute or independent adviser with appropriate expertise (which may be (without limitation) the Conversion Calculation Agent) appointed by the Issuer at its own expense;

**"Initial Fixed Interest Rate"** has the meaning given to such term in Condition 4.3 (*Initial Interest Rate*);

**"Initial Fixed Rate Interest Period"** has the meaning given to such term in Condition 4.3 (*Initial Interest Rate*);

**"Insolvent Insurer Winding-up"** means:

- (a) the winding-up of any insurance undertaking within the Group; or
- (b) the appointment of an administrator of any insurance undertaking within the Group,

in each case, where the claims of the policyholders and beneficiaries pursuant to a contract of insurance of that insurance undertaking which is in winding-up or administration may or will not be met (and, for these purposes, the claim of policyholders or beneficiaries pursuant to a contract of insurance shall include all amounts to which such policyholders or such beneficiaries are entitled under applicable legislation or rules relating to the winding-up of insurance companies to reflect any right to receive or expectation of receiving benefits which such policyholders or such beneficiaries may have);

**"insurance undertaking"** means an insurance undertaking or reinsurance undertaking whose data is included for the purposes of the calculation of the Solvency Capital Requirement of the Group pursuant to the Relevant Rules;

**"Interest Calculation Agent"** means a leading financial institution in London appointed by the Issuer in accordance with Condition 4.8 (*Interest Calculation Agent*) for the purposes of determining each Reset Rate of Interest;

**"Interest Payment"** means, in respect of any Interest Payment Date, the amount of interest which is (or would, but for cancellation in accordance with these Conditions, be) due and payable on such Interest Payment Date;

**"Interest Payment Date"** means 7 January and 7 July in each year, commencing on 7 January 2027;

**"Interest Period"** means the period from (and including) one Interest Payment Date (or in the case of the first Interest Period, from the Issue Date) to (but excluding) the next (or in the case of the first Interest Period, the first) Interest Payment Date (or, if earlier, the date on which accrued interest otherwise becomes due and payable pursuant to these Conditions);

**"Interest Rate"** means the Initial Fixed Interest Rate or the relevant Reset Rate of Interest, as applicable;

**"Issue Date"** means 7 July 2026;

**"Issuer"** has the meaning given to such term in the preamble to these Conditions;

**"Issuer Winding-Up"** has the meaning given to such term in Condition 3.3 (*Winding-up prior to a Conversion Trigger Event*);

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

**"Mandatory Interest Cancellation Event"** has the meaning given to such term in Condition 5.2 (*Mandatory Cancellation of Interest Payments*);

**"Margin"** means 2.613 per cent.;

**"Minimum Capital Requirement"** means any of the Minimum Capital Requirement of the Issuer or the Group minimum Solvency Capital Requirement (as applicable) referred to in, or any other minimum capital requirement relating to the Issuer or the Group howsoever described in, the Relevant Rules;

**"Newco Scheme"** means a scheme of arrangement or analogous proceeding ("**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:

- (a) only ordinary shares or units or equivalent of Newco or depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco are issued to Existing Shareholders;
- (b) immediately after completion of the Scheme of Arrangement the only holders of ordinary shares, units or equivalent of Newco or, as the case may be, the only holders of depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco (except for a nominal holding by initial subscribers, if applicable), are Existing Shareholders holding in the same proportions as immediately prior to completion of the Scheme of Arrangement;
- (c) 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;

- (d) 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 immediately after completion of the Scheme of Arrangement; and
- (e) immediately after completion of the Scheme of Arrangement the Issuer 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;

**"Noteholder"** has the meaning given to such term in Condition 1.2 (*Title*);

**"Notes"** has the meaning given to such term in the preamble to these Conditions;

**"Notice Cut-off Date"** means the date specified as such in the Conversion Trigger Notice, which date shall be at least twenty (20) Business Days following the Share Delivery Date;

**"Notional Preference Shares"** has the meaning given to such term in Condition 3.3 (*Winding-up prior to a Conversion Trigger Event*);

**"Opt-Out Notice"** means a notice delivered by a Noteholder to the Conversion Shares Depositary as described in Condition 6.7 (*Eligible Conversion Shares*);

**"Ordinary Shares"** means fully paid ordinary shares in the capital of the Issuer;

**"Own Fund Items"** means any own fund item referred to in the Relevant Rules;

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

**"Paying and Conversion Agents"** has the meaning given to such term in the preamble to these Conditions;

**"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;

**"Principal Paying and Conversion Agent"** has the meaning given to such term in the preamble to these Conditions;

**"Qualifying Tier 1 Notes"** means securities issued (including by way of exchange, conversion or otherwise) directly or indirectly by the Issuer that:

- (a) have terms not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Issuer in consultation with an independent adviser

of recognised standing, and provided that a certification to such effect (including as to the consultation with the independent adviser and in respect of the matters specified in (b)(i) to (vii) below) signed by two (2) Directors or other Authorised Signatories (as defined in the Trust Deed) of the Issuer shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely without liability to any person and without further enquiry) prior to the issue of the relevant securities, or variation of the terms of the Notes so that they become such securities));

- (b) subject to (a) above:
- (i) contain terms which comply with the then current requirements of the Relevant Regulator in relation to Tier 1 Capital;
  - (ii) bear at least the same rate of interest from time to time applying to the Notes and preserve the Interest Payment Dates;
  - (iii) rank senior to, or *pari passu* with, the ranking of the Notes;
  - (iv) 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, such redemption;
  - (v) 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;
  - (vi) 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 paragraph (D) of Condition 6.15 (*Change in Terms on Change of Control*)); and
  - (vii) preserve any existing rights under these Conditions to any accrued interest which has not been paid and any other amounts payable under the Notes which have not been 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 Tier 1 Notes); and
- (c) are listed or admitted to trading on the London Stock Exchange's International Securities Market or such other stock exchange as is a Recognised Stock Exchange at that time as selected by the Issuer and approved by the Trustee;

**"Rating Agency"** means each of Standard & Poor's Credit Market Services Europe Limited, Moody's Investors Service Limited, A.M. Best Europe Rating Services Limited, Fitch Ratings Ltd or any of their respective affiliates or successors;

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

- (a) Qualifying Tier 1 Notes; and
- (b) assigned substantially the same equity content or, at the absolute discretion of the Issuer, a lower equity content (provided such equity content is still higher than the equity content assigned to the Notes after the occurrence of the Ratings Methodology Event) than that which was assigned by the Rating Agency to the Notes on or around the Relevant Issue Date and provided that a certification to such effect signed by two (2) Directors or other Authorised Signatories (as defined in the Trust Deed) of the Issuer shall have been delivered to the Trustee prior to the issue of the relevant securities (upon which the Trustee shall be entitled to rely without liability to any person and without further enquiry);

a "**Ratings Methodology Event**" will be deemed to occur upon a change in methodology of any Rating Agency (or in the interpretation of such methodology) as a result of which the "equity content" (or such other nomenclature as may be used by the Rating Agency from time to time to describe the degree to which the terms of an instrument are supportive of an issuer's senior obligations in terms of either leverage or total capital) assigned by that Rating Agency to the Notes is, in the reasonable opinion of the Issuer, materially reduced when compared to the "equity content" assigned by that Rating Agency to the Notes on or around the Issue Date or (if any further tranche(s) of the Notes has or have been issued pursuant to Condition 17 (*Further Issues*) and consolidated to form a single series with the Notes and the "equity content" assigned by the relevant Rating Agency on the issue date of such tranche is lower than the "equity content" assigned to the Notes on or around the Issue Date) the Relevant Issue Date;

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

"**record date**" has the meaning given to such term in Condition 8.1 (*Payments in respect of Notes*);

"**Redemption and Purchase Conditions**" has the meaning given to such term in Condition 7.2 (*Conditions to Redemption and Purchase*);

"**Register**" has the meaning given to such term in Condition 1.1 (*Form and Denomination*);

"**Registrar**" has the meaning given to such term in the preamble to these Conditions;

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

"**Regulatory Clearance Condition**" means, in respect of any proposed act on the part of the Issuer, the Issuer having received permission, consent or due notification of non-objection in writing from the Relevant Regulator (and the Relevant Regulator not having withdrawn its permission, consent or non-objection), if and to the extent required by the Relevant Regulator or the Relevant Rules at the relevant time;

**"Relevant Currency"** means Sterling or (if different) 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"** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by an Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 14 (*Notices*) and to the Trustee;

**"Relevant Issue Date"** means the later of (i) the Issue Date and (ii) the issue date of any Further Notes issued pursuant to Condition 17 (*Further Issues*);

**"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 on the Notes;

**"Relevant Regulator"** means the Bank of England acting as the United Kingdom Prudential Regulation Authority through its Prudential Regulation Committee 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, legislation, rules, guidelines, regulations or expectations set forth in applicable published supervisory statements or applicable statements of policy (whether having the force of law or otherwise) then having effect in the United Kingdom (and, where relevant, as applied by the Relevant Regulator to the Issuer, the Group or any Subsidiary of the Issuer engaged in insurance business) (including, without limitation, for the purposes of applying prudential requirements applicable to internationally active insurance groups, if and to the extent then applicable to the Issuer, the Group or any Subsidiary of the Issuer engaged in insurance business), relating to own funds, capital resources, capital requirements, financial adequacy requirements, recovery and resolution 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 applied as aforesaid) Solvency UK and references in these Conditions to any matter, action or condition being required or permitted by, or in accordance with, the Relevant Rules shall be construed in the context of the Relevant Rules as they apply to Tier 1 Capital and on the basis that the Notes are intended to continue to have the characteristics of Tier 1 Capital of the Issuer and/or the Group under the Relevant Rules (notwithstanding the occurrence of a Capital Disqualification Event);

**"Relevant Securities"** means any securities including, without limitation, shares in the capital of the Issuer, or options, warrants or other rights to subscribe for or purchase or acquire shares in the capital of the Issuer (and each a **"Relevant Security"**);

**"Relevant Shares"** has the meaning given to such term in Condition 6.15 (*Change in Terms on Change of Control*);

**"Relevant Stock Exchange"** means in respect of the Ordinary Shares, any Relevant Security, option, warrant or other right or any other securities, the Main Market of the London Stock Exchange plc or, if at the relevant time the Ordinary Shares, any Relevant Security, option, warrant or other right are not at that time listed and admitted to trading on the Main Market of the London Stock Exchange, the principal stock exchange or securities market (if any) on which the Ordinary Shares, any Relevant Security, option, warrant or other right are then listed, admitted to trading or quoted or accepted for dealing;

**"Reset Date"** means the First Reset Date and the Interest Payment Dates falling on each fifth (5th) anniversary thereafter;

**"Reset Determination Date"** means, in relation to a Reset Period, the day falling two (2) 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 Reset Date, and each successive period from (and including) a Reset Date to (but excluding) the next succeeding Reset Date;

**"Reset Rate of Interest"** means, in respect of any Reset Period, the Reset Reference Rate in relation to that Reset Period, plus the Margin (rounded to three decimal places with 0.0005 rounded down);

**"Reset Reference Banks"** means five brokers of gilts and/or gilt-edged market makers selected by the Issuer;

**"Reset Reference Rate"** means, in respect of a Reset Period, the gross redemption yield (as calculated by the Interest Calculation Agent) of the Benchmark Gilt in respect of that Reset Period, being the arithmetic average (rounded up (if necessary) to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered yields of such Benchmark Gilt quoted by the Reset Reference Banks at 11.00 a.m. (London time) on the Reset Determination Date in respect of such Reset Period on a dealing basis for settlement on the next following dealing day in London. 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 determined by reference to the rounded 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 determined by reference to the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Rate will be determined by reference to the rounded quotation provided. If no quotations are provided, the Reset Reference Rate will be the previous Reset Reference Rate or (in the case of the first Reset Period) 4.512 per cent., where:

**"Benchmark Gilt"** means, in respect of a Reset Period, such United Kingdom government security customarily used in the pricing of new issues with a similar tenor having a maturity date on or about the last day of such Reset Period as the Issuer (on the advice of an investment bank of international repute) may determine to be appropriate following any guidance published by the International Capital Market Association at the relevant time (if any); and

“**dealing day**” means a day on which the London Stock Exchange (or such other stock exchange on which the Benchmark Gilt is at the relevant time listed) is ordinarily open for the trading of securities;

“**Retiring Issuer**” means the Issuer or any subsequent substitute retiring in accordance with Condition 15.4 (*Successor in Business Substitution*);

“**Senior Creditors**” means creditors of the Issuer:

- (a) who are unsubordinated creditors of the Issuer including, without limitation, all policyholders of the Issuer and all beneficiaries under contracts of insurance of the Issuer (and for the avoidance of doubt, the claims of such policyholders and beneficiaries shall include all amounts to which such policyholders and beneficiaries are entitled under applicable legislation or rules relating to the winding-up of insurance companies to reflect any right to receive or expectation of receiving benefits which such policyholders and beneficiaries may have);
- (b) other creditors of the Issuer whose claims are, or are expressed to be, subordinated to the claims of other creditors of the Issuer (other than those whose claims constitute or would, but for any applicable limitation on the amount of such capital, constitute (i) Tier 1 Capital of the Issuer or (ii) claims otherwise ranking, or expressed to rank, *pari passu* with, or junior to, the claims of the Noteholders in an Issuer Winding-Up occurring prior to a Conversion Trigger Event);

“**Settlement Date**” means:

- (a) where the Issuer has not elected that a Conversion Shares Offer will be conducted, with respect to any Note in relation to which a Conversion Shares Settlement Notice is received by the Conversion Shares Depositary or its designated agent on or before the Notice Cut-off Date, the date that is two (2) Business Days after the latest of:
  - (i) the Share Delivery Date;
  - (ii) the date on which the Issuer announces that it will not elect for a Conversion Shares Offer to be conducted (or, if no such announcement is made, the last date on which the Issuer is entitled to give the Conversion Shares Offer Notice); and
  - (iii) the date on which the relevant Conversion Shares Settlement Notice has been received by the Conversion Shares Depositary or its designated agent;
- (b) where the Issuer has elected that a Conversion Shares Offer will be conducted, with respect to any Note in relation to which a Conversion Shares Settlement Notice is received by the Conversion Shares Depositary or its designated agent on or before the Notice Cut-off Date, the date that is two (2) Business Days after the later of:
  - (i) the date on which the Conversion Shares Offer Period expires or is terminated; and

- (ii) the date on which the relevant Conversion Shares Settlement Notice has been so received by the Conversion Shares Depository or its designated agent; and
- (c) 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 Conversion Shares or Conversion Shares Offer Consideration, as applicable, to the relevant Noteholder;

**"Share Delivery Date"** means, following the occurrence of a Conversion Trigger Event, the date on which the Issuer delivers the Conversion Shares to the Conversion Shares Depository in accordance with these Conditions, which date is expected to be no more than fifteen (15) Business Days following the Conversion Date and which will be notified to Noteholders in the Conversion Trigger Notice;

**"Shareholders"** means the holders of Ordinary Shares;

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

**"Solvency Condition"** has the meaning given to such term in Condition 3.2 (*Solvency Condition*);

**"Solvency UK"** means (i) the Solvency II Directive and any delegated act, regulatory technical standards or implementing standards made thereunder, as each forms part of the domestic law of the United Kingdom and as each may be amended or replaced by the laws of England and Wales from time to time, (ii) any additional measures adopted to give effect thereto (whether implemented by way of legislation, rules, regulations, guidance, expectations of the Relevant Regulator or otherwise) and (iii) any legislation, rules, regulations, guidance or expectations of the Relevant Regulator which amend, modify, re-enact or replace (i) and/or (ii) in the United Kingdom;

**"Solvency II Directive"** means Directive 2009/138/EC of the European Parliament and of the Council of the European Union of 25 November, 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II);

**"Sterling"** means the lawful currency of the United Kingdom;

**"Subsidiary"** has the meaning given to such term under section 1159 of the Companies Act 2006 (as amended from time to time);

**"Taxes"** has the meaning given to such term in Condition 9.1 (*Payment without withholding*);

**"Tax Event"** has the meaning given to such term in Condition 7.7 (*Redemption, substitution or variation at the option of the Issuer due to a Tax Event*);

**"Tier 1 Capital"** means Tier 1 own funds as defined in the Relevant Rules from time to time (including, without limitation, by virtue of the operation of any grandfathering provisions under the Relevant Rules);

**"Tier 1 Own Funds"** means subordinated notes, ordinary shares or any other share capital of any class which constitute Tier 1 Capital for the purposes of the Issuer or the Group, whether on a solo, group or consolidated basis;

**"Transfer Agent"** has the meaning given to such term in the preamble to these Conditions;

**"Trust Deed"** has the meaning given to such term in the preamble to these Conditions;

**"Trustee"** has the meaning given to such term in the preamble to these Conditions; and

**"Volume Weighted Average Price"** means, in respect of an Ordinary Share (or Relevant Share, as applicable) or Relevant Security, options, warrants or other rights on any Dealing Day, the order book volume-weighted average price of such Ordinary Share (or Relevant Share) or Relevant Security on the Relevant Stock Exchange in respect thereof as published by or derived from Bloomberg page HP (or any successor page) (using the setting "Weighted Average Line" or any successor setting) in respect of such Ordinary Shares (or Relevant Shares), options, warrants or other rights for the Relevant Stock Exchange in respect thereof on such Dealing Day (and for the avoidance of doubt such page for an Ordinary Share as at the Issue Date is LGEN LN Equity HP), 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 if on any such Dealing Day such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an Ordinary Share (or Relevant Share, as applicable), Relevant Security, option, warrant or other right, 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 or determined as an Independent Adviser might otherwise determine in good faith to be appropriate.

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 Corporation Tax Act 2010 and **"equity share capital"** has the meaning provided in Section 548 of the Companies Act 2006.

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 the Conversion Calculation Agent or an Independent Adviser determines in good faith to be appropriate to reflect any consolidation or subdivision 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 Condition 6, references to the "**issue**" of Ordinary Shares or Ordinary Shares being "**issued**" shall, unless otherwise expressly specified, 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 Ordinary Shares held by or on behalf of the Issuer or any of its respective Subsidiaries (and which, in the case of Condition 6.10(D), 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.

## Summary of Provisions Relating to the Notes while in Global Form

The Notes will initially be represented by a Global Certificate. The following provisions apply to the Notes whilst they are represented by the Global Certificate, some of which modify the effect of the Conditions.

### Initial Issue of Certificates

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

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

### Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system (an "**Alternative Clearing System**") as the holder of a Note represented by a 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.

### Exchange

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

Transfers of the holding of Notes represented by the Global Certificate pursuant to Condition 2 (*Transfers of Notes and Issue of Certificates*) may only be made in part:

- (A) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (B) upon or following any failure to pay principal in respect of any Notes when it is due and payable; or
- (C) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph (a) or (b) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

### **Amendment to Conditions**

The Global Certificate contains provisions that apply to the Notes that it represents, some of which modify the effect of the Conditions set out in this Offering Memorandum. The following is a summary of certain of those provisions:

#### *Payments*

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

#### *Calculation of Interest*

For so long as all of the Notes are represented by the Global Certificate and such Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg, interest shall be calculated on the basis of the aggregate principal amount of the Notes represented by the Global Certificate, and not per Calculation Amount as provided in Condition 4 (*Interest*).

#### *Meetings*

For the purposes of any meeting of Noteholders, the holders of the Notes represented by the Global Certificate shall be treated as being entitled to one vote in respect of each £1,000 in principal amount of the Notes.

#### *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, and treat such accountholders, as if such accountholders were the holders of the Notes represented by the Global Certificate.

#### *Electronic Consent and Written Resolution*

While any Global Certificate is registered in the name of any nominee for Euroclear, Clearstream, Luxembourg or any Alternative 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 nominal 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 which is a special quorum resolution), 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. The Principal Paying and Conversion Agent shall confirm the result of voting on any Electronic Consent in writing to the Issuer and the Trustee (in a form satisfactory to the Trustee) (which confirmation may be given by e-mail), specifying (as of the deadline for the Electronic Consent): (i) the outstanding principal amount of the Notes and (ii) the outstanding principal amount of the Notes in respect of which consent to the resolution has been given in accordance with this provision. The Issuer and the Trustee may rely and act without further enquiry on any such confirmation from the Principal Paying and Conversion Agent and shall have no liability or responsibility to anyone as a result of such reliance or action. The Trustee shall not be bound to act on any Electronic Consent in the absence of such a confirmation from the Principal Paying and Conversion Agent in a form satisfactory to it; and

- (B) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by accountholders in the clearing system with entitlements to such Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuer and the Trustee have obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, “commercially reasonable evidence” includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s Easyway system or Clearstream, Luxembourg’s Xact Web Portal 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. None of the Issuer or 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.

### *Notices*

For so long as all of the Notes are represented by the Global Certificate and the same is held on behalf of Euroclear and Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication to the relevant accountholders rather than by publication as required by Condition 14 (*Notices*). Any such notice shall be deemed to have been given to the Noteholders on the second day after such notice is delivered to Euroclear and Clearstream, Luxembourg as aforesaid.

The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed.

### *Conversion*

For so long as any Notes are represented by the Global Certificate and the same is held on behalf of Euroclear or Clearstream, Luxembourg, any Conversion of such Notes will be effected in accordance with the Conditions and, if and to the extent necessary, in accordance with the standard operating procedures of Euroclear and/or Clearstream, Luxembourg.

### *Suspension Date following Conversion*

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 purposes of this provision, "**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.

### *Clearing Systems*

References herein to Euroclear and/or Clearstream, Luxembourg shall, where the context admits, be deemed to include references to any other Alternative Clearing System(s) approved by the Trustee in which the Notes are, for the time being, cleared.

## **Use of Proceeds**

The net proceeds of the issue of the Notes will be used for the general corporate purposes of the Group. This may (in the Group's discretion) include the refinancing of the Group's existing securities, including the repurchase and cancellation, pursuant to the tender offers announced by the Issuer on 30 June 2026, of some of the outstanding Existing Notes (as defined in the *Overview of the Principal Features of the Notes*).

## Information on the Issuer and the Group

### Introduction

Legal & General is the holding company of a group of companies engaged in three broad categories of business: Institutional Retirement (Legal & General Institutional Retirement (“**Institutional Retirement**”)), Asset Management (Legal & General Asset Management (“**Asset Management**”)), and Retail (Legal & General Retail) (“**Retail**”). Legal & General’s principal subsidiary, Legal and General Assurance Society Limited, was incorporated in 1836, and Legal & General itself, the Group holding company, was incorporated in England and Wales as a public limited company in 1979, with registered number 01417162. The Group is a leading insurance and financial services group based in the United Kingdom with worldwide gross new business, including annuity, of £14.3 billion for the year ended 31 December 2025. As at 31 December 2025, £40 billion has been invested into direct investment / alternative assets over the whole Group and assets under management (“**AUM**”) amounted to £1.2 trillion. The Group has a number of wholly-owned operating subsidiaries, including in the United Kingdom and the United States of America.

The legal entity identifier of Legal & General is 213800JH9QQWHLO99821.

### The Business of the Group

The Group has three divisions which reflect its continuing operations.

#### Institutional Retirement

Institutional Retirement provides pensions de-risking solutions for defined benefit pension schemes in the UK, US and Canada. It wrote £11.8 billion of global pension risk transfer “**PRT**” new business across 63 schemes for the year ended 31 December 2025.

#### Asset Management

Asset Management is a leading global asset manager, providing investment management capabilities for defined benefit and defined contribution pension schemes and institutional clients. Asset Management is a leader in responsible investing through product innovation and stewardship. It had assets under management of £1,197 billion as at 31 December 2025, of which £516 billion (43 per cent.) is managed internationally.

#### Retail

The Retail business serves 12.4 million customers in the UK across four core markets: Workplace, Annuities, Lifetime Mortgages and Protection.

Retail has new business of £2,428 million for the financial year ended 31 December 2025.

The Group’s diversified businesses are well positioned with competitive advantages aligned to long-term structural trends in pensions, asset management, and sustainable investments. By leveraging the Group’s scale and expertise, the Group continues to expand in key markets and drive recurring revenue growth. The Group has built a resilient, well-capitalised business, supported by a simplified and focused operating model. This enables the Group to deploy capital efficiently and a rigorous

approach to execution. The Group is committed to maintaining a strong financial foundation while delivering compelling returns for shareholders. The Group's differentiated value and Group synergies support the long-term value creation.

### **Available Distributable Items**

As at 31 December 2025, the Issuer had audited retained earnings of £1.4 billion. Following completion of the disposal of the Group's entire shareholding in Legal & General America Inc. to Meiji Yasuda on 2 February 2026, the Group's retained earnings increased by £1.9 billion. These amounts are prior to any deduction relating to shareholder distributions in 2026, which will include the 2025 final dividend of £0.9 billion and the completion of the announced £1.2 billion share buyback programme. Following approval at the Issuer's general meeting in May 2026, the Issuer has completed a capital reduction which was approved by the court on 16 June 2026. As a result, the Issuer's distributable reserves will increase by an aggregate amount of £1.1 billion in the next relevant accounts of the Issuer.

The Issuer does not disclose distributable items in its annual report and accounts. However, based on the 2025 retained earnings, the Issuer would expect distributable reserves adjusted for the items described above to be above £2 billion.

### **Recent Developments**

#### *Meiji Yasuda transaction*

On 7 February 2025 Legal & General announced that it had agreed the sale of its US insurance entity, comprising its US protection and US PRT businesses, to Meiji Yasuda Life Insurance Company ("Meiji Yasuda"), a Japanese mutual life insurance company. Following completion, Meiji Yasuda will own the Group's US protection business and have a 20 per cent. economic interest in its US PRT business, with Legal & General retaining 80 per cent. of existing and new PRT business through reinsurance arrangements with Meiji Yasuda.

On 2 February 2026 the Group completed the disposal of its US insurance entity to Meiji Yasuda. Proceeds of \$2.6 billion were received for the sale, which generated a profit on disposal estimated to be approximately £1.4 billion. The impact of this transaction is a 23 per cent.<sup>1</sup> increase in the Solvency UK coverage ratio as of the sale completion date. There is no impact to the reported Solvency UK ratio as at 31 December 2025.

In addition, on 11 March 2026, the Issuer announced the first tranche of its £1.2 billion buyback in 2026, comprising £1 billion from the proceeds received from the sale of its US insurance entity, and £200 million from its existing distribution policy. As at 26 June 2026, 159,508,926 ordinary shares of the Issuer had been purchased by the Issuer as part of this buyback.

### **Contact Details**

Legal & General's registered office is located at One Coleman Street, London EC2R 5AA. The switchboard number of its registered office is +44 (0)20 3124 2000 and its website is

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<sup>1</sup> Net of temporary eligibility restrictions.

<https://www.legalandgeneral.com>. The information on the Issuer's website does not form part of this Offering Memorandum.

## Management

As at the date of this Offering Memorandum, the Directors of Legal & General, their functions and their principal outside activities (if any) are as follows:

		<b>Principal outside activities</b>
Chair	Scott Wheway	-
<b>Executive Directors</b>		
Group Chief Executive Officer	António Simões	King's Trust International (Director and Trustee)
Group Chief Financial Officer	Andrew Kail	TheCityUK (Director)
<b>Non-Executive Directors</b>		
Senior Independent Non-Executive Director	Henrietta Baldock	Investec PLC (Senior Independent Director)  Investec Bank Plc (Non-Executive Director)  Investec Limited (Non-Executive Director)  Rathbones Group Plc (Non-Executive Director)
Independent Non-Executive Director	Clare Bousfield	Bupa Insurance Limited (Chair)  Bupa Insurance Services Limited (Chair)  IVC Evidensia (Non-Executive Director)  Recipharm AB (Non-Executive Director)
Independent Non-Executive Director	Carolyn Johnson	Beazley Plc (Non-Executive Director)  Beazley Holdings Inc. (Chair)

		Kuvare Holdings (Director)
		Kuvare Life Re Ltd (Non-Executive Director)
Independent Non-Executive Director	Mark Jordy	-
Independent Non-Executive Director	Nilufer Kheraj OBE	IntoUniversity (Trustee and Director)  Oxford University Law Faculty (Visiting Professor)  Games Workshop Group Plc (Non-Executive Director)
Independent Non-Executive Director	George Lewis	Ontario Teachers' Pension Plan (Non-Executive Director)  AOG Group (Non-Executive Director)  South Bow Corporation (Non-Executive Director)  James Richardson & Sons, Limited (Director)
Independent Non-Executive Director	Tushar Morzaria	BP Plc (Non-Executive Director)  BT Group PLC (Non-Executive Director)
Independent Non-Executive Director	Laura Wade-Gery	Britten Pears Arts (Trustee and Chair of Trading Subsidiary)  Snape Maltings Trading Limited (Director)

The business address of each of the above Directors is One Coleman Street, London EC2R 5AA.

All directors' external appointments and commitments are considered on appointment, are regularly reviewed, and are assessed robustly whenever there are proposals to take on an external appointment. As part of this process, potential conflicts of interests are considered by the Group Nominations and Corporate Governance Committee and, where required, are managed appropriately.

## Taxation

### United Kingdom Taxation

*The comments below, which are of a general nature and are based on current United Kingdom law and HM Revenue & Customs published practice, describe the United Kingdom withholding tax treatment of payments of interest in respect of the Notes and the United Kingdom stamp duty and stamp duty reserve tax treatment of issue and transfer of the Notes. They are not exhaustive. They do not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. Some aspects may not apply to certain classes of person (such as persons connected with the Issuer) to whom special rules may apply. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective holders of Notes who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should consult their own professional advisers. In particular, prospective Noteholders should be aware that the tax legislation of any jurisdiction where a Noteholder is resident or otherwise subject to taxation may have an impact on the tax consequences of an investment in the Notes including in respect of any income received from the Notes. The comments below are made in relation to the Notes prior to any Conversion of the Notes into Ordinary Shares pursuant to the Conditions. No advice is given about the tax consequences of the ownership of any Conversion Shares following a Conversion Trigger Event.*

The Notes will constitute "quoted Eurobonds" provided they are and continue to be (i) listed on a recognised stock exchange (within the meaning of section 1005 of the Income Tax Act 2007 ("ITA")) or (ii) admitted to trading on a "multilateral trading facility" operated by a regulated recognised stock exchange (within the meaning of section 987 of the ITA). The ISM is a multilateral trading facility operated by a regulated recognised stock exchange for the purposes of section 987 of the ITA. 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 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 income tax to a specified Noteholder following an application by that Noteholder under an applicable double tax treaty), an amount must generally be withheld on account of United Kingdom income tax at the basic rate (currently 20 per cent.) from payments of interest on the Notes. From April 2027, provisions in the Finance Act 2026, as enacted on 18 March 2026, provide that the rate of withholding will be equal to the savings basic rate of income tax and that such rate will increase to 22 per cent.

#### *Stamp duty and stamp duty reserve tax*

The Finance Act 2019 introduced a new regime for hybrid capital instruments (the "HCI rules"). The Issuer will make a hybrid capital election in respect of the Notes pursuant to section 475C of the Corporation Tax Act 2009 and the Issuer believes that the instrument is not 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 should apply to the Notes such that they would benefit from the exemption from all stamp duties contained in the HCI rules.

Even if the HCI rules did not apply to the Notes, no UK stamp duty or stamp duty reserve tax should be payable on the issue of the Notes and no stamp duty or stamp duty reserve tax should be payable

on the transfer of Notes within a clearing system (such as Euroclear or Clearstream, Luxembourg) without a written instrument of transfer provided that no election is or has been made by the relevant clearing system under section 97A of the Finance Act 1986 (a “**97A election**”) that applies to the Notes. However, if a 97A election were to apply to the Notes in the future, transfers of the Notes within the relevant clearing system could, unless the HCI rules or another exemption applies, be subject to stamp duty reserve tax, generally at the rate of 0.5 per cent of the consideration given under the agreement to transfer the Notes.

No liability to UK stamp duty or stamp duty reserve tax will generally arise on a cash redemption of Notes, provided no issue or transfer of shares or other Notes is effected upon or in connection with such redemption.

### **FATCA Withholding**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, 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. The Issuer believes that it is a foreign financial institution for these purposes. 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. If an amount were to be deducted or withheld from payments on the Notes as a result of FATCA, the Issuer would not be required to pay additional amounts on account of such deduction or withholding. Noteholders should consult their own tax advisers regarding how FATCA may apply to their investment in the Notes.

## Subscription and Sale

Pursuant to a Subscription Agreement dated 3 July 2026 (the “**Subscription Agreement**”), the Joint Lead Managers have jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe (or procure the subscription) for the Notes at 100 per cent. of their principal amount less commissions. In addition, the Issuer has agreed to reimburse the Joint Lead Managers for certain of their expenses in connection with the issue of the Notes. The Subscription Agreement entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

### United States

The Notes and any Ordinary Shares which may 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 or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act.

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

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

Terms used in these paragraphs have the meanings given to them by Regulation S under the Securities Act.

### United Kingdom

Each Joint Lead Manager has represented and agreed that:

- (a) 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
- (b) 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 on sales to EEA Retail Investors**

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) a customer within the meaning of the IDD where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

### **Prohibition on sales to UK Retail Investors**

Each Joint Lead Manager has represented and agreed that it has not offered, sold, distributed or otherwise made available and will not offer, sell, distribute or otherwise make available any Notes to any retail investor in the UK. For the purposes of this provision, the expression “retail investor” means a person who is not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of the UK domestic law by virtue of the EUWA.

### **Japan**

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

### **Singapore**

Each Joint Lead Manager has acknowledged that this Offering Memorandum has not been registered as an offering document 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 Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA) or (b) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

**Notification under Section 309B(1) of the SFA and the CMP Regulations 2018:** In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined, and hereby

notifies all persons (including 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).

## **Canada**

Each Joint Lead Manager has acknowledged that 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 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 Memorandum or the merits 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:

- (a) any offer, sale or distribution of the Notes in Canada has and will be made only to purchasers that are resident in or subject to the securities laws of the province of Alberta, British Columbia or Ontario that are (i) "accredited investors" (as such term is defined in section 1.1 of 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 NI 31-103), (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;
- (b) either (i) it is 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
- (c) it has not and will not distribute or deliver the Offering Memorandum, 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.

## **General**

None of the Issuer or any Joint Lead Manager has made any representation that any action will be taken in any jurisdiction by the Joint Lead Managers or the Issuer that would permit a public offering of the Notes, or possession or distribution of this Offering Memorandum (in preliminary, proof or final

form) or any other offering or publicity material relating to the Notes (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each Joint Lead Manager has agreed that it will comply, to the best of its knowledge and belief, with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Notes or has in its possession or distributes this Offering Memorandum (in preliminary, proof or final form) or any such other material, in all cases at its own expense. No Joint Lead Manager has been authorised to make any representation or use any information in connection with the issue, subscription and sale of the Notes other than as contained in this Offering Memorandum or any amendment or supplement to them.

## General Information

### General

It is expected that admission of the Notes to trading on the ISM will be granted on or around 8 July 2026. Notes so admitted to trading on the ISM are not admitted to the Official List of the FCA. The London Stock Exchange has not approved or verified the contents of this Offering Memorandum.

The Issuer has obtained all necessary consents, approvals and authorisations in the United Kingdom, 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 20 May 2026 and a duly authorised committee of the Board of Directors of the Issuer passed on 25 June 2026.

The yield to (but excluding) the First Reset Date of the Notes is 7.125 per cent. per annum, calculated on a semi-annual basis. The yield is calculated as at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.

### No Significant Change and No Material Adverse Change

Since 31 December 2025, there has been no significant change in the financial or trading position of the Group.

Since 31 December 2025, there has been no material adverse change in the prospects of the Issuer or the Group.

### Documents on Display

The following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the head office of the Group at One Coleman Street, London, EC2R 5AA:

- (a) the Agency Agreement and Trust Deed (which includes the form of the Global Certificate);
- (b) the Articles of Association of the Issuer;
- (c) the 2025 Annual Report and Accounts, the 2024 Annual Report and Accounts and the 2025 Solvency and Financial Condition Report; and
- (d) a copy of this Offering Memorandum together with any supplement of this Offering Memorandum or further Offering Memorandum.

### Auditor

The accounts of the Issuer for the year ended 31 December 2024 and for the year ended 31 December 2025 have been audited by KPMG LLP (“KPMG”), Chartered Accountants (members of

the Institute of Chartered Accountants in England and Wales) and Registered Auditors (authorised and regulated by the FCA for designated investment business) in accordance with Auditing Standards issued by the Auditing Practices Board, and have been reported upon without qualification. KPMG, whose registered office is 15 Canada Square, London E14 5GL, has no material interest in the Issuer.

### **Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Offering Memorandum which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Issuer or the Group.

### **Joint Lead Managers transacting with the Issuer**

Certain of the Joint Lead Managers and their respective affiliates may have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. They have received, or may in the future receive, customary fees and commissions for these transactions.

Certain of the Joint Lead Managers and their respective affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the 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 Issuer's affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, 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.

### **Material Contracts**

The Issuer has not entered into any contracts (being contracts not entered into in the ordinary course of business) which are, or may be, material or which contain a provision under which the Issuers or another member of the Group has an obligation or entitlement which is material to the relevant Issuer's ability to meet its obligations to Noteholders in respect of Notes to be issued under this Offering Memorandum.

## **Issuer Details**

L&G was incorporated in England and Wales on 27 February 1979 under the Companies Acts 1948 to 1976 as a limited company and was re-registered as a public limited company under the Companies Acts 1948 to 1980 with the number 01417162 on 19 March 1982. The registered office of L&G is at One Coleman Street, London EC2R 5AA which is also its principal place of business.

## **Security Codes**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The International Securities Identification Number (ISIN) is XS3404445663, the common code is 340444566 and the Classification of Financial Instruments (CFI) is DBFNPR. The Legal Entity Identifier (LEI) of the Issuer is 213800JH9QQWHLO99821.

The Ordinary Shares have a premium listing on the Official List of the FCA and are admitted to trading on the Main Market of the London Stock Exchange's regulated market for listed securities (established in 1698). The FCA is the competent authority in respect of the listing of securities on the London Stock Exchange's regulated market. 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, as well as on the Issuer's website. The ISIN of the Ordinary Shares is GB0005603997. Further information about the London Stock Exchange can be obtained from the website of the London Stock Exchange at [www.londonstockexchange.com](http://www.londonstockexchange.com).

**PRINCIPAL OFFICE OF THE ISSUER**

**Legal & General Group Plc**

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United Kingdom  
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**TRUSTEE**

**The Law Debenture Trust Corporation p.l.c.**

8th Floor  
100 Bishopsgate  
London EC2N 4AG  
United Kingdom

**PRINCIPAL PAYING AND CONVERSION**

**AGENT, TRANSFER AGENT AND REGISTRAR**

**Citibank, N.A., London Branch**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**CONVERSION CALCULATION AGENT**

**Conv-Ex Advisors Limited**

80 Coleman Street  
London EC2R 5BJ  
United Kingdom

**JOINT LEAD MANAGERS**

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Ciudad Grupo Santander  
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Madrid  
Spain

**Barclays Bank PLC**

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**BNP PARIBAS**

16, boulevard des Italiens  
75009 Paris  
France

**Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
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United Kingdom

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**J.P. Morgan Securities plc**  
25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

**Merrill Lynch International**

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**AUDITOR OF THE ISSUER**

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**LEGAL ADVISERS**

*To the Issuer*

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*To the Joint Lead Managers  
and the Trustee*

**Linklaters LLP**  
20 Ropemaker Street  
London EC2Y 9AR  
United Kingdom