OFFERING MEMORANDUM dated 23 June 2022

Compre Group Holdings Limited

(incorporated with limited liability Bermuda with registered no. 56052)

U.S.$160,000,000
9.25 per cent. Subordinated Tier 2 Notes due 2028

Issue price: 100.00 per cent.

The U.S.$160,000,000 9.25 per cent. Subordinated Tier 2 Notes due 2028 (the "**Notes**") will be issued by Compre Group Holdings Limited (the "**Issuer**") on 27 June 2022 (the "**Issue Date**") on the Term and Conditions set out under "*Terms and Conditions of the Notes*" (the "**Conditions**", and references to a numbered "**Condition**" should be read accordingly). Defined terms used herein and not otherwise defined have the meaning given to them in the Conditions.

Application has been made to the London Stock Exchange plc (the "**London Stock Exchange**") for the Notes to be admitted to trading to the International Securities Market (the "**ISM**"). References in this Offering Memorandum to the Notes being "**listed**" (and all related references) shall mean that the Notes have been 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 United Kingdom (the "**UK**") by virtue of the European Union (Withdrawal Agreement) Act 2020 ("**EUWA**") ("**UK MiFIR**").

The ISM is a market designated for professional investors. Notes admitted to trading on the ISM are not admitted to the Official List of the United Kingdom Financial Conduct Authority (the "FCA"). The London Stock Exchange has not approved or verified the contents of this Offering Memorandum.

The Notes will constitute direct, unsecured and subordinated obligations of the Issuer, ranking *pari passu* and without preference amongst themselves, and will, in the event of an Issuer Winding-Up, be subordinated to the claims of all Senior Creditors of the Issuer.

The Notes will bear interest on their outstanding principal amount from (and including) the Issue Date at the rate of 9.25 per cent. per annum, payable (subject to deferral as provided below) in equal instalments semi-annually in arrear on 27 June and 27 December in each year, commencing on 27 December 2022.

Payments of interest on the Notes must be deferred by the Issuer in full (i) on each Mandatory Interest Deferral Date (save as otherwise permitted by the Relevant Regulator in accordance with Condition 5.2) or (ii) if such payment could not be made in compliance with the Issuer Solvency Condition, all as further provided in Conditions 3.3 and 5. Any interest which is deferred by the Issuer pursuant to Condition 3.3 or Condition 5.1 will, together with any other interest not paid on any earlier Interest Payment Dates, to the extent and for so long as it remains unpaid, constitute "**Arrears of Interest**". Arrears of Interest will not themselves bear interest, and will be payable as provided in Condition 5.5.

The Notes will (unless previously redeemed, substituted or purchased and cancelled in accordance with the Conditions, and subject to compliance with the Regulatory Capital Requirements and deferral as provided below) be redeemed on 27 June 2028 (the "**Maturity Date**"), and may be redeemed (subject to compliance with the Regulatory Capital Requirements and deferral as provided below) at the option of the Issuer prior to such date: (i) on any day falling in the period commencing on (and including) 27 December 2027 and ending on (but excluding) the Maturity Date; or (ii) at any time (a) in the event of a Tax Event, (b) in the event of (or if there will occur within six months) a Capital Disqualification Event, or (c) if 80 per cent. or more of the aggregate principal amount of the Notes originally issued has been purchased and cancelled. See Condition 7 for further information.

The redemption of the Notes on the Maturity Date or any other date set for redemption of the Notes in accordance with the Conditions shall be deferred by the Issuer (save as otherwise permitted by the Relevant Regulator in accordance with Condition 7.2(b)) if (a) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing on such date, or would occur if the Notes were to be redeemed, (b) the Notes could not be redeemed in compliance with the Issuer Solvency Condition, (c) the Relevant Regulator objects to, or does not consent to, the redemption (to the extent that non-objection or consent is then required by the Relevant Regulator or the Relevant Rules) or (d) the redemption would otherwise breach the provisions of the Relevant Rules applicable to obligations eligible to qualify as Tier 2 Capital. See Condition 7 for further information.

The Issuer may, alternatively, in the event of a Tax Event or Capital Disqualification Event, subject to compliance with the Regulatory Clearance Condition and the Relevant Rules, vary or substitute the Notes, all as further described in Condition 7.

The Notes are not expected to be rated.

An investment in the Notes involves a high degree of risk. Potential investors should read the whole of this Offering Memorandum, including the section "Risk Factors" herein.

The Notes will be in registered form and will be initially represented upon issue by a global certificate (the "**Global Certificate**") which will be registered in the name of a nominee for a common depositary (the "**Common Depositary**") for Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and Euroclear Bank SA/NV ("**Euroclear**") on or about the Issue Date. Save in limited circumstances, Notes in definitive form will not be issued in exchange for interests in the Global Certificate. See "*Overview of the provisions relating to the Notes whilst in Global Form*" for further details.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state of the United States of America (the "**United States**" or the "**U.S.**") or any other jurisdiction, and are being offered for sale to persons outside the United States in reliance upon Regulation S. For a description of certain restrictions on sale and distribution of investments in the Notes, see "*Subscription and Sale*" herein.

UK MiFIR/EU MiFID product governance - professionals/ECPs only/No UK/EU PRIIPs KID – Manufacturer target market is eligible counterparties and professional clients only (all distribution channels). No key information document ("**KID**") under Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") or Regulation (EU) No 1286/2014 as it forms part of the domestic law of the UK by virtue of the EUWA (the "**UK PRIIPS Regulation**") has been prepared as the Notes are not available to retail investors in the European Economic Area ("**EEA**") or in the UK.

Sole Lead Manager

Goldman Sachs International

INFORMATION RELATING TO DISTRIBUTION AND SALE

UK MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS 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 only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**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 manufacturer's 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 manufacturer's target market assessment) and determining appropriate distribution channels.

MiFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET: Solely for the purposes of the manufacturer's product approval process: (i) the target market assessment in respect of the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for the distribution of the Notes to eligible counterparties and professional clients are appropriate. Any 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.

PROHIBITION OF SALES TO UK RETAIL INVESTORS: The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a "**retail investor**" means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

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

Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore, as modified or amended from time to time (the "SFA") - In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the

CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

NOTICE TO CANADIAN INVESTORS

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

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering 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 particulars of these rights or consult with a legal advisor.

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

Upon receipt of this Offering Memorandum, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Notes described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

IMPORTANT INFORMATION

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

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

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 is or has been authorised to give any information or to make any representation other than those contained in or consistent with this Offering Memorandum in connection with the issue or sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Issuer, the Sole Lead Manager or the Trustee (each as defined herein), or any of their respective affiliates. Neither the delivery of this Offering Memorandum nor any offering, sale or delivery of any Notes made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Issuer and its subsidiaries taken as a whole (the "**Group**") 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 or the Group since the date hereof or the date upon which this Offering Memorandum has been most recently amended or supplemented, or that any other information supplied in connection with the Notes is correct as of any time after the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Sole Lead Manager and the Trustee have not separately verified the information contained in this Offering Memorandum. Neither the Sole Lead Manager nor the Trustee makes any representation, express or implied, or accepts any responsibility or liability, with respect to the accuracy or completeness of any of the information contained in this Offering Memorandum or any other information provided by the Issuer in connection with the offering of the Notes. The Sole Lead Manager and the Trustee shall not be responsible for, or for investigating, any matter which is the subject of, any statement, representation, warranty or covenant of the Issuer contained in, this Offering Memorandum, the Notes, or any other agreement or document relating to the Notes, or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof.

Neither this Offering Memorandum nor any other information supplied in connection with the offering of the Notes is intended to constitute, and should not be considered as, a recommendation by any of the Issuer, the Sole Lead Manager or the Trustee that any recipient of this Offering Memorandum or any other information supplied in connection with the offering of the Notes should purchase any Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Memorandum and its purchase of Notes should be based upon such investigation as it deems necessary. Neither the Sole Lead Manager nor the Trustee undertakes to review the financial condition or affairs of the Issuer or the Group during the life of the Notes nor to advise any investor or potential investor in the Notes of any information coming to their attention.

Neither this Offering Memorandum nor any other information provided by the Issuer in connection with the offering of the Notes constitutes an offer of, or an invitation by or on behalf of, the Issuer, the Sole Lead Manager or the Trustee to subscribe for, or purchase, any of the Notes. This Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering

Memorandum and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Trustee and the Sole Lead Manager do not represent that this Offering Memorandum may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Trustee or the Sole Lead Manager which is intended to permit a public offering of the Notes or the distribution of this Offering Memorandum in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

If a jurisdiction requires that the potential offering be made by a licensed broker or dealer and the Sole Lead Manager or any affiliate of the Sole Lead Manager is a licensed broker or dealer in that jurisdiction, any offering shall be deemed to be made by the Sole Lead Manager or such affiliate, as the case may be, on behalf of the Issuer in such jurisdiction.

Persons into whose possession this Offering Memorandum or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Memorandum and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Memorandum and the offer or sale of Notes in the United States, the UK, the EEA, Bermuda, Switzerland, Hong Kong, Japan, Singapore and Canada (see "*Subscription and Sale*" below). Persons in receipt of this Offering Memorandum are required by the Issuer, the Trustee and the Sole Lead Manager to inform themselves about and to observe any such restrictions.

The Notes have not been and will not be registered under the Securities Act and may only be offered or sold in accordance with Regulation S under the Securities Act. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States, its territories or possession (see "*Subscription and Sale*" below).

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

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Acquisition by the Issuer of the Group

The regulated parent company of the Group is Cambridge Topco Limited ("**Cambridge**"), which is incorporated and regulated in Malta.

In April 2021, Cambridge was acquired by the Issuer (acting as an acquisition vehicle for two private equity firms, Cinven and British Columbia Investment Management Corporation ("**BCI**")).

The Issuer was established as a special purpose acquisition vehicle and did not undertake any business prior to its acquisition of Cambridge in April 2021. Since that date, the Issuer, which is incorporated in Bermuda, has acted as the holding company for the Group but has not conducted any other material business in its own right. Application has been made to transfer the prudential supervision of the Group from its current Maltese regulator to the Bermuda Monetary Authority (the "**BMA**") and this transfer (which is referred to elsewhere in this document as the re-domiciliation of the Group) was approved by the BMA on 31 May 2022, pursuant to which the BMA confirmed its intention to undertake the prudential supervision of the Group from 1 July 2022 onwards. The BMA's prudential rules have been formally recognised as 'equivalent' to the European Union ("**EU**") Solvency II regime by the EU authorities.

Historically, Cambridge has been subject to the EU Solvency II regime and the Group's solvency metrics included in this Offering Memorandum have been calculated in accordance with the EU Solvency II regime. Following the transfer of the supervision of the Group to the BMA, the solvency metrics for the Group will be calculated in accordance with the BMA's prudential rules and the Issuer will be the regulated parent company. The BMA's prudential rules have equivalence status with the Solvency II rules which means that the Group will continue to be able to conduct business in the EU as though it were EU domiciled. The principal impact for the Group will be that its target solvency ratio, which was 120 per cent. under Solvency II, will be 150 per cent. under the BMA prudential rules (reflecting a direction from the BMA for the Group to hold more than the target 120 per cent. under the BMA prudential rules), which reflects the different bases of calculation under the respective rules and the requirements of the BMA as regulator.

Historical financial statements

The financial statements relating to the Group and included in this Offering Memorandum are:

- the audited consolidated financial statements of Cambridge as at and for the year ended 31 December 2021 (the "**2021 Financial Statements**"); and

- the audited consolidated financial statements of Cambridge as at and for the year ended 31 December 2020 (the "**2020 Financial Statements**" and, together with the 2021 Financial Statements, the "**Financial Statements**").

The Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**").

In the 2021 Financial Statements, the Group has changed the presentation of certain items in the consolidated income statement and consolidated statement of cash flows. The presentation differences are footnoted in the tables in which they occur. Reflecting this presentational change, all financial information relating to 2020 in this Offering Memorandum has been extracted from the comparative columns in the 2021 Financial Statements. In addition, all financial information relating to 2019 in this Offering Memorandum has been extracted from the comparative columns in the 2020 Financial Statements.

Reflecting the re-domiciliation of the Group, the next financial statements to be published by the Group will be the Issuer's first audited consolidated financial statements and will be in respect of the year ended 31

December 2022. These financial statements will be prepared in accordance with IFRS, although the Issuer's intention is to prepare financial statements in accordance with UK generally accepted accounting principles ("**UK GAAP**") with effect from its financial year commencing 1 January 2023. In addition, the Issuer also intends to change its presentation currency from pounds sterling to U.S. dollars with effect from its financial statements for the year ended 31 December 2022.

The Group's financial year ends on 31 December and references in this Offering Memorandum to "**2021**", "**2020**" and "**2019**" are to the 12 month period ending on 31 December in each such year.

Alternative performance measures

This Offering Memorandum includes certain financial information which has not been prepared in accordance with IFRS and which also constitutes an alternative performance measure for the purposes of the European Securities and Markets Authority Guidelines on Alternative Performance Measures ("**APMs**"). None of this financial information is subject to any audit or review by independent auditors.

The APMs included are gearing, tangible net asset value, the ratio of recurring operating expenses to technical provisions and interest cover ratio and these APMs are included and explained in "*Description of the Group*". The Issuer believes that the presentation of these APMs is helpful to investors because these and other similar measures are used by certain investors, security analysts and other interested parties as supplemental measures of performance and liquidity. However, these APMs are not measures of financial performance under IFRS and should not be considered in isolation or as a substitute for operating profit, cash flow from operating activities or other financial measures of the Group's results of operations or liquidity computed in accordance with IFRS. Other companies, including those in the Group's industry, may calculate these APMs differently from the Group. As all companies do not calculate these APMs in the same manner, the Group's presentation of these APMs may not be comparable to other similarly titled measures of other companies.

Rounding

The Financial Statements present the Group's results in thousands of pounds sterling, which is the lawful currency of the United Kingdom. References in this Offering Memorandum to "**£**" are to pounds sterling. Certain financial statement data in this Offering Memorandum has been expressed in millions of pounds sterling and rounded to one decimal place, with 0.050 being rounded up and 0.049 being rounded down. As a result of such rounding, the totals of financial statement data presented in the tables in this Offering Memorandum may vary slightly from the arithmetic totals of such data. Where used in tables, the figure "**0**" means that the data for the relevant item has been rounded to zero and the symbol "—" means that there is no data in respect of the relevant item.

In addition, all percentage data relating to financial statement information in this Offering Memorandum has been calculated on the basis of the rounded information in the financial statements with the result being rounded to one decimal place, with 0.050 being rounded up and 0.049 being rounded down.

Technical insurance terms

"**Ceding**" is the act of purchasing reinsurance because the purchaser (that is, the original insurance company (the "**cedent**")) is ceding part of its risk.

"**Commutation**" is an agreement that provides for the complete discharge of all obligations between the parties under a particular reinsurance contract for an agreed upon up-front fee.

"**Direct insurance**" is a contractual arrangement under which a third party (non-insurance company) secures coverage from an insurer for a potential loss to which that third party is exposed.

"**Lloyd's**" may refer to either the society of individual and corporate underwriting members that pool and spread risks as members of one or more syndicates, or the Corporation of Lloyd's, which regulates and provides support services to the Lloyd's market.

"**LPT**" or "**Loss portfolio transaction**" is a retroactive reinsurance transaction in which loss obligations that are already incurred are ceded to a reinsurer, subject to any stipulated limits.

"**net quota share**" is a type of reinsurance agreement whereby the cedent cedes to the reinsurer a fixed proportion of each and every risk within a defined category of business written by the cedent. The proportion is established at the inception of the treaty and the reinsurer receives a proportion of the original premiums and pays the same proportion of losses.

"**Policy buy back**" is similar to a commutation, for direct insurance contracts.

"**Proportional**" (or "**pro rata**") reinsurance is characterised by a proportional division of liability and premium between the cedent and the reinsurer. The cedent pays the reinsurer a predetermined share of the premium and the reinsurer indemnifies the cedent for a like share of the loss and the expense incurred by the cedent in its defence and settlement of claims.

"**Reinsurance**" is a contractual arrangement under which the cedent secures coverage from a reinsurer for a potential loss to which the cedent is exposed under one or more insurance policies issued by it to one or more original insureds. The risk indemnified against is the risk that the cedent will have to pay on the underlying insured risk. Because reinsurance is a contract of indemnity, absent specific cash-call provisions, the reinsurer is not required to pay under the reinsurance contract until after the cedent has paid a loss to an original insured.

"**Retroactive insurance**" is a contract that provides indemnification for losses and loss adjustment expenses with respect to past loss events.

"**Retrocession**" is a contractual arrangement under which a reinsurer secures coverage from another reinsurer for a potential loss to which the first reinsurer is exposed under reinsurance policies issued by it.

"**RITC**" or "**Reinsurance to close**" is a business transaction to transfer estimated future liabilities attached to a given year of account of a Lloyd's syndicate into a later year of account of either the same or different Lloyd's syndicate in return for a premium.

"**Run-off**" refers to a specific product or line of business that has been classified as discontinued by the insurer that initially underwrote the given risk (meaning that the insurer is no longer writing new insurance for the product or business) and a "**run-off portfolio**" is a group of insurance policies classified as run-off.

No incorporation of website information

The Group's website is www.compre-group.com. The information on this website or any other website mentioned in this Offering Memorandum or any website directly or indirectly linked to this website has not been verified and is not incorporated by reference into this Offering Memorandum, and investors should not rely on it.

FORWARD-LOOKING STATEMENTS

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

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

STABILISATION

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

TABLE OF CONTENTS

DOCUMENTS INCORPORATED BY REFERENCE

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

(i) the audited consolidated financial statements of Cambridge for the financial year ended 31 December 2021, together with the audit report thereon and the notes thereto (the "**2021 Financial Statements**"), which appear at the following pages of Cambridge's Annual Report and Consolidated Financial Statements 2021:

	Page(s)
Independent Auditor's Report	7 - 12
Consolidated Income Statement	13
Consolidated Statement of Comprehensive Income	14
Consolidated Statement of Financial Position	15
Consolidated Statement of Changes in Equity	16
Consolidated Statement of Cash Flows	17
Notes to the Consolidated Financial Statements	18 - 58

(ii) the audited consolidated financial statements of Cambridge for the financial year ended 31 December 2020, together with the audit report thereon and the notes thereto (the "**2020 Financial Statements**"), which appear at the following pages of Cambridge's Annual Report & Accounts 2020:

	Page(s)
Independent Auditor's Report	7 - 11
Consolidated Income Statement	12
Consolidated Statement of Comprehensive Income	13
Consolidated Statement of Financial Position	14
Consolidated Statement of Changes in Equity	15
Consolidated Statement of Cash Flows	16
Notes to the Consolidated Financial Statements	17 - 48

(iii) the solvency and financial condition report for the Issuer as at 31 December 2021 (the "**2021 SFCR**"),

which, in each case, have been previously published and which have been filed with the London Stock Exchange.

The documents (or the stated parts thereof) 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.

Copies of documents incorporated by reference in this Offering Memorandum can be obtained from the specified offices of the Principal Paying Agent for the time being in London, and are also available on the Group's website: www.compre-group.com.

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

OVERVIEW OF THE PRINCIPAL FEATURES OF THE NOTES

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

Issue	U.S.$160,000,000 9.25 per cent. Subordinated Tier 2 Notes due 2028
Issuer	Compre Group Holdings Limited *Legal Entity Identifier (LEI): 213800OK8EQ8VQBGLT56*
Issue Price	100.00 per cent. of the principal amount of the Notes
Risk Factors	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Notes and certain risks relating to the structure of the Notes. These are set out under "*Risk Factors*".
Status and Subordination	The Notes will constitute direct, unsecured and subordinated obligations of the Issuer and will rank *pari passu* and without any preference among themselves. The rights and claims of the Noteholders (and the Trustee on their behalf) against the Issuer will be subordinated in an Issuer Winding-Up as described in Condition 3.2. In addition, the Notes shall, in an Issuer Winding-Up, be contractually subordinated in right of payment to any other existing and future liabilities of the Issuer's Subsidiaries, including, without limitation, amounts owed to holders of reinsurance and insurance policies issued by its and/or the Insurance Group's reinsurance and/or insurance company Subsidiaries, to the minimum extent necessary under the Relevant Rules so as to permit the Notes to qualify as Tier 2 Capital of the Insurance Group.
Issuer Solvency Condition	Other than in an Issuer Winding-Up, all payments by the Issuer to the Noteholders under or arising from the Notes and the Trust Deed shall be conditional upon the Issuer being solvent (as that term is defined in Condition 3.3) at the time for payment by the Issuer, and no amount shall be payable by the Issuer to the Noteholders under or arising from the Notes and the Trust Deed unless and until such time as the Issuer could make such payment and still be solvent immediately thereafter. See Condition 3.3 (the "**Issuer Solvency Condition**").
No set-off	By acceptance of the Notes, subject to applicable law, each Noteholder will be deemed to have waived any right of set-off, netting, retention or counterclaim that such Noteholder might otherwise have against the Issuer in respect of or arising under the Notes or the Trust Deed.
Interest	The Notes will bear interest on their outstanding principal amount from (and including) the Issue Date at a fixed rate of 9.25 per cent. per annum, payable (subject as provided under "*Deferral of Interest*" below) in equal instalments

semi-annually in arrear on 27 June and 27 December in each year, commencing on 27 December 2022 (each an "**Interest Payment Date**").

Subject to deferral as aforesaid, the first payment of interest shall be in respect of the period from (and including) the Issue Date to (but excluding) 27 December 2022 and, thereafter, for each successive period from (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date.

Deferral of Interest

The Issuer will (save as otherwise permitted by the Relevant Regulator pursuant to Condition 5.2) be required to defer any payment of interest which would otherwise be due on any Notes in full on each Mandatory Interest Deferral Date (being an Interest Payment Date in respect of which a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest (including any Arrears of Interest) were to be made on such Interest Payment Date) or if such payment could not be made in compliance with the Issuer Solvency Condition.

A "**Regulatory Deficiency Interest Deferral Event**" will occur if (i) the Issuer or the Insurance Group taken as a whole is failing to meet any Enhanced Capital Requirement then applicable to it and (ii) under the Relevant Rules then applicable to the Issuer or the Insurance Group, the occurrence of (i) above requires the Issuer to defer payment of interest (or, if applicable, Arrears of Interest) in respect of the Notes in order that the Notes qualify, or on the basis that the Notes are intended to qualify, as Tier 2 Capital under the Relevant Rules then applicable to the Issuer and/or the Insurance Group.

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

Arrears of Interest

Any interest which is deferred by the Issuer will, together with any other interest in respect of the Notes not paid on any earlier Interest Payment Dates, to the extent and so long as the same remains unpaid, constitute Arrears of Interest. Arrears of Interest will not themselves bear interest, and will be payable by the Issuer as provided in Condition 5.5.

Redemption at Maturity

Unless previously redeemed, substituted or purchased and cancelled, the Issuer will, subject to Conditions 7.2 and 7.9, redeem the Notes on 27 June 2028 at their principal amount, together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) such date.

Redemption at the option of the Issuer

Subject to Conditions 7.2(a) and 7.9, the Issuer may, at its option, having given not less than 15 nor more than 30 days' notice to the Trustee, the Principal Paying Agent, the Registrar and the Noteholders, redeem all (but not some only) of the Notes on any day falling in the period commencing on (and including) 27 December 2027 and ending on (but excluding) the Maturity Date at their principal amount, together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the date of redemption.

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

If:

(a) as a result of any change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of a Relevant Jurisdiction, including any treaty to which such Relevant Jurisdiction

is a party, or any change in the application or official interpretation of such laws or regulations, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations, that differs from the previously generally accepted position in relation to similar transactions (in respect of securities similar to the Notes and which have the characteristics of Tier 2 Capital under the rules applicable at issuance), which change or amendment becomes, or would become, effective or, in the case of a change or proposed change in law, if such change is enacted (or, in the case of a proposed change, is expected to be enacted) by way of primary or secondary legislation, on or after the Reference Date (each a "**Tax Law Change**"):

(i) the Issuer has paid, or on the next Interest Payment Date would be required to pay, additional amounts on the Notes as provided in Condition 8; or

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

(1) the Issuer would not be entitled to claim a deduction in computing its taxation liabilities in the Relevant Jurisdiction, or such entitlement is materially reduced; or

(2) the Issuer would not to any material extent be entitled to have any loss or deductions set against the profits of companies with which it is grouped for applicable tax purposes in the Relevant Jurisdiction (whether under any group relief system current as at the date of the Tax Law Change or any similar system or systems having like effect as may from time to time exist); or

(iii) the Issuer suffers or would suffer any other material adverse tax consequence in connection with the Notes in a Relevant Jurisdiction; and

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

(each a "**Tax Event**"), the Issuer may, in accordance with Condition 7.4 (and subject to Condition 7.9), upon notice to the Noteholders, either:

(a) (subject as provided in Condition 7.2 and under "*Deferral of Redemption*" below) redeem all (but not some only) of the Notes at any time at their principal amount together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the date of redemption; 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 2 Securities,

all as more particularly described in Condition 7.4.

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

This provision shall apply to the Notes from (and including) the first day on which the Notes qualify, in whole or in part, as Tier 2 Capital of the Issuer and/or the Insurance Group under the Relevant Rules (the "**Capital Qualification Date**"), which shall (unless the Issuer otherwise notifies the Noteholders in accordance with Condition 12 and the Trustee) be 1 July 2022.

If, at any time after the Capital Qualification Date, 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 a period of six months, the Issuer may at any time upon notice, in accordance with Condition 7.5 (and subject to Condition 7.9), either:

(a) (subject as provided in Condition 7.2 and under "*Deferral of Redemption*" below) redeem all (but not some only) of the Notes at their principal amount, together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the date of redemption; or

(b) substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they become or remain, Qualifying Tier 2 Securities,

all as more particularly described in Condition 7.5.

Clean-up redemption at the option of the Issuer

Subject to Conditions 7.2(a) and 7.9, if, at any time after the Issue Date, 80 per cent. or more of the aggregate principal amount of the Notes originally issued (and, for these purposes, any Further Notes issued pursuant to Condition 16 will be deemed to have been originally issued) has been purchased by or on behalf of the Issuer or 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 remaining Notes at any time at:

(a) if the date fixed for redemption is prior to 27 June 2025, the greater of (i) 101 per cent. of their principal amount and (ii) the weighted average of the prices paid (less the part of each such price representing accrued interest and Arrears of Interest, if any) for all other Notes previously purchased by or on behalf of the Issuer and/or its Subsidiaries and cancelled prior to the exercise of the Issuer's option under Condition 7.7; or

(b) if the date fixed for redemption is on or after 27 June 2025, their principal amount,

in each case together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the date of redemption.

Deferral of Redemption

Save as otherwise permitted by the Relevant Regulator pursuant to Condition 7.2(b), no Notes shall be redeemed by the Issuer on the Maturity Date or on

any other date set for redemption pursuant to Conditions 7.4, 7.5, 7.6 or 7.7 if (i) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if the Notes were to be redeemed, (ii) the Relevant Regulator objects to, or does not consent to, the redemption (to the extent that non-objection or consent is then required by the Relevant Regulator or the Relevant Rules), (iii) redemption would otherwise breach the provisions of the Relevant Rules which apply to obligations eligible to qualify as Tier 2 Capital or (iv) if repayment of the Notes cannot be made in compliance with the Issuer Solvency Condition and with all Regulatory Capital Requirements applicable to the Issuer.

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

A "**Regulatory Deficiency Redemption Deferral Event**" will occur if (i) (a) the Issuer or the Insurance Group taken as a whole is failing to meet any Enhanced Capital Requirement then applicable to it or (b) the redemption or purchase of such Notes will result in, or accelerate the occurrence of, a winding-up of the Issuer (other than an Approved Winding-Up) and (ii) under the Relevant Rules then applicable to the Issuer or the Insurance Group, the occurrence of either (i)(a) or (i)(b) above (as the case may be) requires the Issuer to defer or suspend repayment or redemption of the Notes in order that the Notes qualify, or on the basis that the Notes are intended to qualify, as Tier 2 Capital under the Relevant Rules then applicable to the Issuer and/or the Insurance Group.

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

Preconditions to redemption, variation, substitution and purchases

Prior to publishing any notice (a) that the Issuer intends to redeem the Notes before the Maturity Date or (b) of any proposed substitution, variation or purchase of the Notes, the Issuer will be required to have complied with the applicable pre-conditions as set out in Condition 7.9.

Withholding tax and additional amounts

All payments of principal, interest (including, without limitation, Arrears of Interest) and any other amounts by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction unless the withholding or deduction of the Taxes is required by law. In that case, the Issuer will pay such additional amounts in respect of payments of interest (including, without limitation, payments of Arrears of Interest), but not in respect of any payments of principal or other amounts, as may be necessary in order that the net payment received by each Noteholder in respect of interest payments on the Notes, after such withholding or deduction, will equal the amount which would have been received in the absence of any such withholding or deduction, subject to the exceptions as set out in Condition 8.

Events of Default

The right to institute winding-up proceedings in respect of the Issuer, as provided below, is limited to circumstances where a payment of principal, interest or other amount in respect of the Notes by the Issuer under the Notes or the Trust Deed has become due and is not duly paid. For the avoidance of doubt (without prejudice to Condition 10.2), no amount shall be due from the

Issuer in circumstances where payment of such amount could not be made in compliance with the Issuer Solvency Condition or is deferred by the Issuer in accordance with Condition 5.1 or 7.2.

If:

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

(b) an Issuer Winding-Up occurs,

the Trustee may at its discretion (and, subject to certain conditions, if so directed by the Noteholders shall) in the case of (a) above, institute proceedings for the winding-up of the Issuer in Bermuda (but not elsewhere) and prove and/or claim in the winding-up, and/or, in the case of (b) above, prove and/claim in the winding-up of the Issuer (whether in Bermuda or elsewhere), but (in either case) may take no further or other action to enforce, prove or claim for any payment by the Issuer in respect of the Notes or the Trust Deed.

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

Substitution of obligor and transfer of business

The Conditions permit the Trustee to agree to the substitution in place of the Issuer of a Substitute Obligor in the circumstances described in Condition 13 without the consent of Noteholders.

Form

The Notes will be issued in registered form and initially represented upon issue by the Global Certificate which will be registered in the name of a nominee for the Common Depositary for Clearstream, Luxembourg and Euroclear on or about the Issue Date.

Save in limited circumstances, Notes in definitive form will not be issued in exchange for interests in the Global Certificate.

Denomination

The Notes will be issued in denominations of U.S.$200,000 each and integral multiples of U.S.$1,000 in excess thereof (referred to as the "**principal amount**" of a Note).

Meetings and resolutions of Noteholders

The Conditions contain provisions for calling meetings (which need not be a physical meeting and instead may be by way of conference call, including by use of a videoconference platform, or a combination of such methods) of Noteholders to consider matters affecting their interests generally and to pass resolutions, including Extraordinary Resolutions.

The Trust Deed also provides that a written resolution executed, or a resolution passed by way of electronic consents given, by or on behalf of the holders of not less than three-quarters in principal amount of the Notes outstanding who

	would have been entitled to vote upon it if it had been proposed at a meeting at which they were present shall take effect as if it were an Extraordinary Resolution duly passed at such a meeting. An Extraordinary Resolution passed at any meeting of the Noteholders or passed by way of written resolution or electronic consents will, in each case, be binding on all Noteholders, whether or not they are present at the meeting or, as the case may be, whether or not they sign the written resolution or give electronic consent, and whether or not voting in favour.
Listing	Application has been made for the Notes to be admitted to trading on the ISM with effect from on or around 29 June 2022.
Governing Law	The Notes and the Trust Deed, and any non-contractual obligations arising out of or in connection therewith, will be governed by and construed in accordance with English law, except that Condition 3 of the Notes and the related provisions in Clause 6 of the Trust Deed will be governed by, and construed in accordance with, Bermuda law.
Sole Lead Manager	Goldman Sachs International
Trustee	BNY Mellon Corporate Trustee Services Limited
Principal Paying Agent and Transfer Agent	The Bank of New York Mellon, London Branch
Registrar	The Bank of New York Mellon SA/NV, Dublin Branch
Selling Restrictions	Customary selling restrictions in the United States, the UK, the EEA, Bermuda, Switzerland, Hong Kong, Japan, Singapore and Canada. Regulation S, Category 1; TEFRA not applicable.
Clearing Systems	Euroclear and Clearstream, Luxembourg
UK MiFIR/EU MiFID Product Governance	Solely for the purposes of the manufacturer's product approval processes, the manufacturer has concluded that: (i) the target market for the Notes is eligible counterparties and professional clients only; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate.
UK/EU PRIIPs Regulation	No PRIIPs Regulation KID or UK PRIIPs Regulation KID has been prepared as the Notes are not available to retail investors in the EEA or the UK.
Use of Proceeds	The net proceeds of the issue of the Notes will be used by the Issuer for its general corporate purposes, including the refinancing of existing senior indebtedness.
ISIN	XS2492049197
Common Code	249204919

CFI/FISN	See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN.

RISK FACTORS

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

Any of these risk factors, individually or in the aggregate, could have a material adverse effect on the Issuer as further described in each risk below and on its ability to make payments on the Notes and, in consequence, could affect the market price of the Notes and cause an investor to lose some or all of its investment in the Notes.

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

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

Defined terms used in the following risk factors, unless otherwise stated, have the meaning given to them in the Conditions set out below in the section of this Offering Memorandum entitled "Terms and Conditions of the Notes".

1. RISKS RELATING TO THE GROUP

Inadequate technical provisions could reduce the Group's profit and its regulatory capital, which could have a materially adverse impact on its results of operations and financial condition

The Group maintains technical provisions principally in the form of its outstanding claims provision. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with claims related costs, including future run-off expenses and reduction for the expected value of any recoveries. The provision for outstanding claims is established based on actuarial and statistical projections and other estimates of the ultimate cost of settlement.

Whilst management believe that the provisions for outstanding claims are fairly stated, these estimates inevitably contain inherent uncertainties, because significant periods of time may elapse between the occurrence of an incurred loss, the reporting of that loss to the Group and the Group's payment of the loss and the receipt of reinsurance recoveries.

In addition, the provision for the cost of handling and settling outstanding claims to extinction and for all other costs of managing the run-off is based on an analysis of the expected costs to be incurred in run-off activities, incorporating expected savings from the reduction of transaction volumes over time. The period of run-off may vary depending on the nature of insurance liabilities within each insurance company subsidiary. Ultimately, the period of run-off is dependent on the timing and settlement of claims and the collection of reinsurance recoveries; consequently, similar uncertainties apply to the assessment of the provision of such costs.

As at 31 December 2021, the Group's total gross technical provisions amounted to £626 million. The Group cannot be certain that its technical provisions will be adequate to cover all matters reserved against because of the uncertainties and inherent judgements that surround the estimation process discussed above. If the

Group's technical provisions are insufficient to cover its outstanding claims and other matters reserved against, the Group would have to increase its technical provisions, potentially in material amounts, which would reduce its profit and its regulatory capital.

The Group's technical provisions include asbestos and environmental ("**A&E**") liabilities of £178.7 million as at 31 December 2021 for potential claims largely arising in relation to 1999 and prior underwriting years. Ultimate values for A&E claims contain significant uncertainties driven by long waiting periods, reporting delays and difficulties in identifying contamination sources and allocating damage liability. Developed case law and adequate claim history do not always exist for A&E claims, and changes in the legal and tort environment affect the development of such claims.

The Group also has potential exposure to latent claims in the United States, particularly in view of the more litigious environment in that country. One example would be opioid claims. The opioid crisis in the United States has gained considerable publicity and resulted in a number multi-billion U.S. dollar settlements by defendants. Although the Group believes that it is difficult to see how these can be aggregated, or allocated across policy years, to result in a claim to the policies held by Group entities, there remains a risk that insurers of manufacturers and distributors of opioids could be exposed.

The Group's run-off portfolios currently include a limited number of policies under which a risk event can still arise. This latent claims risk means that its unearned premium reserve may not be sufficient to cover the estimated losses on these policies. Although the Group believes that its latent claims risk is currently limited, such that it has not yet established an unexpired risk reserve, it anticipates that the run-off portfolios that it purchases in the future may include larger numbers of these policies, which may increase its latent claims risk.

In addition, evolving industry practices and legal, judicial, social, and environmental conditions may result in unexpected claims and coverage issues that could adversely affect the adequacy of the Group's technical provisions by extending coverage beyond the envisioned scope of insurance policies and reinsurance contracts, or by increasing the number or size of claims. The Group's exposure to these uncertainties could be exacerbated by an increase in insurance and reinsurance contract disputes, arbitration and litigation, as well as social inflation trends, including expanded theories of liability and higher judicial awards. Increasingly, the handling of insurance claims can also lead to extra-contractual damages. These trends may not become apparent until long after the Group has acquired or assumed the affected insurance policies.

The continued success of the Group's business is dependent on its ability to acquire new portfolios of insurance in run-off

The Group pursues growth through financially beneficial acquisitions of insurance and reinsurance companies and portfolios of insurance and reinsurance business in run-off. Because the Group does not underwrite prospective insurance and reinsurance business and the execution of the Group's claims management strategies results in the reduction of its total portfolio of insurance over time, the Group must continually acquire an adequate amount of new run-off business that aligns with its strategic objectives. However, the acquisition of suitable run-off businesses is highly competitive and driven by many factors, including the proposed acquisition price, transaction structure, collateral arrangements and financial resources. Competitors continue to enter the insurance run-off market and, as a result, the Group may be unable to consummate acquisition transactions at acceptable prices and on acceptable terms, or at all, which could hinder its future growth.

The evaluation and negotiation of potential run-off acquisitions, as well as the integration of acquired businesses or portfolios in run-off, can be complex and costly and requires substantial management resources. Once the Group has signed a definitive agreement to acquire a business or portfolio, conditions to closing, such as obtaining regulatory or shareholder approvals, must be met prior to completing the acquisition. These and other closing conditions may not be satisfied, or may cause a material delay in the anticipated timing of closing. Such a failure or delay could result in significant expense, diversion of time

and resources, reputational damage, litigation and a failure to realise the anticipated benefits of the acquisition, all of which could materially adversely impact the Group's business, financial condition and results of operations.

The Group's acquisitions could involve additional risks that it may not be able to identify during the due diligence process, such as losses arising from unanticipated litigation, inadequate levels of covered claims or other liabilities and exposures, an inability to generate sufficient investment income and other revenue to offset acquisition costs and other financial exposures. Further, the Group's counterparties may breach their representations and warranties and/or be unable or unwilling to meet their contractual obligations to the Group, all of which could result in an acquisition being less profitable than anticipated or loss making.

The Group may not be able to realise the anticipated benefits of its run-off acquisitions, which may result in underperformance relative to its expectations and have a material adverse effect on its business, financial condition or results of operations

To achieve positive operating results from an acquisition of run-off business, the Group must first price the transaction on favourable terms relative to the risks being acquired, and then must successfully manage the acquired liabilities to expiry. Unlike traditional insurers and reinsurers, the Group's companies and portfolios in run-off no longer underwrite new policies or collect underwriting premiums, and their technical reserves may not be sufficient to cover future claims and the cost of run-off. Failure to successfully manage such reserves, including by effectively managing claims, collecting from insurers or reinsurers, controlling expenses and generating positive investment returns in line with the Group's pricing assumptions, could result in the Group having to cover losses sustained with capital, which would materially and adversely impact its ability to grow its business and may result in material losses.

Further, the run-off acquisitions the Group has made and expects to make in the future may pose challenges that expose the Group to risks relating to:

- the value of liabilities assumed being greater than expected;
- funding cash flow shortages that may occur if anticipated revenues are not realised or are delayed, if expenses are greater than anticipated, or if assets are not liquid;
- integrating financial and operational reporting systems and internal controls of acquired businesses;
- leveraging the Group's existing capabilities and expertise into the business acquired and establishing synergies within its organisation;
- integrating technology platforms and managing any increased cybersecurity risk;
- the timely transfer and integrity of data needed to manage the acquired business;
- obtaining and retaining management personnel required for expanded operations;
- fluctuating foreign currency exchange rates relating to the assets and liabilities acquired;
- potential goodwill and intangible asset impairment charges; and
- complying with applicable laws and regulations, particularly in the case of an acquisition involving a jurisdiction with which the Group is not familiar or an acquisition with significant exposure to consumers, which involves a higher level of conduct risk including the risk that an increased level of complaints could trigger regulatory intervention.

If the Group is unable to address some or all of these challenges, its run-off acquisitions may underperform relative to its expectations and its business may be materially and adversely affected.

Climate change may have an adverse impact on the Group's returns from its legacy insurance and its investments, which could have an adverse effect on the Group's results of operations or financial condition

The Group's core focus is on acquiring and managing insurance and reinsurance companies and portfolios of insurance and reinsurance business in run-off, and as such climate change presents a risk to the Group's business stemming from the investment portfolios that back the insurance liabilities acquired. In particular, the disruption caused by changes in technology, governments and regulation as part of a societal transition to a lower carbon emitting economy could expose the Group's investment portfolio to a loss of value in the near term and long term. For example, a swift, adverse repricing of carbon-intensive financial assets could expose the Group's investments to losses in the near term and in the long term if the transition to a lower carbon-emitting economy is associated with increased production costs.

The amount of capital that the Group must hold in order to meet regulatory requirements can vary significantly and is sensitive to several factors

Capital requirements for the Group's regulated subsidiaries are prescribed by the applicable insurance regulators in the jurisdictions in which the subsidiaries operate. Insurance regulators have established risk-based capital adequacy measures, such as the Bermuda Solvency Capital Requirement (the "**BSCR**") in Bermuda (which applies to the Group's Bermudan reinsurance subsidiary and, following the transfer of supervisory responsibility to the BMA, will apply to the Group, and the Solvency II regime in the European Union (which applies to the Group's Finnish and Maltese insurance subsidiaries and its Lloyd's syndicate and, prior to the transfer of supervisory responsibility to the BMA, also applies to Cambridge and the Group), which provide minimum solvency and liquidity requirements for insurance companies. The amount of capital that the Group and/or its insurance subsidiaries are required to hold may increase or decrease depending on a variety of factors including the amount of statutory income or losses generated by its insurance subsidiaries (which itself is sensitive to credit market conditions), the amount of capital needed to support future growth through run-off acquisitions, changes in the value of investments, the deterioration of market conditions due to global events, changes in interest rates and foreign currency exchange rates, as well as changes to the relevant regulatory capital adequacy measures and frameworks. In addition, the Group's regulators have the power to require the Group to hold additional capital, which from time to time they have exercised, including most recently requiring the Group's Bermudan reinsurance subsidiary to record an additional operational risk charge until 2022 in connection with an acquisition completed in 2021. The Group's overall liquidity is significantly influenced by the level of regulatory capital and surplus in its insurance subsidiaries. If regulatory capital requirements increase or if the Group's insurance subsidiaries' solvency decreases, the Group's subsidiaries would be required to hold more capital, and the Issuer's ability to obtain distributions from these subsidiaries could be limited. If the Group fails to maintain adequate statutory capital, regulators may restrict its activities and prohibit it from completing acquisitions without raising additional capital.

The Group may require additional capital and credit in the future that may not be available or may only be available on unfavourable terms

The Group may need to raise additional capital and liquidity through equity or debt financings. Its ability to secure this financing may be affected by a number of factors, including volatility in the global financial markets, new or incremental tightening in the credit markets, low liquidity and the strength of its capital position and operating results. Any equity or debt financing, if available at all, may be on terms that are not favourable to the Group, and could limit its strategic, financial and operational flexibility, including as a result of the need to dedicate a greater portion of its cash flows from operations to interest and principal payments on its borrowings and to comply with financial covenant restrictions in its borrowings.

In addition, the Group may not achieve the desired regulatory capital treatment for any potential issuance of debt or equity securities due to changing solvency capital eligibility requirements under the Bermuda Insurance (Group Supervision) Rules 2011 (the "**Group Supervision Rules**") to which the Group will be subject. For example, the Notes have been structured to qualify as Tier 2 capital in accordance with the Group Supervision Rules. For the Notes to receive and continue to receive the intended regulatory capital treatment, their terms must reflect the criteria contained in the Group Supervision Rules and any amendments thereto. If the BMA applies any changes to the Group Supervision Rules governing eligible capital such that the Notes no longer receive their intended capital treatment under the Group Supervision Rules, the Group may be unable to maintain adequate regulatory capital. If the Notes no longer receive their intended capital treatment then the Issuer may be entitled to redeem the Notes ahead of their stated maturity - see the risk factor "*Early redemption*" below for further details. If the Group cannot obtain adequate capital or credit, its business, results of operations and financial condition could be adversely affected by, among other things, its inability to finance future acquisitions.

The Group's reinsurance subsidiaries are often required to provide cash or other collateral to ceding companies pursuant to their reinsurance contracts. Their ability to conduct business could be significantly and negatively affected if they are unable to do so or if any letters of credit posted as collateral cannot be renewed or are drawn upon by a ceding company as a result of a loss event

The Group's reinsurance subsidiaries are often required to post collateral in the form of cash, letters of credit or other assets to provide security for their reinsurance obligations and to provide ceding companies with statutory credit for such reinsurance. If the Group's reinsurance subsidiaries are unable to post the required collateral or the cost of providing such collateral materially increases (for example following the default of a large third party insurance company), their operations could be significantly and negatively affected, which in turn could limit the Group's ability to complete new reinsurance transactions on favourable terms or at all, which could negatively impact the Group's business, financial condition and results of operations. Depending on multiple factors, the Group's reinsurance subsidiaries may not be able to secure letters of credit to satisfy requirements to post collateral in support of their reinsurance obligations. If the Group's reinsurance subsidiaries cannot post collateral in the form of letters of credit (which is common for Lloyd's transactions), then its reinsurance subsidiaries will have to post substitute collateral in the form of cash or other assets, limiting the Group's ability to invest (and consequently derive investment income from) such assets and constraining its liquidity, which could negatively impact the Group's business, financial condition and results of operations. In addition, if the beneficiary of any letter of credit draws funds against the letter of credit as a result of a loss event, the Group would be obliged to immediately reimburse the bank that issued the letter of credit the amount of such drawn funds, which could increase its indebtedness and negatively affect its liquidity and financial condition.

Reinsurers may not satisfy their obligations to the Group's insurance and reinsurance companies, which could result in significant losses or liquidity issues for the Group

The Group's insurance and reinsurance companies are subject to credit risk with respect to their reinsurers because the transfer of risk to a reinsurer does not relieve the Group's insurance and reinsurance companies of their liability to the underlying insured. Reinsurance companies may be negatively impacted or downgraded during difficult financial and economic conditions. In addition, reinsurers may be unwilling to pay the Group even though they are able to do so, or disputes may arise regarding payment obligations. The failure of one or more of the Group's reinsurers to honour their obligations in a timely fashion may affect the Group's cash flows and liquidity, reduce its profit or cause it to incur a significant loss. Disputes with the Group's reinsurers may also result in unforeseen expenses relating to litigation or arbitration proceedings. A reinsurer's inability or unwillingness to honour its obligations may negate the intended risk-reducing impact of the Group's reinsurance.

The Group has a number of intra-Group retrocession arrangements in place which expose the Group to contagion risk in the event that one Group company becomes unable to meet its reinsurance commitments

to other Group companies, as the Group companies concerned will remain liable under their primary obligations and will also be adversely affected by the reinsuring Group company's failure to perform.

The Issuer is dependent on the ability of its subsidiaries to distribute funds to it

The Issuer is a holding company which does not conduct material business in its own right. The Issuer is therefore dependent on distributions of funds from its operating subsidiaries to fund acquisitions, fulfil normal course financial obligations, including payments on the Notes, and pay dividends to its shareholders. The ability of the Issuer's subsidiaries to make distributions to it may be limited by various business considerations and applicable insurance laws and regulations in the jurisdictions in which the Group operates. The ability of the Issuer's subsidiaries to make distributions to it may also be restricted by, among other things, other applicable laws and regulations and the terms of the subsidiaries' borrowings. If the Issuer's subsidiaries are restricted from making distributions to it, the Issuer may be unable to maintain adequate liquidity to fund acquisitions or fulfil its financial obligations, including its obligations to pay interest and principal on the Notes.

Fluctuations in currency exchange rates may cause the Group to experience losses

The Group maintains a portion of its investments, insurance liabilities and insurance assets denominated in currencies other than pounds sterling and U.S. dollars. Consequently, the Group may experience foreign exchange losses, which could adversely affect its results of operations particularly where its assets denominated in a particular currency exceed its liabilities denominated in that currency. Additionally, the Group has published its consolidated financial statements in pounds sterling, although it plans to publish its future financial statements in U.S. dollars. Therefore, fluctuations in exchange rates used to convert other currencies used by certain Group companies, particularly euro and U.S. dollars, into pounds sterling and, in the future, euro and pounds sterling into U.S. dollars, will impact the Group's reported financial condition, results of operations and cash flows from year to year.

For example, the Group's sensitivity analyses in note 4 to the 2021 Financial Statements show that 10 basis point weakening in the euro against the pound sterling would have resulted in a £0.6 million loss in the statement of comprehensive income in 2021 compared to a £0.9 million loss in 2020. In addition, a 10 basis point weakening of the U.S. dollar against the pound sterling would have resulted in a £0.7 million gain in the statement of comprehensive income in 2021 compared to a £0.5 million gain in 2020.

The value of the Group's investment portfolio and the investment income derived from it may decline materially as a result of market fluctuations and economic and political conditions

The Group derives a significant portion of its total income from its financial assets at fair value through profit or loss (referred to as its "**investment portfolio**"), which consists primarily of investments in fixed income securities and amounted to £735 million, or 74.7 per cent. of the Group's total assets as at 31 December 2021. The value of these financial assets will generally increase or decrease with changes in interest rates and credit spreads. Interest rates are highly sensitive to many factors, including governmental monetary policies, domestic and international economic and political conditions and other factors beyond the Group's control. A rise in interest rates would, all other factors being equal (in particular, no movement in credit spreads), increase net unrealised losses, which would decline over time as securities in the investment portfolio approach maturity. Conversely, a decline in interest rates, all other factors being equal, would increase net unrealised gains, which would decline over time as securities in the investment portfolio approach maturity. Additionally, in a declining interest rate environment new investments of cash or the reinvestment of proceeds from sales of securities would likely be invested at lower interest rates thereby decreasing net investment income on those proceeds. The fair market value of fixed income securities can also decrease as a result of a deterioration of the credit quality of those securities. Any perceived decrease in credit quality may cause credit spreads to widen, all other factors being equal, and this would result in an increase in net unrealised losses. The Russian invasion of Ukraine in February 2022 had a widening impact on credit spreads generally, although it is not possible to forecast how long this may last or whether it will

worsen. A deterioration of credit ratings on the Group's fixed income security investments may result in a preference to liquidate these securities in the financial markets. If the Group liquidates these securities during a period of deteriorating credit, it may realise a significant loss.

In addition, investment income and realised and unrealised gains or losses derived from the Group's investment portfolio could vary materially from expectations depending on general market conditions. For example, the Group may experience negative changes in fair value or incur impairment charges resulting from revaluations of securities within the portfolio. Increased volatility in the financial markets and overall economic uncertainty would increase the risk that the actual amounts realised in the future on the Group's securities in its investment portfolio could differ significantly from the fair values currently assigned to them.

The Group may, from time to time, invest in fixed income securities, such as mortgage-based and other asset-backed securities and private debt securities, which carry prepayment risk, or the risk that principal will be returned more rapidly or slowly than expected, as a result of interest rate fluctuations. When interest rates decline, consumers tend to make prepayments on their mortgages (often through refinancing), which may cause the Group to be repaid more quickly than it might have originally anticipated, meaning that the Group's opportunities to reinvest these proceeds back into the investment markets may be at reduced interest rates (with the converse being true in a rising interest rate environment). Mortgage-backed and other asset-backed securities are also subject to default risk on the underlying securitised mortgages, which would decrease the value of these investments.

Additionally, the Group expects that uncertainty and volatility in financial markets, including in relation to the coronavirus 2019 ("**COVID-19**") pandemic and various governmental responses thereto, will continue to impact the value of its investment portfolio. The scope, duration and magnitude of the direct and indirect effects of the COVID-19 pandemic are changing rapidly and are difficult to anticipate.

The nature of the Group's liquidity demands and the structure of its investment portfolio may adversely affect the performance of its investment portfolio and its financial results, as well as its investing flexibility

The Group seeks to structure the duration of its investments in a manner that recognises its liquidity needs to satisfy future liabilities. Because of the unpredictable nature of losses and associated collateral provisions that may arise under the insurance and reinsurance policies in run-off and as a result of its opportunistic commutation strategy, the Group's liquidity needs can be substantial and may arise at any time. In that regard, the Group attempts to match the duration of its investment portfolio to its general liability profile within a defined band. If the Group is unsuccessful in managing its investment portfolio within the context of this strategy, it may be forced to liquidate its investments at times and at prices that are not optimal. This could have a material adverse effect on the performance of the Group's investment portfolio. Alternatively, the Group may forego investment income if the asset duration of its investment portfolio is shorter than its liability duration profile which could negatively impact its profit.

The Group has 12 individual portfolios of cash and investments from its acquired companies and portfolios. In addition, there is one portfolio that is managed on a funds withheld basis (which means that the seller retains and manages the investment portfolio associated with the run-off assets purchased by the Group). Each investment portfolio has its own investment guidelines, and each run-off entity is likely to have negative operating and financing cash flows due to commutation activity, claims settlements and capital distributions. These factors reduce the Group's overall investing flexibility.

The Group's investments in alternative investments may be illiquid and volatile in terms of value and returns

In addition to fixed income securities, the Group may, from time to time, invest in alternative investments such as fixed income funds, public equity funds, private credit funds, CLO equities, CLO equity funds, real estate funds and other alternative investments. For example the Group currently holds private credit funds. These investments may be illiquid due to restrictions on sales, transfers and redemption terms, may have

different, more significant risk characteristics than the Group's investments in fixed income securities and may also have significantly more volatile values and returns, all of which could negatively affect the market value of the Group's investments, its investment income, and its overall portfolio liquidity. Alternative or "other" investments may not meet regulatory admissibility requirements or may result in increased regulatory capital charges to the Group's insurance subsidiaries that hold these investments, which could limit those subsidiaries' ability to pay dividends and make capital distributions to the Issuer and, consequently, negatively impact the Issuer's liquidity.

The valuation of the Group's investments may involve the use of methodologies, estimations and assumptions that are subject to differing interpretations and could result in changes to investment valuations that may materially adversely affect the Group's financial condition or results of operations

Fixed income investments represent the majority of the Group's total cash and invested assets. These investments are reported at fair value on the Group's consolidated balance sheet. The Group's Board determines the policies and procedures for the measurement of the fair value of the Group's financial assets at fair value through profit or loss. Where necessary, the Group engages external valuers to value significant or complex assets, such as unquoted financial assets. At each reporting date, senior management analyses the movements in the values of assets and liabilities which are required to be re-measured in accordance with the Group's accounting policies. For this analysis, senior management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents and presents the valuation results to the Group's Board. This includes a discussion of the major assumptions used in the valuations.

These valuation procedures involve estimates and judgments, and during periods of market disruptions (such as periods of significantly rising or high interest rates, rapidly widening credit spreads or illiquidity), it may be difficult to value certain of the Group's securities if trading becomes less frequent or market data becomes less observable. In addition, there may be certain asset classes that are now in active markets with significant observable data that become illiquid due to changes in the financial environment. In these cases, the valuation of a greater number of securities in the Group's investment portfolio may require more subjectivity and management judgment. As a result, valuations may include inputs and assumptions that are less observable or require greater estimation as well as valuation methods that are more sophisticated or require greater estimation, which may result in valuations greater than the value at which the investments could ultimately be sold. Further, rapidly changing and unpredictable credit and equity market conditions could materially affect the valuation of securities carried at fair value as reported within the Financial Statements and the period-to-period changes in value could vary significantly. Decreases in value could have a material adverse effect on the Group's financial condition and results of operations.

Counterparty failures could subject the Group to losses which cannot be recovered

The Group is exposed to the risk that one or more of its counterparties will be unable to pay amounts they owe to the Group in full when due. The key areas where the Group is exposed to this risk are:

- its fixed income security portfolio, which amounted to £717 million as at 31 December 2021;
- its cash and cash equivalents, which amounted to £94 million as at 31 December 2021;
- its reinsurers' share of technical provisions, which amounted to £105 million as at 31 December 2021; and
- its insurance receivables, which amounted to £9 million as at 31 December 2021.

Any such failures could have a material adverse effect on the Group's business, financial condition and results of operations.

While the COVID-19 pandemic has had a limited impact on the Group to date, the Group is exposed to continued mutations of the virus and prolonged or recurring outbreaks of COVID-19 or other pandemic diseases in the future

Since the beginning of 2020, the outbreak of COVID-19 around the world, and the associated shutdowns and other restrictive measures implemented by authorities in an attempt to contain the spread of the disease, have led to significant economic turmoil in most countries, as well as increased volatility in financial and other markets.

Although the Group's ability to acquire new run-off business was not materially adversely impacted in 2020 or 2021, the economic uncertainties and market volatility caused by COVID-19 in 2020 in particular resulted in disruption to the financial markets and affected the liquidity of financial instruments, interest rates and credit spreads. The Group has limited exposure to business interruption claims arising from COVID-19, although it is possible that it could acquire additional COVID-19 related liabilities in future portfolio acquisitions.

COVID-19 continues to have a limited effect on the Group's business. However, the medium to long term impact of the disease, and the potential for continued mutations of the virus, remains uncertain. If there are prolonged or recurring outbreaks of COVID-19, or further pandemic diseases emerge that give rise to similar effects, macroeconomic conditions may be materially and adversely affected and may lead to a further economic downturn both in the jurisdictions in which the Group operates and in the global economy more widely as well as further declines in financial markets and in the value of investment assets (which could in each case be widespread, severe and long-lasting). The above factors could, individually or taken together, materially and adversely impact the business, results of operations and financial condition of the Group.

Insurance laws and regulations restrict the Group's ability to operate, and any failure to comply with these laws and regulations, or any investigations, inquiries or demands by government authorities, may have a material adverse effect on its business

The Group is subject to the insurance laws and regulations in a number of jurisdictions worldwide. Existing laws and regulations, among other things, limit the amount of dividends and capital that can be paid to the Issuer by its regulated companies, prescribe solvency and capital adequacy standards, impose restrictions on the amount and type of investments that can be held to meet solvency and capital adequacy requirements, require the maintenance of reserve liabilities, and may require pre-approval of certain transactions, including acquisitions. Failure to comply with these laws and regulations or to maintain appropriate authorisations, licenses, and/or exemptions under applicable laws and regulations may cause governmental authorities to preclude or suspend the Group's insurance or reinsurance companies from carrying on some or all of their activities, place one or more of them into administration or liquidation proceedings or impose monetary penalties or other sanctions on them. The application of these laws and regulations by various governmental authorities may affect the Group's liquidity and restrict its ability to expand its business operations through acquisitions. Furthermore, compliance with legal and regulatory requirements is likely to result in significant expenses, which could have a negative impact on the Group's profitability.

The Group believes it is likely that there will continue to be increased regulatory intervention in the insurance industry in the future, and these initiatives could adversely affect the Group's business. For example, the Group could be negatively impacted by:

- the review of Solvency II regulations being undertaken both by the European Insurance and Occupational Pensions Authority ("**EIOPA**") and the European Commission and also by the H.M. Treasury, which have the potential to impact reserving requirements and also the capital that the Group needs to hold;

- increasing attention from regulators and industry bodies on environmental, social and governance ("**ESG**") considerations and in particular on having a positive influence on climate change, which will

result in additional disclosure requirements and has the potential to influence the decision-making of the Group regarding both operations and investment strategy;

- following the UK's exit from the EU, there is potential for regulatory divergence between the UK and EU regulators which could impact financial reporting, regulatory governance and capital requirements, as well as potentially making future acquisition decisions dependent upon territory; and

- increased regulations in many jurisdictions in which the Group operates relating to group supervision through cooperation and coordination among insurance regulators regardless of an individual company's domiciliary jurisdiction.

Any of the above may have adverse effects on the Group's operations, financial condition, regulatory capital adequacy, and liquidity. The Group cannot predict the exact nature, timing or scope of these initiatives.

In addition, the Group's Lloyd's syndicate is subject to authorisation and regulation by the Prudential Regulatory Authority (the "**PRA**") and compliance with the Lloyd's Act(s) and Byelaws and regulations, as well as the applicable provisions of the UK Financial Services and Markets Act 2000. The Council of Lloyd's has wide discretionary powers to regulate its members, and its exercise of these powers might affect the return on an investment of the corporate member in a given underwriting year. Business plans, including maximum underwriting capacity, for Lloyd's syndicates require annual approval by the Lloyd's Franchise Board. Continued compliance with the requirements of the PRA, Lloyd's and similar regulators will result in additional costs for the Group.

Additional uncertainty may also arise due to legislative and regulatory responses. For example, holders of business interruption and event cancellation insurance policies have been seeking coverage for losses caused by COVID-19 and related stay-in-place measures. Holders of business interruption insurance policies have filed lawsuits in different courts around the world, including Germany, the United States, France and the United Kingdom, seeking coverage under such policies for closures relating to COVID-19 and resulting government action. In January 2021, the Financial Conduct Authority ("**FCA**") in the United Kingdom won a test case in the Supreme Court which clarified that a large number of coronavirus-related business interruption insurance claims should be paid by insurers. Although the Group has limited exposure to business interruption claims arising from COVID-19, it is possible that it could acquire additional COVID-19 related liabilities in future portfolio acquisitions. Future legislative and regulatory responses to other novel situations may have a more significant impact on the Group.

The Group's business is subject to laws and regulations relating to sanctions and corrupt practices, the violation or alleged violation of which could adversely affect its reputation, financial condition and results of operations

The Group is required to comply with all applicable economic sanctions, anti-bribery, anti-corruption and anti-money laundering laws and regulations of the jurisdictions in which it operates. These include the economic trade sanctions laws and regulations administered by the U.S. Treasury's Office of Foreign Assets Control as well as certain laws administered by the U.S. Department of State and equivalent sanctions regimes in the UK and the EU. New sanctions regimes may be initiated, or existing sanctions expanded, at any time, which can impact the Group's business activities. In addition, the Group is subject to anti-bribery laws such as the Bermuda Bribery Act, the U.S. Foreign Corrupt Practices Act and the UK Bribery Act that generally bar corrupt payments or unreasonable gifts to foreign governments or officials. Although the Group has policies and controls in place that are designed to ensure compliance with these laws and regulations, it is possible that an employee or intermediary could fail to comply with applicable laws and regulations. In such event, the Group could be exposed to civil penalties, criminal penalties and other sanctions, including fines or other punitive actions. Such civil or criminal penalties, sanctions, fines or other punitive actions, and the possibility of resulting damage to the Group's business and/or reputation, could have a material adverse effect on the Group's financial condition and results of operations.

The Group is dependent on its executive officers, directors and other key personnel and the loss of any of these individuals could adversely affect the Group's business

The Group's success depends on the ability of its senior management and other key employees to implement its business strategy. For example, the Group's ability to source run-off acquisitions is critical to its business, and is in part dependent on the relationships of its senior management and other key personnel. The loss of their services or the loss of the services of, or the Group's relationships with, any of its directors, could have a material adverse effect on the Group's business. The COVID-19 pandemic presents a unique risk in this regard, in that if any of the Group's key personnel are unable to continue to work productively, or at all, due to illness, government restrictions, remote working conditions, or other disruptions related to the COVID-19 pandemic, the Group's ability to conduct its operations may be adversely affected.

Some of the Issuer's large shareholders and their affiliates have interests and/or other involvement with entities that can create conflicts of interest, through related party transactions or competition

The Group may participate in transactions in which one or more of its large shareholders or their affiliates has an interest. In addition, some of its large shareholders or their affiliates may from time to time have ownership interests or other involvement with entities that compete against the Group or otherwise have interests that could, at times, be considered potentially adverse to the Group, either in the pursuit of acquisition targets, investments or in the Group's business operations. Any interests of the Group's large shareholders or their affiliates in related party transactions or competitive businesses may create the potential for, or result in, conflicts of interest.

Cybersecurity incidents or other difficulties with the Group's information technology ("IT") systems could disrupt its business, result in the loss of critical and confidential information, increased costs, and adversely impact the Group's reputation and results of operations

The Group relies heavily on the successful, uninterrupted functioning of its IT systems, as well as those of any outsourced service providers, including third-party administrators and investment managers. The Group relies on these systems to securely and accurately process, store, and transmit confidential and other data in connection with its critical operational functions such as paying claims, performing actuarial and other modelling, pricing, quoting and processing policies, cash and investment management, acquisition analysis, financial reporting and other necessary support functions. The Group's information may also be exposed to the risk of a data breach or cyber-security incident through a breach or failure of its systems or a breach or failure of the systems of third parties where the Group relies on those parties for outsourced functions or services. A failure of the Group's IT systems or those of its third-party service providers could materially impact the Group's ability to perform the critical functions described above, affect the confidentiality, availability or integrity of its proprietary information and expose the Group to litigation and increase its administrative expenses.

Computer viruses, cyber-attacks, phishing scams and other external hazards, as well as any internal process or employee failures, could expose the Group's IT systems to security breaches that may cause critical data to be corrupted or confidential or proprietary information to be exposed, cause system disruptions or shut-downs, or expose the Group to financial fraud. In addition to its own information, the Group receives and may be responsible for protecting confidential or personal information of ceding companies, policyholders, employees and other third parties, which could also be compromised in the event of a security breach. In addition, many of the Group's employees continue to work remotely as a result of the COVID-19 pandemic, and it is therefore more dependent on its IT systems and the continued access by its employees and service providers to reliable internet and telecommunications systems. If these systems do not function effectively or are disrupted due to heightened demand, cybersecurity attacks and data security incidents, or for any other related reason, it would negatively impact the Group's ability to settle claims efficiently, complete acquisitions, integrate its acquired businesses, manage its investments or otherwise conduct its business.

Although the Group utilises numerous controls, protections and risk management strategies to attempt to mitigate these risks, and management is not aware of a material cyber-security incident to date, the sophistication and volume of these security threats continues to increase. The Group may not have the technical expertise or resources to successfully prevent every data breach or cyber-security incident. The potential consequences of a data breach impacting the Group or a third party where the Group is the data controller or a cyber-security incident could include claims against the Group, significant reputational damage, damage to the Group's business as a result of disclosure of proprietary information, and regulatory action against the Group, which may include fines and penalties which could be material (particularly in the case of a data breach). Such an incident could cause the Group to lose business and commit resources, management time and money to remediate these breaches and notify aggrieved parties, any of which in turn could have an adverse impact on the Group's business. The Group may also experience increasing costs associated with implementing and maintaining adequate safeguards against these types of incidents and attacks.

In addition, the information security and data privacy regulatory environment is increasingly demanding. The Group is subject to numerous laws and regulations in multiple jurisdictions governing the protection of the personal and confidential information of its clients and/or employees, including in relation to medical records and financial information. These laws and regulations are rapidly expanding, increasing in complexity and sometimes conflict between jurisdictions. For example, the EU General Data Protection Regulation ("**EU GDPR**"), which has also been on-shored in the UK following the UK's exit from the EU ("**UK GDPR**"), creates rights for individuals to control their personal data and sets forth the requirements with which companies handling the personal data of, respectively, EU-based and UK-based data subjects have to comply (regardless of whether such data handling involves EU-based or UK-based operations). The Group is subject to the EU GDPR and UK GDPR through its handling of the personal data of EU-based and UK-based subjects in connection with its ordinary course operations, including where that information is handled by a third party but where the Group remains the data controller. If any person, including any of the Group's employees or those with whom the Group shares such information or such third parties, negligently disregards or intentionally breaches the Group's established controls with respect to its client data, or otherwise mismanages or misappropriates that data, the Group could be subject to significant monetary damages, regulatory enforcement actions, fines and/or criminal prosecution in one or more jurisdictions, including as a result of a violation of the EU GDPR and/or UK GDPR.

If outsourced providers such as third-party administrators, investment managers or other service providers were to breach obligations owed to the Group, the Group's business and results of operations could be adversely affected

The Group outsources certain business functions to third-party providers, and these providers may not perform as anticipated or may fail to adhere to their obligations to the Group. For example, certain Group companies rely on relationships with a number of third-party administrators under contracts pursuant to which these third-party administrators manage and pay claims on those companies' behalf and provide advice with respect to case reserves. In these relationships, the Group relies on controls incorporated in the provisions of the administration agreement, as well as on the administrator's internal controls, to manage the claims process within its prescribed parameters. The Group also relies on external investment managers to provide services pursuant to the terms of its investment management agreements, including following established investment guidelines. Although the Group monitors these administrators and investment managers on an ongoing basis, it does not control them, and its service providers could exceed their authorities or otherwise breach obligations owed to the Group, which, if material, could adversely affect the Group's business and results of operations. For example, a third-party investment manager may breach the Group's investment guidelines and expose it to risk beyond its prescribed tolerances, which could have an immediate negative financial impact. The Group may also be negatively impacted if third-party administrators mishandle claims, fail to administer claims effectively or efficiently, fail to maintain accurate books and records, or fail to comply with laws or regulations.

The Group is dependent on the strength of its brand, the brands of its partners and its reputation with customers and agents

The Group's results and underlying business model are, to a certain extent, dependent on the strength of its brand and reputation. While the Group is well recognised, it is vulnerable to adverse market and customer perception. The Group operates in an industry where integrity, customer trust and confidence are paramount. The Group is exposed to the risk that litigation, employee or company misconduct, operational failures (including claims fraud or fraud by employees, failure to document transactions properly, failure to obtain proper internal authorisation, material misstatements in management accounts or published financial statements, equipment failures, natural disasters or the failure of external systems (for example, those of the Group's counterparties or vendors)), the outcome of regulatory investigations, press speculation and negative publicity, disclosure of confidential client information (including the loss or theft of customer data), IT failures or disruption, cyber security breaches and/or inadequate services, amongst others, whether true or not, could impact its brand or reputation. Any damage to the Group's brand or reputation could cause existing customers or partners to withdraw their business from the Group, and potential customers or partners to elect not to do business with the Group and could make it more difficult for the Group to attract and retain qualified employees. Any such damage to the Group's brand or reputation could also cause disproportionate damage to the Group's business, even if the negative publicity is factually inaccurate or unfounded. Such events, which cannot be readily controlled, could adversely affect the Group's results of operations and financial condition.

Changes in tax laws or regulations, or the application thereof, could adversely affect the Group's tax profile and results of operations

Currently, there is no income or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable in Bermuda. The Bermuda Minister of Finance (the "**Bermuda Minister**"), under the Exempted Undertakings Tax Protection Act 1966, as amended, of Bermuda has granted the Issuer an assurance that if any legislation is enacted in Bermuda that would impose tax computed on profits or income, or computed on any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, then the imposition of any such tax will not be applicable to the Issuer or any of its operations, shares, debentures or other obligations until 31 March 2035. Given the limited duration of the Bermuda Minister's assurance, no assurance can be given that the Issuer will not be subject to any Bermuda tax after 31 March 2035. In the event that the Issuer becomes subject to any Bermuda tax after this date, this could have a material adverse effect on the Group's financial condition and results of operations.

Additionally, on 20 December 2021, the OECD released model rules for the Pillar II solution for the OECD G20 Project on Taxation of the Digitalisation of the Economy, with countries expected to bring Pillar II rules into domestic legislation in 2022, becoming effective from 2023. Pillar II, which contains an expected 15 per cent. global minimum effective tax rate, is not expected to immediately apply to the Group as it is currently below the minimum turnover threshold for the rules to apply. Whilst Bermuda itself is not expected to enact these rules, there is the potential for any profits the Group makes in Bermuda, or any other low tax jurisdiction it operates in, to be taxed under the Pillar II rules. Whilst there is still uncertainty as to how exactly the rules will apply and whether the Group will ultimately be subject to the rules, this could also have a material adverse impact on its future effective tax rate, overall financial position and business operations.

Successful challenges by tax authorities on the basis that companies in the Group are tax resident or are carrying out a trade or business in a jurisdiction other than those in which they are incorporated could result in significant additional tax liabilities and impact the Group's results of operations

A number of Group companies are currently tax resident in Bermuda or in other jurisdictions with low effective tax rates. Because the operations of these companies generally involve, or relate to, the insurance or reinsurance of risks that arise in higher tax jurisdictions, such as the United States, the United Kingdom and countries in the EU, it is possible that the taxing authorities in those jurisdictions may assert that the

activities of one or more of these companies creates, either historically or going forwards, a sufficient nexus in that jurisdiction to subject the company to that jurisdiction's corporation tax. The quantum of any potential exposure will be determined by the level and value of the activities carried out in the relevant jurisdiction and the resulting apportionment of profits to that jurisdiction. Similarly, but more significantly in terms of the quantum of profits that could be brought into tax, the taxing authorities could assert that the relevant companies are tax resident in their jurisdiction, such that all of the company's profits are taxed in that jurisdiction. Accordingly, it is possible that the Group's tax liabilities could be significantly adversely impacted in the event of a successful tax authority challenge in respect of either residence or permanent establishment.

In addition, there are a number of intra-Group arrangements, including reinsurance, financing, deal sourcing and other forms of service provision, which are subject to local transfer pricing regimes. Consequently, if these transactions are successfully challenged as being not on arm's-length terms such that a United Kingdom, United States or other tax advantage is being obtained, an adjustment will be required to compute local taxable profits as if the transaction were on arm's-length terms. Whilst likely to be of a lower magnitude than a successful residence or permanent establishment challenge, any transfer pricing adjustment could also adversely impact the Group's tax charge.

2. RISKS RELATED TO THE NOTES

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

The Issuer's obligations under the Notes are subordinated

The Issuer's obligations under the Notes will constitute direct, unsecured and subordinated obligations of the Issuer. In the event (i) of a winding-up of the Issuer (except an Approved Winding-Up) or (ii) that a Winding-Up Official of the Issuer is appointed and gives notice that they intend to declare and distribute a dividend, the payment obligations of the Issuer under the Notes will be subordinated to the claims of all Senior Creditors of the Issuer (which includes, *inter alios*, all unsubordinated creditors, any policyholders or beneficiaries under contracts of insurance or reinsurance of the Issuer (if any), and any creditors whose claims are subordinated to unsubordinated claims but rank in priority to claims in respect of the Notes, such as claims of creditors in respect of any Tier 3 Capital instruments of the Issuer).

Accordingly, in a winding-up of the Issuer, the assets of the Issuer would first be applied to meeting its obligations to Senior Creditors, and only if any assets remain after the claims of all Senior Creditors have been paid or provided for in full would those residual assets be applied to satisfaction of the claims in respect of the Notes (and any other claims ranking *pari passu* with the claims in respect of the Notes). In such circumstances, if there were insufficient assets to meet the claims of Senior Creditors in full, the Noteholders would lose their entire investment in the Notes. If there were sufficient assets to meet the claims of Senior Creditors in full but insufficient assets to also meet the claims of the Noteholders and all other claims ranking *pari passu* therewith in full, the Noteholders would lose some (which could be substantially all) of their investment in the Notes.

Therefore, although the Notes may (subject to deferral as described herein) pay a higher rate of interest than comparable notes which are not subordinated, there is a significant risk that an investor in the Notes will lose all or some of its investment should the Issuer become insolvent.

The obligations of the Issuer under the Notes are expressed to be contractually subordinated in right of payment to any other existing and future liabilities of its and/or the Insurance Group's Subsidiaries.

The Conditions of the Notes provide that the obligations of the Issuer under the Notes shall, on an Issuer Winding-Up, be contractually subordinated in right of payment to any other existing and future liabilities of the Issuer's Subsidiaries (as defined in the Conditions), including, without limitation, amounts owed to holders of reinsurance and insurance policies issued by its and/or the Insurance Group's reinsurance and/or insurance company Subsidiaries, to the minimum extent necessary under the Relevant Rules so as to permit the relevant Notes to qualify as Tier 2 Capital of the Insurance Group. There is a material risk that an investor in the Notes will lose all or some of its investment should the Issuer and/or any of its reinsurance and/or insurance company Subsidiaries become insolvent.

The Issuer is the holding company of the Group and therefore payments on the Notes are structurally subordinated to the liabilities and obligations of the Issuer's Subsidiaries. In addition, the Issuer is dependent upon cash flows from other entities in the Group to meet its obligations on the Notes

The Issuer is the holding company of the Group, with the Group's substantive operations and income-generating activities being conducted by the Issuer's operating Subsidiaries.

In the event of a winding-up of the Issuer or a Subsidiary, creditors of a Subsidiary (including subordinated creditors), and any other obligations of the Subsidiary (including, for example, obligations in respect of any preference shares of that Subsidiary), would have to be paid or provided for in full before any sums would be available to the shareholders of that Subsidiary (i.e. the Issuer, or another Subsidiary of the Issuer) and so, ultimately (to the extent amounts are available to flow up through the Group to the Issuer itself) to the Issuer's creditors (including, subject to the prior satisfaction of all claims of Senior Creditors as described above, the Noteholders). There are no restrictions under the Trust Deed or the Conditions which limit the amount of liabilities that the Issuer's Subsidiaries may incur.

Furthermore, payment of interest and repayment of indebtedness by the Issuer, including under the Notes, will be dependent on the ability of other entities within the Group to generate sufficient income and to make such cash available to the Issuer, whether through intra-group financing arrangements between the Issuer and other members of the Group and/or through the declaration and payment by the Issuer's Subsidiaries of dividends on the shares held, directly or indirectly, by the Issuer. Accordingly, if the Issuer's Subsidiaries do not generate sufficient income, profits and/or other cash flows, and/or if there are any restrictions on such Subsidiaries' ability to make payments, in whole or in part, to the Issuer (for example, due to legal or tax constraints, contractual restrictions and/or the Subsidiary's financial requirements and regulatory capital requirements), there is a material risk that the Issuer will be unable to make payments, in whole or in part, on the Notes.

No limitation on the Issuer or its Subsidiaries incurring further indebtedness or securing indebtedness

The Notes and the Trust Deed contain no restrictions on the Issuer from creating liabilities ranking equally with or senior to the Notes and no restriction on the amount of securities or other indebtedness which the Issuer or any of its Subsidiaries may issue, incur or guarantee, which securities, indebtedness or guarantees rank (whether under law, by contract or due to structural subordination (as described above)) in priority to, or *pari passu* with, the Notes.

In addition, the Notes and the Trust Deed contain no restrictions on the Issuer or any Subsidiary granting security in respect of any of their respective indebtedness. Any such encumbrance of assets of the Group would, to the extent of such secured indebtedness, reduce the amount of assets which may otherwise be available for payment of the Group's other, unsecured creditors.

Any increase in the amount of liabilities and other obligations incurred, guaranteed or secured by the Issuer or any of its Subsidiaries could reduce the amounts (if any) recoverable by the Noteholders in respect of their Notes if the Issuer and/or any of its Subsidiaries becomes insolvent or is wound up.

Payments by the Issuer are conditional upon satisfaction of the Issuer Solvency Condition

Other than in an Issuer Winding-Up, all payments by the Issuer to the Noteholders under or arising from the Notes and the Trust Deed shall be conditional upon the Issuer being solvent at the time for payment by the Issuer, and no amount shall be payable by the Issuer under or arising from the Notes and the Trust Deed unless and until such time as the Issuer could make such payment and still be solvent immediately thereafter (the "**Issuer Solvency Condition**"). For these purposes, the Issuer will be "**solvent**" if (i) it is able to pay its debts owed to Senior Creditors of the Issuer and Pari Passu Creditors of the Issuer as they fall due and (ii) its Assets exceed its Liabilities. If any payment of interest, Arrears of Interest and/or principal cannot be made by the Issuer in compliance with the Issuer Solvency Condition, payment of such amounts will be deferred by the Issuer, and such deferral will not constitute a default under the Notes for any purpose.

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

The Issuer is required to defer any payment of interest on the Notes in full on each Mandatory Interest Deferral Date (being an Interest Payment Date in respect of which a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest were to be made by the Issuer on such Interest Payment Date), unless otherwise exceptionally permitted to make the relevant payment, in whole or in part, by the Relevant Regulator pursuant to Condition 5.2.

The circumstances in which the Issuer may be required to defer payments of interest on the Notes may be difficult to predict. The deferral of interest as described above does not constitute a default under the Notes for any purpose. Any interest so deferred shall, for so long as the same remains unpaid, constitute Arrears of Interest. Arrears of Interest will not themselves bear interest.

Arrears of Interest may, subject to certain conditions, be paid by the Issuer, in whole or in part, at any time (provided that at such time a Regulatory Deficiency Interest Deferral Event is not subsisting and would not occur if payment of such Arrears of Interest were made (save as otherwise exceptionally permitted by the Relevant Regulator pursuant to Condition 5.2) and provided further that such payment can be made in compliance with the Issuer Solvency Condition) upon notice to Noteholders, but in any event shall be payable, subject to satisfaction of the Issuer Solvency Condition (except on an Issuer Winding-Up) and the Regulatory Clearance Condition, in whole (and not in part) by the Issuer on the earliest to occur of (a) the next Interest Payment Date which is not a Mandatory Interest Deferral Date, (b) an Issuer Winding-Up or (c) any redemption of the Notes pursuant to, or purchase of the Notes in accordance with, Condition 7.

Any actual or anticipated deferral of interest payments will likely have an adverse effect on the market price of the Notes. Furthermore, an investor may acquire Notes in the secondary market at a price which includes an amount of accrued interest, the payment of which may subsequently be deferred. In addition, as a result of the interest deferral provisions of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such deferral and may be more sensitive generally to adverse changes in the Issuer's and the Group's financial condition.

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

Notwithstanding the expected maturity of the Notes on the Maturity Date (and save as otherwise exceptionally permitted by the Relevant Regulator pursuant to Condition 7.2(b)), the Issuer must defer redemption of the Notes on the Maturity Date or on any other date set for redemption of the Notes pursuant to Conditions 7.4, 7.5, 7.6 or 7.7, (i) if a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if the Notes were redeemed by the Issuer on such date, (ii) if the Relevant Regulator objects to, or does not consent to, the redemption (to the extent that non-objection or consent is

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

The circumstances in which the Issuer may be required to defer repayment of the Notes may be difficult to predict. The deferral of redemption of the Notes in accordance with the Conditions will not constitute a default under the Notes for any purpose.

Where redemption of the Notes is deferred, subject to certain conditions (including, except in the case of an Issuer Winding-Up, satisfaction of the Issuer Solvency Condition), the Notes will be redeemed by the Issuer on the earliest of: (a) (if the redemption has been deferred due to the occurrence of a Regulatory Deficiency Redemption Deferral Event) the date falling 10 Business Days following cessation of the Regulatory Deficiency Redemption Deferral Event or (if redemption has been deferred due to operation of the Issuer Solvency Condition) the date falling 10 Business Days following the date on which the Issuer is solvent within the meaning of Condition 3.3 and could make payment in compliance with the Issuer Solvency Condition; (b) the date falling 10 Business Days after the Relevant Regulator has agreed to the repayment or redemption of the Notes; or (c) the date on which an Issuer Winding-Up occurs.

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

Risks relating to the determination and calculation of the Enhanced Capital Requirement

Historically, the Group (headed by Cambridge) has been subject to the EU Solvency II regulation and the Group's solvency metrics included in this Offering Memorandum have been calculated in accordance with the EU Solvency II regime. As part of the planned re-domicialiation of the Group, the Group will be regulated by the BMA and subject to the BMA's solvency regime, which will require it to maintain (and report) available Group statutory capital and surplus in an amount that is at least equal to the group enhanced capital requirement ("**ECR**"). The BMA has established a group target capital level equal to 150 per cent. of the Group ECR.

Certain indicative information with respect to the Group's ECR is set out in this Offering Memorandum under "*Description of the Group – Solvency and other financial ratios*". As the Group has not yet reported any ECR, this information is indicative only and does not represent the Group's actual reported solvency position as at 31 December 2021. Accordingly, this information should not be relied upon as definitive. The indication is based on the Group's interpretation and application of the BSCR, and is subject to certain judgments and estimates of the Issuer and the Group. Accordingly, there can be no assurance that the indicative information with respect to the Group's ECR is an accurate reflection of the Group's hypothetical ECR as at 31 December 2021 (or at any other time). Prospective investors in the Notes are recommended to make their own analysis with respect to the prudential position of the Group following its re-domiciliation to Bermuda.

Early redemption

The Notes may, subject as provided in Condition 7, at the option of the Issuer, be redeemed before the Maturity Date as follows, together with any Arrears of Interest and any other accrued but unpaid interest to (but excluding) the date of redemption:

(i) on any date falling in the period from (and including) 27 December 2027 to (but excluding) the Maturity Date at their principal amount; or

(ii) at any time following a Tax Event at their principal amount; or

(iii) at any time after the Capital Qualification Date in the event of (or if there will occur within six months) a Capital Disqualification Event at their principal amount; or

(iv) at any time if 80 per cent. or more of the aggregate principal amount of the Notes originally issued (including, for this purpose, any Further Notes) have been purchased and cancelled by or on behalf of the Issuer or its Subsidiaries at an amount determined in accordance with Condition 7.7 (which in any event shall be no less than the principal amount of the Notes).

The circumstances in which a Tax Event or a Capital Disqualification Event may arise may be difficult to predict. For example, while the Issuer's right to redeem the Notes upon a Capital Disqualification Event will only become available to the Issuer if and from the date on which the Notes first qualify, in whole or in part, as Tier 2 Capital of the Issuer and/or the Insurance Group under the Relevant Rules, and while the BMA has reviewed the Terms and Conditions of the Notes on the basis that the Notes are intended to qualify as Tier 2 Capital, there is a risk that following any change to the Relevant Rules (including the Group Supervision Rules, as defined herein), the Notes will cease to qualify as Tier 2 Capital of the Issuer or the Insurance Group. Under such circumstances, the Group may be required to raise additional capital that would constitute Tier 2 Capital at such time. Any such capital raise would be subject to market and other conditions, and there can be no assurance that the Group would be able to raise such capital when needed.

The redemption features of the Notes are likely to limit their market value. During any period when the Issuer has the right to elect to redeem the Notes, or if there is a perception in the market that any such right has arisen or may arise, the market value of the Notes will generally not be expected to rise substantially above the price at which they can be redeemed.

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

Variation or substitution of the Notes without Noteholder consent

Subject as provided in Condition 7, if a Tax Event occurs or if a Capital Disqualification Event occurs or will occur within a period of six months, the Issuer may at any time, at its option and without the consent or approval of the Noteholders, elect to substitute the Notes for, or vary the terms of the Notes so that they become or remain, Qualifying Tier 2 Securities. While Qualifying Tier 2 Securities must have terms not materially less favourable to holders than the terms of the Notes, there can be no assurance that, due to the particular circumstances of a holder of Notes, such Qualifying Tier 2 Securities will be as favourable to each investor in all respects.

Restricted remedy for non-payment when due and limited investor protections

The sole remedy against the Issuer available to the Trustee (acting on behalf of the Noteholders) or (where the Trustee has become bound to act but has failed or is unable to do so within a reasonable time and such failure or inability is continuing) any Noteholder for recovery of amounts which have become due in respect of the Notes will be the institution of proceedings for the winding-up in Bermuda (but not elsewhere) of the Issuer and/or proving and/or claiming in any winding-up of the Issuer (whether in Bermuda or elsewhere), and any such claim in a winding-up of the Issuer will be subordinated as provided under "*The Issuer's obligations under the Notes are subordinated*" above.

Furthermore, as the Notes are intended to constitute Tier 2 Capital of the Insurance Group, neither the Conditions nor the Trust Deed provide for covenants or other protections that some debt securities may provide for investors. For example, there is no provision restricting the Issuer's or the Group's ability to:

- incur additional secured or unsecured debt, including debt ranking *pari passu* with, or senior in right of payment to, the Notes;
- pay dividends on, or purchase or redeem, any shares or capital stock;
- sell, transfer or dispose of any assets, or cease to carry on its business;
- enter into transactions with affiliates;
- create security interests over the assets of the Group and/or enter into sale and leaseback transactions;
- create restrictions on the payment of dividends or other amounts to the Issuer from its Subsidiaries; or
- issue ordinary or preferred shares or other equity securities.

Additionally, neither the Conditions or the Trust Deed will require the Issuer to offer to purchase the Notes in connection with any change of control or require that the Issuer or the Group adheres to any financial tests or ratios or specified levels of net worth.

The Group's ability to recapitalise, incur additional debt and take a number of other actions that are not limited by the terms of the Notes or the Trust Deed could have the effect of diminishing the Issuer's ability to make payments on the Notes when due.

Meetings, resolutions modification and waivers

The Conditions contain provisions for calling meetings of Noteholders (which need not be a physical meeting and instead may be by way of conference call, including by use of a video conference platform, or a combination of such methods) to consider matters affecting their interests generally and to pass resolutions, including Extraordinary Resolutions.

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

These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting or who did not vote on the relevant written resolution or give their electronic consents, as applicable, and including Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that, subject to the satisfaction of the Regulatory Clearance Condition, the Trustee may, without the consent of Noteholders, agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the Conditions or any of the provisions of the Trust Deed in the circumstances described in Condition 14.2.

Substitution of Issuer

The Conditions provide that the Trustee may, without the consent of the Noteholders, agree to the substitution of another company as principal debtor under the Notes in place of the Issuer in the circumstances described in Condition 13. There can be no assurance that any such substitution will not be adverse to the interests of any Noteholder.

Change of law

The Conditions are based on English and Bermuda law (as applicable) 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, Bermuda law or administrative practice (as applicable) after the date of issue of the Notes.

Limitation on gross-up obligation under the Notes

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

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 or amounts other than interest. Furthermore, there are circumstances in which the Issuer would not be required to pay additional amounts if there were to be any withholding or deduction in respect of payments of interest (including Arrears of Interest) to be made by it under the Conditions.

Accordingly, if any such withholding or deduction were to apply to any payments of principal or any other amounts 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.

Integral multiples of less than U.S.$200,000

The Notes will be issued in amounts of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. Accordingly, it is possible that the Notes may be traded in the clearing systems in amounts in excess of U.S.$200,000 that are not integral multiples of U.S.$200,000. Should definitive Notes be required to be issued, they will be issued in principal amounts of U.S.$200,000 and higher integral multiples of U.S.$1,000 but will in no circumstances be issued to Noteholders who hold Notes in the relevant clearing system in amounts that are less than U.S.$200,000.

If definitive Notes are issued, Noteholders should be aware that definitive Notes which have a denomination that is not an integral multiple of U.S.$200,000 may be illiquid and difficult to trade.

3. RISKS RELATED TO THE MARKET GENERALLY

The secondary market generally

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

If the Issuer's and/or the Group's financial condition deteriorates such that there is an increased risk that the Issuer may be wound up, or if at any time there is any actual or anticipated deferral of interest or redemption in accordance with the Conditions, such circumstances can be expected to have a material adverse effect on the market price of the Notes. Investors in the Notes may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the

price at which they purchased their Notes. In such a sale, investors may lose some or substantially all of their investment in the Notes.

Exchange rate risks and exchange controls

The Issuer will (subject to deferral as provided herein) pay principal and interest on Notes in U.S. dollars. 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 U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of U.S. dollars 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 U.S. dollars would, all else being equal, decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

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

Interest rate risks

The Notes will accrue interest at a fixed rate of interest. An investment in securities which bear a fixed rate of interest involves the risk that subsequent increases in market interest rates may adversely affect their market value.

Legal investment considerations may restrict certain investments

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

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

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

Furthermore, 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 onwards distribution by Euroclear and Clearstream, Luxembourg to their respective accountholders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive their share of the payments so made. The Issuer does not have responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

TERMS AND CONDITIONS OF THE NOTES

The following (save for paragraphs in italics, which are for information only and do not form part of the Terms and Conditions) is the text of the Terms and Conditions of the Notes which (subject to completion and modification) will be endorsed on the Certificates issued in respect of Notes in definitive form:

The U.S.$160,000,000 9.25 per cent. Subordinated Tier 2 Notes due 2028 (the "**Notes**", which expression shall in these Conditions, unless the context otherwise requires, include any Further Notes issued pursuant to Condition 16) of Compre Group Holdings Limited (the "**Issuer**", which term shall include any substitute therefor from time to time pursuant to the terms of Condition 13) are constituted by a Trust Deed dated 27 June 2022 (the "**Trust Deed**") made between the Issuer and BNY Mellon Corporate Trustee Services Limited (the "**Trustee**", which expression shall include its successor(s)) as trustee for the holders of the Notes. The issue of the Notes was (save in respect of any Further Notes) authorised by resolutions of the board of directors of the Issuer passed on 13 June 2022.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed and the Agency Agreement dated 27 June 2022 (the "**Agency Agreement**") made between the Issuer, the Trustee, The Bank of New York Mellon, London Branch as principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor principal paying agent), and The Bank of New York Mellon SA/NV, Dublin Branch as registrar (the "**Registrar**", which expression shall include any successor registrar) and as a transfer agent (the "**Transfer Agent**", which expression shall include any successor and/or additional transfer agent(s) appointed under the Agency Agreement from time to time) (i) are available for inspection at all reasonable times during normal business hours by the Noteholders at the specified office of the Principal Paying Agent or (ii) may be provided by email to a Noteholder requesting a copy from the Principal Paying Agent, in each case upon such Noteholder providing satisfactory proof of a holding of Notes, and subject to the Principal Paying Agent being supplied by the Issuer with electronic copies. 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 of the Agency Agreement applicable to them.

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

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Notes are issued in registered form in denominations of U.S.$200,000 and higher integral multiples of U.S.$1,000 (referred to as the "**principal amount**" of a Note, and references in these Conditions to "**principal**" in relation to a Note shall be construed accordingly). A note certificate (each a "**Certificate**") will be issued to each Noteholder in respect of its registered holding of Notes. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Noteholders which the Issuer will use reasonable endeavours to procure be kept by the Registrar outside the United Kingdom (the "**Register**").

1.2 Title

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

holder. In these Conditions, "**Noteholder**" and (in relation to a Note) "**holder**" means the person in whose name a Note is registered in the Register.

2. TRANSFERS OF NOTES AND ISSUE OF CERTIFICATES

2.1 Transfers

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

2.2 Delivery of new Certificates

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

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

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

2.3 Formalities free of charge

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

2.4 Closed periods

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

2.5 Regulations

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfer of Notes scheduled to the 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 who requests one.

3. STATUS OF THE NOTES

3.1 Status

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

3.2 Subordination

If:

(a) at any time an order is made, or an effective resolution is passed, for the winding-up (as defined in Condition 19) of the Issuer (except, in any such case, an Approved Winding-Up); or

(b) a provisional liquidator, liquidator or similar official (a "**Winding-Up Official**") of the Issuer is appointed and such Winding-Up Official gives notice that they intend to declare and distribute a dividend,

(the events in (a) and (b) each being an "**Issuer Winding-Up**"), the rights and claims of the Trustee (on behalf of the Noteholders but not the rights and claims of the Trustee acting on its own account under the Trust Deed in respect of its costs, expenses, liabilities or remuneration) and the Noteholders against the Issuer in respect of or arising under the Notes and the Trust Deed (including any damages awarded for breach of any obligations thereunder) will be subordinated in the manner provided in this Condition 3.2 and the Trust Deed only to the claims of all Senior Creditors of the Issuer and shall rank:

(i) at least *pari passu* with all claims of holders of all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital and all obligations which rank, or are expressed by their terms to rank, *pari passu* therewith ("**Pari Passu Obligations of the Issuer**"); and

(ii) in priority to the claims of holders of (i) all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 1 Capital (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules) and all obligations which rank, or are expressed by their terms to rank, *pari passu* therewith and (ii) all classes of share capital of the Issuer (together, the "**Junior Obligations of the Issuer**").

In addition, the Notes shall, in an Issuer Winding-Up, be contractually subordinated in right of payment to any other existing and future liabilities of the Issuer's Subsidiaries, including, without limitation, amounts owed to holders of reinsurance and insurance policies issued by its and/or the Insurance Group's reinsurance and/or insurance company Subsidiaries, to the minimum extent necessary under the Relevant Rules so as to permit the Notes to qualify as Tier 2 Capital of the Insurance Group.

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

3.3 Issuer Solvency Condition

Other than in the circumstances set out in Condition 3.2 and without prejudice to Condition 10.2, all payments by the Issuer under or arising from the Notes and the Trust Deed (other than payments made to the Trustee acting on its own account under the Trust Deed in respect of its costs, expenses, liabilities or remuneration but including, without limitation, any payments in respect of damages awarded for breach of any obligations thereunder) shall be conditional upon the Issuer being solvent at the time for payment by the Issuer, and no amount shall be payable by the Issuer under or arising from the Notes and the Trust Deed unless and until such time as the Issuer could make such payment and still be solvent immediately thereafter (the "**Issuer Solvency Condition**").

Any payment of interest (including any Arrears of Interest) on the Notes not paid on the scheduled payment date therefor as a result of this Condition 3.3 shall constitute Arrears of Interest as provided in Condition 5.4 and shall be payable only as provided in Condition 5.5. If the repayment of the Notes on a scheduled repayment date is deferred as a result of this Condition 3.3, the provisions of Condition 7.2(e) shall apply.

For the purposes of this Condition 3.3, the Issuer will be "**solvent**" if (i) it is able to pay its debts owed to Senior Creditors of the Issuer and Pari Passu Creditors of the Issuer as they fall due and (ii) its Assets exceed its Liabilities. A certificate as to the solvency of the Issuer signed by two Authorised Signatories or, if there is a winding-up of the Issuer, by the Winding-up Official of the Issuer shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof, shall be binding on all such persons and the Trustee shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

3.4 Set-off, etc.

By acceptance of the Notes, subject to applicable law, each Noteholder will be deemed to have waived any right of set-off, netting, retention or counterclaim (collectively, "**set-off**") that such Noteholder might otherwise have against the Issuer in respect of or arising under the Notes whether prior to or in a winding-up. Notwithstanding the preceding sentence, if any of the rights and claims of any Noteholder in respect of or arising under the Notes are discharged by set-off, such Noteholder will, unless such payment is prohibited by law, immediately pay an amount equal to the amount of such discharge to the Issuer or, if applicable, the Winding-Up Official of the Issuer and, until such time as payment is made, will hold a sum equal to such amount on trust for the Issuer or, if applicable, the Winding-Up Official in the Issuer's winding-up. Accordingly, such discharge will be deemed not to have taken place.

4. INTEREST

4.1 Interest Rate

Each Note bears interest on its outstanding principal amount from (and including) the Issue Date at the rate of 9.25 per cent. per annum.

Subject to Condition 3.3 and Condition 5, interest shall be payable in equal instalments semi-annually in arrear on 27 June and 27 December of each year, the first payment to be made on 27 December 2022 (each an "**Interest Payment Date**"). The first payment shall be in respect of the period from (and including) the Issue Date to (but excluding) 27 December 2022, and thereafter for each successive period from (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date.

4.2 Interest Accrual

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

4.3 Calculation of Interest

Subject to Condition 3.3 and Condition 5, the amount of interest which will be payable on each Interest Payment Date will be U.S.$46.25 per Calculation Amount.

Where it is necessary to compute an amount of interest in respect of any Note in respect of a payment date other than an Interest Payment Date, such interest shall be calculated on the basis of (a) the actual number of days in the period from (and including) the date from which interest begins to accrue (the "**Accrual Date**") to (but excluding) the relevant due date for payment (the "**Accrual Period**") divided by (b) two times the actual number of days in the period from (and including) the Accrual Date to (but excluding) the next following Interest Payment Date.

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

5. DEFERRAL OF INTEREST

5.1 Mandatory Deferral of Interest

Payment of interest on the Notes by the Issuer will be mandatorily deferred in full on each Mandatory Interest Deferral Date, save as otherwise permitted by the Relevant Regulator pursuant to Condition 5.2. The Issuer shall notify the Noteholders, the Trustee and the Principal Paying Agent of any deferral of interest on a Mandatory Interest Deferral Date as provided in Condition 5.6 (provided that failure to make such notification shall not oblige the Issuer to make payment of such interest, or cause the same to become due and payable, on such date).

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

5.2 Waiver of Deferral of Interest by the Relevant Regulator

Notwithstanding Condition 5.1, the Issuer shall not be required to defer a payment of interest (including any Arrears of Interest) on a Mandatory Interest Deferral Date or any other date if and to the extent that the Relevant Regulator has exceptionally waived the deferral of the relevant interest payment (in whole or in part) and has provided the Issuer with written confirmation of the same.

A certificate signed by two Authorised Signatories confirming that the conditions set out in this Condition 5.2 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 and shall be binding on all such persons. The Trustee shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

5.3 No default

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

5.4 Arrears of Interest

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

5.5 Payment of Arrears of Interest

Any Arrears of Interest may, subject to Condition 3.3 and to satisfaction of the Regulatory Clearance Condition, be paid by the Issuer in its sole discretion, in whole or in part, at any time (provided that at such time a Regulatory Deficiency Interest Deferral Event is not subsisting and would not occur if payment of such Arrears of Interest were made, save as otherwise permitted by the Relevant Regulator pursuant to Condition 5.2) upon the expiry of not less than 14 days' notice to such effect given by the Issuer to the Trustee, the Principal Paying Agent and the Noteholders in accordance with Condition 12, and in any event will become due and payable by the Issuer (subject, in the case of (a) and (c) below, to Condition 3.3 and to satisfaction of the Regulatory Clearance Condition) in whole (and not in part) upon the earliest of the following dates:

(a) the next Interest Payment Date which is not a Mandatory Interest Deferral Date; or

(b) the date on which an Issuer Winding-Up occurs; or

(c) the date fixed for any redemption of Notes pursuant to, or purchase of Notes in accordance with, Condition 7 (subject to any deferral of such redemption date pursuant to the Issuer Solvency Condition or Condition 7.2).

5.6 Notice of Deferral

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

(a) if that Interest Payment Date is a Mandatory Interest Deferral Date and (save where the Relevant Regulator has permitted the relevant interest payment to be made in full pursuant to Condition 5.2) specifying that interest will not be paid on that Interest Payment Date because a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest was made on such Interest Payment Date, provided that if a Regulatory Deficiency Interest Deferral Event (or the determination thereof) occurs less than five Business Days prior to an Interest Payment Date, the Issuer shall give notice of the interest deferral in accordance with Condition 12 as soon as reasonably practicable following the occurrence (or, as the case may be, the determination) of such event; or

(b) if payment of interest is to be deferred on that Interest Payment Date only as a result of the non-satisfaction of the Issuer Solvency Condition and specifying the same, provided that if

the Issuer becomes aware of such non-satisfaction of the Issuer Solvency Condition less than five Business Days prior to an Interest Payment Date, the Issuer shall give notice of the interest deferral in accordance with Condition 12 as soon as reasonably practicable following it becoming so aware,

provided that, in each case, any delay or failure in making any such notification shall neither constitute a default under the Notes or for any other purpose, nor oblige the Issuer to make payment of such interest, or cause the same to become due and payable, on such Interest Payment Date.

6. PAYMENTS

6.1 Payments in respect of Notes

Payment of principal and interest will be made by transfer to the registered account of the relevant Noteholder. Payments of principal, and payments of interest and Arrears of Interest due at the time of redemption of the Notes, will only be made against surrender of the relevant Certificate at the specified office of any of the Paying Agents. Save as provided in the previous sentence, interest and Arrears of Interest due for payment on the Notes will be paid to the holder shown on the Register at the close of business on the date (the "**record date**") being 15 days before the due date for the relevant payment.

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

6.2 Payments subject to applicable laws

All payments will be subject in all cases to (a) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (b) any withholding or deduction imposed or required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (the "**Code**"), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (or any law implementing such an intergovernmental agreement) (each, a "**FATCA Withholding Tax**").

6.3 No commissions

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

6.4 Payment on Business Days

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

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

6.5 Partial payments

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

6.6 Agents

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

(a) a Principal Paying Agent; and

(b) a Registrar.

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

7. REDEMPTION, SUBSTITUTION, VARIATION AND PURCHASE

7.1 Redemption at Maturity

Subject to Condition 7.2 and Condition 7.9 and to satisfaction of the Regulatory Clearance Condition, unless previously redeemed, substituted or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 27 June 2028 (the "**Maturity Date**") together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the Maturity Date.

7.2 Issuer deferral of redemption date

(a) Subject as provided in Condition 7.2(b), no Notes shall be redeemed on the Maturity Date pursuant to Condition 7.1 or prior to the Maturity Date pursuant to Conditions 7.4, 7.5, 7.6 or 7.7 if:

(i) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if redemption were to be made pursuant to this Condition 7;

(ii) the Relevant Regulator objects to, or does not consent to, the redemption (to the extent that non-objection or consent is then required by the Relevant Regulator or the Relevant Rules) (for the avoidance of doubt, no Notes shall be redeemed on the Maturity Date or prior to the Maturity Date unless the Regulatory Clearance Condition in accordance with Condition 7.9(b) has been complied with (to the extent then required by the Relevant Regulator or the Relevant Rules), whether or not the Notes are exchanged for, or redeemed or purchased out of the proceeds of a new issue of, capital of equal or higher quality); or

(iii) redemption would otherwise breach the provisions of the Relevant Rules which apply to obligations eligible to qualify as Tier 2 Capital,

and, in each case, redemption shall be deferred in accordance with the provisions of this Condition 7.2.

(b) Notwithstanding Condition 7.2(a), but subject to Condition 3.3 and this Condition 7.2(b), the Issuer shall be entitled to redeem the Notes (to the extent permitted by the Relevant Rules) on the Maturity Date pursuant to Condition 7.1 or prior to the Maturity Date pursuant to Conditions 7.4, 7.5, 7.6 or 7.7 if:

(i) the Relevant Regulator has exceptionally waived the deferral of redemption and has provided the Issuer with written confirmation of the same;

(ii) the Notes are exchanged for or converted into, or redeemed out of the proceeds of issue of, new Tier 1 Capital or Tier 2 Capital instruments of equal or higher quality than the Notes (and, for the avoidance of doubt, no Notes shall be redeemed in accordance with this Condition 7.2(b) on the Maturity Date or prior to the Maturity Date unless the Regulatory Clearance Condition in accordance with Condition 7.9(b) has been complied with (to the extent then required by the Relevant Regulator or the Relevant Rules), whether or not the Notes are exchanged for, or redeemed or purchased out of the proceeds of a new issue of, capital of equal or higher quality); and

(iii) any other conditions imposed by the Relevant Regulator in connection with its waiver are complied with.

A certificate signed by two Authorised Signatories confirming that the conditions set out in this Condition 7.2(b) are met, shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the Agents, the Noteholders and all other interested parties as correct and sufficient evidence thereof and shall be binding on all such persons. The Trustee and the Agents shall be entitled to rely absolutely on such certificate without liability to any person and without obligation to verify or investigate the accuracy thereof.

(c) The Issuer shall notify the Trustee, the Principal Paying Agent and the Noteholders in accordance with Condition 12 no later than five Business Days prior to any date set for redemption of the Notes if such redemption is to be deferred in accordance with Condition 7.2(a), provided that if a Regulatory Deficiency Redemption Deferral Event (or the determination thereof) occurs less than five Business Days prior to the date set for redemption, the Issuer shall give notice of such deferral in accordance with Condition 12 as soon as reasonably practicable following the occurrence (or, as the case may be, the determination) of such event.

(d) If redemption of the Notes does not occur on the Maturity Date or, as applicable, the date specified in the notice of redemption given by the Issuer under Condition 7.4, 7.5, 7.6 or 7.7 as a result of Condition 7.2(a) above, the Issuer shall (subject, in the case of (i) and (ii) below only, to Condition 3.3 and to satisfaction of the Regulatory Clearance Condition) redeem such Notes at their principal amount together with any Arrears of Interest and any other accrued and unpaid interest upon the earlier of:

(i) the date falling 10 Business Days after the date the Regulatory Deficiency Redemption Deferral Event has ceased (unless on such 10th Business Day a further Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or redemption of the Notes on such date would result in a Regulatory Deficiency Redemption Deferral Event occurring, in which case, unless the further deferral of redemption is waived by the Relevant Regulator pursuant to Condition 7.2(b), the

provisions of Condition 7.2(a) and this Condition 7.2(d) will apply *mutatis mutandis* to determine the due date for redemption of the Notes); or

(ii) the date falling 10 Business Days after the Relevant Regulator has agreed to the repayment or redemption of the Notes (including, without limitation, where the Relevant Regulator has exceptionally waived deferral of redemption pursuant to Condition 7.2(b)); or

(iii) the date on which an Issuer Winding-Up occurs.

The Issuer shall notify the Trustee, the Principal Paying Agent and the Noteholders in accordance with Condition 12 no later than five Business Days prior to any such date set for redemption pursuant to Condition 7.2(d)(i) or (ii) above.

(e) If Condition 7.2(a) does not apply, but redemption of the Notes does not occur on the Maturity Date or, as applicable, the date specified in the notice of redemption given by the Issuer under Condition 7.4, 7.5, 7.6 or 7.7 as a result of the Issuer Solvency Condition not being satisfied on the scheduled redemption date, the Issuer shall notify the Trustee, the Principal Paying Agent and the Noteholders in accordance with Condition 12 as soon as practicable on or following the scheduled redemption date on which the Issuer Solvency Condition is not satisfied that such redemption of the Notes has been deferred. Subject to satisfaction of the Regulatory Clearance Condition, such Notes shall be redeemed at their principal amount together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the redemption date on the 10th Business Day immediately following the day on which:

(i) the Issuer is solvent for the purposes of Condition 3.3; and

(ii) the redemption of the Notes would not result in the Issuer ceasing to be solvent for the purposes of Condition 3.3,

provided that if on such 10th Business Day specified for redemption a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing, or would occur if the Notes were to be redeemed, then (unless the further deferral of redemption is waived by the Relevant Regulator pursuant to Condition 7.2(b)) the Notes shall not be redeemed on such date and Conditions 3.3 and 7.2(d) shall apply *mutatis mutandis* to determine the due date for redemption of the Notes.

The Issuer shall notify the Trustee, the Principal Paying Agent and the Noteholders in accordance with Condition 12 no later than five Business Days prior to any date set for redemption pursuant to Condition 7.2(e)(i) and (ii) above.

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

7.3 Deferral of redemption not a default

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

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

Subject to Conditions 7.2(a) and 7.9, if immediately before the giving of the notice referred to below:

(a) as a result of any change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of a Relevant Jurisdiction, including any treaty to which such Relevant Jurisdiction is a party, or any change in the application or official interpretation of such laws or regulations, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations, that differs from the previously generally accepted position in relation to similar transactions (in respect of securities similar to the Notes and which have the characteristics of Tier 2 Capital under the rules applicable at issuance), which change or amendment becomes, or would become, effective or, in the case of a change or proposed change in law, if such change is enacted (or, in the case of a proposed change, is expected to be enacted) by way of primary or secondary legislation, on or after the Reference Date (each a "**Tax Law Change**"):

(i) the Issuer has paid, or on the next Interest Payment Date would be required to pay, additional amounts as provided or referred to in Condition 8; or

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

(1) the Issuer would not be entitled to claim a deduction in computing its taxation liabilities in the Relevant Jurisdiction, or such entitlement is materially reduced; or

(2) the Issuer would not to any material extent be entitled to have any loss or deductions set against the profits of companies with which it is grouped for applicable tax purposes in the Relevant Jurisdiction (whether under any group relief system current as at the date of the Tax Law Change or any similar system or systems having like effect as may from time to time exist); or

(iii) the Issuer suffers or would suffer any other material adverse tax consequence in connection with the Notes in a Relevant Jurisdiction; and

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

(each a "**Tax Event**"), the Issuer may at its option (without any requirement for the consent or approval of the Noteholders) and having given not less than 15 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 12, the Noteholders (which notice shall, subject as provided in Condition 7.13, be irrevocable and shall specify the date fixed for redemption, substitution or variation, as applicable) either:

(i) redeem all (but not some only) of the Notes, at any time at their principal amount together with any Arrears of Interest and any other accrued and unpaid interest to

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

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

(B) with respect to (a)(ii)(1), the payment of interest would no longer be deductible for purposes in the Relevant Jurisdiction (or such entitlement would be materially reduced);

(C) with respect to (a)(ii)(2), the Issuer would not to any material extent be entitled to have the loss or deduction set against the profits as provided in (a)(ii)(2); or

(D) with respect to (a)(iii), the Issuer would suffer any other material adverse tax consequence in connection with the Notes in the Relevant Jurisdiction,

in each case were a payment in respect of the Notes then due; or

(ii) substitute at any time all (but not some only) of the Notes for, or vary the terms of the Notes so that they become or remain, Qualifying Tier 2 Securities, and the Trustee shall (subject as provided in Condition 7.8 and to the receipt by it of the certificates of the Authorised Signatories referred to in Condition 7.9 and in the definition of 'Qualifying Tier 2 Securities') agree to such substitution or variation.

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

This Condition 7.5 shall apply to the Notes from (and including) the first day on which the Notes qualify, in whole or in part, as Tier 2 Capital of the Issuer and/or the Insurance Group under the Relevant Rules (the "**Capital Qualification Date**"), which shall (unless the Issuer otherwise notifies the Noteholders in accordance with Condition 12 and the Trustee) be 1 July 2022.

The Bermuda Monetary Authority has confirmed its intention to undertake the prudential supervision of the Insurance Group from 1 July 2022. The Notes are expected to qualify as Tier 2 Capital of the Insurance Group from (and including) that date.

Subject to Conditions 7.2(a) and 7.9, if at any time after the Capital Qualification Date 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 a period of six months, then the Issuer may at any time, having given not less than 15 nor more than 60 days' notice to the Noteholders in accordance with Condition 12, the Trustee and the Principal Paying Agent (which notice shall, subject as provided in Condition 7.13, be irrevocable and shall specify the date fixed for redemption, substitution or variation, as applicable) either:

(a) redeem all (but not some only) of the Notes at their principal amount, together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the date of redemption; or

(b) substitute all (and not some only) of the Notes for, or vary the terms of the Notes so that they become or remain, Qualifying Tier 2 Securities, and the Trustee shall (subject as provided in Condition 7.8 and to the receipt by it of the certificates of the Authorised

Signatories referred to in Condition 7.9 and in the definition of 'Qualifying Tier 2 Securities') agree to such substitution or variation.

7.6 Issuer par call

Subject to Conditions 7.2(a) and 7.9, the Issuer may, at its option, having given not less than 15 nor more than 30 days' notice to the Trustee, the Principal Paying Agent, the Registrar and, in accordance with Condition 12, the Noteholders (which notice shall, save as provided in Condition 7.13 below, be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Notes on any day falling in the period commencing on (and including) 27 December 2027 and ending on (but excluding) the Maturity Date at their principal amount, together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the date of redemption.

Subject as aforesaid, upon expiry of such notice the Issuer shall redeem the Notes.

7.7 Clean-up redemption at the option of the Issuer

Subject to Conditions 7.2(a) and 7.9, if, at any time after the Issue Date, 80 per cent. or more of the aggregate principal amount of the Notes originally issued (and, for these purposes, any Further Notes issued pursuant to Condition 16 will be deemed to have been originally issued) has been purchased by or on behalf of the Issuer or its Subsidiaries and cancelled, then the Issuer may, at its option, having given not less than 15 nor more than 60 days' notice to the Noteholders in accordance with Condition 12, the Trustee and the Principal Paying Agent (which notice shall, save as provided in Condition 7.13 below, be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the remaining Notes at any time at:

(a) if the date fixed for redemption is prior to 27 June 2025, the greater of (i) 101 per cent. of their principal amount and (ii) the weighted average of the prices paid (less the part of each such price representing accrued interest and Arrears of Interest, if any) for all other Notes previously purchased by or on behalf of the Issuer and/or its Subsidiaries and cancelled prior to the exercise of the Issuer's option under this Condition 7.7; or

(b) if the date fixed for redemption is on or after 27 June 2025, their principal amount,

in each case, together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the date of redemption.

Subject as aforesaid, upon expiry of such notice the Issuer shall redeem the Notes.

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

The Trustee shall (at the expense of the Issuer) use its reasonable endeavours to co-operate with the Issuer (including, but not limited to, entering into such documents or deeds as may be necessary) to give effect to substitution or variation of the Notes for or into Qualifying Tier 2 Securities pursuant to Condition 7.4 or Condition 7.5 above and subject to Condition 7.9 below, provided that the Trustee shall not be obliged to co-operate in or agree to any such substitution or variation of the terms if such co-operation or the terms of the securities into which the Notes are to be substituted or are to be varied impose, in the Trustee's opinion, more onerous obligations upon it or reduce its authorities or protections or expose it to any additional liability against which it is not indemnified and/or secured and/or pre-funded to its satisfaction. 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 written 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.

7.9 Preconditions to redemption, variation, substitution and purchases

(a) Prior to the publication of any notice of redemption, variation or substitution pursuant to Condition 7.4, 7.5 or 7.7, the Issuer shall deliver to the Trustee:

(i) in respect of any redemption, variation or substitution pursuant to Condition 7.4, an opinion from a nationally recognised law firm or other tax adviser in the Relevant Jurisdiction experienced in such matters to the effect that the relevant requirement or circumstance referred to in Condition 7.4(a) applies or will apply on the next Interest Payment Date or other relevant date for the purposes of Condition 7.4 (but, for the avoidance of doubt, such opinion shall not be required to comment on the ability of the Issuer to avoid such circumstance by taking measures reasonably available to it); and

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

(A) a Tax Event has occurred; or

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

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

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

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

(b) In addition, prior to the publication of any notice of redemption before the Maturity Date or any substitution, variation or purchase of the Notes, the Issuer will be required to have complied with the Regulatory Clearance Condition and be in continued compliance with the Regulatory Capital Requirements (but without prejudice to Condition 7.2(b), if applicable), and such redemption, substitution, variation or purchase must comply with the Relevant Rules applicable at the time. A certificate signed by two Authorised Signatories confirming such compliance shall be conclusive evidence of such compliance for the purposes of these Conditions (it being declared that the Trustee may rely absolutely on such

certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof).

(c) The Issuer shall not redeem or purchase any Notes unless at the time of such redemption or purchase it is, and will immediately thereafter remain:

(i) solvent (as such term is described in Condition 3.3); and

(ii) in compliance with all Regulatory Capital Requirements applicable to it (but without prejudice to Condition 7.2(b), if applicable).

A certificate signed by two Authorised Signatories confirming such compliance shall be conclusive evidence of such compliance (it being declared that the Trustee may rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof).

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

(i) in compliance with the Relevant Rules; and

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

(A) on the condition that the Notes are exchanged for, or redeemed or purchased out of the proceeds of a new issue of, capital of equal or higher quality; or

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

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

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

If on the proposed date for any redemption of the Notes the relevant pre-conditions to redemption under this Condition 7.9 are not met, redemption of the Notes shall instead be deferred and such redemption shall occur only in accordance with Condition 7.2. If on the proposed date for any purchase of Notes pursuant to Condition 7.11 the relevant pre-conditions to purchase under this Condition 7.9 are not met, the purchase of the Notes shall instead be cancelled.

A certificate signed by two Authorised Signatories confirming compliance with the relevant pre-conditions to redemption or purchase shall be conclusive evidence of such compliance 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.

7.10 Compliance with stock exchange rules

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

7.11 Purchases

Subject to Condition 7.9, the Issuer or any of the Issuer's Subsidiaries may at any time purchase Notes in any manner and at any price. All Notes purchased by or on behalf of the Issuer or any Subsidiary of the Issuer may be held, reissued, resold or, at the option of the Issuer and the relevant purchaser, surrendered for cancellation to the Principal Paying Agent.

7.12 Cancellations

All Notes redeemed or substituted by the Issuer pursuant to this Condition 7, and all Notes purchased and surrendered for cancellation pursuant to Condition 7.11, will forthwith be cancelled. Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

7.13 Notices Final

Subject and without prejudice to Conditions 3.3, 7.2 and 7.9, any notice of redemption as is referred to in Conditions 7.4, 7.5, 7.6 or 7.7 above shall be irrevocable and upon expiry of such notice, the Issuer shall be bound to redeem, or as the case may be, vary or substitute, the Notes in accordance with the terms of the relevant Condition.

8. TAXATION

8.1 Payment without withholding

All payments of principal, interest (including, without limitation, Arrears of Interest) and any other amounts by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction unless the withholding or deduction of the Taxes is required by law. In any such event, the Issuer will pay such additional amounts in respect of interest payments (including, without limitation, payments of Arrears of Interest), but not in respect of any payments of principal or other 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) *Other connection*: the holder of which is liable to the Taxes in respect of the Note by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note; or

(b) *Lawful avoidance of withholding*: the holder of which could lawfully have avoided (but has not so avoided) such deduction or withholding by making a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note is presented for payment; or

(c) *Surrender more than 30 days after the Relevant Date*: surrendered for payment (where surrender is required) more than 30 days after the Relevant Date, except to the extent that a holder would have been entitled to additional amounts on surrendering the same for payment on the thirtieth day (assuming, whether or not such is in fact the case, that day to have been a Business Day); or

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

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

8.2 Additional Amounts

Any reference in these Conditions to any amounts payable in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition 8 or under any undertakings given in addition to, or in substitution for, this Condition 8 pursuant to the Trust Deed.

9. PRESCRIPTION

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

10. EVENTS OF DEFAULT

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

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

If:

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

(b) an Issuer Winding-Up occurs,

the Trustee at its discretion may, and if so requested by Noteholders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution

shall (but in each case subject to it having been indemnified and/or secured and/or prefunded to its satisfaction):

(i) in the case of (a) above, institute proceedings for the winding-up of the Issuer in Bermuda (but not elsewhere) and prove and/or claim in the winding-up; and/or

(ii) in the case of (b) above, prove and/or claim in the winding-up of the Issuer (whether in Bermuda or elsewhere),

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

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

10.2 Amount payable on a winding-up

Upon the occurrence of an Issuer Winding-Up (including, for the avoidance of doubt, a winding-up initiated pursuant to Condition 10.1(i)), the Trustee at its discretion may, and if so requested by Noteholders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (but in each case subject to it having been indemnified and/or secured and/or prefunded to its satisfaction), give notice to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and payable at their principal amount together with any Arrears of Interest and any other accrued and unpaid interest and, if applicable, any damages awarded for breach of any obligations under the Notes or the Trust Deed.

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

10.3 Enforcement

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

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

10.4 Entitlement of Trustee

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

10.5 Right of Noteholders

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

10.6 Extent of Noteholders' remedy

No remedy against the Issuer, other than as referred to in this Condition 10, shall be available to the Trustee or the Noteholders, whether for the recovery of amounts owing in respect of the Notes or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes or under the Trust Deed.

11. REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar or any Transfer Agent (or any other place notice of which shall have been given in accordance with Condition 12) upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12. NOTICES

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

13. SUBSTITUTION OF THE ISSUER

Subject to the satisfaction of the Regulatory Clearance Condition and to compliance with the Relevant Rules, the Trustee may agree with the Issuer, without the consent of the Noteholders, to the substitution of any company, including a successor in business (as defined in Condition 19) to the Issuer (or to a previous Substitute Obligor) in place of the Issuer (or, as the case may be, such

previous Substitute Obligor) as principal debtor under the Trust Deed and the Notes (such substitute being hereinafter referred to as the "**Substitute Obligor**") provided that in each case:

(a) a trust deed or some other form of undertaking, supported by one or more legal opinions, is executed by the Substitute Obligor in a form and manner satisfactory to the Trustee, agreeing to be bound by the terms of the Trust Deed and the Notes, with any consequential amendments which the Trustee may deem appropriate, as fully as if the Substitute Obligor had been named in the Trust Deed and the Notes as the principal debtor in place of the Issuer (or of any previous Substitute Obligor, as the case may be) (and such consequential amendments may include, without limitation, amending those references to "Bermuda" in Condition 10 which are applicable to such Substitute Obligor to refer instead to the jurisdiction of incorporation of such Substitute Obligor);

(b) two directors (or other officers acceptable to the Trustee) of the Substitute Obligor certify to the Trustee that (i) it has obtained all necessary governmental and regulatory approvals and consents necessary for its assumptions of the duties and liabilities as Substitute Obligor under the Trust Deed and the Notes in place of the Issuer or, as the case may be, any previous Substitute Obligor and (ii) such approvals and consents are at the time of substitution in full force and effect (it being declared that the Trustee may rely absolutely on such certification without liability to any person and without further enquiry);

(c) two directors (or other officers acceptable to the Trustee) of the Substitute Obligor certify that the Substitute Obligor is solvent at the time at which the substitution is proposed to be in effect, and immediately thereafter (it being declared that the Trustee may rely absolutely on such certification without liability to any person and without further enquiry and shall not be bound to have regard to the financial condition, profits or prospects of the Substitute Obligor or to compare the same with those of the Issuer or (as the case may be) any previous Substitute Obligor);

(d) (without prejudice to the generality of sub-paragraph (a) above) the Trustee may, in the event of such substitution agree, without the consent of the Noteholders, to a change in the law governing the Trust Deed and/or the Notes if in the opinion of the Trustee such change would not be materially prejudicial to the interests of the Noteholders;

(e) if the Substitute Obligor is, or becomes, subject in respect of payments made by it of principal, interest (including, without limitation, Arrears of Interest) and/or any other amounts in respect of the Notes to the taxing jurisdiction of a territory or any authority of or in that territory with power to tax (the "**Substituted Territory**") other than the territory of the taxing jurisdiction of which (or to any such authority of or in which) the Issuer (or any previous Substitute Obligor) is subject in respect of such payments (the "**Original Territory**"), the Substitute Obligor will (unless the Trustee otherwise agrees) give to the Trustee an undertaking satisfactory to the Trustee in terms corresponding to Condition 8 with the substitution in the definition of "Relevant Jurisdiction" (for the purposes of both Condition 8 and Condition 7.4) of references to the Original Territory with references to the Substituted Territory whereupon the Trust Deed and the Notes will be read accordingly;

(f) if the Notes are rated (where such rating was assigned at the request of the Issuer) by one or more credit rating agencies of international standing immediately prior to such substitution, the Notes shall continue to be rated by each such rating agency immediately following such substitution, and each credit rating agency shall have confirmed that the credit ratings assigned to the Notes by each such credit rating agency immediately following such substitution will be no less than those assigned to the Notes immediately prior thereto; and

(g) without prejudice to the rights of reliance of the Trustee under sub-paragraphs (b) and (c) above, the Trustee shall be satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution proposed pursuant to this Condition 13.

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

14. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND AUTHORISATION

14.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders (which need not be a physical meeting and instead may be by way of conference call, including by use of a videoconference platform, or a combination of such methods) 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 or the Trustee, and shall be convened by the Issuer on written request from Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding.

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

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

An Extraordinary Resolution passed at any meeting of the Noteholders or passed by way of written resolution or electronic consents will, in each case, be binding on all Noteholders, whether or not they are present at the meeting or, as the case may be, whether or not they sign the written resolution or give electronic consent, and whether or not voting in favour.

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

14.2 Modification, waiver, authorisation and determination

The Trustee may agree, without the consent of the Noteholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders) or may agree,

without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated.

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

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution of obligor), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the tax or other consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent already provided for in Condition 8 and/or any undertaking given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

14.4 Notification to the Noteholders

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

14.5 Regulatory Clearance Condition

Any modification to, or waiver in respect of, these Conditions or any provisions of the Trust Deed will (to the extent then required by the Relevant Regulator or the Relevant Rules) be subject to the Issuer having notified the Relevant Regulator of such modification or waiver and satisfaction of the Regulatory Clearance Condition.

15. INDEMNIFICATION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER

15.1 Indemnification of the Trustee

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

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.

15.2 Limitations 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, 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, 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.

15.3 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 or guaranteed by, or relating to, the Issuer and/or any of the Issuer's Subsidiaries, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

15.4 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 that such condition has been satisfied unless notified in writing to the contrary by the Issuer.

16. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Noteholders, create and issue further notes ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding Notes ("**Further Notes**"), provided that the issue date of such Further Notes falls not less than five years prior to the Maturity Date. Any Further Notes shall be constituted by a deed supplemental to the Trust Deed.

17. GOVERNING LAW AND JURISDICTION

17.1 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, except that Condition 3 and the related provisions in Clause 6 of the Trust Deed are governed by, and shall be construed in accordance with, Bermuda law.

17.2 Submission to Jurisdiction

The Issuer irrevocably agrees, for the exclusive benefit of the Trustee and the Noteholders, that the English courts shall have jurisdiction to hear and determine any suit, action or proceedings, and to

settle any disputes, which may arise out of or in connection with the Trust Deed and the Notes (including any suit, action, proceedings or dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed and the Notes) (together "**Proceedings**") and, for such purpose, irrevocably submits to the jurisdiction of the English courts.

The Issuer irrevocably waives and agrees not to raise any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the English courts and any claim that any Proceedings in such courts have been brought in an inconvenient or inappropriate forum.

To the extent permitted by law, nothing in this Condition 17.2 shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

17.3 Process Agent

The Issuer has appointed Compre Services (UK) Limited at its office at 2 Seething Lane, London EC3N 4AT as its agent for service of process in England in respect of any Proceedings and undertakes that, in the event of such process agent ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

18. RIGHTS OF THIRD PARTIES

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

19. DEFINED TERMS

In these Conditions:

"**Accrual Date**" has the meaning given in Condition 4.3;

"**Accrual Period**" has the meaning given in Condition 4.3;

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

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

"**Approved Winding-Up**" means, with respect to the Issuer, a solvent winding-up solely for the purpose of a reconstruction, amalgamation or merger of the Issuer or a substitution of the Issuer with another company, the terms of which reconstruction, amalgamation, merger or substitution (A) have previously been approved in writing by the Trustee or by an Extraordinary Resolution (or, in the case of a substitution of the Issuer, where such substitution is otherwise effected in accordance with Condition 13) and (B) do not provide that the Notes or any amount in respect thereof shall thereby become payable;

"**Arrears of Interest**" has the meaning given in Condition 5.4;

"**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;

"**Authorised Signatories**" has the meaning given in the Trust Deed;

"**Bermuda Insurance Act**" means the Bermuda Insurance Act 1978 and the rules and regulations promulgated thereunder (including, without limitation, the Group Rules), as amended from time to time;

"**Business Day**" means:

(a) except for the purposes of Conditions 2, 6.1 and 6.4, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets are open for general business in London and Hamilton;

(b) for the purposes of Condition 2, a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for business in the city in which the specified office of the Agent with whom a Certificate is deposited in connection with a transfer is located; and

(c) for the purpose of Conditions 6.1 and 6.4, a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for business in London, Hamilton and New York and, in the case of surrender of a Certificate, in the place in which the Certificate is surrendered;

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

(a) the whole or any part of the principal amount of the Notes no longer counts or qualifies (including as a result of any transitional or grandfathering provisions or otherwise), for the purposes of determining the solvency margin, capital adequacy ratios or any other comparable ratios, regulatory capital resource or level of the Issuer (including, without limitation, the Enhanced Capital Requirement), as Tier 2 Capital for the purposes of the Issuer on a solo basis under the Relevant Rules; and/or

(b) the whole or any part of the principal amount of the Notes no longer counts or qualifies (including as a result of any transitional or grandfathering provisions or otherwise), for the purposes of determining the solvency margin, capital adequacy ratios or any other comparable ratios, regulatory capital resource or level of the Insurance Group (including, without limitation, the Enhanced Capital Requirement), as Tier 2 Capital for the purposes of the Insurance Group on a group consolidated basis under the Relevant Rules,

except where such non-qualification is only as a result of the aggregate amount of eligible items available to be counted towards Tier 2 Capital (or a relevant component part thereof) exceeding any applicable upper limit on the aggregate amount of such items permitted to be so counted (other than a limit derived from any transitional or grandfathering provisions under the Relevant Rules);

See the italicised paragraph under the definition of 'Insurance Group Holding Company' below for further information on the expected regulatory treatment of the Issuer and the Insurance Group in Bermuda. Limb (a) of the definition of 'Capital Disqualification Event' will not apply unless and until the Issuer becomes subject to regulation on a solo basis, which, as at the date of this Offering Memorandum, is not the Issuer's current expectation.

"**Capital Qualification Date**" has the meaning given in Condition 7.5;

"**Certificate**" has the meaning given in Condition 1.1;

"**Director**" means a director of the Issuer;

"**Enhanced Capital Requirement**" means the enhanced capital requirement or the group enhanced capital requirement applicable to the Issuer and/or the Insurance Group pursuant to, and as defined in, the Bermuda Insurance Act or any other solvency capital requirements defined in, and applicable in respect of the Issuer and/or the Insurance Group pursuant to, the Relevant Rules (in each case, whether on a solo, group or consolidated basis);

"**European Economic Area**" means the countries comprising the European Union together with Norway, Liechtenstein and Iceland;

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

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

"**Further Notes**" has the meaning given in Condition 16;

"**Group Rules**" means the Group Solvency Standards, together with the Group Supervision Rules;

"**Group Solvency Standards**" means the Bermuda Insurance (Prudential Standards) (Insurance Group Solvency Requirement) Rules 2011, as those rules and regulations may be amended or replaced from time to time;

"**Group Supervision Rules**" means the Bermuda Insurance (Group Supervision) Rules 2011, as those rules and regulations may be amended or replaced from time to time;

"**Insurance Group**" means, at any time, the Insurance Group Holding Company and its Subsidiaries at such time that are regulated insurance or reinsurance companies (or are otherwise included in the calculation of 'group solvency') pursuant to the Relevant Rules;

"**Insurance Group Holding Company**" means, at any time, the ultimate insurance holding company of the group of companies which includes the Issuer and which is subject to consolidated supervision by the Relevant Regulator for the purposes of the Relevant Rules;

*The Issuer is in the process of becoming the Insurance Group Holding Company, and on 31 May 2022 the Bermuda Monetary Authority granted such status effective 1 July 2022 (the "**Effective Date**"). The Notes are expected to qualify as Tier 2 Capital of the Insurance Group on a consolidated basis with effect on and from the Effective Date. For the avoidance of doubt, the Issuer does not currently expect to be regulated by the Bermuda Monetary Authority on a solo basis, and does not currently expect to have a solo Enhanced Capital Requirement. Accordingly, provisions of these Conditions relating to (i) consolidated capital requirements of the Insurance Group under the Relevant Rules are expected to apply on and from the Effective Date; and (ii) solo capital requirements of the Issuer under the Relevant Rules are not expected to apply (unless and until the Issuer becomes the subject of solo capital requirements under the Relevant Rules in the future). Any failure of the Issuer to become the Insurance Group Holding Company shall not constitute a Capital Disqualification Event or entitle the Issuer to redeem the Notes pursuant to Condition 7.5.*

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

"**Issue Date**" means 27 June 2022;

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

"**Issuer Solvency Condition**" has the meaning given in Condition 3.3;

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

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

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

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

"**Maturity Date**" has the meaning given in Condition 7.1;

"**Noteholder**" has the meaning given in Condition 1.2;

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

"**Original Territory**" has the meaning given in Condition 13;

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

"**Pari Passu Obligations of the Issuer**" has the meaning given in Condition 3.2;

"**Paying Agents**" means the Principal Paying Agent and any successor, replacement and/or additional paying agent(s) appointed from time to time under the Agency Agreement;

"**Principal Paying Agent**" has the meaning given in the preamble to these Conditions;

"**Qualifying Tier 2 Securities**" means securities issued directly or indirectly by the Issuer that:

(a) have terms not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Issuer in consultation with an independent investment bank of international standing, and provided that a certification to such effect (including as to the consultation with the independent investment bank and in respect of the matters specified in (b)(1) to (7) below) signed by two Authorised Signatories shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely without liability to any person) prior to the issue of the relevant securities); and

(b) (subject to (a) above) (1) contain terms which comply with the then-current requirements of the Relevant Regulator and the Relevant Rules in relation to Tier 2 Capital; (2) bear the same rate of interest as the Notes and preserve the same Interest Payment Dates; (3) contain terms providing for the deferral of payments of interest and/or principal only if such terms are not materially less favourable to an investor than equivalent terms contained in the terms of the Notes; (4) rank senior to, or *pari passu* with, the ranking of the Notes; (5) provide for the same Maturity Date and preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including

(without limitation) as to timing of, and amounts payable upon, any such redemption; (6) do not contain terms providing for or requiring the Issuer to write down or convert into equity the whole or any part of the principal amount of the Qualifying Tier 2 Securities; and (7) preserve in full any rights to Arrears of Interest and accrued and unpaid interest on the Notes immediately prior to substitution or variation; and

(c) are listed and admitted to trading either (i) on the same stock exchange as the Notes were (at the request of the Issuer) so listed and admitted to trading immediately prior to the relevant variation or substitution of the Notes for such Qualifying Tier 2 Securities, or (ii) on such other stock exchange or market in Bermuda, the United Kingdom, the European Economic Area or an OECD state as selected by the Issuer;

"**Reference Date**" means the later of (i) the Issue Date and (ii) the latest date (if any) on which any Further Notes have been issued pursuant to Condition 16;

"**Register**" has the meaning given in Condition 1.1;

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

"**Regulatory Capital Requirements**" means, with respect to the Issuer and/or the Insurance Group, any applicable capital resources requirement or applicable overall financial adequacy rule required by the Relevant Regulator or the Relevant Rules (including, without limitation, any applicable Enhanced Capital Requirement), as such requirements or rule are in force from time to time;

"**Regulatory Clearance Condition**" means, in respect of any proposed act on the part of the Issuer, the Relevant Regulator having been given any notice required under the Relevant Rules, and the Relevant Regulator having approved or consented to, or otherwise having confirmed that it does not object to, such act (in any case only if and to the extent required by the Relevant Rules or the Relevant Regulator at the relevant time);

a "**Regulatory Deficiency Interest Deferral Event**" will occur if (i) the Issuer or the Insurance Group taken as a whole is failing to meet any Enhanced Capital Requirement then applicable to it and (ii) under the Relevant Rules then applicable to the Issuer or the Insurance Group, the occurrence of (i) above requires the Issuer to defer payment of interest (or, if applicable, Arrears of Interest) in respect of the Notes in order that the Notes qualify, or on the basis that the Notes are intended to qualify, as Tier 2 Capital under the Relevant Rules then applicable to the Issuer and/or the Insurance Group;

a "**Regulatory Deficiency Redemption Deferral Event**" will occur if (i) (a) the Issuer or the Insurance Group taken as a whole is failing to meet any Enhanced Capital Requirement then applicable to it or (b) the redemption or purchase of such Notes will result in, or accelerate the occurrence of, a winding-up of the Issuer (other than an Approved Winding-Up) and (ii) under the Relevant Rules then applicable to the Issuer or the Insurance Group, the occurrence of either (i)(a) or (i)(b) above (as the case may be) requires the Issuer to defer or suspend repayment or redemption of the Notes in order that the Notes qualify, or on the basis that the Notes are intended to qualify, as Tier 2 Capital under the Relevant Rules then applicable to the Issuer and/or the Insurance Group;

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

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

"**Relevant Regulator**" means the Bermuda Monetary Authority or, should the Bermuda Monetary Authority no longer have jurisdiction or responsibility to supervise the Issuer and/or the Insurance Group, such successor or other authority having primary supervisory authority with respect to prudential matters in relation to the Issuer and/or the Insurance Group;

"**Relevant Rules**" means, at any time, the insurance supervisory laws, rules, regulations and supervisory guidance or expectations (whether or not having the force of law) then in effect and applied by the Relevant Regulator to the Issuer and/or the Insurance Group relating to group supervision or the supervision of single (re)insurance entities with respect to own funds, capital resources, capital requirements, financial adequacy requirements or other prudential matters (including, but not limited to, the characteristics, features or criteria of any of the foregoing), including (without limitation and for so long as the same are applicable as aforesaid) the Bermuda Insurance Act; 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 2 Capital and on the basis that the Notes are intended to continue to have the characteristics of Tier 2 Capital of the Issuer and/or the Insurance Group under the Relevant Rules (notwithstanding the occurrence of a Capital Disqualification Event);

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

(a) any policyholders of the Issuer and/or the Insurance Group or beneficiaries under contracts of insurance or reinsurance of the Issuer and/or the Insurance Group (and, for the avoidance of doubt, the claims of Senior Creditors of the Issuer and/or the Insurance Group who are policyholders or such beneficiaries (if any) shall include all amounts to which they would be entitled under applicable legislation or rules relating to the winding-up of insurance companies to reflect any right to receive, or expectation of receiving, benefits which policyholders or such beneficiaries may have);

(b) all unsubordinated creditors of the Issuer; and

(c) all subordinated creditors of the Issuer (including, without limitation, creditors whose claims constitute, or would, but for any applicable limitation on the amount of such capital constitute, Tier 3 Capital), other than those whose claims constitute, or would but for any applicable limitation on the amount of any such capital constitute, Tier 1 Capital or Tier 2 Capital (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules) or whose claims otherwise rank, or are expressed by their terms to rank, *pari passu* with, or junior to, the claims of the Noteholders against the Issuer in respect of the Notes and the Trust Deed;

"**Subsidiary**" has the meaning given to the term "subsidiary company" in section 1B of the Bermuda Insurance Act (as such section may be amended or replaced from time to time);

"**Substitute Obligor**" has the meaning given in Condition 13;

"**Substituted Territory**" has the meaning given in Condition 13;

"**successor in business**" means, in relation to the Issuer (or any previous Substitute Obligor), any body corporate which, as a result of any amalgamation, merger, reconstruction, asset acquisition or transfer, or agreement, beneficially owns the whole or substantially the whole of the undertaking,

property and assets owned by the Issuer (or by a previous Substitute Obligor) prior to such amalgamation, merger, reconstruction, asset acquisition or transfer, or agreement coming into force and carries on as successor to the Issuer (or a previous Substitute Obligor), the whole or substantially the whole of the business carried on by the Issuer (or a previous Substitute Obligor) immediately prior thereto;

"**Taxes**" has the meaning given in Condition 8.1;

"**Tax Event**" has the meaning given in Condition 7.4;

"**Tier 1 Capital**" means "Tier 1 Ancillary Capital" as set out in the Group Supervision Rules (or, if the Group Supervision Rules are amended so as to no longer refer to Tier 1 Ancillary Capital in this respect, the nearest corresponding concept (if any) under the Group Supervision Rules, as amended) or as otherwise specified in the Relevant Rules from time to time;

"**Tier 2 Capital**" means "Tier 2 Ancillary Capital" as set out in the Group Supervision Rules (or, if the Group Supervision Rules are amended so as to no longer refer to Tier 2 Ancillary Capital in this respect, the nearest corresponding concept (if any) under the Group Supervision Rules, as amended) or as otherwise specified in the Relevant Rules from time to time;

"**Tier 3 Capital**" means "Tier 3 Ancillary Capital" as set out in the Group Supervision Rules (or, if the Group Supervision Rules are amended so as to no longer refer to Tier 3 Ancillary Capital in this respect, the nearest corresponding concept (if any) under the Group Supervision Rules, as amended) or as otherwise specified in the Relevant Rules from time to time;

"**Transfer Agent**" has the meaning given in the preamble to these Conditions;

"**Trust Deed**" has the meaning given in the preamble to these Conditions;

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

"**U.S. dollars**" and "**U.S.$**" mean the lawful currency of the United States;

"**winding-up**" means, in respect of the Issuer, a winding-up, dissolution, liquidation or similar proceedings in respect of the Issuer, whether solvent or insolvent, including, without limitation, for the purposes of reorganisation, reconstruction, amalgamation or merger of the Issuer in Bermuda or any similar proceedings in any other jurisdiction; and

"**Winding-Up Official**" has the meaning given in Condition 3.2.

OVERVIEW OF THE PROVISIONS RELATING TO THE NOTES WHILST IN GLOBAL FORM

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

Initial Issue of Certificates

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

Upon the registration of the Global Certificate in the name of the nominee for Euroclear and Clearstream, Luxembourg and delivery of the Global Certificate to the Common Depositary, Euroclear and Clearstream, Luxembourg will credit each of their respective direct participants with book-entry interests in respect of Notes having a nominal amount equal to the amount for which it they have subscribed and paid.

Accountholders

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

Each Accountholder must look solely to Euroclear, Clearstream, Luxembourg or any such other relevant clearing system (as the case may be) for their share of each payment made by the Issuer to or to the order of the Registered Holder and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such other relevant clearing system (as the case may be). Each Accountholder shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by the Global Certificate and such obligations of the Issuer will be discharged by payment to or to the order of the Registered Holder 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 another relevant clearing system. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

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

(i) the Issuer has been notified that each relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or has announced an

intention permanently to cease business or has done so and no successor clearing systems satisfactory to the Issuer is available; or

(ii) an Event of Default (as defined in the Trust Deed) has occurred and is continuing; or

(iii) the Issuer has or will become subject to tax consequences which would not be suffered were the Notes evidenced by individual Certificates in definitive form.

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

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

The Registrar will not register title to the Notes in a name other than that of a nominee for Euroclear and/or Clearstream, Luxembourg acting as the common depositary for a period of 15 calendar days preceding the due date for any payment of principal or interest in respect of the Notes.

Transfers

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

Payments

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. For these purposes (and notwithstanding Condition 6.1) "**record date**" shall mean the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January.

Cancellation

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

Calculation of interest

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

Notices

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

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

Electronic Consent and Written Resolution

While a Global Certificate is registered in the name of any nominee for one or more clearing systems, then approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the Noteholders, in the case of an Extraordinary Resolution, of not less than three-quarters in principal amount of the Notes outstanding who would have been entitled to vote upon it if it had been proposed at a meeting at which they were present or, in the case of an Ordinary Resolution, not less than a clear majority in principal amount of the Notes (an "**Electronic Consent**") shall, for all purposes, take effect as an Extraordinary Resolution (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum was satisfied) or, as the case may be, an Ordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders whether or not they participated in such Electronic Consent.

Where Electronic Consent is not being sought, for the purpose of determining whether a resolution in writing signed by Noteholders, in the case of an Extraordinary Resolution, of not less than three-quarters in principal amount of the Notes outstanding who would have been entitled to vote upon it if it had been proposed at a meeting at which they were present or, in the case of an Ordinary Resolution, not less than a clear majority in principal amount of the Notes (a "**Written Resolution**") has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by accountholders in the clearing system with entitlements to such Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuer and the Trustee have obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, "**commercially reasonable evidence**" includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's Xact Web Portal) 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.

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be used by the Issuer for its general corporate purposes, including the refinancing of existing senior indebtedness.

DESCRIPTION OF THE GROUP

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

Introduction

The Group is a legacy specialist with over 30 years' experience in the provision of insurance and reinsurance legacy business solutions. This involves the acquisition and management of insurance and reinsurance companies and portfolios in run-off, the acquisition of legacy business portfolios and the provision of legacy business reinsurance solutions. The Group does not underwrite any new business and is only exposed to run-off liabilities.

A run-off portfolio is a group of insurance policies generally described by the accident year and line of business that has been classified as discontinued business by the insurer that initially underwrote the risks. The facts and circumstances underlying an insurer's decision to put a portfolio into run-off varies. Usually, the portfolios of risks have become inconsistent with the insurer's core competencies, provide unwanted exposure to a particular risk or segment of the market and/or absorb capital that the insurer may wish to deploy elsewhere. These discontinued portfolios are often associated with potentially large exposures and lengthy time periods before resolution of the last remaining insured claims, resulting in uncertainty for the entity covering those risks.

Compared to traditional insurance and reinsurance business models, the run-off insurance business model typically benefits from:

- less volatile underlying liabilities that contribute to more stable returns, reflecting the fact that (i) losses generally are known when the run-off liabilities are acquired and can be re-underwritten to higher levels of profitability, (ii) claims typically have a more predictable pay-out pattern and (iii) there is limited catastrophic or single event risk;

- the fact that run-off insurance is not reliant on the broader property and casualty insurance market and pricing environment;

- less competition; and

- the fact that there is no ratings requirement to underwrite ongoing business.

The Group has portfolios in run-off and operations located in Finland, Germany, Malta, the United Kingdom ("**UK**") and Bermuda and significant experience in multiple classes of direct and reinsurance business, particularly in US asbestos and environmental, with other classes including property, liability, marine and motor.

The regulated insurance and reinsurance companies in the Group are:

- Bothnia International Insurance Company Ltd ("**Bothnia**") is domiciled in Finland and regulated by the *Finanssivalvonta* ("**FIN-FSA**");

- London & Leith Insurance PCC SE ("**LLSE**") is domiciled in Malta and regulated by the Malta Financial Services Authority (the "**MFSA**"), although the Group is in the process of transferring all of LLSE's business into Bothnia and plans to submit an application to the MFSA to de-authorise LLSE and subsequently wind down the company;

- Pallas Reinsurance Company Ltd. ("**Pallas Re**") is domiciled in Bermuda and regulated by the BMA; and

- Compre Corporate Member (1) Limited and Compre Corporate Member (2) Limited which are corporate members regulated by Lloyd's.

The Group is exposed to the following material lines of business from its claims liabilities:

- general liability insurance and proportional reinsurance; and

- non-proportional casualty reinsurance.

The Group's primary focus is to protect and enhance the reputation of the institutions from which it acquires business. This is at the heart of each and every legacy solution provided by the Group and is achieved through the timely payment of all valid claims as part of the Group's proactive claims management. The Group has transacted with major financial institutions including: Allianz, Axa, Generali, Gjensidige, Hannover Re, HSBC, QBE, SiriusPoint and Swiss Re. Many of these counterparties have sought finality with the Group on more than one occasion, evidencing the Group's professional, creative and client-centric service.

The Issuer is privately owned by long-term investors with knowledge of the insurance industry who are actively involved in the management of the business.

The registered office of the Issuer and the business address of each of its directors for matters concerning the Issuer's business is Conyers Corporate Services (Bermuda) Limited, Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

History and development

The Compre business commenced in 1991 and made its first run-off company acquisition in 1994. In 2004, a joint venture with Cargill resulted in a change of focus to acquire legacy business. In 2008, the joint venture was terminated with the Group acquiring full ownership of the joint venture vehicle.

In 2006, the Group acquired Bothnia, which serves as the Group's primary EU-based risk carrier.

In 2011, the Group obtained growth capital from Milestone Capital Partners to support management investment and, in 2015, further growth capital was obtained from CBPE Capital to support management investment and replace the Milestone Capital Partners' funding. At the same time, the Group ceased providing third party services.

In 2016, the Group formed its first legacy-focused *societas Europaea* ("**SE**", being a public company that can be moved between jurisdictions) in the UK and re-domiciled the SE to Malta. In 2017, six transactions were signed with various counterparties and, in 2018, the Group focused on integrating the transactions signed in 2017. In 2019, five transactions were signed and the Group completed its first US transaction followed by two other US transactions in 2020. In 2021, three significant transactions were agreed. These were a loss portfolio transfer to Pallas Re by SiriusPoint and two reinsurance to close transactions undertaken by the Group's newly established legacy syndicate 1994 at Lloyd's.

In 2021, Cinven and BCI acquired 84 per cent. of the Group.

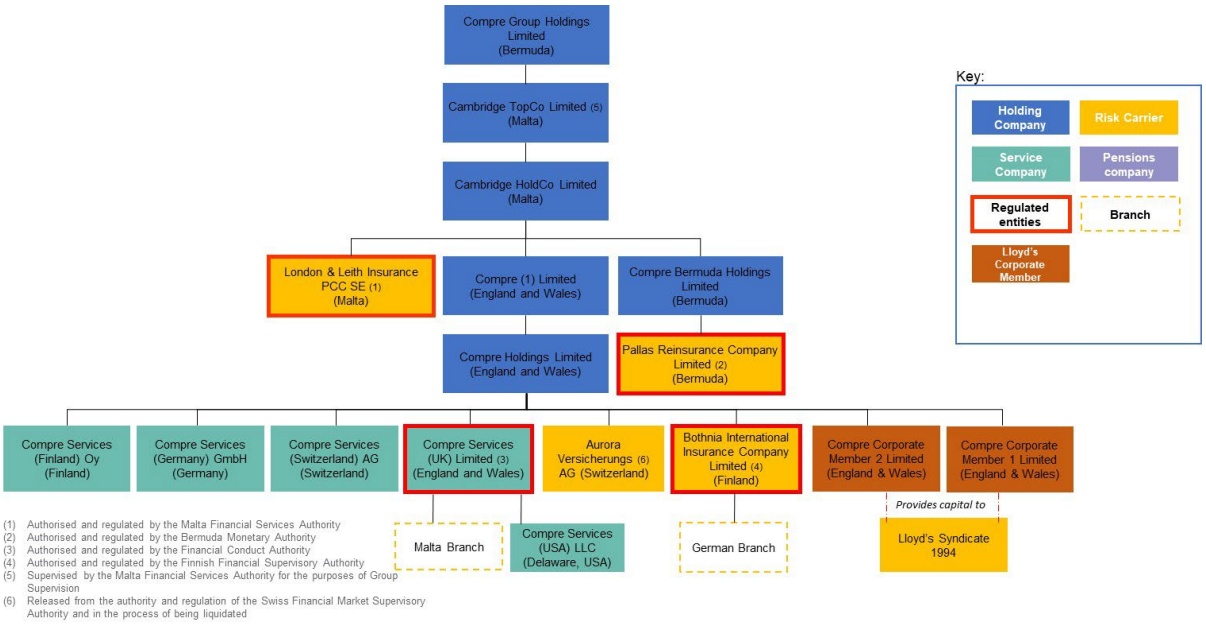
Ownership and organisational structure

The Issuer is owned as to 42 per cent. by Cinven, 42 per cent. by BCI and 16 per cent. by management. Cinven is a market leading, international private equity firm with a 40 year track record and BCI is a leading

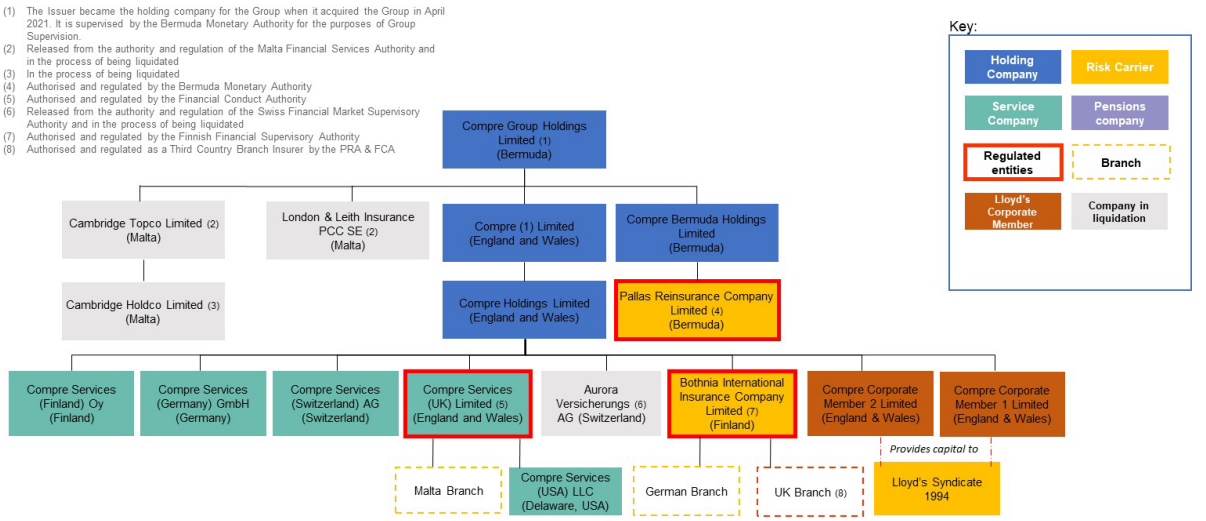
provider of investment management services for the British Columbia public sector. Recent other insurance industry investments by Cinven include Guardian Financial Services in the UK, Eurovita in Italy and Viridium in Germany. BCI has made a number of investments in financial services companies, including Hayfin Capital Management, Verifone and BMS Group.

The charts below show the current corporate structure of the Group prior to its re-domiciliation and the proposed structure of the Group following its planned re-domiciliation:

Current structure



Planned structure following re-domiciliation



Strategy

The Group's vision is to be a leading global legacy acquirer with a clear focus on the mid-sized transactions market, where it believes that lower competition results in better pricing, providing a differentiated

experience through its disciplined and collaborative approach, making it the legacy partner of choice for its customers.

Based on research published by PricewaterhouseCoopers (Global Run-Off Survey 2021 and Non-Life Insurance Run-Off Deals Review 2021), the global market for property and casualty run-off reserves is over U.S.$850 billion, with just over U.S.$400 billion in the United States and just over U.S.$300 billion in Europe. Estimated gross run-off liabilities transacted in 2021 amounted to U.S.$5.3 billion in the United States and U.S.$2.5 billion in Europe which highlights the size of the opportunity available for non-life property and casualty legacy specialists such as the Group. The Group's focus is on mid-market transactions, where it believes the margins are most attractive and competition is lower than for larger transactions.

The Group also aims to grow the tangible net asset value of its business, to develop centres of underwriting and claims excellence in its core lines of business, to generate long term stable returns on core capital at a premium to its weighted average cost of capital and to have strong management, employee, ownership and shareholder alignment.

The Group's strategy to achieve this vision is to focus on three pillars of growth which are outlined below:

- **Europe**: Consolidate on its significant experience in the region to become the market leading European property and casualty ("**P&C**") legacy insurance business consolidator through acquisitions and diversification into new business lines and to access major new European markets to acquire more direct business;

- **North America:** Pursue attractive opportunities en-route to being the mid-market P&C legacy provider of choice in the United States and the North American market; and

- **Lloyd's:** Utilise the significant opportunities available in becoming the leading new mid-market entrant into the Lloyd's legacy market.

Europe

In Europe, the Group believes that it has a unique focus with a multi-lingual, multi-cultural and multi-discipline team, in addition to the benefit of local knowledge in its core jurisdictions. Throughout the Group's history, it has established strong relationships with those markets and the regulatory teams, always maintaining a flexible approach to responding to developing requirements unique to each market.

The Group builds on this with extensive local relationships with partners who share its approach and its ethos in providing a first class client service. While the Group grows in other jurisdictions and strives to employ the same approach, it remains committed to its European roots and to delivering its solutions to its long-established clients in Europe.

The Group has completed over 25 deals in Europe over the last 25 years - since 2014, the Group has completed 16 deals in Europe with an aggregate reserve value in excess of $300 million. These deals have covered asbestos, pollution and health ("**APH**"), general liability and motor lines of business.

North America

The Group has made rapid progress on building its capabilities for legacy transactions in North America. This includes establishing Pallas Re as a Bermudan Class 3B reinsurer for North American retrospective reinsurance deals and building a dedicated team in Bermuda and North America, including a Chief Risk Officer based in Bermuda and a North American CEO focused on expanding the Group's footprint in the region.

The Group closed its first North American transaction in 2020 and completed one of the largest deals in its history in 2021 when it acquired U.S.$348 million of reserves from SiriusPoint and inherited a team of individuals to support the overall North American business. The Group's experience in long-tail US liabilities has been built over a number of years, giving it expertise in assuming and pro-actively settling these liabilities, thus delivering early and beneficial closure of these exposures. The Group's US transactions have covered APH and workers' compensation and general liability lines of business.

To deliver the best possible service to its clients, the Group has formed a partnership with a New York law firm, Gerber Ciano Kelly Brady LLP, which works with the Group's team in both the evaluation of the portfolios that it considers as well as managing the portfolios once the transaction executes. The Group believes that partnering with local experts ensures that it provides a collaborative and transparent transaction process during which all teams strive to achieve the best possible structure and solution, leading to a positive outcome for all stakeholders.

Lloyd's

In 2021, the Group decided to enter the Lloyd's legacy market given the significant potential it represents especially in light of relevant regulatory developments impacting this sector. The Group adopted a joint venture approach to accessing the Lloyd's legacy market through the formation of its Lloyd's legacy syndicate, Compre Legacy Syndicate 1994 ("**Syndicate 1994**") with Apollo Syndicate Management Limited. This combines the Group's extensive legacy expertise and access to capital with Apollo's in-depth knowledge and experience of the Lloyd's market.

Following approval of Syndicate 1994 in early 2021, the Group signed two RITC transactions with Apollo Syndicate 1969 and Axa Syndicate 3330, with an aggregate reserve value of approximately U.S.$170 million. These transactions covered property, non-marine liability, marine and energy lines of business. The Group focuses on providing exit solutions during the usual Lloyd's RITC cycle and aims to be a mid-market alternative to the existing legacy consolidators at Lloyd's providing reinsurance solutions on an ongoing basis.

Strengths

The Group's strengths include:

Stable financial profile with visible cash flows

As at 31 December 2021, the Group had total assets of £985 million and a tangible net asset value (defined as equity minus goodwill) of £253 million compared to £458 million and £114 million, respectively, as at 31 December 2020, £382 million and £73 million, respectively, as at 31 December 2019 and £317 million and £61 million, respectively, as at 31 December 2018.

The Group is conservatively managed with modest use of leverage to date. As at 31 December 2021, the Group's gearing ratio (defined as borrowings divided by the sum of borrowings and equity) was 22.4 per cent. compared to 26.7 per cent. as at 31 December 2020 and 34.8 per cent. as at 31 December 2019. The Group's business model enables strong capital release over time resulting in efficient management of its interest coverage ratio (defined as earnings before interest expense on borrowings and tax divided by interest expense on borrowings) which was 5.5 times in 2021, 4.2 times in 2020 and 11.3 times in 2019. The Group's capital structure is constantly monitored to unlock future growth opportunities in the most efficient way. Following the investment by Cinven and BCI, equity formed 78 per cent. of total capital, up from 68 per cent. in 2018. The Group has also used subordinated debt issues in in 2017 and 2019 to fund deals and effectively optimise its capital structure.

Robust solvency position

The Group's Solvency II ratios were 117 per cent. as at 31 December 2021, 149 per cent. as at 31 December 2020 and 133 per cent. as at 31 December 2019, reflecting its target of managing the ratio in a narrow band against a target of 120 per cent. Tier 2 capital is permitted to be 50 per cent. of the SCR. The tier 2 proportion declined significantly in 2021 due to a large equity injection, leaving significant debt capacity. For details of the Groups sensitivity tests related to its solvency position, see "—*Sensitivities*" below.

Scalable and efficient operating model designed to ensure that growth is delivered in a low-risk manner

The Group benefits from centrally provided support services, a single global IT platform, local expertise in each of its three core markets and three well-positioned regulatory hubs, although it has varied operating models in different geographies. These comprise largely in-house delivery of core capabilities in Europe, a joint venture with a managing agent for its Lloyd's syndicate and partnerships in North America with a third party insurance manager, and a specialist law firm and outsourced claims management.

The Group's operating platform is designed to support the efficient use of third party administrators and is capable of supporting the anticipated growth in best estimate reserves. The Group's recurring operating expenditure (excluding interest costs, investment charges, foreign exchange gains and non-recurring expenses, including pension costs) as a percentage of its technical provisions was 4.8 per cent. in 2021, 6.0 per cent. in 2020 and 6.0 per cent. in 2019.

Strong and experienced management team

The Group is managed by an experienced executive team and is chaired by Emmanuel Clarke, the former CEO of Partner Re, a company in which he held varying roles for more than 25 years. For further details of the executive management team, see "*Management and employees*".

Owned by longer duration pools of capital managed Cinven and BCI

The Group is privately owned by Cinven and BCI, who have deep insurance industry knowledge and a longer-term investment horizon.

Significant debt capacity

The Group's gearing ratio was 22.4 per cent. as at 31 December 2021, reflecting senior debt of £30.6 million, £11.2 million in drawings under a revolving credit facility and tier 2 subordinated debt of £33.6 million. As a result, the Group believes there is significant capacity to add debt as a capital instrument to build future growth. The issuance of qualifying subordinated debt is part of the Group's plan to optimise its capital structure in line with the Bermuda solvency capital requirements ("**BSCR**").

Legacy insurance business

The Group's legacy insurance business comprises:

- the acquisition of insurance and reinsurance companies and portfolios in the run-off insurance market;
- the management of the acquired insurance and reinsurance companies and portfolios;
- the management of its portfolio of fixed income investments to provide current income and facilitate the prompt payment of claims under the acquired policies; and

- the re-deployment of capital, in the form of profits released from the underlying regulated entities, into the Group's business.

Company and portfolio acquisitions

Sourcing

The Group leverages its industry relationships and its position as an experienced mid-market run-off specialist, together with its footprint in major insurance and re-insurance hubs, to source new business opportunities.

The Group believes that there are a number of reasons for insurers to sell their legacy companies or portfolios and that decisions to sell may be driven by some or all of regulatory, solvency, rating agency and shareholder pressures. The reasons to sell include:

- the release of the capital tied up by legacy business (which typically generates low returns) which strengthens solvency and can then be used to support core activities or to pursue new business opportunities that improve returns;

- the removal of the volatility risk involved in long-tail claims which can be difficult to predict, understand and manage;

- achieve finality and remove the drag caused by non-core legacy business, including management distraction; and

- addressing operational challenges, such as new IT developments or loss of experience, knowledge or people.

Solutions

The Group offers three routes for insurers to exit their legacy business:

- **Portfolio acquisition**, which offers full legal and economic finality of all insurance liabilities sold. The local jurisdiction determines the mechanism of transfer and operational finality is achieved once the transfer has been completed. Portfolio acquisitions typically take three to six months to complete and are often preceded by a reinsurance solution that delivers immediate economic finality.

- **Company acquisition**, which involves the sale of 100 per cent. of the shares in the company that is in run-off. Non-insurance due diligence is required and the transfer also requires the approval of the insurance regulator in the jurisdiction of the company being sold. Legal, economic and operational finality are achieved on completion of the deal, which typically takes around six months.

- **Reinsurance solution** in the form of an LPT or a RITC transaction. An LPT provides economic and operational finality (if desired) for the seller but not legal finality and is typically achieved by agreeing the terms of a 100 per cent. net quota share reinsurance agreement that is effective upon signing. An RITC, which is typically associated with Lloyd's syndicates, involves a syndicate reinsuring to close its accounts on an annual basis. Typically the liabilities are reinsured into the subsequent accounting year for the same syndicate but may be made to a different syndicate or a company outside the Lloyd's market. An RITC provides full finality.

The chart below shows the Group's acquisition track record since 2019.

	2019	2020	2021
Average transaction size[1] (*£million*)	26	31	147
Completed deal volume (*number*)	3	5	2
Reserves acquired[1] (*£million*)	77	157	294

Note:

(1) Amounts included were converted into pounds sterling at the time of closing. The data presented is based on a management's view of when counterparties had agreed to exclusivity arrangements or in-principle agreements with the Group. The signing and completion dates may have occurred in subsequent years.

As at 31 December 2020, the Group's reserves acquired since it was founded amounted to £339 million, of which £185 million, or 54.6 per cent., was outstanding as at that date. In 2021, the Group entered into certain large transactions which increased its reserves acquired to £685.8 million, of which £507.3 million was outstanding as at 31 December 2021.

The Group's disciplined and selective approach to acquiring new business is illustrated by the fact that in 2020 and 2021, of the 77 transactions that the Group considered, indicative offers were placed for 43 and final offers for 18. Of these, the Group was the successful bidder in seven. At any time, the Group is likely to be in discussions with potential clients with a view to reaching its annual target of new business acquisitions for the year, which in 2022 is £400 million of new reserves acquired.

The Group's portfolio of insurance liabilities as at 31 December 2021 is well diversified in terms of:

- line of business, with APH comprising 34 per cent. of portfolio, other liabilities, including motor, comprising 23 per cent., non-marine liability comprising 9 per cent., professional indemnity comprising 7 per cent., US general and New York habitational both comprising 6 per cent. and five other categories each comprising less than 5 per cent. and together comprising 15 per cent.;

- geography, with the United States comprising 80 per cent., the United Kingdom comprising 12 per cent., the rest of Europe comprising 6 per cent. and 2014 and prior legacy portfolios comprising 2 per cent.; and

- tail, with short (less than three years) and medium (three to six years) each comprising 16 per cent., long comprising 66 per cent. and 2014 and prior legacy portfolios comprising 2 per cent.

Pricing

The Group evaluates each opportunity presented by carefully reviewing and analysing the portfolio's risk exposures, claim practices, reserve requirements and outstanding claims. This initial analysis allows the Group to determine whether the opportunity aligns with its strategy and targeted return thresholds.

If the Group decides to pursue an opportunity, a detailed and careful due diligence exercise is undertaken to ensure that the portfolio characteristics are well understood. This is followed by an assessment of the risk premium required for the deal economics to align with the Group's pricing strategy, which has leaned towards the conservative end of the spectrum. Once this process is complete, the Group prices the opportunity based on certain assumptions, including the Group's ability to apply its core competencies to negotiate with the insured parties, resolve valid claims, manage the investments associated with the portfolio and otherwise manage the nature of the risks posed by the business or portfolio.

Management of acquired companies and portfolios

There is a period over which the reserve liabilities associated with LPTs, company acquisitions and other similar transactions are extinguished, as described below:

- Initially, upon integrating the acquired company or portfolio, the Group records its best estimate of the value of the loss reserves acquired. As part of the deal pricing, a risk premium over and above the best estimate is built into the acquisition price. This is released after the acquisition is completed as a day 1 risk premium release/profit. It then implements its plan to manage the book and its exposures that the Group formed during the course of the acquisition process.

- Subsequently over the period of run-off, the Group develops a deeper understanding of the claims portfolio from a reserving perspective and employs its claims management strategies in order to generate income from the run off liabilities (referred to as "**Value Creation**"). These strategies include settling claims or otherwise managing the expected value of the losses for less than its carried reserves.

After applying its claims management strategies for a period of time, there are generally reduced opportunities remaining to achieve any further value creation. At that point, the Group's goal is to continue to manage costs and generate investment returns as it runs off the remaining reserves in an orderly manner.

Both the asbestos and environmental losses and loss adjustment expenses have much longer maturities than the Group's general casualty books of business, and therefore the period over which their reserve liabilities are extinguished tends to be significantly longer than other lines of business.

The strategies that the Group employs to manage its acquired companies and portfolios of business in run-off include:

Claims management

The Group is committed to maintaining an experienced, professional and responsive claims handling team that is highly regarded in the legacy market.

The Group's claims team has a wealth of knowledge in a wide variety of classes, with an average experience exceeding 25 years working in a lead capacity for both Lloyd's and leading companies in the London and European markets. Members of the team have participated in London market claims groups dealing with complex claims issues. The Group also has significant experience in managing outsourced claims administration functions and provides direction and governance over existing outsource providers that clients may have to ensure continuity of policyholder service.

Integral to the Group's success is its ability to analyse, administer and settle claims while managing related expenses. The Group's claims management processes also include leveraging its extensive relationships and developed protocols to manage outside law firms and other third parties more efficiently to reduce expenses.

With respect to certain lines of business, the Group has entered into agreements with third-party administrators to manage and pay claims on its subsidiaries' behalf and to advise with respect to case reserves. These agreements generally set out the duties of the third-party administrators, limits of authority, indemnification language designed for the Group's protection and various procedures relating to compliance with laws and regulations. The agreements clearly define the Group's claims handling guidelines and the Group provides active oversight to manage these administrators on an ongoing basis in order to ensure they operate in accordance with the Group's expectations.

A key part of deal due diligence is to identify large individual claims in the prospective portfolio and assess whether these are within the Group's risk appetite. If they are outside the risk appetite, the Group may choose to reinsure some of the liabilities to ensure risk retention is within our appetite or not pursue the deal any

further. As at 31 December 2021, the top five claims in aggregate amounted to less than £19 million, or less than 4 per cent. of the total reserves (on a net basis after provision for reinsurance).

Commutations and policy buybacks

Where possible and principally in relation to its business acquired through reinsurance solutions, the Group negotiates with the insured parties to commute their insurance or reinsurance agreement (sometimes called policy buybacks for direct insurance) for an agreed upon up-front payment by the Group to manage payment of insurance or reinsurance claims more efficiently.

Commutations and policy buybacks provide the Group with an opportunity to exit exposures to certain policies and insured parties generally at a discount to the ultimate liability. Commutations can reduce the duration, administrative burden and ultimately the future cost the Group faces as it manages the run-off of the claims and the amount of regulatory capital the Group is required to maintain.

In relation to its direct insurance business acquired, commutations and policy buyback opportunities are not typically available, and the Group's strategy with respect to this business is to derive value through efficient and effective management of claims.

Reinsurance recoverables

The Group manages reinsurance recoverables by working with reinsurers, brokers and professional advisers to achieve fair and prompt payment of reinsured claims, and it takes appropriate legal action to secure receivables when necessary. Where appropriate, the Group negotiates commutations with its reinsurers by securing a lump sum settlement from reinsurers in complete satisfaction of the reinsurer's past, present and future liability in respect of such claims.

Management of investments

The Group manages its investments to obtain attractive risk adjusted returns while maintaining prudent diversification of assets and operating within the constraints of a regulated insurance group. It also considers the liquidity requirements and duration of its claims and contract liabilities. The Group's investment portfolio is based on risk appetite and solvency capital capacity and is well-matched in terms of currencies and duration, thereby reducing balance sheet and solvency volatility.

The Group's investment policy:

- outlines its investment objectives and constraints;
- prescribes permitted asset class limits and strategies;
- establishes risk tolerance limits; and
- establishes appropriate governance.

The Group's investment policy applies to its consolidated investment portfolio and subsidiary cash and investment portfolios (except those managed on a funds withheld basis) and also includes constraints that impact its asset allocation and external asset manager selection.

In pursuing its investment objectives, the Group typically allocates its investment assets with varying requirement profiles that fall into two classifications: ring-fenced and non-ring-fenced.

- ***Ring-fenced***: The Group's ring-fenced investment portfolios are held as collateral against insurance liabilities and are predominantly invested based on guidelines agreed with the counterparty insurers.

These portfolios generally consist of investment grade fixed income securities that are duration and currency optimised and held against reserves in accordance with the Group's contractual obligations with its counterparty insurers and as prescribed in applicable legal and solvency regulations. The Group's goal with these securities is to meet the expected maturity and prompt payment of the claims, while maximising investment income. The Group's fixed income assets include highly rated sovereign and supranational bonds in addition to high-grade corporate bonds.

- ***Non-ring-fenced***: The Group's goal with its non-ring-fenced investment portfolios is to provide diversification and increased return. Its investments typically include a lower allocation to government and a higher allocation to corporate bonds, including below-investment grade fixed income securities. Assets within the non-ring-fenced portfolios may also be allocated to alternative asset classes such as private credit fund investments and the Group currently plans to increase its allocation to alternative asset classes to around 15 per cent. over the next 12 to 18 months. The Group does not currently intend to invest in alternatives beyond private credit funds.

The Group's investment securities principally comprise fixed income securities held on a fair value through profit and loss basis. The portfolio provides the Group with a significant source of income from interest and gains (net of any losses) made on the sale or fair valuation of the securities.

The table below shows the composition of the Group's investment securities portfolio as at 31 December in each of 2021, 2020 and 2019.

	As at 31 December					
	2021		**2020**		**2019**	
	(£000s)	*(%)*	*(£000s)*	*(%)*	*(£000s)*	*(%)*
Government bonds	276,456	37.4	167,245	46.2	58,204	25.6
Corporate bonds[(1)]	437,501	59.2	194,665	53.8	165,711	73.0
Investment in funds	24,732	3.3	—	—	—	—
Collective investment undertakings	—	—	—	—	3,202	1.4
Other financial investments	397	0.1	—	—	—	—
Total	**739,087**	**100.0**	**361,910**	**100.0**	**227,117**	**100.0**

Note:

(1) Including £27 million collateralised securities in 2021 and £7 million collateralised securities in 2020.

Reflecting a different basis of presentation in each of the 2021 Financial Statements and the 2020 Financial Statements, the tables below show the investment allocation as at 31 December in each of 2021 and 2020 and as at 31 December in each of 2020 and 2019.

	As at 31 December			
	2021		**2020**	
	(£000s)	*(%)*	*(£000s)*	*(%)*
Asset backed	2,460	0.3	—	—
Financial	160,200	21.7	99,331	27.4
Government	277,018	37.5	167,245	46.2
Industrial	225,414	30.5	79,328	21.9
Mortgage-backed	24,580	3.3	7,126	2.0
Municipal	256	0.0	—	—
Utility	24,031	3.3	8,880	2.5
Funds	24,732	3.3	—	—
Deposits	397	0.1	—	—
Total	**739,087**	**100.0**	**361,910**	**100.0**

	As at 31 December			
	2020		2019	
	(£000s)	*(%)*	*(£000s)*	*(%)*
Agency	3,200	0.9	8,827	3.9
Covered	367	0.1	3,091	1.4
Financial institutions	103,902	28.7	83,484	36.8
Industrial	78,721	21.8	66,332	29.2
Sovereign	2,427	0.7	803	0.4
Treasuries	166,193	45.9	58,069	25.6
Utility	7,550	2.1	6,511	2.9
Total	**361,910**	**100.0**	**227,117**	**100.0**

Almost all of the Group's investments in 2021 and all of its investments as at 31 December in each of 2020 and 2019 were fair valued using level 1 inputs, which means that they are quoted on an active market.

As at 31 December 2021, all of the Group's government bonds were rated 'AA' or above by Standard & Poor's, Moody's or Fitch, with the majority being rated 'AA'. In addition, most of its corporate bonds were rated 'BBB' or above, with 57.1 per cent. being rated between 'AAA' and 'A' and 36.1 per cent. being rated 'BBB'. As at the same date, 5.2 per cent. of its corporate bonds were rated 'BB' and 1.6 per cent. were rated 'B'.

Portfolio allocation: The Group's portfolio is diversified across asset classes and targets attractive risk adjusted returns, while taking into account regulatory, capital, risk, and other relevant considerations. The Group periodically reviews the performance of the portfolio and, on an annual basis, undertakes a strategic asset allocation analysis to take advantage of opportunities and minimise threats in the market.

Asset manager selection: The Group's investment portfolio is primarily managed by third parties, principally Goldman Sachs Asset Management ("**GSAM**"), through the execution of investment management agreements and investment guidelines. The Group holds regular discussions with its asset managers to monitor investment performance.

Performance and compliance monitoring: The Group is party to investment management agreements with external asset managers as well as subscription agreements with private credit funds.

An investment compliance report for the investment portfolios is prepared for the Group's Investment Committee and its Risk and Compliance Committee on a quarterly basis in arrear. The Investment Committee is responsible for ensuring that the investment guidelines proposed are aligned to the Group's stated risk appetite and providing recommendations for the Board to consider and approve.

The Group's investment portfolio that is managed by GSAM principally comprises fixed income securities and cash and had a fair value of £758.7 million and comprised securities issued by 435 issuers as at 31 December 2021. Within this portfolio, the fixed income securities amounted to £717.5 million as at 31 December 2021. As at the same date, the yield to worst (being a measure of the lowest possible yield that can be received on the fixed income securities within the portfolio assuming all those securities operate within the terms of their contracts without defaulting) was 1.2 per cent., the average duration of the portfolio was 4.7 years, the average coupon of the portfolio was 1.8 per cent. and the currency breakdown of the portfolio was 77 per cent. in U.S. dollars, 18 per cent. in euro and 5 per cent. in pounds sterling. In addition, as at 31 December 2021, 38 per cent. of the rated securities within the GSAM portfolio had a rating of AAA, 13 per cent. had a rating of AA, 26 per cent. had a rating of A and the remaining 4 per cent. were rated BB or B or were not rated. The table below shows sector breakdown by issuer of the securities in the GSAM portfolio as at 31 December 2021:

Industry Sector	31 December 2021
Government	38.8%
Financial	22.3%
Consumer, Non-cyclical	10.6%
Consumer, Cyclical	5.3%
Industrial	5.0%
Communications	4.8%
Mortgage Securities	3.4%
Technology	3.0%
Energy	2.9%
Utilities	2.8%
Basic Materials	0.7%
Asset Backed Securities	0.3%
Diversified	0.1%

In terms of country exposure, the United States represents approximately 76.4 per cent. of the total exposure followed by France and the United Kingdom. The highest corporate exposure is less than 1.5 per cent. of the total corporate exposure within the GSAM portfolio, which indicates a high degree of diversification.

The Group's remaining investments are either managed on a funds withheld basis or directly by the Group itself. These investments comprise assets in money market funds and cash and cash equivalents and had a fair value of £75 million as at 31 December 2021.

Re-deployment of capital

The regulated entities in the Group and the consolidated Group are subject to capital requirements, which require those entities and the Group to hold additional assets to mitigate the risk of insufficient funds to fulfil their insurance obligations in adverse economic or operational circumstances. Amounts beyond these capital levels may be re-deployed within the Group.

As the Group works to settle its liabilities, it reduces its required capital and any excess capital may be redeployed into the business for further acquisitions. The Group believes that the best investment is in its business, by funding future transactions and meeting its financing obligations. As the business expands and cash generation and/or capital release from legacy portfolios continue to materialise, the Group may explore opportunities for capital distribution to shareholders in the future.

Competition

The Group competes in the global insurance market with domestic and international reinsurance companies to acquire and manage insurance and reinsurance companies in run-off and portfolios of insurance and

reinsurance business in run-off. There have been several new entrants to the run-off market in recent years which has increased competition in the overall market.

The Group competes with different companies depending upon the size of the portfolio losses being contemplated and the location of the insurer or insurance risks.

The acquisition and management of companies and portfolios in run-off is highly competitive, and driven by several factors, including proposed acquisition price, operational reputation, and financial resources including new capital and alternative forms of capital entering the markets.

The Group believes that it has a differentiated ethos and approach in the legacy insurance and reinsurance market which provides it with a significant competitive advantage, as summarised below.

Mid-market focus

The Group emphasises mid-market transactions which ensures that it provides focus and expertise to deliver a personalised service to its customers who entrust the Group with their policyholders. With a target transaction size of £50 million - £400 million, the Group is focused on a sub-segment in the legacy industry which does not tend to be the focus area for larger competitors and reinsurers.

Long-term partnership-based approach

The Group regards its insurer counterparties as clients and not just vendors. The Group focuses on building long-term partnerships with its clients, building trust both during and after transactions and consistently exceeding its clients' expectations. The Group has a proven track record of proactive solutions that deliver on its clients' objectives and believes that it is a trusted provider for all of its major clients for which it has completed multiple transactions.

Holistic client-focused solutions

The Group's integrated one team culture supports the development and delivery of holistic client-focused solutions. The Group employs a scalable operating model suited to each unique market in which it operates. In Europe, the Group is represented through client-focussed teams and covers core European jurisdictions through its extensive local relationships. The Group's teams have regular direct contact with local insurers, reinsurers and advisors. The Group also adopts a disciplined approach to its selection of opportunities which is based on detailed and careful due diligence and pricing and transparent engagement with its client throughout the process.

Disciplined approach and technical expertise

Inherent in the culture of the Group's business is a disciplined approach to deal selection, due diligence and pricing which is important to ensuring long-term success in the legacy market. Added to this is the Group's focus on value creation through efficient claims management, product expertise, strong investment returns and active cost management.

Platform model

The Group believes in leveraging expertise through carefully selected strategic partnerships which drive scale. This includes partnering with local expertise where required, as evidenced by the partnerships for the North American and Lloyd's of London markets, along with a single, global IT platform.

The Group also has open and positive relationships with regulators in multiple jurisdictions and has completed transactions in European countries involving 12 different regulators.

ESG framework

The Group believes strongly in making a positive difference to the world. As a result, it has commenced a project to develop its ESG framework under the leadership of the Chief Risk Officer with inputs and guidance from shareholders such as Cinven. Under this framework, an ESG policy and quarterly reporting on relevant ESG key performance indicators is envisaged to be in place by the end of 2022. This will act as an holistic framework for the Group to deliver on its sustainability vision. The key aims for the project are:

Environmental

The Group aims to contribute positively towards environmental factors which would help the fight against climate change that could potentially damage the current and future generations of our planet. This includes new methods of tracking the Group's impact on the environment including measuring its carbon footprint and regular reporting on related metrics such as greenhouse gas emissions and consumption of renewable energy. This is designed to be the first step towards the development of decarbonisation targets and plans in the future and an external subject matter expert is advising the Group on this exercise.

The Group is also in the process of assessing the exposure of its assets and liabilities to sectors that may be considered environmentally unfriendly, including oil and gas, in order to move towards sustainable investing and pursuing insurance risks aligned with its ESG vision.

Social

Providing an equitable and comfortable working environment is one of the Group's key objectives. As a result, work place diversity at the Board and managerial levels, in addition to the wider employee base, is being targeted. In addition, occupational health and safety and employee grievances are key focus areas as the Group expands its employee footprint. The Group has already implemented a hybrid work environment and encourages individuals to 'dress the way they feel'. In addition, a dedicated learning and development agenda is being outlined for all employees through a Learning Management System which is focussing on the governance aspects to start with, such as mandatory training, and will be further expanded to ensure an holistic learning experience.

Governance

The Group has a strong governance track record and, with the change of ownership in 2021, the governance framework was further strengthened with the addition of six directors including Mr. Emmanuel Clarke (the former Chair and chief executive officer of Partner Re) as chair of the Group Board and an independent non-executive director. The Group has well defined policies in relation to anti-bribery and corruption, whistleblowing, cybersecurity, anti-money laundering and anti-trust/competition incidents. Given the emergence of significant cyber and data risks globally, a cybersecurity review is being conducted by Aon which will aim to quantify the financial risk exposure of the Group from cyber- and data-related risks in addition to an assessment of the key areas of cyber risk that the Group is exposed to.

Recent developments

In April 2022, Pallas Re entered into a small loss portfolio transaction with a German re-insurer to acquire a portfolio of motor and marine business in run-off. Additionally, Pallas Re is in exclusive talks to acquire a €150 million book of business in run off. There is no certainty that a deal will be agreed.

Summary of results

The table below summarises the Group's consolidated income statement for each of 2021, 2020 and 2019.

Consolidated income statement

	2021	2020	2019
		(£ thousand)	
Net earned premiums	796	(1,293)	(5)
Other (expense)/income	(3,810)	9,463[1]	9,483
Total (expense)/income	**(3,014)**	**8,170** [1]	**9,478**
Net claims	57,811	23,075	26,454
Other expenses	(36,894)	(20,477)[1]	(12,141)
Net gains from claims net of expenses	20,917	2,598[1]	14,313
Profit before taxation	**17,903**	**10,768**	**23,791**
Income tax credit/(expense)	985	2,280	(5,515)
Profit for the year	**18,888**	**13,048**	**18,276**

Note:

(1) In the 2021 Financial Statements, the figures which were presented as "Fair value gains" and as "Gains on debt securities" were combined into a single line item "Fair value gains". This impacted the presentation of each of these items in comparative column for 2020 in the 2021 Financial Statements. The figures for 2020 which appeared in the 2020 Financial Statements were £10,029 thousand for "Other (expense)/income", £8,736 thousand for "Total (expense)/income", £21,043 thousand for "Other expenses" and £2,032 thousand for "Net gains from claims net of expenses".

As the Group does not underwrite any new business, its net earned premiums principally comprise its change in gross provision for unearned premiums. Unearned premiums represent the proportion of premiums written and unexpired policies acquired in that year that relate to unexpired terms of policies in force at the end of each accounting period. These premiums are calculated separately for each insurance policy on a pro-rata basis, and are subsequently recognised in the consolidated income statement over the period during which the policies are in force. The main driver for total expense or income is the changes in reserves held on insurance liabilities which would, in the ordinary course of business, be expected to reduce over the settlement period for the books of business acquired. The Group's other expense or income principally comprises the principal and interest it receives on its investment portfolio, the net gains and losses it recognises on disposal of investments and the net gains its recognises on the fair valuation of its investment portfolio at each year end.

The Group's total expense was £3.0 million in 2021 compared to total income of £8.2 million in 2020 and £9.5 million in 2019. The change in 2021 principally reflected (i) fair value losses of £6.8 million in 2021 compared to fair value gains of £5.5 million in 2020 driven by the impact of rising interest rates in 2021 and expectations for further increases in the future which was partially offset by (ii) net earned premiums of £0.8 million in 2021 compared to negative net earned premiums of £1.3 million in 2020. The £1.3 million, or 13.8 per cent., decrease in 2020 compared to 2019 principally reflected (i) higher gains realised on sales of debt securities (partially offset by lower fair value gains and investment income) offset by (ii) a negative change in gross provision for unearned provisions in 2020 compared to no change in 2019.

The Group's net claims represent the sum of (i) the gross claims paid by it (which includes all claims paid during the year and the related external claims handling costs that are directly related to the processing and settlement of the claims) less any amount received from reinsurers in respect of those claims, (ii) the gross change in its provision for claims and (iii) the change in its provisions for claims ceded to reinsurers. The Group's provision for claims comprises two elements. The first is the provision for outstanding claims that is recognised at the date each claim is known and covers the liability for loss and loss adjustment expenses

based on loss reports from independent loss adjusters and management's best estimate. The second is a provision for claims incurred but not reported ("**IBNR**") at the reporting date which is calculated on an undiscounted basis using a range of historic trends, empirical data and standard actuarial claims projection techniques.

The Group's net claims amounted to £57.8 million in 2021, £23.1 million in 2020 and £26.5 million in 2019. The £34.7 million, or 150.5 per cent., increase in 2021 compared to 2020 principally reflected (i) a decrease in the net reserves held on the portfolio in 2021 over 2020 driven by the release of the management margin held over and above the actuarial best estimate and the new business profit on newly acquired books of business. This was partly offset by the increase in claims paid in 2021. The £3.4 million, or 12.8 per cent., reduction in net claims in 2020 compared to 2019 principally reflected (i) higher gross claims paid in 2020 than in 2019 offset by a positive change in the provision for claims ceded to reinsurers in 2020 compared to a negative change in 2019.

The Group's other expenses comprise the sum of (i) its finance costs and (ii) its other operating and administrative expenses. The Group's other expenses amounted to £36.9 million in 2021, £20.5 million in 2020 and £12.1 million in 2019. The £16.4 million, or 80.2 per cent., increase in other expenses in 2021 compared to 2020 principally reflected £15.5 million, or 92.6 per cent., higher operating and administrative expenses as a result of (i) foreign exchange losses, compared to foreign exchange gains in 2020, (ii) impairment of assets further to the disposal of its subsidiary, HIR Pensionsgesellschaft mbH, in November 2021 of £3.6 million, (iii) £1.0 million of costs related to the change of ownership, and (iv) additional administrative costs driven by growth in the business and operating a Lloyds platform. The £8.3 million, or 68.7 per cent., increase in other expenses in 2020 compared to 2019 principally reflected movements in foreign exchange of £6.2 million (a foreign exchange loss of £1.6 million in 2020 compared to a foreign exchange gain of £4.6 million in 2019) and an increase in operating expenses of £5.2 million, driven by increased headcount, legal and professional fees with respect to a capital increase. These costs were partly offset by a credit adjustment for profit commission payable to third party administrators of £2.1 million compared to a charge of £0.5 million in 2019.

The Group's profit before taxation, which represents its total income less the difference between its net claims and its other expenses (referred to as its net gains from claims net of expenses), was £17.9 million in 2021, £10.8 million in 2020 and £23.8 million in 2019.

The table below summarises the Group's consolidated statement of financial position as at 31 December in each of 2021, 2020 and 2019.

Consolidated statement of financial position

	As at 31 December		
	2021	**2020**[1]	**2019**
		(*£ thousand*)	
Assets			
Financial investments	739,087	361,910	227,117
Reinsurers' share of technical provisions	104,598	15,805	13,500
Insurance receivables	9,450	10,251	65,274
Cash and cash equivalents	94,409	51,847	60,606
All other assets	37,129	17,747	15,572
Total assets	**984,673**	**457,560**	**382,069**
Liabilities			
Technical provisions	626,011	263,743	229,777
Borrowings	75,436	44,245	43,161
All other liabilities	22,466	28,105	28274
Total liabilities	**723,913**	**336,093**	**301,212**

Total equity	**260,760**	**121,467**	**80,857**
Total equity and liabilities	**984,673**	**457,560**	**382,069**

Note:

(1) Certain reclassifications were made in the 31 December 2021 audited financial statements for the comparative 31 December 2020 numbers (as presented above). The following 31 December 2020 numbers were amended (the values as presented in the 31 December 2020 accounts are in brackets in £ thousand) – Total assets (457,642), All other assets (17,829), Total equity and liabilities (457,642), Total liabilities (336,175) and All other liabilities (28,187).

For a discussion of the Group's financial assets at fair value, see "*—Business—Management of investments*" above.

The Group cedes insurance risk as part of its normal business activities. Its reinsurance assets represent balances recoverable from reinsurance companies. These amounts are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurers' policies and are in accordance with the related reinsurance contract. None of the Group's reinsurance assets were impaired as at 31 December 2021.

The Group's insurance receivables represent amounts due from reinsurers within one year. They are stated net of impairment for estimated irrecoverable amounts which amounted to £0.5 million in 2021, £0.9 million in 2020 and £1.9 million in 2019.

For a discussion of the Group's technical provisions, see "*—Risk management—Technical provisions*" below.

As at 31 December 2021, the Group's borrowings comprised £75.4 million in the form of £33.6 million subordinated notes maturing between 2028 and 2029, a £30.6 million term loan maturing in September 2022 and an £11.2 million drawing under a revolving credit facility maturing September 2022. The Group expects to repay the senior debt when it falls due, although it will retain a revolving credit facility (expected to be undrawn until needed) at the Issuer level. The existing subordinated notes are expected to be novated from Cambridge to the Issuer before the end of 2022.

The table below summarises the Group's consolidated statement of cash flows for each of 2021, 2020 and 2019.

	2021	**2020**	**2019**
		(£ thousand)	
Net cash (used in)/from operating activities	(46,153)	98,858	20,961
Net cash used in investing activities	(60,626)	(129,643)	(15,567)
Net cash from finance activities	150,312	20,620	9,767
Exchange (losses)/gains on cash and cash equivalents	(971)	1,406	(2,768)
Cash and cash equivalents as at 1 January	51,847	60,606	48,213
Cash and cash equivalents at end of the year	94,409	51,847	60,606

Note:

(1) In the 2021 Financial Statements, the Group has adjusted the presentation of a number of line items compared to the presentation in the 2020 Financial Statements. This impacted the totals for each of the Group's operating, investing and financing activities in the comparative column for 2020 in the 2021 Financial Statements. The figures for 2020 which appeared in the 2020 Financial Statements were £111,181 thousand for "Net cash (used in)/from operating activities", £(135,194) thousand for "Net cash used in investing activities" and £21,127 thousand for "Net cash from finance activities".

Capital management

The Group's policy is to maintain a strong capital base to support its business plans and comply with all regulatory requirements on an ongoing basis whilst assessing the impact of shareholder returns on its capital employed. The Group defines capital as shareholders' equity.

From 1 January 2016 until the date of the Group's re-domiciliation to Bermuda, the Group is subject to the requirements of the EU Solvency II regime. The Solvency II regime establishes a set of EU-wide capital requirements, risk management and disclosure standards. Under Solvency II, the Group is required to hold eligible own funds to cover the solvency capital requirement ("**SCR**") and eligible basic own funds to cover the minimum capital requirement ("**MCR**").

The table below shows the calculation of the Group's eligible own funds as at 31 December in each of 2021, 2020 and 2019.

	As at 31 December		
	2021	**2020**	**2019**
		(*£ thousand*)	
Tier 1 capital			
Tier 1 share capital	80,803	80,803	50,361
Other items	118,651	—	—
Reconciliation reserve	14,624	24,125	15,112
Adjustment[(1)]	(2,150)	(14,161)	—
	211,928	**90,767**	**65,473**
Tier 2 capital			
Preference shares (restricted Tier 2)	—	—	7,220
Subordinated debt	34,509	35,913	30,159
	34,509	**35,913**	**37,379**
Total eligible own funds	**246,437**	**126,680**	**102,852**

Note:

(1) Adjustment for restricted own funds items in respect of matching adjustment portfolios and ring-fenced funds.

The increase in total eligible own funds from £127 million as at 31 December 2020 to £246 million as at 31 December 2021 was driven by a capital contribution of £119 million which was approved by the supervisory authority as basic own funds and is included in other items in the table above.

The increase in total eligible own funds from £103 million as at 31 December 2019 to £127 million as at 31 December 2020 was driven by capital invested into Group, new acquisitions and the removal of the restrictions on the subordinated debt. This was partially offset by an increase in ring-fenced fund restrictions on own funds.

The table below shows the calculation of the Group's SCR as at 31 December in each of 2021, 2020 and 2019.

	As at 31 December		
	2021	**2020**	**2019**
		(*£ thousand*)	
Non-life reserve risk	159,099	71,326	62,256
Interest rate risk	13,405	3,277	1,427
Spread risk	34,101	9,300	9,178
Currency risk	41,521	5,737	4,528

Concentration risk	6,756	619	582
Diversification benefit	(34,329)	(5,869)	(2,851)
Market risk	68,923	13,066	12,863
Counterparty risk	6,325	3,986	4,240
Operational risk	12,754	7,005	5,706
Adjustment for deferred tax liability	—	(2,276)	(38)
Diversification benefit	(36,327)	(10,424)	(10,270)
SCR excluding Aurora	**210,775**	**82,683**	**74,757**
Aurora SST (1)	—	2,525	2,743
SCR	**210,775**	**85,208**	**77,500**

Note:

*(1) Aurora Versicherungs AG ("**Aurora**") is assessed under the Swiss Solvency Test ("**SST**"), which is considered to be equivalent to the Solvency II Directive. Hence, the results of the SST have been added in total to the overall Solvency II analysis (Solvency Capital Requirement and Own Funds). With effect from February 2022, Aurora which is domiciled in Switzerland has been released from the authority and regulation of the Swiss Financial Market Supervisory Authority and is in the process of dissolution. As the Aurora liabilities were transferred to Bothnia during 2021, the SST was not required as at 31 December 2021.*

EIOPA prescribes the absolute floor of the MCR ("**AMCR**") for different types of insurers and reinsurers. At the Group level, the AMCR is the sum of the AMCRs for each risk carrier, including those which are out of scope of Solvency II.

The table below shows the inputs used by the Group to calculate its MCR as at 31 December in each of 2021, 2020 and 2019.

	As at 31 December		
	2021	**2020**	**2019**
		(*£ thousand*)	
AMCR	11,475	11,923	11,475
Linear MCR	57,655	27,116	23,505
SCR	210,775	82,683	74,757
Combined MCR	57,655	27,116	23,505
MCR excluding Aurora	57,655	27,116	23,505
Aurora MCR	—	833	905
MCR	57,655	27,949	24,410

The Group opted for the standard formula under the Solvency II regime to calculate the SCR as the assumptions underlying the standard formula were considered to be a good fit for the Group's risk profile. The Group was in full compliance with its regulatory capital requirements throughout each of 2019, 2020 and 2021. The Group's eligible own funds amounting to £246 million as at 31 December 2021, £127 million as at 31 December 2020 and £103 million as at 31 December 2019 were in excess of the required SCR and MCR which stood at £211 million and £58 million, respectively, as at 31 December 2021, £85 million and £28 million, respectively, as at 31 December 2020 and £78 million and £24 million, respectively, as at 31 December 2019.

The Group expects to become subject to the supervision of the BMA with effect on 1 July 2022. The BMA's requirements in relation to solvency have been recognised by the EU as fully equivalent to Solvency II.

Solvency and other financial ratios

To date the Group has operated as an insurance group regulated by the MFSA, which means that it has been subject to the EU Solvency II regime.

The table below shows the Group's solvency ratio calculated in accordance with EU Solvency II as at 31 December in each of 2021, 2020 and 2019.

	As at 31 December		
	2021	**2020**	**2019**
	(*£ thousand, except where otherwise stated*)		
Own funds (*£ thousand*)	246,437	126,680	102,852
SCR (*£ thousand*)	210,775	85,208	77,500
Solvency ratio (%)[1]	117%	149%	133%

Note:

(1) Calculated as own funds divided by SCR.

The table below shows the Group's gearing as at 31 December in each of 2021, 2020 and 2019.

	As at 31 December		
	2021	**2020**	**2019**
	(*£ thousand, except where otherwise stated*)		
Borrowings	75,436	44,245	43,161
Revolving credit facility	*11,222*	*9,445*	*8,951*
Term loans	*30,606*	—	—
Subordinated notes	*33,608*	*34,800*	*34,210*
Equity	260,760	121,467	80,857
Gearing (%)[1]	22.4%	26.7%	34.8%

Note:

(1) Calculated as borrowings divided by the sum of borrowings and equity.

The table below shows the solvency ratio, proportion of net reserves and total assets for each of the Group's regulated entities as at 31 December 2021.

	Pallas Re	**LLSE[1]**	**Bothnia[1]**	**Lloyd's[2]**	**Group**
Solvency regime	BSCR	Solvency II	Solvency II	Solvency II	Solvency II
Solvency ratio (%)	151	165	181	162	117
Proportion of net reserves (%)	50	21	14	15	100
Total Assets (*£ million*)	536	195	175	118	985

Notes:

(1) LLSE and Bothnia are expected to be combined by 31 December 2022.

(2) Lloyd's figures include set up costs associated with the establishment of the syndicate which are not expected to recur. The solvency ratio represents the stand alone solvency ratio for the Lloyd's syndicate on a funds at Lloyd's Solvency II basis. The capital required excludes the new syndicate loading which is transitional in nature until the internal model of the syndicate is approved.

As part of its planned re-domiciliation, the Group will become regulated by the BMA and become subject to the BMA's solvency regime, which will require it to maintain (and report) available Group statutory capital and surplus in an amount that is at least equal to the group enhanced capital requirement ("**ECR**"). The BMA has also established a group target capital level equal to 150 per cent. of the Group ECR.

The table below shows an indication of what the Issuer expects the Group's ECR would have been as at 31 December 2021 had it been required to report one at that date. As the Group was not required to report an ECR as at 31 December 2021 and as it has not yet reported any ECR, the figures in the table below should be regarded as indicative only and do not represent the Group's actual reported solvency

position. The figures in the table below have been prepared for illustrative purposes by the Group in accordance with the Group's interpretation of the BSCR. In particular, neither the figures shown nor the bases, assumptions and interpretations upon which they have been prepared, have been audited or reviewed by the BMA. Accordingly, no assurance can be given that had the Issuer actually been required to report a Group ECR in accordance with BSCR as at 31 December 2021, it would have reported the same figure. Investors should also note that these figures are not directly comparable with the historic solvency information reported by the Group under the EU Solvency II regime.

	As at 31 December 2021
	(*indicative only*)
	(*£ thousand, except where otherwise stated*)
Own funds (*£ thousand*)	264,488
ECR (*£ thousand*)	181,700
Solvency ratio (%)[1]	146%

Note:

(1) Calculated as own funds divided by ECR.

The Group's indicative ECR is expected to increase to 206 per cent. following the proposed issuance of the Notes assuming an issuance of Notes with a principal amount of U.S.$200 million, of which part of the proceeds would be used to repay the senior debt and revolving credit facility of £30.6 million and £11.2 million respectively. The solvency ratio may be affected by a range of factors over which the Group may have some control (including acquisitions) and other external factors over which it has little or no control. These are considered further below. In addition to the sensitivities discussed below, past acquisitions have often resulted in a reduction in the solvency ratio. Any future deals may also cause the solvency ratio to reduce.

In the absence of new business, the capital released from the run off of the Group's existing business would lead to an increase in the solvency ratio. Under normal circumstances, such capital release would be utilised for new business acquisitions that meet the Group's hurdle requirements. This deployment of released capital into new business would, in turn, lead to the restoration of the solvency ratio to the Group's target ECR level of 150 per cent. Being a legacy specialist, it is imperative that the Group utilises capital in the most efficient manner possible and as a result it targets remaining in a narrow band within 10 percentage points of its target ECR level on average. Should external factors result in downward pressure on the Group's solvency level below its target, the Group will activate the measures indicated in its capital management plan, which include hedging, asset de-risking and reinsurance.

Sensitivities

The Group's solvency position can be affected by a number of factors over time. The table below provides an indication of the immediate solvency surplus impact of a number of sensitivities based on the Group's own theoretical modelling. It should be noted that, whilst this is not a precise exercise, the general aim is that the sensitivities modelled are deemed to be broadly similar (with the exception that the 10 per cent. equity movements are naturally more likely to arise) in terms of likelihood. Whilst these sensitivities provide a useful guide to management, they are based on the Group's own theoretical modelling and how the Group's solvency surplus will react in practice to changing conditions may be different. Such calculations are complex and the level of impact can vary due to, among other things, the interactions of different events and starting position. Accordingly, no assurance can be given that the actual impact of one or more of the events in the table below will match the modelled theoretical impact.

Change in technical provisions

The table below shows the potential impact of a 20 per cent. increase in the Group's technical provisions as at 31 December 2021. The 20 per cent. increase was assumed given the uncertainty associated with the fact that the Group's liabilities are largely dominated by long-tailed exposure.

	As at 31 December 2021		
	Base	**Stressed**	**Movement**
	(*£ thousand, except for percentages*)		
Own funds	246,437	150,024	(39)%
SCR	210,775	239,612	14%
Solvency ratio	117%	63%	(46)%
Surplus/(deficit) own funds	35,661	(89,588)	(351)%

The stress test detailed above is considered to represent a 1-in-25 scenario.

A reverse stress test was also performed which showed that 100 per cent. of the Group's own funds would be exhausted if net technical provisions increased by 50 per cent.

The results of these stress tests illustrate that the Group has sufficient capital to cover the occurrence of the tests.

Changes in risk-free yields and credit spreads

The table below shows the potential impact of (i) a 150 basis point ("**bp**") increase in risk-free yields, (ii) a 150 bp increase in credit spreads (which reflects the 2008 crisis which saw a significant increase in spreads of lower rated corporate bonds, particularly financial issuers or issuers exposed to certain types of collateral) and (iii) a 150 bp increase in risk-free yields combined with a 200 bp increase in credit spreads (reflecting a combined scenario), in each case as at 31 December 2021.

	As at 31 December 2021						
		Risk free yields increase by 150 bp		**Credit spreads increase by 150 bp**		**Risk free yields increase by 150 bp and credit spreads increase by 200 bp**	
	Base	**Stressed**	**Movement**	**Stressed**	**Movement**	**Stressed**	**Movement**
	(*£ thousand, except for percentages*)						
Own funds	246,437	234,007	(5)%	229,092	(7)%	214,110	(13)%
SCR	210,775	196,319	(7)%	207,448	(2)%	192,452	(9)%
Solvency ratio	117%	119%	2%	110%	(6)%	111%	(5)%
Surplus own funds	35,662	37,688	6%	21,644	(39)%	21,658	(39)%

A reverse stress test was also performed which showed that 100 per cent. of the Group's own funds would be exhausted if the market value of bonds decreased by 40 per cent.

These stress tests have taken a look-through approach to allow for the collateralised premium due to the Group in relation to new and prior acquisitions which are held as a receivable on the balance sheet but have been invested into a number of underlying bonds.

The results of these stress tests illustrate that the Group has sufficient capital to cover the occurrence of the tests.

Significant market default

The table below shows the potential impact of a default of the two largest banks used by the Group with a 50 per cent. loss given default scenario (which is considered to be an extreme scenario, used to understand the risk associated in the balance sheet given that the majority of the Group's cash is held with a small number of counterparties) as at 31 December 2021.

	As at 31 December 2021		
	Base	**Stressed**	**Movement**
	(*£ thousand, except for percentages*)		(*per cent.*)
Own funds	246,437	223,622	(9)%
SCR	210,775	208,708	(1)%
Solvency ratio	117%	107%	(8)%
Surplus own funds	35,661	14,914	(58)%

The results of this stress test illustrate that the Group has sufficient capital to cover the occurrence of the test.

Liquidity risk and operational risk

No specific risk sensitivity analysis is performed by the Group with respect to liquidity and operational risk as these risks are not considered material.

Debt management

As at 31 December 2021, the Group's borrowings comprised £75.4 million in the form of (i) £33.6 million subordinated notes, (ii) £30.6 million in senior loans which mature in September 2022 and £11.2 million in drawings under a revolving credit facility maturing in September 2022. The Group expects to repay the senior debt when it falls due, although it will retain a revolving credit facility (expected to be undrawn until needed) at the Issuer level. The existing subordinated notes are expected to be novated from Cambridge to the Issuer before the end of 2022.

In addition, the Issuer currently expects to issue approximately €37.5 million of floating rate subordinated tier 2 securities on or around the issue date of the Notes, which will rank *pari passu* with the Notes.

The Group's approach to how it manages its debt levels is underpinned by its efforts to continuously monitor its capital structure to fund future growth opportunities in the most efficient way and in line with the regulatory limits for inclusion of debt in the solvency calculation. The Group's gearing ratio (defined as borrowings divided by the sum of borrowings and total equity) as at 31 December in each of 2021, 2020 and 2019 was 22.4 per cent., 26.7 per cent. and 34.8 per cent., respectively.

The Group may operate at elevated gearing levels where debt financing is the most effective source of funding for any further acquisitions and where the expected cash flows from the proposed acquisition and existing operations enable the gearing level to be brought back to normal levels within a reasonable period of time.

RISK MANAGEMENT

Risk management system

The overall objective of the Group's risk management strategy is to optimise the balance between return and risk and to embed rigorous risk management throughout the business which enables the Group to meet its key objectives to carry out its business plan whilst ensuring appropriate protection for policyholders.

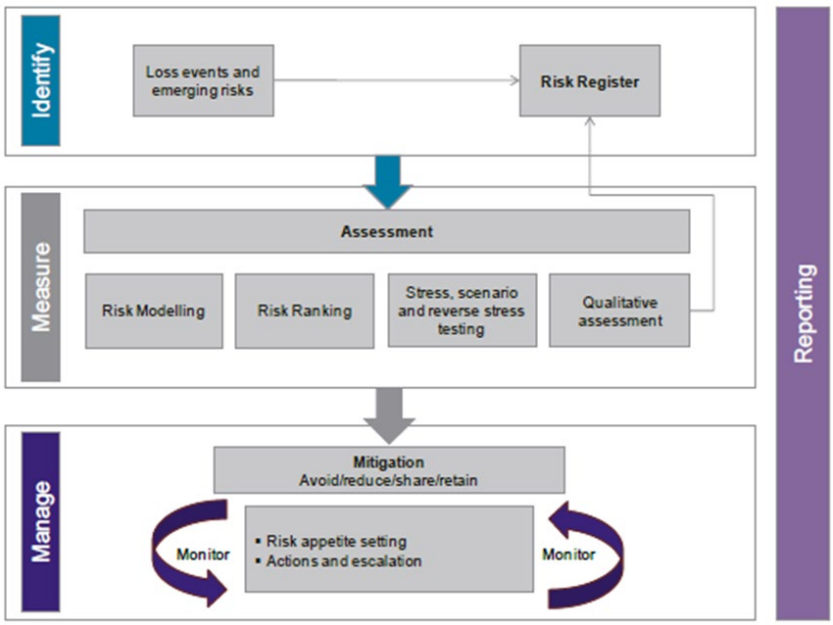
The key objectives of the Group's risk management activities include:

- embedding rigorous risk management throughout the business, based on setting clear risk appetites and staying within these appetites;
- monitoring the balance between risk and return on invested capital and ensuring that the Group maintains an appropriate level of regulatory capital; and
- meeting investor and regulator expectations in maintaining minimum capital requirements, even if a number of extreme risks materialise.

Risk management forms an integral part of the management and Group Board decision-making processes including:

- stress and scenario testing completed for business plans and strategic projects and used in decision-making;
- the nature and types of risks facing the business, focusing on upside and downside risks discussed, challenged, understood, monitored and controlled; and
- the Group Board evaluates and approves the risk strategy considering the specific risk profile, approved risk appetite and business strategy.

The risk management process is key in the delivery of the risk management framework. This process involves continuous engagement between the business and the risk management team. The diagram below illustrates the process of how, on a continuous basis, the Group is able to effectively identify, measure, monitor, manage and report risks which it is exposed to.



Risk governance/culture

The Board is responsible for setting and monitoring adherence to risk strategy, risk appetite and risk framework. The Group adopts a "three lines of defence" in which the first line of defence consists of the executive management team, operational working groups and business generation and some support functions which are responsible for operational and day-to-day risk management and ensuring continuous compliance with risk policies, risk appetite and internal controls. The second line of defence consists of those responsible for risk oversight and monitoring and risk guidance who are charged with the development and maintenance of risk policies, procedures and operational controls. The third line of defence consists of the internal audit function which is responsible for independent assurance in the effectiveness of the risk management and internal control processes.

The Board and senior managers continually review the governance structure, oversee shared operations between the Group and its subsidiary companies and drive the integration of risk management into the culture of the Group.

All employees are continuously aware of their role and responsibilities in the risk management process and are required to provide timely reporting on controls, key performance indicators and risk events (loss events) to ensure compliance with the control environment and the risk tolerance limits set by the Group's Board.

A key element in operating an effective risk culture is maintaining clarity over roles and responsibilities. The risk register sets out the individual responsible for oversight of each risk event. This person may be involved in the design and performance of mitigating controls themselves or delegate control ownership to others but will always retain overall responsibility for each risk event.

The Group's risk culture is reinforced by:

- regular discussions about risk management topics;
- an annual risk management workshop;
- an annual risk management questionnaire;
- regular reviews and updates of risk registers at Group and insurance company level;
- reporting of any large loss events; and
- risk updates.

Risk register

The risk register is one of the foundations upon which effective risk management is constructed. The risk register outlines all identified key risks facing the Group across all activities and functions.

The Group's risk register contains quantifiable and non-quantifiable material risks that could affect the success of the business. For material risks, it names the risk owners, the severity and frequency of the potential event and ensure that any risk mitigation controls are recorded. All risks are systematically assessed, analysed and recorded on the risk register on a continuous basis with mitigation activities being prioritised as necessary. The Risk Management function coordinates this continual process with the individuals nominated as risk owners.

Risk appetite statements

The risk appetite statements are consistent with the Group's strategic objectives and express acceptable levels of exposure. They also provide assurance that the Group is able to manage or absorb the impact of the

risk in the event that it materialises. The Group's risk appetite plays an important part in supporting risk assessment, monitoring and control activities as it establishes a set of benchmarks from which specific tolerance levels can be set and monitored for a particular area of risk. The risk appetite statements are reviewed, as a minimum, on an annual basis. However, to ensure risk appetite remains aligned to the Group's strategy, a more frequent review will occur if there are changes in the Group's strategy, material changes in market conditions or operational circumstances.

Risk identification

A top-down key risk identification and assessment process is undertaken annually, which includes consideration of emerging risks. The risk management process focuses on risks relevant to the Group and risks are identified as follows:

- Risk Committee meetings and operational areas meetings are held to identify changes in risks and new risks. These are then added/amended on the risk register in accordance with the risk procedures;
- The risk register is reviewed to ensure all areas and risks have been collated and been taken into consideration;
- management is responsible for identifying all material risks to the business and recording these in the risk register; and
- management ensures that the business properly identifies and assesses any risk it faces in the short- and long-term and to which the business is, or could be, exposed.

Risk measurement

It is essential that all identified risks are assessed specifically capitalising on the Group's internal expertise to identify and quantify risks.

Management is well placed to highlight any new risks that may be developing over time or changes in existing risk levels and it is part of their overall responsibility to ensure such situations are reported to the Group Board.

It is essential that all risks are assessed and graded in a consistent manner thereby allowing the relevant Boards to compare different risks, of whatever nature, and prioritise the most significant for action. A risk scoring matrix is used to determine the likelihood and severity of each risk, before taking into consideration risk mitigation.

A quantitative assessment on a scale of 1-5 for likelihood and severity is scored for each risk before taking into consideration what controls are in place to mitigate risks. This is the raw risk rating (likelihood x probability).

Subsequently, controls mitigating the risk are considered and the likelihood and severity is scored again on a scale of 1-5 for each risk. This is the residual risk rating.

Risk management

The Group manages risks on an on-going basis in line with its risk appetite. Four areas are considered in managing/mitigating risk:

(a) risk avoidance;

(b) risk reduction;

(c) risk transfer; and

(d) risk acceptance.

Risk monitoring and reporting

The risk register is reported to the Group Risk and Compliance Committee on a quarterly basis and to the Group Board at least annually in order to ensure that the Group Board is aware of all identified existing and emerging risks, mitigating controls and residual risks. The effectiveness of risk management arrangements is reviewed by the Group Risk and Compliance Committee and the Group Board.

On an annual basis, internal audits take place to ensure controls are in place and are being effective in mitigating the risks. An internal audit report is prepared after each audit carried out and is presented to the Group Board and the Group Audit Committee.

An own risk and solvency assessment ("**ORSA**") report has been produced on an annual basis and, following the re-domiciliation of the Group to Bermuda, a Group solvency self-assessment ("**GSSA**") will instead be required to be prepared on an annual basis. In addition, the GSSA will be updated where there are significant changes to the risk profile of the Group.

The ORSA and the GSSA both describe the processes and procedures employed to identify, assess, monitor, manage, and report the short- and long-term risks that the Group faces, or may face, and supports the determination of funds necessary to ensure that the Group's overall solvency needs are met at all times.

The ORSA and the GSSA both require the Group to assess its own view of risks and associated economic capital needs which may differ from the regulatory capital requirement which provides a minimum capital threshold. In doing so, the ORSA and the GSSA consider the strategic objectives of the Group, the current and future risk profile, and any capital buffers required.

The Group Board is ultimately responsible for the ORSA which has been, and will be responsible for the GSSA which will be, produced and approved by the Group Board at least on an annual basis. Where there has been a material change in the risk profile, an ad-hoc ORSA or GSSA is produced. The Risk and Compliance function is responsible of coordinating the relevant processes and documentation.

Both the ORSA and the GSSA processes include all material categories of risk faced by the Group to ensure that the outputs are representative of the risk profile and therefore can be used in making business decisions.

Stress and scenario analysis

Stress and scenario analysis are performed to assess the risk, capital and solvency positions under stressed conditions. This is done considering a specific event and a combination of events. The stress and scenario tests cover the specific events and risk factors that the Group and its entities are exposed to, thus informing the Group risk appetite. The scenarios are selected with input from the relevant subsidiary boards and committees. The Group's Board provides input for the overarching scenarios and signs off the results of stress and scenario testing.

Forward looking capital assessment

The assessment of overall solvency needs reflects the Issuer's view of capital required taking into account risk exposure, risk appetite, quality of own funds and business strategy. To ensure the on-going capital adequacy of the Group and the risk carriers individually, current and future projected capital positions are calculated as part of the capital management process. The capital adequacy is assessed using the Solvency II capital ratio (on both a current and forward- looking basis).

Emerging risks

As part of the Group's risk management framework, emerging risks are discussed both on an annual basis in the Group's risk management workshop and more frequently at Group Risk and Capital Committee meetings. Emerging risks are defined as "newly developing or changing risks often difficult to quantify and which may have a major impact on the undertaking." They are marked by a high degree of uncertainty, and may or may not fall within existing risk categories. While emerging risks are not fully understood or explicitly considered within the day-to-day operation of the Group's business due to the lack of quantifiable data, the Group expects that the potential impacts of these risks may crystallise over time and therefore merit additional analysis, monitoring, evaluation and, when appropriate, management of the emerging risk.

See also note 4 to each of the Financial Statements for a discussion of the Group's management of insurance and financial risks, including investment risk, credit risk, liquidity risk, market risk, interest rate risk and currency risk.

Insurance risk

The Group includes insurance risk carriers who provide run-off services but do not provide live underwriting operations. The tables below show the Group's concentration of insurance risk by geography as at 31 December in each of 2021 and 2020. In 2019, all the geographic risk concentration was in Europe.

As at 31 December 2021

	Gross liabilities	Reinsurance of liabilities	Net liabilities
		(£ thousand)	
Europe	(174,619)	17,461	(157,158)
North America	(330,908)	43,272	(287,636)
Lloyd's	(120,484)	43,865	(76,619)
	(626,011)	**104,598**	**(521,413)**

As at 31 December 2020

	Gross liabilities	Reinsurance of liabilities	Net liabilities
		(£ thousand)	
Europe	(212,892)	15,805	(197,087)
North America	(50,851)	—	(50,851)
Lloyd's	—	—	—
	(263,743)	**15,805**	**(247,938)**

An analysis of the Group's incurred claim development is set out in note 4 to each of the Financial Statements.

Reserving risk

Reserving risk represents a significant risk to the Group in terms of driving capital requirements and the threat to profit and loss.

Reserving risk is managed through the application of an appropriate reserving approach and the application of due diligence on new run-off acquisitions prior to acceptance.

The Group faces risk under insurance and reinsurance contracts from which the actual amounts of claims and benefit payments, or the timings thereof, differ from expectations. The frequency of claims, their severity, the actual benefits paid, the subsequent development of longtail claims and external factors beyond

the Group's control, especially inflation and legal and regulatory developments, have an influence on the principal risk faced by the Group. Additionally, the Group is subject to the underwriting of cedents for certain reinsurance treaties and to claims management by companies and other data provided by them.

Despite these uncertainties, the Group seeks to ensure that sufficient reserves are available to cover its liabilities.

Technical provisions

Significant periods of time may elapse between the occurrence of an insured loss giving rise to a claim, the reporting of the claim and payment of that claim. To recognise liabilities for unpaid claims, claim adjustment expenses and future policy benefits, the Group establishes reserves, which are balance sheet liabilities representing estimates of future amounts needed to pay reported and not yet reported claims and related expenses arising from insured losses that have already occurred.

Reserves are estimates that involve actuarial projections of the expected cost of the ultimate settlement and administration of claims. These estimates are based on facts and circumstances then known, predictions of future developments, estimates of future trends in claims frequency and severity and other variable factors such as inflation and new bases of liability. For some types of claims, it has been necessary, and may over time continue to be necessary, to revise estimated potential claims exposure and, therefore, the related claims reserves. Consequently, actual claims, benefits and related expenses ultimately paid may differ from the estimates reflected in the Group's technical provisions set out in note 31 to the 2021 Financial Statements and note 28 to the 2020 Financial Statements.

The Group's technical provisions comprise its outstanding claims provision, its provision for unearned premium and other technical provisions. The Group's outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with claims related costs, including future run-off expenses and reductions for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims and the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money.

The Group's sensitivity analyses shows that if:

- its net technical provisions were increased by 2.5 per cent., its pre-tax profit or loss would have decreased by £13.0 million in 2021, £6.2 million in 2020 and £5.2 million in 2019; and

- its net technical provisions were reduced by 2.5 per cent., its pre-tax profit or loss would have increased by £13.0 million in 2021, £6.2 million in 2020 and £5.2 million in 2019.

MANAGEMENT AND EMPLOYEES

Board of Directors

The Group Board has the responsibility for setting and monitoring adherence to the strategy and risk framework and is made up of one executive director, who is involved in the day-to-day management of the Group, five non-executive directors and four independent non-executive directors.

The Group also has an Executive Management Team ("**EMT**"), four functional operating groups (business generation, finance management, value creation and operational management) and four committees that assist the Group Board in discharging its obligations. The Group Board retains responsibility for its obligations at all times whilst delegating authority to the EMT, the functional operating groups and the committees.

The Group Board's responsibilities include:

- overseeing the overall business performance of the Group;
- setting business objectives and strategy and ensure that the objectives are met;
- setting and monitoring adherence to the risk strategy, risk appetite and risk management framework; and
- monitoring and ensuring that the SCR and MCR requirements are met by the Group and its regulated subsidiaries at all times.

The table below shows the members of the Group Board prior to the re-domiciliation of the Group.

Name	Position
Emmanuel Clarke	Chairman, Independent non-executive director
Will Bridger	Executive director
Caspar Berendsen	Non-executive director
Luigi Sbrozzi	Non-executive director
Kevin Sarafilovic	Non-executive director
Aaron Papps	Non-executive director
Frank Koster	Non-executive director
Andrew Manduca	Independent non-executive director
John Cassar White	Independent non-executive director
Nadine Cachia	Independent non-executive director

The table below shows the proposed members of the Group Board following the re-domiciliation of the Group.

Name	Position
Emmanuel Clarke	Chairman, Independent non-executive director
Will Bridger	Executive director
Caspar Berendsen	Non-executive director
Luigi Sbrozzi	Non-executive director
Kevin Sarafilovic	Non-executive director
Aaron Papps	Non-executive director
Frank Koster	Non-executive director

It is the Group's intention to appoint additional independent non-executive directors resident in Bermuda to its Board following the re-domiciliation of the Group.

Emmanuel Clarke, Chairman and independent non-executive director

Emmanuel has had a long and established career in the insurance industry, having spent more than 25 years at PartnerRe, most recently serving as President and Chief Executive Officer.

Over his tenure at PartnerRe, a leading global reinsurer, Emmanuel held various underwriting leadership roles in the company's property and casualty, specialty lines and international divisions. In 2015, he was appointed President of the company and shortly thereafter took on the role of President and Chief Executive Officer, where his leadership was instrumental in building the company's global reinsurance business.

Emmanuel serves on various boards, including the Board of Directors of Intact Financial Corporation, Wakam and Tremor Technologies.

Will Bridger, CEO

Will is a former partner heading Ernst & Young's transaction advisory practice for the insurance sector. He is a corporate financier by background and training over the past 25 years. He is responsible for the strategic development of the business and driving the growth agenda. Will holds an MPhil in Soviet and East European Studies and a MA Hons in Management and International Relations.

Caspar Berendsen, Non-executive director

Caspar has worked with Cinven since 2003 and was promoted to partner in July 2008. Since February 2012 he has lead the Financial Services Sector team, the Industrial Sector team and the Benelux regional team. He is responsible for sourcing, negotiating, structuring and monitoring investments, including the completion of new investments and maximising exits. Caspar has a master's degree equivalent in Petroleum Engineering from Delft University of Technology and MBA equivalent from Erasmus University.

Luigi Sbrozzi, Non-executive director

Luigi is a Cinven partner and co-head of the Cinven Strategic Financial Fund, responsible for origination, execution, and portfolio management of investments in European financial services. Between 2014 and 2020, he worked at Centerbridge Partners Europe, where, from 2016, he was managing director responsible

for origination, execution, and portfolio management of investments in European financial services sector. Before that, Luigi spent four years at CVC Capital Partners as part of the European financial institution group. Prior to that, he worked at Credit Suisse (2006 to 2007), Morgan Stanley (2007 to 2008) and TA Associates (2008 to 2010). He has a master's degree in Finance and a bachelor's degree in Economics of Financial Markets and Institutions from Bocconi University.

Kevin Sarafilovic, Non-executive director

Kevin began his career with KPMG in London in 2000. Between 2004 and 2006 he worked at Dresdner Kleinwort Wasserstein, London in the Financial Institutions Group, between 2006 and 2012 he worked at Deutsche Bank, London in the Financial Institutions Group and between 2014 and 2015 he worked at Barclays, London in in the Financial Institutions Group. Since April 2015, he has been Managing Director, Private Equity at BCI in Canada. He is also currently a non-executive director at Waterlogic Group and BMS Group. He as a bachelor's degree and a master's degree in Economics and Management from Oxford University.

Aaron Papps, Non-executive director

Aaron worked at Merrill Lynch Canada Inc. between 2000 and 2010, most recently as Managing Director, Head of Canadian Energy Investment Banking, and at Morgan Stanley Canada Inc. as Managing Director, Head of Canadian Energy Investment Banking between 2011 and 2017. Since then, he has been Managing Director, Private Equity at BCI in Canada. He has a bachelor's degree in Administration from the University of Ottawa and a joint MBA/LLB from Schulich School of Business/Osgoode Hall Law School of York University.

Frank Koster, Non-executive director

Frank was appointed to the Group Board in April 2021 following the change of shareholders to Cinven and BCI. Frank is currently CEO of InsingerGilissen, part of the European wealth management group Quintet. He previously served as CEO of AXA Belgium and before that he spent 17 years at ING, with his latest position being CEO of ING's insurance businesses in the Asia-Pacific. In recent years, Frank has set up his own advisory business focusing on private equity investors and entrepreneurs in financial services and beyond. Frank has a master's degree in Medicine from the University of Amsterdam.

Andrew Manduca, Independent non-executive director

Andrew is a certified public accountant. In 1980 he was a founding partner of Deloitte Malta and he lead the Deloitte tax practice in Malta between 1980 and 2012. He retired as Chairman and Senior Partner of Deloitte Malta in 2012. He is a director of Munich Re PCC Limited and Sparkasse Bank Malta Plc.

John Cassar White, Independent non-executive director

John worked with the National Bank of Malta (later known as Bank of Valletta) from 1972 to 2008 when he retired. He held a variety of positions during his career with the Bank including Chief Officer (Credit and Finance) between 2002 and 2005 and Chief Officer (Risk Management) from 2005 until his retirement. After his retirement, he worked as a lecturer in Business Studies at the Malta College of Arts, Science and Technology until 2013. He has a degree in Italian Literature and Language, History of Civilisation and Maltese from the University of Malta.

Nadine Cachia, Independent non-executive director

Nadine is the co-founder and Managing Director of Atom (previously known as JTC), which was founded in 2014 and provides corporate and trustee services in Malta. Prior to that, she was Client Director – Head of Legal Services at TMF Group in Malta, a company which offers corporate support services to international

clients, from 2012 to 2014. Her previous roles were as a lawyer at Maitland Group (2011-2012) and at Advocate Tanti Dougall & Associates (2008-2011). She has a bachelor's degree in Psychology and a Doctor of laws degree, both from the University of Malta.

EMT

The EMT's responsibilities include:

- implementing the agreed business strategy and plan; and
- managing the business activities of the Group.

The table below shows the members of the EMT.

Name	Position
Will Bridger	Chief Executive Officer
Mark Lawson	Group Chief Actuary
Simon Hawkins	Group Chief Operating Officer
Ian Patrick	Group Chief Financial Officer
Brid Reynolds	Group Chief Risk Officer
David Presley	Chief Executive Officer, North America

Will Bridger, CEO

See above.

Mark Lawson, Group Chief Actuary

Mark is a qualified actuary with over 20 years' experience in the insurance and reinsurance legacy sector. He is responsible for driving all actuarial activities relating to claims reserves, capital management, M&A assessment, commutations and asset strategy. Mark joined the Group in 2016 after having spent 16 years at PwC.

Simon Hawkins, Group Chief Operating Officer

Simon joined the Group in July 2018 as the Group Chief Operating Officer. He is a fellow of the Association of Chartered Certified Accountants and has over 20 years' experience in the legacy sector.

Prior to joining the Group, Simon spent seven years at QBE Insurance, where he was responsible for the management and strategic disposal of over U.S.$2 billion of legacy reserves from the Group, and 13 years at PwC in the insurance restructuring team. He has significant experience of transactions, legal transfers and value creation from legacy portfolios.

Ian Patrick, Group Chief Financial Officer

Ian joined the Group in October 2020 as the Group Chief Financial Officer. Ian is a member of the Institute of Chartered Accountants of Scotland and has over 20 years' experience in the financial services sector. Prior to joining the Group, Ian spent seven years at Swiss Re as CFO of the Life Capital business unit and most recently as CFO of the UK life legacy consolidator, ReAssure Group plc. He has significant experience in managing insurance companies in a range of jurisdictions, risk and balance sheet management, M&A and corporate finance.

Brid Reynolds, Group Chief Risk Officer

Brid joined the Group in November 2021 from QBE where she was most recently Vice President and Head of Capital Management and Regulatory Reporting. Prior to QBE, she served as principal, insurance supervision at the BMA. A chartered accountant by profession, Brid has 17 years' market experience in management roles across public accounting firms, insurance regulatory bodies and insurance companies.

David Presley, Chief Executive Officer, North America

David joined the Group in April 2022 as the Chief Executive Officer, North America. David has almost 20 years' legacy-market experience. He joined the Group from Swiss Re America, where, as vice president and senior legacy origination manager, he was responsible for the origination of all US legacy deals. Prior to joining Swiss Re in 2019, David spent eight years at Enstar US as a vice president and commutations manager. He began his career as an attorney in 2003 at The Bazil Group.

Committees

The Group's four Group Board committees are:

Remuneration committee

The Remuneration committee recommends to the Group Board an overall nomination and remuneration policy and is responsible for ensuring that the policy is aligned to the Group's long-term business strategy and risk appetite, culture and values. The Remuneration committee is charged with recognising the interest of all stakeholders and also assists the Board in discharging its responsibilities relating to the appointment and remuneration of executives. The members of the Remuneration and Nominations committee are Luigi Sbrozzi (Chair), Emmanuel Clarke, Kevin Sarafilovic and Will Bridger.

Risk and Compliance committee

The Risk and Compliance committee reviews the effectiveness of the Group's risk management framework and the system of governance policies. It works with the Remuneration committee to ensure risks are properly considered. It also reviews the Group's capital requirements, including stress testing and monitoring, and its regulatory and legal compliance. The members of the Risk and Compliance committee are Frank Koster (Chair), Emmanuel Clarke, Kevin Sarafilovic and Luigi Sbrozzi.

Audit committee

The Audit committee reviews the Group's financial reports and ensures the integrity of its financial statements. It also reviews the Group`s internal financial controls, monitors and reviews the effectiveness of the Group's internal audit function and reviews and monitors the Group`s external auditor`s independence and objectivity and the effectiveness of the audit process. The members of the Audit committee are Andrew Manduca (Chair), John Cassar White and Luigi Sbrozzi.

Investment committee

The investment committee formulates an investment strategy for the Group and monitors the performance of the investment strategy and investment portfolios and makes appropriate changes on a timely basis. It also assesses the risks specifically related to investments and the impact of the investments on the Group`s risk profile and it oversees the activities of the investment manager and sets the parameters within which the investment manager is required to act. The members of the Investment committee are Luigi Sbrozzi (Chair), Emmanuel Clarke and Kevin Sarafilovic.

Conflicts of interest

The address of each of the directors and members of EMT named above is the Group's registered office at Conyers Corporate Services (Bermuda) Limited, Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. There are no potential conflicts of interest between the duties of each of the directors and members of the EMT named above and his/her private interests and/or other duties.

Employees

The Group's average monthly employees (including directors) during each of 2021, 2020 and 2019 were 97, 76 and 71, respectively.

The Group Board is responsible for the establishment and review of the remuneration policy, ensuring alignment with the Group's strategic objectives and corporate governance. This includes sound and effective risk management through the existence of a stringent governance structure. As a result, there is nothing in the remuneration policy that encourages unnecessary risk-taking.

The Group recognises the need to attract, develop, retain and motivate high-performing employees, provide financial incentives for those accepting promotional opportunities, and improve the Group's position within the current market. Short-term profitability is not rewarded at the expense of long-term performance.

The Group's remuneration package consists of fixed and variable components, as well as a range of benefits. Fixed pay is primarily determined according to the nature of the role the individual performs. In addition, rates are determined for comparable roles in the market. Variable reward comprises discretionary bonus payments. The variable remuneration depends on the achievement of the combination of the assessment of the performance of the individual and of the overall result of the Group.

The Group's Remuneration and Nominations Committee determines the remuneration of the executive and non-executive directors. The remuneration package for the non-executive directors who receive it consists of a fixed component only. The Group's remuneration policy does not cover any supplementary pension or early retirement schemes for members of the Group Board and other key function holders.

INSURANCE REGULATION

Overview

The business of insurance and reinsurance is regulated in most countries, although the degree and type of regulation varies from one jurisdiction to another. The Group's regulated insurance activities include the acquisition and management of insurance and reinsurance portfolios in run-off and it has operations located in Finland, Switzerland, Germany, Malta, the UK, Bermuda and the United States and significant experience in multiple classes of direct and reinsurance business, particularly in US asbestos and environmental, with other classes including property, liability, marine and motor.

The regulated insurance and reinsurance companies in the Group are:

- Bothnia, which is domiciled in Finland and regulated by the FIN-FSA (and also operates in Germany on a branch basis and on 30 March 2022 submitted an application to the PRA to seek authorisation for a proposed UK branch);
- LLSE, which is domiciled in Malta and regulated by the MFSA, although the Group is in the process of transferring all of LLSE`s business into Bothnia and plans to submit an application to the MFSA to de-authorise LLSE and subsequently wind down the company;
- Pallas Re, which is domiciled in Bermuda and regulated by the BMA; and
- Compre Corporate Member (1) Limited and Compre Corporate Member (2) Limited which are corporate members regulated by Lloyd's.

Aurora, which is domiciled in Switzerland, has been released from the authority and regulation of the Swiss Financial Market Supervisory Authority and is in the process of dissolution.

In addition, prior to the re-domiciliation of the Group to Bermuda, which is expected to occur on 1 July 2022, the MFSA acts as group supervisor of the Group and thereafter the BMA will act as group supervisor of the Group.

The Group may become subject in the future to changes in existing regulation or regulation in new jurisdictions or additional regulations in existing jurisdictions depending on the location and nature of any companies acquired and the volume and location of business being transacted by its existing companies.

Group supervision

The following describes the group supervisory regime which will apply to the Group upon its re-domiciliation to Bermuda.

The BMA's group supervision objective is to provide a coordinated approach to the regulation of an insurance group and its supervisory and capital requirements. Bermuda's supervision has been recognised by the EU as fully equivalent to Solvency II.

As the Group supervisor, the BMA will perform a number of functions including: (i) coordinating the gathering and dissemination of information for other regulatory authorities; (ii) carrying out a supervisory review and assessment of the Group; (iii) carrying out an assessment of the Group's compliance with the rules on solvency, risk concentration, intra-group transactions and appropriate governance procedures; (iv) planning and coordinating, through regular meetings with other authorities, supervisory activities in respect of the Group; (v) coordinating any enforcement action that may need to be taken against the Group or any Group members; and (vi) coordinating meetings of colleges of supervisors in order to facilitate the carrying out of these functions. Pallas Re serves as the Group's Designated Insurer. As Designated Insurer, Pallas Re

is the administrative point of contact that will be responsible for ensuring the Group fulfils its regulatory filing and compliance obligations, including appointing a group actuary and ensuring compliance by the Group with the insurance solvency and supervision rules.

On an annual basis, the Group will be required to file group statutory financial statements, a group statutory financial return, a group capital and solvency return, audited group financial statements, a group Solvency Self-Assessment ("**GSSA**"), and a financial condition report with the BMA. The GSSA is designed to document the Group's perspective on the capital resources necessary to achieve its business strategies and remain solvent given its risk profile, and to provide the BMA with insights on its risk management, governance procedures and documentation related to this process. In addition, the Group will be required to file a quarterly financial return with the BMA.

The Group will be required to maintain available Group statutory capital and surplus in an amount that is at least equal to the group enhanced capital requirement ("**ECR**"). The BMA has established a group target capital level equal to 150 per cent. of the Group ECR.

The BMA also maintains supervision over the controllers of all Bermuda registered insurers, which include: (1) the managing director of the registered insurer or its parent company, (2) the chief executive of the registered insurer or of its parent company, (3) a 10%, 20%, 33% or 50% "shareholder controller" (see next paragraph) or (4) any person in accordance with whose directions or instructions the directors of the registered insurer or of its parent company are accustomed to act.

The definition of shareholder controller is set out in the Bermuda Insurance Act 1978 and related regulations, as amended (together, the "**Insurance Act**") but generally refers to: (1) a person who holds 10 per cent. or more of the shares carrying rights to vote at a shareholders' meeting of the registered insurer or its parent company, (2) a person who is entitled to exercise 10 per cent. or more of the voting power at any shareholders' meeting of such registered insurer or its parent company or (3) a person who is able to exercise significant influence over the management of the registered insurer or its parent company by virtue of its shareholding or its entitlement to exercise, or control the exercise of, the voting power at any shareholders' meeting.

Accordingly, any person who, directly or indirectly, becomes a holder of at least 10 per cent. of the registered insurer's ordinary shares must notify the BMA in writing within 45 days of becoming such a holder (or ceasing to be such a holder). The BMA may object to a controller and require a controller to reduce its holding of ordinary shares and direct, among other things, that voting rights attaching to the ordinary shares shall not be exercisable.

Additionally, all registered insurers are required to give notice to the BMA of their intention to effect a "material change" within the meaning of the Insurance Act. For the purposes of the Insurance Act, the following changes are material: (1) the transfer or acquisition of insurance business being part of a scheme falling within or any transaction relating to a scheme of arrangement under section 25 of the Insurance Act or section 99 of the Companies Act 1981 (the "**Companies Act**"), (2) the amalgamation with or acquisition of another firm, (3) engaging in unrelated business that is retail business, (4) the acquisition of a controlling interest in an undertaking that is engaged in non-insurance business which offers services and products to persons who are not affiliates of the insurer, (5) outsourcing all or substantially all of the company's actuarial, risk management and internal audit functions, (6) outsourcing all or a material part of an insurer's underwriting activity, (7) the transfer other than by way of reinsurance of all or substantially all of a line of business, (8) the expansion into a material new line of business, (9) the sale of an insurer and (10) the outsourcing of an officer role.

Bermuda operations

BMA insurance regulation

The Insurance Act regulates the reinsurance business of Pallas Re. The Insurance Act imposes certain solvency and liquidity standards and auditing and reporting requirements and grants the BMA powers to supervise, investigate, require information and the production of documents and intervene in the affairs of insurance and reinsurance companies.

Pallas Re is an exempted company incorporated in Bermuda under the Companies Act and registered as a Class 3B insurer in terms of the Insurance Act. Under the Insurance Act, Class 3B insurers are large commercial insurers whose percentage of unrelated business represents 50 per cent. or more of net premiums written or net loss and loss expense provisions and where the unrelated business net premiums are more than U.S.$50 million. Additionally, Pallas Re's on-going regulatory requirements include the appointment of a principal representative in Bermuda, the appointment of an independent auditor, the appointment of an approved loss reserve specialist to opine on the statutory technical provisions of its insurance reserves, the filing of annual statutory financial statements and financial statements prepared in accordance with IFRS, or generally accepted accounting principles, that apply in Bermuda, Canada, the United Kingdom or the United States, the filing of annual statutory financial returns, the filing of quarterly financial returns, compliance with group solvency and supervision rules, and compliance with the Insurance Code of Conduct (relating to corporate governance, risk management and internal controls, as further set out below).

Pallas Re must also comply with a minimum liquidity ratio and minimum solvency margin. The minimum liquidity ratio requires that the value of relevant assets must not be less than 75 per cent. of the amount of relevant liabilities. Relevant assets include cash and time deposits, quoted investments, unquoted bonds and debentures, first liens on real estate, investment income due and accrued, accounts and premiums receivable, reinsurance balances receivable, and funds held by ceding reinsurers The minimum solvency margin, which varies depending on the class of the insurer, is determined as a percentage of either net reserves for losses and loss-adjusted expenses or premiums. Pallas Re is also subject to an ECR determined pursuant to a risk-based capital measure and is required to file a Commercial Insurer's Solvency Self-Assessment ("**CISSA**"), and a financial condition report with the BMA. As at 31 December 2021, Pallas Re exceeded its minimum solvency and liquidity requirements.

Pallas Re is required to comply with the provisions of the Companies Act regulating the payment of dividends and making of distributions from contributed surplus. Specifically, Pallas Re is prohibited from declaring or paying a dividend, or making a distribution out of contributed surplus, if there are reasonable grounds for believing that (1) it is, or would after the payment be, unable to pay its liabilities as they become due, or (2) the realisable value of its assets would thereby be less than its liabilities. In addition, Pallas Re would be prohibited from declaring or paying any dividends if it were in breach of its minimum solvency margin or liquidity ratio or if the declaration or payment of such dividends would cause it to fail to meet such margin or ratio. In addition, Pallas Re is prohibited, without the prior approval of the BMA, from reducing by 15 per cent. or more its total statutory capital, or from reducing by 25 per cent. or more its total statutory capital and surplus, as set out in its previous year's statutory financial statements. Total statutory capital consists of the insurer's paid in share capital, its contributed surplus, sometimes called "additional paid in capital" and any other fixed capital designated by the BMA as statutory capital such as letters of credit.

Insurance code of conduct

Pallas Re is subject to the Insurance Code of Conduct (the "**Insurance Code**"), which establishes duties and standards which must be complied with by all insurers registered under the Insurance Act, including the procedures and sound principles to be observed by such insurers. Failure to comply with the requirements under the Insurance Code will be a factor taken into account by the BMA in determining whether an insurer is conducting its business in a sound and prudent manner as prescribed by the Insurance Act.

Cyber risk management code of conduct

Pallas Re is subject to the Cyber Risk Management Code of Conduct ("**Cyber Code**"), which establishes duties, requirements, standards, procedures and principles to be complied with in relation to operational cyber risk management of all insurers. The Cyber Code requires insurers to manage and appropriately mitigate IT systems and operations risk by establishing a system of effective internal reporting and operational controls of their IT infrastructure. Insurers must implement their own technology risk programmes and determine what their top risks are and decide the appropriate risk response. Insurers must be able to evidence that there is adequate board visibility and governance of cyber risk and must implement a cyber-risk policy, a staff vetting process and ensure cyber risk awareness training is completed at least annually.

Economic Substance Act

Under the provisions of the Economic Substance Act 2018 (the "**ESA**"), any Bermuda-registered entity engaged in a "relevant activity" (which includes insurance business and holding entity activities, and therefore includes Pallas Re and the Issuer) must satisfy the provisions of the ESA by maintaining a substantial economic presence in Bermuda, which includes managing and directing the entity in Bermuda, undertaking core income generating activities related to the relevant activity in Bermuda, maintaining adequate physical premises in Bermuda, ensuring that there is an adequate number of full time employees in Bermuda (all with suitable qualifications) and ensuring that operating expenditures incurred in Bermuda are adequate in relation to the relevant activity. To the extent that the ESA applies to the Group's entities registered in Bermuda, the Group is required to demonstrate compliance with economic substance requirements by filing an annual economic substance declaration with the Registrar of Companies in Bermuda.

Winding-up

The BMA may present a petition for the winding-up of an insurer, such as Pallas Re, on the ground that the insurer (1) is unable to pay its debts within the meaning of sections 161 and 162 of the Companies Act, (2) has failed to satisfy an obligation to which it is or was subject by virtue of the Bermuda Insurance Act or (3) has failed to satisfy the obligation imposed upon it by section 15 of the Insurance Act as to the preparation of accounts or to produce or file statutory financial statements in accordance with section 17 of the Insurance Act (save where the appropriate waivers have been obtained), and that the BMA is unable to ascertain the insurer's financial position. In addition, if it appears to the BMA that it is expedient in the public interest that an insurer should be wound up, it may present a petition for it to be so wound up if a court thinks it just and equitable for it to be so wound up.

Cancellation of insurer's registration

An insurer's registration may be canceled at the request of the insurer, or by the BMA on certain grounds specified in the Insurance Act, including, but not limited to: (1) it is shown that false, misleading or inaccurate information has been supplied to the BMA by an insurer or on its behalf for the purposes of any provision of the Insurance Act, (2) an insurer has ceased to carry on business, (3) an insurer has persistently failed to pay fees due under the Insurance Act, (4) an insurer has been shown not to have complied with a condition attached to its registration or with a requirement under the Insurance Act, (5) an insurer is convicted of an offense against a provision of the Insurance Act, (6) an insurer is, in the opinion of the BMA, found not to have been carrying on business in accordance with sound insurance principles or (7) any of the minimum criteria for registration under the Insurance Act is not or will not have been fulfilled.

European operations

The Group has insurance subsidiaries in Finland, Malta and England (Lloyd's) These subsidiaries are regulated in their respective home countries. The application of the Solvency II framework across the

European Union generally results in a more uniform approach to regulation. Typically, such regulation is for the protection of policyholders and ceding insurance companies rather than shareholders. Regulatory authorities generally have broad supervisory and administrative powers over such matters as licenses, standards of solvency including minimum capital and surplus requirements, investments, reporting requirements relating to capital structure, ownership, financial condition and general business operations, special reporting and prior approval requirements with respect to certain transactions among affiliates, reserves for unpaid losses and loss-adjusted expenses, reinsurance, dividends and other distributions to shareholders, periodic examinations and annual and other report filings.

Finland operations

Bothnia is authorised by the FIN-FSA to carry out insurance and reinsurance business. Bothnia is currently operating in the UK under the Temporary Permissions Regime. Further, Bothnia has passported its licence on a freedom of services basis in a number of EEA jurisdictions.

Malta operations

LLSE is currently authorised by the MFSA to carry out insurance and reinsurance business in all classes of general business. LLSE has also passported its licence on a freedom of services basis in a number of EEA jurisdictions. The Group is in the process of transferring all of LLSE`s business into Bothnia and plans to submit an application to the MFSA to de-authorise LLSE and subsequently wind down the company.

Lloyd's

The Group participates in the Lloyd's market through its holding in Compre Corporate Member (1) Limited and Compre Corporate Member (2) Limited (each corporate members which are regulated by Lloyd's), that provide capital to Syndicate 1994, a syndicate that has permission to underwrite "reinsurance to close" (**"RITC"**) business and other run-off or discontinued business type transactions with other Lloyd's syndicates.

The Group's Lloyd's operations are subject to authorisation and regulation by the PRA, and are also regulated by the FCA, together with the PRA, the "**UK Regulator**" and must comply with the Lloyd's Act(s) and Byelaws and regulations, as well as the applicable provisions of the Financial Services and Markets Act 2000. The Council of Lloyd's has wide discretionary powers to regulate its members, and its exercise of these powers might affect the return on an investment of the corporate member in a given underwriting year.

The underwriting capacity of a corporate member of Lloyd's must be supported by providing a deposit (referred to as "**Funds at Lloyd's**" or "**FAL**") in the form of cash, securities, letters of credit or other approved capital instrument in satisfaction of its capital requirement. The amount of the FAL is assessed, from 2022, quarterly and is determined by Lloyd's in accordance with applicable capital adequacy rules. To release their capital, Lloyd's members are usually required to have reinsured their liabilities through an approved RITC, such as Syndicate 1994. The members of Syndicate 1994 will, in turn, itself seek to release their capital by obtaining RITC in respect of closed underwriting years.

Business plans, including maximum underwriting capacity, for Lloyd's syndicates require annual approval by the Lloyd's Franchise Board, which may require changes to any business plan or additional capital to support underwriting plans.

The Society of Lloyd's has received approval from the PRA to use its internal model under the Solvency II regime, and accordingly the Group's Lloyd's operation is required to meet Solvency II standards.

The Solvency II framework sets out requirements on capital adequacy and risk management for insurers. To the extent that Solvency II was already adopted by UK legislation, it remains in force post-Brexit. Insurers must comply with a Solvency Capital Requirement ("**SCR**"), which is calculated using either the Solvency

II standard formula or a bespoke internal model. Through an H.M. Treasury "call for evidence" in October 2020 and the publication of H.M. Treasury's response to the "call for evidence", and related PRA surveys, questionnaires and roundtable discussions, the PRA and the UK government continue to assess proposed reforms to the Solvency II regime as adopted in the UK. In a February 2022 speech to the Association of British Insurance, John Glen MP, Economic Secretary to the Treasury and City Minister, outlined proposed Solvency II reforms, developed by HM Treasury alongside the PRA, including what he described as:

- more sensitive treatment of credit risk in the matching adjustment through a reassessment of the fundamental spread used to calculate the matching adjustment;
- a significant increase in flexibility to allow insurers to invest in long-term assets such as infrastructure; and
- a meaningful reduction in the current reporting and administrative burden on firms.

On 28 April 2022, HM Treasury launched a formal consultation on the proposed Solvency II reforms, providing more detail on, amongst other points, the proposals outlined above. The consultation will run for a period of 12 weeks closing on 21 July 2022. The evidence received in response to the consultation will be used to inform the UK government in understanding the combined impact of the reforms. The UK government will then consider and publish a response to the consultation in due course. At the same time, the PRA published a statement on the proposed reforms, as well as a discussion paper outlining its views of potential reform outcomes. Responses are requested by 21 July 2022, and the PRA will set up further opportunities for industry engagement to discuss these issues in more detail. The PRA also intend to issue a consultation of their own at a later date. It remains to be seen to what extent the UK will depart from the requirements of Solvency II post-Brexit in any new UK legislation that may be introduced.

Lloyd's approval is required before any person can acquire control of a Lloyd's corporate member.

TAXATION

The comments below, which are of a general nature and are based on the Issuer's understanding of current Bermuda law. They are not exhaustive. They do not deal with any other Bermuda 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 Bermuda 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 Bermuda should consult their own professional advisers.

Certain Bermuda tax considerations

Under the current law of Bermuda (which, for purposes of this paragraph, includes any authority or political subdivision therein or thereof having power to tax), there is no Bermuda income, corporation or profits tax, withholding tax, capital gains tax, capital transfer tax, net wealth tax, value added tax, estate duty or inheritance tax payable in respect of the acquisition, ownership or a disposition of a Note by a Noteholder or payments by the Issuer with respect to the Notes. A Noteholder will not be deemed to be domiciled or subject to taxation in Bermuda by reason only of holding a Note.

The Issuer has obtained from the Bermuda Minister under the Bermuda Exempted Undertakings Tax Protection Act 1966, as amended, an assurance that, in the event that Bermuda enacts legislation imposing tax computed on profits, income, any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance, then the imposition of any such tax shall not be applicable to the Issuer or to any of its operations or its securities or other obligations, until 31 March 2035. The Issuer could be subject to taxes in Bermuda after that date. This assurance is subject to the proviso that it is not to be construed so as to prevent the application of any tax payable in accordance with the provisions of the Bermuda Land Tax Act 1967, as amended, or otherwise payable in relation to any property leased to the Issuer. The Issuer pays annual Bermuda government fees. In addition, all entities employing individuals in Bermuda are required to pay a payroll tax and there are other sundry taxes payable, directly or indirectly, to the Bermuda government.

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. A number of jurisdictions 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. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, proposed regulations have been issued that provided that such withholding would not apply prior to the date that is two years after the date on which final regulations defining "foreign passthru payments" are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Additionally, Notes that are characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. However, if additional notes (as described under Condition 16 that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Noteholders should consult their own tax advisers regarding how these rules may apply to their investment

in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect of payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement dated 23 June 2022 (the "**Subscription Agreement**"), Goldman Sachs International (the "**Sole Lead Manager**") has agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe or procure subscribers for the Notes at the issue price of 100.00 per cent. of their principal amount, and will be paid a commission. In addition, the Issuer has agreed to reimburse the Sole Lead Manager for certain of its expenses in connection with the issue of the Notes. The Sole Lead Manager is entitled to terminate and to be released and discharged from its obligations under the Subscription Agreement in certain circumstances prior to payment being made to the Issuer.

United States

The Notes have not been and will not be registered under the Securities Act and the Notes may not be offered, sold or delivered within the United States except in certain transactions exempt from the registration requirements of the Securities Act. The Notes are being offered and sold outside of the United States in reliance on Regulation S.

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

Terms used in this section "*United States*" have the meanings given in Regulation S under the Securities Act.

United Kingdom

The Sole Lead Manager has represented, warranted and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the UK.

Prohibition of Sales to UK Retail Investors

The Sole Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. 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 (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

(b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Prohibition of Sales to EEA Retail Investors

The Sole Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

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

Bermuda

The Sole Lead Manager has represented and agreed that no invitation whether directly or indirectly has or will be made to the public in Bermuda to subscribe for the Notes. The Notes may be offered or sold in Bermuda only in compliance with the provisions of the Companies Act 1981, the Investment Business Act 2003 and the Exchange Control Act 1972 (and regulations made thereunder) and the requirements of the related regulations of Bermuda which regulate the sale of securities in Bermuda.

Switzerland

The Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Offering Memorandum nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and neither this Offering Memorandum nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

The Sole Lead Manager has represented, warranted and undertaken that:

(a) it will not make a public offer of the Notes, directly or indirectly, in Switzerland, as such terms are defined or interpreted under the FinSA except to professional clients as such term is defined or interpreted under the FinSA ("**Professional Investors**");

(b) the Notes will not be admitted by it to trading on a trading venue (exchange or multilateral trading facility) in Switzerland; and

(c) it will not offer, sell, advertise or distribute the Notes, directly or indirectly, in Switzerland, as such terms are defined or interpreted under the FinSA, except to Professional Investors.

Neither this Offering Memorandum nor any other offering or marketing material relating to the offering, nor the Notes, have been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to supervision by any Swiss regulatory authority, such as the Swiss Financial Markets Supervisory Authority FINMA, and investors in the Notes will not benefit from protection or supervision by such authority.

Hong Kong

The Sole Lead Manager has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (ii) in other

circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

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

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act 129 of Japan (Act No. 25 of 1948, as amended; the "**FIEA**") and the Sole Lead Manager has represented and agreed that it 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 (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

This Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Sole Lead Manager has represented, warranted, agreed and undertaken that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase, and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than:

(i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA;

(ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or

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

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

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

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

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

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

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

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

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

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

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

Canada

No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offer and sale of the Notes. The Notes 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.

The Sole 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 (i) "accredited investors" (as such term is defined in section 1.1 of National Instrument 45-106 Prospectus Exemptions ("**NI 45-106**") or, in Ontario, as such term is defined in section 73.3(1) of the Securities Act (Ontario)) and "permitted clients" (as such term is defined in section 1.1 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations), (ii) purchasing as principal, or are deemed to be purchasing as principal in accordance with applicable Canadian securities laws, and (iii) not a person created or used solely to purchase or hold the Notes as an "accredited investor" as described in paragraph (m) of the definition of "accredited investor" in section 1.1 of NI 45-106;

(b) it is either (i) appropriately registered under applicable Canadian securities laws in each relevant province or territory to sell and deliver the Notes, (ii) such sale and delivery will be made through an affiliate of it that is so registered if the affiliate is registered in a category that permits such sale and has agreed to make such sale and delivery in compliance with the representations, warranties and agreements set out herein, or (iii) it is relying on an exemption from the dealer registration requirements under applicable Canadian securities laws and has complied with the requirements of that exemption; and

(c) it has not and will not distribute or deliver this 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

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

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

GENERAL INFORMATION

Corporate approvals

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The issue of the Notes was authorised by resolutions of the Board of Directors of the Issuer passed on 13 June 2022.

Listing and admission to trading

It is expected that the application for the Notes to be admitted to trading on the ISM will be granted on or around 23 June 2022 (subject only to the issue of the Notes) and that such admission will become effective, and that dealings in the Notes on the ISM will commence, on or about 29 June 2022. The London Stock Exchange has not approved or verified the contents of this Offering Memorandum. Transactions will normally be effected for delivery on the second working day after the day of the transaction.

Clearing

The Notes have been accepted for clearance and settlement through Euroclear and Clearstream, Luxembourg with ISIN XS2492049197 and Common Code 249204919. The CFI and FISN codes may be obtained from the website of the Association of National Numbering Agencies or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Significant / material adverse change

Save for a mark-to-market reduction in assets of £36.0 million in the quarter ended 31 March 2022 (Financial year ended 31 December 2021: £7.4 million) as a result of rising interest rates and widening credit spreads, there has been no significant change in the financial or trading position of the Issuer or the Group since 31 December 2021 (being the last day of the period in respect of which the Issuer has published financial statements).

There has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2021 (being the last day of the period in respect of which the Issuer published audited annual financial statements).

Legal proceedings

There are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) of which the Issuer is aware which may have, or have had during the period of 12 months prior to the date of this Offering Memorandum, a significant effect on the financial position or profitability of the Issuer or the Group.

Material contracts outside ordinary course of business

There are no material contracts entered into other than in the ordinary course of the Group's business which could result in the Issuer being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders under the Notes.

Documents available

For so long as the Notes are admitted to trading on the ISM, electronic copies of the following documents will be available for inspection (i) at the specified offices of the Principal Paying Agent at all reasonable times during normal business hours or (ii) may be provided by email to a Noteholder requesting a copy from the Principal Paying Agent, in each case upon such Noteholder providing satisfactory proof of a holding of Notes, and subject to the Principal Paying Agent being supplied by the Issuer with electronic copies:

(i) the 2021 Financial Statements, the 2020 Financial Statements and the 2021 SFCR;

(ii) this Offering Memorandum and the Trust Deed; and

(iii) the constitutional documents of the Issuer.

The Offering Memorandum will also be available on the Group's website at: www.compre-group.com.

For so long as the Notes are admitted to trading on the ISM, any notices to Noteholders will be published on the website of the London Stock Exchange at: www.londonstockexchange.com.

Yield

The yield on the Notes is 9.25 per cent., on a semi-annual basis. The yield is calculated as at the Issue Date on the basis of the Issue Price and the interest rate of 9.25 per cent. per annum. It is not an indication of future yield.

Rights of Trustee

The Trust Deed provides that the Trustee may rely conclusively without liability to any person on certificates or reports from any auditors or other parties in accordance with the provisions of the Trust Deed whether or not any such certificate or report or engagement letter or other document in connection therewith contains any limit on the liability of such auditors or such other party. However, the Trustee will have no recourse to the auditors in respect of such certificates or reports unless the auditors have agreed to address such certificates or reports to the Trustee.

Auditors

Mazars Malta ("**Mazars**"), registered auditors with the Malta Financial Services Authority in Malta, have audited, and rendered an unqualified audit report on, in accordance with International Financial Reporting Standards as adopted by the European Union, the consolidated financial statements of Cambridge, for the years ended 31 December 2021 and 31 December 2020. Mazars has no material interest in the Issuer.

Sole Lead Manager transacting with the Issuer and the Group

The Sole Lead Manager and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions (including, in some cases, credit agreements, credit lines, derivatives and other financing arrangements) with, and may perform services for the Issuer and its affiliates in the ordinary course of business. The Sole Lead Manager and its affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Sole Lead Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for its own account and for the accounts of its

customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. The Sole Lead Manager or certain of its affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, the Sole Lead Manager and its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes.

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

THE ISSUER

Compre Group Holdings Limited
c/o Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

TRUSTEE

BNY Mellon Corporate Trustee Services Limited
One Canada Square
London E14 5AL
United Kingdom

PRINCIPAL PAYING AGENT

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

REGISTRAR AND TRANSFER AGENT

The Bank of New York Mellon SA/NV, Dublin Branch
Riverside Two
Sir John Rogerson's Quay
Grand Canal Dock
Dublin 2
Ireland

SOLE LEAD MANAGER

Goldman Sachs International
Plumtree Court
25 Shoe Lane
London EC4A 4AU
United Kingdom

LEGAL ADVISERS

To the Issuer as to English law

Allen & Overy LLP
One Bishops Square
London E1 6AD
United Kingdom

To the Issuer as to Bermuda law

ASW Law Limited
Crawford House
50 Cedar Avenue
Hamilton HM11
Bermuda

To the Sole Lead Manager and the Trustee as to English law

Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

AUDITOR OF THE ISSUER

Mazars Malta
The Watercourse
Level 2 Mdina Road Zone 2
Central Business District
Birkirkara CBD 2010
Malta

printed by
Allen & Overy LLP
London