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Sabre

Sabre
INSURANCE GROUP

PROSPECTUS
November 2017

This document comprises a prospectus (the “**Prospectus**”) prepared in accordance with the Prospectus Rules of the UK Financial Conduct Authority (the “**FCA**”) made under section 73A of the Financial Services and Markets Act 2000 (as amended) (“**FSMA**”). This Prospectus has been approved by the FCA in accordance with section 87A of FSMA and made available to the public as required by the Prospectus Rules.

The directors of the Company, whose names appear on page 77 of this Prospectus (the “**Directors**”), and Sabre Insurance Group plc (the “**Company**”) accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Directors and the Company (who have each taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and this Prospectus does not omit anything likely to affect the import of such information.

Application has been made to the FCA for all of the ordinary shares of £0.001 each of the Company (“**Ordinary Shares**”), issued and to be issued, to be admitted to the premium listing segment of the Official List maintained by the FCA and to London Stock Exchange plc (the “**London Stock Exchange**”) for all of the Ordinary Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities (together, “**Admission**”). Admission to trading on the London Stock Exchange’s main market for listed securities constitutes admission to trading on a regulated market.

Conditional dealings in the Ordinary Shares are expected to commence at 8.00 a.m. on 6 December 2017. It is expected that Admission will become effective, and that unconditional dealings will commence, at 8.00 a.m. on 11 December 2017. **All dealings in Ordinary Shares prior to the commencement of unconditional dealings will be on a “when issued” basis and of no effect if Admission does not take place and will be at the sole risk of the parties concerned.** No application has been, or is currently intended to be, made for the Ordinary Shares to be admitted to listing or trading on any other stock exchange.

Prospective investors should read the entire Prospectus and, in particular, the section entitled “Risk Factors” for a discussion of certain factors that should be considered in connection with an investment in the Ordinary Shares. Prospective investors should be aware that an investment in the Company involves a degree of risk and that, if certain of the risks described in this Prospectus occur, investors may find their investment materially adversely affected. Accordingly, an investment in the Ordinary Shares is only suitable for investors who are particularly knowledgeable in investment matters and who are able to bear the loss of the whole or part of their investment.

SABRE INSURANCE GROUP PLC

(incorporated under the Companies Act 2006 and registered in England and Wales with registered number 10974661)

Offer of up to 125,000,000 Ordinary Shares at an Offer Price expected to be between 220 pence and 240 pence per Ordinary Share (the “Price Range”)

and

Admission to the premium listing segment of the Official List and to trading on the London Stock Exchange

*Joint Sponsor, Joint Global Co-ordinator
and Joint Bookrunner*

Barclays

Co-Lead Manager

Berenberg

*Joint Sponsor, Joint Global Co-ordinator
and Joint Bookrunner*

Numis

Co-Lead Manager

Peel Hunt

Financial Adviser to the Company

Evercore

MAXIMUM ISSUED ORDINARY SHARE CAPITAL IMMEDIATELY FOLLOWING ADMISSION

Issued and fully paid Ordinary Shares

Number of Ordinary Shares	Nominal value of issued Ordinary Shares
250,000,000	£250,000

The Company is offering 96,686,593 New Ordinary Shares at the bottom of the Price Range and 88,629,378 New Ordinary Shares at the top of the Price Range under the Offer and the Selling Shareholders intend to sell in aggregate up to 28,313,407 Existing Ordinary Shares at the bottom of the Price Range and up to 36,370,622 Existing Ordinary Shares at the top of the Price Range. The Company will not receive any of the proceeds of any sale of Existing Ordinary Shares, all of which will be received by the Selling Shareholders. The Offer is conditional, *inter alia*, on Admission taking place on or before 8.00 a.m. on 22 December 2017 (or such later time and/or date as the Company, the Major Shareholder and the Joint Global Co-ordinators may agree).

The Price Range is indicative only, it may change during the course of the Offer and the Offer Price may be set within, above or below the Price Range. The amount to be raised and the number of Ordinary Shares to be issued by the Company or sold by the Selling Shareholders may be increased or decreased during the course of the Offer. A number of factors will be considered in determining the Offer Price, the amount to be raised by the Company pursuant to the Offer and the basis of allocation to prospective investors, including the level and nature of demand for the Offer Shares during the bookbuilding process, the level of demand in the Intermediaries Offer, the prevailing market conditions and the objective of establishing an orderly and liquid after-market in the Shares. Unless required to do so by law or regulation, the Company does not envisage publishing any supplementary prospectus or a pricing statement, as the case may be, until announcement of the Offer Price. A pricing statement containing the Offer Price, confirming the number of Ordinary Shares which are the subject of the Offer and containing any other outstanding information (the “**Pricing Statement**”) is expected to be published on or around 6 December 2017.

The Offer Shares will, upon Admission, rank equally in all respects with the Ordinary Shares in issue prior to Admission, including the right to receive all dividends or other distributions declared, made or paid on the Ordinary Shares after Admission. The Offer Shares are not being made generally available to the public in conjunction with the Offer.

NOTICE TO OVERSEAS INVESTORS

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy or to subscribe for, Ordinary Shares to any person in any jurisdiction to whom, or in which jurisdiction, such offer or solicitation is unlawful and, in particular, is not for distribution in Australia, Canada, Japan or South Africa. Neither the Company nor any of the Managers nor Evercore accepts any legal responsibility for any violation by any person, whether or not a prospective investor, of any such restrictions. No action has been, or will be, taken in any jurisdiction other than the UK that would permit a public offering of the Ordinary Shares, or the possession, circulation or distribution of this Prospectus or any other material relating to the Company or the Ordinary Shares in any jurisdiction where action for that purpose is required.

The offer, sale and/or issue of the Ordinary Shares has not been, and will not be, qualified for sale under any applicable securities laws of Australia, Canada, Japan or South Africa. Subject to certain exceptions, the Ordinary Shares may not be offered, sold or delivered within Australia, Canada, Japan or South Africa, or to, or for the benefit of, any national, resident or citizen of Australia, Canada, Japan or South Africa. The Ordinary Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the “**Securities Act**”), or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Offer Shares are only being offered and sold (a) in the United States to persons reasonably believed to be “qualified institutional buyers” (“**QIBs**”) as defined in, and in reliance, on Rule 144A under the Securities Act (“**Rule 144A**”) or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or other securities laws; or (b) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act (“**Regulation S**”). Prospective investors are hereby notified that sellers of the Offer Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A thereunder. For further information, see the restrictions set out in paragraph 12.8 of Part 10 (*Details of the Offer*) of this Prospectus.

The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities reviewed, passed upon or endorsed the merits of the Offer or the accuracy or completeness of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

This Prospectus is being furnished by the Company in connection with an offering exempt from the registration requirements of the Securities Act and applicable state or other securities laws, solely for the purpose of enabling prospective investors to consider the acquisition of Offer Shares described herein. The information contained in this Prospectus has been provided by the Company and other sources identified herein. This Prospectus is being furnished on a confidential basis only to persons in the United States reasonably believed to be QIBs and to other eligible persons outside of the United States. Any reproduction or distribution of this Prospectus, in whole or in part, in or into the United States and any disclosure of its contents or use of any information herein in the United States for any purpose other than considering an investment by the recipient in the Offer Shares offered hereby in accordance with the offer and sale restrictions described herein, is prohibited. Each prospective investor in the Offer Shares, by accepting delivery of this Prospectus, agrees to the foregoing. The Offer Shares are being offered in the United States to persons reasonably believed to be QIBs through the respective US registered broker-dealer affiliates of the Managers.

The Offer Shares sold to QIBs are “restricted securities” within the meaning of Rule 144 under the Securities Act and may only be resold or transferred in a transaction that is in accordance with the restrictions set out in paragraph 12.8 of Part 10 (*Details of the Offer*) of this Prospectus. Prospective US purchasers should be aware that they may be required to bear the risks of an investment in Offer Shares for an indefinite period of time.

Investors should rely only on the information contained in this Prospectus (and any supplementary prospectus produced to supplement the information contained in this Prospectus) when making a decision as to whether to subscribe for or purchase Offer Shares. No person has been authorised to give any information or to make any representations other than those contained in this Prospectus in connection with the Offer and, if given or made, such information or representations must not be relied

upon as having been authorised by or on behalf of the Company, the Directors, the Selling Shareholders, the Managers or Evercore. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G(1) of FSMA and Rule 3.4 of the Prospectus Rules, neither the delivery of this Prospectus nor any issue or sale made under this Prospectus shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or of the Company and its subsidiaries taken as a whole (the “**Group**”) since the date of this Prospectus or that the information contained herein is correct as at any time subsequent to the date of this Prospectus.

The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should consult its own lawyer, financial adviser or tax adviser for legal, financial or tax advice in relation to the purchase of Ordinary Shares.

Recipients of this Prospectus are authorised to use it solely for the purpose of considering the acquisition of Offer Shares and may not reproduce or distribute this Prospectus, in whole or in part, and may not disclose any of the contents of this Prospectus or use any information herein for any purpose other than considering an investment in Offer Shares. Such recipients of this Prospectus agree to the foregoing by accepting delivery of this Prospectus.

The Company consents to the use of this Prospectus by the Intermediaries in connection with the Intermediaries Offer to persons located in the United Kingdom, the Channel Islands and the Isle of Man: (a) in respect of Intermediaries who are appointed prior to the date of this Prospectus, from the date of this Prospectus; and (b) in respect of Intermediaries who are appointed after the date of this Prospectus, from the date on which they are approved to participate in the Intermediaries Offer and agree to adhere to and be bound by the Intermediaries Terms and Conditions, in each case until the closing of the Intermediaries Offer. The Company accepts responsibility for the information contained in this Prospectus with respect to any subscriber for Offer Shares pursuant to the Offer. **Any Intermediary that uses this Prospectus must state on its website that it uses this Prospectus in accordance with the Company’s consent and the conditions attached thereto. Intermediaries are required to provide the terms and conditions of the Intermediaries Offer to any prospective investor who has expressed an interest in participating in the Intermediaries Offer to such Intermediary. Any application made by investors to any Intermediary is subject to the terms and conditions imposed by each Intermediary.**

Barclays Bank PLC, acting through its investment bank (“**Barclays**”), and Numis Securities Limited (“**Numis**”) have been appointed as Joint Sponsors, Joint Global Co-ordinators and Joint Bookrunners in connection with Admission and the Offer. Each of Joh. Berenberg, Gossler & Co. KG, London Branch (“**Berenberg**”) and Peel Hunt LLP (“**Peel Hunt**”), and together with Barclays, Numis and Berenberg, the “**Managers**”) has been appointed as a Co-Lead Manager to the Offer. Evercore Partners International LLP (“**Evercore**”) has been appointed as Financial Adviser to the Company in connection with the Offer.

Barclays, which is authorised by the Prudential Regulation Authority (“**PRA**”) and regulated by the FCA and the PRA in the United Kingdom, and Numis, Evercore and Peel Hunt, each of which is authorised and regulated by the FCA in the United Kingdom, and Berenberg, which is authorised by the German Financial Supervisory Authority and subject to limited regulation by the FCA in the United Kingdom, are acting exclusively for the Company and no one else in connection with the Offer and will not regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Offer or any transaction, arrangement or matter referred to in this Prospectus.

Apart from the responsibilities and liabilities, if any, which may be imposed on the Managers and Evercore by FSMA or the regulatory regime established thereunder, none of the Managers, Evercore nor any of their respective affiliates, directors, personally liable partners, officers, employees, advisers or agents accepts any responsibility whatsoever, and makes no representation or warranty, express or implied, for the contents of this Prospectus, including its accuracy, completeness or for any other statement made or purported to be made by it or on behalf of it, the Company, the Directors, the Selling Shareholders or any other person, in connection with the Company, the Ordinary Shares, the Selling Shareholders or the Offer and nothing in this Prospectus shall be relied upon as a promise or representation in this respect, whether as to the past or the future. Each of the Managers and Evercore

and any of their respective affiliates, directors, personally liable partners, officers, employees, advisers or agents accordingly, disclaims all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this Prospectus or any such statement.

In connection with the Offer, each of the Managers and Evercore and any of their respective affiliates, acting as an investor for its or their own account(s), may acquire Ordinary Shares, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in Ordinary Shares and other securities of the Company or related investments in connection with the Offer or otherwise. Accordingly, references in this Prospectus to the Ordinary Shares being offered, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, dealing or placing by, each of the Managers and Evercore and any of their respective affiliates acting as an investor for its or their own account(s). None of the Managers nor Evercore nor any of their respective affiliates intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so. In addition, in connection with the Offer, certain of the Managers and Evercore and/or their respective affiliates may enter into financing arrangements with investors, such as share swap arrangements or lending arrangements where Ordinary Shares are used as collateral, that could result in such Managers or Evercore acquiring shareholdings in the Company.

The Managers and Evercore and their respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services to, the Company and the Selling Shareholders, for which they would have received customary fees. The Managers and Evercore and any of their respective affiliates may provide such services to the Company, the Selling Shareholders and any of their respective affiliates in the future.

STABILISATION

In connection with the Offer, Barclays, acting as Stabilising Manager, or any of its agents or affiliates, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Ordinary Shares and effect other transactions to maintain the market price of the Ordinary Shares at a level other than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise, and may be undertaken at any time during the period from the date of the commencement of conditional dealings in the Ordinary Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilising Manager or any of its agents or affiliates to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Stabilisation, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken with the intention of stabilising the market price of the Ordinary Shares above the Offer Price. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents or affiliates intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offer.

In connection with the Offer, the Stabilising Manager may, for stabilisation purposes, over-allot Ordinary Shares up to a maximum of 10 per cent. of the total number of Offer Shares. The Stabilising Manager has entered into the Over-allotment Option with the Lending Shareholder pursuant to which the Stabilising Manager may require the Lending Shareholder to sell at the Offer Price additional Ordinary Shares representing up to 10 per cent. of the total number of Offer Shares, to allow it to cover short positions arising from over-allotments and/or stabilising transactions. The Over-allotment Option may be exercised only once, in whole or in part, upon notice by the Stabilising Manager, at any time during the period from the date of commencement of conditional dealings in the Ordinary Shares on the London Stock Exchange and ending 30 days thereafter.

The date of this Prospectus is 23 November 2017.

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SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A-E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted into the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of ‘not applicable’.

Section A – Introduction and warnings

Element	Disclosure requirement	Disclosure
A.1	Warning	<p>This summary should be read as an introduction to this Prospectus. Any decision to invest in the Ordinary Shares should be based on consideration of this Prospectus as a whole by the prospective investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States of the EEA, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus, or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid prospective investors when considering whether to invest in such securities.</p>
A.2	Financial Intermediaries	<p>The Company consents to the use of this Prospectus by the Intermediaries in connection with the Intermediaries Offer in the UK, the Channel Islands and the Isle of Man on the following terms: (a) in respect of Intermediaries who are appointed prior to the date of this Prospectus, from the date of this Prospectus; and (b) in respect of Intermediaries who are appointed after the date of this Prospectus, from the date on which they are appointed to participate in the Intermediaries Offer and agree to adhere to and be bound by the Intermediaries Terms and Conditions, in each case until the closing of the Intermediaries Offer.</p> <p>Prospective investors interested in participating in the Intermediaries Offer should apply for Ordinary Shares through the Intermediaries by following their relevant application procedures by no later than 4 December 2017.</p> <p>Intermediaries are required to provide the Intermediaries Terms and Conditions to any prospective investor who has expressed an interest in participating in the Intermediaries Offer to such Intermediary. Any application made by prospective investors to any Intermediary is subject to the terms and conditions imposed by such Intermediary.</p>

Section B – Issuer

Element	Disclosure requirement	Disclosure
B.1	Legal and commercial name	Sabre Insurance Group plc.
B.2	Domicile/legal form/legislation/country of incorporation	The Company was incorporated and registered on 21 September 2017 in England and Wales as a public limited company, limited by shares, and is domiciled in the United Kingdom. Its registered office is situated in England and its registered number is 10974661. The principal legislation under which the Company operates is the Companies Act and the regulations made thereunder. The Company is subject to the Takeover Code.
B.3	Current operations /principal activities/ principal markets	The Group is a UK private motor insurance underwriter, founded in 1982, with a track record of market leading underwriting performance, controlled and attractive growth and cash generation. The Group generated GWP of £196.6 million for the year ended 31 December 2016 and had an average of approximately 325,000 in force policies during that period. The Group has a focus on generating profit from its underwriting activities, with approximately 86 per cent. of operating profit generated from underwriting in the year ended 31 December 2016, and low earnings contribution from investment, instalment and ancillary income. Policies are distributed via a diversified multi-channel distribution network encompassing both insurance brokers (accounting for approximately 70 per cent. of GWP in the year ended 31 December 2016) and Direct Brands (accounting for approximately 30 per cent. of GWP in the year ended 31 December 2016). The Group has a low risk appetite and uses a conservative investment strategy, excess of loss reinsurance and consistent reserving. The Group employs a team of approximately 150 individuals operating from a single owned site in Dorking, Surrey, supported by third party providers performing selected outsourced functions.
B.4a	Most significant recent trends of the Company and its industry	In 2016 and 2017 premiums have been impacted by changes to the Ogden Discount Rate which increased lump sum payouts to claimants and contributed to pricing increases across the UK private motor insurance market. In addition to pricing trends, the profitability of underwriters in the UK private motor insurance market is driven by claims experience. UK private motor insurers experienced a significant increase in the volume of personal injury claims in the late 2000s. A series of civil justice reforms were subsequently implemented with the intention of tackling the phenomenon, including The Legal Aid, Sentencing and Punishment Act 2012 (“ LASPO ”), which introduced a ban on referral fees for personal injury claims and limited conditional fee arrangements. Whilst the reforms led to a temporary fall in the cost of personal injury claims, an increase in costs from 2014 onwards led to the announcement of further government initiatives. The UK Government launched a consultation on whiplash reforms in November 2016 which led to the introduction of a bill to the UK Parliament the following year. The reforms sought to introduce a tariff of fixed compensation for whiplash injuries and block claims that were not supported by medical evidence. The reforms were delayed by the UK general

		<p>election held in June 2017. However, it was announced in the Queen’s Speech of June 2017 that the reforms would be incorporated as part of the new Civil Liability Bill.</p> <p>The nature of private motor insurance distribution in the UK has undergone meaningful change in recent years. PCWs (which allow users to compare tailored quotes from a variety of insurers) have increased in prominence significantly, as have direct sales, whilst sales through branches, over the phone and via banks / building societies have declined as a proportion of total sales. Insurance brokers that had traditionally relied on branch based and telephone sales have had to adapt and now distribute products online and through PCWs, alongside insurance underwriters going direct to the consumer.</p> <p>A series of technological advancements have had and are continuing to have an impact on the UK private motor insurance industry. Such advancements include telematics systems (which communicate information to the insurer on the insured’s driving style and speed) and advanced safety features in modern cars (including automated emergency braking, as well as forward collision, blind spot and lane departure warnings). These technological advancements have implications for both claim frequency and claim severity. Over time, cars are anticipated to come to market with increased degrees of automation, though considerable uncertainty exists regarding the level of automation that will eventually be achieved and the time it will take for the cars on the UK’s roads to adopt this level of automation.</p>
B.5	Group structure	<p>The Company is a newly incorporated company. With effect from Admission, the Company will acquire the entire issued share capital of Barbados Topco Limited and become the holding company of the Group. With effect from Admission, the Group will consist of the Company and its subsidiaries, each of which will be directly or indirectly wholly owned by the Company. With effect from Admission, the Company’s subsidiaries will be: (a) Barbados Topco Limited; (b) Barb Holdco Limited; (c) Barb Midco Limited; (d) Barb Intermediateco Limited; (e) Barb Bidco Limited; (f) Binomial Group Limited; and (g) Sabre Insurance Company Limited.</p> <p>It is expected that following Admission, the Company will purchase the entire issued share capital of Binomial Group Limited from Barb Bidco Limited. Thereafter, Barbados Topco Limited, Barb Holdco Limited, Barb Midco Limited, Barb Intermediateco Limited and Barb Bidco Limited will be liquidated.</p>

B.6	Shareholders	<p>Insofar as was known to the Company as at 22 November 2017, the Major Shareholder and the Original Shareholders were, and on Admission are expected to be, directly and indirectly interested in 3 per cent. or more of the issued Ordinary Share capital of the Company (being the threshold for notification of interests that will apply to the Company and Shareholders as of Admission pursuant to Chapter 5 of the DTRs). The indicative interests in Ordinary Shares of the Major Shareholder and the Original Shareholders immediately prior to Admission (calculated using the Mid-point Assumptions), together with a corresponding estimate of their interests in Ordinary Shares immediately following Admission, are set out below.</p> <table border="1" data-bbox="662 548 1396 952"> <thead> <tr> <th rowspan="2">Selling Shareholder</th> <th colspan="2">Interests immediately prior to Admission⁽¹⁾</th> <th colspan="2">Ordinary Shares to be sold pursuant to the Offer⁽¹⁾</th> <th colspan="2">Interests immediately following Admission⁽¹⁾⁽²⁾</th> </tr> <tr> <th>No.</th> <th>% of total issued share capital of the Company</th> <th>No.</th> <th>% of total issued share capital of the Company</th> <th>No.</th> <th>% of total issued share capital of the Company</th> </tr> </thead> <tbody> <tr> <td colspan="7">Major Shareholder</td> </tr> <tr> <td>BC European Capital</td> <td>106,779,128</td> <td>67.8</td> <td>—</td> <td>—</td> <td>106,779,128</td> <td>42.7</td> </tr> <tr> <td colspan="7">Original Shareholders</td> </tr> <tr> <td>Angus Ball</td> <td>27,834,370</td> <td>17.7</td> <td>—</td> <td>—</td> <td>27,834,370</td> <td>11.1</td> </tr> <tr> <td>Keith Morris</td> <td>6,958,592</td> <td>4.4</td> <td>—</td> <td>—</td> <td>6,958,592</td> <td>2.8</td> </tr> </tbody> </table> <p>Notes:</p> <p>(1) Calculated using the Mid-point Assumptions.</p> <p>(2) The Lending Shareholder may sell, in aggregate, up to a further 10 per cent. of the Ordinary Shares comprised in the Offer pursuant to the Over-allotment Option.</p> <p>Pursuant to a relationship agreement between, inter alia, the Company and the Major Shareholder that will have effect from Admission, the Major Shareholder will be able to nominate one person to be a director of the Company for so long as the Major Shareholder and its associates and connected persons hold, in aggregate, at least 10 per cent. of the Ordinary Shares.</p> <p>Different voting rights/controlling interests</p> <p>Not applicable. There are no different voting rights for any Shareholder. Other than the interests referred to above, the Company is not aware of any person who, immediately following the Offer, will directly or indirectly, jointly or severally, exercise control over the Company.</p>	Selling Shareholder	Interests immediately prior to Admission ⁽¹⁾		Ordinary Shares to be sold pursuant to the Offer ⁽¹⁾		Interests immediately following Admission ⁽¹⁾⁽²⁾		No.	% of total issued share capital of the Company	No.	% of total issued share capital of the Company	No.	% of total issued share capital of the Company	Major Shareholder							BC European Capital	106,779,128	67.8	—	—	106,779,128	42.7	Original Shareholders							Angus Ball	27,834,370	17.7	—	—	27,834,370	11.1	Keith Morris	6,958,592	4.4	—	—	6,958,592	2.8
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B.7	Historical key financial information	<p>The selected historical financial information of the Group set out below is financial information of Barbados Topco Limited and its subsidiaries as at and for the years ended 31 December 2014, 2015 and 2016 and as at and for the nine month periods ended 30 September 2016 and 2017. The selected historical financial information of the Group as at and for the periods ended 31 December 2014, 2015 and 2016 and 30 September 2017 has been audited. The selected historical financial information of the Group as at and for the period ended 30 September 2016 has not been audited.</p>																																																																																																																																																																																			
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£'000	Gross earned premium	142,659	162,998	191,773	142,674	149,843	Reinsurance premium ceded	(10,618)	(11,373)	(9,666)	(6,471)	(11,263)	Net earned premium	132,041	151,625	182,107	136,203	138,580	Investment return	2,232	919	3,478	3,712	(1,224)	Instalment income	2,660	3,054	3,433	2,574	2,798	Other operating income	2,105	1,624	2,242	1,548	1,560	Total income	139,038	157,222	191,260	144,037	141,714	Insurance claims	(47,609)	(86,161)	(112,245)	(71,544)	(134,121)	Insurance claims recoverable from reinsurers	(4,599)	4,307	19,524	(28)	63,241	Net insurance claims	(52,208)	(81,854)	(92,721)	(71,572)	(70,880)	Commission expenses	(13,793)	(17,096)	(16,349)	(12,789)	(13,619)	Operating expenses	(16,272)	(14,462)	(17,139)	(11,058)	(10,480)	Total expenses	(30,065)	(31,558)	(33,488)	(23,847)	(24,099)	Operating profit	56,765	43,810	65,051	48,618	46,735	Exceptional items	—	—	—	—	(1,821)	Amortisation of intangible assets	(8,731)	(3,100)	(1,619)	(1,214)	(665)	Profit before 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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December			As at 30 September	
	2014 £'000	2015 £'000	2016 £'000	2016 (unaudited) £'000	2017 £'000
Assets					
Goodwill	156,279	156,279	156,279	156,279	156,279
Intangible assets	6,107	3,007	1,388	1,793	723
Property, plant and equipment	2,383	3,017	4,034	4,041	3,924
Reinsurance assets	33,732	34,947	51,529	34,761	119,251
Deferred tax assets	15	6	—	—	18
Deferred acquisition costs	13,111	14,834	14,028	14,617	15,607
Insurance and other receivables	25,822	32,844	37,042	39,782	46,139
Prepayments, accrued income and other assets	2,472	2,184	2,166	1,290	1,295
Financial investments	143,239	177,354	234,290	185,404	231,120
Cash and cash equivalents	74,580	70,840	10,492	66,690	30,249
Total assets	457,740	495,312	511,248	504,657	604,605
Equity					
Ordinary shares	43,927	45,064	45,396	45,396	45,396
Preference shares	202,719	202,719	202,719	202,719	202,719
Retained earnings	(37,260)	(31,684)	(35,299)	(28,039)	(29,335)
Total Equity	209,386	216,099	212,816	220,076	218,780
Liabilities					
Insurance liabilities	147,425	160,264	182,941	165,374	247,471
Unearned premium reserve	75,424	92,679	97,525	100,618	112,708
Trade and other payables including insurance payables	15,871	18,354	9,108	8,133	14,704
Deferred tax liabilities	—	—	5	5	—
Current tax liabilities	5,136	2,609	3,077	3,803	2,262
Accruals and deferred income	4,498	5,307	5,776	6,648	8,680
Total liabilities	248,354	279,213	298,432	284,581	385,825
Total equity and liabilities	457,740	495,312	511,248	504,657	604,605

CONSOLIDATED STATEMENT OF CASHFLOW

	Year ended 31 December			Nine months ended 30 September	
	2014 £'000	2015 £'000	2016 £'000	2016 (unaudited) £'000	2017 £'000
Net cash generated from operating activities before investment of insurance assets	19,149	57,113	49,816	36,042	46,810
Cash generated from/ (used by) investment of insurance assets	57,639	(32,793)	(52,813)	(3,298)	2,741
Net cash generated from/(used by) operating activities	<u>76,788</u>	<u>24,320</u>	<u>(2,997)</u>	<u>32,744</u>	<u>49,551</u>
Cash flows from investing activities					
Purchase/(disposal) of subsidiary undertaking	(245,485)	—	—	—	—
Net cash acquired with subsidiary undertaking	66,469	—	—	—	—
Purchases of property, plant and equipment	1,618	(185)	(1,775)	(1,721)	(70)
Net cash used by investing activities	<u>(177,398)</u>	<u>(185)</u>	<u>(1,775)</u>	<u>(1,721)</u>	<u>(70)</u>
Cash flows from financing activities					
Issue of ordinary share capital	43,927	1,137	532	532	—
Redemption of ordinary share capital	—	—	(200)	(200)	—
Issue of preference share capital	202,719	—	—	—	—
Preference dividends paid	(10,108)	(10,247)	(10,219)	(7,553)	(7,386)
Ordinary dividends paid	(61,452)	(18,765)	(45,689)	(27,952)	(22,338)
Net cash generated from/(used by) financing activities	<u>175,086</u>	<u>(27,875)</u>	<u>(55,576)</u>	<u>(35,173)</u>	<u>(29,724)</u>
Net increase/(decrease) in cash and cash equivalents	74,476	(3,740)	(60,348)	(4,150)	19,757
Cash and cash equivalents at the beginning of the year	104	74,580	70,840	70,840	10,492
Cash and cash equivalents at the end of the year	<u>74,580</u>	<u>70,840</u>	<u>10,492</u>	<u>66,690</u>	<u>30,249</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary shareholders equity £'000	Preference shareholders equity £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2014	—	—	—	—
Profit for the period	—	—	34,143	34,143
Other comprehensive income	—	—	157	157
Total comprehensive income for the period	—	—	34,300	34,300
Shares issued	43,927	202,719	—	246,646
Dividends	—	—	(71,560)	(71,560)
Balance at 31 December 2014	43,927	202,719	(37,260)	209,386
Profit for the year	—	—	34,030	34,030
Other comprehensive income	—	—	558	558
Total comprehensive income for the period	—	—	34,588	34,588
Shares issued	1,137	—	—	1,137
Dividends	—	—	(29,012)	(29,012)
Balance at 31 December 2015	45,064	202,719	(31,684)	216,099
Profit for the year	—	—	52,293	52,293
Total comprehensive income for the period	—	—	52,293	52,293
Shares issued	532	—	—	532
Shares redeemed	(200)	—	—	(200)
Dividends	—	—	(55,908)	(55,908)
Balance at 31 December 2016	45,396	202,719	(35,299)	212,816
Balance at 31 December 2015	45,064	202,719	(31,684)	216,099
Profit for the period (unaudited)	—	—	39,150	39,150
Total comprehensive income for the period	—	—	39,150	39,150
Shares issued	532	—	—	532
Shares redeemed	(200)	—	—	(200)
Dividends	—	—	(35,505)	(35,505)
Balance at 30 September 2016 (unaudited)	45,396	202,719	(28,039)	220,076
Balance at 31 December 2016	45,396	202,719	(35,299)	212,816
Profit for the period	—	—	35,688	35,688
Total comprehensive income for the period	—	—	35,688	35,688
Shares issued	—	—	—	—
Shares redeemed	—	—	—	—
Dividends	—	—	(29,724)	(29,724)
Balance at 30 September 2017	45,396	202,719	(29,335)	218,780

There has been no significant change to the financial condition and operating results of the Group during and subsequent to the periods covered by the selected historical financial information of the Group set out in this Element.

B.8

Key pro forma financial information

The unaudited pro forma statement of net assets of the Group set out below has been prepared to illustrate the effects of the Share Capital Reorganisation and the receipt and application of the net proceeds of the Offer receivable by the Group and the application of those proceeds on the net assets of the Group. It has been compiled using the Group's audited consolidated statement of financial position as at 30 September 2017, adjusted to illustrate the pro forma effect of the Share Capital Reorganisation and the receipt and application of the net proceeds of the Offer as if they had occurred on 30 September 2017. The unaudited pro forma statement of net assets has been prepared in a manner consistent with the accounting policies applied in preparing the Group's historical financial information set out in Part 7 (*Historical Financial Information*) of this Prospectus, on the basis set out in the notes below, and in accordance with the requirements of items 1 to 6 of Annex II to Commission

Regulation (EC) No 809/200. The unaudited pro forma statement of net assets has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results. It may not, therefore, give a true picture of the Group's financial position or results nor is it indicative of the results that may or may not be expected to be achieved in the future. The unaudited pro forma statement of net assets does not constitute financial statements within the meaning of section 434 of the Companies Act.

	Consolidated net assets of the Group as at 30 September 2017 £'000 ⁽¹⁾	Share Capital Reorganisation ⁽²⁾	Net proceeds of the Offer receivable by the Group and related application £'000 ⁽³⁾	Pro forma net assets of the Group as at 30 September 2017 (<i>unaudited</i>) £'000 ⁽⁴⁾
ASSETS				
Goodwill	156,279	—	—	156,279
Intangible assets	723	—	—	723
Property, plant and equipment	3,924	—	—	3,924
Reinsurance assets	119,251	—	—	119,251
Deferred tax assets	18	—	—	18
Deferred acquisition costs	15,607	—	—	15,607
Insurance and other receivables	46,139	(338)	—	45,801
Prepayments, accrued income and other assets	1,295	—	—	1,295
Financial investments	231,120	—	—	231,120
Cash and cash equivalents	30,249	338	—	30,587
Total assets	604,605	—	—	604,605
LIABILITIES				
Insurance liabilities	247,471	—	—	247,471
Unearned premium reserve	112,708	—	—	112,708
Trade and other payables including	14,704	—	—	14,704
insurance payables	—	—	—	—
Deferred tax liabilities	—	—	—	—
Current tax liabilities	2,262	—	—	2,262
Accruals and deferred income	8,680	206,329	(208,150)	6,859
Total liabilities	385,825	206,329	(208,150)	384,004
Net assets	218,780	(206,329)	208,150	220,601

Notes:

- (1) The consolidated net assets of the Group as at 30 September 2017 has been extracted without adjustment from the consolidated historical financial information of the Group set out in Part 7 (*Historical Financial Information*) of this Prospectus.
- (2) With effect from Admission, the Company will acquire the entire issued share capital of Barbados Topco Limited and become the holding company of the Group. In consideration of the transfer of the Topco Ordinary Shares to the Company, the Company will allot and issue Ordinary Shares to the Topco Shareholders who transfer Topco Ordinary Shares to the Company. In consideration of the transfer of the

		<p>Topco Preference Shares to the Company, the Company will use a portion of the expected cash proceeds raised from the Offer to pay cash consideration to the holders of Topco Preference Shares. The amount of cash consideration payable will equal the principal amount of the Topco Preference Shares transferred of £202,719k plus £3,610k of dividend on the Topco Preference Shares for the period from the last payment to the expected date of Admission. £338k of shareholder loans which were granted to certain Existing Shareholders under the Group's pre-IPO management incentive plan are expected to be repaid on Admission.</p> <p>(3) The Company expects to receive approximately £212,710k of proceeds from the Offer before estimated underwriting commissions and other taxes, fees and expenses incurred in connection with the Offer of approximately £6,381k (calculated on the basis of the Mid-point Assumptions). As at 30 September 2017, £1,821k of expenses had been accrued in connection with the Offer. As a result, the Company expects to receive net proceeds of approximately £206,329k from the Offer which will be used by the Company to pay the consideration payable to the holders of Topco Preference Shares of £202,719k for the principal amount of the Topco Preference Shares and £3,610k of dividends on the Topco Preference Shares. The net proceeds of the Offer receivable by the Company are calculated on the basis of the Mid-point Assumptions and assuming the maximum amount of the Managers' discretionary commission will be paid. If the gross primary proceeds from the Offer are less than approximately £213 million and Admission proceeds but the Company is unable to settle all of the consideration for the purchase of the Topco Preference Shares in cash, the holders of the Topco Preference Shares will exchange their residual cash entitlements in respect of the sale of their Topco Preference Shares for New Ordinary Shares of equivalent value at the Offer Price. Information on the use of proceeds from the Offer is set out in paragraph 6 of Part 1 (<i>Information about the Group</i>) of this Prospectus.</p> <p>(4) The unaudited pro forma statement of net assets does not reflect any trading results or other transactions undertaken by the Group since 30 September 2017.</p>
B.9	Profit forecast	Not applicable. No profit forecast or estimate is included within this Prospectus.
B.10	Qualifications in the audit reports	Not applicable. The audit reports on the historical financial information contained in this Prospectus are not qualified.
B.11	Working capital insufficiency	Sabre is of the opinion that the working capital of the Group is sufficient for its present requirements, that is for at least 12 months following the date of publication of this Prospectus.

Section C – Securities

Element	Disclosure requirement	Disclosure
C.1	Type and class of securities	<p>The Ordinary Shares will, immediately following Admission, comprise the entire issued share capital of the Company.</p> <p>The Ordinary Shares will have the ISIN GB00BYWVDP49 and SEDOL number BYWVDP4 and it is expected that the Ordinary Shares will trade under symbol "SBRE".</p> <p>Each of the Ordinary Shares offered pursuant to the Offer will be credited as fully paid and free from all liens, encumbrances, charges, encumbrances and other interests.</p>
C.2	Currency of the securities issue	The Ordinary Shares are denominated in pounds sterling and the Offer Price is payable in pounds sterling.
C.3	Number of issued and fully paid Ordinary Shares	On Admission, there will be 250,000,000 Ordinary Shares, each having a nominal value of £0.001, in issue. All Ordinary Shares in issue on Admission will be fully paid.

C.4	Description of the rights attaching to the securities	<p>The New Ordinary Shares will be issued credited as fully paid and will rank equally in all respects with the Existing Ordinary Shares, including in relation to any dividends or other distributions with a record date falling after the date of allotment and issue of the New Ordinary Shares.</p> <p><i>Voting rights</i></p> <p>Subject to any special rights, restrictions or prohibitions as regards voting for the time being attached to any Ordinary Shares, Shareholders shall have the right to receive notice of and to attend and vote at general meetings of the Company.</p> <p>Each Shareholder being present in person or by proxy or by a duly authorised representative (if a company) at a general meeting shall upon a show of hands have one vote and upon a poll one vote for every Ordinary Share held.</p> <p><i>Dividend rights</i></p> <p>Shareholders will be entitled to receive such dividends as the Directors may resolve to pay to them out of the assets attributable to their Ordinary Shares.</p> <p><i>Return of capital</i></p> <p>Shareholders are entitled to participate (in accordance with the rights specified in the Articles) in the assets of the Company attributable to their Ordinary Shares in a winding up of the Company or a winding up of the business of the Company.</p>
C.5	Restrictions on free transferability of the securities	<p>The Board may decline to register a transfer of any Ordinary Share which is not fully paid, provided that any such refusal will not prevent dealings in the shares from taking place on an open and proper basis. Save as aforesaid, there are no restrictions on the free transferability of the Ordinary Shares.</p>
C.6	Admission / regulated markets where the securities are traded	<p>Application has been made to the FCA and to the London Stock Exchange for the Ordinary Shares to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities, respectively. It is expected that Admission will become effective, and that unconditional dealings in the Ordinary Shares on the London Stock Exchange's main market for listed securities will commence, at 8.00 a.m. on 11 December 2017.</p> <p>No application has been made or is currently intended to be made for the Ordinary Shares to be admitted to listing or trading on any other exchange.</p>
C.7	Dividend policy	<p>The Directors intend to adopt a dividend policy based on a targeted payout ratio of 70.0 per cent. of the Group's profit from operations, net of tax. In addition, the Directors intend to periodically distribute surplus capital through the payment of special dividends, subject to capital not being required for growth or to maintain capital coverage within the Group's target solvency coverage ratio of 140 per cent. to 160 per cent.</p> <p>The dividend policy reflects the Group's aim of generating sustainable value for Shareholders whilst ensuring that it retains sufficient capital to fund growth and for regulatory purposes as Sabre Insurance is regulated by the PRA and subject to the Solvency II regime.</p> <p>Assuming that there are sufficient distributable profits available at the time and subject to any regulatory capital requirements, the Directors intend that the Company will pay</p>

		<p>an interim dividend and a final dividend in respect of each financial year. It is envisaged that interim dividends will be paid in September of each financial year, and that final dividends will be paid in April of the following financial year.</p> <p>In respect of the financial year ending 31 December 2018 only, the current intention of the Board is that the interim dividend will represent a payout ratio of approximately 70.0 per cent. of the Group's profit from operations, net of tax for the six months ending 30 June 2018 and the final dividend will represent a payout ratio of approximately 70.0 per cent. of the Group's profit from operations, net of tax for the six months ending 31 December 2018.</p> <p>For future financial years after 2018, the Company intends to adopt a formulaic approach to the interim dividend such that the interim dividend is expected to represent one third of the previous financial year's total dividend (excluding any special dividend).</p> <p>The Company does not intend to declare a final dividend in respect of the financial year ending 31 December 2017 and may reassess and revise its dividend policy from time to time.</p>
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Section D – Risks

Element	Disclosure requirement	Disclosure
D.1	Key information on the key risks that are specific to the Company or its industry	<ul style="list-style-type: none"> • The Group operates in a competitive market and, if the Group is unable to compete effectively, its business may be materially adversely affected. • The Group may be subject to increases in the cost of claims under the Group's insurance policies. • Changes to the Group's customers' behaviour, the market in which the Group operates and technological advances in the motor vehicle market could reduce demand for its policies. • The Group is subject to wide ranging legal and regulatory requirements applicable to the insurance industry, changes to which may result in additional compliance costs, additional capital requirements and diversion of management time and resources. • The Group may be subject to regulatory enquiries or investigations that could divert management time and resources and result in fines, sanctions, variation or revocation of permissions and authorisations or reputational damage. • The Group's underwriting performance may be affected if it fails to make an accurate assessment of the risks in relation to the policies it sells. • The Group is required to maintain reserves in respect of known and potential claims. The determination of the amount of these reserves is subject to estimates and assumptions and a failure by the Group to make accurate estimates of reserves may result in the Group's reserves not being adequate to cover the costs of actual claims.

		<ul style="list-style-type: none"> • The Group may suffer an increase in frequency and severity of claims incurred. • Reinsurance may not be available, affordable or adequate to protect the Group against losses, and reinsurers may dispute or default on their reinsurance obligations. • The Group's performance is dependent on effective claims management processes. • The Group's broker sales generate the majority of the Group's GWP and the Group's two largest brokers generate nearly half of the GWP generated by broker sales. If the Group is unable to maintain relationships with its brokers, its business, financial condition and results of operations may be adversely affected. • The Group depends on PCWs to generate the majority of its direct sales. If the Group is unable to maintain commercially acceptable terms with PCWs and to attract visitors and convert them into customers in a cost-effective manner, its business, financial condition and results of operations may be adversely affected. • The Group's operations are based solely in the UK and are therefore vulnerable to any adverse developments to the UK economic and market conditions and to the UK legal and regulatory environment. • The Group's business is concentrated on the UK motor insurance market and is vulnerable to any adverse developments in this market. • The Group's reputation may be affected by factors including allegedly unfair claims handling process, litigation, employee misconduct, operational failure including by brokers or PCWs, regulatory investigations, negative publicity and/or poor performance. • The Group may require additional regulatory capital which may not be available or may only be available on unfavourable terms.
D.3	Key information on the key risks that are specific to the securities	<ul style="list-style-type: none"> • There has been no prior public trading market for the Ordinary Shares, and an active trading market may not develop or be sustained in the future. • The share price of publicly traded companies can be highly volatile, including for reasons related to differences between expected and actual operating performance, corporate and strategic actions taken by such companies or their competitors, speculation and general market conditions and regulatory changes. • The Major Shareholder will retain a significant interest in the Company following Admission and its interests may differ from those of the other Shareholders. • Substantial sales of Ordinary Shares, or the perception that such sales might occur, could depress the market price of the Ordinary Shares. In particular, the Group is unable to predict whether, following the termination of the lock-up restrictions put in place in connection with the Offer, substantial amounts of Ordinary Shares will be sold in the open market by those subject to such restrictions, including the Major Shareholder.

		<ul style="list-style-type: none"> • The issue of additional shares in the Company in connection with future acquisitions, capital raisings, any share incentive or share option plan or otherwise may dilute all other shareholdings and may depress the price of Ordinary Shares. • The Company's ability to pay dividends in the future depends, among other things, on the Group's financial performance and capital requirements and is therefore not assured. • Holders of Ordinary Shares in jurisdictions outside the UK may not be able to exercise their pre-emption rights unless the Company decides to take additional steps to comply with applicable local laws and regulations of such jurisdictions. • Shareholders may have difficulty in effecting service of process on the Company or the Directors in the US, in enforcing US judgements in the UK or in enforcing US securities laws in UK courts. • The Company may be classified as a passive foreign investment company, which could result in adverse US federal income tax consequences to US Holders of Offer Shares
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Section E – Offer

Element	Disclosure requirement	Disclosure
E.1	Total net proceeds and costs of the Offer	<p>The Company intends to raise gross proceeds of approximately £213 million through the Offer. The total expenses incurred (or to be incurred) by the Company in connection with the Offer are estimated to be approximately £6 million and accordingly the net proceeds of the Offer receivable by the Company are expected to be approximately £206 million (calculated using the Mid-point Assumptions and assuming the maximum amount of the Managers' discretionary commission will be paid).</p> <p>Through the sale of Existing Ordinary Shares pursuant to the Offer, the Company expects that the Selling Shareholders will in aggregate receive approximately £12 million before taking into account expenses. On that basis, the aggregate underwriting commissions payable by the Selling Shareholders in connection with the Offer are estimated to be, in aggregate, approximately £0.4 million (calculated using the Mid-point Assumptions and assuming the maximum amount of the Managers' discretionary commission will be paid and there is no exercise of the Over-allotment Option). Each Selling Shareholder will also bear the amount of any stamp duty or SDRT chargeable on the sale of his Ordinary Shares.</p> <p>No commissions, fees or expenses will be charged to investors in connection with Admission or the Offer by the Company or Selling Shareholders.</p>
E.2a	Reason for the Offer / use of the proceeds	<p>The Directors believe that the Offer and Admission will:</p> <ul style="list-style-type: none"> • create a liquid market in the Ordinary Shares; • assist in the incentivisation and retention of key management and employees;

		<ul style="list-style-type: none"> • enhance the Group’s public profile and status with existing and potential customers and partners; and • provide the Selling Shareholders with a partial realisation of their investment in the Company. <p>The Offer is expected to raise gross primary proceeds of up to approximately £213 million, of which up to approximately £206 million will be used by the Company to purchase the Topco Preference Shares, which are 99.9 per cent. owned by the Major Shareholder, Angus Ball and Keith Morris, for cash consideration. It is intended that Barbados Topco Limited will redeem the Topco Preference Shares shortly after Admission. Any primary proceeds from the Offer received by the Company in excess of the amount required to purchase the Topco Preference Shares will be used to pay commissions, fees and expenses relating to the issue of the New Ordinary Shares.</p> <p>If the gross primary proceeds from the Offer are less than approximately £213 million and Admission proceeds but the Company is unable to settle all of the consideration for the purchase of the Topco Preference Shares in cash, the holders of the Topco Preference Shares will exchange their residual cash entitlements in respect of the sale of their Topco Preference Shares for New Ordinary Shares of equivalent value at the Offer Price. Any New Ordinary Shares issued to the holders of the Topco Preference Shares under this exchange arrangement will be subject to the same lock-up arrangements as shall apply to such holders in respect of their holdings of Existing Ordinary Shares.</p>
E.3	Terms and conditions of the Offer	<p>The maximum size of the Offer is 125,000,000 Ordinary Shares. A maximum of 96,686,593 New Ordinary Shares will be issued by the Company, raising primary proceeds of up to approximately £206 million (net of underwriting commissions) and a maximum of 36,370,622 Existing Ordinary Shares will be sold by the Selling Shareholders, raising proceeds of up to approximately £85 million (net of underwriting commissions). The exact number of New Ordinary Shares and Existing Ordinary Shares to be issued and sold in the Offer will depend on, among other things, the Offer Price and the level of demand for Ordinary Shares from investors. As the maximum size of the Offer is 125,000,000 Ordinary Shares, in no circumstances will both the maximum number of New Ordinary Shares and the maximum number of Existing Ordinary Shares be issued or sold in the Offer.</p> <p>In addition, up to a further 12,500,000 Over-allotment Shares (representing up to 10 per cent. of the maximum total number of Offer Shares) are being made available by the Lending Shareholder pursuant to the Over-allotment Option.</p> <p>The actual number of New Ordinary Shares to be issued by the Company and Existing Ordinary Shares to be sold by the Selling Shareholders in the Offer and to be made available pursuant to the Over-allotment Option will only be determined at the time the Offer Price is determined. Updated information will be published in the Pricing Statement.</p> <p>All Offer Shares will be sold at the Offer Price.</p> <p>The Offer is being made by way of an offer of the Offer Shares to (a)(i) certain institutional and professional investors in the United Kingdom and elsewhere outside the United States in reliance on Regulation S; and (ii) in the United</p>

		<p>States to persons reasonably believed to be QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act; and (b) the Intermediaries for onward distribution to retail investors in the UK, the Channel Islands and the Isle of Man.</p> <p>Admission is expected to become effective, and unconditional dealings in the Ordinary Shares are expected to commence on the London Stock Exchange, at 8.00 a.m. on 11 December 2017.</p> <p>The Offer is subject to the satisfaction of conditions, which are customary for transactions of this type, contained in the Underwriting Agreement, including the publication of the Pricing Statement, Admission becoming effective no later than 8.00 a.m. on 22 December 2017 or such later time and/or date as the Company, the Major Shareholder and the Joint Global Co-ordinators may agree and the Underwriting Agreement not having been terminated prior to Admission.</p> <p>The Underwriting Agreement has been entered into between the Company, the Directors, the Major Shareholder and the Managers.</p> <p>The Underwriting Agreement provides for the Managers to be paid a commission in respect of the Offer Shares sold. Any commissions received by the Managers may be retained and any Ordinary Shares acquired by them may be retained or dealt in, by them, for their own benefit.</p> <p>None of the Ordinary Shares may be offered for subscription, sale, purchase or delivery, and neither this Prospectus nor any other offering material in relation to the Ordinary Shares may be circulated, in any jurisdiction where to do so would breach any securities laws or regulations of any such jurisdiction or give rise to an obligation to obtain any consent, approval or permission, or to make any application, filing or registration.</p>
E.4	Material interests	<p>Immediately following Admission each of the following persons is expected to be interested in 3 per cent. or more of the Company's issued Ordinary Share capital (calculated using the Mid-point Assumptions and assuming no exercise of the Over-allotment Option):</p> <ul style="list-style-type: none"> • The Major Shareholder (42.7 per cent.); and • Angus Ball (11.1 per cent.). <p>There are no conflicting interests that are material to the Offer.</p> <p>Assuming the Over-allotment Option is exercised in full, the shareholding of the Major Shareholder would be 38.8 per cent. (calculated using the Mid-point Assumptions).</p>
E.5	Selling shareholders Lock up arrangements	<p>5,211,561 Existing Ordinary Shares will be sold in the Offer by the Selling Shareholders (calculated using the Mid-point Assumptions and assuming no exercise of the Over-allotment Option).</p> <p>For a 180 day lock-up period from and including the date of the Underwriting Agreement, the Company and the Major Shareholder have agreed they will not issue or dispose of any interest in the Ordinary Shares. The Directors are subject to a 365 day lock-up period from and including the date of the Underwriting Agreement. The Original Shareholders and the Senior Managers are subject a 180 day lock-up period from</p>

		<p>and including the date of their Lock-Up Agreements during which they will not dispose of any interest in any Ordinary Shares they own in the Company or any rights to such Ordinary Shares.</p> <p>All lock-up arrangements are subject to certain customary exceptions.</p>
E.6	Dilution	<p>Up to 92,482,829 New Ordinary Shares will be issued pursuant to the Offer and the Existing Ordinary Shares will represent 63.0 per cent. of the total issued Ordinary Shares immediately following Admission (calculated using the Mid-point Assumptions).</p>
E.7	Estimated expenses charged to the investor	<p>Not applicable: there are no commissions, fees, expenses or taxes to be charged to investors by the Company or the Selling Shareholders under the Offer.</p> <p>Any expenses incurred by any Intermediary are for its own account. Prospective investors should confirm separately with any Intermediary whether there are any commissions, fees, expenses or taxes that will be applied by such Intermediary in connection with any application made through that Intermediary pursuant to the Intermediaries Offer. The Intermediaries Terms and Conditions restrict the level of commissions that Intermediaries are able to charge any of their respective clients acquiring Ordinary Shares pursuant to the Intermediaries Offer.</p>

RISK FACTORS

An investment in the Company is subject to a number of risks. Accordingly, prospective investors should consider carefully the risks and uncertainties associated with an investment in the Ordinary Shares, the Group and the market and industry in which it operates, described below, together with all other information contained in this Prospectus, prior to making an investment decision.

Prospective investors should note that the risks relating to an investment in the Ordinary Shares, the Group and the market and industry in which it operates summarised in the section of this Prospectus entitled "Summary" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to invest in the Ordinary Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Prospectus entitled "Summary" but also, among other things, the risks and uncertainties described below.

The risks and uncertainties described below represent those the Directors consider to be material as at the date of this Prospectus. However, these risks and uncertainties are not the only ones facing the Group. Additional risks and uncertainties not presently known to the Directors, or that the Directors currently consider to be immaterial, may individually or cumulatively also materially and adversely affect the business, financial condition and results of operations of the Group. If any, or a combination, of these risks actually occurs, the business, financial condition and results of operations of the Group could be materially and adversely affected. In such case, the market price of the Ordinary Shares could decline and investors may lose all or part of their investment. Prospective investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in the light of the information in this Prospectus and their personal circumstances.

1. Risks relating to the market and industry in which the Group operates

1.1. The Group operates in a competitive market and, if the Group is unable to compete effectively, its business may be materially adversely affected

The Group derives the majority of its business from the UK private motor insurance market. Although motor insurance is priced differently for each individual based on the specific risk characteristics of that individual, the core policy coverage is relatively standardised in nature. As a result, one of the main factors that consumers consider when choosing a motor insurer is the price of the policy although they may also consider the availability and price of other ancillary products such as breakdown cover, mis-fuelling cover, lost key cover, no claims discount protection, provision of a temporary car, legal expense cover, personal accident cover and medical assistance cover, amongst others, alongside brand recognition and the ability to pay for their policy in instalments.

The Group faces significant competition from other insurers and insurance brokers who operate in the UK private motor insurance market and such competitors currently offer, or may in the future offer, the same or similar products as the Group. Some of these competitors have greater financial resources, better brand recognition, greater pricing flexibility or greater risk tolerance than the Group. Moreover, new insurers with greater financial resources, greater pricing flexibility or greater risk tolerance than the Group could enter into, or target, the UK private motor insurance market and may initially price policies at low levels to establish market share or brand recognition. If any of the Group's existing or new competitors begin to price policies at a level the Group does not believe is appropriate and the Group is not willing to reduce its prices so as to match such competitors, then the Group's GWP and market share may be reduced. In addition, if the Group's customers value non-price features offered by competitors (such as ancillary products or payment flexibility) more than those which the Group can, or does, offer, the Group may not be able to maintain or win market share. Any of the foregoing could adversely affect the Group's ability to obtain new, or retain existing, customers or its ability to price effectively against its competitors, which could have a material adverse effect on the Group's business, financial condition and results of operation.

The UK private motor insurance market has historically exhibited pricing cyclicality driven by competitive dynamics, as well as social, economic and regulatory factors. Whilst the legal requirement for vehicle owners to have insurance generates consistent demand for policies across the market,

price levels vary over time. In times of lower competitive intensity, price levels tend to rise. However, pricing increases typically enhance industry profitability, resulting in industry participants reducing prices to increase volumes and new entrants joining the market. This increased competitive intensity causes prices to fall and underwriting profitability across the industry to deteriorate which may in turn lead market participants to reduce volumes or seek to exit the market, reducing competitive intensity and leading to prices rising again. If the Group is unable to anticipate and react to the market cycle, it may find it is unable to maintain or increase its market share and GWP or the prices it is able to charge for its policies which could have a material adverse effect on the Group's business, financial condition and results of operation.

The Group operates its business through two distribution channels: (a) over 1,000 independent insurance brokers (referred to as its "broker channel", sales through which are referred to as "broker sales"); and (b) its Direct Brands (referred to as its "direct channel", sales through which are referred to as "direct sales").

The success of the Group depends on being able to retain access to the broker channel through its representation on UK private motor insurance broker panels and its ability to offer a competitive pricing model compared to other panel members.

If the Group is unable or is perceived to be unable to offer competitive pricing to customers, or attractive commissions and payment terms to brokers, its position in the UK private motor insurance market may be adversely affected. In particular, competitive pressures to maintain a place on insurance brokers' panels or compete effectively on such panels may, among other things, compel the Group to reduce its prices or, in some cases, withdraw from certain panels if it cannot operate within the parameters set by a particular broker either of which may adversely affect the Group's operating margins or reduce its market share, which could have a material adverse effect on the Group's business, financial condition and results of operations.

Both of the Group's distribution channels utilise price comparison websites ("PCWs"). As at 30 June 2017 (and based on the number of quotes converted into policies measured over a 45 day period prior to such date), the Directors estimate that approximately 88 per cent. of the Group's GWP from the direct brand channel and approximately 53 per cent. of the Group's GWP from the broker channel was purchased through a PCW. The Group faces significant competition from other insurers and insurance brokers (including established insurers and brokers as well as new entrants to the market) who also sell their products through PCWs. If the Group or its brokers are unable to continue to include the Group's policies on one or more of the PCWs in which the Group or its brokers participates, the Group's ability to distribute its insurance policies and attract new customers would be curtailed. Any loss of access to a PCW or reduction in policy sales thereon may have a material adverse effect on the Group's business, financial condition and results of operations.

1.2. The Group may be subject to increases in the cost of claims under the Group's insurance policies

The cost of claims under the Group's insurance policies may be subject to increases as a result of a number of factors, including the following.

- Changes to the Ogden Discount Rate. The Ogden Discount Rate is used by courts when calculating lump sum awards in personal injury cases. On 27 February 2017, the Ogden Discount Rate was reduced from 2.5 per cent. to -0.75 per cent. which impacts the value of any claims settled after that date. A reduction in the Ogden discount rate increases the present value of lump sum awards, thereby increasing the amount the Group is required to pay to settle lump sum personal injury claims. On 7 September 2017, the UK Government published the response to its consultation on the methodology in calculating the Ogden Discount Rate which is expected to result in a figure of between nil per cent. and 1 per cent. although the timing for the implementation of the change is yet to be determined.
- Changes to approach to whiplash injuries. In the June 2017 Queen's Speech, it was suggested that responses to the UK Government's consultation on Reforming Soft Tissue Injury Claims Procedure would be addressed in a new Civil Liability Bill (the "**Civil Liability Bill**"). The Civil Liability Bill is expected to remove the ability of insurers and others to offer to settle claims for whiplash injury without the support of appropriate medical evidence and is expected to introduce a new fixed tariff for compensation for whiplash injuries. Whilst there is an expectation in the insurance industry that

this reform will lead to a reduction in the cost of claims, there can be no assurance that this will be the case as individuals may seek to maximise their potential awards in other ways. For example, a reduction in the number of substantiated claims made for whiplash injuries could result in an increase in claims for other injuries as claimants seek to recover damages for injuries suffered. Additionally, a lack of appropriate diagnostic tests for such injuries may lead to claims being paid in circumstances where they are not merited due to inadequate diagnosis, which could increase the cost of claims of the Group. If the Group is unable to anticipate the cost of such claims accurately, it may need to increase prices to maintain its target combined ratio, which may make its policy prices uncompetitive if competitors do not increase their prices as well.

- Court Decisions. Court decisions (in which the Group is involved or not) may make findings, for example, establishing an insurer's liability for, or setting the amount (or method for calculating the amount) an insurer must pay for, a particular type of claim, which could increase the future cost of such claims for all insurers. If the Group is unable to anticipate the cost of such claims accurately, it may need to increase prices to maintain its target combined ratio, which may make its policy prices uncompetitive if competitors do not increase their prices as well.
- Increased use of periodical payment orders. An increase in use by the courts of periodical payment orders ("**PPOs**"). A PPO may be made by the Court in cases where a person has suffered a life changing injury which will require care for a prolonged period of time. Under a PPO, periodic index linked payments are made to an individual usually over their entire lifetime. This gives rise to longer-term liabilities compared to traditional personal injury settlements. Although the Group's exposure to PPOs to date has been limited, there can be no assurance that the Group will not be subject to more PPOs in the future. Such awards may increase the Group's costs and adversely affect its financial position due to the difficulty in making accurate assumptions in connection with, amongst other things, the Group's risk exposure, future inflation rates, an injured party's life expectancy, required payment patterns, investment return and the impact of reinsurance recoveries. These difficulties may make it considerably harder for the Group to ensure that the amount it reserves in respect of a particular claim is appropriate than in the case of lump sum award claims.
- Decisions by the Financial Ombudsmen Service. The Group is subject to the jurisdiction of the Financial Ombudsmen Service ("**FOS**"). Customers who feel they have been unfairly treated by the Group or who have a complaint which has not been upheld by the Group have the right to refer the matter to the FOS. The FOS can make a finding which is binding on the Group and with which the Group is required to co-operate. Decisions by the FOS in favour of the Group's customers can increase the Group's costs of claims. In addition, management may also be required to divert significant time and attention to the implementation of any new procedures or practices which may be required as a result of an adverse decision.

The consequences of an increase in the cost of claims made by customers under the Group's insurance policies may include the following.

- The Group's costs of reinsurance may increase. The Group maintains excess of loss reinsurance with a panel which as at 30 September 2017 comprised 12 reinsurers who reinsure all personal injury risk of loss, plus a level of property damage cover which is aligned with its policies, on all individual claims exceeding £1.0 million (subject to an index linked adjustment), referred to as the "attachment point". As a result, where a claim exceeds £1.0 million (or such index linked adjusted amount), the Group is required to pay the first £1.0 million (or such index linked adjusted amount). If the Group is subject to an increased number of claims which exceed the attachment point under the reinsurance arrangements, it is likely that the Group will be required to pay higher reinsurance premiums in the future as a result of the increased risk assumed by reinsurers. Whilst the Directors believe the Group's excess of loss reinsurance is sufficient in terms of anticipated large claims, there can be no assurance that the Group will be able to renew its reinsurance policies with the same attachment point, at the same premium rates or otherwise on commercially acceptable terms or at all in the event of an increase in the cost of claims.
- The Group may not record sufficient reserves. When a claim is incurred, a case reserve will be recorded by the Group on a "reasonable worst case" basis, assuming full liability from the start. In addition to notified claims, the Group records reserves for the expected claims that have occurred but of which it has not yet been notified, also on a "reasonable worst case" basis. If the Group is unable to predict accurately the cost of claims, the amount that the Group reserves may not be

appropriate and further amounts may need to be reserved (or the amount of the reserve may not cover all of the costs incurred by the Group). Any increase to the Group's reserves may decrease profit for the year in respect of which the adjustment is made. In addition, any failure to maintain an appropriate reserving policy in respect of a particular year could result in the Group being required to increase reserves in subsequent years.

To the extent that the cost of claims increases for the Group and the Group's cost of reinsurance increases or its reserving is found to be inadequate and the Group is unable to increase the prices of its policies to cover its increased costs, the Group's loss ratio and combined ratio will be negatively affected reducing profitability and potentially requiring the Group to increase its capital so as to continue to meet its SCR. Moreover, an increase in the Group's prices could make its policy prices uncompetitive, resulting in a decrease in market share and GWP. Any of the foregoing could have an adverse effect on the Group's business, financial condition and results of operations.

1.3. Changes to the Group's customers' behaviour, the market in which the Group operates and technological advances in the motor vehicle market could reduce demand for its policies

The Group is exposed to changes in the behaviour of its customers and the market in which it sells its policies and its success is dependent to a large extent on management's ability to anticipate, react to and take advantage of such changes. For example, changes in customer circumstances or behaviour (such as a reduction in the number of customers learning to drive or owning cars) or legal and regulatory changes could alter the type of insurance policy purchased by customers or the likelihood that customers will purchase or renew policies with the Group. In addition, changes in technology could give rise to new types of insurance products (such as pay-as-you-go motor insurance) and the potential development of new distribution channels (such as through social media), which may require the Group to adapt its business and operations.

The Group is also exposed to changes in the behaviour of customers in relation to the way that they purchase motor insurance in the UK. If consumers reduce their use of PCWs and instead purchase insurance through other distribution channels and the Group is unable to adapt to such a change in a timely manner or at all by, for example, increasing the market presence of its Direct Brands, the Group's market share and GWP could be reduced which would have a material adverse effect on the Group's business, financial condition and results of operations.

Potential revolutionary changes, such as widespread adoption of driverless cars, could materially disrupt or reduce the demand for the Group's products (for example, as a result of a reduction in the need for comprehensive insurance) or materially impact the frequency, severity or predictability of claims. Such changes could require management to expend significant resources and incur significant capital or operational expenditure to change the Group's product offering, build new risk and pricing models, modify and renew the Group's operating and IT systems and/or retrain or hire new people. There can be no assurance that the Group will be able to respond to any of these changes effectively or in a timely manner and the failure to do so could have a material adverse effect on the Group's business, financial condition and results of operations.

1.4. The Group is subject to wide ranging legal and regulatory requirements applicable to the insurance industry, changes to which may result in additional compliance costs, additional capital requirements and diversion of management time and resources

The Group offers insurance products in the UK. To carry out such activities, the Group is required to hold and maintain certain licences, permissions and authorisations and to comply on an ongoing basis with wide ranging legal and regulatory requirements. The Group's legal and regulatory obligations are largely based on requirements set out in EU directives which have been incorporated into national law in each of the EU Member States with the aim of harmonising the legal and regulatory regime across the EU. Changes to the interpretation, enforcement and development of such rules and regulations (which may be the result of decisions or actions taken in the UK, the EU, particular Members States or elsewhere) could adversely affect the Group's business, financial condition and results of operation.

Among other things, insurance laws and regulations applicable to the Group:

- require the maintenance of certain solvency levels;

- affect the licensing of insurers and brokers;
- regulate the rating methodology and pricing of insurance policies;
- regulate the sale, marketing and content of insurance policies;
- regulate communications with customers and potential customers;
- regulate the management of various distribution channels;
- limit the right to cancel policies;
- limit the types and amounts of investments made by the Group;
- restrict the payment of dividends or other distributions; and
- require the disclosure of financial and other information to regulators and/or the general public.

These laws and regulations or their interpretation may change at any time, including as a result of regulatory investigation and regulatory activity or increased focus (whether as a result of developments in the insurance market or otherwise) by the PRA or the FCA (each a “**Relevant Regulator**”) or other governmental, supervisory and/or enforcement authorities. The Group cannot predict the nature, timing or extent of any such changes or future legal or regulatory initiatives. Whilst the Group has a policy of monitoring proposed insurance law and regulatory changes, there can be no assurance that the Group will be able to adapt to such changes in time for their implementation or at all, and failure to do so may have a material adverse effect on its business, financial condition and results of operations.

For example, the gender neutral pricing directive introduced in the EU in December 2012 prohibits insurance companies from charging customers different prices based on gender, which was traditionally an important characteristic used in assessing risk. While the Group is generally able to charge different premiums for different customers, there is a risk that a Relevant Regulator could prohibit some or all of the bases upon which the Group sets certain insurance premiums which could result in a shift in the Group’s charging structure. There can be no assurance that similar regulatory changes will not be promulgated in the future, requiring the Group to disregard certain risk characteristics, which could result in less accurate pricing as the Group adjusts its pricing models. A significant change to the characteristics the Group uses to measure risk and calculate premiums could have a material adverse effect on the Group’s business, financial condition and results of operations.

In addition, the Group’s relationship with its existing and potential customers is subject to various consumer protection laws and regulations which govern the way that the Group can communicate with them, as well as setting out the information which must be provided to them at the point a policy is purchased or a claim made. In addition, where the Group sells an ancillary product to a customer (for example, breakdown cover), similar rules will apply to the sale of that product. If disputes arise in relation to the way in which an insurance policy was sold or administered by the Group or in relation to the fair treatment of customers by the Group then a customer may refer a dispute to the FOS and/or a Relevant Regulator. If a dispute is resolved in favour of a customer, the Group may be required to improve its procedures or practices (for example, by making changes to sales processes or withdrawing products) or provide restitution to affected customers as well as potentially being subject to fines and/or other penalties, any of which may have a material adverse effect on the Group’s business, financial condition and results of operations.

The Group is aware of the following areas where there is current uncertainty as to the impact of proposed regulatory changes.

- On 7 September 2017, the UK Government published the response to its consultation on the methodology in calculating the Ogden Discount Rate which is expected to result in further changes to this rate. The Ogden Discount Rate is used by courts to calculate lump sum awards in personal injury cases.
- In the June 2017 Queen’s Speech, it was suggested that responses to the UK Government’s consultation on Reforming Soft Tissue Injury Claims Procedure would be addressed in a new Civil Liability Bill. For further information see risk 1.2 “*The Group may be subject to increases in the cost of claims under the Group’s insurance policies*”.
- The Group transitioned to the Solvency II regime in December 2015. Given the relative immaturity of the Solvency II regime and the fact that it applies across the whole of the EU, there may be

further changes to the regime, or developing interpretations by local regulators, as it matures and the rules are applied to new and developing situations which could affect the way in which the Group is required to calculate its SCR. For further information on the Solvency II regime, see paragraph 2 of Part 2 (*Regulation*) of this Prospectus.

- Changes are proposed to the IFRS treatment of certain insurance arrangements. These changes include the implementation and application of IFRS 17, and are expected to apply from 1 January 2021. IFRS 17 will introduce a new accounting model for measuring and presenting revenue and costs from issuing insurance contracts. IFRS 17 will apply to insurance contracts, including reinsurance contracts, issued by an insurer, reinsurance contracts held by an insurer and investment contracts issued by an insurer. The Group will need to take appropriate steps to prepare for the implementation of IFRS 17, but there can be no assurance that the Group's preparations will be sufficient or appropriate.
- The application of EU directives, regulations and other principles and rules in the UK following the UK's exit from the EU is subject to uncertainty. In addition, it is unclear what the proposed impact of other Member States taking decisions as to the interpretation of previously harmonised regimes (such as Solvency II) will be in the UK following the UK's exit from the EU.

The Group may face increased compliance costs as a result of changes to applicable insurance laws or regulation. Management may also be required to divert significant time and attention to implement any new procedures or practices required as a result of any such changes and/or transitional arrangements, which may be to the detriment of the day-to-day running of the business. Any prolonged interruption to the day-to-day running of the business and/or the increased costs of complying with new or amended laws or regulations could have a material adverse effect on the Group's business, financial condition and results of operations.

1.5. The Group may be subject to regulatory enquiries or investigations that could divert management time and resources and result in fines, sanctions, variation or revocation of permissions and authorisations or reputational damage

Regulatory supervision is a feature of the insurance industry. The Relevant Regulators can conduct industry-wide investigations into certain products, selling practices or other aspects of a UK insurer's business. The Relevant Regulators may also, from time to time, make enquiries of market participants generally, or of the Group specifically, regarding compliance with particular insurance laws and regulations. The Relevant Regulators have wide powers to supervise and intervene in the affairs of insurance market participants and have broad supervisory powers dealing with all aspects of their business activities including, among other things, the authority to grant and, in specific circumstances, to vary or cancel regulatory permissions and authorisations. In the future, partly as a result of Admission, the Group is expected to have increased prominence and may attract increased attention from the Relevant Regulators.

The Group endeavours to respond to regulatory enquiries in an appropriate way and to take corrective action when required, which may include providing undertakings to the Relevant Regulators to improve particular business practices or to revise policy terms and conditions. However, there can be no assurance that these efforts will eliminate the risk that a Relevant Regulator could find that the Group has failed to comply with applicable laws or regulations or has not undertaken corrective action as required.

The impact of any non-compliance by the Group is difficult to assess or quantify. The Relevant Regulators may, in certain circumstances, vary or cancel the Group's regulatory permissions and authorisations, require changes to the Group's procedures and practices, impose fines or require the Group to undertake customer redress. The amount of any fines or the obligations in connection with any redress may be indeterminable at the time of, and may remain unknown for substantial periods of time after, a determination of non-compliance has been made and may result in the Group incurring additional costs and/or having to increase its policy prices. In addition, any enquiries or investigations could result in adverse publicity for the Group. Such enquiries or investigations could also affect the Group's relations with current and potential customers, brokers and other market participants, as well as divert management's attention away from the day-to-day management of the Group's business. Although the Group is not aware of any outstanding regulatory enquiry or investigation, there can be no assurance that the Group will not be subject to any in the future and such enquiry or investigation may have a material adverse effect on the Group's business, financial condition and results of operations.

1.6. The Group collects, processes and utilises personal data from quote seeking consumers, policyholders, claimants, business contacts, employees and other third parties, and the failure to adequately maintain and protect such information, or failure to comply with applicable data protection laws, could have a material adverse effect on the Group's business, financial condition and results of operations

The Group collects, processes and utilises personal data (including names, addresses, ages, bank information, credit rating scores, payment details and other items of personal data) from quote seeking consumers, policyholders, third party claimants, business contacts and employees as part of the operation of the Group's business. Accordingly, the Group must comply with data protection and privacy laws, regulations and standards in the UK in respect of the handling and storage of such personal data.

Those laws, regulations and standards impose certain requirements on the Group in respect of the collection, processing, use and storage of personal data. For example, in the UK, when collecting personal data, certain information must be provided to the individual whose data is being collected. This information includes the identity of the data controller, the purpose for which the data is being collected and any other relevant information relating to the processing of that information. The Group is exposed to the risk that the personal data it controls could be wrongfully processed, accessed, damaged, distributed or used, whether by employees (intentionally or not) or third parties, or otherwise lost or disclosed in breach of data protection regulations. In addition, any unauthorised intrusion, malicious software infiltration, network disruption, denial of service or similar act by a malevolent party could disrupt the integrity, continuity and security of and trust in the Group's software, services or systems. These security risks could result in costly litigation, significant financial liability (whether by way of compensation payments or otherwise), increased regulatory scrutiny, fines and a loss of confidence in the Group's ability to control customer data. Failure to operate effective data collection, processing, use and storage controls could lead to regulatory censure, fines, damage to the Group's brands and reputation as well as the loss of new or renewal business and obligations to compensate individuals.

The Group also receives personal data from external sources such as PCWs, credit agencies and other data providers, which it relies on for certain of its business activities including its counter-fraud and pricing capabilities. Whilst the Group uses data from such sources it does not permanently store this data on its own IT system. Any changes to the availability of third party data to the Group or the imposition of material limitations on its processing or use could adversely affect the Group's business, including its pricing capabilities and counter-fraud capabilities which could have a material adverse effect on the Group's business, financial condition and results of operations.

From 25 May 2018, the General Data Protection Regulation (the "GDPR") will come into force. The GDPR will have direct effect in all Member States and, although all of the potential impacts are not yet known, is expected to have a significant impact on both data controllers and data processors (such as the Group) as it introduces new and more onerous obligations and will include a stricter penalty regime. Failure by the Group to comply with the GDPR could potentially lead to regulatory censure, fines, reputational damage and financial costs, any of which could have a material adverse effect on the Group's business, financial condition and results of operations. For further information on the GDPR, see paragraph 11 of Part 2 (*Regulation*) of this Prospectus.

1.7. Growing sophistication in fraud techniques and/or any failure by the Group to identify and prevent fraud could affect the profits of the Group if, as a result of such fraud, claims incidence and average payouts increase or policy sales decrease

The Group is exposed to actual and attempted fraud. The Group is at risk both from customers and third parties involved in insurable incidents with its customers. Customers or such third parties may fabricate or misrepresent material facts to the Group or fail to provide full disclosure in respect of the purchase of a policy or a claim.

If the Group does not provide effective counter-fraud training to its employees, does not continue to develop counter-fraud measures or otherwise fails to implement or maintain effective counter-fraud procedures, practices and strategies, the ability of the Group to combat fraud could be adversely affected. There can be no assurance that the Group's proactive counter-fraud measures (including the

use of third party databases) will be successful in the prevention or detection of fraud and any failure to combat fraud effectively could adversely affect the profits of the Group. Further, where the Group's costs increase as a result of fraudulent activity, the Group may be required to increase its policy prices which could result in its pricing becoming uncompetitive and its GWP decreasing, which could have a material adverse effect in the Group's financial condition.

The techniques used to perpetuate fraud are evolving constantly, which may make instances of fraud more difficult to detect. The occurrence or persistence of fraud in any aspect of the Group's business could damage the Group's reputation, and could have a material adverse effect on the Group's business, financial condition or results of operations.

1.8. The Group may suffer from increased costs, financial loss, penalties and reputational damage if tax rates, tax laws or HMRC's published practice change, or if the Group fails to manage tax risks adequately

The Group accounts for tax in the United Kingdom and is required to adhere to UK tax laws and regulations as well as the practices and guidelines published by HMRC. Changes in tax rates, laws or regulations or HMRC's published practice or guidelines, or any failure to manage its tax risks adequately could result in the Group being subject to increased tax charges, penalties and reputational damage. Any of these could have an adverse effect on the Group's financial condition.

For example, the Group outsources its policy administration services to Right Choice Insurance Brokers Limited ("**Right Choice**") and these insurance related services are exempt from VAT. There can be no assurance that HMRC will not reconsider its approach to the scope of this exemption (including in relation to what can and cannot be classified as an insurance related service). If VAT were payable by a provider of insurance related services, the Group's costs may be increased (as VAT would be added to those insurance related services provided to it) and the Group may not be able to pass on such costs to its customers which could have a material adverse effect on the Group's business, financial condition and results of operations.

The amount that the Group reserves for claims in any particular year is recorded as an expense on its profit and loss account. If the Group is found to have reserved for claims which HMRC determines to be excessive, such that the Group has understated its taxable income and therefore underpaid its tax, HMRC may require the Group to pay additional tax and/or a penalty which could have a material adverse effect on the Group's business, financial condition and results of operations.

2. Risks relating to the Group

2.1. The Group's underwriting performance may be affected if it fails to make an accurate assessment of the risks in relation to the policies it sells

Underwriting is a matter of judgement involving important assumptions about matters that are beyond the Group's control and for which historical experience and probability analysis may not provide sufficient guidance. The Group's results of operations and financial condition depend on its ability to establish and set prices accurately for the policies it sells. Price accuracy is necessary to generate sufficient premiums to cover the cost of claims and underwriting expenses and to earn profit. If the Group fails to assess accurately the risks in relation to the policies it sells, it will fail to charge an appropriate price, which could result in a decrease in profitability or in the Group making losses.

When a request for a quote is received, the Group's pricing model utilises the risk characteristics captured in the customer's application, the Group's proprietary dataset, and external datasets through data enrichment to generate a bespoke price quote which is designed to deliver a consistent target combined ratio. The Group's ability to do this successfully and, as a result, price its policies accurately, is subject to a number of risks and uncertainties, including:

- the availability of, and ability to use, sufficiently reliable data and the ability to analyse such data correctly;
- ensuring that appropriate risk characteristics are captured in an application;
- uncertainties inherent in estimates and assumptions generally;
- the selection and application of an appropriate pricing model;

- unanticipated or inconsistent court decisions, legislation or regulatory action;
- unanticipated increases in the cost of claims;
- changing driving and other consumer patterns, which could adversely affect both frequency and severity of claims;
- unanticipated increases in the number and severity of personal injury claims, including in the rate of inflation relating to medical and/or care costs;
- unanticipated increases in the cost of provision of temporary cars;
- changes in the use of technology in cars and any associated increase in the cost of car part prices;
- unanticipated increases in car repair costs, prices for car parts and the cost of used vehicles, increasing the costs of claims in connection with vehicle damage; and
- increases in the incidence of insurance fraud.

Such risks may result in the Group's pricing being based on inadequate or inaccurate data or inappropriate analyses, assumptions or methodologies, and may cause the Group to estimate incorrectly future increases in the frequency and severity of claims. As a result, the Group could set prices for policies which are too low, which would affect negatively its loss ratio and combined ratio, or, set prices for policies which are too high, which could negatively impact the Group's competitive position, market share or GWP, any of which could have a material adverse effect on the Group's business, financial condition and results of operations.

2.2. The Group is required to maintain reserves in respect of known and potential claims. The determination of the amount of these reserves is subject to estimates and assumptions and a failure by the Group to make accurate estimates of reserves may result in the Group's reserves not being adequate to cover the costs of actual claims

The Group is required by applicable insurance laws and regulations and IFRS to establish reserves with the aim of ensuring it has sufficient funds available to pay its insurance liabilities (and certain expenses incurred by the Group in connection with claims) when they fall due. The estimation of insurance liabilities involves the use of judgements and assumptions that are specific to the relevant claim. As well as actuarial and statistical projections and assumptions, these estimates, and the actual liabilities, are affected by the particular facts and circumstances known at any particular time, as well as estimates of trends in claims severity. They are also affected by other variable factors, including changes in the legal and regulatory environment, results of litigation, changes in medical costs, the cost of repairs and replacement and general economic conditions. Consequently, actual claims and related expenses paid may differ from estimates recorded in the Group's reserves.

Whilst the Directors believe the Group operates a prudent reserving policy for retained underwriting risk and the Group carries out regular reviews of the amounts reserved, by its very nature, the determination of the amount of the Group's reserves is subject to estimates and assumptions and there can be no assurance that the Group's estimation techniques, assumptions or loss mitigation actions will result in its reserves being sufficient. The uncertainties related to estimating reserves include the following:

- the Group may be unable to estimate accurately the cost of each particular claim or may suffer unexpected increases in claims expenses. For further information about the risks and uncertainties related to estimating the cost of claims, please see risk 1.2 "*The Group may be subject to increases in the cost of claims under the Group's insurance policies*";
- uncertainty as to whether all or a particular part of a claim falls within the coverage and limits applicable under a particular policy such that the Group may be unable to determine if a reserve is adequate or the extent of the required reserve;
- different medical and professional opinions about the prognosis and needs of the claimant as a result of an event giving rise to a claim;
- uncertainty as to when the Group will reach a settlement with a customer or claimant in connection with any loss suffered as a result of an event giving rise to a claim; and
- difficulty in assessing the Group's likely projected costs and expenses of settling claims which have occurred but for which no information has yet been reported to the Group.

The Group's pricing model utilises, among other factors, past claims experience, including reserve levels, to determine the price for each policy. If the Group's estimate of its required reserves is too low, the assumptions for the Group's pricing model will be incorrect and, therefore, it will begin to set policy prices at a level that may restrict the Group from generating sufficient income to cover any claims shortfall and from meeting its target combined ratio. The Group may be unable to sell subsequent policies at a higher price to meet this shortfall which could result in a reduction in the Group's income in the period in which the reserves require to be adjusted. If the Group's claims reserve is excessive as a result of an over estimation of the risks to which the Group is exposed, the Group may set policy prices at levels which are too high and may not be able to compete effectively in its market, which may result in a loss of market share and GWP. In addition, an excessive claims reserve position may expose the Group to the imposition of additional tax or penalties by HMRC (for further information, see risk 1.8 "*The Group may suffer from increased costs, financial loss, penalties and reputational damage if tax rates, tax laws or HMRC's published practice change, or if the Group fails to manage tax risks adequately*"). Accordingly, any material inaccuracy in the Group's reserves could have a material adverse effect on the Group's business, financial condition and results of operations.

2.3 The Group may suffer an increase in frequency and severity of claims incurred

The frequency and severity of claims made against the Group has a direct effect on the Group's results of operations as they determine the cost of claims under the Group's policies. Anticipated claims frequency and severity also impact the price the Group will charge for policies. If there is an increase in claims frequency or severity generally in the market or for a particular type of risk, which is reflected in the Group's policies, the Group may need to increase the prices it charges for policies to continue to meet its target combined ratio.

Furthermore, if the Group is subject to increased frequency and severity of claims which exceed the £1.0 million (subject to an index linked adjustment) attachment point under its reinsurance arrangements, the Group may be required to pay higher reinsurance premiums in the future as a result of the increased risk being assumed by the reinsurers. Any increase in the cost of reinsurance would, assuming such increases in price cannot be passed on to the Group's customers through increased policy prices, reduce the Group's net earned premium, therefore increase the Group's combined ratio, and reduce the Group's profitability. In addition, if the Group reduced its level of reinsurance or ceased to maintain it, its cost of claims could rise if the cost of claims that otherwise would have been covered by the reinsurance exceeds the saving in reinsurance premiums. This could also increase volatility of the Group's underwriting profitability and result in an increase in the Group's regulatory capital requirements.

If the Group is unable to increase its policy prices in response to an increase in the frequency and severity of claims, or if such an increase makes the Group's policy prices uncompetitive, the Group's market share, GWP, loss ratio and combined ratio will be negatively affected which could have a material adverse effect on the Group's business, financial condition and results of operations.

2.4 Reinsurance may not be available, affordable or adequate to protect the Group against losses, and reinsurers may dispute or default on their reinsurance obligations

As part of the Group's overall risk mitigation and capital management strategy, the Group purchases excess of loss reinsurance from a number of providers on an annual basis. The Group's reinsurance provides unlimited personal injury cover, plus a level of property damage cover which is aligned with its policies, in each case with a £1.0 million attachment point (subject to an index linked adjustment) on any claim made in relation to any policy within the Group's portfolio. Limiting the Group's exposure to large insurance losses in this way helps the Group reduce the volatility of loss ratio, earnings and cash flow. The Group's reinsurance cover also benefits the Group through contributing to a reduction in its regulatory capital requirements.

The cost of reinsurance is a function of the terms of the reinsurance (including the attachment point), the likely costs of claims for the reinsurers as well as matters beyond the Group's control (such as market demand and the ability of a reinsurer to take on further risks).

Like the UK private motor insurance market, the reinsurance market generally has been and may continue to be cyclical and exposed to substantial market losses, which may adversely affect the ability of the Group to obtain reinsurance on commercially acceptable terms or at all. Similarly, risk appetite

among reinsurers may change, resulting in changes in price or willingness to reinsure certain risks in the future. If the Group is unable to secure sufficient reinsurance arrangements on commercially acceptable terms or at all, the Group may be required to reduce its policy sales volumes or increase the level of risk it is willing to take on, which may increase the Group's loss ratio, and could have a material adverse effect on the Group's business, financial condition and results of operations.

Although reinsurance makes the reinsurer liable to the Group to the extent of the risk assumed by (that is, ceded to) the reinsurer, the Group is not relieved of its primary liability to its claimants and policyholders. In addition, the Group bears risk with respect to its reinsurers. The Group cannot ensure that its reinsurers will pay reinsurance claims on a timely basis or at all. If reinsurers are unwilling or unable to pay the amounts due under reinsurance contracts, whether due to the reinsurer experiencing financial difficulties, a dispute over policy coverage between the Group and the reinsurer, or otherwise, the Group could incur unexpected losses, which could have a material adverse effect on the Group's business, financial condition and results of operations.

2.5. The Group's performance is dependent on effective claims management processes

Efficient and effective claims management depends, among other things, on well trained employees making accurate and timely decisions with respect to claims handling. Inefficiencies in managing claims could lead to issues such as inappropriate indemnity decisions, inappropriate claims reserving and/or inappropriate payment decisions, increased fraud and/or distorted information being used as the basis for reserving and pricing. Such inefficiencies could result in additional claims costs and claims handling expenses as well as increased risk that claims reserve and/or policy pricing models will be inappropriate.

If the Group's claims management processes become inefficient, ineffective or otherwise suffer from costs or expenses above expected levels, the Group could be forced to amend its policy pricing models and/or increase prices to ensure it continues to meet its target combined ratio, potentially reducing the Group's competitiveness and resulting in a loss of market share or GWP. Such additional costs or increased prices could harm the Group's profitability, which could have an adverse effect on the Group's business, financial position and results of operations.

2.6. The Group's broker sales generate the majority of the Group's GWP and the Group's two largest brokers generate nearly half of GWP generated by broker sales. If the Group is unable to maintain relationships with its brokers its business, financial condition and results of operations may be adversely affected

The Group's success depends on its ability to maintain its relationships with insurance brokers. Although the Group has invested in its Direct Brands and related direct sales capabilities to create a complementary distribution channel, the broker channel remains the Group's primary distribution channel. Of the Group's GWP in the year ended 31 December 2016, approximately 70 per cent. was generated through its broker channel. The Group's largest two brokers (measured by percentage of GWP introduced by all brokers in the period) accounted for approximately 52 per cent. of GWP introduced by brokers (equal to £61.1 million) in the underwriting period of nine months ended 30 September 2017 (an underwriting period being the period of time in which a policy commenced, rather than the period in which it was bought, including any policies commenced but subsequently cancelled) and approximately 39 per cent. (equal to £37.0 million), approximately 37 per cent. (equal to £42.6 million) and approximately 49 per cent. (equal to £65.7 million) in the underwriting years ended 31 December 2014, 2015 and 2016, respectively. The Group's brokers accounted for approximately 67 per cent. (equal to £111.3 million) of total GWP in the nine months ended 30 September 2017 and approximately 62 per cent. (equal to £93.2 million), approximately 64 per cent. (equal to £116.0 million) and approximately 70 per cent. (equal to £137.7 million) of total GWP in the years ended 31 December 2014, 2015 and 2016, respectively. Whilst the Directors believe the Group has strong relationships with its brokers (including with its largest brokers), failure by the Group to maintain these relationships, could result in a reduction in the Group's market share and GWP which could have a material adverse effect on the Group's business, financial condition and results of operations.

Brokers may write business through more than one insurer and are under no obligation to recommend or sell the Group's policies. As such, the Group faces competition with other insurers on a broker's panel or where the broker has a particular relationship with another insurer. The Group's relationships with its brokers are important and the failure, inability or unwillingness of a broker to market the Group's policies, may result in a reduction in the Group's market share and GWP which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's relationship with the majority of its brokers is governed by a set of standard business principles to which those brokers must adhere. In the case of certain larger brokers, the relationship is governed by the broker's terms of business, which the Group seeks to ensure are aligned with its business objectives. If a broker ceases to act in accordance with the Group's standard business principles or amends its terms of business such as not to be aligned with the Group's business objectives, the Group will cease to trade with a broker and will lose access to that broker's customers which could have a material adverse effect on the Group's business, financial condition and results of operations. In addition, certain of the Group's contractual arrangements with its brokers contain change of control provisions which may allow those brokers to terminate the relevant contract with the Group with effect from Admission. Whilst the Directors do not believe this is a likely outcome, there can be no assurance that a broker will not seek to terminate a contract or seek to renegotiate its terms in a way which is disadvantageous to the Group. If either such event were to arise, this could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group understands that, in line with the wider insurance market, brokers typically utilise PCWs as their primary distribution channel. Failure by a broker to maintain relationships with PCWs, or the inability of a broker to respond to a change in the structure of the fees charged by PCWs could affect the broker's ability to sell policies, including the Group's policies, which could result in a loss of market share for the Group or a reduction in GWP or in profitability of its policies, and, in turn, have a material adverse effect on the Group's business, financial condition and results of operations.

Changes in the financial position of one or more of the Group's larger brokers could negatively impact the Group's business, financial condition and results of operations. If a broker ceases trading, the policies that the Group has underwritten with that broker's customers will remain in force and the Group will remain liable to meet any claims arising under those policies even if the Group has not received some or all of the premiums for those policies from the broker. Whilst policies underwritten through a broker will require the broker to collect the premium payable on behalf of the Group and thereafter pay that premium to the Group within an agreed time period (usually within 31 or 61 days), there can be no assurance that the broker will not cease trading in the period between a policy being underwritten and the premium being paid to the Group. Whilst the broker is required to retain the premium in a segregated account for the benefit of the Group such that in the event a broker ceases trading the premium could be paid over to the Group (resulting in no loss in the Group's GWP), there can be no assurance that all of the Group's brokers comply with their legal obligations to hold client money in this way. In the event that one or more of the Group's larger brokers cease trading and are not able to pay outstanding premiums to the Group for policies that have already been underwritten, the Group may suffer a loss of GWP related to these policies whilst remaining exposed to claims made under these policies. If the Group is required to make a payment in respect of a claim for which it has not yet received the premium and the broker does not pay the premium to the Group, the Group's loss ratio and combined ratio will be reduced and, depending on the size or number of such claims, this may have a material adverse effect on the Group's business, financial condition and results of operations.

2.7. The Group depends on PCWs to generate the majority of its direct sales. If the Group is unable to maintain commercially acceptable terms with PCWs and to attract visitors and convert them into customers in a cost effective manner, its business, financial condition and results of operations may be adversely affected

The Direct Brands are sold principally through the four leading UK PCWs (comparethemarket.com, confused.com, gocompare.com and moneysupermarket.com) as well as certain smaller PCWs (such as uSwitch.com). As at 30 June 2017 (and based on the number of quotes converted into policies measured over a 45 day period prior to such date), the Directors estimate that approximately 88 per cent. of the Group's GWP from the Direct Brand channel was purchased through a PCW.

If the Group is unable to continue to include its policies on one or more of the PCWs in which the Group or its brokers participates, the Group's ability to distribute its insurance products and attract new customers would be curtailed. Any loss of access to a PCW or reduction in policy sales thereon may have a material adverse effect on the Group's business, financial condition and results of operations.

The Group pays a fixed fee to the relevant PCW where a policy is sold on that PCW. The PCWs which the Group utilises are able to, and do from time to time, change the fee structure applicable to the Group which could increase the Group's policy acquisition costs. Additionally, the Group does not have

exclusivity agreements in place with any PCW and, as a result, each PCW can and does quote and offer products of any other insurer (whether a current competitor of the Group or not). The Group's contractual arrangements with PCWs can be terminated by either party upon notice of one or three months (depending on the specific agreement). In addition, the Group's contractual arrangements with PCWs are typical of other commercial agreements which contain termination rights (for example, where there has been a material breach of terms) or a party has suffered an insolvency event. Any change in the Group's arrangements with the PCWs or a termination of such contracts by one or more of the PCWs, could result in a decrease of the Group's market share and GWP, which may have a material adverse effect on the Group's business, financial condition or results of operations.

2.8. The Group's operations are based solely in the UK and are therefore vulnerable to any adverse developments to the UK economic and market conditions and to the UK legal and regulatory environment

The Group's operations are based solely in the UK. As such, the business of the Group is exposed to the prevailing economic and market conditions, as well as the legal and regulatory environment, in the UK. In particular all of the Group's employees, infrastructure and providers of outsourced functions are based in the UK and the Group's investment portfolio primarily comprises UK Government securities.

The Group will not always be able to predict accurately the impact on the Group's business, results of operations and financial position of changes in economic and market conditions or changes in the legal and regulatory environment in the UK. Any deterioration in UK economic and market conditions may:

- cause financial or operational difficulties for the Group's counterparties, including the brokers the Group has relationships with, which may result in their failure to perform as anticipated;
- cause customers to reduce the amount they spend on ancillary products or result in fewer customers driving and consequently purchasing insurance;
- cause a decrease in the Group's return on its investments; or
- negatively affect the Group's ability to recruit new members of staff due to a reduction in the availability of labour or an inability to recruit new members of staff on commercially acceptable terms or at all.

Any changes in the legal and regulatory environment in the UK may:

- increase the Group's cost of compliance; and
- result in management being required to divert significant time and attention to the implementation of new procedures or practices to react to any changes in circumstances.

The Group seeks to operate a conservative investment strategy, with the majority of its investment portfolio comprising UK Government securities. Although the Group typically holds UK Government securities to maturity and does not usually seek to sell them prior to maturity, the price of such securities may change as a result of general economic conditions in the UK and the actual or perceived need for increased UK Government borrowing. In accordance with the Group's prevailing accounting policies, the Group marks-to-market its investment portfolio. As such, the value of the Group's investment portfolio could be affected negatively by a change in interest rates or other factors which could, in turn, reduce investment return and profitability, and may also require the Group to increase its investment portfolio to allow it to meet its regulatory capital requirements. This could have a material adverse effect on the Group's business, financial condition and results of operations.

Whilst the Group may be able to mitigate the effect of some or all of the above factors, there is no assurance that the Group will be able to do so in a timely manner or at all. In particular, as a result of the concentration of the Group's operations in the UK, it will not be able to mitigate the effect of any of the above factors by reliance on income generated in other countries as competitors with more diverse geographic operations or revenue generation may be able to.

In addition, there has been an increase in political uncertainty as a result of the UK vote in favour of exiting the EU. It is not clear what the impact on the Group (including its business, employees, operations and assets) will be when, and on what terms, the UK leaves the EU (for example, motor repair costs or care provision costs relating to personal injury claims may increase if the status of

certain EU nationals is not guaranteed and they are no longer eligible to work in the UK), but any such change may have a material adverse effect on the business, financial condition and results of operations of the Group.

2.9. The Group's business is concentrated on the UK private motor insurance market and is vulnerable to any adverse developments in this market

The Group is focused entirely on the motor insurance market and does not offer other insurance products (such as household insurance or life insurance). As a result, in the event that the Group ceases to be competitive within its chosen market (for example, through the inaccurate pricing of policies), it will not be able to rely on other insurance product offerings to support its current business if demand for profitable motor insurance policies decreases. Even if the Group were able to offer other insurance products, there can be no assurance that any new product offerings would be competitive or successful (primarily due to its lack of experience and lack of appropriate underwriting skill or data). Accordingly, if the Group is unable to restore its motor insurance market product offering to a competitive position, the Group's business, financial condition and results of operations may be materially adversely affected.

For further information on the risks relating to regulatory changes and customer behaviour, please see risk 1.3 *"Changes to the Group's customers' behaviour, the market in which the Group operates and technological advances in the motor vehicle market could reduce demand for its policies"* and risk 1.4 *"The Group is subject to wide ranging legal and regulatory requirements applicable to the insurance industry, changes to which may result in additional compliance costs and diversion of management time and resources"*.

2.10. The provision of premium finance to Direct Brand customers exposes the Group to the credit risk of those customers

The Group offers customers of its Direct Brands the ability to pay for their policies in monthly instalments instead of in one single, upfront payment. As the Group does not use a third party to finance this option, it bears all the credit risk of customers participating in its premium financing programme.

Whilst the Group has a practice of cancelling policies where a customer consistently defaults on the instalment payments, if a customer does not make instalment payments the Group remains exposed to the operating costs and reinsurance costs in respect of such policy until the date of cancellation. Moreover, if a claim is made under a policy that has not been paid in full, the Group is liable for the cost of the claim and all associated expenses, although it is entitled to deduct the amount of the outstanding premium and interest in respect of a claim by the customer (but not in the case of third party claims).

In May 2015, the FCA published its thematic review on the provision of premium finance to retail general insurance customers which identified a number of areas in which firms do not meet the FCA's expectations when providing premium finance. The FCA continues to consult with firms to identify potential failings in compliance. Any policy or regulatory changes, or a decision of the FCA to revoke the Group's permission to provide premium financing, could have an adverse impact the Group's business, financial condition and results of operations.

2.11. The Group's reputation may be affected by factors including allegedly unfair claims handling processes, litigation, employee misconduct, operational failures, including by brokers or PCWs, regulatory investigations, negative publicity and/or poor performance

The Group operates in an industry where integrity, trust and confidence are paramount and is consequently exposed to reputational risks arising from matters such as allegedly unfair claims handling processes, litigation, failure or default by brokers, PCWs, other counterparties or recommended suppliers, employee misconduct, operational failures, including those of brokers or PCWs, regulatory investigations (irrespective of whether the Group is found innocent of any perceived breaches of laws or regulations), negative publicity or press speculation (including adverse social media commentary), disclosure of confidential information, poor performance, among other factors.

Any negative brand perception could cause a loss in customer or market confidence which could in turn have a material adverse effect on the Group's business, financial condition and/or results of operations. In particular, any damage to the Group's reputation could result in the Group losing its place on insurance broker panels.

2.12. The Group will depend on its ability to attract and retain suitably qualified and experienced personnel and may face operational challenges in recruiting and retaining suitable personnel

The Group's success will depend on its ability to attract and retain suitably qualified and experienced executives and personnel. In the insurance industry there is a shortage of senior executives and management personnel and the Group may face challenges in recruiting and retaining suitable personnel. The Executive Directors and Senior Managers have made a significant contribution to the development of the Group's pricing model and to the growth and success of the Group's business and are expected to continue to do so. The loss of any of the Executive Directors or Senior Managers, or any delay in replacing them with suitably qualified replacements, may have a material adverse effect on the Group's business, financial condition or results of operations.

Management of the Group's strategy and growth will require, among other things, the continued development of the management oversight function, the ability to attract and retain sufficient numbers of suitably experienced management, the continued training of senior members of staff and the presence of adequate supervision. Further, individuals carrying out certain roles for or on behalf of the Group described as "controlled functions" must be "approved persons". They are subject to ongoing regulatory obligations for which they are personally accountable to the FCA and/or the PRA. They are expected to be fit and proper persons and must satisfy standards of conduct that are appropriate to the role they perform. The Relevant Regulators have wide-ranging powers to act against relevant persons who fail to satisfy these standards of conduct or who cease to be fit and proper, including withdrawal of their approved status, granting a prohibition order, disciplinary action and/or fines. Any failure to attract or retain appropriate personnel, including authorised persons as required, could adversely affect the Group's business, financial condition or results of operations. For further information regarding authorised persons and controlled functions, see paragraph 6 of Part 2 (*Regulation*) of this Prospectus.

2.13. The Group may require additional regulatory capital which may not be available on commercially acceptable terms or at all

As an insurance provider, the Group is required to maintain minimum levels of regulatory capital.

The Group's regulatory capital requirements are calculated using the Solvency II standard formula as modified by an undertaking specific parameter and are determined primarily by both past and anticipated levels of GWP, the level of claims reserve maintained by the Group and the profitability of the Group's policies. Whilst the Group currently meets its SCR and the Directors believe that the Group has a sufficient regulatory capital buffer, there can be no assurance that the Group will be able to maintain adequate levels of regulatory capital in the event that there are changes to the regulatory capital requirement regime or changes to the industry interpretation of the relevant regulations, or in the event that the Group should incur significant losses which would reduce its regulatory capital. Any changes may require the Group to reassess each of the elements comprising its Solvency II capital model and potentially require it to obtain additional regulatory capital. Should the Group require additional regulatory capital, there can be no assurance that such regulatory capital will be available on commercially acceptable terms or at all.

If the Group does not maintain an appropriate level of regulatory capital at all times, the Relevant Regulator could intervene in the interests of customer security and may require the Group to take urgent steps to restore the appropriate level of regulatory capital (potentially through a further equity issue and/or withholding dividends). In addition, whilst the Group has insufficient regulatory capital, it is likely the Relevant Regulator will vary or cancel regulatory permissions and authorisations which would adversely affect the Group's business, financial condition or results of operations.

Any equity or debt financing required to meet any increased regulatory capital requirements, if available at all, may be on terms that are unfavourable to the Group. In the case of a further equity issue, dilution to the Shareholders could result, and such an equity issue may provide holders of the

new shares with rights, preferences and privileges that are senior to those provided to holders of Ordinary Shares.

2.14. The Group relies on the proper functioning, implementation and upgrading of its information technology and communications systems, as well as its relationships with existing suppliers of these products

The Group's capacity to generate business, sell policies, effectively manage its operational risk profile and service its customers depends on storing, retrieving, processing, presenting and managing information. The Group's business uses sophisticated underwriting software systems to help it determine a price for each policy, manage claims and support new and existing customers, whilst the Group's websites represent key customer interaction portals, particularly for the Direct Brands.

If the Group does not make appropriate information technology choices or investments or if the Group's choices or investments are not made in a timely or cost effective manner, it could adversely affect the Group's business, financial condition and results of operations.

In addition, the Group's computer and data processing capabilities or software systems could be interrupted or lost and the Group's websites or communications systems could fail due to system failures, computer viruses (including phishing activity and ransomware), software errors, cyber attacks, theft of, or physical damage to, IT hardware or other factors. Any such interruption, loss or failure could materially impact the Group's ability to conduct its business or result in litigation, adverse publicity, regulatory fines and/or reputational damage may have a material adverse effect on the Group's business, financial condition and results of operations. In addition, the Group's employees have access to its IT system and could intentionally record false information in respect of a customer or a claim or access and remove or erase information from the Group's IT systems. Whilst the Directors believe that the Group has appropriate safeguards in place, there can be no assurance that even in following its practices and procedures, the Group will be able to prevent any security breach.

The Group is in the process of outsourcing its IT infrastructure (such as servers and storage) to a third party provider. Whilst the Group maintains certain of its IT functions in house such as local desktop support, first line support and oversight of all outsourced arrangements, the outsourced IT infrastructure will be required for the Group to conduct its business and, whilst the Directors believe the Group has effective disaster recovery plans in place, there can be no assurance that a failure in the outsourced infrastructure will be remedied promptly or at all. The Group relies heavily on its IT systems and any such failure in the outsourced IT infrastructure could result in a prolonged period of disruption to the Group's IT systems which could have a material adverse effect on the business, financial condition and results of operations of the Group.

2.15. The Group is reliant on third party providers to perform certain functions

The Group outsources certain functions to specialist third party providers. For example, the Group outsources policy administration services (including sales support and phone based customer services) for its Direct Brands to Right Choice and first notification of loss and repair functions to Innovation Group. In addition, the Group's policy prices are distributed to brokers via a number of specialist software houses (including Open GI, CDL and SSP) and it relies on third party providers for the payment processing systems for its Direct Brand policies and some of its broker policies. As noted in risk 2.14 "*The Group relies on the proper functioning, implementation and upgrading of its information technology and communication systems, as well as its relationships with existing suppliers of these products*", the Group is in the process of outsourcing certain IT infrastructure. For further details on the functions that are outsourced by the Group please see paragraph 13 of Part 1 (*Information about the Group*) of this Prospectus.

Whilst the Group seeks to ensure that it has appropriate contractual protections and disaster recovery plans to mitigate any loss or interruption of services, in the event that a third party provider ceased to trade or was otherwise unable to continue to supply the Group with its services, there can be no assurance that an adequate alternative provider could be engaged on commercially acceptable terms in a timely manner or at all. Any interruption to the provision of services to the Group could have a material adverse effect on the Group's business, financial condition and results of operations.

Whilst the Group sets the parameters of the services to be provided and seeks to enforce appropriate service levels, the Group has no control over the direct contact that certain of its third party providers have with the Group's customers and, as a result, the Group could be associated with any negative behaviours of these providers which could damage the Group's reputation. In addition, whilst the Group seeks to ensure that appropriate reporting obligations are included in its arrangements with third party providers to allow the Group to monitor regulatory compliance, any regulatory failures by a third party provider may nonetheless remain the responsibility of the Group.

The successful implementation of the Group's business strategy depends, in part, on its success at renewing or entering into new contracts with suppliers of outsourced functions on favourable terms. The Group's ability to renew its existing contracts with third party suppliers, or enter into new contractual relationships on commercially acceptable terms, or at all, depends on a range of commercial and operational factors and events, some of which may be beyond the Group's control. The Group's inability to maintain its existing arrangements with the third party suppliers of outsourced functions which the Group relies on or enter into new arrangements could lead to an interruption to the business of the Group, reduced sales, lower margins, reputational damage and/or difficulties in maintaining or growing market share and GWP, which could have a material adverse effect on the Group's business, financial condition and results of operations.

2.16. The Group is exposed to payment processing risks, including increases in transaction fees, actions taken by third parties that could disrupt the Group's operations, failure by the Group to fully comply with rules and standards governing payment processing, and system failures and security breaches

In connection with customers paying for policies using credit or debit cards, the Group pays transaction fees to the card merchants. These fees may increase over time which would increase the Group's operating costs and lower its margins to the extent such fees cannot be passed through to customers. The Group is also subject to payment card association operating rules, certification requirements, Payment Card Industry Data Security Standards ("PCIDSS") and other rules governing electronic funds transfers which may change or be subject to changes in interpretation which could result in them becoming more costly or difficult to comply with.

Although the Group expects to become fully compliant with the PCIDSS, there can be no assurance that the Group's implementation of its plans will be successful or will be completed on schedule. Until the Group is fully compliant, or if in the future the Group fails to comply with its obligations under the PCIDSS, the Group may be subject to fines and/or higher transactions fees and in extreme cases may lose its ability to accept credit or debit card payments from customers, process electronic funds transfers or facilitate other types of online payments.

2.17. The Group's inability to recover successfully should it experience a disaster or other business continuity problem could cause material financial loss, action by the Relevant Regulators or reputational damage

The Group operates from a single site in Dorking, Surrey. Whilst the Group seeks to ensure that it has appropriate disaster recovery plans in place, any catastrophe at the Group's office could result in interruption to the Group's business and if the Group's disaster recovery strategies are not adequate there may be a prolonged suspension of the Group's operations. Failure to ensure the continued operation of the Group's business during periods of business interruption could, as a result of material prejudice to customers, potentially lead to regulatory censure, fines, reputational damage and obligations to compensate individuals. Any of these results could adversely affect the Group's business, financial condition and results of operations.

In addition, the Group uses a number of third party providers to provide certain services to the Group. The Group may remain liable for the action of such third party providers and may suffer an interruption to its business should any of these third party providers experience a disaster or other business continuity problem. For further information see risk 2.15 "*The Group is reliant on third party providers to perform certain functions*".

2.18. Protecting the Group's trade secrets, proprietary information, trademarks and other intellectual property could involve costly and time consuming measures or litigation, whilst any failure to do so could adversely affect its business

The Group relies on its trade secrets and proprietary information, trademarks and other intellectual property (together, "Group IPR") to remain competitive. Third parties may steal or misappropriate Group IPR and the Group may not be able to rely on any intellectual property rights to prevent the use of Group IPR by a third party. As part of the Group's IPR, it holds a portfolio of registered UK trademarks which protect the names of each of the Direct Brands. Costly and time consuming litigation could be necessary to determine and enforce the scope of the Group IPR and a finding in favour of the Group in such litigation cannot be assured. Any infringement of the Group IPR could adversely affect the Group's business, financial condition and results of operations.

3. Risks relating to the Offer and the Ordinary Shares

3.1. There has been no prior public trading market for the Ordinary Shares, and an active trading market may not develop or be sustained in the future

Prior to Admission, there has been no public trading market for the Ordinary Shares. Although the Company has applied to the UK Listing Authority for admission to the premium listing segment of the Official List and has applied to the London Stock Exchange for admission to trading on its main market for listed securities, the Company can give no assurance that an active trading market for the Ordinary Shares will develop or, if developed, could be sustained following the closing of the Offer. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares could be adversely affected.

3.2. The share price of publicly traded companies can be highly volatile, including for reasons related to differences between expected and actual operating performance, corporate and strategic actions taken by such companies or their competitors, speculation and general market conditions and regulatory changes

Prospective investors should be aware that, following Admission, the value of an investment in the Ordinary Shares may decrease or increase abruptly. A number of factors may impact the price and performance of the Ordinary Shares including:

- differences between the Group's expected and actual operating performance and/or prospects as well as between the expected and actual performance of the insurance industry generally;
- seasonal and cyclical fluctuations in the performance of the Group's business and the UK private motor insurance market in general;
- conditions or trends in online commerce;
- strategic actions by the Group or its competitors, such as mergers, acquisitions, divestitures, partnerships and restructurings;
- the relative performance or activities (or speculation about the relative performance or activities) of other insurance companies admitted or seeking admission to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities;
- speculation in the press, media or investment community, whether or not well founded, about the Group's business or competitors, mergers or acquisitions involving the Group or the Group's competitors and/or major divestments by the Group or the Group's competitors;
- speculation, whether or not well founded, regarding the intentions of the Company's significant Shareholders or significant sales of shares by any such Shareholders or short selling of the Company's shares;
- speculation, whether or not well founded, about possible changes in the Group's management team;
- the publication of research reports by analysts; and
- general market conditions and regulatory changes.

In addition, stock markets have, from time to time, and especially in recent years, experienced significant price and volume fluctuations which have affected the market price of securities.

3.3. The Major Shareholder will retain a significant interest in the Company following Admission and their interests may differ from those of the other Shareholders

Immediately following Admission it is expected that the Major Shareholder will be interested in approximately 42.7 per cent. of the Company's issued ordinary share capital (calculated on the basis of the Mid-point Assumptions) or 38.8 per cent. of the Company's issued ordinary share capital (on the basis of the Mid-point Assumptions but assuming the Over-allotment Option is exercised in full). For further details of the Major Shareholder's interest in the Company's issued share capital immediately following Admission at the mid-point, bottom and top of the Price Range, see paragraph 8.2 of Part 12 (*Additional Information*) of this Prospectus. The Major Shareholder has entered into the Relationship Agreement with the Company with the aim of ensuring that the Company is capable at all times of carrying on its business independently of the Major Shareholder. Notwithstanding the Major Shareholder's right to nominate one person to be a director of the Company, the Directors believe that, together with the provisions of the Listing Rules relating to "related party transactions" and the provisions of the Companies Act relating to conflicts of interest, the terms of the Relationship Agreement will enable the Company to carry on its business independently from the Major Shareholder and its associates. However, the interests of the Major Shareholder may not necessarily be aligned with those of other Shareholders following Admission.

3.4. Substantial sales of Ordinary Shares, or the perception that such sales might occur, could depress the market price of the Ordinary Shares. In particular, the Group is unable to predict whether, following the termination of the lock-up restrictions put in place in connection with the Offer, substantial amounts of Ordinary Shares will be sold in the open market by those subject to such restrictions, including the Major Shareholder

Following Admission, except as a result of the exercise of the Over-allotment Option or pursuant to certain other customary exceptions, the Directors have agreed to refrain from selling any of their Ordinary Shares for a period of 365 days from (and including) the date of the Underwriting Agreement, and the Major Shareholder has agreed to refrain from selling any of their Ordinary Shares for a period of 180 days from (and including) the date of the Underwriting Agreement. The Original Shareholders and the Senior Managers have agreed to refrain from selling any of their Ordinary Shares for a period of 180 days from (and including) the date of their Lock-Up Agreements. The Group is unable to predict whether, following the termination of the lock-up restrictions put in place in connection with the Offer, a substantial amount of Ordinary Shares will be sold in the open market by those subject to such restrictions. Any sales of substantial amounts of Ordinary Shares in the public market by any of the Directors, the Major Shareholder, the Original Shareholders, the Senior Managers or by the Company, or the perception that such sales might occur, could result in a material adverse effect on the market price of the Ordinary Shares. This may make it more difficult for Shareholders to sell Ordinary Shares at a time and price that they deem appropriate, and could also impede the Company's ability to issue equity securities in the future.

3.5. The issue of additional shares in the Company in connection with future acquisitions, capital raisings, any share incentive or share option plan or otherwise may dilute all other shareholdings and may depress the price of Ordinary Shares

The Group may issue additional equity or convertible equity securities in certain circumstances such as in connection with share incentive and share option plans. As a result, the Company's existing Shareholders would suffer dilution in their percentage ownership. In addition, future offerings of new Ordinary Shares could adversely affect the prevailing market price of the Ordinary Shares and could impair the Group's ability to raise capital through future additional sales of equity securities.

3.6. The Company's ability to pay dividends in the future depends, among other things, on the Group's financial performance and capital requirements and is therefore not assured

The Company's ability to pay dividends in the future will depend, among other things, on the Group's financial performance and regulatory capital requirements. The payment of dividends by a company to its shareholders is subject to certain restrictions, including the existence of sufficient distributable reserves, sufficient cash resources and, in the case of a company regulated by the PRA such as Sabre Insurance, a subsidiary of the Company, regulatory restrictions on the making of distributions (including

the requirement to give advance notice of a proposed distribution to the PRA so as to allow it an opportunity to object to the making of such distribution). In addition, as a holding company, the Company's ability to pay dividends is dependent on the receipt of sufficient dividends from its subsidiaries, each of which is also subject to the same restrictions. Each of these restrictions could limit the payment of dividends to or by the Company, which could restrict the Company's ability to fund its operations or to pay dividends to Shareholders.

3.7. Holders of Ordinary Shares in jurisdictions outside the UK may not be able to exercise their pre-emption rights unless the Company decides to take additional steps to comply with applicable local laws and regulations of such jurisdictions

In the case of certain increases in the Company's issued share capital, the Company's existing Shareholders are generally entitled to pre-emption rights pursuant to the Companies Act unless such rights are waived by a special resolution of the Shareholders at a general meeting or, in certain circumstances, pursuant to the Articles. Holders of Ordinary Shares outside the UK may not be able to exercise their pre-emption rights over Ordinary Shares unless the Company decides to comply with applicable local laws and regulations and, in the case of holders of Ordinary Shares in the United States, a registration statement under the US Securities Act is effective with respect to such rights and Ordinary Shares, or an exemption from the registration requirements of the US Securities Act is available. The Company cannot assure any Shareholders outside the UK that steps will be taken to enable them to exercise their pre-emption rights, or to permit them to receive any proceeds or other amounts relating to their pre-emption rights.

3.8. Shareholders may have difficulty in effecting service of process on the Company or the Directors in the US, in enforcing US judgements in the UK or in enforcing US securities laws in UK courts

All of the Directors are residents of countries other than the United States. The Company is incorporated outside the United States and its assets are located outside the United States. As a result, it may not be possible for Shareholders to effect service of process within the United States upon the Directors or on the Company, or to obtain discovery of relevant documents and/or the testimony of witnesses. Shareholders based in the US may have difficulties enforcing in courts outside the United States judgements obtained in US courts against some of the Directors or the Company (including actions under the civil liability provisions of the US securities laws). Shareholders may also have difficulty enforcing liabilities under the US securities laws in legal actions originally brought in jurisdictions located outside the United States.

3.9 The Company may be classified as a passive foreign investment company, which could result in adverse US federal income tax consequences to US Holders of Offer Shares

A non-US corporation will be a passive foreign investment company ("PFIC") for any a taxable year if, either (a) 75 per cent. or more of its gross income constitutes passive income; or (b) 50 per cent. or more of the value of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce, or are held for the production of, passive income.

The Directors believe that, for purposes of the PFIC rules, the Company and each of its relevant subsidiaries is likely to be considered predominantly engaged in the active conduct of an insurance business and likely not to be considered, after giving effect to the Offer, to have financial reserves in excess of the reasonable needs of its insurance business and, as a result, that income derived by each of its relevant subsidiaries in the active conduct of an insurance business would likely not be treated as passive income. Accordingly, the Directors expect that, provided the value and nature of its assets and the sources and nature of its income, as determined for PFIC purposes, remain the same, and taking into account the Company's expected use of any net proceeds of the Offer that it receives, it is likely not to be treated as a PFIC for the current taxable year or the foreseeable future.

The determination of whether the Company is a PFIC in any taxable year will depend upon the portion of the assets (including goodwill) and income of the Company that are characterised as passive under the PFIC rules and other factors, some of which may be beyond the Company's control. In particular, the total value of the Company's assets for purposes of the asset test described above will generally be calculated using the market price of the Ordinary Shares, which may fluctuate after the Offer. In

addition, the composition of the Company's income and assets will be affected by how, and how quickly, the Company uses the cash generated by its business operations, any net proceeds of the Offer that the Company receives and any future financing transactions. Accordingly, the Company cannot provide any assurance that it will not be a PFIC for its current taxable year or any future taxable year. In addition, U.S. lawmakers are evaluating proposals relating to the tax treatment of non-US companies and their non-US insurance subsidiaries, including proposals that could, if enacted, affect whether the Company or any of its non-US subsidiaries are treated as a PFIC. If the Company were to be a PFIC for any taxable year during which a US Holder holds Offer Shares, various adverse US federal income tax consequences could apply to such US Holder. For further details please see paragraph 2.3 of Part 11 (*Taxation*) of this Prospectus.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

1. Notice to prospective investors

Prospective investors should rely only on the information in this Prospectus when deciding whether to invest in the Ordinary Shares. No person has been authorised to give any information or to make any representation in connection with the Offer other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Company, the Directors, any of the Selling Shareholders, any of the Managers or Evercore. No representation or warranty, express or implied, is made by any of the Selling Shareholders, any of the Managers, Evercore or any selling agent as to the accuracy or completeness of such information, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by any of the Selling Shareholders, Managers, Evercore or any selling agent as to the past, present or future. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of FSMA and paragraph 3.4.1 of the Prospectus Rules, neither the delivery of this Prospectus nor any issue or sale of the Offer Shares pursuant to the Offer made under this Prospectus shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or of the Group taken as a whole since the date hereof or that the information contained herein is correct as of any time subsequent to the earlier of the date hereof and any earlier specified date with respect to such information.

The Company will update the information provided in this Prospectus by means of a supplementary prospectus if a significant new factor, material mistake or inaccuracy relating to this Prospectus occurs or arises prior to Admission that may affect the ability of prospective investors to make an informed assessment of the Offer. This Prospectus has been, and any supplementary prospectus will be, subject to approval by the FCA and will be made public in accordance with the Prospectus Rules. If a supplementary prospectus is published prior to Admission, investors shall have the right to withdraw their subscriptions for Offer Shares made prior to the publication of such supplementary prospectus. Such withdrawal must be done within the time limits set out in the supplementary prospectus (if any) (which shall not be shorter than two clear business days after publication of such supplementary prospectus).

The contents of this Prospectus are not to be construed as legal, financial or tax advice. Each prospective investor should consult their own lawyer, financial adviser or tax adviser for legal, financial or tax advice in relation to any purchase or proposed purchase of any Offer Shares. Each prospective investor should consult with such advisers as needed to make its investment decision and to determine whether it is legally permitted to hold Ordinary Shares under applicable legal, investment or similar laws or regulations. Investors should be aware that they may be required to bear the financial risks of any investment in Ordinary Shares for an indefinite period of time.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Directors, the Selling Shareholders, any of the Managers or Evercore or any of their respective representatives that any recipient of this Prospectus should subscribe for or purchase any Offer Shares.

Prior to making any decision whether to subscribe for or purchase Offer Shares, prospective investors should ensure that they have read this Prospectus in its entirety and, in particular, the section entitled "Risk Factors", and not just rely on key information or information summarised in it. In making an investment decision, prospective investors must rely upon their own examination of the Company and its Group and the terms of this Prospectus, including the merits and risks involved. Any decision to subscribe for or purchase Offer Shares should be based solely on this Prospectus.

Investors who subscribe for or purchase Offer Shares in the Offer will be deemed to have acknowledged that: (a) they have not relied on any of the Managers or Evercore or any person affiliated with any of them in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; (b) they have relied solely on the information contained in this Prospectus; and (c) no person has been authorised to give any information or to make any representation concerning the Group or the Ordinary Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Directors, the Selling Shareholders, any of the

Managers or Evercore. None of the Company, the Directors, the Selling Shareholders, the Managers or Evercore or any of their representatives is making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment by such offeree or purchaser.

Barclays and Numis have been appointed as Joint Sponsors, Joint Global Co-ordinators and Joint Bookrunners in connection with Admission and the Offer. Each of Berenberg and Peel Hunt has been appointed as a Co-Lead Manager to the Offer. Evercore has been appointed as Financial Adviser to the Company in connection with the Offer. Barclays, which is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom, and Numis, Evercore and Peel Hunt, each of which is authorised and regulated by the FCA in the United Kingdom, and Berenberg, which is authorised by the German Financial Supervisory Authority and subject to limited regulation by the FCA in the United Kingdom, are acting exclusively for the Company and no one else in connection with the Offer and will not regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Offer or any transaction or arrangement referred to in this Prospectus.

Apart from the responsibilities and liabilities, if any, which may be imposed on the Managers and Evercore by FSMA or the regulatory regime established thereunder, none of the Managers nor Evercore accepts any responsibility whatsoever, and makes no representation or warranty, express or implied, for the contents of this Prospectus, including its accuracy, completeness or for any other statement made or purported to be made by it or on behalf of it, the Company, the Directors, the Selling Shareholders or any other person, in connection with the Company, the Ordinary Shares, the Selling Shareholders or the Offer and nothing in this Prospectus shall be relied upon as a promise or representation in this respect, whether as to the past or the future. Each of the Managers and Evercore accordingly disclaims all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this Prospectus or any such statement.

In connection with the Offer, each of the Managers and Evercore and any of their respective affiliates, acting as an investor for its or their own account(s), may acquire Ordinary Shares, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in Ordinary Shares and other securities of the Company or related investments in connection with the Offer or otherwise. Accordingly, references in this Prospectus to the Ordinary Shares being offered, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, dealing or placing by, each of the Managers and Evercore and any of their respective affiliates acting as an investor for its or their own account(s). None of the Managers nor Evercore intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so. In addition, in connection with the Offer, certain of the Managers may enter into financing arrangements with investors, such as share swap arrangements or lending arrangements where Ordinary Shares are used as collateral, that could result in such Managers acquiring shareholdings in the Company. The Managers and Evercore and their respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services to, the Company and the Selling Shareholders, for which they would have received customary fees. The Managers and Evercore and any of their respective affiliates may provide such services to the Company, the Selling Shareholders and any of their respective affiliates in the future.

2. Interpretation

Certain terms used in this Prospectus, including capitalised terms, are defined in the section entitled "Definitions".

References to the singular in this Prospectus shall include the plural and vice versa where the context requires. Any references to time in this Prospectus are to the time in London unless otherwise stated.

3. Share Capital Reorganisation

Save as specified in this Prospectus all of the information in this Prospectus is presented as if the Share Capital Reorganisation had already taken place as at the date of publication of this Prospectus.

4. Presentation of financial information

4.1. Use of International Financial Reporting Standards (“IFRS”)

The Company was incorporated recently and has no historical operations of its own. Therefore, this Prospectus does not present any standalone, unconsolidated historical financial information for the Company. The consolidated historical financial information included in Part 7 (*Historical Financial Information*) of this Prospectus is the consolidated historical financial information of Barbados Topco Limited and its subsidiaries. The Company has agreed to acquire the entire issued share capital of Barbados Topco Limited conditional upon and with effect from Admission pursuant to the terms of the Exchange Agreement.

The Group’s consolidated historical financial information in Part 7 (*Historical Financial Information*) of this Prospectus has been prepared in accordance with the requirements of the EU Prospectus Directive and the Listing Rules and in accordance with IFRS as adopted by the and references in this Prospectus to “**prepared in accordance with IFRS**” should be read accordingly.

The significant accounting policies of the Group are described in note 1 of the Group’s consolidated historical financial information in Part 7 (*Historical Financial Information*) of this Prospectus. The consolidated historical financial information of the Group in Part 7 (*Historical Financial Information*) of this Prospectus has been reported on, with the exception of the financial information for the nine months ended 30 September 2016 which is unaudited and is presented for comparative purposes only.

The consolidated historical financial information included in Part 7 (*Historical Financial Information*) of this Prospectus is covered by the accountants’ report included in Section A of Part 7 (*Historical Financial Information*) of this Prospectus, which reports on procedures performed in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Such financial information was not audited in accordance with auditing standards generally accepted in the United States of America, nor auditing standards of the US Public Company Accounting Oversight Board.

The financial information included in Part 7 (*Historical Financial Information*) of this Prospectus and other financial information included throughout this Prospectus is not intended to comply with the reporting requirements of the SEC. Compliance with the reporting requirements of the SEC would require the modification, reformulation or exclusion of certain financial measures. Prospective investors should consult their own professional advisers to gain an understanding of the financial information in Part 7 (*Historical Financial Information*) of this Prospectus and the implications of differences between the reporting standards noted herein.

Investors should ensure that they read the whole of this Prospectus and not only rely on the key information or information summarised within it.

4.2 Non-IFRS measures

The Group has included certain measures in this Prospectus that are not measures defined by IFRS or any other generally accepted accounting principles. The Group uses these measures to assess operating and financial performance because it believes these are important supplemental measures to determine performance. Furthermore, such measures are sometimes used by investors to evaluate the efficiency of a company’s operations. There are no generally accepted principles governing calculation of non-IFRS measures, and the criteria upon which they are based can vary from company to company. The Group defines these measures as follows.

- **Gross written premium (“GWP”):** The amount of premium written by the Group in a particular period irrespective of the period of risk for the Group in respect of the related policies.
- **Loss ratio:** The ratio of net insurance claims, less claims handling expenses, relative to net earned premium (“NEP”), expressed as a percentage. NEP is equal to the GEP less reinsurance premium ceded during the same period in respect of which NEP is measured.
- **Expense ratio:** The ratio of total expenses (which comprises commission expenses and operating expenses), plus claims handling expenses, less exceptional expenses which do not relate to the Group’s underlying performance (such as fees incurred in connection with acquisitions or capital markets transactions), relative to NEP, expressed as a percentage.

- **Combined ratio:** The ratio of total expenses (which comprises commission expenses and operating expenses), plus net insurance claims less exceptional expenses which do not relate to the Group's underlying performance (such as fees incurred in connection with acquisitions or capital markets transactions), relative to NEP, expressed as a percentage.
- **Adjusted profit after tax:** Profit from operations, net of tax, adjusted to offset the effect of amortisation of intangible assets and exceptional expenses which do not relate to the Group's underlying performance (such as fees incurred in connection with acquisitions or capital markets transactions).
- **Ultimate loss ratio:** The current actuarial estimate of the total cost of claims relating to a particular accident year divided by NEP in that accident year.
- **Solvency coverage ratio:** The ratio of the Group's regulatory capital in a particular period to its SCR for the same period, expressed as a percentage
- **Return on SCR:** The ratio of the Group's adjusted profit after tax for a particular financial year to its SCR at the end of the relevant financial year, expressed as a percentage.
- **Operating profit generated from underwriting:** Net earned premium less total expenses less net insurance claims.

The Directors believe that each of these non-IFRS measures provide a better overall view of the underlying performance of the Group's business and a better representation of the trading performance of the Group. In addition, the Directors believe that removing exceptional expenses (where relevant) allows them to better compare the underlying trading performance of the Group's business from period to period without distortions of exceptional and other non-operating items.

The non-IFRS financial measures included in the Prospectus do not alone provide a sufficient basis to compare the Group's performance with that of other companies and should not be considered in isolation or as a substitute for an equivalent IFRS measure or any other generally accepted measure as an indicator of operating or financial performance. The presentation of the non-IFRS measures in this Prospectus should not be construed as an implication that the Group's future results will be unaffected by unusual or non-recurring items.

4.3. Use of generally accepted accounting principles in the United Kingdom ("UK GAAP")

Barbados Topco Limited became the ultimate parent company of Sabre Insurance on 3 January 2014. Prior to that date, the consolidated financial information of Barbados Topco Limited did not include the financial information of Sabre Insurance. Sabre Insurance's financial information is also presented in the consolidated financial information of its immediate parent company, Binomial Group Limited. Barbados Topco Limited and Binomial Group Limited and their respective subsidiaries (including Sabre Insurance) adopted IFRS with effect from 1 January 2014. Accordingly, consolidated financial information for Barbados Topco Limited and Binomial Group Limited and their respective subsidiaries (including Sabre Insurance) prepared in accordance with IFRS is not available for periods ended on or before 31 December 2013.

Financial information in respect of financial periods ended on or before 31 December 2013 referred to in this Prospectus, including information used to calculate averages that span the periods prior to and following the Group's adoption of IFRS, has been prepared in accordance with UK GAAP, which differs in certain respects from IFRS, and extracted from the audited financial information of in relation to Binomial Group Limited and its subsidiaries. Such differences involve methods for recognising, measuring and recording the amounts shown in financial statements as well as different disclosure requirements. Such financial information has been extracted without material adjustment from the audited financial information in respect of those periods (prepared in accordance with UK GAAP) of Binomial Group Limited and its subsidiaries or has been extracted or derived from unaudited accounting records that have been used to prepare that audited UK GAAP financial information.

As a result, financial information for financial periods ending on or before 31 December 2013 may not be comparable with other financial information relating to later periods that has been prepared in accordance with IFRS. In making an investment decision, prospective investors must rely upon their own examination and judgements of the Group and must make their own judgements in assessing the financial information included in this Prospectus.

Prospective investors should consult their own professional advisers to gain an understanding of the differences between IFRS and UK GAAP, and how those differences might affect the financial information for financial periods ending on or before 31 December 2013 contained in this Prospectus.

5. Operational data

The Group presents certain operational data in this Prospectus. Such data as presented in this Prospectus is unaudited may not be comparable to similarly titled operational data presented by other companies in the Group's industry and the Directors believe that such data is important to understanding the Group's performance from period to period and that such data facilitates comparison with the Group's peers. The operational data is derived from the Group's business and operating systems and records. This operational data is not intended to be a substitute for any IFRS measures of performance. The operational data is based on the Company's estimates and is not part of the Group's financial statements and has not been audited or otherwise reviewed by outside auditors, consultants or experts.

6. Market, economic and industry data

In certain cases, the Company has made statements in this Prospectus on the basis of information and data obtained from third party sources. The market, economic and industry data as presented in this Prospectus may not be comparable to similarly titled data presented by other companies in the Group's industry and, while the method of calculation may differ across the Group's industries, the Company believes that such data is important to understanding the Group's business, its industry and markets, and its positions in those markets. The Company also believes that such data facilitates comparison with the Group's peers. Where information has been sourced from a third party it has been accurately reproduced and, so far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Group operates in an industry in which it is difficult to obtain precise industry and market information. Market data contained in this Prospectus may be based on sources which do not use the same or comparable methods of gathering information. In addition, the different sources used in this Prospectus may be based on information relating to different periods. As a result, comparability may be limited.

References in this Prospectus to the market in which the Group operates are references to the market in which insurers writing personal motor business from PRA regulated entities participate. Information about such insurers is extracted from publicly available information filed with the PRA. Equivalent comparative information from such insurers is not available for any period after 1 January 2016 following the introduction of a new reporting framework as a result of the coming into force of Solvency II. Where the Group compares its combined ratio to its peers in the market over a ten year period, the Group has excluded entities that did not write business and/or who did not write the majority of their business through a PRA regulated entity in each of the periods or over the period (as the case may be) in respect of which a comparison is made.

7. Rounding

Percentages and certain amounts included in this Prospectus have been rounded for ease of presentation. Accordingly, figures shown as totals in certain tables may not be the precise sum of the figures that precede them.

8. Currencies

All references in this Prospectus to "pounds sterling" or "£" are to the lawful currency of the UK. Unless otherwise indicated, the financial information contained in this Prospectus has been expressed in pounds sterling. The functional currency of all members of the Group is pounds sterling and the Group presents its financial statements in pounds sterling.

9. Forward-looking statements

Certain information contained in this Prospectus, including any information as to the Group's strategy, plans or future financial or operating performance, constitutes "forward-looking statements". These

forward-looking statements may be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “projects”, “expects”, “intends”, “aims”, “plans”, “predicts”, “may”, “will”, “seeks” or “should” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the intentions, beliefs or current expectations of the Directors concerning, among other things, the Group’s results of operations, financial condition, prospects, growth, strategies and the industry in which the Group operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future or are beyond the Group’s control.

Forward-looking statements are not assurances of future performance. Even if the Group’s actual results of operations, financial condition and the development of the industry in which the Group operates are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Prospective investors are advised to read, in particular, the following parts of this Prospectus for a more complete discussion of the factors that could affect the Group’s future performance and the industry in which the Group operates: the section entitled “Risk Factors”, Part 1 (*Information about the Group*), Part 2 (*Regulation*), Part 5 (*Operating and Financial Review*) and Part 7 (*Historical Financial Information*) of this Prospectus. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements contained in this Prospectus may not occur.

The forward-looking statements contained in this Prospectus speak only as of the date of this Prospectus. The Company, the Directors, each of the Selling Shareholders, each of the Managers and Evercore expressly disclaim any obligation or undertaking to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, unless required to do so by applicable law, the Prospectus Rules, the Listing Rules or the Disclosure Guidance and Transparency Rules.

10. No incorporation of website information

The contents of the Company’s or the Group’s websites or any website directly or indirectly linked to the Company’s or the Group’s websites do not form part of this Prospectus and prospective investors should not rely on them.

11. Notice to US investors

The Company and its Directors and officers are resident in, or organised under the laws of, non-US jurisdictions. As a result, it may not be possible for an investor to effect service of process within the US upon any such person or to enforce in courts outside the US judgements obtained in US courts against any such person, including judgements based upon the civil liability provisions of the US federal securities laws. Furthermore, since the assets of the Company and its Directors and officers are located outside the US, any judgement obtained in the US against any such person may not be collectible within the US.

12. Available information

For so long as any Ordinary Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Company will, during any period in which it is neither subject to Section 13 or 15(d) of the US Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<i>Event</i>	<i>Time and date (all 2017)</i>
Publication of this Prospectus	23 November
Latest time and date for receipt of completed application forms by the Intermediaries in respect of the Intermediaries Offer	4.00 p.m. on 4 December
Latest time and date for receipt of indications of interest from institutional investors in respect of the Institutional Offer	2.00 p.m. on 5 December
Announcement of the Offer Price through a Regulatory Information Service, publication of the Pricing Statement and notification of allocations of Ordinary Shares	7.00 a.m. on 6 December
Commencement of conditional dealings on the London Stock Exchange	8.00 a.m. on 6 December
Admission and commencement of unconditional dealings in Ordinary Shares on the London Stock Exchange	8.00 a.m. on 11 December
CREST accounts credited with uncertificated shares	8.00 a.m. on 11 December
Despatch of definitive share certificates (where applicable)	By 22 December

Notes:

1. The Pricing Statement will not be sent automatically to persons who receive this Prospectus but will (subject to certain restrictions) be available in electronic form at www.corporate.sabre.co.uk. It will also be made available in printed form at the registered office of the Company and the offices of Dickson Minto W.S. If the Offer Price is set above or below the Price Range or the Price Range is revised, the Company will make an announcement via a Regulatory Information Service and prospective investors will have a statutory right to withdraw their application for Ordinary Shares pursuant to section 87Q of FSMA. In such circumstances, the Pricing Statement would not be published until the period for exercising such withdrawal rights has ended. Therefore, the expected date of publication of the Pricing Statement would be extended. The arrangements for withdrawing offers to subscribe for or purchase Offer Shares would be contained in the announcement.
2. It should be noted that if Admission does not occur, all conditional dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned.
3. The times and dates in the table above are indicative only and are subject to change. All times are London times.
4. No temporary documents of title will be issued.

OFFER STATISTICS

	<i>Bottom of the Price Range⁽²⁾</i>	<i>Top of the Price Range⁽³⁾</i>
Offer Price per Ordinary Share ⁽¹⁾	220 pence	240 pence
Number of New Ordinary Shares to be issued by the Company pursuant to the Offer	96,686,593	88,629,378
Number of Existing Ordinary Shares to be sold by the Selling Shareholders pursuant to the Offer	5,044,462	5,363,996
Total number of Offer Shares	101,731,055	93,993,374
Number of Ordinary Shares subject to the Over-allotment Option ⁽⁴⁾	10,173,106	9,399,337
Number of Ordinary Shares in issue immediately following Admission	250,000,000	250,000,000
Percentage of the Existing Ordinary Share capital to be sold pursuant to the Offer	3.3%	3.3%
Estimated net proceeds of the Offer receivable by the Selling Shareholders ⁽⁵⁾	£10,764,882	£12,487,383
Estimated net proceeds of the Offer receivable by the Company ⁽⁶⁾	£206,329,191	£206,329,193
Expected market capitalisation of the Company at the Offer Price following Admission ⁽⁷⁾	£550,000,000	£600,000,000

Notes:

1. It is currently expected that the Offer Price will be set within the Price Range. The Company expects to publish the Pricing Statement containing the Offer Price on or around 6 December 2017. The Pricing Statement will (subject to certain restrictions) be available in electronic form at www.corporate.sabre.co.uk. It will also be made available in printed form at the registered office of the Company and the offices of Dickson Minto W.S. If the Offer Price is set above or below the Price Range or the Price Range is revised, the Company will make an announcement via a Regulatory Information Service and prospective investors will have a statutory right to withdraw their application for Ordinary Shares pursuant to section 87Q of FSMA. In such circumstances, the Pricing Statement would not be published until the period for exercising such withdrawal rights has ended. Therefore, the expected date of publication of the Pricing Statement would be extended. The arrangements for withdrawing offers to subscribe for or purchase Offer Shares would be contained in the announcement.
2. Assuming (a) the Company issues sufficient New Ordinary Shares to raise net proceeds of approximately £206 million; (b) each of the Directors (other than Patrick Snowball and Adam Westwood) sells 30.0 per cent. of their respective number of Existing Ordinary Shares through the Offer; (c) Patrick Snowball sells no Existing Ordinary Shares in the Offer; (d) Adam Westwood sells 40.0 per cent. of his Existing Ordinary Shares; (e) Alan Chalk sells 58.8 per cent. of his Existing Ordinary Shares; (f) the Major Shareholder and Angus Ball each sell none of their Existing Ordinary Shares; (g) all other Existing Shareholders sell the maximum number of Existing Ordinary Shares that they are permitted to sell through the Offer (which for Employee Shareholders and the Non-Employee Shareholders is 30.0 per cent. of their holdings); (h) the EBT sells 29.0 per cent. of its Existing Ordinary Shares; and (i) no exercise of the Over-allotment Option.
3. Assuming (a) the Company issues sufficient New Ordinary Shares to raise net proceeds of approximately £206 million; (b) each of the Directors (other than Patrick Snowball and Adam Westwood) sells 30.0 per cent. of their respective number of Existing Ordinary Shares through the Offer; (c) Patrick Snowball sells no Existing Ordinary Shares in the Offer; (d) Adam Westwood sells 40.0 per cent. of his Existing Ordinary Shares; (e) Alan Chalk sells 52.4 per cent. of his Existing Ordinary Shares; (f) the Major Shareholder and Angus Ball each sell none of their Existing Ordinary Shares; (g) all other Existing Shareholders sell the maximum number of Existing Ordinary Shares that they are permitted to sell through the Offer (which for Employee Shareholders and the Non-Employee Shareholders is 30.0 per cent. of their holdings); (h) the EBT sells 38.2 per cent. of its Existing Ordinary Shares; and (i) no exercise of the Over-allotment Option.
4. The maximum number of Ordinary Shares subject to the Over-allotment Option will be 10 per cent. of the total number of Offer Shares.
5. Net proceeds receivable by the Selling Shareholders are stated after deduction of underwriting commissions (including the maximum amount of discretionary commission) of £332,934 at the bottom of the Price Range and £386,208 at the top of the Price Range.
6. Net proceeds receivable by the Company are stated after deduction of the underwriting commissions (including the maximum amount of discretionary commissions) of £6,381,313 at the bottom of the Price Range and £6,381,314 at the top of the Price Range.
7. The market capitalisation of the Company at any given time will depend on the market price of the Ordinary Shares at that time. There can be no assurance that the market price of an Ordinary Share will equal or exceed the Offer Price.

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	Patrick Joseph Robert Snowball (<i>Non-Executive Chairman</i>) Geoffrey Richard Carter (<i>Chief Executive Officer</i>) Adam Richard Westwood (<i>Chief Financial Officer</i>) Catherine Elizabeth Barton (<i>Independent Non-Executive Director</i>) Ian Edward Clark (<i>Independent Non-Executive Director</i>) Rebecca Ann Shelley (<i>Independent Non-Executive Director</i>) Matthew David Tooth (<i>Non-Executive Director</i>)
Company Secretary	Adam Richard Westwood
Registered Office	Sabre House 150 South Street Dorking Surrey RH4 2YY
Joint Sponsors, Joint Global Co-ordinators and Joint Bookrunners	Barclays Bank PLC 5 The North Colonnade London E14 4BB Numis Securities Limited The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT
Co-Lead Managers	Joh. Berenberg, Gossler & Co. KG 60 Threadneedle Street London EC2R 8HP Peel Hunt LLP Moor House 120 London Wall London EC2Y 5ET
Financial Adviser to the Company	Evercore Partners International LLP 15 Stanhope Gate London W1K 1LN
Financial Adviser to the Executive Directors and the Senior Managers	Craven Street Capital Limited 11 Strand London WC2N 5HR
Legal adviser to the Company as to English law	Dickson Minto W.S. Broadgate Tower 20 Primrose Street London EC2A 2EW
Legal adviser to the Company as to US law	Fried, Frank, Harris, Shriver & Jacobson LLP One New York Plaza New York NY 10004
Legal adviser to the Managers as to English law and US law	Ashurst LLP Broadwalk House 5 Appold Street London EC2A 2HA
Auditor, Reporting Accountant and Independent External Actuary	Ernst & Young LLP 25 Churchill Place London E14 5EY

Registrar

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN9 6DA

PART 1

INFORMATION ABOUT THE GROUP

1. Group overview

The Group is a UK private motor insurance underwriter, founded in 1982, with a track record of market leading underwriting performance, controlled and attractive growth and cash generation. The Group generated GWP of £196.6 million for the year ended 31 December 2016 and had an average of approximately 325,000 in force policies during that period. The Group has a focus on generating profit from its underwriting activities with approximately 86 per cent. of operating profit generated from underwriting in the year ended 31 December 2016 and low earnings contribution from investment, instalment and ancillary income. Policies are distributed via a diversified multi-channel distribution network encompassing both insurance brokers (accounting for approximately 70 per cent. of GWP in the year ended 31 December 2016) and Direct Brands (accounting for approximately 30 per cent. of GWP in the year ended 31 December 2016). The Group has a low risk appetite and uses a conservative investment strategy, utilising excess of loss reinsurance and consistent reserving. The Group employs a team of approximately 150 individuals operating from a single owned site in Dorking, Surrey, supported by third party providers performing selected outsourced functions.

2. History of the Group

Some of the key milestones in the history of the Group include the following.

- **1982:** Sabre formed as an underwriting agency for Crusader Insurance and Royal Insurance UK.
- **1991:** Launch of Sabre Insurance Company Limited, underwriting risks on its own account.
- **1996:** Sabre acquired by General Accident.
- **1998 – 2000:** General Accident and Commercial Union merge to form CGU plc. CGU plc and Norwich Union merge to form CGNU plc (later known as Aviva).
- **2002:** Sabre sold by Aviva to BDML Group Limited (“**BDML**”), a company owned by its management team including Keith Morris and Angus Ball.
- **2005:** BDML disposes of its broking business (known as “**BDML Connect**”) to Capita Insurance Services Group Limited, leaving Sabre Insurance Company Limited as its sole subsidiary. Keith Morris and Angus Ball acquire control of BDML which is renamed Binomial Group Limited,
- **Since 2010:** The Group’s Direct Brands (Go Girl, Insure2Drive and Drive Smart) are launched.
- **2010 – 2015:** Senior management team strengthened with the appointment of Geoff Carter, Adam Westwood, Trevor Webb and James Ockenden.
- **2014:** The Major Shareholder acquires a controlling interest in the Group’s business.

3. The UK private motor insurance market

Insurance underwriting is the practice of providing indemnification against the specific risks covered in an insurance contract in exchange for the payment of premiums by the holder of that contract. Underwriters act as risk carriers, collecting (either directly or indirectly) premiums from the customer, establishing reserves in order to meet expected claims payments, then paying out if an event covered under the insurance contract occurs. Underwriters determine an appropriate price or premium to charge for an insurance contract that will allow them to make a desired margin once future claims payouts and expenses are taken into account. Accurately predicting future claims payments, typically utilising a pricing model incorporating past claims experience, and managing expenses are therefore key components of operating profitably. An insurer is said to have made an “underwriting profit” in a given year when the claims payments and expenses incurred in that year amount to less than the premiums earned.

3.1. Overview of the UK private motor insurance market and distribution

UK law requires each car owner to maintain a minimum level of insurance cover for damage and injury caused to third parties. However, most individuals typically purchase more complete levels of cover in order to achieve protection for themselves and their vehicles. There are three main types of motor

insurance policies in the UK: “third party” which is the legal minimum cover, “third party fire and theft” which, in addition to the legal minimum cover, provides protection to the policyholder under circumstances where their own vehicle is damaged by fire or stolen; and “comprehensive cover” which in addition to the protection afforded by “third party fire and theft” provides cover for accidental damage to the policyholder’s car, to certain personal effects and to their person. Private motor insurance underwriters offer motor insurance policies to UK vehicle owners, with the Group being one such underwriter. The Group competes with a large number of other underwriters in the UK private motor insurance market who collectively wrote over £10 billion of premiums in the year to 31 December 2015. Based on the premiums it wrote during that year, the Group’s market share was 1.9 per cent. The Group’s listed private motor insurance peers include Admiral, Direct Line, esure, Hastings and Saga.

The relatively standardised nature of core motor insurance policy coverage means that many insurance providers have sought to differentiate themselves by providing policyholders with the option of purchasing ancillary products alongside the core motor insurance policy. Such products allow the customer to customise their policy based on their own personal preferences by choosing additional levels of cover related to an array of risks outside the core vehicle protection offering, including windscreen cover, breakdown cover, mis-fuelling cover, lost key cover, no-claims discount protection, provision of a temporary car, legal expense cover, personal accident cover and medical assistance cover, amongst others. The provision of such products has grown in recent years and now represents a significant revenue stream for a number of private motor insurers. Insurers may also generate revenue through the provision of premium financing on the main policy, where instead of paying for their policies in one single, upfront payment, customers pay for their policies in monthly instalments. Where a customer chooses to pay by monthly instalments, the insurance company will add a finance charge to the premium payable for the policy.

The private motor insurance policies offered by underwriters are distributed to customers either directly or indirectly via a broker.

- **Direct distribution** utilises the insurer’s own brands and encompasses sales through PCWs, sales from their websites and telephone sales.
- **Indirect distribution** encompasses the sale of insurance underwriters’ products through brokers. For consumers, insurance brokers identify underwriters that are able to provide the policy they seek. For underwriters, brokers utilise a variety of distribution channels including physical branches, telephone sales, online sales, sales through affinity partners and increasingly sales through PCWs to sell their products to consumers.

3.2. Market participants

3.2.1. Underwriters

Underwriters are insurers who provide policyholders with indemnification against the specific risks covered in the insurance contract sold. They act as the risk carrier, collecting (either directly or indirectly) premiums from the customer and holding a claims reserve in order to meet anticipated claims liabilities. Underwriters generate revenue principally through the premiums paid on the policies sold, but also through investment income received on invested assets and the sale of ancillary products. Underwriters often use multiple brands for their insurance products, particularly if they are targeting different customers and segments of the risk spectrum.

3.2.2. Brokers

Insurance brokers act as intermediaries between their customers and underwriters, assisting the customers in obtaining quotes for required insurance, and may provide advice to assist a customer in selecting an appropriate insurance policy. Brokers are an important distribution channel for private motor insurance products. They have adapted to the growth of PCWs by offering products on these websites, alongside underwriters, and emphasising their differentiating factors including strong brands and retail price optimisation capabilities, amongst others. Brokers generate revenue by receiving broking commissions from underwriters, typically based on premium levels, fees for providing additional services such as risk management or policy administration, and receiving fees and commissions on the sale of

ancillary and other products attached to the main policy, such as breakdown cover and the provision of a temporary car. In the event that brokers are able to generate significant revenues through the sale of ancillary products, they may be prepared to charge low or negative commissions on the core policies, making them a cost effective distribution channel for underwriters. The value of brokers to underwriters extends beyond their distribution networks. Brokers often possess well established and recognised brands that underwriters' products are sold under and can engage in price optimisation (being the process of determining the appropriate retail price for a particular policy and customer), taking into consideration the customer's willingness to pay as well as the customer's propensity to purchase ancillary products and renew their policy.

3.2.3. Price comparison websites

PCWs are websites that enable customers to obtain and compare quotes from a wide variety of insurers and brokers simultaneously by inputting, in a single search query, information about the cover they require and selected relevant personal details. Most PCWs also offer comparison services for a range of other types of insurance such as home, pet, travel and health. Increasingly, PCWs also offer other forms of comparison services, for example for bank deposits, credit cards, mortgages and gas, electricity and broadband products.

PCWs' primary sources of revenue are typically fees which are paid by the underwriter or broker after a customer selects and purchases a product that has been returned in a search query. Fees are typically set per policy sold (not dependent on premium size) and thus can be more cost effective for insurers writing higher premium business.

PCWs have grown to become the leading medium for individuals to purchase private motor insurance in the UK and the Directors estimate that PCWs accounted for approximately 70 per cent. of all new private motor insurance policies sold in the year ended 31 December 2016. The largest PCWs in the UK by motor insurance business volumes are comparethemarket.com (owned by BGL Group), Gocompare.com (a publicly-listed company previously owned by esure), Moneysupermarket.com (a publicly-listed company) and Confused.com (owned by Admiral Group).

3.2.4. Reinsurance companies

Reinsurance is insurance purchased by underwriters as a risk management mechanism. It allows an underwriter to pass part of the risk arising from policies it has written to a third party (known as a "**reinsurer**") on a contractually agreed basis (although the underwriter remains liable to its customer and will, in turn, seek recovery from the reinsurer).

The two principal types of reinsurance cover provided are treaty reinsurance, which covers an entire portfolio of risks in a business line, and facultative reinsurance, which covers a specific single risk or event. There are also two principal types of reinsurance coverage adopted to suit the reinsurance risks covered:

- **Non-proportional reinsurance:** The primary insurer purchases reinsurance protection against a specific event or level of cover, with the reinsurance protection only engaging when such a trigger occurs. Non-proportional reinsurance commonly involves either excess of loss reinsurance, whereby the primary insurer purchases cover against losses pertaining to a specific risk exceeding a certain threshold (known as the "**attachment point**"); or stop loss reinsurance which provides protection against claims exceeding a pre-defined level over an aggregated period.
- **Proportional reinsurance:** The primary insurer either transfers a fixed proportion of all risks in the portfolio (quota share reinsurance) or transfers an aggregate of risks in the portfolio exceeding a specified retention limit (surplus reinsurance) and receives cover against claims accruing to those risks.

3.3. Industry trends

The Directors believe that the following trends have been evident in the UK private motor insurance industry in the last 10 years.

- **Pricing**

The UK private motor insurance market has historically exhibited pricing cyclicity driven by competitive dynamics, as well as social, economic and regulatory factors. Whilst the regulatory requirement for vehicle owners to have insurance generates consistent demand for policies across the market, price levels vary over time. In times of lower competitive intensity, price levels tend to rise. However, pricing increases typically enhance industry profitability, resulting in industry participants reducing prices to increase volumes and new entrants joining the market. This increased competitive intensity causes prices to fall and underwriting profitability across the industry to deteriorate. This in turn may lead market participants to reduce volumes or seek to exit the market, removing competitive intensity and leading to prices rising again. Alongside these competition driven changes, social, economic and regulatory factors influence motor insurance pricing, typically by impacting the costs incurred by insurers and, therefore, the prices required to achieve underwriting profitability.

The UK private motor insurance industry saw significant price increases between 2009 and 2011. An increase in the frequency and severity of claims, in part as a result of increased levels of fraud, alongside poor investment returns during that period resulted in reduced profitability across the UK private motor insurance industry, forcing insurers to react and increase prices. Prices peaked in 2011, with increased levels of competition and the anticipation of reforms to tackle the rising cost of personal injury claims initiating a downward trajectory in prices. This downward trajectory continued until mid 2015 when reducing industry profitability, continued claims inflation, increases to insurance premium tax and costs associated with the implementation of Solvency II caused prices to rise once again. Premium increases continued into 2017 with a reduction in the Ogden Discount Rate in March 2017, which increased lump sum payouts to claimants, providing further impetus for price increases.

- **Claims experience**

In addition to pricing trends, the profitability of underwriters is driven by claims experience. In recent years, UK private motor insurers have suffered sustained claims inflation stemming from increases in costs associated with both personal injury claims and damage to vehicles.

UK private motor insurers experienced a significant increase in the volume of personal injury claims in the late 2000s, (Source: claims portal) which contributed to the increase in market prices witnessed between 2009 and 2011 as underwriters attempted to pass increased claims costs on to consumers. In an attempt to tackle the rising cost of private motor insurance, a series of civil justice reforms were implemented with the intention of tackling the phenomenon. One such reform, The Legal Aid, Sentencing and Punishment Act 2012 (“**LASPO**”), sought to address this trend through banning referral fees for personal injury claims and limiting conditional fee arrangements. The anticipated impact of these reforms contributed to the fall in average private motor insurance pricing in 2012 with many insurers lowering premiums in advance of an expected fall in claims costs. The implementation of the reforms did lead to a meaningful fall in the costs of personal injury claims in 2013, though the fall was only temporary with claims costs increasing from 2014 onwards. With claims inflation continuing, the UK Government announced in 2015 its intention to reform whiplash claims. The announcement was followed by the launch of a consultation on the topic in November 2016, which led to a bill being introduced to the UK Parliament the following year. The reforms sought to introduce a tariff of fixed compensation for whiplash injuries and block claims that were not supported by medical evidence. Having been delayed by the UK general election held in June 2017, it was announced in the Queen’s Speech of June 2017 that the reforms would be incorporated as part of a new Civil Liability Bill.

Personal injury claims costs have also been meaningfully impacted by changes to the Ogden Discount Rate. The Ogden Discount Rate represents an assumption of the real interest rate that claimants could earn on lump-sum payouts and is used to determine the size of such payouts. The Ogden Discount Rate had been fixed at 2.5 per cent. since 2001, but on 27 February 2017 a reduction to -0.75 per cent. was announced. This significant reduction in the rate brought about a meaningful increase in the lump-sum payouts required to be made to claimants, leading UK private motor insurers to increase reserves and, consequently, prices if margins were to be maintained. Following the announcement, a consultation was launched into the way the Ogden Discount Rate is set. The result of the consultation was published on 7 September 2017 and included a new methodology for setting the Ogden Discount Rate, which is expected to result in a figure of between

nil per cent. and 1 per cent. although the timing for the implementation of the change is yet to be determined.

Alongside increasing personal injury claims, UK private motor insurers have also been faced with increasing costs associated with vehicle repair. Whilst advanced safety features incorporated in modern vehicles have resulted in a decline in accident frequency, the cost of repairing vehicles in the event of accidents has increased.

- **Underwriting profitability**

Significant competition has typically resulted in the UK private motor insurance market in aggregate reporting combined ratios in excess of 100 per cent. (meaning that in aggregate participants have made losses from their underwriting activities). An increase in the volume of personal injury claims contributed to the market's combined ratio peaking in 2010 at 130 per cent. Starting in 2011, the market's combined ratio began to improve as pricing increases in the 2010 to 2011 period were realised and the LASPO reforms started to reduce claims frequencies; by 2013 the market's combined ratio was close to 100 per cent. The market's combined ratio started to steadily increase in 2014 though as the benefits of the LASPO reforms were eroded and pricing reductions implemented in the 2013 to 2014 period were realised and by 2015 the market's combined ratio was 107 per cent. Whilst UK private motor insurers have, in aggregate, made losses from their underwriting activities in recent years, selected underwriters have been able to outperform the market and underwrite business at combined ratios significantly below 100 per cent. In addition, private motor insurance underwriters typically derive additional income, supplementing their underwriting result, from both investment returns and the sale of ancillary products. For a number of market participants, these additional income streams have come to represent a significant proportion of their total profitability.

- **Distribution**

The nature of private motor insurance distribution in the UK has undergone meaningful change in recent years. PCWs (which allow users to compare tailored quotes from a variety of insurers) have increased in prominence significantly as a distribution channel, owing to the convenience, choice and transparency that they provide. In addition, direct sales through insurer and broker websites have increased as distribution has increasingly moved online. The increasing prominence of PCW and online sales has had implications for other insurance policy distribution channels; and sales through branches, over the telephone and via banks / building societies have declined as a proportion of total sales. Insurance brokers that had traditionally relied on branch based and telephone sales have had to adapt to these changing distribution channels to maintain their relevance and now distribute products online and through PCWs, alongside insurance underwriters going direct to the consumer. In this context, brokers' brands and retail price optimisation abilities have grown in importance; as on PCWs, where multiple quotes can be compared at once, price and brand recognition are key differentiators for consumers.

- **Technology**

A series of technological advancements have had and are continuing to have an impact on the UK private motor insurance industry.

One such advancement is the use of telematics. Telematics based policies make use of electronic devices that are fitted in policyholders' cars and communicate information to the insurer on their driving style including speed, acceleration, braking and cornering. Such devices allow insurers to more accurately predict the risk associated with any particular driver based on their actual driving experience and tailor premiums appropriately. By conveying information to the insurer on how a policyholder utilises their car, telematics devices allow for usage based or pay-as-you-go motor insurance meaning that policyholders could be charged based on car usage, rather than being having insurance cover in place for a specific time period. Whilst telematics based policies still only account for a small proportion of the total UK private motor insurance market, there has been an increase in their usage, with a total of approximately 455,000 in-force policies across the market in December 2015, an increase of approximately 41 per cent. from approximately 323,000 in-force policies in December 2014, (Source: BIBA).

Technological advancements have facilitated the incorporation of advanced safety features in modern cars. Such safety features include automated emergency braking as well as forward collision, blind spot and lane departure warnings. These features have the potential to reduce the

frequency of claims and to reduce the severity of injury when accidents do occur, reducing severity of liability claims, although the cost of repair for cars with these features is typically higher than those without, which may increase the severity of a particular claim involving damage to vehicles. Over time, cars are anticipated to come to market with increasing degrees of automation, from driver-assistance level (such as automatic acceleration) to fully-autonomous (where the driver becomes essentially a passenger), that can be utilised in a growing range of environments. Whilst the increasing presence of such vehicles will likely have implications for both claims frequency and severity (and thus implications for the UK private motor insurance market), considerable uncertainty exists regarding the level of automation that will eventually be achieved and the time that it will take for the cars on the UK's roads to adopt this level of automation. According to some estimates it may be possible to purchase autonomous vehicles between at some point between 2020 and 2025, but it remains unclear what level of automation these cars will feature, what conditions they will be able to operate in and when these features will become common amongst new vehicles, rather than limited to selected models. Consequently, the Directors believe that fully autonomous vehicles are unlikely to form a significant proportion of the UK private motor market for the foreseeable future.

4. The Group's strengths

The Directors believe the Group possesses a number of competitive strengths including the following.

- Disciplined, actuarially driven pricing strategy, with a proprietary and agile pricing model informed by an extensive and proprietary dataset which has been compiled consistently over more than 15 years.
- Broad underwriting footprint with quotes provided in response to nearly all requests received with a bias towards the higher average premium segment.
- Robust and effective claims management and counter-fraud capabilities.
- Diversified multi-channel distribution strategy through wide and long-standing relationships with its brokers and through three Direct Brands.
- Conservative approach to risk management including the use of excess of loss reinsurance and a simple and low risk investment strategy.
- Streamlined operating model with all staff operating from a single site and the use of third party providers to complement in-house expertise.
- Long-standing and experienced senior and operational management team.

These strengths have enabled the Group to establish a track record of:

- **Market leading underwriting performance:** In the 10 years ended 31 December 2015, the Group had the lowest average combined ratio in the UK private motor insurance market. Between 2006 and 2015, the Group's combined ratio averaged 74.2 per cent., relative to the market average of 111.0 per cent. In the year ended 31 December 2016, the Group's combined ratio was 69.3 per cent. The Group's combined ratio is the result of a consistently low loss ratio (as compared to the market average) which averaged 50.9 per cent. in the 11 years ended 31 December 2016 and a consistent expense ratio over the same period.
- **Controlled and attractive growth:** The Group has pursued profitable growth when the Directors believed that market conditions were conducive to doing so, whilst moderating growth when market conditions would have meant that the Group's target combined ratio was otherwise not expected to be achieved. The Group grew GWP at a compound annual rate of 11.3 per cent. between 2006 and 2016, whilst the Group's loss ratio remained broadly stable during that period. The Group increased its market share meaningfully over the 10 years ended 31 December 2015 (from 0.6 per cent. in 2006 to 1.9 per cent. in 2015). The Directors believe there is significant opportunity to increase market share whilst maintaining the Group's current market leading underwriting performance.
- **Attractive cash generation:** The Group's low loss ratio, use of reinsurance and low risk investment strategy (with an investment portfolio which as at 31 December 2016 was comprised of 95.5 per cent. UK Government securities), results in an efficient capital model with a low incremental capital requirement to write new policies. The Group's low incremental capital requirement, combined with its strong profitability and controlled growth, has facilitated the payment of a strong level of dividends between 2006 and 2016. In that period, the Group paid out 90 per cent. of profits after tax, on average, as dividends, resulting in a compound annual growth rate of its dividend of 20.0 per cent.

The Group's strengths are detailed further below.

4.1. Disciplined, actuarially driven pricing strategy, with a proprietary and agile pricing model informed by an extensive and proprietary dataset which has been compiled consistently over more than 15 years

The Group's market leading underwriting performance is the result of a disciplined and actuarially driven underwriting strategy. Prices are determined by the Group's actuarial team who seek to achieve a combined ratio of 80 per cent. or better on all business written (the Group achieved an average combined ratio of 73.8 per cent. over the 11 years ended 31 December 2016). No adjustments are made to, or discounts offered in respect of, the actuarially driven price in order to achieve sales volume targets or retain customers. A broker who sells a policy on behalf of the Group must return the actuarially driven price to the Group. Certain larger brokers are permitted by the Group to vary the retail price of a policy by adjusting their own commission (but are still required to return the actuarially determined price to the Group). As a result of this approach to pricing, over the 11 years ended 31 December 2016, the Group achieved a consistent loss ratio which averaged 50.9 per cent. and a consistent expense ratio which averaged 23.1 per cent. over the same period.

Whilst pricing to achieve a target combined ratio is the foundation of the Group's underwriting strategy, its ability to achieve this target is a function of its proprietary and agile pricing model and sophisticated use of an extensive and proprietary dataset.

The Group utilises a pricing model that has been constructed in-house by its experienced actuarial team and refined over time to enhance its accuracy. The pricing model utilises all the risk characteristics captured on the submission of a quote request by a customer together with additional risk characteristics sourced through the Group's use of data enrichment (being the use of additional sources of data beyond those which are typically captured by an application for insurance) and its extensive and proprietary dataset to generate an individual price for nearly every risk. The Group's broad market coverage, consistent approach to underwriting, and detailed recording of claims information provides access to granular and proprietary data, compiled over an extended timeframe and extending across the risk spectrum.

4.2. Broad underwriting footprint with quotes provided in response to nearly all requests received with a bias towards the higher average premium segment

The Group provides quotes in response to nearly all requests received which, the Directors believe, is a differentiating factor from its peers and allows the Group to write policies across the risk spectrum. This has resulted in the Group's diversified book of business and broad underwriting footprint with a bias towards the higher average premium segment. The Directors believe that the ability to price across the risk spectrum is underpinned by the Group's experience and dataset.

The Directors believe that the Group faces less intense competition in certain parts of the risk spectrum, particularly where there is a higher perceived risk and therefore typically higher average premiums charged, which is also where the Directors believe the Group can price policies more accurately than its peers. Competing successfully in this part of the risk spectrum means the Group can achieve a higher average price per policy than the market as a whole – the Group's average new business policy price during the year ended 31 December 2016 and the nine months ended 30 September 2017 was £625 and £621, respectively, compared to a market average of £442 and £475, respectively (Source: ABI).

Although the Group's underwriting footprint has a bias towards the higher average premium segment, its significant investment in data enrichment has also enabled it to increase the accuracy of its pricing and identify additional opportunities to write policies across the whole risk spectrum whilst continuing to achieve its target combined ratio. For example, the Group is increasingly able to provide competitive quotes for policies with lower perceived risks and therefore lower average premiums, where there is greater competition from peers. The Directors believe the Group is well positioned to continue increasing its market share by increasing the accuracy of its pricing across the market, including in the lower average premium segment, through continued investment in data enrichment and other pricing initiatives.

4.3. Robust and effective claims management and counter-fraud capabilities

The Group has a robust and effective claims management function with skilled and experienced claims handlers and a proprietary claims workflow system which drives efficiency and controls the claims process and provides management with granular information on outstanding and settled claims. In addition, the Group has robust counter-fraud capabilities which seek to ensure that fraud is identified at the point of quote or sale and when claims under a policy are made.

The Directors believe the Group benefits from a stable team of skilled and experienced claims handlers with an average tenure of eight years as at 30 September 2017. The claims management function consists of six claims management teams, each led by an experienced head, alongside an additional claims team dedicated to larger, more complex claims. A bespoke in-house training programme develops new claims handlers' skills whilst ongoing training and professional development is also provided to all members of the claims team.

All of the claims management teams make use of a proprietary claims workflow system with features including claims auditing and focused daily, weekly and monthly control activity focused on reserving adequacy, claims management and service delivery. Throughout the claims process, the Group aims to treat customers and claimants fairly through the application of a clear and consistent process. These controls are further enhanced through regular claims audits by alternative in-house claims handlers and independent third party consultants, as well as an annual in-house review of every claim file which has been open for longer than three months.

Certain functions are outsourced to third party providers (such as first notification of loss (“**FNOL**”) and repair management), where the Directors believe the Group can leverage such third party provider's experience and scale. Through the use of effective outsourcing, claims handlers are able to focus on functions where the Directors believe the Group has significant expertise and is able to generate value for its customers and claimants.

The Group has a strong focus on its counter-fraud capabilities. At the point of quote, irrespective of whether the quote has been requested through a broker or through a Direct Brand, the Group uses a variety of counter-fraud measures utilising internal and third party data to validate information provided by the customer. In addition, the Group carries out post-sale verification of key risk characteristics, with additional premium amounts collected or refunded as needed following any amendment to a premium as a result of those checks. The Group has a dedicated counter-fraud team focused on fraud prevention at the point of any claim under a policy, which also take additional counter-fraud measures, including the use of third party data, to investigate potentially fraudulent claims. The Group is focused on counter-fraud and is a founding member of several counter-fraud industry bodies (such as Insurance Fraud Bureau and Insurance Fraud Register), which enable the Group to share relevant information with other market participants. The Directors believe that the Group's counter-fraud capabilities result in a meaningful loss ratio improvement.

4.4. Diversified multi-channel distribution strategy through wide and long-standing relationships with its brokers and through three Direct Brands

The Group distributes its policies through brokers and its Direct Brands. The Directors believe that use of both of these distribution channels broadens the Group's reach to new customer groups and places less reliance on a particular distribution channel. In addition, the Direct Brands provide the Group with critical customer insight, optionality between channels and the benefits of ancillary income. The Directors also believe the Group is well positioned to benefit from potential new distribution partners due to the Group's underwriting and claims handling experience and willingness to subsume its brand behind those of distribution partners.

The Group has established a broad network of over 1,000 insurance brokers across the UK over the course of more than 20 years. The Group's broker relationships allow the Group to leverage the brokers' well established and recognised brands, price optimisation capabilities and personal customer relationships whilst also providing the Group with privileged access to certain customer groups (as a result of the brokers' affinity partnerships and/or presence on the high street). Brokers accounted for approximately 70 per cent. of GWP (equal to £137.7 million) in the year ended 31 December 2016 and accounted for approximately 79 per cent. of the number of in-force policies as at 31 December 2016.

For all brokers, the Group determines an actuarially driven price to be paid to the Group in respect of each policy sold. For most brokers, the Group establishes the retail price to be paid by a broker's customers which combines the actuarially driven price with an agreed commission payable by the customer to the brokers. Certain larger brokers are permitted by the Group to vary the retail price of a product by determining their own commission (though not the actuarially driven price paid to the Group) in response to market dynamics. Given that some brokers attract new business through low or negative commission, broker distribution can be a cost effective channel for the Group as any low or negative commission is for the account of the broker.

The increasing importance of the internet as a sales medium has seen PCWs progressively become the dominant distribution channel for new car policies in the UK private motor vehicle insurance market. However, the Directors believe that this development has been positive for the Group's use of insurance brokers as, although some brokers continue to maintain a presence on the high street, the Directors believe that many brokers have adapted successfully to the rise of PCWs and the majority of the Group's broker sales now pass through PCWs.

In addition to its broker distribution network, the Group also has three Direct Brands: Go Girl, Insure2Drive and Drive Smart. The Direct Brands accounted for approximately 30 per cent. of GWP (equal to £59.0 million) in the year ended 31 December 2016 and accounted for approximately 21 per cent. of the number of in-force policies as at 31 December 2016. In the year ended 31 December 2016, Go Girl accounted for 81.6 per cent. of GWP of the Direct Brands (equal to approximately £48 million), Insure2Drive accounted for 13.6 per cent. (equal to approximately £8 million) and Drive Smart accounted for 4.9 per cent. (equal to approximately £3 million). Go Girl seeks to appeal to young female drivers, Insure2Drive is a general motor vehicle insurance product whilst Drive Smart incorporates telematics to improve pricing accuracy.

GWP generated from the Direct Brands has grown significantly since the Direct Brands were created, despite minimal marketing support. Sales of Direct Brand policies are principally through PCWs. Direct Brand policies are also sold on the Direct Brands' websites and, for renewals only, over the telephone. Following the introduction of an auto-renewal programme in December 2015, the Group notifies a policyholder paying by instalments of the amount of their proposed new monthly premium and that their policy will be renewed automatically unless the policyholder contacts the Group to cancel the policy.

Direct Brand policies achieve a similar level of combined ratio to policies sold through the Group's broker channel. Policies sold through the Direct Brands tend to achieve a higher average premium than those sold through the broker channel. The Group has, since launch of the Direct Brands, invested in upgrades to the Go Girl and Insure2Drive websites and, in 2016, launched new marketing initiatives (including sports team sponsorship, pay-per-click advertising and direct email campaigns). The Directors believe these steps will position the Direct Brands to continue to provide complementary growth to the Group's broker channel.

4.5. Conservative approach to risk management including the use of excess of loss reinsurance and a simple and low risk investment strategy

The Group adopts a conservative approach to risk management including the use of excess of loss reinsurance and a simple and low risk investment strategy focussed principally on capital preservation. In addition, the Group has no external debt in its capital structure and does not use quota share reinsurance.

The Group's reinsurance cover comprises third party excess of loss insurance from a panel of 12 reinsurers. Whilst the Group has had a long relationship with many of its reinsurance partners, it is required to renegotiate its reinsurance arrangements each year, with the current reinsurance arrangements coming to an end on 30 June 2018. The Group's reinsurance provides unlimited personal injury cover, plus a level of property damage cover which is aligned with its policies, in each case with a £1.0 million attachment point (subject to an index linked adjustment) on any claim made in relation to any policy within the Group's portfolio.

The Group's reinsurance cover effectively protects it against an increase in the severity and frequency of large claims above the reinsurance attachment point. Limiting the Group's exposure to large insurance losses in this way helps reduce the volatility of loss ratio, earnings and cash flow. The Group's reinsurance cover also benefits the Group through contributing to a reduction in its SCR.

Given the Group's claims history and loss ratio performance, its reinsurance programme has proved mutually advantageous for both the Group and its reinsurer panel over a long period of time, resulting in a number of long term relationships with its reinsurers including some lasting over 10 years.

The Group does not rely on the income from its investment portfolio as a source of profit and therefore adopts a low risk investment strategy to support its underwriting activities and ensure capital preservation. The Group's investment portfolio is managed in-house and, as at 31 December 2016, comprised 95.5 per cent. UK Government securities (which are typically held to maturity) and 4.5 per cent. cash and corporate bonds. The Group seeks to match the duration of its investments to that of its liabilities in order to minimise potential volatility in its regulatory capital requirements. Using this strategy, mark-to-market gains or losses in its investment portfolio (which are typically caused by changes in market expectations of future interest rates) will be offset by movements in its Solvency II liabilities (as expected claims are also discounted with reference to the same future interest rates).

4.6. Streamlined operating model with all staff operating from a single site and the use of third party providers to complement in-house expertise

The Group has a streamlined operating model, with certain functions where the Directors believe the Group has significant expertise (such as pricing and claims management) maintained in-house and certain other functions outsourced to third party providers whom the Directors believe can improve efficiency and provide scale optionality. The Directors believe that the Group's outsourcing partners provide effective variable cost control (since the amounts paid by the Group typically vary with volumes) and high quality customer service. The Group's key outsourced functions are direct customer support and FNOL and repair management.

- **Direct customer support:** Telephone sales and phone and email based customer support for the Direct Brands are outsourced to Right Choice, a specialist motor insurance broker based in the UK. The Group pays Right Choice a fee per policy based on the average number of policies in force in any given month. The Directors believe that the Group benefits from Right Choice's experience in managing a customer services team and ability to provide high-quality customer service.
- **FNOL and repair management:** FNOL and repair management are outsourced to a company known as the Innovation Group ("**Innovation Group**"). Innovation Group provides support to the insurance, fleet, automotive and property industries. Innovation Group records and manages the initial stages of vehicle damage claims and the vehicle repair cycle from start to finish on behalf of the Group. The Directors believe that the Group benefits from Innovation Group's volume driven repair network, proprietary software and engineering expertise.

The Directors believe that having the Group's operations based at a single site gives the Group a competitive advantage by facilitating the sharing of information between teams, increasing the speed of communication between teams and allowing greater oversight and leadership from the management team. The Group has invested in its Dorking site in recent years with the acquisition of an additional adjacent building, to be well positioned to accommodate growth.

4.7. Long-standing and experienced senior and operational management team

The Group benefits from a long-standing and experienced management team with significant and diverse experience led by Geoff Carter, the Group's CEO. The Group employed approximately 150 employees as at 30 September 2017, covering underwriting, claims management, actuarial and various corporate functions (including finance, IT, HR and property administration) at a single site in Dorking, Surrey.

Together, the senior and operational management team has, in aggregate, 88 years of insurance experience. The Directors believe the Group benefits from significant strength-in-depth which has assisted the Group to develop and maintain strong relationships with its broker network. The strength and experience of the Group's senior and operational management team is complemented by substantial industry experience throughout all levels of management, and by the Group's lean structure. The Directors believe that this approach means executives are able to make and implement decisions more rapidly and effectively than would otherwise be possible.

Further details of the Group's senior management are set out in Part 3 (*Directors, Senior Managers and Corporate Governance*) of this Prospectus.

5. The Group's strategies

The Directors' vision for the Group is to maintain its focus on the UK private motor insurance market, continue to provide brokers and direct customers with quotes across the entire risk spectrum and ensure the Group continues to deliver market leading underwriting performance, together with controlled and attractive growth over the longer term. The Group intends to continue to build on its competitive strengths highlighted above to deliver profitable and controlled growth over the longer-term through its focus on the following strategies:

5.1. Continue to deliver market leading underwriting performance throughout the UK motor insurance pricing cycle

The Group achieved the lowest average combined ratio in the UK private motor insurance market over the 10 year period to 31 December 2015 and aims to continue to achieve this outperformance going forwards through:

- maintaining its simplicity of focus on the UK private motor insurance market;
- maintaining its disciplined and actuarially driven pricing strategy to prioritise the delivery of the Group's target combined ratio;
- continuing development of its proprietary and agile pricing model to evolve pricing sophistication across the risk spectrum;
- expanding its extensive and proprietary dataset through additional underwriting experience and the use of new data enrichment sources;
- utilising its diversified multi-channel distribution strategy to maintain a broad underwriting footprint and drive growth; and
- maintaining its robust and effective claims management process and counter-fraud capabilities through continued investment in training and capacity.

5.2. Maintain a conservative approach to risk management

Central to the Group's strategy and continued success is a conservative approach to managing its risks, which is achieved through:

- a simple, low risk investment strategy focused principally on capital preservation to support the Group's profitable underwriting activities;
- the use of excess of loss reinsurance to limit the Group's exposure to large insurance losses, whilst also reducing the volatility of the Group's loss ratio, earnings and cash flow; and
- a continued consistent approach to both reserving and claims management, using "reasonable worst case" estimates of future claims costs.

5.3. Target controlled attractive growth

The Group has a track record of controlled and attractive growth through prioritising the delivery of its target combined ratio ahead of growth or increasing the number of in-force policies. The Group intends to pursue high single digit growth in GWP over the medium term and further profitable growth over the longer term driven by the following:

- continued expansion into all risk segments through further investment in data enrichment and continued research into identifying relevant risk characteristics;
- the potential to expand into adjacent insurance products (for example, pay-as-you-go and temporary learner cover) and areas within the Group's product range that are relatively unexploited by the Group (for example, van and taxi cover);
- the ability to reduce pricing whilst still seeking to achieve the Group's target combined ratio; and
- taking advantage of technological developments in the insurance market (for example, the focus by insuretech competitors on distribution and customer interaction), which, the Directors believe, the Group is well placed to capitalise on given its expertise in underwriting and claims handling and willingness to subsume its brand behind those of distribution partners.

5.4. Maintain a streamlined operating model with appropriate use of third party providers

The Group intends to continue to use its streamlined operating model, based at its single site including by:

- undertaking appropriate growth in staff using available space at its Dorking, Surrey site;
- retaining in-house functions where the Group has significant expertise; and
- continuing to outsource to third parties those functions where Directors believe third party providers can provide effective variable cost control and high quality customer service, whilst improving efficiency and allowing the Group to leverage such third party provider's experience and scale.

5.5. Enhance broker relationships and continue to develop the Direct Brands

Underpinning the Group's diversified route to market is its distribution strategy which benefits from long relationships with specialist motor insurance brokers and optionality provided through the Direct Brands. The Group will look to enhance its distribution strategy by:

- further strengthening existing broker relationships;
- assessing new distribution partner opportunities;
- continuing growth in the direct channel as the Direct Brands mature through the enhancement of marketing initiatives; and
- further improving its customer proposition.

6. Reasons for the Offer and use of proceeds

The Directors believe that the Offer and Admission will:

- create a liquid market in the Ordinary Shares;
- assist in the incentivisation and retention of key management and employees;
- enhance the Group's public profile and status with existing and potential customers and partners; and
- provide the Selling Shareholders with a partial realisation of their investment in the Company.

The Offer is expected to raise gross primary proceeds of up to approximately £213 million, of which up to approximately £206 million will be used by the Company to purchase the Topco Preference Shares, which are 99.9 per cent. owned by the Major Shareholder, Angus Ball and Keith Morris, for cash consideration. It is intended that Barbados Topco Limited will redeem the Topco Preference Shares shortly after Admission. Any primary proceeds from the Offer received by the Company in excess of the amount required to purchase the Topco Preference Shares will be used to pay commissions, fees and expenses relating to the issue of the New Ordinary Shares.

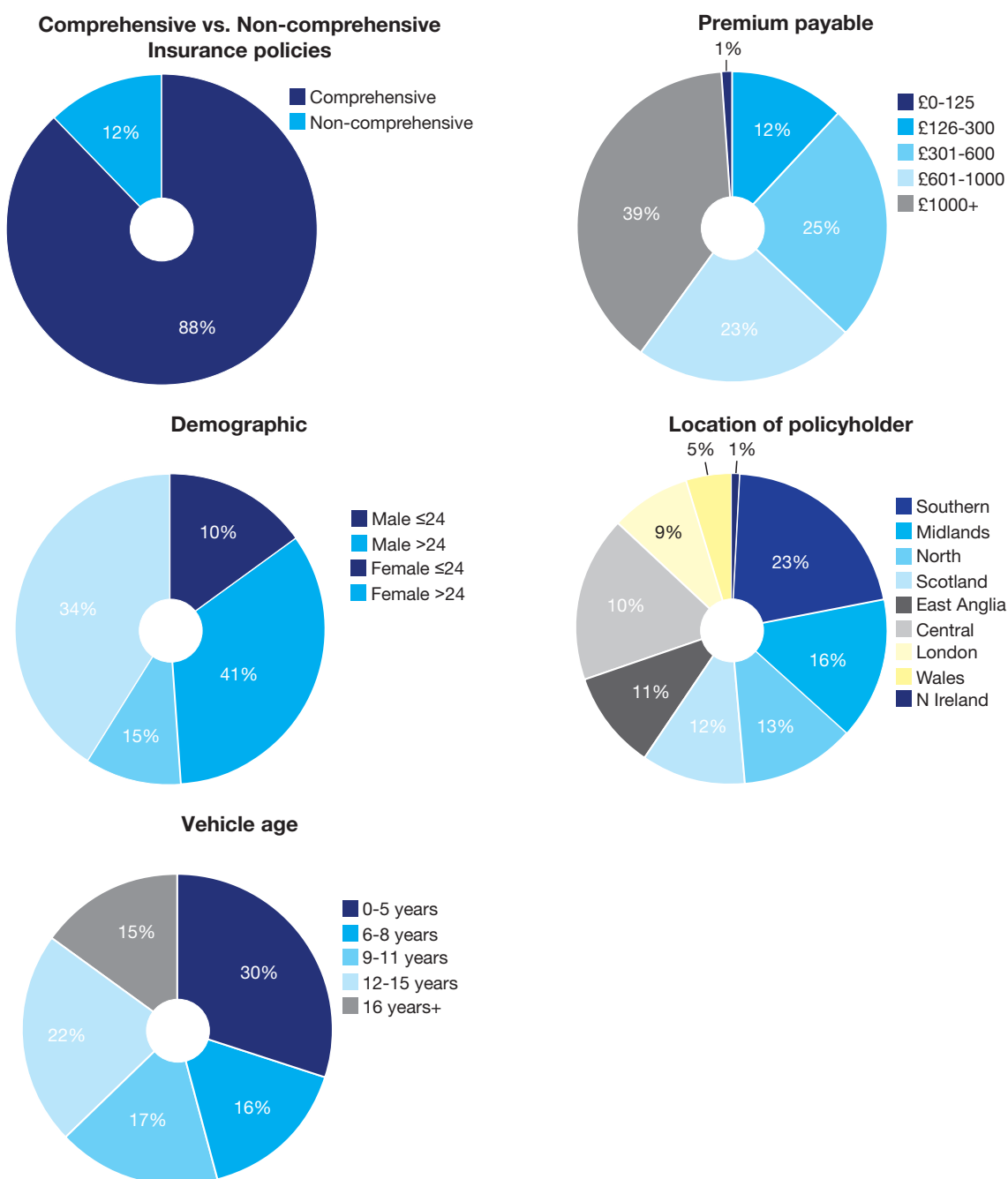
If the gross primary proceeds from the Offer are less than approximately £213 million and Admission proceeds but the Company is unable to settle all of the consideration for the purchase of the Topco Preference Shares in cash, the holders of the Topco Preference Shares will exchange their residual cash entitlements in respect of the sale of their Topco Preference Shares for New Ordinary Shares of equivalent value at the Offer Price. Any New Ordinary Shares issued to the holders of the Topco Preference Shares under this exchange arrangement will be subject to the same lock-up arrangements as shall apply to such holders in respect of their holdings of Existing Ordinary Shares.

7. Insurance underwriting

The Group's principal business is the provision of private motor insurance in the UK, which accounted for approximately 93 per cent. of the Group's GWP as at 30 September 2017. The Group's product offering comprises policies written through its broker network under the Sabre name and policies written through its Direct Brands. The Group also writes a small amount of commercial motor insurance (for example vans and taxis) which, as at 30 September 2017, accounted for approximately 7 per cent. of the Group's GWP.

7.1. Underwriting footprint

The following charts describe the Group's underwriting footprint, measured by GWP, as at and for the year ended 31 December 2016.



The Group's disciplined, actuarially driven pricing strategy is to utilise the Group's proprietary pricing model and dataset to determine prices aimed at achieving a combined ratio of 80 per cent. or better in respect of all policies. The Group provides quotes in response to nearly all requests received.

The Directors believe that the Group faces less intense competition in certain parts of the risk spectrum, particularly where there is a higher perceived risk and therefore typically higher average premiums charged, which is also where the Directors believe the Group can effectively price policies more accurately than its peers. Successfully competing in this area means the Group can achieve a higher average price per policy than the market as a whole – the Group's average new business price per policy during the year ended 31 December 2016 and the nine months ended 30 September 2017 was £625 and £621, respectively compared with a market average of £442 and £475 respectively (Source: ABI). Although the Group's underwriting footprint has a bias towards the higher average premium segment, the Group's significant investment in data enrichment has also enabled it to

increase the accuracy of its pricing and identify additional opportunities to write policies across the whole risk spectrum whilst continuing to achieve its target combined ratio. For example, the Group is able to provide competitive quotes in the lower average premium segment where, as a result of a lower perceived risk, there is greater competition from peers than in other segments.

The Directors believe the Group is well positioned to continue increasing its market share by increasing the accuracy of its pricing across the whole market, including in the lower average premium segment, through continued investment in data enrichment and other pricing initiatives.

7.2. Pricing of policies

The Group employs a disciplined, actuarially driven pricing strategy which is based on a proprietary and agile pricing model informed by an extensive and proprietary dataset with no subjective adjustments or discounting to achieve volume targets or retain customers. The Directors believe that this approach is one of the reasons for the Group's market leading underwriting performance.

The Group's approach to pricing is based on four key areas.

- **Underwriting discipline:** The Group has an actuarially driven approach to pricing which seeks to achieve a target combined ratio of 80 per cent. or better. The actuarial team utilises the Group's proprietary and agile pricing model to determine prices and does not make any subjective adjustments to prices determined by the pricing model or offer any renewal discounts or special offers to achieve sales volume targets or retain customers. The Group also operates strict processes when deciding whether or not to take on a new customer which seek to validate key data about the customer (such as vehicle information) at the point of quote and point of sale (and which subsequently verify the data post-sale, with additional premiums collected or refunded as necessary).
- **Claims experience:** The Group's claims management function (as described in further detail in paragraph 10 of this Part 1) maintains a close dialogue with the Group's actuarial team which ensures that information obtained through the settlement of claims is used to enrich the Group's existing dataset which assists in identifying emerging trends within its business and helps inform the pricing process. This allows decisions to be made regarding pricing which the Directors believe are faster and more informed than they would otherwise be without such dialogue.
- **Proprietary and agile pricing model:** The Group's proprietary pricing model is built and developed in-house and has been refined over time to enhance its accuracy, without reliance on external providers or consultants. The Directors believe that by developing its pricing model in-house the Group has the ability to rapidly adjust the pricing model's assessment of certain risk characteristics in response to new information. The pricing model utilises proprietary intellectual property developed by the Group and a range of statistical techniques, which negates the need for a large team of actuaries. Only a select group of employees, all of whom are subject to confidentiality provisions, have knowledge of the Group's intellectual property. The Directors believe that this reduces the risk of the Group's intellectual property being shared with the Group's competitors. The pricing model utilises the risk characteristics captured in the customer's request for a quote, enhanced by additional risk characteristics sourced through data enrichment and the Group's broad, extensive and proprietary dataset to generate an individual price for every policy. In addition, the Group employs a senior motor insurance actuary who is also a data scientist, with a focus on machine learning, to further add to the research and development capabilities of the Group and to further augment the pricing model with appropriate functionality.
- **Extensive and proprietary dataset which has been compiled consistently:** The Group has an extensive and proprietary dataset which has been compiled for a period of more than 15 years with broad coverage of the UK private motor insurance market. This dataset is constantly growing in size as additional policies are underwritten and claims are processed and settled. The Group operates a "no backlog" culture in relation to its claims handling, with the aim of ensuring that the Group's dataset always reflects its latest claims experience allowing the actuarial team to factor any information into the Group's pricing model with the aim of increasing pricing accuracy. The Group enriches its dataset with the use of external datasets covering areas such as credit data and vehicle data to supplement the Group's own data. The Group continually invests in the research and development of new data sources, statistical methods and ways of improving the use of available data which the Directors believe improves the accuracy of the Group's pricing model.

8. Reinsurance

The Group purchases excess of loss reinsurance to reduce risks that are outside the Group's risk appetite for individual claim exposure and to seek to reduce the financial volatility which could be caused by large individual claims. The Group's reinsurance has an attachment point of £1.0 million (subject to an index linked adjustment) for each individual claim. This low attachment point helps reduce the volatility of the Group's loss ratio, earnings and cash flows. In addition, the Group's reinsurance arrangements result in a favourable reduction in its SCR as the PRA has granted the Group an undertaking specific parameter (known as a "USP") for use in the calculation of the Group's underwriting risk, which reduced the Group's SCR by more than £10.0 million for the year ended 31 December 2016. For further information on the Group's SCR, see paragraph 5 of Part 5 (*Operating and Financial Review*) of this Prospectus.

The Group does not use quota share reinsurance or surplus reinsurance.

As at 30 September 2017, the Group's reinsurance panel comprised 12 reinsurers, each of which had an investment rating (as determined by Standards & Poor's) of BBB+ or above (or, in the case of those members of the panel who are Lloyds of London syndicates, A+). The Group renews the terms of its reinsurance annually (with the next renewal date being 1 July 2018), which may result in a change to the composition of the reinsurance panel (and/or the contribution each member of the panel makes in relation to any reinsurance claim). The Directors believe that the Group has strong working relationships with the members of its reinsurance panel. Given the Group's claims history and loss ratio performance, its reinsurance programme has proved mutually advantageous for both the Group and its reinsurer panel over a long period of time, resulting in a number of long term relationships with its reinsurers with some of those relationships lasting almost 10 years.

In the year ended 31 December 2016, the Group spent approximately 5.1 per cent. of GWP on its reinsurance arrangements and 6.9 per cent. and 6.3 per cent. in the years ended 31 December 2014 and 2015, respectively. In the 11 years ended 31 December 2016, the Group's average spend on reinsurance was 6.4 per cent. of GWP. In the nine month period ended 30 September 2017, the Group spent approximately 10.0 per cent. of GWP on its reinsurance arrangements with the increase primarily due in the view of the Directors to the reduction in the Ogden Discount Rate made in March 2017. For further information about the Ogden Discount Rate, see paragraph 3.3 of this Part 1.

9. Distribution

The Group distributes its products through a broad network of broker relationships, many of which are long-standing, as well as through the sale of products directly to customers through its Direct Brands: Go Girl, Insure2Drive and Drive Smart. The Group's "channel neutral" distribution philosophy means that the Group seeks to achieve the same combined ratio irrespective of whether a quotation is sought through a broker or a Direct Brand.

In the year ended 31 December 2016, the broker distribution channel accounted for approximately 70 per cent. of the Group's GWP (equal to £137.7 million) and the Direct Brands accounted for approximately 30 per cent. of the Group's GWP (equal to £59.0 million).

Both of the Group's distribution channels utilise PCWs. As at 30 June 2017 (and based on the number of quotes converted into policies measured over a 45 day period prior to such date), the Directors estimate that approximately 88 per cent. of the Group's GWP from the direct brand channel and approximately 53 per cent. of the Group's GWP from the broker channel was purchased through a PCW.

9.1. Broker distribution

The Group has established a broad network of over 1,000 insurance brokers across the UK over the course of more than 20 years. The Group's broker relationships allow the Group to leverage the brokers' well established and recognised brands, price optimisation capabilities and personal customer relationships whilst also providing the Group with privileged access to certain customer groups (as a result of the brokers' affinity partnerships and/or presence on the high street). The Directors believe that the Group has a strong appeal to brokers as it enables brokers to place risks which other motor insurers cannot accept within their underwriting guidelines or risk appetite.

The Group's largest two brokers (measured by percentage of GWP introduced by all brokers in the period) accounted for approximately 52 per cent. of GWP introduced by brokers (equal to £61.1 million) in the underwriting period of nine months ended 30 September 2017 (an underwriting period being the period of time in which a policy commenced, rather than the period in which it was bought, including any policies commenced but subsequently cancelled) and approximately 39 per cent. (equal to £37.0 million), approximately 37 per cent. (equal to £42.6 million) and approximately 49 per cent. (equal to £65.7 million) in the years ended 31 December 2014, 2015 and 2016, respectively. In total, the Group's brokers accounted for approximately 67 per cent. (equal to £111.3 million) in the nine months ended 30 September 2017 of total GWP and approximately 62 per cent. (equal to £93.2 million), approximately 64 per cent. (equal to £116.0 million) and approximately 70 per cent. (equal to £137.7 million) in the years ended 31 December 2014, 2015 and 2016, respectively, of total GWP.

For all brokers, the Group determines an actuarially driven price for a policy to be paid to the Group in respect of each policy sold. For most brokers, the Group establishes the retail price to be paid by a broker's customers which combines the actuarially driven price with an agreed commission payable by the customer to the brokers. Certain larger brokers are permitted by the Group to vary the retail price of a product by determining their own commission in response to market dynamics (but are still required to return the actuarially driven price to the Group). Given that some brokers attract new business through low or negative commission, broker distribution can be a cost effective channel for the Group as any low or negative commission is for the account of the broker.

The Group reviews its three largest brokers' performance at least annually, which includes a review of policies introduced by brokers for compliance with guidelines set by the Group. These guidelines seek to ensure that information about the Group's policies is presented to the ultimate customer in an appropriate way and ensure that there is appropriate control of the Group's financial performance and risk exposure. The Group reviews the performance of its other brokers on an ad hoc basis when it considers it to be appropriate.

9.2. The Direct Brands

The Group's Direct Brands accounted for approximately 33 per cent. (equal to £53.8 million) in the nine months ended 30 September 2017 of total GWP and approximately 38 per cent. (equal to £56.1 million), approximately 36 per cent. (equal to £64.2 million) and approximately 30 per cent. (equal to £59.0 million) in the years ended 31 December 2014, 2015 and 2016, respectively, of total GWP.

The Group's Direct Brands are the following.

- **Go Girl:** launched in November 2011 to appeal to young female drivers. Go Girl accounted for 73.1 per cent., 78.0 per cent. and 81.6 per cent. of GWP of the Direct Brands in the years ended 31 December 2014, 2015 and 2016, respectively, and 81.0 per cent. in the nine months ended 30 September 2017.
- **Insure2Drive:** launched in November 2010 as a general motor insurance product. Insure2Drive accounted for 13.2 per cent., 10.9 per cent. and 13.6 per cent. of GWP of the Direct Brands in the years ended 31 December 2014, 2015 and 2016, respectively, and 13.2 per cent. in the nine months ended 30 September 2017.
- **Drive Smart:** launched in August 2013 as a telematics product. Drive Smart accounted for 13.7 per cent., 11.1 per cent. and 4.9 per cent. of GWP of the Direct Brands in the years ended 31 December 2014, 2015 and 2016, respectively, and 5.8 per cent. in the nine months ended 30 September 2017. Insurance involving telematics requires the insured to install an electronic device in their vehicle which monitors a number of aspects of their driving behaviour (for example speed, braking and night time driving). If the recorded information indicates that a particular driver is a greater or lesser risk than expected, the premium paid by them will be adjusted on renewal.

Direct Brand policies are sold principally through the four leading UK PCWs (comparethemarket.com, confused.com, gocompare.com and moneysupermarket.com) as well as certain smaller PCWs (such as uSwitch.com). PCWs' primary sources of revenue are typically fixed fees which are paid by the underwriter or a broker after a customer selects and purchases a product that has been returned in a search query, and the Group has that arrangement with the PCWs, through which it sells Direct Brand policies. Where a Direct Brand quote is generated through a PCW, the PCW will provide a link that takes the customer directly to the appropriate Direct Brand website where the quoted policy can be purchased.

Potential customers can also obtain a quote for a policy from one of the Direct Brands by entering the relevant details into an online system on the Direct Brand's own website or, in the case of renewals only, by providing details over the telephone to call centres operated on behalf of the Group. The policy can then be purchased through the relevant Direct Brand's website or, in the case of renewals only, over the telephone. Approximately 6.7 per cent., approximately 6.6 per cent. and approximately 6.8 per cent. of GWP of the Direct Brands was generated from the Direct Brands' respective websites in the years ended 31 December 2014, 2015 and 2016, respectively, with the remainder being generated through PCWs. Approximately 7.0 per cent of GWP of the Direct Brands was generated through the Direct Brands' respective websites in the nine months ended 30 September 2017 with the remainder being generated through PCWs.

The Group offers customers of its Direct Brands the ability to pay for their policies in monthly instalments instead of in one single, upfront payment. Where a customer chooses to pay by monthly instalments, the Group will add an additional credit charge to the annual premium. In addition to underwriting core insurance policies, the Group also provides its Direct Brand policyholders with the option of purchasing ancillary products, provided by third parties, alongside the core policy. Such products include breakdown cover, mis-fuelling cover, lost key cover and personal accident cover, amongst others. Whilst the provision of such products has grown in recent years, the Group does not generate material income from the provision of these ancillary products to its customers.

The Directors believe that insurance customers principally buy insurance based on price. However, brand awareness is also important in customer choice, particularly when price differentials are small. The Group did not, until late 2016, actively market the Direct Brands, and as a result the Directors believe brand awareness is relatively low. For example, 24 per cent. of female participants and 29 per cent. of male participants in a recent survey by the Group said they had heard of Go Girl car insurance. In November 2015, Go Girl entered into a three year sponsorship arrangement with England Netball. The Group introduced exploratory pay-per-click advertising for Go Girl in December 2015 and began a direct email campaign for Go Girl in April 2016. The Group has also undertaken a programme of upgrading the Go Girl and Insure2Drive websites.

Investment in marketing of the Direct Brands has been low since their creation, with the Group investing approximately £12,200, £221,100 and £365,600 in the years ended 31 December 2014, 2015 and 2016, respectively, and £340,777 in the nine months ended 30 September 2017. The Directors believe that the relative immaturity of the Direct Brands together with the limited marketing spend to date gives the Direct Brands an attractive opportunity to grow market share, customer retention and profitability as the Direct Brands mature.

9.3. Policy renewal

The Group's renewal pricing strategy is the same as its new business pricing strategy. Unlike many of its peers, the Group offers renewal pricing to an existing customer based solely on the updated risk characteristics of that customer, including characteristics such as the age and driving experience of those on the policy, the claims experience of the drivers as well as vehicle information such as the car age.

For the Direct Brands the Group supports policy renewal through an auto-renewal programme introduced in December 2015, under which the Group notifies a policyholder paying by instalments that their policy will be renewed automatically on expiry of its term and informs them of their proposed new monthly premium. Policyholders can opt-out of such a renewal by notifying the Group. If they do not opt-out, the policy will automatically renew.

The Group has experienced a steady improvement in its Direct Brand policy renewal business over the three year period ended 31 December 2016. Renewal rates of Direct Brand policies increased from 24.1 in the year ended 31 December 2013 to 35.0, 36.6, and 46.1 in the years ended 31 December 2014, 2015 and 2016, respectively. The Directors believe this increased renewal rate reflects the maturing Direct Brands business and is partially attributable to the auto-renewal programme (introduced in December 2015). However, the Directors believe that higher premium business tends to be more price sensitive than lower premium business, and that this is the reason that the Group's renewal rates appear lower than those reported by certain competitors which typically focus on lower premium business.

Prior to the Group's implementation of automatic renewal for the Direct Brands, broker channel renewals were marginally higher than Direct Brand renewals. In the years ended 31 December 2013, 2014 and 2015, the renewal rates for broker policies were 31.3 per cent., 38.9 per cent. and 40.0 per cent., respectively. In the year ended 31 December 2016, broker renewal rates were lower than Direct Brand renewal rates, decreasing to 34.9 per cent. The Directors estimate that a further 9 per cent. of the Group's policyholders in a particular period will renew their policies with the Group through a different broker or with one of the Direct Brands.

10. Claims management

10.1. Overview

The Group's claims management function is headed by a Claims Director and, as at 30 September 2017, comprised over 75 employees including 39 employees across six claims handling teams who deal with claims categorised by the Group as standard; 4 employees who specialise in larger, more complex claims (such as personal injury) and overseas claims; a counter fraud-team comprising 8 employees, which reviews customer information at point of claim for possible fraudulent activity and deals with potentially fraudulent claims; 11 employees who support administrative functions and oversee supply chain and protocol arrangements; and 13 employees who focus on training, including within the training academy (which provides in-depth training for new joiners who have not previously been involved in the insurance industry), audit, project management and oversight of the claims audit function.

10.2. Approach to claims

The Directors believe the Group operates a robust and effective claims management process with skilled and experienced claims handlers, which comprises four key elements:

- **Investment:** The Group considers the claims management function as integral to its success. The claims teams are fully resourced to meet the Group's current needs and anticipated policy growth with the Group hiring additional claims handlers ahead of anticipated growth. An in-house six month academy and three year training programme seek to develop new-to-industry talent with the aim of minimising the need for lateral hires. In addition, employees are provided with ongoing training and professional development. The Directors believe that this investment in resource and training has enabled the Group to establish a knowledgeable and stable claims handling team of over 75 employees with an average employee tenure of approximately eight years and over 600 collective years of experience (as at 30 September 2017).
- **Control:** The Group seeks to ensure the claims handling processes are applied consistently by all parties. Other than in respect of FNOL and repair management (which are handled by Innovation Group), the key elements of the Group's claims management function are wholly in-house. The Group has a standardised case reserving methodology which has been applied consistently for more than 20 years (for further details of the Group's reserving practice, see paragraph 12 of this Part 1). The Group maintains ownership and control of the claims process and data generated by ensuring that a clear and consistent process is followed. The Group also ensures that the quality of the data captured in the claims handling process is consistent over time and can be deployed effectively within the Group's actuarial pricing and reserving functions.
- **Effectiveness:** The Group's in-house management of claims allows an individual claims handler to have full responsibility from the start of the claims process to the end of that process, and does not split claims across multiple handlers. The Group does not set claim resolution targets for those working in the claims management function, as this would not be consistent with the Group's approach of settling claims based on their merit. Throughout the claims process, the Group's aim is to treat claimants fairly through the application of clear and consistent processes and procedures.
- **Monitoring:** The Group's proprietary claims workflow system aims to drive efficiency, control and granular management of information. Regular claims audits are carried out in-house by claim handlers other than the individual assigned to the particular claim to ensure the Group's policies and procedures are being implemented correctly. Independent external consultants also carry out audits to validate the Group's claims handling activities. Once a year, the Group carries out a review of all claims that have been open for more than three months with a view to confirming that an appropriate reserve has been set. The Directors believe that the Group's auditing and monitoring process and the focus on detail and accuracy gives the Group agility to test and learn from new strategies and to be responsive to the claimant market.

11. Fraud detection

The Group's counter-fraud capabilities seek to reduce its risk exposure and enhance its combined ratio by seeking to identify fraud at the point of quote or sale and when claims under a policy are made, irrespective of whether the sale has been completed through a broker or through a Direct Brand. The Group is focused on counter-fraud and is a founding member of several counter-fraud industry bodies (such as Insurance Fraud Bureau and Insurance Fraud Register), which enable the Group to share relevant information with other market participants.

The Group employs a number of sophisticated third party validation methodologies and databases to identify potentially fraudulent activity. At the point of quote, the Group uses trusted third party sources to identify and reduce exposure to potentially fraudulent applications. In addition, the Group carries out post-sale verification of key policy data with additional premiums collected or refunded following any amendment to a premium as a result of those checks. This approach has led to a significant reduction in claims fraud frequency over the last few years.

The Group has a dedicated counter-fraud team focused on fraud prevention when claims are made. At the point of any claim the Group takes additional counter-fraud measures, including the use of third party data to investigate potentially fraudulent claims. The Group's counter-fraud team uses internal data as well as independent third party data to determine the likelihood of a fraudulent claim. The Group also undertakes an analysis of the costs and potential benefits of repudiating a claim to determine which potentially fraudulent cases to pursue and monitors closely the success rate of cases it pursues and the savings made in such cases.

Where the Group has identified potential fraudulent activity, it will seek to re-price the policy and collect additional premium and in more severe cases may terminate the policy, repudiate a claim, litigate or prepare material for a criminal investigation by the police.

As a result of the Group's counter-fraud strategies, in the year ended 31 December 2016, the Group repudiated 277 claims which represented a 95 per cent. success rate relative to the number of claims where it identified fraud. The Directors believe that the Group has also made savings through detecting potential fraud at the point of quote and not quoting for certain business and that the Group's counter-fraud capabilities result in a meaningful loss ratio improvement.

12. Reserving

The Group establishes and records reserves in respect of actual and anticipated claims liabilities.

When a claim is notified to the Group, the claims team estimates a "reasonable worst case" cost for that claim. This amount is recorded as a "case reserve" in the Group's claims handling system. As the case progresses and the Group is able to establish additional information about the claim, the claims team adjusts the specific case reserve by either adding an additional reserve amount if it is expected that the amount required to be paid to settle the claim will be higher than expected initially or by reducing the amount of the reserve if it is expected that the claim can be settled for an amount less than is reserved currently. When a claim is settled, the amount of the settlement and any amounts reserved in excess of the settlement amount paid are released from the Group's case reserves.

Each quarter, in determining the Group's claims reserve for financial and accounting purposes, the Group's actuaries calculate their "best estimate" of amounts required to settle all claims which the Group has incurred or expects to incur. This best estimate incorporates the following:

- The case reserves (being the total of the amounts recorded on the Group's claims handling system).
- The actuaries' estimates of claims incurred but not yet reported ("**IBNR**"). This represents claims which are likely to have been incurred in a particular period by policyholders but which have not yet been reported to the Group.
- The actuaries' estimates of claims incurred but not enough reported ("**IBNER**"). This represents the actuaries' estimates of the extent to which the specific case reserves have been under or over estimated.

Following this quarterly actuarial review, the Group determines an “**IBN(E)R**” adjustment to the claims reserve. The IBN(E)R adjustment reflects the netting of IBNR and IBNER. As a result of the Group’s consistent and conservative reserving policy, the IBN(E)R adjustment has historically been negative meaning it reduces the Group’s claims reserve.

As there is inherent uncertainty in the Group’s actuarial reserving process, an additional prudence margin of between 5 and 15 per cent is then applied in determining the Group’s claims reserve.

Where the total expected cost of claims up to the end of a period (including any IBN(E)R adjustments) is reduced during a subsequent period, a favourable prior year reserve movement is recorded. These are often referred to as “prior-year releases”. Prior year reserve movements can be the result of either settling prior period claims at an amount below the amount reserved (after the IBN(E)R adjustment) or an adjustment for the estimated cost of claims based on an actuarial review. Given that the Group has consistently applied a prudence margin to all outstanding claims, the Group has seen consistent favourable prior-year reserve movements. Prior-year reserve movements can also be the result of changes to the factors that affect IBN(E)R, including a re-assessment of the level of conservatism applicable to the “reasonable worst case” estimates within the case reserves. The impact of prior-year releases on net claims incurred, which is the result of the reduction in case reserves in respect of those claims open at the beginning of the year, and of the actuarial assessment of the total cost of open prior-year claims being reduced during the year, was £18 million, £27 million, £21 million and £18 million in the years ended 31 December 2013, 2014, 2015 and 2016, respectively.

13. Outsourced functions

The Group outsources certain functions to specialist third party providers where the Directors believe that an outsourcing partner can improve efficiency and provide scale optionality. The outsourced functions are as follows:

- **Direct customer support:** Telephone sales and phone and email based customer support for the Direct Brands are outsourced to Right Choice, a specialist motor insurance broker based in the UK. The Group pays Right Choice a fee per policy based on the average number of policies in force in any given month. The Directors believe that the Group benefits from Right Choice’s experience in managing a customer services team and ability to provide high quality customer service. For further information, see paragraph 14.8 of Part 12 (*Additional Information*) of this Prospectus.
- **FNOL and repair management:** FNOL and repair management are outsourced to Innovation Group. Innovation Group provides support to the insurance, fleet, automotive and property industries. Innovation Group records and manages the initial stages of vehicle damage claims and the vehicle repair cycle from start to finish on behalf of the Group. The Directors believe that the Group benefits from Innovation Group’s volume driven repair network, proprietary software and engineering expertise. For further information, see paragraph 14.9 of Part 12 (*Additional Information*) of this Prospectus.
- **Information technology:** The Group’s IT system is in the process of being outsourced to a cloud based infrastructure as a service or “IaaS” provider. As a result the Group’s IT infrastructure will be hosted by a third party on virtual servers. However, the Group’s software applications systems will continue to be managed in-house, with the Group retaining responsibility for change management and business as usual maintenance.
- **Price distribution:** Policy prices are distributed to brokers via a number of specialist software houses (including Open GI, CDL and SSP). These software houses typically provide brokers with sales and administration systems, as well as enabling brokers to access policy prices set by the Group.
- **Other functions:** In addition to the functions described above, the Group engages a number of other third party providers to perform various Group functions including specialist data transmission business and certain compliance matters.

14. Investment portfolio

The Group adopts a low risk investment strategy which focuses on capital preservation to support its underwriting activities and regulatory capital requirements.

The Group's total investment assets were £217.8 million and £248.2 million and £244.8 million as at 31 December 2014, 2015 and 2016, respectively. As at 30 September 2017, the Group had total investment assets of £261.4 million.

As at 31 December 2016, approximately 95.5 per cent. of the Group's investment portfolio was held in UK Government securities (which are typically held to maturity), with the remainder of the investment portfolio held in cash and corporate bonds.

The Group seeks to match the duration of its investments to that of its liabilities in order to minimise potential volatility in its regulatory capital requirements.

The Group manages its investments in-house and does not engage third party managers, with part of the CFO's role being to monitor and report on the investment portfolio.

For details of the Group's investment return in the years ended 31 December 2014, 2015 and 2016 and the nine months ended 30 September 2016 and 2017, see paragraph 7.4 of Part 5 (*Operating and Financial Review*).

15. Employees and operations

15.1. Employees

The following table sets out details of the number and function of the Group's employees as at 31 December 2014, 2015 and 2016 and as at 30 September 2017.

	<u>As at 31 December 2014</u>	<u>As at 31 December 2015</u>	<u>As at 31 December 2016</u>	<u>As at 30 September 2017</u>
Underwriting	19	20	19	20
Claims	57	65	76	76
Actuarial	3	3	3	4
Corporate functions ⁽¹⁾	46	52	53	51
Total	<u>125</u>	<u>140</u>	<u>151</u>	<u>151</u>

Note:

(1) Corporate functions comprise the CEO, Chairman of Sabre Insurance, finance, IT, HR and property, administration and other employees

All of the Group's employees are based at its head office in Dorking, Surrey. A small number of the Group's employees are members of the Unite union. The Directors believe that the Group has good relationships with its employees and the Unite union and to date, the Group has never experienced a labour-related work stoppage.

15.2. Pensions

The Group operates various defined contribution group personal pension schemes for its employees. The Group does not operate any defined benefit pension schemes. For further information, see paragraph 12 of Part 12 (*Additional information*) of this Prospectus.

15.3. Compliance function

The Group engages a specialist consultant, whom it has worked with for more than 15 years, to provide appropriate and effective advisory guidance to the Group and to perform its chief compliance officer role. The Group has invested in its compliance oversight function to ensure that it remains effective in monitoring its compliance with relevant laws and regulations, as well as monitoring whether its treatment of customers and claimants is fair. In addition, the Group has engaged a consultant to assist with company secretarial matters and ongoing corporate governance compliance following Admission.

15.4. Intellectual property

The Group relies on copyright and trademark laws and contractual provisions to protect its intellectual property rights. The Group takes steps to protect its intellectual property rights when and where it

deems it appropriate. The Group's Direct Brands operate under three UK trademarks. The Group also has registered domain names which are either used by its business to deliver services and information to its customers or held to protect trading names and the Direct Brands.

The Group's pricing model utilises proprietary intellectual property and a range of statistical techniques. The Group's proprietary intellectual property is protected by confidentiality provisions and restrictive covenants in employment contracts and by restricting the number of employees having access to the information.

There are currently no outstanding intellectual property infringement actions involving any member of the Group as defendant or claimant or any charges over any intellectual property rights held by the Group.

15.5. Information technology

The Group's IT infrastructure is currently hosted on servers that it owns and maintains. The Group licenses the RTM system, which provides the underlying infrastructure for the Group's applications, from CGI Group. The Group's in-house systems team (comprising five employees) develop the applications used by the Group using the RTM system. The Directors believe that the RTM system has been scalable, resilient and class leading for reliability and granularity of management of information.

The Group's IT infrastructure is in the process of being outsourced to a cloud based "IaaS" provider. However, the Group will maintain certain IT functions in-house such as local desktop support, first line support and oversight of all outsourced arrangements. For further information, see paragraph 13 of this Part 1.

In addition to developing the applications used by the Group in-house, the Group is also responsible for developing the algorithms used by the pricing model, to which it retains the intellectual property rights. For further information, see paragraph 7.2 of this Part 1.

15.6. Insurance

The Group's operations are subject to various potential claims, lawsuits and other proceedings, risks and hazards. The Group has insurance coverage for, among other things, property damage, business interruption and third party liability (including terrorism and in respect of the Group's directors and officers). The Group's business is subject to claims in the ordinary course relating to disputed policyholder insurance claims and other contractual claims.

The Directors believe that the Group's existing insurance coverage, including the limits of indemnity and the conditions pursuant to which such coverage is provided, is reasonable taking into account the cost of the insurance coverage and the potential risks to the Group's business and operations.

15.7. Litigation

Other than litigation in connection with claims under the Group's policies of insurance or other litigation in the ordinary course of its business, the Group is not involved in any significant litigation. For further details, see paragraph 17 of Part 12 (*Additional Information*) of this Prospectus.

15.8. Property and environmental

The Group operates from a single site, known as "Sabre House", in Dorking, Surrey. In 2016, the Group acquired a neighbouring building to provide additional expansion capacity. The properties had an aggregate holding value of £3.4 million as at 30 September 2017.

The Group believes that it does not have any material environmental compliance costs or environmental liabilities.

16. Dividend policy

The Directors intend to adopt a dividend policy based on a targeted payout ratio of 70.0 per cent. of the Group's profit from operations, net of tax. In addition, the Directors intend to periodically distribute

surplus capital through the payment of special dividends, subject to capital not being required for growth or to maintain capital coverage within the Group's target solvency coverage ratio of 140 per cent. to 160 per cent.

The dividend policy reflects the Group's aim of generating sustainable value for Shareholders whilst ensuring that it retains sufficient capital to fund growth and for regulatory purposes as Sabre Insurance is regulated by the PRA and subject to the Solvency II regime.

Assuming that there are sufficient distributable profits available at the time and subject to any regulatory capital requirements, the Directors intend that the Company will pay an interim dividend and a final dividend in respect of each financial year. It is envisaged that interim dividends will be paid in September of each financial year, and that final dividends will be paid in April of the following financial year.

In respect of the financial year ending 31 December 2018 only, the current intention of the Board is that the interim dividend will represent a payout ratio of approximately 70.0 per cent. of the Group's profit from operations, net of tax for the six months ending 30 June 2018 and the final dividend will represent a payout ratio of approximately 70.0 per cent. of the Group's profit from operations, net of tax for the six months ending 31 December 2018.

For future financial years after 2018, the Company intends to adopt a formulaic approach to the interim dividend such that the interim dividend is expected to represent one third of the previous financial year's total dividend (excluding any special dividend).

The Company does not intend to declare a final dividend in respect of the financial year ending 31 December 2017 and may reassess and revise its dividend policy from time to time.

PART 2

REGULATION

The Group's regulated business activities comprise retail motor insurance broking, ancillary services and underwriting carried out in the United Kingdom and are subject to the laws of the constituent parts of the United Kingdom and also regulation imposed by or under FSMA. Sabre Insurance, the Group's operating subsidiary, is authorised by the PRA and regulated by the FCA and the PRA.

1. General

The statutory framework for the regulation of the financial services industry in the United Kingdom is set out in FSMA which requires providers of financial services in the United Kingdom, including insurers, to be authorised and regulated by the relevant regulatory authority. Financial services firms are subject to the authority of one or both of the two UK regulators, the PRA and the FCA, for their prudential supervision. The PRA is responsible for the prudential regulation of all banks, insurers and some designated investment firms. Although the PRA is responsible for the prudential regulation of these firms, they are dual regulated as the FCA regulates their conduct of business and consumer protection. For other financial services firms, including insurance intermediaries, fund managers and investment firms, the FCA is the sole regulator in both prudential and conduct matters.

Sabre Insurance is regulated by both the FCA and PRA. As a dual-regulated firm, Sabre Insurance must comply with the requirements of FSMA as well as the supplementary rules made by the PRA and the FCA under powers granted by FSMA. There are a number of regulatory handbooks, but some important sources of the rules (and accompanying guidance) relevant to the insurance business undertaken by Sabre Insurance include (but are not limited to) the FCA Insurance Conduct of Business Sourcebook, the PRA Rulebook for Solvency II firms as well as the PRA's Fundamental Rules. Sabre Insurance is also required to hold permissions under the UK consumer credit regime, which has been administered by the FCA since 1 April 2014.

2. Solvency II

The Solvency II prudential framework, which has applied in the UK since 1 January 2016, has updated, among other things, the EU life, non-life reinsurance and insurance groups directives. The main aim of the framework is to protect policyholders through establishing prudential requirements better matched to the true risks of the relevant insurance business, taking into account other regulatory objectives of ensuring the financial stability of the insurance industry and stability of the markets. Like the Basel 3 reforms introduced in relation to banks in 2014, the Solvency II approach is based on the concept of three pillars: quantitative requirements (the amounts of regulatory capital an insurer should hold), qualitative requirements on undertakings such as risk management as well as supervisory activities; and enhanced disclosure and transparency requirements.

Solvency II contains rules covering, among other things:

- technical provisions required in respect of insurance and reinsurance liabilities;
- the valuation of assets and liabilities;
- the maintenance of a minimum regulatory capital requirement ("**MCR**") and a higher and more risk sensitive solvency capital requirement ("**SCR**");
- what regulatory capital is eligible to cover technical provisions, the MCR and the SCR, and to what extent specific tiers of capital may so count;
- to what extent a firm's regulatory capital models may be used to calculate the SCR;
- governance requirements, including risk management processes;
- reporting requirements covering (a) matters to be reported privately to the firm's supervisor leading to a full supervisory review process and (b) matters to be published in a public "Solvency and Financial Condition Report";
- rules providing for the SCR to be supplemented by a "regulatory capital add-on" in appropriate cases, with the add-on to be imposed by the relevant supervisor (being the PRA in the case of UK firms); and

- the application of the above requirements across insurance groups, including a specific regime for insurance groups with centralised risk management.

Level 2 rules, which supplement the Solvency II Directive with more detail, were adopted by the European Commission on 10 October 2014 and entered into force on 18 January 2015. On 30 September 2015, the European Commission proposed amendments to these rules as part of its initiative to build a Capital Markets Union. These amendments would, amongst other things, alter certain regulatory capital requirements of Solvency II with the intention of providing insurance companies with incentives to invest for the long-term in infrastructure and European Long-Term Investment Funds. The European Commission's Delegated Regulation making the relevant amendments was published subsequently on 1 April 2016 in the Official Journal of the EU and entered into force on 2 April 2016. In September 2016, the UK House of Commons Treasury Select Committee ("TSC") launched an inquiry into Solvency II which explored the impact of the new regime and the options now available to the UK in the light of the UK's vote in favour of exiting the EU. This inquiry closed on 3 May 2017, when the UK Parliament dissolved for the 2017 General Election. The inquiry cannot be re-opened, but the TSC may choose to hold another inquiry on this subject in the future.

Solvency II provides the Standard Formula for insurance companies and insurance groups to calculate their SCR. However, many insurance companies and insurance groups expect to benefit from using internal models to calculate their SCR (or specific risks or major business units within the SCR), subject to supervisory approval. The process of obtaining that approval is a rigorous one involving a full review of the firm's governance arrangements and proof that the internal modelling is fully used within the firm's business. The PRA may also impose regulatory capital add-ons if it considers that the resultant regulatory capital requirement does not reflect the risk exposures of the relevant firm or insurance group. Sabre Insurance has not adopted an internal model for the purpose of determining its capital under Solvency II. Instead, it has applied the Standard Formula with PRA approval for use of an undertaking specific parameter (known as a "USP") in its underwriting risk module.

3. Insurers

Subject to certain exemptions, no person may carry on insurance business in the UK unless authorised to do so by the PRA (acting with the consent of the FCA). The PRA and the FCA, in deciding whether to grant permission, are required to determine whether the applicant satisfies the threshold conditions set out in Schedule 6 to FSMA to be engaged in insurance business including whether the applicant has and will continue to have appropriate resources, and that it is and will continue to be a fit and proper person having regard to the objectives of the PRA and the FCA (including whether those who manage the applicant's affairs have adequate skills and experience and have acted with probity). A permission to carry on insurance business may also be subject to such additional requirements as the PRA (having consulted the FCA) considers appropriate.

In specific circumstances, the PRA and/or the FCA may vary or cancel an insurer's permission under FSMA to carry on a particular class or classes of business or insurance business generally. Such circumstances include a failure to meet the threshold conditions, or where such action is desirable in order to protect the interests of consumers or potential consumers.

4. Insurance Mediation Directive and Insurance Distribution Directive

On 23 February 2016 the Insurance Distribution Directive ("IDD"), formerly known as the Insurance Mediation Directive II, came into force, and will replace Directive 2002/92/EC ("**Insurance Mediation Directive**"). The Insurance Mediation Directive regulates brokers and other intermediaries selling insurance products. In contrast to the Insurance Mediation Directive, the scope of the IDD is broader and covers all sellers of insurance products, focussing especially on market integration, fair competition between distributors of insurance products and policyholder protection. EU Member States have until 23 February 2018 to transpose the IDD into national law. In the UK, the FCA has issued a number of consultation papers regarding implementing the IDD and its first policy statement setting out formal rules for its implementation of the IDD. The FCA has advised that it intends the new provisions implementing the IDD to come into force by 1 October 2018.

Key features of the IDD are, among other things, mandatory disclosure requirements obliging insurance intermediaries to disclose to their customers the nature of remuneration they receive,

including any contingent commissions, and in case the remuneration is directly payable by the customer the amount of the remuneration, or if the full amount of remuneration cannot be calculated, the basis of its calculation. Insurers carrying out direct sales will be required to comply with information and disclosure requirements and certain conduct of business rules, including a general obligation to act honestly, fairly and professionally in accordance with customers' best interests.

5. Supervision and enforcement

The PRA and the FCA have extensive powers to supervise, investigate and intervene in the affairs of an authorised firm under FSMA. For example, they can require firms to provide information or documents or prepare a "skilled persons" report (powers which are increasingly being used in a wide variety of situations). The PRA and the FCA have the power to take a range of disciplinary enforcement actions, including public censure, imposition of fines, withdrawing authorisation and seeking restitution orders.

The nature and extent of the PRA's supervisory relationship with a firm depends on how much of a risk the PRA considers it could pose to its statutory objectives. The PRA assigns firms to one of five "impact categories", based on its overall assessment of a firm's systemic importance, its proximity to failure, the context in which the firm operates and a bespoke selection of activities which supervisors deploy as they judge necessary. The PRA has assessed Sabre Insurance as a category 4 firm, the second lowest prudential category. The PRA's supervisory interventions focus on reducing the likelihood of a firm failing and on ensuring that if it does fail, it does so in an orderly manner. The PRA uses the Proactive Intervention Framework ("**PIF**") to support early identification of risks to a firm's viability (and enable appropriate supervisory actions to be taken to address such risks if necessary) on the basis of information collected in risk assessments. A firm's position within PIF is reviewed at least annually and in response to relevant material developments. The PRA has no set intervention programmes but may draw on a variety of tools to respond to the risks identified, including intervening at management level and setting additional capital requirements.

The FCA's supervisory approach is built around three pillars. Pillar 1 is Proactive Firm Supervision (also known as the Firm Systematic Framework) which is designed to be a forward-looking assessment of a firm's conduct risk and answer the question "Are the interests of customers and market integrity at the heart of how the firm is run?". This involves business model and strategy analysis that aims to identify the conduct risks that may be inherent in a business model, proactive engagement through meetings with senior management and the reviewing of management information, and "deep dive" reviews into certain areas of the business. Pillar 2 is Event Driven Work where the FCA reacts to what is actually happening at the firm. Pillar 3 relates to Products and Issues, where the FCA carries out thematic reviews and market studies across a particular sector or sectors. In recent years the FCA has been increasing the number of such reviews and studies, as well as broadening their scope.

6. Approved persons

FSMA gives the FCA and the PRA powers and responsibilities over individuals carrying out certain roles for or on behalf of an authorised firm within the UK financial services industry. These roles are described as "controlled functions" and the individuals performing them are described as "approved persons". Approved persons are typically individuals. However, a body corporate can be an approved person, for example, if the body corporate is a director of an authorised firm.

The controlled functions which an approved person performs are functions which have been identified by the FCA and PRA as being key to the operation of the approved persons regime in accordance with the provisions of Part V of FSMA. PRA controlled functions include the "senior insurance management functions" ("**SIMFs**") which are described in paragraph 7 of this Part 2.

All persons performing controlled functions that apply to Sabre Insurance must be approved persons, for example, the chief executive, chief finance, and chairman functions and chairs of the Audit and Risk Committee and the Remuneration Committee. As such, they are subject to ongoing regulatory obligations for which they are personally accountable to the FCA and/or the PRA. They are expected to be fit and proper persons, they must satisfy standards of conduct that are appropriate to the role they perform and, in particular, they must comply with the FCA Code of Conduct sourcebook ("**COCON**").

The FCA and PRA have wide-ranging powers under FSMA to act against relevant persons who fail to satisfy these standards of conduct or who cease to be fit and proper, including withdrawal of their approved status, granting a prohibition order, disciplinary action and/or fines.

7. Senior Insurance Managers Regime

In early 2016 the PRA and the FCA introduced an enhanced individual accountability framework applicable to directors and senior managers of insurance underwriters. This enhanced individual accountability framework is reflected in the PRA's new Senior Insurance Managers Regime ("**SIMR**") and the application of COCON.

The SIMR effectively introduced a new regulatory framework that aims to ensure that all insurance firms have a clear and effective governance structure and to clarify and enhance the accountability and responsibility of individual senior managers and directors. Among other things, it covers: the assessment of the fitness and propriety of senior insurance managers and directors; the allocation of certain responsibilities to senior individuals; the introduction of governance maps, which insurers will need to compile and maintain; and the application of relevant conduct rules to senior individuals. Under SIMR, insurers are required to have one or more persons performing each of the following mandatory SIMFs: chief executive function, chief finance function and chairman function.

The SIMR also introduced regulation governing individuals who are deemed key function holders ("**KFHs**"), but are not SIMF holders. The term "key function holder" derives from Solvency II and is defined by the PRA as "any person who is responsible for discharging a key function". The term "key function" is also derived from Solvency II and includes the risk management, compliance, internal audit and actuarial functions. KFHS that are not performing a SIMF do not require regulatory pre-approval before taking up their posts.

8. Senior Managers and Certification Regime

The Senior Managers and Certification Regime ("**SM&CR**") is an enhanced individual accountability framework introduced by the PRA and the FCA which presently applies to directors and senior managers of banks and PRA investment firms. The FCA has announced that the SM&CR will be extended in the future to apply to all FCA authorised firms, including small, non-Directive insurers (that is, those not already caught by SIMR) and insurance brokers, and will replace the approved person regime. SIMR, which presently applies to insurers, will be amended to conform with the SM&CR rules and align the requirements with those already in place for banks and PRA investment firms and the rules as they will be extended for all FCA authorised firms. The FCA and PRA have issued a number of consultation papers and policy statements on this matter in 2017, with final proposals expected to become effective from late 2018 although the exact date is yet to be confirmed. This is likely to require Sabre Insurance to undertake work to prepare for any such revisions to the individual accountability framework.

9. Consumer complaints and compensation

Any complaints that customers may have with Sabre Insurance, which are not successfully resolved to the customer's satisfaction may be dealt with by the FOS. The FOS operates independently of the PRA and FCA and deals with disputes for certain categories of complaints made by customers against UK authorised persons.

The Financial Services Compensation Scheme ("**FSCS**"), established under FSMA, provides compensation to certain categories of customers who suffer losses as a consequence of the inability of a UK regulated firm to meet its liabilities arising from claims made in connection with regulated activities.

The Motor Insurers' Bureau ("**MIB**") was set up in 1946 to provide a way of compensating the victims of uninsured or untraced motorists. Every insurance company underwriting compulsory motor insurance is obliged, by virtue of the Road Traffic Act 1988, to be a member of the MIB and to contribute to its funding. The amount that each member contributes is calculated by means of a formula and is relative to the level of gross premium income generated by the member.

10. Financial crime

One of the FCA's statutory objectives is to protect and enhance the integrity of the UK financial system and the FCA is under a duty to consider the importance of minimising the risk of the firms it regulates being used for financial crime. As part of this, it will consider the measures a firm takes to monitor, detect, and prevent financial crime, including measures in respect of money laundering, terrorist financing, data security, bribery and corruption, fraud and sanctions breaches.

FSMA authorised firms are required to undertake certain administrative procedures and checks, which are designed to prevent money laundering. The FCA's Senior Management Arrangements, Systems and Controls Sourcebook ("**SYSC**") contains rules which require firms to take reasonable care to establish and maintain effective systems and controls for countering the risk that the firm might be used to further financial crime. For these purposes, financial crime includes any offence involving fraud or dishonesty, misconduct in, or misuse of information relating to, a financial market or handling the proceeds of crime, as well as bribery and corruption offences.

11. Data protection and the General Data Protection Regulation

Data protection law in the UK is governed by the Data Protection Act 1998 ("**DPA**") which implements the European Parliament and the European Council's personal data directive (Directive 95/46/EC). The DPA will be replaced in May 2018 by the General Data Protection Regulation (Regulation (EU) 2016/679) ("**GDPR**").

The GDPR is likely to have a significant impact on organisations which hold and process personal data. It introduces significant changes to data protection law across the EU, looking to strengthen the rights of individuals over their data and enhance the requirements on organisations to protect that data.

The GDPR will introduce a number of significant changes, including new overarching principles of "privacy by design" and "accountability" meaning data controllers will be required to implement appropriate technical and organisational measures to ensure, and be able to demonstrate, that processing of personal data takes place in accordance with GDPR. It also retains and adds to some existing requirements, including restrictions on transfers of personal data outside the EEA and the requirement to include specific data protection provisions in agreements with data processors.

The GDPR makes some changes to the mechanism for obtaining consent from individuals to the processing of their personal data. Where consent is relied upon as a legal basis for processing individuals' personal data, such consent will, under the GDPR, have to be a "freely given, specific, informed and unambiguous indication of the data subject's wishes by which he or she, by a statement or by a clear affirmative action, signifies agreement to the processing of personal data relating to him or her". This is a much higher threshold than under the DPA and requires, among other things, that the individual must be able to refuse to give consent without detriment, must be able to withdraw consent easily at any time and should be fully informed about how their data will be processed and by whom. Any request for consent must be unbundled from other terms and conditions and the data controller must be able to demonstrate that consent was given.

The GDPR increases the sanctions for non-compliance, with the ability for supervisory authorities to impose fines of up to the higher of (a) €20 million; and (b) four per cent. of annual worldwide turnover for the preceding financial year for certain infringements, such as unlawful data transfer outside of the EEA.

The GDPR will take effect in the UK prior to the finalisation of the UK's exit from the EU but is expected to be implemented into UK law by the European Union (Withdrawal) Bill and to be supplemented by the new Data Protection Bill, which will replace the current DPA. The Group is taking steps designed to ensure that it is in compliance with the GDPR when it comes into force in May 2018.

PART 3

DIRECTORS, SENIOR MANAGERS AND CORPORATE GOVERNANCE

1. Directors and Senior Managers

1.1. Directors

The following table sets out the name, age and position of each Director.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Patrick Snowball	67	Non-Executive Chairman
Geoff Carter	48	Chief Executive Officer
Adam Westwood	34	Chief Financial Officer
Catherine Barton	43	Independent Non-Executive Director
Ian Clark	57	Independent Non-Executive Director
Rebecca Shelley	52	Independent Non-Executive Director
Matthew Tooth	42	Non-Executive Director

The Directors and their principal functions within the Group, together with a brief description of their business experience and principal business activities outside the Group, are set out below. Each of the Directors has a business address at the Company's registered office.

Patrick Snowball (*Non-Executive Chairman*)

Mr. Snowball has been an independent non-executive director of the Group since July 2017 and was appointed as Chairman in November 2017. Prior to joining the Group, he was Chief Executive Officer of Suncorp Group Limited, a ASX20 Australian financial services group, from 2009 until 2015. Mr. Snowball was a non-executive director of Jardine Lloyd Thompson Group plc from 2008 to 2009 and was Deputy Chairman at Towergate Partnership between 2007 and 2009. Prior to that, he was Group Executive Director at Aviva plc from 2001 until 2007 (as well as holding various other positions in the Aviva group and its predecessor companies). He holds a LL.D from the University of East Anglia and a Masters degree in History and Economics from the University of Oxford.

Geoff Carter (*Chief Executive Officer*)

Mr. Carter joined the Group as Chief Operating Officer in November 2015 and was appointed Chief Executive Officer in May 2017. Prior to joining the Group, he was Chief Executive Officer of Tesco Underwriting Limited and has over 20 years' experience in managing insurance operations. Prior to that, Mr. Carter was employed by Ageas Insurance UK as Managing Director of Ageas Insurance Solutions Limited. He also spent seven years at Churchill Insurance, both prior to and following its acquisition by Royal Bank of Scotland plc ("RBS"), and was subsequently seconded to TescoCompare.com to launch a joint venture between Tesco plc and RBS. He is a Chartered Insurer and holds a Master of Business Administration degree from Sheffield Business School and a Postgraduate Diploma in Marketing from the Chartered Institute of Marketing.

Adam Westwood (*Chief Financial Officer*)

Mr. Westwood has been Chief Financial Officer of the Group since August 2016. Mr. Westwood joined the Group as Financial Controller in February 2014. Prior to joining the Group, he was employed at Ernst & Young LLP within the insurance audit team from 2006. Mr. Westwood is a chartered accountant who qualified in September 2009. He holds a BSc (Hons) degree in Physics and Business Studies from the University of Warwick.

Catherine Barton (*Independent Non-Executive Director*)

Ms. Barton was appointed as an independent non-executive director of the Company in October 2017. Ms. Barton began her career with Bacon & Woodrow, becoming a fellow of the Institute of Actuaries in 1999, before moving to Deloitte LLP, where she became a partner in 2005 and led the UK and overseas markets retail insurance actuarial team. Between 2010 and 2015, she was a partner within

the general insurance actuarial team of Ernst & Young LLP. Ms. Barton is currently the Commercial & Finance Director of the UK market unit of Bupa, a post she has held since 2015 and will take on the role of General Manager for Bupa Dental Care within the UK from 1 January 2018. She holds a MA (Hons) degree in Mathematics from the University of Oxford.

Ian Clark (*Independent Non-Executive Director*)

Mr. Clark was appointed as an independent non-executive director of Sabre Insurance in May 2014 and an independent non-executive director of the Company on its incorporation. Mr. Clark is Chairman of the Broker Network Limited and also Chairman of Mighty Quin Consulting Limited, a company through which he provides strategic advice within the insurance industry. He is also a non-executive director of Pioneer Underwriters Limited and Vigilis Holdings Limited, each of which is an independent Managing General Agent. A chartered accountant, Mr. Clark was a partner at Deloitte LLP between 2001 and 2014, where he led the Strategy and Corporate Finance practice for the insurance sector. Prior to that, he was an Insurance Partner at Bacon & Woodrow, during which time he spent three years as an independent UK Government appointee on the Insurance Brokers Registration Council, then the regulator of insurance brokering in the UK. Mr. Clark’s early career was spent as a partner at Arthur Anderson and its predecessor firms where he specialised in auditing clients in the insurance industry.

Rebecca Shelley (*Independent Non-Executive Director*)

Ms. Shelley was appointed as an independent non-executive director of the Company in October 2017. Previously, Ms. Shelley was Investor Relations and Corporate Communications Director at Norwich Union plc before moving to Prudential plc where she held a number of senior positions, including Group Communications Director. From 2012 to 2016, Ms. Shelley was the Group Communications Director of Tesco plc and during this time also held positions on the board of the British Retail Consortium and as a trustee of the Institute of Grocery Distribution. Ms. Shelley is currently Group Corporate Affairs Director, and a member of the Global Executive Committee, of TP ICAP plc. Ms. Shelley is a non-executive director of The Game and Wildlife Conservation Trust and The Grange Festival, positions she has held since July 2016 and April 2016, respectively. She holds a BA (Hons) in Philosophy and Literature from the University of Warwick and a MBA in International Business and Marketing from Cass Business School.

Matthew Tooth (*Non-Executive Director*)

Mr. Tooth was appointed as a non-executive director of Sabre Insurance in September 2016 and a non-executive director of the Company on its incorporation. Mr. Tooth is a managing partner of BC Partners, a pan-European private equity house. Prior to joining BC Partners in 2013, Mr. Tooth spent nine years at Blackstone, most recently as a managing director, and six years at Credit Suisse in their European sponsor coverage/leverage finance and mergers and acquisitions groups. He holds a degree in Economics from the University of Exeter.

1.2. Senior Managers

The following table sets out the name, age and position of each Senior Manager of the Group.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Trevor Webb	52	Claims Director
James Ockenden	37	Chief Actuary

Each of the Senior Managers has a business address at the Company’s registered office.

Trevor Webb

Mr. Webb was appointed as the Claims Director of Sabre Insurance in March 2010. Prior to joining the Group, he was the claims director and underwriting director at Principal Insurance Company Limited. He has over 25 years’ experience in claims management and has held positions at Zenith Insurance plc, Liverpool Victoria Friendly Society and Lloyds.

James Ockenden

Mr. Ockenden has been a director of Sabre Insurance since September 2016. He joined the Group as Deputy Chief Actuary in April 2013 and was promoted to Chief Actuary in September 2015.

Prior to joining the Group, Mr. Ockenden was previously employed by AXA as Head of Motor Pricing. He holds a BSc (Hons) degree in Mathematics and Statistics with Management from Brunel University and an MSc in Medical Statistics from Lancaster University.

2. Corporate governance

The Corporate Governance Code sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders. The Corporate Governance Code recommends that at least half the board of directors of a UK listed company (excluding the chairman) should comprise “independent” non-executive directors, being individuals determined by the board to be independent in character and judgement and free from relationships or circumstances which are likely to affect, or could appear to affect, the directors’ judgement.

The Board is comprised of four independent Non-Executive Directors, being Patrick Snowball (who was considered independent at the date of his appointment as Chairman), Catherine Barton, Ian Clark and Rebecca Shelley, two Executive Directors, Geoff Carter and Adam Westwood, and one Non-Executive Director, Matthew Tooth, who is not deemed to be independent for the purposes of the Corporate Governance Code as a result of being a managing partner of BC Partners, an adviser to the Major Shareholder.

The Corporate Governance Code recommends that the Board should appoint one of its independent non-executive directors to be the senior independent director (the “SID”). The SID should be available to Shareholders if Shareholders have concerns that the normal channels of Chairman, Chief Executive Officer or Chief Financial Officer have failed to resolve or for which such channels of communication are inappropriate. As at the date of this Prospectus, the Company had not appointed a SID. The Board expects that a SID, with appropriate skills and experience, will be appointed following Admission.

The Board has established an Audit and Risk Committee, a Remuneration Committee and a Nomination Committee in accordance with the Corporate Governance Code. Additionally, the Board has established a Disclosure Committee. Each Committee and each Director has the authority to seek independent professional advice (at the expense of the Company) where necessary to discharge their respective duties.

The Board is committed to the highest standards of corporate governance. As at the date of this Prospectus, the Company does not fully comply with the Corporate Governance Code because until Admission the Corporate Governance Code has not applied, and will not apply, to the Company. With effect from Admission, the Company will be substantially but not fully compliant with the Corporate Governance Code as it will be seeking to appoint a SID. The Company intends to comply with the Corporate Governance Code no later than the first anniversary of Admission.

3. The Committees

3.1 Audit and Risk Committee

The purpose of the Audit and Risk Committee is to (a) assist the Board in fulfilling its responsibilities in relation to financial reporting, including reviewing the Group’s annual and half year financial statements and accounting policies, overseeing internal and external audits and controls, reviewing and monitoring the scope of the annual audit and the extent of the non-audit work undertaken by the external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the internal audit, internal controls, and whistleblowing and fraud systems in place within the Group; and (b) provide oversight and advice to the Board in relation to risk management systems, risk appetite, strategy and exposure, and review and approve risk assessment and reporting processes within the Group. The Audit and Risk Committee will normally meet at least four times a year.

The members of the Audit and Risk Committee are Patrick Snowball, Catherine Barton, Ian Clark and Rebecca Shelley. It is intended that one of the Company’s independent Non-Executive Directors will, subject to receipt of the appropriate PRA approvals, chair the Committee. The Corporate Governance Code recommends that all members of the Audit and Risk Committee be non-executive directors, independent in character and judgement and free

from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgement. The Corporate Governance Code also recommends that one member of the committee has significant, recent and relevant financial experience and one member has significant, recent and relevant risk management experience. The Board considers that the Company complies with these recommendations of the Governance Code.

3.2. Remuneration Committee

The Remuneration Committee has responsibility for setting the Group's remuneration policy including executive remuneration, share arrangements, all employee share plans, bonus plans and pensions. The Remuneration Committee sets the levels of remuneration of the Executive Directors and the Chairman and other senior executives and prepares an annual remuneration report for approval by the Shareholders at the Company's annual general meeting. The Remuneration Committee will normally meet at least twice a year.

The Remuneration Committee is chaired by Rebecca Shelley and its other members are Patrick Snowball, Catherine Barton and Ian Clark. The Corporate Governance Code recommends that all members of the Remuneration Committee be non-executive directors, independent in character and judgement and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgement. The Board considers that the Company complies with this recommendation of the Corporate Governance Code.

3.3. Nomination Committee

The Nomination Committee assists the Board in reviewing the structure, size and composition of the Board. It is responsible for reviewing succession plans for the Directors, including the Chairman and other senior executives. The Nomination Committee will normally meet at least twice a year.

The Nomination Committee is chaired by Patrick Snowball and its other members are Catherine Barton, Ian Clark and Rebecca Shelley. The Corporate Governance Code recommends that a majority of the Nomination Committee be non-executive directors, independent in character and judgement and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgement. The Board considers that the Company complies with this recommendation of the Corporate Governance Code.

3.4. The Disclosure Committee

The Disclosure Committee assists the Board in discharging its obligations under the Listing Rules, the Disclosure Guidance and Transparency Rules and MAR with regard to the disclosure of inside information. The Disclosure Committee will meet at such times as it deems necessary in order to assist with the Board's compliance with the Listing Rules, the Disclosure Guidance and Transparency Rules and MAR.

As the Disclosure Committee may be required to convene on short notice, each Director is a member. Patrick Snowball is expected to chair meetings of the Disclosure Committee as Chairman of the Company. The quorum of the Disclosure Committee is two Directors. In the event that Patrick Snowball does not attend a meeting of the Disclosure Committee, it shall be chaired by any Director present.

4. Share dealing code

The Company has adopted, with effect from Admission, a share dealing code in relation to the Ordinary Shares. The share dealing code is consistent with MAR (and the rules made thereunder). The code will apply to the Directors, other persons discharging managerial responsibilities within the Group and certain other employees of the Group.

5. Relationship Agreement

The Company is party to the Relationship Agreement, further details of which are set out in paragraph 14.6 of Part 12 (*Additional Information*) of this Prospectus.

PART 4

SELECTED FINANCIAL INFORMATION

1. CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF THE GROUP

1.1 Information extracted from the consolidated historical financial information of the Group

The tables below set out selected financial information of Barbados Topco Limited and its subsidiaries as at and for the years ended 31 December 2014, 2015 and 2016 and as at and for the nine month periods ended 30 September 2016 and 2017. The selected financial information of the Group as at and for the periods ended 31 December 2014, 2015 and 2016 and 30 September 2017 has been audited. The selected financial information of the Group as at and for the period ended 30 September 2016 has not been audited.

The selected financial information set out below has been extracted without material adjustment from the consolidated historical financial information of the Group set out in Part 7 (*Historical Financial Information*) of this Prospectus and has been prepared on the basis described in the notes to the consolidated historical financial information of the Group in Part 7 (*Historical Financial Information*) of this Prospectus.

Prospective investors should read the whole of this Prospectus and not just rely on the selected financial information set out in the tables below. In particular, the selected financial information set out below should be read in conjunction with Part 5 (*Operating and Financial Review*) and Part 7 (*Historical Financial Information*) of this Prospectus.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December			Nine months ended 30 September	
	2014 £'000	2015 £'000	2016 £'000	2016 (unaudited) £'000	2017 £'000
Gross earned premium	142,659	162,998	191,773	142,674	149,843
Reinsurance premium ceded	(10,618)	(11,373)	(9,666)	(6,471)	(11,263)
Net earned premium	132,041	151,625	182,107	136,203	138,580
Investment return	2,232	919	3,478	3,712	(1,224)
Instalment income	2,660	3,054	3,433	2,574	2,798
Other operating income	2,105	1,624	2,242	1,548	1,560
Total income	139,038	157,222	191,260	144,037	141,714
Insurance claims	(47,609)	(86,161)	(112,245)	(71,544)	(134,121)
Insurance claims recoverable from reinsurers	(4,599)	4,307	19,524	(28)	63,241
Net insurance claims	(52,208)	(81,854)	(92,721)	(71,572)	(70,880)
Commission expenses	(13,793)	(17,096)	(16,349)	(12,789)	(13,619)
Operating expenses	(16,272)	(14,462)	(17,139)	(11,058)	(10,480)
Total expenses	(30,065)	(31,558)	(33,488)	(23,847)	(24,099)
Operating profit	56,765	43,810	65,051	48,618	46,735
Exceptional items	—	—	—	—	(1,821)
Amortisation of intangible assets	(8,731)	(3,100)	(1,619)	(1,214)	(665)
Profit before tax	48,034	40,710	63,432	47,404	44,249
Tax charge	(10,829)	(6,680)	(11,139)	(8,254)	(8,561)
Profit from operations, net of tax	37,205	34,030	52,293	39,150	35,688
Profit for the period attributable to the owners of the company	37,205	34,030	52,293	39,150	35,688

	Year ended 31 December			Nine months ended 30 September	
	2014 £'000	2015 £'000	2016 £'000	2016 (unaudited) £'000	2017 £'000
Other Comprehensive Income					
Items that will not be reclassified to profit and loss:					
Revaluation gain on owner- occupied property	200	700	—	—	—
Tax charge on other comprehensive income	(43)	(142)	—	—	—
Total other comprehensive income for the period	157	558	—	—	—
Total comprehensive income for the period attributable to the owners of the company	37,362	34,588	52,293	39,150	35,688
Earnings per share:					
Earnings per share attributable to ordinary shareholders (£)	0.63	0.55	0.95	0.71	0.65

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December			As at 30 September	
	2014 £'000	2015 £'000	2016 £'000	2016 (unaudited) £'000	2017 £'000
Assets					
Goodwill	156,279	156,279	156,279	156,279	156,279
Intangible assets	6,107	3,007	1,388	1,793	723
Property, plant and equipment	2,383	3,017	4,034	4,041	3,924
Reinsurance assets	33,732	34,947	51,529	34,761	119,251
Deferred tax assets	15	6	—	—	18
Deferred acquisition costs	13,111	14,834	14,028	14,617	15,607
Insurance and other receivables	25,822	32,844	37,042	39,782	46,139
Prepayments, accrued income and other assets	2,472	2,184	2,166	1,290	1,295
Financial investments	143,239	177,354	234,290	185,404	231,120
Cash and cash equivalents	74,580	70,840	10,492	66,690	30,249
Total assets	457,740	495,312	511,248	504,657	604,605
Equity					
Ordinary shares	43,927	45,064	45,396	45,396	45,396
Preference shares	202,719	202,719	202,719	202,719	202,719
Retained earnings	(37,260)	(31,684)	(35,299)	(28,039)	(29,335)
Total Equity	209,386	216,099	212,816	220,076	218,780
Liabilities					
Insurance liabilities	147,425	160,264	182,941	165,374	247,471
Unearned premium reserve	75,424	92,679	97,525	100,618	112,708
Trade and other payables including insurance payables	15,871	18,354	9,108	8,133	14,704
Deferred tax liabilities	—	—	5	5	—
Current tax liabilities	5,136	2,609	3,077	3,803	2,262
Accruals and deferred income	4,498	5,307	5,776	6,648	8,680
Total liabilities	248,354	279,213	298,432	284,581	385,825
Total equity and liabilities	457,740	495,312	511,248	504,657	604,605

CONSOLIDATED STATEMENT OF CASH FLOW

	Year ended 31 December			Nine months ended 30 September	
	2014 £'000	2015 £'000	2016 £'000	2016 (unaudited) £'000	2017 £'000
Net cash generated from operating activities before investment of insurance assets	19,149	57,113	49,816	36,042	46,810
Cash generated from/(used by) investment of insurance assets	57,639	(32,793)	(52,813)	(3,298)	2,741
Net cash generated from/(used by) operating activities	76,788	24,320	(2,997)	32,744	49,551
Cash flows from investing activities					
Purchase of subsidiary undertaking	(245,485)	—	—	—	—
Net cash acquired with subsidiary undertaking	66,469	—	—	—	—
Purchase/(disposals) of property, plant and equipment	1,618	(185)	(1,775)	(1,721)	(70)
Net cash used by investing activities	(177,398)	(185)	(1,775)	(1,721)	(70)
Cash flows from financing activities					
Issue of ordinary share capital	43,927	1,137	532	532	—
Redemption of ordinary share capital	—	—	(200)	(200)	—
Issue of preference share capital	202,719	—	—	—	—
Preference dividends paid	(10,108)	(10,247)	(10,219)	(7,553)	(7,386)
Ordinary dividends paid	(61,452)	(18,765)	(45,689)	(27,952)	(22,338)
Net cash generated from/(used by) financing activities	175,086	(27,875)	(55,576)	(35,173)	(29,724)
Net increase/(decrease) in cash and cash equivalents	74,476	(3,740)	(60,348)	(4,150)	19,757
Cash and cash equivalents at the beginning of the period	104	74,580	70,840	70,840	10,492
Cash and cash equivalents at the end of the period	74,580	70,840	10,492	66,690	30,249

1.2. Information derived from the consolidated historical financial information

The table below sets out information derived from the consolidated historical financial information of the Group set out in Part 7 (*Historical Financial Information*) of this Prospectus.

Year ended 31 December	Ultimate loss ratio as at 31 December 2016 ⁽¹⁾	Ultimate loss ratio as at the end of each accident year ⁽²⁾	Dividend payout ratio ⁽³⁾	Average in force policies (000s)
2014	46.2%	56.5%	146.5%	229
2015	56.6%	64.2%	78.1%	265
2016	58.5%	58.5%	103.7%	325

Notes:

- (1) Ultimate loss ratio is calculated for a given accident year as the actuarial estimate of the total cost of claims relating to a particular accident year net of reinsurance recoveries, divided by the premium earned in that particular accident year net of the reinsurance charges in respect of the premium earned in that particular accident year. In each case, the ultimate loss ratio is calculated as at 31 December 2016.
- (2) Ultimate loss ratio is calculated for a given accident year as the actuarial estimate of the total cost of claims relating to a particular accident year net of reinsurance recoveries, divided by the premium earned in that particular accident year net of the reinsurance charges in respect of the premium earned in that particular accident year. In each case, the ultimate loss ratio is calculated as at the end of the given accident year.
- (3) The dividend payout ratio is calculated as dividends paid divided by adjusted profit after tax expressed as a percentage.

1.3. Operating profit generated from underwriting

The Group's operating profit generated from underwriting is measured as net earned premium less total expenses less net insurance claims. In the year ended 2016, the Group had net earned premium of £182.1 million, total expenses of £33.5 million and net insurance claims of £92.7 million, resulting in operating profit generated from underwriting of £55.9 million.

2. KEY PERFORMANCE INDICATORS

The Group reviews a number of key performance indicators ("KPIs") to track the financial and operating performance of its business. These measures are derived from the Group's internal operating and financial systems. Although the KPIs, other than those determined by reference to the SCR, are derivable from IFRS they are not determined in accordance with IFRS and may not be comparable with other similarly titled measures of performance of other companies. The KPIs should not be considered as substitutes for, or superior to, measures calculated and presented in accordance with IFRS or those calculated using financial measures that are calculated in accordance with IFRS.

Gross written premium

The Group's gross written premium ("GWP") is the amount of premium written by the Group in a particular period irrespective of the period of risk for the Group in respect of the related policies.

The following table sets out a reconciliation of GWP to gross earned premium for each of the periods shown.

	Year ended 31 December			Nine months ended 30 September	
	2014 £'000	2015 £'000	2016 £'000	2016 (unaudited) £'000	2017 £'000
Gross earned premium	142,659	162,998	191,773	142,674	149,843
Movement in unearned premium reserve	6,615	17,255	4,846	7,939	15,183
Gross written premium	149,274	180,253	196,619	150,613	165,026

Loss ratio

The Group's loss ratio measures net insurance claims, less claims handling expenses, relative to NEP, expressed as a percentage. For a description of how net insurance claims are measured, see paragraph 6.9 of Part 5 (*Operating and Financial Review*).

The following table sets out the calculation of loss ratio for each of the periods shown.

	Year ended 31 December			Nine months ended 30 September	
	2014 £'000	2015 £'000	2016 £'000	2016 (unaudited) £'000	2017 £'000
Net insurance claims	(52,208)	(81,854)	(92,721)	(71,516)	(70,880)
Claims handling expenses	4,585	4,885	5,878	5,920	5,897
	(47,623)	(76,969)	(86,843)	(65,596)	(64,983)
Net earned premium	132,041	151,625	182,107	136,203	138,580
Loss ratio	36.1%	50.8%	47.7%	48.2%	46.9%

Expense ratio

The Group's expense ratio is a measure of total expenses (which comprises commission expenses and operating expenses), plus claims handling expenses, less exceptional expenses which do not relate to the Group's underlying performance (such as fees incurred in connection with acquisitions or capital markets transactions), relative to NEP, expressed as a percentage.

The following table sets out the calculation of the expense ratio for each of the periods shown.

	Year ended 31 December			Nine months ended 30 September	
	2014 £'000	2015 £'000	2016 £'000	2016 (<i>unaudited</i>) £'000	2017 £'000
Total expenses	30,065	31,558	33,488	23,847	24,099
Claims handling expenses	4,585	4,885	5,878	5,920	5,897
Exceptional expenses ⁽¹⁾	(2,920)	—	—	—	—
	31,730	36,443	39,366	29,767	29,996
Net earned premium	132,041	151,625	182,107	136,203	138,580
Expense ratio	24.0%	24.0%	21.6%	21.9%	21.6%

Note:

(1) These exceptional expenses relate to legal and professional fees incurred in relation to the purchase of Binomial Group Limited by Barbados Topco Limited.

Combined ratio

The Group's combined ratio is the ratio of total expenses (which comprises commission expenses and operating expenses), plus net insurance claims less exceptional expenses which do not relate to the Group's underlying performance (such as fees incurred in connection with acquisitions or capital markets transactions), relative to NEP, expressed as a percentage. The Group uses the combined ratio to evaluate overall underwriting profitability. A combined ratio below 100 per cent. is indicative of an underwriting profit (without taking into account investment return or any income from insurance premium instalment financing or other operating income). The Group seeks to achieve a combined ratio of 80 per cent. or better on all business underwritten.

The following table sets out the calculation of the combined ratio for each of the periods shown.

	Year ended 31 December			Nine months ended 30 September	
	2014 £'000	2015 £'000	2016 £'000	2016 (<i>unaudited</i>) £'000	2017 £'000
Total expenses	30,065	31,558	33,488	23,847	24,099
Net insurance claims	52,208	81,854	92,721	71,572	70,880
Exceptional expenses ⁽¹⁾	(2,920)	—	—	—	—
	79,353	113,412	126,209	95,419	94,979
Net earned premium	132,041	151,625	182,107	136,203	138,580
Combined ratio	60.1%	74.8%	69.3%	70.1%	68.5%

Note:

(1) These exceptional expenses relate to legal and professional fees incurred in relation to the purchase of Binomial Group Limited by Barbados Topco Limited.

Adjusted profit after tax

The Group's adjusted profit after tax measures profit from operations, net of tax, adjusted to offset the effect of amortisation of intangible assets and exceptional expenses which do not relate to the Group's underlying performance (such as fees incurred in connection with acquisitions or capital markets transactions).

The following table sets out a reconciliation of adjusted profit after tax to profit from operations, net of tax for each of the periods shown.

	Year ended 31 December			Nine months ended 30 September	
	2014 £'000	2015 £'000	2016 £'000	2016 (unaudited) £'000	2017 £'000
Profit from operations, net of tax	37,205	34,030	52,293	39,150	35,688
Amortisation of intangible assets ⁽¹⁾	8,731	3,100	1,619	1,214	665
Exceptional items ⁽²⁾	—	—	—	—	1,821
Exceptional expenses ⁽³⁾	2,920	—	—	—	—
Adjusted profit after tax	48,856	37,130	53,912	40,364	38,174

Notes:

- (1) In connection with the acquisition of Binomial Group Limited by Barb Bidco Limited in 2014, the Group recognised an intangible asset comprising the expected renewals on the Direct Brands' book of business which was acquired as part of that acquisition. This asset was originally recognised at fair value at the date of acquisition and is being amortised over a five year period.
- (2) The exceptional items relate to legal and professional fees incurred in connection with the Offer.
- (3) These exceptional expenses relate to legal and professional fees incurred in relation to the purchase of Binomial Group Limited by Barbados Topco Limited.

Solvency coverage ratio

Prior to Admission, Sabre Insurance is required to maintain regulatory capital at least equal to its SCR and following Admission, the Company is also required to ensure Sabre Insurance meets this obligation. The SCR is calculated based upon the risks presented by the Group's operations and the various elements of its balance sheet. Generally, should the Group undertake activities or hold investments which are of greater inherent risk than it does currently (such as holding equities rather than UK Government securities), its SCR would increase and therefore the Group would be required to retain additional capital. This might cause the Group to take certain actions (for example, reducing dividend payments) or make certain strategic decisions (for example, ceasing to underwrite certain risks) that it might not make if those capital requirements were not in place. The Group's solvency coverage ratio is the ratio of the Group's regulatory capital in a particular period to its SCR for the same period, expressed as a percentage. The Solvency II prudential framework has applied in the UK since 1 January 2016. Accordingly, the Group does not report its solvency coverage ratio for periods ended before 31 December 2016. For further information regarding the calculation of the Group's SCR, see paragraph 5 of Part 5 (*Operating and Financial Review*) of this Prospectus.

Return on SCR

The ability to generate profits while maintaining risk at an appropriate level is an important part of the Group's strategy and the Directors believe that return on SCR is an appropriate quantification of how successful the Group is in achieving this strategy.

Return on SCR is measured as the ratio of the Group's adjusted profit after tax for a particular financial year to its SCR at the end of the relevant financial year, expressed as a percentage.

The Solvency II prudential framework has applied in the UK since 1 January 2016. Accordingly, the Group does not report its return on SCR for periods ended before 31 December 2016. For further information regarding the Group's SCR, see paragraph 5 of Part 5 (*Operating and Financial Review*) of this Prospectus.

3. CERTAIN HISTORICAL OPERATIONAL AND FINANCIAL DATA AND RATIOS

This Prospectus contains certain information (including averages and compound annual growth rates) which is calculated by reference to periods prior to 1 January 2014 (being the date from which historical financial information is set out in Part 7 (*Historical Financial Information*) of this Prospectus). The table below sets out selected consolidated financial information of the Group as at and for the years ended 31 December 2006, 2007, 2008, 2009, 2010, 2011, 2012 and 2013. The selected

financial information set out below has been extracted or derived from the Group's audited UK GAAP accounts.

<u>Year ended 31 December</u>	<u>GWP (£m)</u>	<u>Combined ratio⁽¹⁾</u>	<u>Ultimate loss ratio as at 31 December 2016⁽²⁾</u>	<u>Ultimate loss ratio as at the end of each accident year⁽³⁾</u>	<u>Profit after tax (£m)</u>	<u>Dividend (£m)</u>	<u>Dividend payout ratio⁽⁴⁾</u>	<u>Average in force policies (000s)</u>
2006	67.3	77.0%	55.0%	75.4%	13.4	9.0	67.2%	98
2007	80.8	80.4%	62.4%	72.3%	15.2	10.6	69.7%	131
2008	87.0	82.7%	60.8%	70.6%	14.8	20.4	137.8%	145
2009	99.1	64.8%	63.4%	59.8%	28.0	24.8	88.6%	178
2010	156.9	79.7%	56.8%	52.6%	18.6	12.5	67.2%	203
2011	170.1	83.7%	49.5%	60.1%	18.2	15.5	85.2%	216
2012	150.5	77.0%	48.7%	58.9%	29.7	28.3	95.3%	215
2013	140.0	62.1%	41.7%	55.8%	43.4	22.5	51.8%	212

Notes:

- (1) Under UK GAAP, the combined ratio is calculated as (claims incurred, net of reinsurance plus net operating expenses) divided by earned premium, net of reinsurance expressed as a percentage.
- (2) Under UK GAAP, the ultimate loss ratio is calculated for a given accident year as the best estimate of the net cost of claims incurred during that year divided by NEP in that year. In each case, the ultimate loss ratio is calculated as at 31 December 2016.
- (3) Under UK GAAP, the ultimate loss ratio is calculated for a given accident year as the best estimate of the net cost of claims incurred during that year divided by NEP in that year. In each case, the ultimate loss ratio is calculated as at the end of the given accident year.
- (4) Under UK GAAP, the dividend payout ratio is calculated as ordinary dividends paid divided by profit after tax expressed as a percentage.

PART 5

OPERATING AND FINANCIAL REVIEW

This Part 5 should be read in conjunction with the section entitled “Risk Factors”, Part 1 (Information about the Group), Part 4 (Selected Financial Information), Part 7 (Historical Financial Information) of this Prospectus and the other information contained in this Prospectus. Prospective investors should read the entire Prospectus and not just rely on the information set out in this Part 5.

The following discussion of the Group’s results of operations and financial condition contains forward-looking statements. The Company’s actual results could differ materially from those that it discusses in these forward-looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this Prospectus, particularly in the sections entitled “Risk Factors” and “Presentation of Financial and Other Information”.

References in this Part 5 to the “periods under review” are to the financial years ended 31 December 2014, 2015 and 2016 and the nine month periods ended 30 September 2016 and 2017.

The Company was incorporated recently and has no historical operations of its own. Therefore, this Prospectus does not present any standalone, unconsolidated historical financial information for the Company. The consolidated historical financial information included in Part 7 (Historical Financial Information) of this Prospectus is the consolidated historical financial information of Barbados Topco Limited. The Company has agreed to acquire the entire issued share capital of Barbados Topco Limited conditional upon and with effect from Admission pursuant to the terms of the Exchange Agreement.

1. Overview

The Group is a UK private motor insurance underwriter, founded in 1982, with a track record of market leading underwriting performance, controlled and attractive growth and cash generation. The Group generated GWP of £196.6 million for the year ended 31 December 2016 and had an average of approximately 325,000 in force policies during that period. The Group has a focus on generating profit from its underwriting activities with approximately 86 per cent. of operating profit generated from underwriting in the year ended 31 December 2016, low earnings contribution from investment, instalment and ancillary income. Policies are distributed via a diversified multi-channel distribution network encompassing both insurance brokers (accounting for approximately 70 per cent. of GWP in the year ended 31 December 2016) and Direct Brands (accounting for approximately 30 per cent. of GWP in the year ended 31 December 2016). The Group has a low risk appetite and uses a conservative investment strategy, utilising excess of loss reinsurance and consistent reserving. The Group employs a team of approximately 150 individuals operating from a single owned site in Dorking, Surrey, supported by third party providers performing selected outsourced functions.

2. Significant factors affecting the Group’s results of operations

The Group’s results of operations depend to a large extent on each of the following factors.

2.1. Accurate pricing of policies

The Group’s actuarial team determines the price for each insurance policy for which the Group returns a quote. The Group seeks to achieve a combined ratio of 80 per cent. or better on all policies it underwrites. The Group will determine an actuarially driven price for nearly all of the policies for which a quote is requested. The Group’s pricing model utilises all the risk characteristics captured on the submission of a quote request by a customer together with additional risk characteristics sourced through the Group’s use of data enrichment. This allows the Group to take advantage of opportunities to write policies which meet its target combined ratio across the risk spectrum. The relative competitiveness of the price for each quote will influence whether a customer will accept a quote and purchase a policy underwritten by the Group. The Group’s ability to provide a price for nearly all quote requests has resulted in the Group’s diversified book of business and broad underwriting footprint with a bias towards the higher average premium segment.

One of the main factors that consumers consider when choosing a motor insurer is the price of the policy, although they may also consider the availability and price of other ancillary products (such as

breakdown cover, mis-fuelling cover, lost key cover, no claims discount protection, provision of temporary car and legal expense cover) and the ability to pay their premium in a series of monthly instalments. The Group offers its Direct Brand customers certain ancillary products which are provided by third party providers. The Group earns a commission from such third party providers when a policyholder takes an ancillary product. Where a policyholder chooses to pay premiums by a series of monthly instalments, the Group charges interest on the outstanding premiums. The Group takes into account the potential revenue it may receive from such commission and instalment interest when determining the appropriate price of a policy to achieve its target combined ratio.

In general, the more accurately the Group is able to price policies to achieve its target combined ratio, the better the Group's results of operations. If the Group fails to price policies accurately (by overestimating or underestimating the associated risk) it may quote prices that are higher than necessary (which could result in reduced policy sales volumes) or lower than necessary (which could result in excess risk being assumed by the Group and excessive losses from claims relative to the price charged).

2.2. Number of policies sold and the prices of policies

The Group distributes its policies through brokers and its Direct Brands. The Group's "channel neutral" distribution philosophy means that the Group seeks to achieve the same combined ratio irrespective of whether a quotation is sought through a broker or a Direct Brand.

The amount of GWP generated by the Group is driven by the number of in-force policies and the price at which each policy is sold.

The Group increased the number of in-force policies at a CAGR of approximately 19.0 per cent. in the three years ended 31 December 2016. Changes in the number of in-force policies are the result of a number of factors, including the ability of the Group to attract new customers and retain existing customers. Given the Group's relatively low number of policy renewals, new customer volumes represent a substantial proportion of the Group's overall in-force policies. The Group's renewal pricing strategy is the same as its new business pricing strategy as, unlike many of its peers, the Group offers renewal pricing to an existing customer based solely on the updated risk characteristics of that customer. In addition, higher premium customers typically exhibit a lower retention rate due to their higher propensity to obtain a number of quotes to identify the most competitive alternative (this is especially the case in a period of increasing premium prices across the market). Prior to the year ended 31 December 2016, renewals of policies distributed through the broker channel were higher than Direct Brand policies. However, the Group's implementation of automatic renewal of Direct Brand policies increased the renewal rate of those policies. Additionally, the Directors estimate that approximately 9 per cent. of GWP in each financial year represents repeat customers who have initially purchased a policy through a broker and subsequently purchased a policy through a different broker or a Direct Brand (which the Group records as a new customer rather than a renewal).

GWP is also driven by the price at which each policy is sold. Whilst the Group will provide a quote in response to nearly all requests it receives, the Group's book of business has a bias towards the higher average premium segment.

In the three years ended 31 December 2016, the Group was able to increase the price of its policies in excess of average price increases achieved by its peers whilst increasing its number of in-force policies. During the same period the Group increased its penetration of the lower premium segment of the UK private motor insurance market, which resulted in the Group's average premium decreasing. Notwithstanding the Group's increased proportion of lower premium customers and change in customer mix, the Group sought to price each policy so as to achieve a combined ratio of 80 per cent. or better.

The UK private motor insurance market has historically exhibited pricing cyclicality driven by competitive dynamics as well as social, economic and regulatory factors. Whilst the legal requirement for vehicle owners to have insurance generates consistent demand for policies across the market, price levels vary over time. In times of lower competitive intensity, price levels tend to rise. However, pricing increases typically enhance industry profitability, resulting in industry participants cutting prices to increase volumes and new entrants joining the market. This increased competitive intensity causes

prices to fall and underwriting profitability across the industry to deteriorate. This may lead to market participants to reduce volumes or seek to exit the market, reducing competitive intensity and leading to prices rising again. As a result, the UK private motor insurance market can be characterised by periods of intense price competition often due to excessive underwriting capacity, as well as periods where shortages in underwriting capacity have seen increased policy prices and more insurer favourable terms and conditions. If the Group is unable to anticipate and react to the market cycle and adjust its prices to maintain or increase its number of in-force policies or meet its target combined ratio, the Group's GWP and, as a result, its results of operations will be negatively affected.

2.3. Claims frequency, severity and counter-fraud capabilities

The frequency and severity of claims made against the Group's insurance policies have a direct effect on the Group's results of operations. A claim is a formal request for payment based on the terms of an insurance policy and, essentially, reflects the realisation of the potential liabilities underwritten by the Group. Claims frequency represents the percentage of policies in respect of which a claim is made in a given period and claims severity represents the value of each claim made in a given period. In addition, anticipated claims frequency and severity affect the price the Group needs to charge for its policies in order to continue to seek to achieve its target combined ratio.

If there is an increase in actual or anticipated claims frequency or severity generally in the market, or for a particular risk segment that the Group participates in, the Group will need to increase the prices it charges in order to continue to meet its target combined ratio.

If the Group is subject to an increase in large claims frequency or relative severity, the Group could suffer a reduction in demand for participation in its reinsurance programme, which could result in the Group being unable to negotiate commercially acceptable terms for its reinsurance arrangements (for further details on reinsurance, see paragraph 2.5 of this Part 5).

The Group measures claims frequency and severity primarily through its loss ratio, which averaged 44.9 per cent. for the three years ended 31 December 2016.

The Group has robust counter-fraud capabilities which seek to ensure that fraud is identified at the point of quote or sale and when claims under a policy are made. The Directors believe that the Group's counter-fraud capabilities have resulted in a significant reduction in claims fraud frequency over the last few years and a meaningful loss ratio improvement. In addition, the Directors believe that reinsurers' confidence in the Group's counter-fraud capabilities is an important factor in securing participation by reinsurers in the Group's reinsurance programme and has enabled the Group to negotiate more favourable terms for its reinsurance arrangements. Any increase in incidences of fraud, or a decrease in the Group's ability to detect fraud due to, for example, more sophisticated fraudulent practices, could negatively affect the Group's profitability and its combined ratio.

2.4. The claims reserve

The Group's claims reserving methodology affects the timing of the recognition of gains or losses it generates from policies. The Directors believe that the Group has maintained a consistent reserving philosophy throughout its history. For details of the Group's reserving process, see paragraph 12 of Part 1 (*Information about the Group*) of this Prospectus.

The Group's claims team establishes and records a case reserve in respect of each claim notified to the Group. Its actuaries then calculate IBNR and IBNER to estimate claims not yet reported and amounts under or over-reserved and applies the net amount as the IBN(E)R adjustment to the aggregate case reserves. A prudence margin is then added to determine the total claims reserve to be reflected in the financial statements.

The Group's IBN(E)R adjustment during each of the periods under review has been negative, reflecting the fact that the claims reserve, which is calculated on a "reasonable worst case" basis, has in general been higher than the best estimate of reported claims. A negative IBN(E)R adjustment has the effect of reducing the Group's claims reserve, decreasing the Group's insurance claims and increasing its profit from operations, net of tax.

Where the Group has a large increase in the number of in-force policies in a particular year, its reserve will increase to reflect the increase in actual or anticipated claims which results from having a higher

number of in-force policies (and so expected number of claims) than prior years. The Group's loss ratio will be higher in those years where a larger reserve position is recorded and the larger recorded reserves will have the effect of increasing its expense for insurance claims and depressing profits from operations, net of tax. If this results in claims settling for an amount below the amount reserved (after the adjustment for IBN(E)R) or the estimated cost of these claims is revised downwards based on an actuarial review in subsequent years, as historically has been the case, the Group's profit from operations, net of tax in subsequent years will be positively affected.

Whilst the Group applies what the Directors believe to be an appropriate reserving policy, the level of claims reserve which the Group maintains may be affected by unforeseen or unforeseeable events which may require the Group to increase its claims reserve. Any increase required in the level of claims reserve would have a negative impact on the Group's loss ratio and profit from operations, net of tax, for the period in which such an increase was recorded. For example, an increase in the severity of claims as a result of an increase in the use by the courts of PPOs or changes to the Ogden Discount Rate which increase the severity of claims (as was the case in respect of the change announced in February 2017 which the Group applied to its financial statements for the year ended 31 December 2016) may require the Group to increase its reserves in respect of claims that have already been notified and which the Group believed had been appropriately reserved. Additionally, if the Group is subject to an increase in claims frequency or severity above the Group's reinsurance attachment point, the Group could suffer a reduction in demand for participation in its reinsurance programme, which could result in the Group being unable to negotiate favourable terms for its reinsurance arrangements (for further details, see paragraph 2.5 of this Part 5).

2.5. Cost and availability of reinsurance

As at 30 September 2017, the Group's reinsurance panel comprised 12 reinsurers, each of which had an investment rating (as determined by Standards & Poor's) of BBB+ or above (or, in the case of those members of the panel who are Lloyds of London syndicates, A+). The Group's reinsurance provides unlimited personal injury cover, plus a level of property damage cover which is aligned with its policies, in each case with a £1.0 million attachment point (subject to an index linked adjustment) on any claim made under any policy underwritten by the Group. By limiting the Group's exposure to large insurance claims in this way, the volatility of the Group's loss ratio, profit from operations, net of tax and net cash generated from operating activities is reduced whilst the Group is also protected against unpredictable movements in its consolidated statement of financial position.

The Group pays its reinsurers a premium for providing reinsurance cover. The Group is required to renegotiate its reinsurance arrangements annually, with the next renewal date being 1 July 2018. The cost of reinsurance is a function of the terms of the reinsurance (including the attachment point) and the anticipated severity and frequency of claims for which the reinsurers will be liable and other matters beyond the Group's control (such as market demand, changes to regulation and the ability of a reinsurer to take on further risks). Premium rates payable for reinsurance by the Group in 2014, 2015 and 2016 were relatively consistent. The rate increase in respect of the 1 July 2017 renewal was higher which, the Directors believe, largely reflected the change to the Ogden Discount Rate. Following the change to the Ogden Discount Rate in March 2017, a consultation was launched into the way the Ogden Discount Rate is set. The result of the consultation was published on 7 September 2017 and included a new methodology for setting the Ogden Discount Rate, which is expected to result in a figure of between nil per cent. and 1 per cent. although the timing for the implementation of the change is yet to be determined.

If the Group is subject to increased frequency and/or severity of claims which exceed the attachment point under the reinsurance arrangements, it is likely that the Group will be required to pay higher reinsurance premiums in the future as a result of the increased risk being assumed by the reinsurers. If increases in the cost of reinsurance cannot be passed on to policyholders through higher premium prices the Group's net earned premium would be reduced and its combined ratio would increase. This would have a negative effect on the Group's results of operations.

2.6. Expenses

The Group's ability to manage its operating and commission expenses has a direct effect on profit from operations, net of tax.

2.6.1. Operating expenses

The largest component of the Group's operating expenses is staff costs, which are a function of the number and seniority of the Group's employees. Whilst the Group's personnel costs are variable, they are not directly proportionate to the Group's GWP or number of in-force policies and tend to grow at a lower rate than GWP or number of in-force policies, which is mainly a result of the Group's recruitment policies. The Group seeks to ensure that it has appropriate capacity in place in its claims team to allow for growth of approximately 10 per cent. per annum, with the majority of such additional capacity available to meet increases in the volume of claims resulting from the increasing number of policies written. The claims department comprised 76 of the Group's 151 employees as at 30 September 2017. The Group seeks to recruit, train and retain trainee claims handlers to meet capacity growth in the claims team, rather than laterally hiring more experienced staff (who are paid proportionately more), and claims personnel costs therefore tend to grow at a lower rate than overall staff costs.

Additionally the Group's operating expenses also include other variable expenses (such as industry levies and certain outsourced functions expenses) which comprise the majority of its expenses other than staff costs and which are generally proportionate to policy volumes and/or GWP.

The Group outsources certain functions to specialist third party providers and the terms of those arrangements have a direct effect on the Group's profit from operations, net of tax. Outsourcing expenses relating to claims processing are accounted for under insurance claims rather than operating expenses. The Group has structured the amount of fees payable in respect of certain of its key outsourced functions so that they are volume related, with no minimum fees payable. As a result, the cost of such arrangements increase proportionately to any growth in GWP and/or the number of in-force policies. There is no assurance that the Group will be able to structure its outsourcing arrangements on the same basis or at the same cost in the future and, if that is the case, the Group's operating expenses may increase disproportionately to its GWP and/or number of in-force policies.

The Group is not required to pay VAT on the provision of services to it by certain of its outsourced service providers given the current tax regime for insurance related services. However, this position could be subject to future HMRC review. To the extent that HMRC determines that VAT is payable in respect of these services, and the Group's suppliers pass on those costs to the Group, the Group's operating expenses would increase.

The purchase of licences to use additional third party data sources as part of the Group's continued development of its pricing model, through use of data enrichment, could have an increasing effect on the Group's operating expenses. The effect of such increased operating expense on the Group's results of operations would depend on its ability to secure additional profitable, or more profitable, policies by refining its pricing model as a result of the use of such data.

The Group also has a number of fixed operating expenses (such as management of the Group's IT infrastructure and maintenance of the Group's property).

2.6.2. Commission expenses

The Group's commission expenses include commissions payable to brokers and fees payable in connection with the sale of policies by the Direct Brands through PCWs.

Broker commissions vary depending on the Group's arrangements with the particular broker who sells a policy underwritten by the Group. Whilst most brokers are required to charge a set rate of commission, certain larger brokers are permitted to vary the retail price of a policy by adjusting their own commission. In some cases, such brokers may decide to charge low or negative commission (negative commission being where the broker charges the customer less than the actuarially determined price which the broker is required to pay to the Group) in order to secure a particular customer's business. Where a policy is sold by a Direct Brand through a PCW, the Group is required to pay a fixed amount levied by the PCW on the sale of a policy. In general, an increase in sales by brokers or Direct Brands will increase commission expenses. However, the Group prices policies to meet its target combined ratio on a net of commission basis in all cases.

2.7. Instalment income and other operating income

Whilst the Group's focus is on generating earnings derived largely from its underwriting activities, the Group also generates instalment income from interest charged to policyholders who choose to pay

their premiums by a series of monthly instalments and other operating income from commission earned on the sale of ancillary products.

The Group generated instalment income from approximately 60% of its Direct Brand customers (as at 30 September 2017) and, the Directors expect instalment income to rise as the business underwritten by the Direct Brands increases. Additionally, most customers who pay for their policies in instalments are subject to automatic renewal of their policies and, the Directors believe, consequently are more likely to renew their policies.

Other operating income includes marketing fees and commission income for the sale of ancillary products and services and administration fees. Marketing fees and commission income from the sale of ancillary products and services are fees paid by third party providers in connection with the provision to Direct Brand customers of third party insurance and non-insurance products, such as legal expense cover, rental replacement car and breakdown cover. Whilst the provision of ancillary products and services has grown in the periods under review, the Group does not generate material income from the provision of these ancillary products to its customers. Administration fees are fees charged to Direct Brand customers for policy changes and cancellations and other administrative adjustments.

2.8. Investment return

The Group adopts a low risk investment strategy which focuses on capital preservation to support its underwriting activities and regulatory capital requirements. As at 31 December 2016, approximately 95.5 per cent. of the Group's investment portfolio was held in UK Government securities (which are typically held to maturity) with the remainder held in cash and corporate bonds. Where possible, the Group seeks to match the maturity profile of its investments to that of its potential liabilities in order to minimise the potential volatility of its regulatory capital requirements. The Group applies mark-to-market accounting to its investment assets so as their market values increase or decrease, the Group experiences unrealised gains and losses. The market values of the Group's investment assets tend to move to their par value as they approach maturity. Depending on market conditions across different periods, these movements in unrealised gains/(loss) can be significant and, if there is a significant movement in a particular period, there is likely to be an opposite movement in a subsequent period or periods. Unrealised gains and losses in investments do not impact the Group's cash flow.

The investment return generated from the Group's investment portfolio consists of three elements, which, in aggregate represent investment return. These are as follows.

- Interest income, which is equal to the interest rate associated with each UK Government security or other interest bearing security multiplied by the par value of the relevant security, pro-rated over the period the security has been held;
- Unrealised gains and losses, which represent the market value movements since the end of the preceding period, for UK Government securities and other constituents of the Group's investment portfolio which have not been disposed of during the period; and
- Realised gains and losses, which recognise, at disposal, the difference in market value of a UK Government security or other constituent of the Group's investment portfolio from the point at which it was purchased to the point at which it is disposed.

As the realisation of gains and losses on disposed UK Government securities or other constituents of the Group's investment portfolio generates a contra entry in unrealised gains and losses, the overall market value movement of the investment portfolio in any given period is represented by the sum of unrealised and realised gains and losses in the period.

3. Current trading and prospects

Since 30 September 2017, overall trading performance has continued the positive momentum experienced during the first nine months of the year. In October, the Group's GWP increased compared with the equivalent period in 2016. The number of in-force policies has continued to grow, claims and operating expenses have been in line with management expectations. The Group has continued to generate regulatory capital in excess of its SCR since 30 September 2017. Accordingly, the Directors remain confident of the Group's ability to achieve its performance objectives set out in this Prospectus and the outlook for the Group over the longer-term.

4. Key performance indicators

The Group reviews a number of KPIs to track the financial and operating performance of its business. These measures are derived from the Group's internal operating and financial systems. Although the KPIs, other than those determined by reference to the SCR, are derivable from IFRS they are not determined in accordance with IFRS and may not be comparable with other similarly titled measures of performance of other companies. The KPIs should not be considered as substitutes for, or superior to, measures calculated and presented in accordance with IFRS or those calculated using financial measures that are calculated in accordance with IFRS.

For information on the Group's method of calculating the KPIs and, where applicable, a reconciliation of the KPIs to the relevant IFRS measures, see Part 4 (*Selected Financial Information*) of this Prospectus.

	Year ended 31 December			Nine months ended 30 September	
	2014	2015	2016	2016	2017
GWP (£'000)	149,274	180,253	196,619	150,613	165,026
Loss ratio	36.1%	50.8%	47.7%	48.2%	46.9%
Expense ratio	24.0%	24.0%	21.6%	21.9%	21.6%
Combined ratio	60.1%	74.8%	69.3%	70.1%	68.5%
Adjusted profit after tax (£'000)	48,856	37,130	53,912	40,364	38,174
Solvency coverage ratio	—	—	128%	—	142%
Return on SCR	—	—	93.2%	—	— ⁽¹⁾

Note:

(1) Return on SCR has not been provided for the period ended 30 September 2017 as, due to the shorter accounting period, it is not directly comparable with the ratio presented as at 31 December 2016.

4.1. Gross written premium

The Group's GWP comprises all premiums in respect of policies underwritten in a particular financial period regardless of whether such policies relate in whole or in part to a future financial period. The ability to underwrite policies and generate premium is a key measure of the Group's implementation of its strategy, and the Directors believe this measure is an appropriate quantification of how successful the Group is at achieving its strategy.

GWP has grown consistently since 2014, due to the growth in the number of in-force policies and the Group's pricing strategy. The Group increased its GWP at a CAGR of 12.0 per cent. over the three years ended 31 December 2016. GWP growth has been driven largely by the increase in the number of in-force policies and the growth in like-for-like policy premiums. The average number of in-force policies during the years ended 31 December 2016, 2015 and 2014 and the nine months ended 30 September 2017 and 2016 was approximately 325,000, 265,000, 229,000, 349,000 and 322,000, respectively. However, the average premium decreased during the periods under review as the Group increased its penetration of the lower premium segment of the UK private motor insurance market through increased use of data enrichment and development of the Group's pricing model.

GWP growth has also been affected by an increased retention rate across the Direct Brands, which has increased from an average of 35.0 per cent. for the year ended 31 December 2014 to an average of 46.1 per cent. for the year ended 31 December 2016. This increased retention rate reflects the maturing Direct Brands business and is also attributable to an auto-renewal programme which the Group introduced in December 2015. Under this programme, one month prior to the expiry of a Direct Brand policy, the Group notifies a Direct Brand policyholder paying by instalments that their policy will be renewed automatically on expiry and informs them of their proposed new monthly premium. At that point in time, the policyholder will be asked to confirm that the information held by the Group about them (which will be used by the Group to determine the renewal price of the policy) is correct. Policyholders can opt-out of such a renewal. If they do not opt-out, the policy will automatically renew.

4.2. Loss ratio

Loss ratio measures net insurance claims, less claims handling expenses, relative to NEP expressed as a percentage.

The loss ratio is affected by the release of claims reserve in respect of prior periods as this reduces net insurance claims (for further details, see paragraph 2.4 of this Part 5). The year ended 31 December

2014, in particular, benefitted from above average prior year claims reserve releases which reduced the Group's net insurance claims and therefore resulted in a lower loss ratio for that period. The loss ratio reverted towards its longer term average during the years ended 31 December 2015 and 2016 and the nine months ended 30 September 2017.

The Group monitors closely the loss ratio in respect of a particular period. The Group also monitors the "ultimate loss ratio" for each accident year (being the year in which particular claims occurred) although it does not consider ultimate loss ratio to be a KPI. The ultimate loss ratio shows the current actuarial estimate of the total cost of all claims relating to a particular accident year divided by the NEP in that accident year. The loss ratio and ultimate loss ratio for any given year differ because if the expected total cost of a claim which occurred in any past year is either increased or reduced, the related gain or loss is recorded within the Group's claims reserve, and impacts the current financial year's loss ratio, but it will only impact the ultimate loss ratio of the accident year in which the claim occurred.

4.3. Expense ratio

Expense ratio measures total expenses (which comprises commission expenses and operating expenses), plus claims handling expenses, less exceptional expenses which do not relate to the Group's underlying performance (such as fees incurred in connection with acquisitions or capital markets transactions), relative to NEP, expressed as a percentage. The expense ratio has remained broadly consistent throughout the periods under review.

4.4. Combined ratio

The Group's combined ratio is the ratio of total expenses (which comprises commission expenses and operating expenses) plus net insurance claims less exceptional expenses which do not relate to the Group's underlying performance (such as fees incurred in connection with acquisitions or capital markets transactions), relative to NEP, expressed as a percentage. The Group uses the combined ratio to evaluate overall underwriting profitability. A combined ratio below 100 per cent. is indicative of an underwriting profit (without taking into account investment return or any income from insurance premium instalment financing or other operating income). The Group seeks to achieve a combined ratio of 80 per cent. or better on all business underwritten.

The Group's average combined ratio over the three years ended 31 December 2016 was 68.1 per cent. The Directors believe the Group's ability to price its policies appropriately is demonstrated by its success in achieving or bettering its target combined ratio.

4.5. Adjusted profit after tax

The Group's adjusted profit after tax measures profit from operations, net of tax, adjusted to offset the effect of amortisation of intangible assets and exceptional expenses which do not relate to the Group's underlying performance (such as fees incurred in connection with acquisitions or capital markets transactions).

For the years ended 31 December 2014, 2015 and 2016 and the nine months ended 30 September 2016 and 2017, the Group's adjusted profit after tax, was £48.9 million, £37.1 million, £53.9 million, £40.4 million and £38.2 million respectively.

4.6. Solvency coverage ratio

Prior to Admission, Sabre Insurance is required to maintain regulatory capital at least equal to its SCR and following Admission the Company is also required to ensure Sabre Insurance meets this obligation. For further information regarding the calculation of the Group's SCR, see paragraph 5 of this Part 5. The Solvency II prudential framework has applied in the UK since 1 January 2016. Accordingly, the Group does not report its solvency coverage ratio for periods ended before 31 December 2016.

The Group's solvency coverage ratio is the ratio of the Group's regulatory capital in a particular period to its SCR for the same period, expressed as a percentage. The Group may, and does, chose to hold capital above its SCR in order to decrease the chance of it breaching its SCR obligations. The Directors believe the ability of the Group to maintain capital in excess of SCR without negatively impacting its business operations is a measure of the Group's ability to manage its capital alongside its other business requirements.

With effect from Admission, the Group will target a solvency coverage ratio of between 140 per cent. and 160 per cent. having previously targeted a solvency coverage ratio of 115 per cent. For the year ended 31 December 2016 and the nine months ended 30 September 2017, the Group's solvency coverage ratio was 128 per cent. and 142 per cent. respectively.

4.7. Return on SCR

The ability to generate profits while maintaining risk at an appropriate level is an important part of the Group's strategy, and the Directors believe that return on SCR is an appropriate quantification of how successful the Group is at achieving this strategy.

Return on SCR is measured as the ratio of the Group's adjusted profit after tax for a particular financial year to its SCR at the end of the relevant financial year, expressed as a percentage.

For the year ended 31 December 2016 the return on SCR was 93.2 per cent. The Group has not presented its return on SCR for the nine months ended 30 September 2017 as return on SCR is measured annually and the Directors do not believe that a calculation on a shorter period is comparable.

The Solvency II prudential framework has applied in the UK since 1 January 2016. Accordingly, the Group does not report its return on SCR for periods ended before 31 December 2016.

5. Regulatory capital

Prior to Admission, Sabre Insurance is required to maintain regulatory capital at least equal to its SCR and, following Admission, the Company is also required to ensure Sabre Insurance meets this obligation.

With effect from 1 January 2016, regulatory capital has been, and continues to be, managed by reference to SCR which is calculated using the standard formula modified with an undertaking-specific parameter ("USP") for the impact of reinsurance within the underwriting risk module. The SCR is calculated based upon the risks presented by a company's operations and the various elements of its balance sheet. Generally, if Sabre Insurance starts to undertake activities or hold investments which are of greater inherent risk than it does currently (such as holding equities rather than UK Government securities), its SCR would increase and therefore Sabre Insurance would be required to retain additional capital. This might cause the Group to take certain actions to ensure regulatory capital is maintained in Sabre Insurance (for example, reducing dividend payments) or make certain strategic decisions (for example, ceasing to underwrite certain risks) that it might not make if those capital requirements were not in place.

Sabre Insurance has received approval to use a USP from the PRA with respect to the calculation of underwriting risk, which allows it to increase the risk mitigating impacts of reinsurance coverage in the risk profile.

The Directors believe that Sabre Insurance has developed sufficient processes to ensure that it does not breach its SCR, including the maintenance of capital at a level higher than that required by the Standard Formula as modified by the USP.

Sabre Insurance calculates its capital position on a monthly basis and prepares a rolling three year business plan on an annual basis.

The Group considers Sabre Insurance's regulatory capital position to be its net assets on a Solvency II basis and monitors this in the context of the SCR. As at 30 September 2017 Sabre Insurance, held significant excess regulatory capital. All of Sabre Insurance's regulatory capital is Tier 1 capital.

	As at 31 December 2016 £'000	As at 30 September 2017 £'000
Total regulatory capital	74,283	89,150
SCR	<u>57,852</u>	<u>62,816</u>
Excess regulatory capital	16,437	26,336
Solvency coverage ratio (%)	128%	142%

The following table sets out a reconciliation between Sabre Insurance's IFRS net assets and Solvency II net assets.

	As at December 2016 £'000	As at 30 September 2017 £'000
IFRS net assets	54,638	64,970
Net unearned premium reserve	92,779	102,642
Deferred acquisition costs	(14,028)	(15,607)
Solvency II premium provision	(58,816)	(62,311)
IFRS risk margin ⁽¹⁾	12,004	12,284
Discount claims provision	1,604	2,044
Solvency II risk margin	(8,987)	(9,107)
Change in deferred tax	(4,911)	(5,765)
Solvency II net assets	74,283	89,150

Note:

(1) In line with industry practice, this is an explicit additional reserve in excess of the actuarial best estimate which is designed to create a margin held in reserve to allow for unforeseen adverse development in open claims.

The adjustments set out above have been made for the following reasons.

- **Removal of net unearned premium reserve and deferred acquisition costs:** The net unearned premium reserve must be added back and deferred acquisition costs must be removed as they are not deferred under Solvency II.
- **Solvency II premium provision:** A premium reserve reflecting the future cash in and out flows in respect of insurance contracts is calculated and this must be discounted under Solvency II.
- **IFRS risk margin:** Solvency II reserves must reflect a true "best estimate" basis. Therefore, the IFRS risk margin is removed from the claims reserve.
- **Discount claims provision:** The provision held against future claims expenditure for claims incurred is discounted in the same way as the Solvency II premium provision.
- **Solvency II risk margin:** The Solvency II risk margin represents the premium that would be required were the Group to transfer its technical provisions to a third party, and essentially reflects the SCR required to cover run-off of claims on existing business. This amount is calculated by the Group through modelling the discounted SCR on a projected future balance sheet for each year of claims run-off.
- **Change in deferred tax:** As the move to a Solvency II basis balance sheet increases the net asset position of Sabre Insurance, a deferred tax liability is generated to offset the increase.

Sabre Insurance's SCR, expressed on a risk module basis is set out in the following table.

	As at December 2016 £'000	As at 30 September 2017 £'000
Interest rate risk	495	1,062
Equity risk	—	—
Property risk	859	859
Spread risk	94	89
Currency risk	185	208
Concentration risk	—	—
Correlation impact	(519)	(426)
Market risk	1,114	1,792
Counterparty risk	1,444	3,428
Underwriting risk	56,043	58,771
Correlation impact	(1,591)	(2,946)
Basic SCR	57,010	61,045
Operating risk	5,753	7,536
Loss absorbing effect of deferred taxes	(4,911)	(5,765)
Total SCR	57,852	62,816

6. Description of key line items

6.1. Gross earned premium

GEP is equal to the sum of GWP and the movement in the unearned premium reserve for a particular period. GWP comprises all premiums payable in respect of policies underwritten in a particular financial period regardless of whether such policies relate in whole or in part to a future financial period.

In order to calculate GEP, the proportion of premiums that relate to future financial periods is deducted from GWP, while the proportion of premiums written in prior financial periods but which relate to the current financial period is added to GWP. The level of deduction and addition of premiums is calculated on a daily pro-rata basis, and the net movement is recorded in the unearned premium reserve.

All premiums are shown gross of commission paid to brokers (where applicable) and are exclusive of taxes and duties thereon.

6.2. Reinsurance premium ceded

Reinsurance premium ceded represents the cost of maintaining the Group's reinsurance policies during the relevant financial period. Reinsurance premium ceded is calculated on an earned basis, meaning that the expense recorded relates only to the element of reinsurance cover which was provided during the relevant financial period.

6.3. Net earned premium

NEP is equal to GEP less reinsurance premium ceded in respect of the same period in which GEP is measured.

6.4. Investment return

Investment return represents income generated from financial investments, which consists of interest income from debt securities and cash and cash equivalents and net gains and losses (both realised and unrealised) on financial assets, less investment fees.

Interest income, offset by any mark-to-market unrealised gains or losses, from UK Government securities is the largest contributor to investment return for the Group following the disposal by the Group of money market funds between 31 December 2015 and 31 December 2016. In the year ended 31 December 2014, the sale of an investment property at above book value contributed the largest amount to the Group's investment return.

6.5. Instalment income

Instalment income represents the interest income earned on insurance receivables where a Direct Brand policyholder chooses to pay premiums by a series of instalment payments on which the Group charges interest over the term of the policy (on a straight line basis). Whilst brokers may allow policies underwritten by the Group which are sold by them to be paid by a series of monthly instalments, the broker pays the full amount to the Group upfront and any interest charged on such policies accrues for the benefit of the broker rather than the Group.

6.6. Other operating income

Other operating income includes marketing fees and commission income for the sale of ancillary products and services and administration fees. Marketing fees and commission income from the sale of ancillary products and services are fees paid by third party providers in connection with the provision to Direct Brand customers of third party insurance and non-insurance products, such as legal expense cover, rental replacement car and breakdown cover. Administration fees are fees charged to Direct Brand customers for policy changes and cancellations and other administrative adjustments. Whilst the provision of such products has grown in the periods under review, the Group does not generate material income from the provision of these ancillary products and services to its customers.

6.7. Insurance claims

Insurance claims represent the total of the amount paid in respect of claims incurred and the net movement in the claims reserve. For a description of how the Group makes provision for its insurance claims, see paragraph 12 of Part 1 (*Information about the Group*) of this Prospectus.

In addition, insurance claims also include certain costs which are attributable to claims handling expenses.

6.8. Insurance claims recoverable from reinsurers

Insurance claims recoverable from reinsurers represents reinsurers' share of claims paid in the relevant period pursuant to the Group's reinsurance arrangements and the net movement in the claims reserve.

6.9. Net insurance claims

Net insurance claims represent insurance claims less insurance claims recoverable from reinsurers.

6.10. Commission expenses

Commission expenses represents broker commissions and fees paid to PCWs in connection with policies sold by the Group. Commission expenses payable in connection with a policy are recognised over the term of the policy on a daily pro-rata basis.

6.11. Operating expenses

Operating expenses represent staff costs (comprising wages and salaries, social security costs, pension costs and other staff costs), property costs, IT expenses including IT depreciation, other depreciation, industry levies and other operating expenses (including costs in connection with certain outsourced functions not directly attributable to claims handling expenses).

6.12. Amortisation of intangible assets

In connection with the acquisition of Binomial Group Limited by Barb Bidco Limited in 2014, the Group recognised an intangible asset comprising the expected renewals on the Direct Brands' book of business which was acquired as part of that acquisition. This asset was originally recognised at fair value at the date of acquisition and is being amortised over a five year period in a pattern consistent with the Group's historical policy renewal rates.

7. Results of operations

The table below presents the Group's audited consolidated statement of comprehensive income for the years ended 31 December 2014, 2015 and 2016 and the nine months ended 30 September 2017 and the unaudited statement for the nine months ended 30 September 2016. It has been extracted without material adjustment from the consolidated historical financial information of the Group set out in Part 7 (*Historical Financial Information*) of this Prospectus.

	Year ended 31 December			Nine months ended 30 September	
	2014 £'000	2015 £'000	2016 £'000	2016 (unaudited) £'000	2017 £'000
Gross earned premium	142,659	162,998	191,773	142,674	149,843
Reinsurance premium ceded	(10,618)	(11,373)	(9,666)	(6,471)	(11,263)
Net earned premium	132,041	151,625	182,107	136,203	138,580
Investment return	2,232	919	3,478	3,712	(1,224)
Instalment income	2,660	3,054	3,433	2,574	2,798
Other operating income	2,105	1,624	2,242	1,548	1,560
Total income	139,038	157,222	191,260	144,037	141,714
Insurance claims	(47,609)	(86,161)	(112,245)	(71,544)	(134,121)
Insurance claims recoverable from reinsurers	(4,599)	4,307	19,524	(28)	63,241
Net insurance claims	(52,208)	(81,854)	(92,721)	(71,572)	(70,880)
Commission expenses	(13,793)	(17,096)	(16,349)	(12,789)	(13,619)
Operating expenses	(16,272)	(14,462)	(17,139)	(11,058)	(10,480)
Total expenses	(30,065)	(31,558)	(33,488)	(23,847)	(24,099)
Operating profit	56,765	43,810	65,051	48,618	46,735
Exceptional items	—	—	—	—	(1,821)
Amortisation of intangible assets	(8,731)	(3,100)	(1,619)	(1,214)	(665)
Profit before tax	48,034	40,710	63,432	47,404	44,249
Tax charge	(10,829)	(6,680)	(11,139)	(8,254)	(8,561)
Profit from operations, net of tax	37,205	34,030	52,293	39,150	35,688
Profit for the year attributable to the owners of the company	37,205	34,030	52,293	39,150	35,688

7.1. Gross earned premiums

GEP increased by £7.1 million, or 5.0 per cent., from £142.7 million for the nine months ended 30 September 2016 to £149.8 million for the nine months ended 30 September 2017. The majority of the increase was driven by an increase in the number of in-force policies and like-for-like policy premium increases. The increase in the number of in-force policies was predominantly driven by the Group's increased penetration of the lower risk segment, arising from what the Directors believe to be areas where the Group's dataset permits the Group to price more precisely than its peers and present competitive quotes to customers. The increase in the number of in-force policies was also in part driven by a maturing Direct Brands book, which resulted in an increase in renewals, as well as the auto-renewal initiative introduced in December 2015.

GEP increased by £28.8 million, or 17.7 per cent., from £163.0 million for the year ended 31 December 2015 to £191.8 million for the year ended 31 December 2016. This was largely a result of an increase in the number of in-force policies. Whilst average premiums reduced over the period (which was a result of greater penetration of the lower premium risk segment), the Group achieved a growth in like-for-like policy premiums during the period.

GEP increased by £20.3 million, or 14.2 per cent., from £142.7 million for the year ended 31 December 2014 to £163.0 million for the year ended 31 December 2015. This was largely a result of an increase in the number of in-force policies. Over this period, average premiums increased marginally and the Group also achieved a growth in like-for-like policy premiums during the period.

7.2. Reinsurance premium ceded

Reinsurance premium ceded increased by £4.8 million, or 73.8 per cent., from £6.5 million for the nine months ended 30 September 2016 to £11.3 million for the nine months ended 30 September 2017. This increase reflects an increase in the Group's reinsurance premiums at the 1 July 2017 renewal date which the Directors attribute largely to the change in the Ogden Discount Rate as well as the increase in GEP and the absence of an exceptional credit resulting from a commuted legacy reinsurance contract which decreased reinsurance premium ceded in the nine months ended 30 September 2016.

Reinsurance premium ceded decreased by £1.7 million, or 14.9 per cent., from £11.4 million for the year ended 31 December 2015 to £9.7 million for the year ended 31 December 2016. This was largely the result of an exceptional credit resulting from a commuted legacy reinsurance contract which more than offset an increase in premiums broadly proportionate to the increase in GEP.

Reinsurance premium ceded increased by £0.8 million, or 7.5 per cent., from £10.6 million for the year ended 31 December 2014 to £11.4 million for the year ended 31 December 2015. This was broadly proportionate to the increase in GEP.

7.3. Net earned premium

NEP increased by £2.4 million, or 1.8 per cent., from £136.2 million for the nine months ended 30 September 2016 to 138.6 million for the nine months ended September 2017, as a result of the developments described above.

NEP increased by £30.5 million, or 20.1 per cent., from £151.6 million for the year ended 31 December 2015 to £182.1 million for the year ended 31 December 2016, as a result of the developments described above.

NEP increased by £19.6 million, or 14.8 per cent., from £132.0 million for the year ended 31 December 2014 to £151.6 million for the year ended 31 December 2015, as a result of the developments described above.

7.4. Investment return

Investment return decreased by £4.9 million from a gain of £3.7 million for the nine months ended 30 September 2016 to a loss of £1.2 million for the nine months ended 30 September 2017. The Group received interest income from debt securities of £3.6 million in the nine months ended 30 September 2016 compared to £3.1 million in the nine months ended 30 September 2017. In the nine months ended 30 September 2016, the net realised and unrealised movement in the fair value of the debt securities was a gain of £0.5 million and in the nine months ended 30 September 2017, the net realised and unrealised movement in the fair value of the debt securities was a loss of £4.3 million.

Investment return increased by £2.6 million from £0.9 million for the year ended 31 December 2015 to £3.5 million for the year ended 31 December 2016. The Group's interest income from debt securities decreased from £5.8 million in 2015 to £4.5 million in 2016. In the year ended 31 December 2015, the net realised and unrealised movement in the fair value of the debt securities was a loss of £5.2 million and in the year ended 31 December 2016, the net realised and unrealised movement in the fair value of the debt securities was a loss of £0.6 million.

Investment return decreased by £1.3 million from £2.2 million for the year ended 31 December 2014 to £0.9 million for the year ended 31 December 2015. The Group's interest income from debt securities decreased from £7.3 million in 2014 to £5.8 million in 2015. In the year ended 31 December 2014, the net realised and unrealised movement in the fair value of the debt securities was a loss of £6.0 million and the Group had a realised gain of £1.1 million in connection with the disposal of investment property.

7.5. Instalment income

Instalment income increased by £0.2 million, or 7.7 per cent., from £2.6 million for the nine months ended 30 September 2016 to £2.8 million for the nine months ended September 2017. This increase was largely proportionate to the growth in GEP generated by the Direct Brands.

Instalment income increased by £0.3 million, or 9.7 per cent., from £3.1 million for the year ended 31 December 2015 to £3.4 million for the year ended 31 December 2016. This was largely a result of the growth in GEP generated by the Direct Brands and an increased percentage of Direct Brand customers paying by instalments.

Instalment income increased by £0.4 million, or 14.8 per cent., from £2.7 million for the year ended 31 December 2014 to £3.1 million for the year ended 31 December 2015. This was largely a result of the growth in GEP generated by the Direct Brands and an increased percentage of Direct Brand customers paying by instalments.

7.6. Other operating income

Other operating income increased by £0.1 million, or 6.7 per cent., from £1.5 million for the nine months ended 30 September 2016 to £1.6 million for the nine months ended September 2017 primarily as a result of an increase in marketing fees which was partly offset by a decrease in administration fees.

Other operating income increased by £0.6 million, or 37.5 per cent., from £1.6 million for the year ended 31 December 2015 to £2.2 million for the year ended 31 December 2016. This was largely a result of a one off payment of other technical income following the re-negotiation of the Group's arrangements with one of its suppliers. Administration fees marginally increased over the period in-line with an increase in the number of in-force policies.

Other operating income decreased by £0.5 million, or 23.8 per cent., from £2.1 million for the year ended 31 December 2014 to £1.6 million for the year ended 31 December 2015. This was largely a result of a reduction in administrative fees following changes to the Group's cancellation fee structure which applied to its Direct Brand policies. Marketing fees also increased in line with the number of in-force policies sold by the Group's Direct Brands.

7.7. Insurance claims

Insurance claims represent the gross cost of insurance claims under policies written by the Group, before taking into account insurance claims recoverable from reinsurers which is covered under paragraph 7.8 of this Part 5. Net insurance claims represent the cost of claims borne by the Group after taking into account the benefits of its reinsurance programme.

Insurance claims increased by £62.6 million, or 87.6 per cent., from £71.5 million for the nine months ended 30 September 2016 to £134.1 million for the nine months ended 30 September 2017. The increase in insurance claims was primarily a result of a small number of very large value claims (being claims with an expected value of £1.0 million or more) incurred during the period. While the impact on insurance claims (which does not take reinsurance into account) was significant, much of the impact of these claims on the Group's results of operations was reduced through the Group's reinsurance programme.

Insurance claims increased by £26.1 million, or 30.3 per cent., from £86.1 million for the year ended 31 December 2015 to £112.2 million for the year ended 31 December 2016. This increase was primarily a consequence of an increase of £26.2 million caused by the Group's decision to increase its claims reserve as at 31 December 2016 to take into account the anticipated change to the Ogden Discount Rate (which was announced in February 2017) together with an increase in insurance claims as a result of the increase in the number of in-force policies. This increase was partially offset by prior year reserve releases.

Insurance claims increased by £38.5 million, or 80.9 per cent., from £47.6 million for the year ended 31 December 2014 to £86.1 million for the year ended 31 December 2015. This increase was the result of an increase in the number of insurance claims as a result of the increase in the number of in-force policies partially offset by prior year reserve releases.

During the periods under review, changes in the actual and expected total cost of claims incurred in prior years has led to prior year reserve releases. The number of claims reported in each of the periods under review increased in line with the number of in-force policies and the frequency has been

relatively stable across the periods under review, with the total number of reported claims as a percentage of average in-force policies being approximately 11.2 per cent., approximately 11.6 per cent., approximately 11.4 per cent., approximately 8.6 per cent. and approximately 7.8 per cent. for the years ended 31 December 2014, 2015 and 2016 and the nine months ended 30 September 2016 and 2017, respectively.

7.8. Insurance claims recoverable from reinsurers

Insurance claims recoverable from reinsurers were £63.2 million for the nine months ended 30 September 2017 compared to £0.02 million for the nine months ended 30 September 2016. The reason for the increase was a small number of large claims incurred in 2017 together with the impact of the Group's decision when preparing its 2016 accounts in early 2017 to increase its claims reserves as at 31 December 2016 to take into account the anticipated change to the Ogden Discount Rate (which was announced in February 2017).

Insurance claims recoverable from reinsurers increased by £15.2 million, or 353.5 per cent., from £4.3 million for the year ended 31 December 2015 to £19.5 million for the year ended 31 December 2016. This was largely the result of the Group's decision when preparing its 2016 accounts in early 2017 to increase its claims reserve as at 31 December 2016 to take into account the anticipated change to the Ogden Discount Rate (which was announced in February 2017). The anticipated change in the Ogden Discount Rate resulted in the number of claims above the attachment point increasing and the value of claims already above that point increasing.

Insurance claims recoverable from reinsurers increased by £8.9 million, or 193.5 per cent., from negative £4.6 million for the year ended 31 December 2014 to £4.3 million for the year ended 31 December 2015. In 2014 claims which included a reinsurance recovery were settled at lower than the amount reserved at the start of the year and as such a negative movement in reinsurer's share of insurance recoverables was recorded. In 2015, the amount recoverable from reinsurers increased due to new claims in excess of the reinsurance retention level.

7.9. Net insurance claims

Net insurance claims decreased by £0.8 million, or 1.1 per cent., from £71.6 million for the nine months ended 30 September 2016 to £70.8 million for the nine months ended 30 September 2017 as a result of the developments described above.

Net insurance claims increased by £10.8 million, or 13.2 per cent., from £81.9 million for the year ended 31 December 2015 to £92.7 million for the year ended 31 December 2016 as a result of the developments described above.

Net insurance claims increased by £29.7 million, or 56.9 per cent., from £52.2 million for the year ended 31 December 2014 to £81.9 million for the year ended 31 December 2015 as a result of the developments described above.

7.10. Commission expenses

Commission expenses increased by £0.8 million, or 6.3 per cent., from £12.8 million for the nine months ended 30 September 2016 to £13.6 million for the nine months ended September 2017. This increase was primarily driven by growth in the number of in-force policies being sold.

Commission expenses decreased by £0.8 million, or 4.7 per cent., from £17.1 million for the year ended 31 December 2015 to £16.3 million for the year ended 31 December 2016. This was primarily due to certain larger brokers taking a reduced level of commission compared to those taken in 2015.

Commission expenses increased by £3.3 million, or 23.9 per cent., from £13.8 million for the year ended 31 December 2014 to £17.1 million for the year ended 31 December 2015. This was proportionate to the increase in the number of in-force policies.

7.11. Operating expenses

Operating expenses decreased marginally by £0.6 million, or 5.4 per cent., from £11.1 million for the nine months ended 30 September 2016 to £10.5 million for the nine months ended September 2017.

Operating expenses increased by £2.6 million, or 17.9 per cent., from £14.5 million for the year ended 31 December 2015 to £17.1 million for the year ended 31 December 2016. This was largely a result of increased personnel costs driven by increased overtime and new hires in the claims teams, as well as increased outsourcing costs in-line with the growth of in-force policies.

Operating expenses decreased by £1.8 million, or 11.0 per cent., from £16.3 million for the year ended 31 December 2014 to £14.5 million for the year ended 31 December 2015. This was largely a result of the absence of one-off transaction costs associated with the acquisition of Binomial Group Limited which were incurred in the year ended 31 December 2014, partially offset by an increase in variable costs in 2015 as a result of the increase in the number of in-force policies.

7.12. Amortisation of intangible assets

Amortisation of intangible assets (relating to the expected renewals on the Direct Brands' client book of business acquired in the acquisition of Binomial Group Limited) decreased by £0.5 million, or 41.6 per cent., from £1.2 million for the nine months ended 30 September 2016 to £0.7 million for the nine months ended September 2017, as the remaining balance of intangible assets reduced.

Amortisation of intangible assets decreased by £1.5 million, or 48.4 per cent., from £3.1 million for the year ended 31 December 2015 to £1.6 million for the year ended 31 December 2016, as the remaining balance of intangible assets reduced.

Amortisation of intangible assets decreased by £5.6 million, or 64.4 per cent., from £8.7 million for the year ended 31 December 2014 to £3.1 million for the year ended 31 December 2015, as the remaining balance of intangible assets reduced.

7.13. Tax charge

The Group's tax charge increased by £0.3 million, or 3.6 per cent., from £8.3 million for the nine months ended 30 September 2016 to £8.6 million for the nine months ended September 2017. The Group's tax charge in the years ended 31 December 2014, 2015 and 2016 was £10.8 million, £6.7 million and £11.1 million, respectively.

In each of the periods under review, the Group has incurred an interest expense in respect of intra-group loans, which the Group has claimed as an allowable expense for corporation tax. As a result, the effective tax rate has been below the prevailing rate of UK corporation tax. This interest expense has been consistent year-on-year and therefore any increase or decrease in tax charge is proportionate to the increase or decrease in profit from operations, net of tax for each of the periods under review. These intra-group loans will be repaid on Admission.

The Group's effective tax rate (calculated as the tax charge expressed as a percentage of profit before tax in each of the periods under review) in the nine months ended 30 September 2016 and 2017 and the years ended 31 December 2014, 2015 and 2016 was 22.45 per cent., 16.41 per cent., 17.56 per cent., 17.41 per cent. and 19.35 per cent., respectively. For further information, please refer to note 11 of the consolidated financial information of the Group set out in Part 7 (*Historical Financial Information*) of this Prospectus.

7.14. Profit from operations, net of tax

Profit from operations, net of tax decreased by £3.5 million, or 8.9 per cent., from £39.2 million for the nine months ended 30 September 2016 to £35.7 million for the nine months ended 30 September 2017, as a result of the developments described above.

Profit from operations, net of tax increased by £18.3 million, or 53.8 per cent., from £34.0 million for the year ended 31 December 2015 to £52.3 million for the year ended 31 December 2016, as a result of the developments described above.

Profit from operations, net of tax decreased by £3.2 million, or 8.6 per cent., from £37.2 million for the year ended 31 December 2014 to £34.0 million for the year ended 31 December 2015, as a result of the developments discussed above.

8. Consolidated statement of financial position

The table below presents the audited consolidated statement of financial position as at 31 December 2014, 2015 and 2016 and 30 September 2017 and the unaudited position as at 30 September 2016. It has been extracted without material adjustment from the historical financial information set out in Part 7 (*Historical Financial Information*) of this Prospectus.

	As at 31 December			As at 30 September	
	2014 £'000	2015 £'000	2016 £'000	2016 (unaudited) £'000	2017 £'000
Assets					
Goodwill	156,279	156,279	156,279	156,279	156,279
Intangible assets	6,107	3,007	1,388	1,793	723
Property, plant and equipment	2,383	3,017	4,034	4,041	3,924
Reinsurance assets	33,732	34,947	51,529	34,761	119,251
Deferred tax assets	15	6	—	—	18
Deferred acquisition costs	13,111	14,834	14,028	14,617	15,607
Insurance and other receivables	25,822	32,844	37,042	39,782	46,139
Prepayments, accrued income and other assets	2,472	2,184	2,166	1,290	1,295
Financial investments	143,239	177,354	234,290	185,404	231,120
Cash and cash equivalents	74,580	70,840	10,492	66,690	30,249
Total assets	457,740	495,312	511,248	504,657	604,605
Equity					
Ordinary shares	43,927	45,064	45,396	45,396	45,396
Preference shares	202,719	202,719	202,719	202,719	202,719
Retained earnings	(37,260)	(31,684)	(35,299)	(28,039)	(29,335)
Total Equity	209,386	216,099	212,816	220,076	218,780
Liabilities					
Insurance liabilities	147,425	160,264	182,941	165,374	247,471
Unearned premium reserve	75,424	92,679	97,525	100,618	112,708
Trade and other payables including insurance payables	15,871	18,354	9,108	8,133	14,704
Deferred tax liabilities	—	—	5	5	—
Current tax liabilities	5,136	2,609	3,077	3,803	2,262
Accruals and deferred income	4,498	5,307	5,776	6,648	8,680
Total liabilities	248,354	279,213	298,432	284,581	385,825
Total equity and liabilities	457,740	495,312	511,248	504,657	604,605

8.1. Assets

Total assets increased from £511.2 million to £604.6 million or 18.3 per cent. between 31 December 2016 and 30 September 2017. Total assets increased from £495.3 million to £511.2 million or 3.2 per cent. between 31 December 2015 and 31 December 2016 and from £457.7 million to £495.3 million or 8.2 per cent. between 31 December 2014 and 31 December 2015.

Goodwill arose on the acquisition of Binomial Group Limited by Barbados Topco Limited in January 2014, which formed part of the transaction through which the Major Shareholder invested in the Group. It reflects the purchase price paid for Binomial Group Limited less the fair value of the net assets acquired. Goodwill is not amortised but is tested annually for impairment.

Intangible assets, representing the expected renewals on the Direct Brands' client book of business acquired on the acquisition of Binomial Group Limited by Barb Bidco Limited in 2014, decreased from £1.4 million to £0.7 million or 50.0 per cent. between 31 December 2016 and 30 September 2017, decreased from £3.0 million to £1.4 million or 53.3 per cent. between 31 December 2015 and 31 December 2016 and decreased from £6.1 million to £3.0 million or 50.8 per cent. between 31 December 2014 and 31 December 2015. The Group's intangible asset was originally recognised at

fair value at the date of acquisition and is being amortised over a five year period in a pattern consistent with the Group's historical policy renewal rates.

Reinsurance assets increased from £51.5 million to £119.3 million or 131.7 per cent. between 31 December 2016 and 30 September 2017 primarily due to a small number of high value claims. Between 31 December 2015 and 31 December 2016, reinsurance assets increased from £34.9 million to £51.5 million or 47.6 per cent. During 2016, the reinsurers' share of insurance liabilities increased following the Group's decision to adjust its insurance liabilities as at 31 December 2016 to take into account the anticipated changes to the Ogden Discount Rate (which was announced in February 2017). Reinsurance assets increased from £33.7 million to £34.9 million or 3.6 per cent. between 31 December 2014 and 31 December 2015 primarily as a result of an increase in the number of larger claims outstanding.

Deferred acquisition costs reflect that policies sold through brokers and through Direct Brands and in force at the end of a particular financial period will remain in force, and a pro rata portion of the premiums on those policies will be earned, in a subsequent period. Deferred acquisition costs are comprised of commission costs plus a portion of operating expenses directly and indirectly attributable to the sale of policies. Deferred acquisition costs are amortised over the period in which the premiums on the policies are earned. Deferred acquisition costs increased from £14.0 million to £15.6 million or 11.4 per cent. between 31 December 2016 and 30 September 2017 as a result of an increase in the total acquisition costs incurred during the period. Deferred acquisition costs reduced from £14.8 million to £14.0 million or 5.4 per cent. between 31 December 2015 and 31 December 2016 as a result of a reduction in the Group's acquisition costs largely as a result of lower commission expenses and therefore a smaller amount of expense being deferred. Deferred acquisition costs increased from £13.1 million to £14.8 million or 13.0 per cent. between 31 December 2014 and 31 December 2015 in line with an increase in acquisition costs.

Insurance and other receivables increased from £37.0 million to £46.1 million or 24.6 per cent. between 31 December 2016 and 30 September 2017, increased from £32.8 million to £37.0 million or 12.8 per cent. between 31 December 2015 and 31 December 2016 and increased from £25.8 million to £32.8 million or 27.1 per cent. between 31 December 2014 and 31 December 2015 primarily as a result of the increase in the premium written during each of the periods under review.

Financial investments reduced from £234.3 million to £231.1 million or 1.4 per cent. between 31 December 2016 and 30 September 2017 primarily as a result of a greater percentage of assets being held as cash. Between 31 December 2015 and 31 December 2016 financial instruments increased from £177.4 million to £234.3 million or 32.1 per cent. and between 31 December 2014 and 31 December 2015 financial investments increased from £143.2 million to £177.4 million or 23.9 per cent. Financial investments increased as a result of the increase in the number of in-force policies which required the Group to hold an increased level of financial investments to maintain its regulatory capital requirements at what the Directors believed to be an appropriate level. In addition, between 31 December 2015 and 31 December 2016, £61.0 million of the increase in financial investments was a result the disposal by the Group of money market funds (which are accounted for as cash and cash equivalents) and the acquisition of UK Government securities.

Cash and cash equivalents includes cash held in UK bank accounts and investments in money market funds. Cash inflows originate from the Group's operations and cash outflows are generally the result of dividends paid and investments in financial assets. Cash and cash equivalents increased from £10.5 million to £30.2 million or 187.6 per cent. between 31 December 2016 and 30 September 2017 primarily as a result of cash generated by operations. Cash and cash equivalents decreased from £70.8 million to £10.5 million or 85.2 per cent. between 31 December 2015 and December 2016 primarily as a result of the disposal of money market funds and the payment of dividends during the period. Between 31 December 2014 and 31 December 2015, cash and cash equivalents decreased from £74.6 million to £70.8 million or 5.1 per cent. as a result of cash generated by operations being more than offset by dividends paid during the year.

8.2. Liabilities

Total liabilities increased from £298.4 million to £385.8 million or 29.3 per cent. between 31 December 2016 and 30 September 2017. Total liabilities increased from £279.2 million to £298.4 million or 6.9 per

cent. between 31 December 2015 and 31 December 2016 and from £248.4 million to £279.2 million or 12.4 per cent. between 31 December 2014 and 31 December 2015.

Insurance liabilities increased from £182.9 million to £247.5 million or 35.3 per cent. between 31 December 2016 and 30 September 2017. Insurance liabilities increased from £160.3 million to £182.9 million or 14.1 per cent. between 31 December 2015 and 31 December 2016 and from £147.4 million to £160.3 million or 8.8 per cent. between 31 December 2014 and 31 December 2015. In each of the periods under review, the increase in insurance liabilities was primarily the result of an increase of the number of in-force policies and claims in the relevant period. In addition, between 31 December 2015 and 31 December 2016, insurance liabilities increased following the Group's decision to adjust its insurance liabilities as at 31 December 2016 to take into account the anticipated change to the Ogden Discount Rate (which was announced in February 2017).

Unearned premium reserve increased from £97.5 million to £112.7 million or 15.6 per cent. between 31 December 2016 and 30 September 2017. Between 31 December 2015 and 31 December 2016, unearned premium reserve increased from £92.7 million to £97.5 million or 5.2 per cent. and between 31 December 2014 and 31 December 2015, unearned premium reserve increased from £75.4 million to £92.7 million or 22.9 per cent. In each of the periods under review, unearned premium reserve increased primarily as a result of the increase in GWP.

Trade and other payables including insurance payables, which include reinsurance premiums and insurance premium tax ("IPT"), increased from £9.1 million to £14.7 million or 61.5 per cent. between 31 December 2016 and 30 September 2017. This increase was driven in part by an increase in the amount payable by the Group for reinsurance premiums (amounting to £3.4 million). In addition, the Group must charge IPT on the policies it sells and is required to account for all IPT it collects to HMRC (with the amounts owed to HMRC recorded as a trade and other payable). IPT increased in June 2017 and, as a result, the Group collected more IPT than in previous periods. Trade and other payables including insurance payables reduced from £18.4 million to £9.1 million or 50.5 per cent. between 31 December 2015 and 31 December 2016 primarily as a result of a reduction in amounts due to reinsurers as a result of the commutation of a legacy reinsurance contract which more than offset an increase in amounts due to HMRC in respect of IPT as GWP grew. Between 31 December 2014 and 31 December 2015, trade and other payables including insurance payables increased from £15.9 million to £18.4 million or 15.7 per cent. primarily as a result of the increase in amounts due to HMRC in respect of IPT as GWP grew.

8.3. Equity

The Group's equity consists of ordinary share capital, preference share capital and retained earnings. Ordinary share capital increases or decreases as ordinary share capital is issued or cancelled in any period. Ordinary share capital increased by £0.3 million between 31 December 2015 and 31 December 2016 and by £1.1 million between 31 December 2014 and 31 December 2015 as a result of the issue of new ordinary shares.

Preference share capital has not changed throughout the periods under review. When Binomial Group Limited was acquired by Barb Bidco Limited in the year ended 31 December 2014, Barbados Topco Limited issued £202.7 million of Topco Preference Shares as part of the acquisition funding structure.

Retained earnings equals the cumulative realised profits of the Group less the cumulative realised losses of the Group less the aggregate dividends paid.

On or immediately prior to Admission, the Share Capital Reorganisation will be undertaken and the Company will acquire the Topco Preference Shares, which will be redeemed as part of the Post-IPO Reorganisation.

9. Liquidity and capital resources

9.1. Liquidity and cash flows

The table below presents the audited consolidated statement of cash flow for the years ended 31 December 2014, 2015 and 2016 and the nine months ended 30 September 2017 and the unaudited statement for the nine months ended 30 September 2016. It has been extracted without material adjustment from the historical financial information set out in Part 7 (*Historical Financial Information*) of this Prospectus.

	Year ended 31 December			Nine months ended 30 September	
	2014 £'000	2015 £'000	2016 £'000	2016 (unaudited) £'000	2017 £'000
Net cash generated from operating activities before investment of insurance assets	19,149	57,113	49,816	36,042	46,810
Cash generated from/(used by) investment of insurance assets	57,639	(32,793)	(52,813)	(3,298)	2,741
Net cash generated from/(used by) operating activities	76,788	24,320	(2,997)	32,744	49,551
Cash flows from investing activities					
Purchase of subsidiary undertaking	(245,485)	—	—	—	—
Net cash acquired with subsidiary undertaking	66,469	—	—	—	—
Purchase/(disposal) of property, plant and equipment	1,618	(185)	(1,775)	(1,721)	(70)
Net cash generated from/(used by) investing activities	(177,398)	(185)	(1,775)	(1,721)	(70)
Cash flows from financing activities					
Issue of ordinary share capital	43,927	1,137	532	532	—
Redemption of ordinary share capital	—	—	(200)	(200)	—
Issue of preference share capital	202,719	—	—	—	—
Preference dividends paid	(10,108)	(10,247)	(10,219)	(7,553)	(7,386)
Ordinary dividends paid	(61,452)	(18,765)	(45,689)	(27,952)	(22,338)
Net cash used by financing activities	175,086	(27,875)	(55,576)	(35,173)	(29,724)
Net increase/(decrease) in cash and cash equivalents	74,476	(3,740)	(60,348)	(4,150)	19,757
Cash and cash equivalents at the beginning of the year	104	74,580	70,840	70,840	10,492
Cash and cash equivalents at the end of the year ..	74,580	70,840	10,492	66,690	30,249

The Group's primary source of liquidity is the cash generated from its operating activities. The Group does not have external borrowings. Going forward, the Group's liquidity requirements will arise from its business operations, including working capital needs, contractual obligations and other commitments.

The Directors have no current plans for material capital expenditure in the next three years.

In the nine months ended 30 September 2017, the Group's net cash generated from operating activities before investment of insurance assets increased to £46.8 million from £36.0 million in the nine months ended 30 September 2016. This increase was primarily a result of a £9.9 million increase in net working capital (largely due to positive movements in insurance liabilities including deferred acquisition costs and unearned premium reserve and trade and other payables offset in part by negative movements in reinsurance assets). In the nine months ended 30 September 2017, the Group generated £2.7 million from investment of insurance assets. In the nine months ended 30 September 2016, the Group used £3.3 million in investment of insurance assets.

In the year ended 31 December 2016, the Group's net cash generated from operating activities before investment of insurance assets decreased to £49.8 million from £57.1 million in the year ended

31 December 2015. This decrease was primarily a result of a decrease in net working capital, largely due to negative movements in reinsurance assets and trade and other payables as well as a lower investment return, which more than offset an increase in profit for the year. In the years ended 31 December 2016 and 2015, the Group used £52.8 million and £32.8 million, respectively, in investment of insurance assets.

In the year ended 31 December 2015, the Group's net cash generated from operating activities before investment of insurance assets increased to £57.1 million from £19.1 million in the year ended 31 December 2014. This increase was primarily a result of an increase in net working capital, largely due to positive movements in insurance liabilities including deferred acquisition costs and unearned premium reserve and trade and other payables, offset in part by a negative movement in reinsurance assets. The increase in net working capital was partially offset by decreases in profit for the year and amortisation and an increase in taxes paid. In the year ended 31 December 2015, the Group used £32.8 million in investment of insurance assets. In the year ended 31 December 2014, the Group generated £57.6 million from investment of insurance assets

In the nine months ended 30 September 2017 and 2016, the Group's net cash used by investing activities was £0.07 million and £1.7 million, respectively. In both periods the amounts related to purchases of property, plant and equipment. In the years ended 31 December 2016, 2015 and 2014, the Group's net cash used by investing activities was £1.8 million, £0.2 million and £177.4 million, respectively. In the years ended 31 December 2016 and 2015, the amounts related to purchase of property, plant and equipment. In the year ended 31 December 2014, the amount comprised £245.5 million used for the purchase of Binomial Group Limited by Barb Bidco Limited, offset in part by the acquisition of £66.5 million of cash through the purchase and cash inflow of £1.6 million in connection with disposals of property, plant and equipment.

In the nine months ended 30 September 2017 and 2016, the Group's net cash used in financing activities was £29.7 million and £35.2 million, respectively. In both periods the amounts related primarily to payments of dividends on ordinary and preference shares. In the years ended 31 December 2016 and 2015, the Group's net cash used in financing activities was £55.6 million and £27.9 million, respectively. In both years the amounts related primarily to payments of dividends on ordinary and preference shares. In the year ended 31 December 2014, the Group's net cash generated from financing activities was £175.1 million. The amount reflected the proceeds of the issuance of ordinary and preference shares, offset in part by the payment of dividends on those shares.

The dividend paid by Barbados Topco Limited in the year ended 31 December 2014 was higher than that in the years ended 31 December 2015 and 2016 as a consequence of the acquisition of a controlling interest in the Group by the Major Shareholder in January 2014. That acquisition resulted in Sabre Insurance delaying payment of dividends during the year ended 31 December 2013 until after the Major Shareholder had acquired its controlling interest. In the year ended 31 December 2015, the board of directors of Sabre Insurance decided to reduce its dividend payment to its direct and indirect shareholders in order to hold capital back in response to the uncertainty of the impact of Solvency II. The amount that the dividend was reduced by was paid by way of dividend in the year ended 31 December 2016 following the implementation of Solvency II.

9.2. Contractual obligations

Under the Group's reinsurance arrangements, the Group is required to pay a reinsurance premium which is calculated as a percentage of GEP. The Group is required to pay a minimum premium in respect of the reinsurance provided. The Group is required to make fixed quarterly payments (known as "deposit premium") to members of its reinsurance panel (which in the year ending 30 June 2018 (being the end of its current reinsurance policies) will amount to £16.9 million in total). The Group has made two such fixed payments (one in July 2017 and one in September 2017) with the remaining two payments of £4.2 million each due in January 2018 and April 2018. If the Group's reinsurance premium exceeds the deposit premium, a top up payment must be made at the end of the reinsurance period. To the extent that the Group is required to pay deposit premiums which exceed the higher of the minimum payment and the reinsurance premium, such excess will be refunded to the Group.

9.3. Borrowings

The Group does not have, and has not had during the periods under review, any external borrowings.

9.4. Off-balance sheet arrangements

The Group does not have any off-balance sheet arrangements as defined in accordance with IFRS.

10. Dividend policy

The dividend policy which will be adopted by the Group following Admission is set out in paragraph 16 of Part 1 (*Information about the Group*) of this Prospectus.

11. Critical accounting policies and estimates

For details of the critical accounting policies and estimates made in applying the Group's accounting policies, see note 1 in Part 7 (*Historical Financial Information*) of this Prospectus.

12. Qualitative and quantitative disclosures on market risk

The Directors believe the primary components of market risk affecting the Group are insurance risk, financial risk (comprising counterparty credit risk, liquidity risk, investment concentration risk and interest rate risk) and operational risk.

For an analysis of the Group's insurance risk, financial risk and operational risk and the risk management strategies it applies, for each of the periods under review see note 3 in Part 7 (*Historical Financial Information*) of this Prospectus.

13. Post-balance sheet events

For details of the Group's post-balance sheet events, see note 30 in Part 7 (*Historical Financial Information*) of this Prospectus.

PART 6

CAPITALISATION AND INDEBTEDNESS

You should read the following tables together with Part 5 (*Operating and Financial Review*) and Part 7 (*Historical Financial Information*) of this Prospectus. The following tables do not reflect the impact of the Offer on the Group's capitalisation and indebtedness (including receipt of net proceeds of the Offer by the Company). Please refer to Part 8 (*Unaudited Pro Forma Financial Information*) of this Prospectus for an analysis of the impact of the Offer on the consolidated net assets of the Group.

1. Capitalisation and indebtedness

The following table sets out the Group's consolidated capitalisation and indebtedness as at 30 September 2017. The capitalisation and indebtedness of the Group has been extracted without material adjustment from the historical financial information in Part 7 (*Historical Financial Information*) of this Prospectus.

	As at 30 September 2017 (£m)
Guaranteed	—
Secured	—
Unguaranteed/unsecured	—
Total current debt	—
Total non-current debt (excluding current portion of long-term debt)	
Guaranteed	—
Secured	—
Unguaranteed/unsecured	—
Total non-current debt	—
Shareholders equity	
Share capital ⁽¹⁾	248
Other reserves	—
Total shareholders equity	248
Total capitalisation	248

Note:

(1) Comprising approximately £45.0 million of Topco Ordinary Shares and approximately £203.0 million of Topco Preference Shares.

There has been no material change to the Group's total capitalisation or indebtedness since 30 September 2017. The Group intends to use the net proceeds it receives from the Offer to purchase the issued Topco Preference Shares at their par value, together with interest accrued thereon, for an aggregate consideration of approximately £206 million. Recent changes to the issued share capital of the Company are described in paragraph 3 of Part 12 (*Additional information*) of the Prospectus.

2. Net indebtedness

The following table sets out the financial funds of the Group as at 30 September 2017, which has been extracted without material adjustment from the historical financial information in Part 7 (*Historical Financial Information*) of this Prospectus.

	As at 30 September 2017 (£m)
Cash	30
Cash equivalents	—
Trading securities ⁽¹⁾	—
Total Liquidity	30

	As at 30 September 2017 (£m)
Current bank debt	—
Current position of non-current debt	—
Other current financial debt ⁽²⁾	—
Current finance debt	—
Net current Financial Funds	30
Non-current bank loans	—
Bond issued	—
Other non-current loans	—
Non-current Financial Indebtedness	—
Net Financial Funds	30

Notes:

- (1) Excluding approximately £231 million of the Group's investments in UK Government securities. Whilst the Group typically holds UK Government securities to maturity, the Group may sell a certain amount of these UK Government securities in the normal course of its business in order to improve its short-term liquidity.
- (2) Representing accrued but unpaid dividends on Topco Preference Shares which are expected to be repaid from the proceeds of the Offer.

The Group has no indirect and contingent indebtedness.

PART 7

HISTORICAL FINANCIAL INFORMATION

Section A: Accountants' report on consolidated historical financial information for Barbados Topco Limited

The Directors
Sabre Insurance Group plc
Sabre House
150 South Street
Dorking
Surrey
RH4 2YY

23 November 2017

Dear Sirs

Barbados Topco Limited

We report on the financial information of Barbados Topco Limited and its subsidiaries (the “**Group**”) set out in this Part 7 for the three years and nine months ended 30 September 2017 (the “**Historical Financial Information**”). The Historical Financial Information has been prepared for inclusion in the prospectus dated 23 November 2017 (the “**Prospectus**”) of Sabre Insurance Group plc (the “**Company**”) on the basis of the accounting policies set out in Note 1 of the Historical Financial Information. This report is required by item 20.1 of Annex I of Commission Regulation (EC) 809/2004 and is given for the purpose of complying with that item and for no other purpose.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to Commission Regulation (EC) 809/2004, consenting to its inclusion in the prospectus.

We have not audited or reviewed the financial information for the nine month period ended 30 September 2016 and, accordingly, do not express an opinion thereon.

Responsibilities

The Directors of the Company are responsible for preparing the Historical Financial Information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the Historical Financial Information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Historical Financial Information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the Historical Financial Information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Historical Financial Information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Group as at the dates stated and of its profits, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Prospectus Rule 5.5.3R (2)(f) we are responsible for this report as part of the prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with item 1.2 of Annex I of Commission Regulation (EC) 809/2004.

Yours faithfully

Ernst & Young LLP

Section B: Consolidated historical financial information about the Group

Consolidated Statement of Comprehensive Income

	Notes	Year ended 31 December			Nine months ended 30 September	
		2014	2015	2016	2016 (unaudited)	2017
		£'000	£'000	£'000	£'000	£'000
Gross earned premium	4	142,659	162,998	191,773	142,674	149,843
Reinsurance premium ceded	4	(10,618)	(11,373)	(9,666)	(6,471)	(11,263)
Net earned premium		132,041	151,625	182,107	136,203	138,580
Investment return	5	2,232	919	3,478	3,712	(1,224)
Instalment income		2,660	3,054	3,433	2,574	2,798
Other operating income	6	2,105	1,624	2,242	1,548	1,560
Total income		139,038	157,222	191,260	144,037	141,714
Insurance claims	7	(47,609)	(86,161)	(112,245)	(71,544)	(134,121)
Insurance claims recoverable from reinsurers	7	(4,599)	4,307	19,524	(28)	63,241
Net insurance claims		(52,208)	(81,854)	(92,721)	(71,572)	(70,880)
Commission expenses		(13,793)	(17,096)	(16,349)	(12,789)	(13,619)
Operating expenses	8	(16,272)	(14,462)	(17,139)	(11,058)	(10,480)
Total expenses		(30,065)	(31,558)	(33,488)	(23,847)	(24,099)
Operating profit		56,765	43,810	65,051	48,618	46,735
Exceptional items	9	—	—	—	—	(1,821)
Amortisation of intangible assets	10	(8,731)	(3,100)	(1,619)	(1,214)	(665)
Profit before tax		48,034	40,710	63,432	47,404	44,249
Tax charge	11	(10,829)	(6,680)	(11,139)	(8,254)	(8,561)
Profit from operations, net of tax		37,205	34,030	52,293	39,150	35,688
Profit for the year attributable to the owners of the company		37,205	34,030	52,293	39,150	35,688
Other Comprehensive Income						
Items that will not be reclassified to profit and loss:						
Revaluation gain on owner- occupied property	15	200	700	—	—	—
Tax charge on other comprehensive income		(43)	(142)	—	—	—
Total other comprehensive income for the year		157	558	—	—	—
Total comprehensive income for the year attributable to the owners of the company		37,362	34,588	52,293	39,150	35,688
Earnings per share:						
Earnings per share attributable to ordinary shareholders(£)	32	0.63	0.55	0.95	0.71	0.65

Consolidated Statement of Financial Position

	Notes	As at 31 December			As at 30 September	
		2014	2015	2016	2016 (unaudited)	2017
		£'000	£'000	£'000	£'000	£'000
Assets						
Goodwill	24	156,279	156,279	156,279	156,279	156,279
Intangible assets	10	6,107	3,007	1,388	1,793	723
Property, plant and equipment	15	2,383	3,017	4,034	4,041	3,924
Reinsurance assets	16	33,732	34,947	51,529	34,761	119,251
Deferred tax assets	13	15	6	—	—	18
Deferred acquisition costs	17	13,111	14,834	14,028	14,617	15,607
Insurance and other receivables	18	25,822	32,844	37,042	39,782	46,139
Prepayments, accrued income and other assets	19	2,472	2,184	2,166	1,290	1,295
Financial investments	20	143,239	177,354	234,290	185,404	231,120
Cash and cash equivalents	22	74,580	70,840	10,492	66,690	30,249
Total assets		457,740	495,312	511,248	504,657	604,605
Equity						
Ordinary shares	23	43,927	45,064	45,396	45,396	45,396
Preference shares	23	202,719	202,719	202,719	202,719	202,719
Retained earnings		(37,260)	(31,684)	(35,299)	(28,039)	(29,335)
Total Equity		209,386	216,099	212,816	220,076	218,780
Liabilities						
Insurance liabilities	25	147,425	160,264	182,941	165,374	247,471
Unearned premium reserve	25	75,424	92,679	97,525	100,618	112,708
Trade and other payables including insurance payables	26	15,871	18,354	9,108	8,133	14,704
Deferred tax liabilities	13	—	—	5	5	—
Current tax liabilities	12	5,136	2,609	3,077	3,803	2,262
Accruals and deferred income		4,498	5,307	5,776	6,648	8,680
Total liabilities		248,354	279,213	298,432	284,581	385,825
Total equity and liabilities		457,740	495,312	511,248	504,657	604,605

Consolidated Statement of Cash Flow

	Notes	Year ended 31 December			Nine months ended 30 September	
		2014	2015	2016	2016	2017
		£'000	£'000	£'000	(unaudited) £'000	£'000
Net cash generated from operating activities before investment of insurance assets	29	19,149	57,113	49,816	36,042	46,810
Cash generated from/(used in) investment of insurance assets	29	57,639	(32,793)	(52,813)	(3,298)	2,741
Net cash generated from/(used by) operating activities		76,788	24,320	(2,997)	32,744	49,551
Cash flows from investing activities						
Purchase of subsidiary undertaking		(245,485)	—	—	—	—
Net cash acquired with subsidiary undertaking		66,469	—	—	—	—
Purchases/(disposals) of property, plant and equipment		1,618	(185)	(1,775)	(1,721)	(70)
Net cash used by investing activities		(177,398)	(185)	(1,775)	(1,721)	(70)
Cash flows from financing activities						
Issue of ordinary share capital		43,927	1,137	532	532	—
Redemption of ordinary share capital		—	—	(200)	(200)	—
Issue of preference share capital		202,719	—	—	—	—
Preference dividends paid	14	(10,108)	(10,247)	(10,219)	(7,553)	(7,386)
Ordinary dividends paid	14	(61,452)	(18,765)	(45,689)	(27,952)	(22,338)
Net cash generated from/(used by) financing activities		175,086	(27,875)	(55,576)	(35,173)	(29,724)
Net decrease in cash and cash equivalents		74,476	(3,740)	(60,348)	(4,150)	19,757
Cash and cash equivalents at the beginning of the year		104	74,580	70,840	70,840	10,492
Cash and cash equivalents at the end of the year		74,580	70,840	10,492	66,690	30,249

Consolidated Statement of Changes in Equity

	Ordinary shareholders equity	Preference shareholders equity	Retained earnings	Total equity
	£'000	£'000	£'000	£'000
Balance at 1 January 2014	—	—	—	—
Profit for the period	—	—	34,143	34,143
Other comprehensive income	—	—	157	157
Total comprehensive income for the period	—	—	34,300	34,300
Shares issued	43,927	202,719	—	246,646
Dividends	—	—	(71,560)	(71,560)
Balance at 31 December 2014	43,927	202,719	(37,260)	209,386
Profit for the year	—	—	34,030	34,030
Other comprehensive income	—	—	558	558
Total comprehensive income for the period	—	—	34,588	34,588
Shares issued	1,137	—	—	1,137
Dividends	—	—	(29,012)	(29,012)
Balance at 31 December 2015	45,064	202,719	(31,684)	216,099
Profit for the year	—	—	52,293	52,293
Total comprehensive income for the period	—	—	52,293	52,293
Shares issued	532	—	—	532
Shares redeemed	(200)	—	—	(200)
Dividends	—	—	(55,908)	(55,908)
Balance at 31 December 2016	45,396	202,719	(35,299)	212,816
	Ordinary shareholders equity	Preference shareholders equity	Retained earnings	Total equity
	£'000	£'000	£'000	£'000
Balance at 31 December 2015	45,064	202,719	(31,684)	216,099
Profit for the period (unaudited)	—	—	39,150	39,150
Total comprehensive income for the period	—	—	39,150	39,150
Shares issued	532	—	—	532
Shares redeemed	(200)	—	—	(200)
Dividends	—	—	(35,505)	(35,505)
Balance at 30 September 2016 (unaudited)	45,396	202,719	(28,039)	220,076
Balance at 31 December 2016	45,396	202,719	(35,299)	212,816
Profit for the period	—	—	35,688	35,688
Total comprehensive income for the period	—	—	35,688	35,688
Shares issued	—	—	—	—
Shares redeemed	—	—	—	—
Dividends	—	—	(29,724)	(29,724)
Balance at 30 September 2017	45,396	202,719	(29,335)	218,780

Notes to the consolidated financial statements

Corporate information

Barbados Topco Limited is a private limited company incorporated in Guernsey, the Channel Islands on 19 July 2013. The address of the registered office is Heritage Hall, Le Marchant Street, St Peter Port, Guernsey.

1. Accounting policies

1.1 (a) Basis of preparation

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") as adopted by the EU.

The financial statements have been prepared on an historical cost basis, except for those financial assets and owner occupied property that have been measured at fair value.

The consolidated financial statements values are presented in Pounds Sterling (£) rounded to the nearest thousand (£'000), unless otherwise indicated.

The Group presents the statements of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the respective notes.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settled the liability simultaneously.

As permitted by IFRS 4 Insurance Contracts, the Group continues to apply the existing accounting policies that were applied prior to the adoption of IFRS, with certain modifications allowed by the standard effective subsequent to adoption for its insurance contracts.

1.1 (b) Basis of consolidation

The Consolidated Financial Statements incorporate the Financial Statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December and 30 September for each applicable period end. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

1.2 Summary of significant accounting policies

(a) Premiums

Insurance and reinsurance written premiums comprise all amounts during the financial year in respect of contracts entered into regardless of the fact that such amounts may relate in whole or in part to a later financial year. All premiums are shown gross of commission payable to intermediaries (where applicable) and are exclusive of taxes, duties and levies thereon. Insurance and reinsurance premiums are adjusted by an unearned premium provision which represents the proportion of premiums that relate to periods of cover after the balance sheet date as described in (b) below.

(b) Insurance liabilities

Claims incurred include all losses occurring through the year, whether reported or not, related handling costs and any adjustments to claims outstanding from previous years. Significant delays are

experienced in the notification and settlement of certain claims, particularly in respect of liability claims, the ultimate cost of which cannot be known with certainty at the balance sheet date. Reinsurance recoveries (or amounts due from reinsurers) are accounted for in the same period as the related claim.

- (i) Unearned premiums are those proportions of the premiums written in a year that relate to the periods of risk subsequent to the balance sheet date. They are computed principally on a daily pro-rata basis.
- (ii) The provision for claims outstanding includes individual case estimates, an incurred but not reported ("IBNR") provision and a provision for related claims handling costs. When claims are initially reported, case estimates are set at fixed levels based on previous average claims settlements. As soon as sufficient information becomes available, the case estimate is amended by a claim handler within the Claims Department to reflect the expected ultimate settlement cost of the claim, including external claims handling costs. The case estimate will be amended throughout the life of a claim as further information emerges. Case estimates generally do not allow for possible reductions in liability due to contributory negligence, favourable court judgements or settlements until these are known to a high probability.

The IBNR provision includes the estimated cost of claims incurred, but not reported, at the balance sheet date ("pure IBNR") and any difference between the case estimates and the estimated ultimate cost of reported claims ("IBNER"). The IBNR is set after considering the results of various statistical methods based on, inter alia, historical claims development trends, average claims costs and expected inflation rates. The provision for claims handling costs is estimated based on the number of outstanding claims at the balance sheet date and the estimated average internal cost of settling claims.

The provision for claims outstanding is based on information available at the balance sheet date. Significant delays are experienced in the notification and settlement of certain claims and accordingly the ultimate cost of such claims cannot be known with certainty at the balance sheet date. Subsequent information and events may result in the ultimate liability being less than, or greater than, the amount provided. Any differences between provisions and subsequent settlements are dealt with in the consolidated statement of comprehensive income. Claims provisions are not discounted, with the exception of PPO's (periodic payment orders), which are discussed more fully in note 2.1.

- (iii) Provision is made for unexpired risks when, after taking account of an element of attributable investment return, it is anticipated that the unearned premiums will be insufficient to cover future claims and expenses on existing contracts. The expected claims are calculated having regard to events which have occurred prior to the balance sheet date. Unexpired risk surpluses and deficits are offset when business classes are managed together and a provision is made if an aggregate deficit arises.

(c) Deferred acquisition costs

Deferred acquisition costs represent a proportion of commission and other acquisition costs that relate to policies that are in force at the year end. Deferred acquisition costs are amortised over the period in which the related premiums are earned. Such costs are identified as being directly attributable to the acquisition of business, or are indirectly attributed to acquisition activity through an allocation exercise.

(d) Investment return, realised and unrealised investment gains and losses

Investment return consists of interest receivable for the year. Income is credited to the statement of comprehensive income at the amounts receivable, with no associated tax credit for income from the United Kingdom. Interest receivable is accounted for on an accruals basis.

Net realised gains / (losses) on investments are calculated as the difference between net sales proceeds and the cost of acquisition.

Unrealised gains and losses on investments represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year. Net movements in the year are taken to the consolidated statement of comprehensive income and disclosed as unrealised gains / (losses) on investments.

(e) Investment expense and charges

Investment expenses and charges consist of the expenses relating to the management of the investment portfolio.

(f) Taxation

The taxation charge in the income statement is based on the taxable profits for the year. It is Group policy to relieve profits where possible by the surrender of losses from Group companies with payment for value.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

(g) Valuation of investments

Financial investments are shown in the statement of financial position as listed securities at market bid price at the date of the statement of financial position less accrued interest where applicable.

Financial investments are classified according to their nature and use. All financial investments held by the Group are classified as being held at fair value through the consolidated statement of comprehensive income as the performance of the Group is measured on a fair value basis. The Group invests only in financial assets which are quoted on liquid markets, therefore all investments are classified as 'Level 1' under the IFRS hierarchy.

Financial investments are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the investments.

A financial investment (in whole or in part) is derecognised either:

- when the Group has transferred substantially all the risks and rewards of ownership; or
- when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the asset; or
- when the contractual right to receive cash flow has expired.

(h) Tangible assets

Expenditure on computer equipment and fixtures and fittings is capitalised and depreciated over 5 years, the estimated useful economic lives of the assets on a straight line basis. Depreciation is charged to the consolidated statement of comprehensive income and is included in administrative expenses. Owner-occupied property is held at fair value, with subsequent revaluation gains taken through other comprehensive income. A fair value assessment of the owner-occupied property is undertaken at each reporting date with any material changes in fair value recognised. Owner-occupied property is also revalued by an external qualified surveyor, at least every three years.

(i) Pensions

For staff who were employees on 8 February 2002, the Group operates a non-contributory defined contribution personal pension scheme. The contribution by the Group depends on the age of the employee.

For employees joining since 8 February 2002, the Group operates a matched contribution personal pension scheme where the Group contributes an amount matching the contribution made by the staff member.

Contributions to defined contribution schemes are recognised in the statement of comprehensive income in the period in which they become payable.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits with banks together with short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value.

(k) Insurance and other receivables

Insurance and other receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest rate method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the consolidated statement of comprehensive income.

(l) Trade and other payables, including insurance payables

Trade and other payables consist primarily of reinsurance balances and indirect taxes due. Reinsurance payables represent premiums payable to reinsurers in respect of contracts which have been entered into at the date of the statement of financial position.

(m) Instalment income

Instalment income comprises the interest income earned on policyholder receivables, where outstanding premiums are settled by a series of instalment payments. Interest is earned over the term of the policy.

(n) Other operating income

Other operating income primarily consists of marketing fees, commissions resulting from the sale of ancillary products connected to the Group's direct business, and other non-insurance income such as administrative fees charged on direct business. Such income is recognised once the related service has been performed. Typically, this will be at the point of sale of the product.

(o) Goodwill

Goodwill only arises upon a business combination and is initially measured as the residual cost of the business combination after recognising the acquiree's identifiable assets, liabilities and contingent liabilities.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

(p) Intangible assets

Acquired businesses are reviewed to identify assets that meet the definition of an intangible asset in accordance with IAS 38 'Intangible Assets'. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful economic lives of intangibles assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Intangible assets relating to customer relationships are amortised over a 5 year period.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of comprehensive income when the asset is derecognised.

1.3 New standards, amendments and interpretations not yet effective and not early adopted

At the date of authorisation of these financial statements, the following Standards and Interpretations were assessed to be relevant and are effective for annual periods beginning on or after 1 January 2018:

<u>Description</u>	<u>Effective date (period beginning)</u>
IFRS 9 Financial Instruments	1 January 2018*
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019
IFRS 17 Insurance Contracts	1 January 2021

Note:

* Deferred to 1 January 2021.

The Group intends to adopt the Standards and Interpretations in the reporting period when they become effective. The Board does not anticipate that the adoption of these Standards and Interpretations in future periods will materially impact the Group's financial results in the period of initial application although there will be revised presentations to the financial statements and additional disclosures.

The Group has not early adopted these standards and their impact is yet to be fully assessed. However, based on the Directors' current assessment, the impact is not expected to be significant. IFRS 17 was released in May 2017; therefore the Directors are yet to assess the implications of this standard on the subsequent financial reporting of the Group.

(a) IFRS 9 – Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 'Financial Instruments' that replaces IAS 39 'Financial Instruments: Recognition and Measurement' and all previous versions of IFRS 9 and which was endorsed by the EU in 2016. IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets and is effective for annual periods beginning on or after 1 January 2018. The Board does not anticipate that the introduction of this standard would have a material impact on the Group's financial results. In September 2016, the IASB published amendments to IFRS 4 Insurance Contracts that address the accounting consequences of the application of IFRS 9 to insurers prior to the adoption of IFRS 17, the forthcoming accounting standard for insurance contracts. The amendments to IFRS 4 include a deferral approach that provides an entity, if eligible, with a temporary exemption from applying IFRS 9 until 1 January 2021. The Group is eligible to apply the deferral approach. The Group expects to take advantage of this deferral approach and delay its adoption of IFRS 9 until 1 January 2021 to align with the effective date of IFRS 17 as introduced by the amendments to IFRS 4 'Insurance Contracts'.

(b) IFRS 17 – Insurance Contracts

The effective date for IFRS 17 is 1 January 2021. Following the issuance of the full and final version of IFRS 17, the Group plans to perform a detailed impact assessment of the implementation of IFRS 17 and IFRS 9 on its results, financial position and cash flows during 2018.

(c) IFRS 15 – Revenue from Contract with Customers

IFRS 15 is effective for periods beginning on or after 1 January 2018. The standard specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The Group's current analysis is that this will not have a material impact on the Group's results.

(d) IFRS 16 – Leases

IFRS 16 is effective for periods beginning on or after 1 January 2019. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. This is in contrast to the current standard which differentiates between operating and finance leases. The Group's current analysis is that this will not have a material impact on the Group's results.

2. Critical accounting estimates and judgements

2.1 Valuation of insurance contracts

For the valuation of insurance contracts, estimates are made both for the expected ultimate cost of claims reported at the reporting date, consisting of a claims reserve and estimate of the sufficiency of these reserves (through the calculation of an Incurred But Not Enough Reported ("IBNER") estimate) and for the expected ultimate cost of claims incurred, but not yet reported, at the reporting date ("IBNR"). It can take a significant period of time before the ultimate claims cost can be established with certainty.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods. The main assumption underlying these techniques is that the Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is analysed by accident years and types of claim. Large claims are usually separately addressed, either by being reserved at the face value of loss adjusted estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

The gross carrying value of insurance liabilities at 30 September 2017 is £247,471k (30 September 2016: £165,374k, 31 December 2016: £182,941k, 31 December 2015: £160,264k, 31 December 2014: £147,425k).

Liability claims may be settled through a periodic payment order ("PPO"), established under the Courts Act 2003, which allows a UK court to award damages for future loss or any other damages in respect of personal injury. The court may order that the damages either partly or fully take the form of a PPO. As at 30 September 2017, the Group had one PPO within its outstanding claims reserve. Reinsurance is applied at the claim level, and therefore as PPOs generally result in a liability in excess of the Group's reinsurance retention, the net liability on acquisition of a PPO is not significantly different to

that arising in a non-PPO situation. Management of the Group will continue to monitor the level of PPO activity. If the level of projected PPO activity, and the volume of historical data available for modelling, becomes sufficient the Group will apply statistical modelling in respect of PPOs within the IBNR reserve.

2.2 Goodwill impairment testing

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating unit to which goodwill is allocated. Details of the key assumptions and judgements used in the estimation of the recoverable amounts are contained in note 24.

An impairment assessment was carried out as at the reporting date, and having reviewed the standalone performance of the Group during the year and its performance against comparable companies, the Directors are of the opinion that there are no indicators of impairment as at that date.

3. Risk management

3.1 Risk and capital management

The Board of Directors has ultimate responsibility for ensuring that the Group has sufficient funds to meet its liabilities as they fall due. The Group carries out detailed modelling of its assets and liabilities and the key risks to which these are exposed. This modelling includes the Group's own assessment of its capital requirements for solvency purposes. Prior to 1 January 2016, the assessment was submitted to the PRA as the Individual Capital Assessment ("ICA"). The ICA quantified the insurance market, counterparty, liquidity and operational risk within the Group.

From 1 January 2016, the Group has managed its solvency with reference to the Solvency Capital Requirement ("SCR") calculated using the Standard Formula. The Group has developed sufficient processes to ensure that the capital requirements under Solvency II are not breached, including the maintenance of capital at a level higher than that required through the Standard Formula. In previous years Sabre Insurance Company Limited managed its capital position on both a Solvency II basis and on the previous regulatory basis. From 1 January 2016, the Group considers its capital position to be its net assets on a Solvency II basis and monitors this in the context of the Solvency II SCR. As at 30 September 2017, the Company holds significant excess Solvency II capital.

The Group's IFRS capital comprises:

	As at 31 December			As at 30 September	
	2014	2015	2016	2016 (unaudited)	2017
	£'000	£'000	£'000	£'000	£'000
Equity					
Share capital	246,646	247,783	248,115	248,115	248,115
Retained earnings	(37,260)	(31,684)	(35,299)	(28,039)	(29,236)
	209,386	216,099	212,816	220,076	218,879

The Solvency II position of Sabre Insurance Company Limited is given below:

	As at 31 December 2016 £'000	As at 30 September 2017 £'000
Total regulatory capital	74,283	89,150
SCR	57,852	62,816
Excess regulatory capital	16,437	26,336
Solvency coverage ratio (%)	128%	142%

The following table sets out a reconciliation between Sabre Insurance Company Limited IFRS net assets and Solvency II net assets:

	As at 31 December 2016 £'000	As at 30 September 2017 £'000
IFRS net assets	54,638	64,970
Net unearned premium reserve	92,779	102,642
Deferred acquisition costs	(14,028)	(15,607)
Solvency II premium provision	(58,816)	(62,311)
IFRS risk margin ⁽¹⁾	12,004	12,284
Discount claims provision	1,604	2,044
Solvency II risk margin	(8,987)	(9,107)
Change in deferred tax	(4,911)	(5,765)
Solvency II net assets	74,283	89,150

Note:

(1) In line with industry practice, the IFRS risk margin is an explicit additional reserve in excess of the actuarial best estimate which is designed to create a margin held in reserve to allow for unforeseen adverse development in open claims.

The adjustments set out above have been made for the following reasons.

- **Removal of net unearned premium reserve and deferred acquisition costs:** The net unearned premium reserve must be added back and deferred acquisition costs must be removed as they are not deferred under Solvency II.
- **Solvency II premium provision:** A premium reserve reflecting the future cash in and out flows in respect of insurance contracts is calculated and this must be discounted under Solvency II.
- **IFRS risk margin:** Solvency II reserves must reflect a true “best estimate” basis. Therefore, the IFRS risk margin is removed from the claims reserve.
- **Discount claims provision:** The provision held against future claims expenditure for claims incurred is discounted in the same way as the Solvency II premium provision.
- **Solvency II risk margin:** The Solvency II risk margin represents the premium that would be required were the Group to transfer its technical provisions to a third party, and essentially reflects the SCR required to cover run-off of claims on existing business. This amount is calculated by the Group through modelling the discounted SCR on a projected future balance sheet for each year of claims run-off.
- **Change in deferred tax:** As the move to a Solvency II basis balance sheet increases the net asset position of the Group, a deferred tax liability is generated to offset the increase.

Sabre Insurance Company Limited’s SCR, expressed on a risk module basis is set out in the following table.

	As at 31 December 2016 £'000	As at 30 September 2017 £'000
Interest rate risk	495	1,062
Equity risk	—	—
Property risk	859	859
Spread risk	94	89
Currency risk	185	208
Concentration risk	—	—
Correlation impact	(519)	(426)
Market risk	1,114	1,792
Counterparty risk	1,444	3,428
Underwriting Risk	56,043	58,771
Correlation impact	(1,591)	(2,946)
Basic SCR	57,010	61,045
Operating Risk	5,753	7,536
Loss absorbing effect of deferred taxes	(4,911)	(5,765)
Total Solvency Capital Requirement	57,852	62,816

The Group's capital management objectives are:

- to ensure that the Group will be able to continue as going concerns; and
- to maximise the income and capital return to its equity.

The Board monitors and review the broad structure of the Company's capital on an ongoing basis. This review includes consideration of the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital have not changed during the historical period.

3.2 Principal risks from insurance activities and the use of financial instruments

The section entitled "Risk Factors" of this Prospectus sets out the principal risks faced by the Group. Detailed below is the Group's risk exposure arising from its insurance activities and use of financial instruments specifically in respect of insurance risk, market risk and counterparty risk.

3.2.1 Insurance risk

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The Group issues only motor insurance contracts, which usually cover twelve months duration. For these contracts, the most significant risks arise from severe weather conditions or single catastrophic events. For longer-tail claims that take some years to settle, there is also inflation risk.

The above risk exposure is mitigated by diversification across a large portfolio of policyholders and geographical areas within the UK. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across policyholders. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The Group purchases reinsurance as part of its risk mitigation programme. Reinsurance ceded is placed on a non-proportional basis. This non-proportional reinsurance is excess of loss, designed to mitigate the Group's net exposure to single large claims or catastrophe losses. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Group's placement of reinsurance is diversified such that it is not dependent on a single reinsurer. There is no single counterparty exposure that exceeds 25% of total reinsurance assets at the reporting date.

Key assumptions

The principal assumption underlying the liability estimates is that the Group's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: one-off occurrence; changes in market factors such as public attitude to claiming; economic conditions; and internal factors such as portfolio

mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key circumstances affecting the reliability of assumptions include variation in interest rates and delays in settlement.

Sensitivities

The motor claim liabilities are primarily sensitive to the reserving assumptions noted above. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

The table shows the impact of a 10% increase in the loss ratio applied to all underwriting years which have a material outstanding claims reserve, a 10% in net outstanding claims across all underwriting years, taking into account the impact of an increase in the operational costs associated with handling those claims.

<u>As at 31 December</u>	<u>Decrease in profit before tax</u>			<u>Decrease in total equity</u>		
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Insurance risk						
Impact of a 10% increase in loss ratio	(11,853)	(13,176)	(14,078)	(11,853)	(13,176)	(14,078)
Impact of a 10% increase in net outstanding claims and claims provision . . .	(11,785)	(12,971)	(13,616)	(11,785)	(12,971)	(13,616)

<u>As at 30 September</u>	<u>Decrease in income statement</u>		<u>Decrease in total equity</u>	
	<u>2016 (unaudited)</u>	<u>2017</u>	<u>2016 (unaudited)</u>	<u>2017</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Insurance risk				
Impact of a 10% increase in loss ratio	(13,639)	(13,637)	(13,639)	(13,637)
Impact of a 10% increase in net OS claims and claims provision	(13,525)	(14,144)	(13,525)	(14,144)

The impact of a 10% decrease would be an equal but opposite effect to the numbers in the table above.

3.2.2 Financial risks

(1) Counterparty credit risk

Counterparty credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The two main sources of counterparty risk for the group are investment counterparties and reinsurance recoveries.

The following policies and procedures are in place to mitigate the Group's exposure to credit risk:

- A Group credit risk policy which sets out the assessment and determination of what constitutes credit risk for the Group. Compliance with the policy is monitored and exposures and breaches are reported to the audit and risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the board of directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.

- The Group sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long-term credit ratings.
- The credit risk in respect of customer balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.

The following tables demonstrate the Group's exposure to credit risk in respect of overdue debt and counterparty creditworthiness.

Overdue debt

<u>As at 31 December 2014</u>	<u>Neither past due nor impaired</u>	<u>Past due 1-90 days</u>	<u>Past due more than 90 days</u>	<u>Assets that have been impaired</u>	<u>Carrying value in the balance sheet</u>
	£'000	£'000	£'000	£'000	£'000
Reinsurance assets	33,732	—	—	—	33,732
Insurance and other receivables	25,603	172	47	—	25,822
Corporate bonds	1,136	—	—	—	1,136
UK Government securities	142,103	—	—	—	142,103
Short-term deposits with credit institutions	60,000	—	—	—	60,000
Cash at bank and in hand	14,580	—	—	—	14,580
Total	277,154	172	47	—	277,373

<u>As at 31 December 2015</u>	<u>Neither past due nor impaired</u>	<u>Past due 1-90 days</u>	<u>Past due more than 90 days</u>	<u>Assets that have been impaired</u>	<u>Carrying value in the balance sheet</u>
	£'000	£'000	£'000	£'000	£'000
Reinsurance assets	34,947	—	—	—	34,947
Insurance and other receivables	32,842	—	2	—	32,844
Corporate bonds	1,095	—	—	—	1,095
UK Government securities	176,259	—	—	—	176,259
Short-term deposits with credit institutions	61,900	—	—	—	61,900
Cash at bank and in hand	8,940	—	—	—	8,940
Total	315,983	—	2	—	315,985

<u>As at 31 December 2016</u>	<u>Neither past due nor impaired</u>	<u>Past due 1-90 days</u>	<u>Past due more than 90 days</u>	<u>Assets that have been impaired</u>	<u>Carrying value in the balance sheet</u>
	£'000	£'000	£'000	£'000	£'000
Reinsurance assets	51,529	—	—	—	51,529
Insurance and other receivables	37,019	—	23	—	37,042
Corporate bonds	576	—	—	—	576
UK Government securities	233,714	—	—	—	233,714
Short-term deposits with credit institutions	—	—	—	—	—
Cash at bank and in hand	10,492	—	—	—	10,492
Total	333,330	—	23	—	333,353

<u>As at 30 September 2016 (unaudited)</u>	Neither past due nor impaired	Past due 1-90 days	Past due more than 90 days	Assets that have been impaired	Carrying value in the balance sheet
	£'000	£'000	£'000	£'000	£'000
Reinsurance assets	34,761	—	—	—	34,761
Insurance and other receivables	39,759	—	23	—	39,782
Corporate bonds	585	—	—	—	585
UK Government securities	184,819	—	—	—	184,819
Short-term deposits with credit institutions	61,000	—	—	—	61,000
Cash at bank and in hand	5,690	—	—	—	5,690
Total	326,614	—	23	—	326,637

<u>As at 30 September 2017</u>	Neither past due nor impaired	Past due 1-90 days	Past due more than 90 days	Assets that have been impaired	Carrying value in the balance sheet
	£'000	£'000	£'000	£'000	£'000
Reinsurance assets	119,251	—	—	—	119,251
Insurance and other receivables	46,138	—	1	—	46,139
Corporate bonds	551	—	—	—	551
UK Government securities	230,569	—	—	—	230,569
Short-term deposits with credit institutions	—	—	—	—	—
Cash at bank and in hand	30,249	—	—	—	30,249
Total	426,758	—	1	—	426,759

There were no material financial assets that would have been past due or considered for impairment at the period end.

Exposure by credit rating

<u>As at 31 December 2014</u>	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ and below	Not rated	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Reinsurance assets	—	22,332	11,400	—	—	—	33,732
Insurance and other receivables	—	—	—	—	—	25,822	25,822
Corporate bonds	—	537	—	599	—	—	1,136
UK Government securities	142,103	—	—	—	—	—	142,103
Short-term deposits with credit institutions	60,000	—	—	—	—	—	60,000
Cash at bank and in hand	—	181	52	14,347	—	—	14,580
Total	202,103	23,050	11,452	14,946	—	25,822	277,373

<u>As at 31 December 2015</u>	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ and below	Not rated	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Reinsurance assets	—	33,237	1,710	—	—	—	34,947
Insurance and other receivables	—	—	—	—	—	32,844	32,844
Corporate bonds	—	519	—	576	—	—	1,095
UK Government securities	176,259	—	—	—	—	—	176,259
Short-term deposits with credit institutions	61,900	—	—	—	—	—	61,900
Cash at bank and in hand	—	100	341	8,499	—	—	8,940
Total	238,159	33,856	2,051	9,075	—	32,844	315,985

<u>As at 31 December 2016</u>	<u>AAA</u>	<u>AA+ to AA-</u>	<u>A+ to A-</u>	<u>BBB+ to BBB-</u>	<u>BB+ and below</u>	<u>Not rated</u>	<u>Total</u>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Reinsurance assets	—	38,800	12,729	—	—	—	51,529
Insurance and other receivables	—	—	—	—	—	37,042	37,042
Corporate bonds	—	—	—	576	—	—	576
UK Government securities	—	233,714	—	—	—	—	233,714
Short-term deposits with credit institutions	—	—	—	—	—	—	—
Cash at bank and in hand	—	4	399	10,089	—	—	10,492
Total	—	272,518	13,128	10,665	—	37,042	333,353

<u>As at 30 September 2016 (unaudited)</u>	<u>AAA</u>	<u>AA+ to AA-</u>	<u>A+ to A-</u>	<u>BBB+ to BBB-</u>	<u>BB+ and below</u>	<u>Not rated</u>	<u>Total</u>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Reinsurance assets	—	26,174	8,587	—	—	—	34,761
Insurance and other receivables	—	—	—	—	—	39,782	39,782
Corporate bonds	—	—	—	585	—	—	585
UK Government securities	—	184,819	—	—	—	—	184,819
Short-term deposits with credit institutions	—	61,000	—	—	—	—	61,000
Cash at bank and in hand	—	—	—	5,690	—	—	5,690
Total	—	210,993	8,587	6,275	—	39,782	326,637

<u>As at 30 September 2017</u>	<u>AAA</u>	<u>AA+ to AA-</u>	<u>A+ to A-</u>	<u>BBB+ to BBB-</u>	<u>BB+ and below</u>	<u>Not rated</u>	<u>Total</u>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Reinsurance assets	—	85,280	33,971	—	—	—	119,251
Insurance and other receivables	—	—	—	—	—	46,139	46,139
Corporate bonds	—	—	—	551	—	—	551
UK Government securities	—	230,569	—	—	—	—	230,569
Short-term deposits with credit institutions	—	—	—	—	—	—	—
Cash at bank and in hand	—	—	764	29,485	—	—	30,249
Total	—	315,849	34,735	30,036	—	46,139	426,759

Credit rating is determined with reference to an external credit rating agency, primarily Standard and Poor's.

(2) Liquidity risk

Liquidity risk is the potential that obligations cannot be met as they fall due as a consequence of having a timing mismatch or inability to raise sufficient liquid assets without suffering a substantial loss on realisation. The Group manages its liquidity risk through both ensuring that it holds sufficient cash and cash equivalent assets to meet all short-term liabilities, and matching the maturity profile of its financial investments to the expected cash outflows.

The liquidity of the Group's insurance liabilities and supporting assets are given in the tables below.

<u>As at 31 December 2014</u>	<u>Total</u>	<u>Within 1 year</u>	<u>1 - 3 years</u>	<u>3 - 5 years</u>	<u>5 - 10 years</u>	<u>Over 10 years</u>
	£'000	£'000	£'000	£'000	£'000	£'000
Corporate bonds	1,136	—	537	599	—	—
UK Government securities	142,103	82,283	59,820	—	—	—
Cash and cash equivalents	74,580	74,580	—	—	—	—
Insurance and other receivables	25,822	25,822	—	—	—	—
Total	243,641	182,685	60,357	599	—	—

<u>As at 31 December 2014</u>	<u>Total</u>	<u>Within 1 year</u>	<u>1 - 3 years</u>	<u>3 - 5 years</u>	<u>5 - 10 years</u>	<u>Over 10 years</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Insurance liabilities	192,302	76,531	70,173	26,694	16,614	2,290
Other current liabilities ⁽¹⁾	25,505	25,505	—	—	—	—
Total	217,807	102,036	70,173	26,694	16,614	2,290
<u>As at 31 December 2015</u>	<u>Total</u>	<u>Within 1 year</u>	<u>1 - 3 years</u>	<u>3 - 5 years</u>	<u>5 - 10 years</u>	<u>Over 10 years</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Corporate bonds	1,095	519	—	576	—	—
UK Government securities	176,259	57,821	71,715	24,077	16,228	6,418
Cash and cash equivalents	70,840	70,840	—	—	—	—
Insurance and other receivables	32,844	32,844	—	—	—	—
Total	281,038	162,024	71,715	24,653	16,228	6,418
<u>As at 31 December 2015</u>	<u>Total</u>	<u>Within 1 year</u>	<u>1 - 3 years</u>	<u>3 - 5 years</u>	<u>5 - 10 years</u>	<u>Over 10 years</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Insurance liabilities	215,408	85,726	78,605	29,902	18,610	2,565
Other current liabilities ⁽¹⁾	26,270	26,270	—	—	—	—
Total	241,678	111,996	78,605	29,902	18,610	2,565
<u>As at 31 December 2016</u>	<u>Total</u>	<u>Within 1 year</u>	<u>1 - 3 years</u>	<u>3 - 5 years</u>	<u>5 - 10 years</u>	<u>Over 10 years</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Corporate bonds	576	—	576	—	—	—
UK Government securities	233,714	128,372	71,311	26,354	7,677	—
Cash and cash equivalents	10,492	10,492	—	—	—	—
Insurance and other receivables	37,042	37,042	—	—	—	—
Total	281,824	175,906	71,887	26,354	7,677	—
<u>As at 31 December 2016</u>	<u>Total</u>	<u>Within 1 year</u>	<u>1 - 3 years</u>	<u>3 - 5 years</u>	<u>5 - 10 years</u>	<u>Over 10 years</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Insurance liabilities	236,882	103,962	86,874	32,230	12,371	1,445
Other current liabilities ⁽¹⁾	17,961	17,961	—	—	—	—
Total	254,843	121,923	86,874	32,230	12,371	1,445
<u>As at 30 September 2016 (unaudited)</u>	<u>Total</u>	<u>Within 1 year</u>	<u>1 - 3 years</u>	<u>3 - 5 years</u>	<u>5 - 10 years</u>	<u>Over 10 years</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Corporate bonds	585	—	—	585	—	—
UK Government securities	184,819	78,782	71,269	27,038	7,730	—
Cash and cash equivalents	66,690	66,690	—	—	—	—
Insurance and other receivables	39,782	39,782	—	—	—	—
Total	291,876	185,254	71,269	27,623	7,730	—
<u>As at 30 September 2016 (unaudited)</u>	<u>Total</u>	<u>Within 1 year</u>	<u>1 - 3 years</u>	<u>3 - 5 years</u>	<u>5 - 10 years</u>	<u>Over 10 years</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Insurance liabilities	221,026	93,316	85,418	29,566	10,845	1,881
Other current liabilities ⁽¹⁾	18,584	18,584	—	—	—	—
Total	239,610	111,900	85,418	29,566	10,845	1,881

<u>As at 30 September 2017</u>	<u>Total</u>	<u>Within 1 year</u>	<u>1 - 3 years</u>	<u>3 - 5 years</u>	<u>5 - 10 years</u>	<u>Over 10 years</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Corporate bonds	551	—	551	—	—	—
UK Government securities	230,569	88,510	57,544	61,340	23,175	—
Cash and cash equivalents	30,249	30,249	—	—	—	—
Insurance and other receivables	46,139	46,139	—	—	—	—
Total	307,508	164,898	58,095	61,340	23,175	—

<u>As at 30 September 2017</u>	<u>Total</u>	<u>Within 1 year</u>	<u>1 - 3 years</u>	<u>3 - 5 years</u>	<u>5 - 10 years</u>	<u>Over 10 years</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Insurance liabilities	309,810	133,950	120,709	47,913	7,238	—
Other current liabilities ⁽¹⁾	25,646	25,646	—	—	—	—
Total	335,456	159,596	120,709	47,913	7,238	—

Notes:

(1) Other current liabilities include 'Trade and other payables including insurance payables', 'Current tax liabilities' and 'Accruals and deferred income'.

The above tables exclude unearned premium reserve as there are no liquidity risk inherent in it. The maturity of insurance liabilities is based upon an estimate of expected settlement date.

(3) Investment concentration risk

Excessive exposure to particular industry sectors or groups can give rise to concentration risk. The Group has no significant investment in any particular industrial sector and therefore is unlikely to suffer significant losses through its investment portfolio as a result of over-exposure to sectors engaged in similar activities or which have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Group's investment portfolio is significantly exposed to UK gilts. The credit risk of the UK gilts is considered to be extremely low.

The Group's exposure by geographical area is outlined below.

<u>As at 31 December 2014</u>	<u>Corporate</u>	<u>Sovereign</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
UK	1,136	142,103	143,239
Total	1,136	142,103	143,239

<u>As at 31 December 2015</u>	<u>Corporate</u>	<u>Sovereign</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
UK	1,095	176,259	177,354
Total	1,095	176,259	177,354

<u>As at 31 December 2016</u>	<u>Corporate</u>	<u>Sovereign</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
UK	576	233,714	234,290
Total	576	233,714	234,290

<u>As at 30 September 2016 (unaudited)</u>	<u>Corporate</u>	<u>Sovereign</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
UK	585	184,819	185,404
Total	585	184,819	185,404

<u>As at 30 September 2017</u>	<u>Corporate</u>	<u>Sovereign</u>	<u>Total</u>
	£'000	£'000	£'000
UK	551	230,569	231,120
Total	551	230,569	231,120

(4) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk. Currently the Group holds only fixed rate securities.

The Group's interest risk policy requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities. Interest on fixed interest rate instruments is priced at inception of the financial instrument and is fixed until maturity. The Group has no significant concentration of interest rate risk.

The analysis that follows is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity. The correlation of variables will have a significant effect in determining the ultimate impact on interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

Note that the Group's investment portfolio has been designed such that the cash flows yielded from investments match the projected outflows inherent primarily within the claims reserve. While these insurance liabilities are shown on an undiscounted basis under IFRS, their economic value will move broadly in line with the underlying assets.

<u>As at 31 December</u>	<u>Decrease</u>			<u>Decrease</u>		
	<u>in profit before tax</u>			<u>in total equity</u>		
	2014	2015	2016	2014	2015	2016
	£'000	£'000	£'000	£'000	£'000	£'000
Interest rate						
Impact of a 100 basis point increase in interest rates on financial investments	(1,964)	(4,438)	(4,539)	(1,964)	(4,438)	(4,539)

<u>As at 30 September</u>	<u>Decrease</u>		<u>Decrease</u>		
	<u>in profit before tax</u>		<u>in total equity</u>		
	2016	2017	2016	2017	
	(unaudited)	£'000	(unaudited)	£'000	
Interest rate					
Impact of a 100 basis point increase in interest rates on financial investments		(3,614)	(5,235)	(3,614)	(5,235)

The impact of a 100 basis point decrease in interest rates would be an equal and opposite effect on equity and the consolidated statement of comprehensive income.

3.2.3 Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or lead to financial loss. The Group cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Group's strategic planning and budgeting process.

4. Net earned premium

	Year ended 31 December			Nine months ended 30 September	
	2014	2015	2016	2016	2017
	£'000	£'000	£'000	(unaudited) £'000	£'000
Gross earned premium:					
Gross written premium	149,274	180,253	196,619	150,613	165,026
Movement in unearned premium reserve . . .	(6,615)	(17,255)	(4,846)	(7,939)	(15,183)
	142,659	162,998	191,773	142,674	149,843
Reinsurance premium ceded:					
Premium payable	(10,275)	(11,432)	(10,020)	(6,718)	(16,583)
Movement in unearned premium reserve . . .	(343)	59	354	247	5,320
	(10,618)	(11,373)	(9,666)	(6,471)	(11,263)
Total	132,041	151,625	182,107	136,203	138,580

5. Investment return

	Year ended 31 December			Nine months ended 30 September	
	2014	2015	2016	2016	2017
	£'000	£'000	£'000	(unaudited) £'000	£'000
Investment return:					
Interest income from debt securities	7,256	5,849	4,469	3,587	3,134
Cash and cash equivalent interest income	197	269	182	174	1
Investment property income	(136)	21	3	3	5
Investment fees	(151)	(40)	(50)	(32)	(61)
	7,166	6,099	4,604	3,732	3,079
Net realised gains/(losses):					
Revaluation gain on investment property	1,050	—	—	—	—
Debt securities at fair value through profit and loss	(8,581)	(5,129)	(3,609)	(3,609)	(618)
	(7,531)	(5,129)	(3,609)	(3,609)	(618)
Net unrealised gains/(losses):					
Revaluation loss on owner occupied property	—	—	(515)	(515)	—
Debt securities at fair value through profit and loss	2,597	(51)	2,998	4,104	(3,685)
	2,597	(51)	2,483	3,589	(3,685)
Total	2,232	919	3,478	3,712	(1,224)

6. Other operating income

	Year ended 31 December			Nine months ended 30 September	
	2014	2015	2016	2016	2017
	£'000	£'000	£'000	(unaudited) £'000	£'000
Marketing fees	582	767	955	770	877
Fee income from the sale of ancillary products and services	91	105	134	98	104
Other technical income	—	—	300	—	—
Administration fees	1,432	752	853	680	579
Total	2,105	1,624	2,242	1,548	1,560

7. Net insurance claims

	Year ended 31 December 2014		
	Gross	Reinsurance	Net
	£'000	£'000	£'000
Current accident year claims paid	28,700	—	28,700
Prior accident year claims paid	45,290	(5,649)	39,641
Movement in insurance liabilities	(26,381)	10,248	(16,133)
Total	47,609	4,599	52,208

Claims handling expenses for the year ended 31 December 2014 of £4,585k have been included in the above.

	Year ended 31 December 2015			Year ended 31 December 2016		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	£'000	£'000	£'000	£'000	£'000	£'000
Current accident year claims paid	36,330	—	36,330	44,856	—	44,856
Prior accident year claims paid	36,991	(3,151)	33,840	44,712	(3,296)	41,416
Movement in insurance liabilities	12,840	(1,156)	11,684	22,677	(16,228)	6,449
Total	86,161	(4,307)	81,854	112,245	(19,524)	92,721

Claims handling expenses for the year ended 31 December 2016 of £5,878k (2015: £4,885k) have been included in the above.

Note that the gross and net movements in insurance liabilities for the year ended 31 December 2016 include amounts of £26,241k and £2,184k respectively directly related to the increase in case reserves following the announcement of a reduction in the Ogden Discount Rate announced in February 2017.

	Nine months ended 30 September 2016 (unaudited)			Nine months ended 30 September 2017		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	£'000	£'000	£'000	£'000	£'000	£'000
Current accident year claims paid	31,355	—	31,355	32,554	—	32,554
Prior accident year claims paid	35,079	(405)	34,674	37,037	(839)	36,198
Movement in insurance liabilities	5,110	433	5,543	64,530	(62,402)	2,128
Total	71,544	(28)	71,572	134,121	(63,241)	70,880

Claims handling expenses for the nine months ended 30 September 2017 of £5,897k (2016: £5,920k) have been included in the above.

8. Operating expenses

	Year ended 31 December			Nine months ended 30 September	
	2014	2015	2016	2016 (unaudited)	2017
	£'000	£'000	£'000	£'000	£'000
Staff costs	3,799	4,134	5,342	2,814	2,254
Property costs	150	145	218	75	112
IT expense including IT depreciation	3,047	3,343	3,937	2,871	2,411
Other depreciation	26	26	29	18	35
Industry levies	2,607	3,150	2,523	2,235	3,004
Other operating expenses ⁽¹⁾	6,608	3,662	5,087	3,044	2,661
Sundry expenses	35	2	3	1	3
Total	16,272	14,462	17,139	11,058	10,480

Note:

(1) £2,920k of other operating expenses recorded in 2014 relate to legal and professional fees incurred in relation to the purchase of Binomial Group Limited by Barbados Topco Limited.

The table below analyses the average monthly number of persons employed by the Group's operations:

	Year ended 31 December			Nine months ended 30 September	
	2014	2015	2016	2016 (unaudited)	2017
Operations	106	110	122	120	127
Support	22	23	24	25	24
Total	128	133	146	145	151

The aggregate remuneration of those employed by the Group's operations comprised:

	Year ended 31 December			Nine months ended 30 September	
	2014 £'000	2015 £'000	2016 £'000	2016 (unaudited) £'000	2017 £'000
Wages and salaries	3,133	3,439	4,472	2,358	1,881
Social security costs	363	394	516	274	220
Pension costs	199	197	241	127	99
Other staff costs	104	104	113	55	54
Total	3,799	4,134	5,342	2,814	2,254

The table below analyses the Auditor's remuneration in respect of the Group's operations.

	Year ended 31 December			Nine months ended 30 September	
	2014 £'000	2015 £'000	2016 £'000	2016 (unaudited) £'000	2017 £'000
Fees payable for the audit of the Group's Annual Accounts	137	143	164	35	—
Total audit fees	137	143	164	35	—
Audit related assurance	10	10	52	—	—
Other services	—	—	28	—	180
Taxation advisory services	9	22	66	66	—
Total non-audit services	19	32	146	66	180
Total	156	175	310	101	180

During 2017 Ernst & Young LLP provided non-audit services in relation to the initial public offering of the Group. All fees paid to the Group's auditors for non-audit service are approved by the Group's Audit and Risk Committee.

9. Exceptional Items

Exceptional items recorded in the period ended 30 September 2017 relate to legal and professional fees incurred to date in relation to the initial public offering of the Group.

10. Intangible assets

	As at 31 December			As at 30 September	
	2014	2015	2016	2016 (unaudited)	2017
Client book of business	£'000	£'000	£'000	£'000	£'000
Cost					
Opening balance	—	14,838	14,838	14,838	14,838
Acquisitions and fair value adjustments	14,838	—	—	—	—
Closing balance	14,838	14,838	14,838	14,838	14,838
Accumulated amortisation					
Opening balance	—	8,731	11,831	11,831	13,450
Amortisation charge	8,731	3,100	1,619	1,214	665
Closing balance	8,731	11,831	13,450	13,045	14,115
Net book value	6,107	3,007	1,388	1,793	723

Upon acquisition of Binomial Group Limited (January 2014) the acquired client book of business was recognised as an intangible asset with a fair value of £14,838k in line with IFRS. As at 31 December 2016, the remaining life of this intangible asset was determined to be two years.

11. Tax charge

	Year ended 31 December			Nine months ended 30 September	
	2014	2015	2016	2016 (unaudited)	2017
	£'000	£'000	£'000	£'000	£'000
Current UK taxation:					
Charge/(credit) for the year	9,168	6,897	11,129	9,733	8,584
Disallowable group income	1,887	(226)	—	(1,490)	—
	11,055	6,671	11,129	8,243	8,584
Deferred taxation (note 13):					
Origination and reversal of temporary differences	(226)	8	10	11	(23)
Effect of tax rate change on opening balance	—	1	—	—	—
	(226)	9	10	11	(23)
Current taxation	11,055	6,671	11,129	8,243	8,584
Deferred taxation (note 13)	(226)	9	10	11	(23)
Tax charge for the period	10,829	6,680	11,139	8,254	8,561

Tax recorded in the Group's Other Comprehensive Income is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2014	2015	2016	2016 (unaudited)	2017
	£'000	£'000	£'000	£'000	£'000
Current UK taxation	43	142	—	—	—
	43	142	—	—	—

The actual income tax charge differs from the expected income tax charge computed by applying the standard rate of UK corporation tax of 19.25% (2016 20.0%, 2015: 20.25%, 2014: 21.45%) as follows:

	Year ended 31 December			Nine months ended 30 September	
	2014 £'000	2015 £'000	2016 £'000	2016 (unaudited) £'000	2017 £'000
Profit/(loss) before tax	48,034	40,710	63,432	47,404	44,249
Expected tax charge ⁽¹⁾	10,303	8,244	12,686	9,481	8,517
Effect of:					
Disallowable expenses	6	4	6	9	3
Group relief not assumed for interest expense ⁽²⁾ ...	—	—	—	—	950
Adjustment of deferred tax to average rate of 20.25%	(4)	1	—	—	—
Adjustment to tax charge in respect of prior years – current	40	—	—	—	—
Adjustment to tax charge in respect of prior years – deferred	(226)	—	—	11	—
Profit/(Loss) not subject to UK taxation	710	(1,569)	(1,553)	(1,247)	(909)
Tax charge for the year	10,829	6,680	11,139	8,254	8,561
Effective income tax rate	22.45%	16.41%	17.56%	17.41%	19.35%

Notes:

- (1) This is the expected tax charged as the majority of profits are subject to UK taxation.
(2) Group relief has not been assumed for Group interest expense pending review of the revised implementation of corporate interest restriction rules which, following the substantive enactment of the Finance (No 2) Act 2017 on 31 October 2017, will apply retrospectively from 1 April 2017.

12. Current tax

	As at 31 December			As at 30 September	
	2014 £'000	2015 £'000	2016 £'000	2016 (unaudited) £'000	2017 £'000
Per balance sheet:					
Current tax assets	—	—	—	—	—
Current tax liabilities	(5,136)	(2,609)	(3,077)	(3,803)	(2,262)
	(5,136)	(2,609)	(3,077)	(3,803)	(2,262)

The Company is exempt from tax in Guernsey under The Income Tax (Exempt Bodies) (Guernsey) (amendment) Ordinance 1989.

13. Deferred tax

The following are the deferred tax liabilities/(assets) recognised by the Group, and the movements thereon, during the current and prior reporting years.

	Provisions and other temporary differences	Depreciation in excess of capital allowances	Total
	£'000	£'000	£'000
As at 1 January 2014	(20)	231	211
Credit/(Charge) to the income statement	—	(226)	(226)
As at 31 December 2014	(20)	5	(15)
Credit/(Charge) to the income statement	1	8	9
As at 31 December 2015	(19)	13	(6)
Credit/(Charge) to the income statement	—	10	10
Other movements	1	—	1
As at 31 December 2016	(18)	23	5

	Provisions and other temporary differences	Depreciation in excess of capital allowances	Total
	£'000	£'000	£'000
As at 1 January 2016 (unaudited)	(19)	13	(6)
Credit/(Charge) to the income statement	<u>1</u>	<u>10</u>	<u>11</u>
As at 30 September 2016	(18)	23	5
As at 1 January 2017	(18)	23	5
Credit/(Charge) to the income statement	<u>(8)</u>	<u>(15)</u>	<u>(23)</u>
As at 30 September 2017	<u>(26)</u>	<u>8</u>	<u>(18)</u>

	As at 31 December			As at 30 September	
	2014	2015	2016	2016 (unaudited)	2017
	£'000	£'000	£'000	£'000	£'000
Per balance sheet:					
Deferred tax assets	15	6	—	—	18
Deferred tax liabilities	<u>—</u>	<u>—</u>	<u>(5)</u>	<u>(5)</u>	<u>—</u>
	<u>15</u>	<u>6</u>	<u>(5)</u>	<u>(5)</u>	<u>18</u>

On 1 April 2015 the UK rate of Corporation tax changed from 21% to 20%. It has reduced further to 19% from 1 April 2017 and will reduce to 17% from 1 April 2020. Note that the closing deferred tax attributes are recognised with reference to the 17% rate as there is insufficient certainty to know when the various items on which deferred tax is recognised will unwind.

14. Dividends

	Year ended 31 December			Nine months ended 30 September	
	2014	2015	2016	2016 (unaudited)	2017
	£'000	£'000	£'000	£'000	£'000
Amounts recognised as distributions to equity holders in the period:					
First interim ordinary dividend paid (2016: 39.53p, 2015: 18.78p, 2014: 73.2p)	32,817	8,325	17,535	17,535	14,167
Second interim ordinary dividend paid (2016: 23.48p, 2015: 13.83p, 2014: 32.1p)	14,417	6,161	10,418	10,417	8,171
Third interim ordinary dividend paid (2016: 39.82p, 2015: 9.60p, 2014: 31.6p)	14,218	4,279	17,736	—	—
Preference dividends paid (2016: 5.04p, 2015: 5.06p, 2014: 4.99p)	<u>10,108</u>	<u>10,247</u>	<u>10,219</u>	<u>7,553</u>	<u>7,386</u>
	<u>71,560</u>	<u>29,012</u>	<u>55,908</u>	<u>35,505</u>	<u>29,724</u>

15. Property, plant and equipment

	Owner occupied £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost				
As at 1 January 2014	—	—	—	—
Addition of subsidiary	1,550	495	1,492	3,537
Additions	—	12	120	132
Revaluation	200	—	—	200
As at 31 December 2014	1,750	507	1,612	3,869
Additions	—	18	167	185
Revaluation	700	—	—	700
As at 31 December 2015	2,450	525	1,779	4,754
Additions	1,500	153	122	1,775
As at 31 December 2016	3,950	678	1,901	6,529
Accumulated depreciation and impairment				
At 1 January 2014	—	—	—	—
Addition of subsidiary	—	426	813	1,239
Charge for the year	—	26	221	247
As at 31 December 2014	—	452	1,034	1,486
Charge for the year	—	26	225	251
As at 31 December 2015	—	478	1,259	1,737
Charge for the year	—	29	214	243
Impairment losses on revaluation	515	—	—	—
As at 31 December 2016	515	507	1,473	2,495
Carrying amount				
As at 31 December 2016	3,435	171	428	4,034
As at 31 December 2015	2,450	47	520	3,017
As at 31 December 2014	1,750	55	578	2,383
	Owner occupied £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost				
As at 1 January 2017	3,950	678	1,901	6,529
Additions	—	23	47	70
As at 30 September 2017	3,950	701	1,948	6,599
Accumulated depreciation and impairment				
As at 1 January 2017	515	507	1,473	1,737
Charge for the year	—	35	145	180
Impairment losses on revaluation	—	—	—	—
As at 30 September 2017	515	542	1,618	2,675
Carrying amount				
As at 31 December 2016	3,435	171	428	4,034
As at at 30 September 2017	3,435	159	330	3,924

	Owner occupied £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost				
As at 1 January 2016	2,450	525	1,779	4,754
Additions	1,500	111	109	1,720
Revaluation	—	—	—	—
As at 30 September 2016	<u>3,950</u>	<u>636</u>	<u>1,889</u>	<u>6,475</u>
Accumulated depreciation and impairment				
As at 1 January 2016	—	478	1,259	1,737
Charge for the period	—	18	164	182
Impairment losses on revaluation	515	—	—	—
As at 30 September 2016	<u>515</u>	<u>496</u>	<u>1,423</u>	<u>2,434</u>
Carrying amount				
As at 31 December 2015	<u>2,450</u>	<u>47</u>	<u>520</u>	<u>3,017</u>
As at 30 September 2016	<u>3,435</u>	<u>140</u>	<u>466</u>	<u>4,041</u>

The Group holds two owner-occupied properties, Sabre House and the Old House, which are both managed by the Group. The properties are measured at fair value which is arrived at on the basis of a valuation carried out on 19 October 2015 by Hurst Warne and Partners LLP. The valuation was carried out on an open-market basis in accordance with the Royal Institution of Chartered Surveyors' requirements, which is deemed to equate to fair value. Property was purchased in January 2016 at a premium above the fair value, determined in the October 2015 valuation exercise and as such an impairment loss has been recorded. The fair value measurement of owner-occupied property of £3,435k (2015: £2,450k) has been categorised as a 'Level 3' fair value based on the non-observable inputs to the valuation technique used. The following table shows a reconciliation to the closing fair value for the 'Level 3' owner occupied property at valuation:

	Owner occupied £000
As at 1 January 2014	1,550
Revaluation	200
As at 31 December 2014	1,750
Revaluation	700
As at 31 December 2015	2,450
Purchase	1,500
Revaluation	(515)
As at 31 December 2016	<u>3,435</u>

The fair value was derived using a methodology based upon recent transactions for similar properties, which have been adjusted for the specific characteristics of the property. The significant non-observable inputs used in the valuation are expected rental value per square foot (2016: £213/sq.ft.. 2015: £201/sq.ft.) and estimated marketing and letting void. The fair value of the owner occupied property would increase (decrease) if the expected rental value per foot were to be higher (lower) and the marketing and letting void were to be lower (higher).

The carrying amount of revalued assets had they been held at cost is as follows:

	Owner occupied	
	Cost	Fair value
	£000	£000
As at 31 December 2014	1,750	1,750
Revaluation	—	700
As at 31 December 2015	1,750	2,450
Purchase	1,500	1,500
Revaluation	—	(515)
As at 31 December 2016	3,250	3,435
Purchase	—	—
Revaluation	—	—
As at 30 September 2017	3,250	3,435

16. Reinsurance assets

	As at 31 December			As at 30 September	
	2014	2015	2016	2016 (unaudited)	2017
	£'000	£'000	£'000	£'000	£'000
Reinsurers' share of general insurance liabilities	29,399	30,555	46,783	30,122	109,185
Reinsurers' share of UPR	4,333	4,392	4,746	4,639	10,066
Total	33,732	34,947	51,529	34,761	119,251

Note that £24,057k of the year-on-year increase in the reinsurers' share of general insurance liabilities between 2015 and 2016 is directly attributable to the decrease in the Ogden Discount Rate announced in February 2017.

17. Deferred acquisition costs

	As at 31 December			As at 30 September	
	2014	2015	2016	2016 (unaudited)	2017
	£'000	£'000	£'000	£'000	£'000
At 1 January	10,547	13,111	14,834	14,834	14,028
Net (increase)/decrease during the year	2,564	1,723	(806)	(217)	1,579
At 31 December	13,111	14,834	14,028	14,617	15,607

18. Insurance and other receivables

	As at 31 December			As at 30 September	
	2014	2015	2016	2016 (unaudited)	2017
	£'000	£'000	£'000	£'000	£'000
Receivables arising from insurance and reinsurance contracts:					
Due from policyholders	13,597	17,302	18,657	20,801	23,819
Due from brokers and intermediaries	12,160	14,600	17,768	17,884	21,941
Impairment of broker and intermediary receivables	(100)	(100)	(100)	(100)	(100)
Other loans and receivables:					
Amount Due under Parent Undertaking	—	—	—	—	—
Other debtors	165	1,042	717	1,197	479
Total	25,822	32,844	37,042	39,782	46,139

The carrying value of insurance and other receivables approximates to fair value. There are no amounts expected to be recovered more than 12 months after the reporting date.

19. Prepayments, accrued income and other assets

	As at 31 December			As at 30 September	
	2014	2015	2016	2016 (unaudited)	2017
	£'000	£'000	£'000	£'000	£'000
Accrued interest	1,995	1,594	1,388	398	592
Prepayments income and accrued	477	590	778	892	703
Total	2,472	2,184	2,166	1,290	1,295

The carrying value of prepayments, accrued income and other assets approximates to fair value. There are no amounts expected to be recovered more than 12 months after the reporting date.

20. Financial investments

	As at 31 December			As at 30 September	
	2014	2015	2016	2016 (unaudited)	2017
	£'000	£'000	£'000	£'000	£'000
Debt securities held at fair value through the profit and loss account					
Corporate	1,136	1,095	576	585	551
Sovereign	142,103	176,259	233,714	184,819	230,569
Total	143,239	177,354	234,290	185,404	231,120

All financial investments are classified as 'Level 1' under the fair value hierarchy. The fair value classification of owner-occupied property is discussed in note 15.

21. Subsidiaries

During the period ended 31 December 2014, the Company formed Barb Holdco Limited and contributed £43,781,000 for 100% of the ordinary share capital. Details of this direct investment are as follows:

Name	Type of Business	Class of Shares held	% of Nominal Value & Voting Rights held	Country of Incorporation
Barb Holdco Limited	Holding Company	Ordinary	100%	Jersey

Details of investments in which the Company indirectly holds 20% or more of the nominal value of any class of share capital are as follows:

Name	Type of Business	Class of Shares held	% of Nominal Value & Voting Rights held	Country of Incorporation
Barb Midco Limited	Holding Company	Ordinary	100%	Jersey
Barb Intermediateco Limited	Holding Company	Ordinary	100%	Jersey
Barb Bidco Limited	Holding Company	Ordinary	100%	Jersey
Binomial Group Limited	Holding Company	Ordinary	100%	UK
Sabre Insurance Company Limited	Insurance Company	Ordinary	100%	UK

All of the above companies have a year end of 31 December.

22. Cash and cash equivalents

	As at 31 December			As at 30 September	
	2014	2015	2016	2016 (unaudited)	2017
	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	14,580	8,940	10,492	5,690	30,249
Short-term deposits with credit institutions	60,000	61,900	—	61,000	—
Total	74,580	70,840	10,492	66,690	30,249

The effective interest rate on short-term deposits with credit institutions held during the year ended 31 December 2016 was 0.19% (2015: 0.55%) and average maturity was 1 day (2015: 1 day). For the nine months ended 30 September 2017, the effective interest rate on short-term deposits with credit institutions held was 0.00% (2016: 0.26%) and average maturity was 1 day (2016: 1 day).

23. Share capital and share premium

	As at 31 December			As at 30 September	
	2014	2015	2016	2016 (unaudited)	2017
	£'000	£'000	£'000	£'000	£'000
Authorised, issued and fully paid:					
Equity Shares					
Ordinary A shares of no par value	42,632	42,632	42,632	42,632	42,632
Ordinary B shares of no par value	1,295	2,432	2,764	2,764	2,764
Preference shares of no par value	202,719	202,719	202,719	202,719	202,719
Total	246,646	247,783	248,115	248,115	248,115

Number of shares issued

Ordinary A	42,631,874	42,631,874	42,631,874	42,631,874	42,631,874
Ordinary B	1,295,000	1,930,000	1,905,000	1,905,000	1,905,000
Preference Shares	202,719,126	202,719,126	202,719,126	202,719,126	202,719,126

Each Ordinary Share entitles the member to one vote. Holders of the Preference Shares shall be entitled to receive notice of and to attend and speak, but not to vote, at all general meetings of the Company.

Preference Shares are redeemable on listing for cash at a sum equal to aggregate of £1 per Preference Share plus any accrued but then unpaid Preference Dividend. Preference Shareholders have the right to receive a preferential cash dividend amount equal to 5% per annum of the paid up amount. If the Preference Dividend is not paid, the amount of unpaid Preference Dividend shall compound on 31 December in each year. All Preference Dividends as at 30 September 2017 have been recognised.

24. Goodwill

On 3 January 2014 the Group acquired Binomial Group Limited, the parent of an unlisted insurance company based in England, for a consideration of £245,485k satisfied by cash. The calculation of goodwill is shown in note 31.

As from 1 January 2014, the date of transition to IFRS, goodwill was no longer amortised but is subject to annual impairment testing. The recoverable amount of the insurance business unit is based on its fair value less cost to sell.

The Group performed its annual impairment test as at 31 December 2016. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2016, the market capitalisation of the Group calculated using price-to-earnings ratios observed in industry was significantly above the book value of its equity due to the overall increase in insurance activity and demand for its product, thus providing no indication of potential impairment of goodwill or other intangible assets.

Key assumptions

The key assumptions on which management have based this value are:

- Profit forecast for the next year; and
- P/E multiples observed in industry
 - 30 September 2017: 11.6 to 15.9
 - 31 December 2016: 11.7 to 15.5

The estimate of the recoverable amount of the insurance business unit using the lower end of the P/E multiple range and using profit forecast for the next year derives a fair value significantly more than the carrying value of the goodwill and intangible assets as at the reporting date. Goodwill is categorised as 'Level 3' under the IFRS hierarchy.

The Directors conclude that the recoverable amount would remain in excess of its carrying value even after reasonably possible changes in the key inputs and assumptions affecting its profit before tax, such as a significant fall in demand for its product or a significant adverse change in the volume of claims and increase in other expenses, before the recoverable amount of the business units would reduce to less than its carrying value. Therefore the Directors are of the opinion that there are no indicators of impairment as at 30 September 2017.

25. Insurance liabilities, unearned premium reserve

	As at 31 December			As at 30 September	
	2014	2015	2016	2016 (unaudited)	2017
Insurance liabilities	£'000	£'000	£'000	£'000	£'000
Gross insurance liabilities (including unearned premium reserve)					
Gross insurance liabilities	147,425	160,264	182,941	165,374	247,471
Unearned premium reserve	75,424	92,679	97,525	100,618	112,708
Total	222,849	252,943	280,466	265,992	360,179
Reinsurers' share of insurance liabilities (including unearned premium reserve)					
Reinsurers' share of insurance liabilities	(29,399)	(30,555)	(46,783)	(30,122)	(109,185)
Unearned premium reserve	(4,333)	(4,392)	(4,746)	(4,639)	(10,066)
Total	(33,732)	(34,947)	(51,529)	(34,761)	(119,251)
Net insurance liabilities (including unearned premium reserve)					
Net insurance liabilities	118,026	129,709	136,158	135,252	138,286
Unearned premium reserve	71,091	88,287	92,779	95,979	102,642
Total	189,117	217,996	228,937	231,231	240,928

The development of gross and net general insurance liabilities is shown below.

Gross insurance liabilities

<u>Accident year</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Estimate of ultimate claims costs:									
At end of accident year	77,415	98,735	103,139	84,939	75,649	103,559	111,518	147,808*	
One year later	74,349	95,818	103,989	70,567	65,639	90,133	102,188*		
Two years later	77,740	90,631	94,297	63,197	62,039	83,935*			
Three years later	73,686	84,962	92,478	65,313	61,039*				
Four years later	72,141	81,715	97,170	65,797*					
Five years later	71,540	80,514	94,303*						
Six years later	74,822	80,835*							
Seven years later	72,651*								
Current estimate of cumulative claims	72,651	80,835	94,303	65,797	61,039	83,935	102,188	147,808	
Cumulative payments to date	(69,242)	(79,977)	(76,004)	(51,487)	(51,104)	(59,521)	(59,054)	(26,628)	
Liability recognised in balance sheet	3,409	857	18,299	14,310	9,989	24,684	43,135	121,180	235,862
2009 and prior									8,449
Claims handling provision									3,159
Total									247,471

* Where 2017 figures are presented, this shows the position as at 30 September 2017.

Net insurance liabilities

<u>Accident year</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Estimate of ultimate claims costs:									
At end of accident year	61,912	94,171	89,901	77,316	74,609	97,288	104,808	80,036*	
One year later	69,055	90,742	81,403	64,071	65,639	85,814	95,537*		
Two years later	72,475	87,494	75,938	59,301	60,953	82,529*			
Three years later	69,649	81,950	73,606	57,739	60,546*				
Four years later	68,001	78,509	74,304	57,211*					
Five years later	67,100	77,534	72,802*						
Six years later	66,926	77,589*							
Seven years later	66,776*								
Current estimate of cumulative claims	66,776	77,589	72,802	57,211	60,546	82,529	95,537	80,036	
Cumulative payments to date	(65,560)	(76,731)	(69,954)	(51,487)	(51,104)	(59,251)	(59,054)	(26,626)	
Liability recognised in balance sheet	1,216	857	2,848	5,724	9,443	23,278	36,484	53,410	133,260
2009 and prior									1,867
Claims handling provision									3,159
Total									138,286

* Where 2017 figures are presented, this shows the position as at 30 September 2017.

Barbados Topco Limited on 3 January 2014 acquired Binominal Group Limited. As at this date outstanding liabilities within the Group for all applicable accident years were acquired. In order to show development of reserves net and gross both tables shows the development since business inception.

Movements in insurance liabilities, unearned premium reserve and reinsurance assets

	<u>Gross</u> £'000	<u>Reinsurance</u> £'000	<u>Net</u> £'000
As at 1 January 2014	—	—	—
Addition of subsidiary	173,806	(39,647)	134,159
Cash paid for claims during the year	(69,544)	5,871	(63,673)
Increase/(decrease) in liabilities:			
Arising from current-year claims	77,189	(1,040)	76,149
Arising from prior-year claims	(34,026)	5,417	(28,609)
As at 31 December 2014	147,425	(29,399)	118,026
Claims reported	163,911	(36,533)	127,378
Incurred but not reported	(19,135)	7,134	(12,001)
Claims handling provision	2,649	—	2,649
As at 31 December 2014	147,425	(29,399)	118,026
Cash paid for claims during the year	(68,173)	2,931	(65,242)
Increase/(decrease) in liabilities:			
Arising from current-year claims	105,445	(6,272)	99,173
Arising from prior-year claims	(24,433)	2,185	(22,248)
As at 31 December 2015	160,264	(30,555)	129,709
Claims reported	179,725	(35,186)	144,539
Incurred but not reported	(22,380)	4,631	(17,749)
Claims handling provision	2,919	—	2,919
As at 31 December 2015	160,264	(30,555)	129,709
Cash paid for claims during the year	(83,675)	3,293	(80,382)
Increase/(decrease) in liabilities:			
Arising from current-year claims	113,512	(6,709)	106,803
Arising from prior-year claims	(7,160)	(12,812)	(19,972)
As at 31 December 2016	182,941	(46,783)	136,158
Claims reported	186,284	(26,487)	159,797
Incurred but not reported	(6,499)	(20,296)	(26,795)
Claims handling provision	3,156	—	3,156
As at 31 December 2016	182,941	(46,783)	136,158

Note that £26,241k of the gross and £2,184k of the net 2015 to 2016 increases in the general insurance liabilities is directly attributable to the decrease in the Ogden Discount Rate announced in February 2017.

	<u>Gross</u> £'000	<u>Reinsurance</u> £'000	<u>Net</u> £'000
As at 31 December 2016	182,941	(46,783)	136,158
Cash paid for claims during the year	(63,665)	839	(62,826)
Increase/decrease in liabilities:			
Arising from current year claims	149,535	(67,772)	81,763
Arising from prior year claims	(21,340)	4,531	(16,809)
As at 30 September 2017	247,471	(109,185)	138,286
Claims reported	296,613	(120,231)	176,382
Incurred but not reported	(52,301)	11,046	(41,255)
Claims handling provision	3,159	—	3,159
As at 30 September 2017	247,471	(109,185)	138,286

26. Trade and other payables, including insurance payables

	As at 31 December			As at 30 September	
	2014	2015	2016	2016 (unaudited)	2017
	£'000	£'000	£'000	£'000	£'000
Insurance creditors	650	931	890	939	1,214
Due to reinsurers	12,894	13,265	3,041	2,428	6,404
Trade and other creditors	142	325	501	177	243
Other taxes	2,185	3,833	4,676	4,589	6,843
Total	15,871	18,354	9,108	8,133	14,704

The carrying value of trade and other payables, including insurance payables approximates to fair value. There are no amounts expected to be settled more than 12 months after the reporting date.

27. Classification and valuation of financial investments

The following table summarises the classification of financial investments:

<u>As at 31 December 2014</u>	<u>Carrying value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair value</u>
	£'000	£'000	£'000	£'000	£'000
Assets held at fair value:					
Financial investments (note 20)	143,239	143,239	—	—	143,239
Total	143,239	143,239	—	—	143,239
<u>As at 31 December 2015</u>	<u>Carrying value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair value</u>
	£'000	£'000	£'000	£'000	£'000
Assets held at fair value:					
Financial investments (note 20)	177,354	177,354	—	—	177,354
Total	177,354	177,354	—	—	177,354
<u>As at 31 December 2016</u>	<u>Carrying value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair value</u>
	£'000	£'000	£'000	£'000	£'000
Assets held at fair value:					
Financial investments (note 20)	234,290	234,290	—	—	234,290
Total	234,290	234,290	—	—	234,290
<u>As at 30 September 2016</u>	<u>Carrying value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair value</u>
	£'000	£'000	£'000	£'000	£'000
Assets held at fair value:					
Financial investments (note 20)	185,404	185,404	—	—	185,404
Total	185,404	185,404	—	—	185,404
<u>As at 30 September 2017</u>	<u>Carrying value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair value</u>
	£'000	£'000	£'000	£'000	£'000
Assets held at fair value:					
Financial investments (note 20)	231,120	231,120	—	—	231,120
Total	231,120	231,120	—	—	231,120

Fair value measurement

The carrying value of financial assets is in all cases equal to their fair value. All financial investments are classified as 'Level 1' under the IFRS hierarchy. 'Level 1' inputs are unadjusted quoted prices in active markets for identical assets or liabilities which can be accessed at the measurement date. As such market value has been determined with reference to a reliable third-party valuation. Owner-occupied property is valued based upon an independent third party valuation, and is classified as 'Level 3' under the IFRS hierarchy as discussed in note 15.

27. Related party transactions

The Directors consider that the General Partner of BC European Capital IX, CIE Management IX Limited (“**CIE IX Management**”), and Heritage Corporate Services Limited (“**HCSL**”) are related parties. Matthew Elston, a Director of Barbados Topco Limited, is also a member of the Board of CIE IX Management and Mr Stephen Harlow, a Director of Barbados Topco Limited, is a member of the Board of HCSL, the Corporate Service Provider and Resident Agent.

During the year the Directors confirm there were no transactions with CIE IX Management and the Group incurred £80,225 (2015: £18,350, 2014: £7,045) in respect of administration fees with HCSL with £62,000 (2015: £24,275, 2014: £5,925) included in the creditors as at 31 December 2016.

Geoff Carter and Adam Westwood have each been granted shareholder loans by Barbados Topco Limited in order to fund the purchase of shares in Barbados Topco Limited awarded under the Group’s pre-IPO management incentive plan. These shareholder loans will be repaid on Admission, using part of the proceeds received by Geoff Carter and Adam Westwood from the sale of some of their Existing Ordinary Shares.

29. Notes to the cash flow statement

	Year ended 31 December			Nine months ended 30 September	
	2014	2015	2016	2016 (unaudited)	2017
	£'000	£'000	£'000	£'000	£'000
Profit for the year	48,034	40,710	63,432	47,404	44,249
Adjustments for:					
Depreciation	247	251	243	182	180
Amortisation	8,731	3,100	1,619	1,214	665
Unrealised valuation losses on investment property	—	—	515	515	—
Investment return	(2,232)	(919)	(3,993)	(4,227)	1,224
Operating cash flows before movements in working capital	54,780	43,142	61,816	45,088	46,318
Movements in working capital:					
Change in reinsurance assets	10,591	(1,215)	(16,582)	186	(67,722)
Change in insurance and other receivables ...	(6,665)	(7,022)	(4,198)	(7,306)	(9,097)
Change in prepayments and other assets	(2,577)	(115)	(112)	369	76
Change in insurance liabilities including DAC and UPR	(19,766)	28,371	28,329	13,266	78,134
Change in trade and other payables	(11,298)	3,292	(8,777)	(10,002)	8,500
Cash generated from operations	25,065	66,453	60,476	41,601	56,209
Taxes paid	(5,916)	(9,340)	(10,660)	(5,559)	(9,399)
Net cash flow generated from operating activities before investment of insurance assets	19,149	57,113	49,816	36,042	46,810
Purchases of invested assets	(144,982)	(119,165)	(127,298)	(77,309)	(125,674)
Net proceeds from sale of invested assets	195,054	79,871	69,677	69,677	124,540
Interest and investment income received	7,567	6,501	4,808	4,334	3,875
Total	76,788	24,320	(2,997)	32,744	49,551

The Group has no liabilities arising from finance activities. No disclosure relating to changes in such liabilities being made.

30. Events subsequent to the financial reporting date

No events of such nature as would require disclosure have occurred since the balance sheet date (30 September 2017).

31. Business combination

On 3 January 2014 the Group acquired 100 per cent. of the voting shares of Binomial Group Limited, an unlisted insurance company based in England, for a consideration of £245,485,435 satisfied by cash.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Binomial Group Limited as at the date of acquisition were:

	<u>Book value</u>	<u>Revaluation adjustments</u>	<u>Fair value to Group</u>
	£000	£000	£000
Tangible fixed assets	251,545	—	251,545
Debtors	93,941	—	93,941
Creditors due within one year	(270,907)	—	(270,907)
Intangible assets (note 10)	—	14,838	14,838
Deferred taxation	(211)	—	(211)
Other net assets	74,368	14,838	89,206
Goodwill arising on acquisition			156,279
			<u>245,485</u>
Discharged by:			
Cash			<u>245,485</u>

The goodwill arising on acquisition of Binomial Group Limited of £156,279k is attributable to the operating profit generating ability of the acquired insurance business.

Goodwill is allocated entirely to the motor insurance business. None of the goodwill recognised is expected to be deductible for income tax purposes.

From the date of acquisition to 31 December 2014, Binomial Group Limited earned a profit after tax of £47,454,000 and contributed £66,649,000 to the Group's net operating cash flows. The Group adopted the accounting policies of Binomial Group Limited in relation to the recognition of insurance contracts on the date of acquisition as the Group did not have any insurance business prior to this business combination.

Summarised statement of comprehensive income from the date of acquisition to 31 December 2014

	£'000
Revenue	<u>149,274</u>
Operating profit	60,212
Exceptional items	—
Profit before tax	60,212
Tax charge	(12,758)
Profit after tax	<u>47,454</u>

Transaction costs of £6,206,161 were expensed and are included in administrative expenses. There was no contingent consideration in relation to this acquisition.

Substantially all of the income, net insurance claims and expenses of the Group recognised in the Consolidated Statement of Comprehensive Income for the year ended 31 December 2014 relate to the activities of the Binomial Group Limited.

32. Earnings per share

Earnings per share is calculated by dividing earnings attributable to the owners of the Company by the weighted average number of Ordinary Shares in issue during the year. The Company has no share options or contingently issuable shares as categories of dilutive potential Ordinary Shares. Therefore

there is no difference between the diluted and basic earnings per share. Hence only the basic earnings per share is disclosed within these financial statements,

	As at 31 December			As at 30 September	
	2014 £'000	2015 £'000	2016 £'000	2016 (unaudited) £'000	2017 £'000
Earnings attributable to owners of the Company	27,254	24,341	42,074	31,597	28,830
Total Group (£'000)	27,254	24,341	42,074	31,597	28,830
Weighted average number of Ordinary Shares in issue ('000)	43,085	44,007	44,376	44,537	44,537
Basic earnings per share (£)	0.63	0.55	0.95	0.71	0.65

33. First-time adoption of IFRS

IFRS was adopted on 1 January 2015 and has been applied retrospectively, except for certain optional and mandatory exemptions from full retrospective application, as provided for by IFRS 1 (Revised 2009) 'First-Time Adoption of International Financial Reporting Standards', as detailed below.

Designation of financial assets and financial liabilities

At the date of transition, the Group chose to designate according to the IFRS designation criteria, certain of its existing financial assets as "at fair value through profit and loss".

Estimates

At the date of transition, the Group's estimates under IFRS were consistent with estimates previously made under UK Accounting Standards (UK GAAP).

Reconciliation of equity reported under UK Accounting Standards to (UK GAAP) equity reported under IFRS

The following table shows a reconciliation of the Group equity at 31 December 2014 from UK Accounting Standards to IFRS. Note that there are no differences for 2014 in respect of the Barbados Topco Limited company equity or performance statement; therefore a reconciliation at the company level is not included here.

	Notes	2014		
		UK Accounting Standards	Adjustments	IFRS
		£'000	£'000	£'000
Assets				
Goodwill	(a,b)	153,975	2,304	156,279
Intangible assets	(b)	—	6,107	6,107
Property, plant and equipment	(c)	633	1,750	2,383
Investment property	(c)	1,750	(1,750)	—
Reinsurance assets		33,732		33,732
Deferred tax assets	(f)	15		15
Current tax assets		—		—
Deferred acquisition costs		13,111		13,111
Insurance and other receivables		25,822		25,822
Prepayments, accrued income and other assets		2,472		2,472
Financial investments	(d)	203,239	(60,000)	143,239
Cash and cash equivalents	(d)	14,580	60,000	74,580
Total assets		449,329	8,411	457,740
Equity				
Issued share capital		246,646		246,646
Retained earnings	(a,b,e)	(45,637)	8,377	(37,260)
Total Equity		201,009	8,377	209,386
Liabilities				
Insurance liabilities		147,425		147,425
Unearned premium reserve		75,424		75,424
Trade and other payables including insurance payables	(e)	15,837	34	15,871
Deferred tax liabilities	(f)	—		—
Current tax liabilities		5,136		5,136
Accruals and deferred income		3,387		3,387
Accrued preference dividends		1,111		1,111
Total liabilities		248,320	34	248,354
Total equity and liabilities		449,329	—	457,740

Reconciliation between the Group comprehensive income statement under UK GAAP and the statement of comprehensive income reported under IFRS is shown below.

	2014			
	Notes	UK Accounting Standards	Adjustments	IFRS
		£'000	£'000	£'000
Gross earned premium		142,659		142,659
Reinsurance premium ceded		(10,618)		(10,618)
Net earned premium		132,041		132,041
Investment return	(c)	2,432	(200)	2,232
Instalment income		2,660		2,660
Other operating income		2,105		2,105
Total income		139,238		139,038
Insurance claims		(47,609)		(47,609)
Insurance claims recoverable from reinsurers		(4,599)		(4,599)
Net insurance claims		(52,208)		(52,208)
Commission expenses		(13,793)		(13,793)
Operating expenses		(19,334)		(19,334)
Total expenses		(33,127)		(33,127)
Operating profit		53,903		53,703
Goodwill amortisation	(a,e)	(17,108)	17,108	—
Amortisation of intangible assets	(b)	—	(8,731)	(8,731)
Profit before tax		36,795		44,972
Tax charge	(c)	(10,872)	43	(10,829)
Profit from operations, net of tax		25,923		34,143
Profit from discontinued operations, net of tax		—		—
Profit for the year attributable to the owners of the company		25,923		34,143
Other Comprehensive Income				
Revaluation gain on owner-occupied property	(c)		200	200
Tax charge on other comprehensive income	(c)		(43)	(43)
Total other comprehensive income for the year			157	157
Total comprehensive income for the year attributable to the owners of the company			157	34,300

Notes to the UK GAAP to IFRS reconciliations.

- (a) Under UK GAAP, amortisation of goodwill is required. However under IFRS goodwill is tested annually for impairment and cannot be amortised. As a result £17k of goodwill previously amortised under UK GAAP has been reversed before reclassifying the portion of the goodwill attributable to the intangible asset reported at (b) below.
- (b) Under UK GAAP, intangible assets acquired as part of a business combination are not recognised separately from goodwill. In transitioning to IFRS, the Group has recognised an intangible asset in the form of a client book at the date of acquisition which had a fair value of £14.8m (note 10). The Group subsequently recognised an £8.7m amortisation charge in relation to this intangible asset for the period ended 31 December 2014. This resulted in a £6.1m transitional adjustment in relation to the carrying value of the intangible asset as at 31 December 2014.
- (c) The investment in Sabre House has been reclassified as property, plant and equipment under IFRS as it is owner-occupied. The UK Accounting Standards book value has been taken as deemed cost under IFRS. As a result, the revaluation gain in 2014 has been taken through other comprehensive income under IFRS, along with the related corporation tax charge.
- (d) Deposits held are reclassified from financial investments to cash and cash equivalents under IFRS.

- (e) A provision has been included representing the accrued holiday pay for all employees at year-end. This has been calculated as £34k in 2014.
- (f) The deferred tax asset at 31 December 2014 has been reclassified from a negative liability to an asset within the statement of financial position.

PART 8

UNAUDITED PRO FORMA FINANCIAL INFORMATION

Section A: Unaudited pro forma financial information

The unaudited pro forma statement of net assets of the Group set out below has been prepared to illustrate the effects of the Share Capital Reorganisation and the receipt and application of the net proceeds of the Offer receivable by the Group and the application of those proceeds (as detailed in Part 1 (*Information about the Group*) of this Prospectus) on the net assets of the Group. It has been compiled using the Group's audited consolidated statement of financial position as at 30 September 2017, adjusted to illustrate the pro forma effect of the Share Capital Reorganisation and the receipt and application of the net proceeds of the Offer as if they had occurred on 30 September 2017. The unaudited pro forma statement of net assets has been prepared in a manner consistent with the accounting policies applied in preparing the Group's historical financial information set out in Part 7 (*Historical Financial Information*) of this Prospectus, on the basis set out in the notes below and items 1 to 6 of Annex II to the Commission Regulation (EC) No 809/200.

The unaudited pro forma statement of net assets has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results. It may not, therefore, give a true picture of the Group's financial position or results nor is it indicative of the results that may or may not be expected to be achieved in the future. The unaudited pro forma statement of net assets does not constitute financial statements within the meaning of section 434 of the Companies Act.

	Consolidated net assets of the Group as at 30 September 2017 £'000 ⁽¹⁾	Share Capital Reorganisation ⁽²⁾	Net proceeds of the Offer receivable by the Group and related application £'000 ⁽³⁾	Pro forma net assets of the Group as at 30 September 2017 £'000 ⁽⁴⁾
ASSETS				
Goodwill	156,279	—	—	156,279
Intangible assets	723	—	—	723
Property, plant and equipment	3,924	—	—	3,924
Reinsurance assets	119,251	—	—	119,251
Deferred tax assets	18	—	—	18
Deferred acquisition costs	15,607	—	—	15,607
Insurance and other receivables	46,139	(338)	—	45,801
Prepayments, accrued income and other assets	1,295	—	—	1,295
Financial investments	231,120	—	—	231,120
Cash and cash equivalents	30,249	338	—	30,587
Total assets	604,605	—	—	604,605
LIABILITIES				
Insurance liabilities	247,471	—	—	247,471
Unearned premium reserve	112,708	—	—	112,708
Trade and other payables including insurance payables	14,704	—	—	14,704
Deferred tax liabilities	—	—	—	—
Current tax liabilities	2,262	—	—	2,262
Accruals and deferred income	8,680	206,329	(208,150)	6,859
Total liabilities	385,825	206,329	(208,150)	384,004
Net assets	218,780	(206,329)	208,150	220,601

Notes:

(1) The consolidated net assets of the Group as at 30 September 2017 has been extracted without adjustment from the consolidated historical financial information of the Group set out in Part 7 (*Historical Financial Information*) of this Prospectus.

- (2) With effect from Admission, the Company will acquire the entire issued share capital of Barbados Topco Limited and become the holding company of the Group. In consideration of the transfer of the Topco Ordinary Shares to the Company, the Company will allot and issue Ordinary Shares to the Topco Shareholders who transfer Topco Ordinary Shares to the Company. In consideration of the transfer of the Topco Preference Shares to the Company, the Company will use a portion of the expected cash proceeds raised from the Offer to pay cash consideration to the holders of Topco Preference Shares. The amount of cash consideration payable will equal the principal amount of the Topco Preference Shares transferred of £202,719k plus £3,610k of dividend on the Topco Preference Shares for the period from the last payment to the expected date of Admission. £338k of shareholder loans which were granted to certain Existing Shareholders under the Group's pre-IPO management incentive plan are expected to be repaid on Admission.
- (3) The Company expects to receive approximately £212,710k of proceeds from the Offer before estimated underwriting commissions and other taxes, fees and expenses incurred in connection with the Offer of approximately £6,381k (calculated on the basis of the Mid-point Assumptions). As at 30 September 2017, £1,821k of expenses had been accrued in connection with the Offer. As a result, the Company expects to receive net proceeds of approximately £206,329k from the Offer which will be used by the Company to pay the consideration payable to the holders of Topco Preference Shares of £202,719k for the principal amount of the Topco Preference Shares and £3,610k of dividends on the Topco Preference Shares. The net proceeds of the Offer receivable by the Company are calculated on the basis of the Mid-point Assumptions and assuming the maximum amount of the Managers' discretionary commission will be paid. If the gross primary proceeds from the Offer are less than approximately £213 million and Admission proceeds but the Company is unable to settle all of the consideration for the purchase of the Topco Preference Shares in cash, the holders of the Topco Preference Shares will exchange their residual cash entitlements in respect of the sale of their Topco Preference Shares for New Ordinary Shares of equivalent value at the Offer Price. Information on the use of proceeds from the Offer is set out in paragraph 6 of Part 1 (*Information about the Group*) of this Prospectus.
- (4) The unaudited pro forma statement of net assets does not reflect any trading results or other transactions undertaken by the Group since 30 September 2017.

Section B: Accountants' report on the unaudited pro forma financial information

The Directors
Sabre Insurance Group plc
Sabre House
150 South Street
Dorking
Surrey
RH4 2YY

Dear Sirs

23 November 2017

Report on the Unaudited Pro Forma Financial Information

We report on the pro forma financial information (the “**Pro Forma Financial Information**”) set out in Part 8 (*Unaudited Pro Forma Financial Information*) of the prospectus dated 23 November 2017 (the “**Prospectus**”) of Sabre Insurance Group plc, which has been prepared on the basis described in notes 1 to 4, for illustrative purposes only, to provide information about how the Share Capital Reorganisation and the receipt and application of the net proceeds of the Offer might have affected the financial information presented on the basis of the accounting policies to be adopted by Sabre Insurance Group plc being those adopted by Barbados Topco Limited in preparing the historical financial information for the nine month period ended 30 September 2017. This report is required by item 7 of Annex II of Commission Regulation (EC) No 809/2004 and is given for the purpose of complying with that item and for no other purpose.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to Commission Regulation (EC) No 809/2004, consenting to its inclusion in the Prospectus.

Responsibilities

It is the responsibility of the directors of Sabre Insurance Group plc to prepare the Pro Forma Financial Information in accordance with item items 1 to 6 of Annex II of Commission Regulation (EC) No 809/2004.

It is our responsibility to form an opinion, as required by item 7 of Annex II of the Commission Regulation (EC) No 809/2004, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of Sabre Insurance Group plc.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of Sabre Insurance Group plc.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- the Pro Forma Financial Information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of Sabre Insurance Group plc.

Declaration

For the purposes of Prospectus Rule 5.5.3R (2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I of Commission Regulation (EC) No 809/2004.

Yours faithfully

Ernst & Young LLP

PART 9

INDEPENDENT EXTERNAL ACTUARIES' STATEMENT

The Directors
Sabre Insurance Group plc
Sabre House
150 South Street
Dorking
Surrey
RH4 2YY

Dear Sirs

23 November 2017

Independent External Actuaries' Statement

Introduction

At your request, we have undertaken an independent actuarial review of the net of ceded reinsurance claims reserve of Sabre Insurance Company Limited ("**Sabre Insurance**") as at 30 September 2017 in respect of periods to 30 September 2017 and corresponding provisions of the requirement for loss adjustment expenses ("**Net Claims Reserves**"). The insurance business of Barbados Topco Limited and its subsidiaries (the "**Group**") is carried out solely by Sabre Insurance.

This statement, which has been produced for inclusion in the prospectus issued by Sabre Insurance Group plc dated 23 November 2017 (the "**Prospectus**"), sets out the scope of the work we have undertaken and summarises the conclusions of our work.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation (Commission Regulation (EC) 809/2004), consenting to its inclusion in the Prospectus.

Scope

Our opinion is in respect of Sabre Insurance's Net Claims Reserves totalling £138,286k as set out in the historical financial information as at 30 September 2017 included in Part 7 (*Historical Financial Information*) of the Prospectus. The Net Claims Reserves are the responsibility of Sabre Insurance; our responsibility is to express an opinion on those Net Claims Reserves based on our review.

We have determined an independent estimate of the Net Claims Reserves as at 30 September 2017. In evaluating whether the Net Claims Reserves make a reasonable provision for unpaid claims and claims expenses, it is necessary to project future premium, claim and claim handling expense payments. We have applied a combination of commonly used actuarial techniques and our actuarial judgement to determine our Net Claims Reserve estimate. Our independent estimate of the Net Claims Reserves is our view of the mean or expected value of the possible outcomes.

We have not reviewed the adequacy of other balance sheet provisions, including the unearned premium reserve, except as otherwise disclosed in this statement.

We performed our work in accordance with Technical Actuarial Standards, TAS 100 and TAS 200, as issued by the Financial Reporting Council, which is responsible for setting UK actuarial standards.

Our work has not been carried out in accordance with actuarial or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, subject to the reliances and limitations set out below, Sabre Insurance's Net Claims Reserves as at 30 September 2017 (totalling £138,286k and referred to in the historical financial information included in Part 7 (*Historical Financial Information*) of the Prospectus as "**Net insurance liabilities**") exceed our corresponding estimate of the claims liabilities.

Reliances and Limitations

In our work, we have relied on information and data supplied to us by Sabre Insurance and Sabre Insurance Group plc including information given orally. We relied on the accuracy and completeness of this information without independent verification. In particular, reliance was placed on, but not limited to, the accuracy of levels of earned premiums and provisions, claim payments and provisions, and terms of reinsurance arrangements.

Actual future premiums, claims and claim handling expenses will not develop exactly as projected and may, in fact, vary significantly from the projections. Further the scope for adverse development exceeds the scope for favourable development. In particular, although we have made what we believe to be a reasonable allowance for the risk of adverse development, we have not anticipated the emergence of major new types or classes of claims, nor major changes to the legal, social, inflationary or economic environment.

We have not considered the current asset portfolio of Sabre Insurance, and we have assumed throughout our analysis that Sabre Insurance's claims reserve is backed by valid assets with suitably scheduled maturities and/or adequate liquidity to meet cash flow requirements.

It has been assumed for the purposes of this opinion that all of Sabre Insurance's reinsurance protection will be valid and collectable.

The results shown in this statement are not intended to represent an opinion of market value and should not be interpreted in that manner. This statement does not purport to encompass all of the many factors that may bear upon a market value.

Our analysis of the Net Claims Reserves was carried out based on data and documentation that was made available to us as at 30 September 2017. Our analysis does not consider other developments or information that became available after this date and our results, opinions and conclusions presented herein may be rendered inaccurate by developments after 30 September 2017.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f), we are responsible for this statement as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this statement is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex I item 1.2 of the Prospectus Directive Regulation.

Yours faithfully

Ernst & Young LLP

PART 10
DETAILS OF THE OFFER

1. Background to the Offer

The maximum size of the Offer is 125,000,000 Ordinary Shares. A maximum of 96,686,593 New Ordinary Shares will be issued by the Company, raising primary proceeds of up to approximately £206 million (net of underwriting commissions) and a maximum of 36,370,622 Existing Ordinary Shares will be sold by the Selling Shareholders, raising proceeds of up to approximately £85 million (net of underwriting commissions). The exact number of New Ordinary Shares and Existing Ordinary Shares to be issued and sold in the Offer will depend on, among other things, the Offer Price and the level of demand for Ordinary Shares from investors. As the maximum size of the Offer is 125,000,000 Ordinary Shares, in no circumstances will both the maximum number of New Ordinary Shares and the maximum number of Existing Ordinary Shares be issued or sold in the Offer.

In addition, up to a further 12,500,000 Over-allotment Shares (representing up to 10 per cent. of the maximum total number of Offer Shares) are being made available by the Lending Shareholder pursuant to the Over-allotment Option described in paragraph 8 of this Part 10.

The actual number of New Ordinary Shares to be issued by the Company and Existing Ordinary Shares to be sold by the Selling Shareholders in the Offer will only be determined at the time the Offer Price is determined. The Pricing Statement containing the Offer Price, the number of Ordinary Shares which are the subject of the Offer and any other outstanding information is expected to be published on or around 6 December 2017.

The Company will not receive any proceeds from the sale of Existing Ordinary Shares being sold by the Selling Shareholders (all of which will be paid to the Selling Shareholders), or the proceeds from the sale of the Over-allotment Shares by the Lending Shareholder pursuant to the Over-allotment Option (all of which will be paid to the Lending Shareholder).

On the basis of the Mid-point Assumptions, the Existing Ordinary Shares will be diluted by the issue of 92,482,829 New Ordinary Shares pursuant to the Offer. The New Ordinary Shares to be issued pursuant to the Offer will represent approximately 58.7 per cent. of the existing Ordinary Share capital of the Company, and approximately 37.0 per cent. of the enlarged Ordinary Share capital of the Company immediately following Admission (calculated using the Mid-point Assumptions).

The Offer is being made by way of an offer of the Offer Shares to:

- (a) (i) certain institutional and professional investors in the United Kingdom and elsewhere outside the United States in reliance on Regulation S; and (ii) in the United States to persons reasonably believed to be QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act (referred to in this Prospectus as the “**Institutional Offer**”); and
- (b) the Intermediaries for onward distribution to retail investors in the UK, the Channel Islands and the Isle of Man (referred to in this Prospectus as the “**Intermediaries Offer**”).

The terms of the Offer are subject to change, and any terms to be varied shall be agreed by the Major Shareholder (in consultation with the Company) and the Joint Bookrunners (on behalf of the Managers).

Certain restrictions that apply to the distribution of this Prospectus and the offer, issue and sale of the Offer Shares in jurisdictions outside the United Kingdom, the Channel Islands and the Isle of Man are described in paragraph 12 of this Part 10.

The Offer is subject to satisfaction of conditions which are customary for transactions of this type as set out in the Underwriting Agreement, including, amongst others, publication of the Pricing Statement, Admission occurring and becoming effective by no later than 8.00 a.m. on 22 December 2017 or such later time and/or date as the Company, the Major Shareholder and the Joint Global Co-ordinators may agree, and the Underwriting Agreement not having been terminated in accordance with its terms.

When admitted to trading, the Ordinary Shares will be registered with ISIN GB00BYWVDP49 and SEDOL number BYWVDP4 and it is expected that the Ordinary Shares will be traded under the ticker symbol SBRE.

Immediately following Admission, it is expected that approximately 39.1 per cent. of the Company's issued Ordinary Share capital will be held in public hands (within the meaning of Listing Rule 6.1.19) calculated using the Mid-point Assumptions and assuming no Over-allotment Shares are acquired pursuant to the Over-allotment Option which would increase to approximately 43.0 per cent. if the maximum number of Over-allotment Shares are acquired pursuant to the Over-allotment Option.

The Offer Shares being issued or sold pursuant to the Offer will, on Admission, rank equally in all respects with the Existing Ordinary Shares and will rank in full for all dividends and other distributions thereafter declared, made or paid on the Ordinary Share capital of the Company. The Offer Shares will, immediately on and from Admission, be freely transferable, subject to the Articles. The rights attaching to the Offer Shares and any Ordinary Shares sold pursuant to the Over-allotment Option will be uniform in all respects and they will form a single class for all purposes.

The Company, the Major Shareholder and the Joint Global Co-ordinators expressly reserve the right to determine, at any time prior to Admission, not to proceed with the Offer. If such right is exercised, the Offer will lapse and any monies received in respect of the Offer will be returned to prospective investors without interest.

2. Withdrawal rights

If the Company is required to publish any supplementary prospectus, applicants who have applied for Offer Shares under the Offer shall have at least two clear business days following the publication of the relevant supplementary prospectus within which to withdraw their application to acquire Offer Shares in its entirety.

The right to withdraw an application to acquire Offer Shares in these circumstances will be available to all investors under the Offer. If the application is not withdrawn within the stipulated period, any application to apply for Offer Shares under the Offer will remain valid and binding.

Any supplementary prospectus will not be sent automatically to persons who receive this Prospectus but will be published in accordance with the Prospectus Rules and is expected (subject to certain restrictions) to be available in electronic form at www.corporate.sabre.co.uk. An announcement will also be made to a Regulatory Information Service. Any supplementary prospectus will also be available in printed form at the registered office of the Company and the offices of Dickson Minto W.S.

Details of how to withdraw an application will be made available if a supplementary prospectus is published. **Applicants who have applied via an Intermediary should contact the relevant Intermediary for details of how to withdraw an application.**

3. Allocations under the Offer

The allocation of Offer Shares among prospective investors will be determined by the Major Shareholder in consultation with the Company and the Joint Global Co-ordinators. Applicants under the Offer may be allocated Ordinary Shares having a value which is less than the sum applied for. A number of factors will be considered in determining the Offer Price, the amount to be raised by the Company pursuant to the Offer and the basis of allocation to prospective investors, including the level and nature of demand for the Offer Shares during the bookbuilding process, the level of demand in the Intermediaries Offer, the prevailing market conditions and the objective of establishing an orderly and liquid after-market in the Shares.

If there is excess demand for Ordinary Shares, allocations may be scaled down and applicants may be allocated Ordinary Shares having an aggregate value which is less than the sum applied for. Such Ordinary Shares may be allocated at the discretion of the Major Shareholder following consultation with the Company and Joint Global Co-ordinators. In such event, there is no obligation for such Ordinary Shares to be allocated proportionately (and some applicants may receive no Ordinary Shares).

All Ordinary Shares sold pursuant to the Offer will be sold, payable in full, at the Offer Price. No commissions, fees, expenses or taxes will be charged to investors by the Company or the Selling Shareholders under the Offer. Liability for UK stamp duty and SDRT is described in Part 11 (*Taxation*) of this Prospectus.

4. The Offer

4.1. The Institutional Offer

Under the Institutional Offer, Offer Shares will be offered to (a) certain institutional and professional investors in the United Kingdom and elsewhere outside the United States in reliance on Regulation S; and (b) in the United States to persons reasonably believed to be QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Certain restrictions that apply to the distribution of this Prospectus and the offer and sale of the Ordinary Shares in jurisdictions outside the United Kingdom, the Channel Islands and the Isle of Man are described in paragraph 12 of this Part 10.

The latest time and date for indications of interest in acquiring Ordinary Shares under the Institutional Offer are set out in the section entitled “Expected Timetable of Principal Events” but are indicative and subject to change.

Participants in the Institutional Offer will be advised verbally or by electronic mail of their allocation as soon as practicable following pricing and allocation. Prospective investors in the Institutional Offer will be contractually committed to acquire the number of Ordinary Shares allocated to them at the Offer Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment.

4.2. The Intermediaries Offer

Members of the general public will not be able to apply for Ordinary Shares in the Offer directly. They may, however, be eligible to apply for Ordinary Shares through the Intermediaries, by following their relevant application procedures, by no later than 4 December 2017. The Intermediaries may not permit the underlying applicants to make more than one application under the Intermediaries Offer (whether on their own behalf or through other means, including, but without limitation, through a trust or pension plan).

The Intermediaries Offer is being made to retail investors in the United Kingdom, the Channel Islands and the Isle of Man only.

Applications under the Intermediaries Offer must be by reference to the total monetary amount the applicant wishes to invest and not by reference to a number of shares or the Offer Price. The minimum monetary amount per applicant is £1,000. There is no maximum monetary amount per applicant. An application for Ordinary Shares in the Intermediaries Offer means that the applicant agrees to acquire the Ordinary Shares at the Offer Price.

Each applicant must comply with the appropriate money laundering checks required by the relevant Intermediary. Where an application is not accepted or there are insufficient Ordinary Shares available to satisfy an application in full, the relevant Intermediary will be obliged to refund the applicant as required and all such refunds shall be made in accordance with the terms provided by the Intermediary to the applicant. The Company, the Managers and the Selling Shareholders accept no responsibility with respect to the obligation of the Intermediaries to refund monies in such circumstances.

Pursuant to the Intermediaries Terms and Conditions, in making an application, each Intermediary will also be required to represent and warrant that they are not located in the United States and are not acting on behalf of anyone located in the United States. Under the Intermediaries Offer, Shares will be offered to persons outside the United States in reliance on Regulation S under the Securities Act.

In addition, the Intermediaries may prepare certain materials for distribution or may otherwise provide information or advice to retail investors in the United Kingdom, the Channel Islands and the Isle of Man subject to the terms of the Intermediaries Terms and Conditions. Any such materials, information or advice are solely the responsibility of the relevant Intermediary and shall not be reviewed or approved by any of the Managers, the Intermediaries Offer Co-ordinator, the Company or the Selling Shareholders. Any liability relating to such documents shall be for the Intermediaries only. **Any Intermediary that uses this Prospectus must state on its website that it uses this Prospectus in accordance with the Company’s consent. Intermediaries are required to provide the Intermediary Terms and Conditions to any prospective investor who has expressed an interest in participating in the Intermediaries Offer.**

Each Intermediary will be informed by the Intermediaries Offer Co-ordinator by email of the aggregate number of Ordinary Shares allocated to their underlying clients (or to the Intermediaries themselves) and the total amount payable in respect thereof. The aggregate allocation of Ordinary Shares as between the Institutional Offer and the Intermediaries Offer will be determined by the Major Shareholder in consultation with the Company. The allocation policy for the Intermediaries Offer will be determined by the Major Shareholder in consultation with the Company and the Joint Global Co-ordinators. Each Intermediary will be required to apply the allocation policy to each of its underlying applications from retail investors. The allocation policy will be made available to Intermediaries prior to the commencement of conditional dealings in the Ordinary Shares.

The publication of this Prospectus and/or any supplementary prospectus and any other actions of the Company, the Major Shareholder, the Managers, the Intermediaries or other persons in connection with the Offer should not be taken as any representation or assurance by any such person as to the basis on which the number of Ordinary Shares to be offered under the Intermediaries Offer or allocations within the Intermediaries Offer will be determined, and all liabilities for any such action or statement are hereby disclaimed by the Managers, the Intermediaries Offer Co-ordinator, the Company and the Selling Shareholders.

Pursuant to the Intermediaries Terms and Conditions, the Intermediaries have undertaken to make payment on their own behalf (not on behalf of any other person) of the consideration for the Ordinary Shares allocated, at the Offer Price, to Equiniti in accordance with details to be communicated on or after the time of allocation, by means of CREST against the delivery of the Ordinary Shares at the time and/or date set out in the section entitled "Expected Timetable of Principal Events" or at some other time and/or date after the day of publication of the Offer Price as may be agreed by the Company, the Major Shareholder and the Intermediaries Offer Co-ordinator and notified to the Intermediaries.

The Intermediaries Terms and Conditions provide for the Intermediaries to have an option to be paid a commission by the Intermediaries Offer Co-ordinator in respect of the Ordinary Shares allocated to and paid for by them pursuant to the Intermediaries Offer.

5. The Offer Price and bookbuilding

The Offer Price will be determined by the Major Shareholder in consultation with the Company and the Joint Global Co-ordinators (on behalf of the Managers) and is expected to be announced on or around 6 December 2017 via a Regulatory Information Service, together with details of the final number of Ordinary Shares subject to the Offer. This information will also be set out in the Pricing Statement. The Pricing Statement will not be sent automatically to persons who receive this Prospectus but will (subject to certain restrictions) be available in electronic form at www.corporate.sabre.co.uk. The Pricing Statement will also be available in printed form at the registered office of the Company and the offices of Dickson Minto W.S.

It is currently expected that the Offer Price will be within the Price Range, but this range is indicative only and the Offer Price may be set within, above or below it. A number of factors will be considered in determining the Offer Price, the amount to be raised by the Company pursuant to the Offer and the basis of allocation to prospective investors, including the level and nature of demand for the Offer Shares during the bookbuilding process, the level of demand in the Intermediaries Offer, the prevailing market conditions and the objective of establishing an orderly and liquid after-market in the Shares. The Offer Price will be established at a level determined in accordance with these factors, taking into account indications of interest received (whether before or after the times and/or dates stated) from persons (including market-makers and fund managers) connected with the Joint Global Co-ordinators. The Company, the Major Shareholder and the Joint Global Co-ordinators reserve the right to increase or decrease the aggregate number of Ordinary Shares offered pursuant to the Offer. If the Offer Price is set above or below the Price Range or the Price Range is revised, the Company will make an announcement via a Regulatory Information Service and prospective investors will have a statutory right to withdraw their application for Ordinary Shares. For further details of the withdrawal rights, see paragraph 2 of this Part 10.

The Managers will solicit from prospective institutional investors indications of interest in acquiring Ordinary Shares under the Institutional Offer. Prospective institutional investors will be required to specify the number of Ordinary Shares which they would be prepared to acquire either at specified prices or at the Offer Price (as finally determined). There is no minimum or maximum number of Ordinary Shares which can be applied for under the Institutional Offer.

In addition, applications are expected to be sought by the Intermediaries from their selected clients under the Intermediaries Offer on the basis that the number of Offer Shares which may be allocated will vary depending on the final Offer Price. Applications will then be made by the Intermediaries on behalf of their clients through the Intermediaries Offer Co-ordinator and this demand will be taken into account by the Major Shareholder, the Company and the Joint Global Co-ordinators alongside indications of interest in the Institutional Offer in conducting the bookbuilding process described above in respect of the Offer.

It is currently expected that in filling demand for Ordinary Shares, Existing Shares being sold pursuant to the Small Selling Shareholder Arrangements will be allocated first, followed by New Ordinary Shares and then any Existing Ordinary Shares being sold by the Major Shareholder and Angus Ball.

6. Underwriting arrangements

The Company, the Directors, the Major Shareholder and the Managers have entered into the Underwriting Agreement pursuant to which, on the terms and subject to certain conditions contained therein (which are customary in agreements of this nature), the Managers have agreed to use their reasonable endeavours to procure purchasers and/or subscribers for the Offer Shares to be issued or sold under the Offer (such number of Offer Shares to be agreed between the Company, the Major Shareholder and the Managers at the time the Offer Price is determined), failing which the Managers will purchase and/or subscribe for such Offer Shares.

The Offer is conditional upon, *inter alia*, Admission occurring not later than 8.00 a.m. on 22 December 2017 (or such later date and time as the Joint Global Co-ordinators, the Major Shareholder and the Company may agree) and the Underwriting Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms.

The Underwriting Agreement provides for the Managers to be paid a commission in respect of the Offer Shares sold. Any commissions received by the Managers may be retained and any Offer Shares acquired by them may be retained or dealt in, by them, for their own benefit.

All Offer Shares issued/sold pursuant to the Offer will be issued/sold at the Offer Price. Liability for UK stamp duty and SDRT is described in Part 11 (*Taxation*) of this Prospectus.

Further details of the terms of the Underwriting Agreement are set out in paragraph 14.1 of Part 12 (*Additional Information*) of this Prospectus.

7. Lock-up arrangements and the Orderly Sale Agreement

The Company and certain Shareholders have agreed to certain lock-up arrangements which are described in paragraphs 14.1 (in respect of the Company and the Major Shareholder) and 14.3 and 14.4 (in respect of the relevant Shareholders) of Part 12 (*Additional Information*) of this Prospectus.

CIE IX Management, BC European Capital IX Limited, BC Partners and each of the Original Shareholders have entered into the Orderly Sale Agreement. Further details of the Orderly Sale Agreement are set out in paragraph 14.2 of Part 12 (*Additional Information*) of this Prospectus.

8. Stabilisation and Over-allotment Option

In connection with the Offer, Barclays, acting as Stabilising Manager, or any of its agents or affiliates, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Ordinary Shares and effect other transactions to maintain the market price of the Ordinary Shares at a level other than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise, and may be undertaken at any time during the period from the date of the commencement of conditional dealings in the Ordinary Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilising Manager or any of its agents or affiliates to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Stabilisation, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken

with the intention of stabilising the market price of the Ordinary Shares above the Offer Price. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents or affiliates intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offer.

In connection with the Offer, the Stabilising Manager may, for stabilisation purposes, over-allot Ordinary Shares up to a maximum of 10 per cent. of the total number of Offer Shares. The Stabilising Manager has entered into the Over-allotment Option with the Lending Shareholder pursuant to which the Stabilising Manager may require the Lending Shareholder to sell at the Offer Price additional Ordinary Shares representing up to 10 per cent. of the total number of Offer Shares, to allow it to cover short positions arising from over-allotments and/or stabilising transactions. The Over-allotment Option may be exercised only once, in whole or in part, upon notice by the Stabilising Manager, at any time during the period from the date of commencement of conditional dealings in the Ordinary Shares on the London Stock Exchange and ending 30 days thereafter.

The Over-allotment Shares made available pursuant to the Over-allotment Option will be transferred at the Offer Price on the same terms and conditions as, and will rank equally with, the other existing Ordinary Shares, including for all dividends and other distributions declared, made or paid on the Ordinary Shares after Admission and will form a single class for all purposes with the Ordinary Shares. Liability for UK stamp duty and SDRT on transfers of Existing Ordinary Shares pursuant to the Over-allotment Option is described in Part 11 (*Taxation*) of this Prospectus.

Following allocation of the Ordinary Shares pursuant to the Offer, the Stabilising Manager may seek to agree the terms of deferred settlement with certain investors who have been allocated Ordinary Shares pursuant to the terms of the Offer. No fees will be payable to such investors.

9. Stock Lending Agreement

In connection with settlement and stabilisation, an affiliate of the Stabilising Manager has entered into the Stock Lending Agreement with the Lending Shareholder pursuant to which the Stock Lend Counterparty will be able to borrow from the Lending Shareholder (the “**Stock Lend Counterparty**”) Ordinary Shares representing up to 10 per cent. of the total number of Offer Shares for the purposes, among other things, of allowing the Stock Lend Counterparty to settle over-allotments, if any, made in connection with the Offer. If the Stock Lend Counterparty borrows any Ordinary Shares pursuant to the Stock Lending Agreement, it will be obliged to return equivalent shares to the Lending Shareholder in accordance with the terms of the Stock Lending Agreement.

10. Dealing arrangements

Application has been made to the FCA for all of the Ordinary Shares to be admitted to the premium listing segment of the Official List and application has been made to the London Stock Exchange for those Ordinary Shares to be admitted to trading on the main market for listed securities of the London Stock Exchange.

It is expected that dealings in the Ordinary Shares will commence on a conditional basis on the London Stock Exchange at 8.00 a.m. on 6 December 2017. The earliest date for settlement of such dealings will be 15 December 2017. It is expected that Admission will become effective and that unconditional dealings in the Ordinary Shares will commence on the London Stock Exchange at 8.00 a.m. on 11 December 2017.

All dealings in Ordinary Shares prior to the commencement of unconditional dealings will be on a “when issued basis”, will be of no effect if Admission does not take place, and will be at the sole risk of the parties concerned. The above-mentioned dates and times may be changed without further notice.

Each investor will be required to undertake to pay the Offer Price for the Offer Shares sold to such investor in such manner as shall be directed by the Joint Global Co-ordinators.

It is intended that, where applicable, definitive share certificates in respect of the Offer Shares will be despatched by 22 December 2017 or as soon thereafter as is practicable. Temporary documents of title will not be issued. Dealings in advance of crediting of the relevant CREST stock account(s) shall be at the sole risk of the persons concerned.

11. CREST

CREST is a paperless settlement system enabling securities to be transferred from one person's CREST account to another person's CREST account without the need to use share certificates or written instruments of transfer. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission and, also with effect from Admission, the Articles will permit the holding of Ordinary Shares under the CREST system. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if any Shareholder so wishes. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

12. Selling and transfer restrictions

The distribution of this Prospectus and the offer of the Offer Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Ordinary Shares, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Offer Shares may be distributed or published in or from any country or jurisdiction except in circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on the distribution of this Prospectus and the offer of the Offer Shares contained in this Prospectus. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus does not constitute an offer to subscribe for or purchase any of the Offer Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

12.1. Australia

This Prospectus does not constitute a prospectus or other disclosure document under Chapter 6D of the Australian Corporations Act 2001 (the "**Corporations Act**") and has not been, and will not be, lodged with the Australian Securities and Investments Commission.

This Prospectus does not purport to include the information required of a disclosure document under Chapter 6D of the Corporations Act. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Ordinary Shares must not be issued or distributed directly or indirectly in or into Australia, and no Ordinary Shares may be offered for sale (or transferred, assigned or otherwise alienated) to investors in Australia for at least 12 months after their issue, except in circumstances where disclosure to investors is not required under Part 6D.2 of, and who are investors who are "wholesale clients" within the meaning of section 761 of, the Corporations Act.

Each purchaser of Ordinary Shares will be deemed to have acknowledged the above and, by applying for Ordinary Shares under this Prospectus, gives an undertaking to the Company not to offer, sell, transfer, assign or otherwise alienate those securities to persons in Australia (except in the circumstances referred to above) for 12 months after their issue.

12.2. Canada

The Offer Shares 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 Offer Shares 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 prospectus (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.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Joint Bookrunners are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

12.3. European Economic Area

In relation to each Relevant Member State, an offer to the public of any Ordinary Shares may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any Ordinary Shares may be made at any time under the following exemptions under the Prospectus Directive if they have been implemented in that Relevant Member State:

- to any legal entity which is a qualified investor as defined under the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) per Relevant Member State; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Ordinary Shares shall result in a requirement for the Company or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or a supplemental prospectus pursuant to Article 16 of the Prospectus Directive and each person who initially acquires any Ordinary Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with each of the Managers and the Company that it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive.

For these purposes, the expression an "offer to the public" in relation to any Ordinary Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offer and any Ordinary Shares to be offered so as to enable an investor to decide to purchase any Ordinary Shares, as the same may be varied for that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

12.4. Hong Kong

This Prospectus has not been registered as a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the laws of Hong Kong) (the "**Companies Ordinance**"). Accordingly, this Prospectus does not constitute an offer to the public nor is it intended to invite offers by the public to subscribe for or purchase any securities, for the purposes of the Companies Ordinance nor of the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (the "**Securities and Futures Ordinance**"). The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. Prospective investors are advised to exercise caution in relation to the Offer. If prospective investors are in any doubt about the contents of this Prospectus, they should obtain independent professional advice.

Please note that: (a) Ordinary Shares may not be offered or sold in Hong Kong by means of this Prospectus or any other document other than to "professional investors" as defined in Part 1 of Schedule 1 to the Securities and Futures Ordinance and any rules made thereunder, or in other circumstances which do not result in this Prospectus being a "prospectus" as defined in the Companies Ordinance or which do not constitute an offer or invitation to the public for the purposes of the Companies Ordinance and the Securities and Futures Ordinance; and (b) no person shall issue or possess for the purposes of issue, in each case whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to Ordinary Shares which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Ordinary Shares which are or are intended

to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in Part 1 of Schedule 1 to the Securities and Futures Ordinance and any rules made thereunder.

12.5. Japan

The Ordinary Shares offered hereby have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the “**Financial Instruments and Exchange Act**”). Accordingly, no Ordinary Shares will be offered or sold, directly or indirectly, 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, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

12.6. Singapore

The offer or invitation which is the subject of this Prospectus is only allowed to certain persons and institutions and not to the retail public. Moreover, this Prospectus or any written materials issued in connection with the Offer has not been and will not be registered as a prospectus with the Monetary Authority of Singapore and any offer or invitation which is the subject of this Prospectus will be made pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”). Accordingly, statutory liability under the SFA in relation to the contents of prospectuses would not apply. Investors should consider carefully whether the investment is suitable for them.

This Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Ordinary Shares may not be circulated or distributed, nor may any Ordinary Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than:

- to an institutional investor (as defined in Section 4A of the SFA) in accordance with the conditions specified in Section 274 of the SFA;
- to a relevant person pursuant to Section 275(1) of the SFA or to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or
- pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where any Ordinary Shares are acquired pursuant to an offer made in reliance on an exemption under Section 274 or Section 275 of the SFA, it is a condition of the offer that each person who agrees to acquire any Ordinary Shares is acquiring such Ordinary Shares for investment purposes only and not with a view to distribute or resell such Ordinary Shares and that it will not offer for sale, resell or otherwise distribute or agree to distribute such Ordinary Shares within six months of such acquisition to any person other than to:

- an institutional investor (as defined in Section 4A of the SFA);
- a relevant person (as defined in Section 275(2) of the SFA); or
- any person pursuant to an offer referred to in Section 275(1A) of the SFA.

Where any Ordinary Shares are acquired pursuant to an offer made in reliance on an exemption under Section 275 of the SFA by a relevant person which is a corporation (other than a corporation which is 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, securities (as defined in Section 239(1) of the SFA) of that corporation shall not be transferred within six months after that corporation has acquired the Ordinary Shares unless such transfer is made in accordance with the conditions specified in Section 276(3) of the SFA or as specified in Section 276(6) of the SFA or as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Where any Ordinary Shares are acquired pursuant to an offer made in reliance on an exemption under Section 275 of the SFA by a relevant person which is 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, the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that trust has acquired the Ordinary Shares unless such transfer is made in accordance with the conditions specified in Section 276(4) of the SFA or as specified in Section 276(6) of the SFA or as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Investors should therefore ensure that their own transfer arrangements comply with the above restrictions.

12.7. Switzerland

The Offer Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“**SIX**”) or on any other stock exchange or regulated trading facility in Switzerland. This Prospectus has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27ff. of the SIX Listing Rules or any of listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other marketing material relating to the Offer Shares or the Offer may be publically distributed or otherwise made publically available in Switzerland.

Neither this Prospectus nor any other offering or marketing material relating to the Company or the Offer Shares has been or will be filed with or approved by any Swiss regulatory authority. In particular, this Prospectus will not be filed with, and the offer of the Offer Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (“**FINMA**”), and the offer of the Offer Shares has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes (“**CISA**”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to purchasers of the Offer Shares.

This Prospectus, as well as any other material relating to the Offer Shares, is personal and confidential and does not constitute an offer to any other person. This Prospectus may only be used by those investors to whom it has been sent in connection with the offering described herein and may neither, directly nor indirectly, be distributed or made available to other persons without the express consent of the Company.

12.8. United States

This Prospectus is not a public offering (within the meaning of the Securities Act) of securities in the United States. The Ordinary Shares have not been, and will not be, registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or other securities laws. Accordingly, the Managers may offer Ordinary Shares (a) in the United States through their respective US registered broker-dealer affiliates only to persons reasonably believed to be QIBs in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act; and (b) outside the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the Offer, any offer or sale of Ordinary Shares within the United States by any dealer (whether or not participating in the Offer) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another available exemption from registration under the Securities Act.

12.8.1. Purchasers in the United States

Each purchaser of Offer Shares within the United States, by accepting delivery of this Prospectus and the Offer Shares, will be deemed to have represented, agreed and acknowledged each of the following matters.

- (a) It is, and at the time of its purchase of any Offer Shares will be, a QIB within the meaning of Rule 144A.

- (b) The Offer Shares have not been, nor will they be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, that sellers of the Offer Shares may be relying on the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A thereunder, and that the Offer Shares may not be offered or sold, directly or indirectly, in the United States, other than in accordance with paragraph 12.8.1(d) of this Part 10.
- (c) It is purchasing the Offer Shares (i) for its own account; or (ii) for the account of one or more other QIBs for which it is acting as duly authorised fiduciary or agent with sole investment discretion with respect to each such account and with full authority to make the acknowledgments, representations and agreements herein with respect to each such account (in which case it hereby makes such acknowledgements, representations and agreements on behalf of such QIBs as well), in each case for investment and not with a view to any resale or distribution of any such shares.
- (d) Offers and sales of the Offer Shares are being made in the United States only to QIBs in transactions not involving a public offering or which are exempt from, or not subject to, the registration requirements of the Securities Act, and that if in the future it or any such other QIB for which it is acting, as described in paragraph 12.8.1(c) of this Part 10, or any other fiduciary or agent representing such investor, decides to offer, sell, deliver, pledge, hypothecate or otherwise transfer any Offer Shares, it or any such other QIB and any such fiduciary or agent will do so only (i) to a person that it, or any person acting on its behalf, reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; (ii) outside the United States in an “offshore transaction” pursuant to Rule 903 or Rule 904 of Regulation S (and not in a pre-arranged transaction resulting in the resale of such Offer Shares into the United States); (iii) in accordance with Rule 144 under the Securities Act; and (iv) pursuant to an effective registration statement under the Securities Act and, in each case, in accordance with any applicable securities laws of any state or territory of the United States and of any other jurisdiction. The purchaser understands that no representation can be made as to the availability of the exemption provided by Rule 144 under the Securities Act for the resale of the Offer Shares.
- (e) For so long as the Ordinary Shares are “restricted securities” within the meaning of the US federal securities laws, no such shares may be deposited into any unrestricted depositary receipt facility established or maintained by a depositary bank.
- (f) The Ordinary Shares will not settle or trade through the facilities of DTCC or any other US clearing system.
- (g) The Offer Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

The Ordinary Shares represented hereby have not been, and will not be, registered under the US Securities Act of 1933, as amended (the “Securities Act”), or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred except (1) to a person that the seller and any person acting on its behalf reasonably believe is a qualified institutional buyer within the meaning of Rule 144A under the Securities Act (“Rule 144A”) purchasing for its own account or for the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A; (2) outside the United States in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act; (3) in accordance with Rule 144 under the Securities Act; or (4) pursuant to an effective registration statement under the Securities Act, and in each case in accordance with any applicable securities laws of any state or territory of the United States and of any other jurisdiction. No representation can be made as to the availability of the exemption provided by Rule 144 under the Securities Act for resales of the Ordinary Shares. Notwithstanding anything to the contrary in the foregoing, the Ordinary Shares represented hereby may not be deposited into any unrestricted depositary receipt facility in respect of the Ordinary Shares established or maintained by a depositary bank. Each holder, by its acceptance of Ordinary Shares, represents that it understands and agrees to the foregoing restrictions.

- (h) These representations and undertakings are required in connection with the securities laws of the United States and that the Company, the Managers, their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations or agreements deemed to have been made by virtue of its purchase of Offer Shares are no longer accurate, it will promptly notify the Company.
- (i) Any resale made other than in compliance with the above stated restrictions shall not be recognised by the Company.
- (j) It agrees that it will give to each person to whom it transfers Offer Shares notice of any restrictions on transfer of such Offer Shares.

12.8.2. Purchasers pursuant to Regulation S

Each purchaser who acquires Offer Shares pursuant to Regulation S, by accepting delivery of this Prospectus and the Offer Shares, will be deemed to have represented, agreed and acknowledged each of the following matters.

- The Offer Shares have not been, nor will they be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States.
- It is acquiring such Offer Shares in an offshore transaction meeting the requirements of Regulation S.
- It is not an affiliate of the Company as defined in Rule 405 under the Securities Act or a person acting on behalf of such an affiliate.
- The Company, the Managers, their affiliates and others will rely upon truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations or agreements deemed to have been made by virtue of its purchase of Offer Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any Offer Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

12.9. Other overseas territories

Investors in jurisdictions other than Australia, Canada, the European Economic Area, Hong Kong, Japan, Singapore, Switzerland and the United States should consult their professional advisers as to whether they require any governmental or other consents or need to observe any formalities to enable them to subscribe for or purchase Offer Shares under the Offer.

PART 11

TAXATION

The following summary of certain United Kingdom and US federal income tax consequences of ownership of the Offer Shares is based upon laws, regulations, decrees, rulings, income tax conventions (treaties), administrative practice and judicial decisions in effect at the date hereof. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming. Any such changes or interpretations could affect the tax consequences for holders of the Offer Shares, possibly on a retroactive basis, and could alter or modify the statements and conclusions set forth herein. This summary does not purport to be a legal opinion or to address all tax aspects that may be relevant to a holder of the Offer Shares. Each prospective holder is urged to consult its own tax advisor as to the particular tax consequences to such holder of the ownership and disposition of the Offer Shares, including the applicability and effect of any other tax laws or tax treaties, of pending or proposed changes in applicable tax laws as at the date hereof, and of any actual changes in applicable tax laws after such date.

1. United Kingdom tax considerations

The following is a general summary of certain UK tax considerations relating to the ownership and disposal of the Offer Shares. It is based on current UK tax law and published HM Revenue & Customs (“HMRC”) practice as at the date hereof, both of which are subject to change at any time, possibly with retrospective effect.

The summary applies substantially to persons who are resident (and, in the case of individuals, resident and domiciled) in the United Kingdom for tax purposes and who are not resident for tax purposes in any other jurisdiction and do not have a permanent establishment or fixed base in any other jurisdiction with which the holding of the Offer Shares is connected (“**UK Holders**”). Persons (a) who are not resident (or, if resident, are not domiciled and to whom “split year” treatment does not apply) in the United Kingdom for tax purposes, including those individuals and companies who trade in the United Kingdom through a branch, agency or permanent establishment in the United Kingdom to which the Offer Shares are attributable; or (b) who are resident or otherwise subject to tax in a jurisdiction outside the United Kingdom; or (c) who are otherwise not sure how they will be affected from a tax perspective, are recommended to seek the advice of professional advisors in relation to their taxation obligations.

This summary is for general information only and is not intended to be, nor should it be considered to be, legal or tax advice to any particular investor. It does not address all of the tax considerations that may be relevant to specific investors in light of their particular circumstances or to investors subject to special treatment under UK tax law. In particular:

- this summary only applies to the absolute beneficial owners of the Offer Shares and any dividends paid in respect of the Offer Shares where the dividends are regarded for UK tax purposes as that person’s own income (and not the income of some other person); and
- this summary: (a) only addresses the principal UK tax consequences for investors who hold the Offer Shares as capital assets; (b) does not address the tax consequences which may be relevant to certain special classes of investor such as dealers, brokers or traders in shares or securities and other persons who hold the Offer Shares otherwise than as an investment; (c) does not address the tax consequences for UK Holders that are trustees, financial institutions, insurance companies, collective investment schemes, pension schemes, charities or tax-exempt organisations; (d) assumes that the holder is not one of the Company’s officers or employees (or of any related company) and has not (and is not deemed to have) acquired the Offer Shares by virtue of an office or employment; and (e) assumes that the UK Holder does not control or hold (and is not deemed to control or hold), either alone or together with one or more associated or connected persons, directly or indirectly, an interest of 10 per cent. or more in the Company’s Shares, voting power, rights to profits or capital, and is not otherwise connected with the Company.

This summary further assumes that dividends paid by the Company will be treated as income distributions for UK tax purposes.

Prospective investors in the Offer Shares should satisfy themselves prior to investing as to the overall tax consequences, including, specifically, the consequences under UK tax law and HMRC practice of the acquisition, ownership and disposal of the Offer Shares, in their own particular circumstances by consulting their own tax advisers.

1.1. Taxation of dividends

1.1.1. Withholding tax

Dividend payments in respect of the Offer Shares may be made without withholding for UK tax, or deduction on account of UK tax, whether such payments are made to UK Holders or shareholders who are not UK Holders.

1.1.2. Income tax

The amount of income tax, if any, payable by an individual UK Holder as a consequence of receiving a dividend from the Company will depend on his or her own personal tax position.

No tax should be payable on any dividend from the Company if the amount of the dividend received by the UK Holder, when aggregated with the other dividend income received in the year of assessment, does not exceed the dividend nil rate band (£5,000 for 2017/18) or, when treated as the top slice of that UK Holder's income, the personal allowance (£11,500 for 2017/18).

To the extent that (taking account of the other dividend income received by the UK Holder in the same year of assessment) the dividend does not fall within the dividend nil rate band or personal allowance, it will be subject to income tax at 7.5 per cent. (to the extent it is within the basic rate band), 32.5 per cent. (to the extent it is within the higher rate band) or 38.1 per cent. (to the extent it is within the additional rate band), in each case, when treated as the top slice of that UK Holder's income.

Legislation to reduce the dividend nil rate band to the first £2,000 of dividend income received for the 2018/19 tax year and subsequent years received Royal Assent on 16 November 2017.

An individual holder of the Offer Shares that is not a UK Holder may be subject to taxation on dividend income under both UK and local law. An individual holder of the Offer Shares that is not a UK Holder for tax purposes should consult his or her own tax adviser concerning his or her tax position on dividends received from the Company.

1.1.3. Corporation tax

A UK Holder which is a company will have to pay corporation tax in respect of any dividends it receives from the Company, unless the dividends fall within an exempt class and certain other conditions are met. Whether an exempt class applies and whether the other conditions are met will depend on the circumstances of the particular UK Holder, although it is expected that the dividends paid would normally be exempt when received by a UK Holder that is a company. If the conditions for the exemption are not satisfied, or a UK Holder elects for an otherwise exempt dividend to be taxable, UK corporation tax will be chargeable on the gross amount of any dividends received from the Company at a rate of 19 per cent. The main rate of UK corporation tax is expected to decrease to 17 per cent. from 1 April 2020.

A corporate holder of the Offer Shares that is not a UK Holder may be subject to taxation on dividend income under both UK (subject to the exemption mentioned above) and local law. A corporate holder that is not a UK Holder should consult its own tax adviser concerning its tax position on dividends received from the Company.

1.2. Taxation of disposals

A disposal or deemed disposal of the Offer Shares by an individual UK Holder may, depending on his or her individual circumstances, give rise to a chargeable gain or to an allowable loss for the purpose of UK capital gains tax. The principal factors that will determine the capital gains tax liability of an individual UK Holder on a disposal of the Offer Shares are the extent to which the holder realises any other chargeable gains in the tax year in which the disposal is made, the extent to which the holder has

incurred allowable losses in that or any earlier tax year and the level of the annual allowance for tax-free gains in that tax year (the “**Annual Exemption**”). The Annual Exemption for the 2017/18 tax year is £11,300, meaning the first £11,300 of capital gains realised do not fall within the charge to capital gains tax. Broadly, any gains in excess of this amount will be taxed at a rate of 10 per cent. for an individual UK Holder paying tax at the basic rate and 20 per cent. for an individual UK Holder paying tax at a rate above the basic rate of income tax. Where the gains of a basic rate taxpayer exceed the unused part of his or her basic rate band, that excess is subject to the tax at the 20 per cent. rate.

An individual UK Holder who ceases to be resident for tax purposes in the United Kingdom or is treated as resident outside the United Kingdom for the purposes of a double tax treaty for a period of five years or less and who disposes of his or her Offer Shares during that period of temporary non-residence may be liable to UK capital gains tax on a chargeable gain accruing on such disposal on his or her return to the United Kingdom (subject to available exemptions or reliefs).

A disposal of the Offer Shares by a corporate UK Holder may give rise to a chargeable gain or an allowable loss for the purpose of UK corporation tax. Such a holder should be entitled to an indexation allowance, which (broadly) applies to reduce chargeable gains to the extent that such gains arise due to inflation. The allowance may reduce a chargeable gain but will not create or increase an allowable loss.

A corporate holder of the Offer Shares that is not a UK Holder may be subject to foreign taxation on disposal of the Offer Shares under applicable local law. Non-UK resident shareholders are not subject to UK tax on chargeable gains (and cannot benefit from any allowable loss) to the extent that such shareholders are not trading in the UK. If prospective investors are in any doubt as to their position, they should consult their own professional advisers.

1.3. Stamp duty and stamp duty reserve tax

The following statements are intended as a general guide to the current UK stamp duty and Stamp Duty Reserve Tax (“**SDRT**”) position in connection with the Offer Shares.

1.3.1. Issues of Offer Shares

No UK stamp duty or SDRT will be payable on the issue of the Offer Shares by the Company.

1.3.2. Transfers of Offer Shares

Stamp duty at the rate of 0.5 per cent. (rounded up, if necessary, to the next multiple of £5) of the amount or value of the consideration given will generally be payable on an instrument transferring Offer Shares. An exemption from stamp duty is available on an instrument transferring the Offer Shares where the amount or value of the consideration is £1,000 or less, and it is certificated on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000.

A charge to SDRT will also arise on an unconditional agreement to transfer the Offer Shares (at the rate of 0.5 per cent. of the amount or value of the consideration payable). However, if within six years of the date on which the agreement is made or, in the case of a conditional agreement, the date of the agreement becoming unconditional, an instrument of transfer is executed pursuant to the agreement and the instrument is duly stamped (either by paying the stamp duty or claiming an appropriate relief) or the instrument is otherwise exempt from stamp duty, any SDRT already paid will be refunded (generally, but not necessarily, with interest) provided that a claim for payment is made, and any outstanding liability to SDRT will be cancelled.

The liability to pay stamp duty or SDRT is generally satisfied by the purchaser.

1.3.3. Offer Shares held through CREST

Paperless transfers of the Offer Shares within CREST will generally be liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration. CREST is obliged to collect SDRT on relevant transactions settled within the system.

1.3.4. Offer Shares held through clearance services

Following the European Court of Justice decision in C-569/07 HSBC Holdings Plc and Vidacos Nominees Limited v. The Commissioners for Her Majesty's Revenue & Customs and the First-tier Tax Tribunal decision in HSBC Holdings Plc and The Bank of New York Mellon Corporation v. The Commissioners for Her Majesty's Revenue & Customs, HMRC has confirmed that 1.5 per cent. SDRT is no longer payable when new shares are issued into a clearance service or depositary receipt system.

Where the Offer Shares are transferred: (a) to, or to a nominee for, a person whose business is or includes the provision of clearance services; or (b) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT will generally be payable at the higher rate of 1.5 per cent. of the amount or value of the consideration payable or, in certain circumstances, the value of the Offer Shares (rounded up to the next multiple of £5 in the case of stamp duty). This liability for stamp duty or SDRT will strictly be accountable by the depositary or receipt system or clearance service operator or their nominee or agent, as the case may be, but will, in practice, generally be reimbursed by participants in the clearance service or depositary receipt scheme. Transfers within the clearance service, and transfers of depositary receipts, are then generally made free of SDRT or stamp duty.

Clearance service operators may elect, provided certain conditions are satisfied, for the normal rates of stamp duty or SDRT to apply to transfers of Offer Shares into, and to transactions within, such services instead of the 1.5 per cent. charge outlined above. In these circumstances, SDRT rather than stamp duty at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer will arise on any transfer of the Offer Shares into such a clearance service and on subsequent agreements to transfer the Offer Shares within such a clearance service.

The imposition of the higher 1.5 per cent. charge on transfers of shares to a clearance service or depositary receipt system is currently subject to litigation. Accordingly specific professional advice should be sought before paying the 1.5 per cent. SDRT or stamp duty charge in any circumstances.

1.4. Inheritance tax

The Offer Shares will be assets situated in the United Kingdom for the purposes of UK inheritance tax. A gift of such assets by, or the death of, an individual holder of such assets may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax even if the holder is neither domiciled in the United Kingdom nor deemed to be domiciled there under certain rules relating to long residence or previous domicile. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit.

2. US Federal Income Tax Considerations

The following is a general description of the material US federal income tax considerations relating to the acquisition, ownership and disposition by a US Holder (as defined below) of Offer Shares purchased in the Offer. The description is based on the Internal Revenue Code of 1986, as amended (the "**Code**"), US Treasury regulations promulgated thereunder, judicial decisions and administrative pronouncements, all as in effect as of the date of this Prospectus. Such authorities are subject to change, possibly with retroactive effect. Any such change could result in US federal income tax consequences that are materially different from those described below. Moreover, any change after the Offer in any of the factual matters set forth in this Prospectus or in the conduct, practices or activities of the Group may affect the considerations discussed below. The Company is under no obligation to update this description to reflect future changes in law or changes in any of the foregoing factual matters that may later come to its attention.

This description does not address all aspects of US federal income taxation that may be relevant to all prospective investors, some of which, such as dealers in securities, banks, thrifts or other financial institutions, insurance companies, regulated investment companies, tax-exempt organisations, US expatriates, non-US persons who are engaged in a trade or business in the United States, persons that

hold Offer Shares as part of a straddle, conversion transaction or hedge, persons deemed to sell Offer Shares under the constructive sale provisions of the Code, investors that are subject to the alternative minimum tax, investors whose functional currency is not the US dollar, investors that are treated as partnerships for US federal income tax purposes, investors that are not the beneficial owners of Offer Shares, and investors that own, actually or under applicable constructive ownership rules, 10 per cent. or more of the Ordinary Shares, may be subject to special rules. This description deals only with US Holders who purchase Offer Shares in connection with the Offer and hold the Offer Shares as a capital asset (within the meaning of Section 1221 of the Code). If an entity treated as a partnership for US federal income tax purposes holds Offer Shares, the US federal income tax treatment of a partner of the partnership will depend on the status of the partner and the activities of the partnership. A partner of a partnership holding Offer Shares is urged to consult its tax adviser regarding the consequences to such partner of the partnership's ownership and disposition of Offer Shares.

This description does not address US Holders that are directly or indirectly insured or reinsured by any member of the Group, or control, are controlled by or are under common control with any such persons (with control being defined for these purposes as direct or indirect ownership of more than 50 per cent. of the value or voting power of the stock of a person treated as a corporation for US federal income tax purposes or more than 50 per cent. of the value of the beneficial interests of a person treated as a partnership, trust or estate for US federal income tax purposes, taking into account certain attribution rules). Moreover, this description assumes that, at all relevant times, (1) US Holders that are directly or indirectly insured or reinsured by any member of the Group, or control, are controlled by or are under common control with any such persons (as described in the preceding sentence) do not own, actually or under applicable constructive ownership rules, 20 per cent. or more of the value or voting power of the Company and (2) gross insurance and reinsurance income earned from persons that are US Holders and are directly or indirectly insured or reinsured by any member of the Group, or control, are controlled by or are under common control with any such persons (as described in the preceding sentence) is less than 20 per cent. of the insurance income of any member of the Group. Also, this description assumes that US persons do not own (directly, indirectly through non-US entities or constructively) 50 per cent. or more of the voting power or value of the Company.

This description does not address any US federal tax laws other than US federal income tax laws, including any US state or local tax laws or any non-US tax laws. Potential investors are encouraged to consult their tax advisers concerning the overall tax consequences arising in their own particular situations under US federal, state, local and non-US laws from the ownership and disposition of Offer Shares. The conclusions expressed in the description below are not binding on the US Internal Revenue Service (the "IRS") or any court, and there is no assurance that the IRS or a court would not reach a contrary conclusion. No ruling from the IRS or opinion of counsel has been or will be sought regarding any matter described in this Prospectus.

For purposes of this description, a "US Holder" is a beneficial owner of Offer Shares that is, for US federal income tax purposes:

- a citizen or resident of the United States;
- a corporation created or organised in or under the law of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to US federal income taxation regardless of its source; or
- a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more "United States persons" (within the meaning of the Code) have the authority to control all substantial decisions of the trust or (2) the trust has in effect a valid election under applicable US Treasury regulations to be treated as a United States person.

2.1. Taxation of Distributions on Offer Shares

Subject to the description below relating to the potential application of the passive foreign investment company ("PFIC") rules, distributions on Offer Shares will constitute dividends for US federal income tax purposes to the extent paid out of the Company's current or accumulated earnings and profits, as determined for US federal income tax purposes. The Company does not intend to compute (or to provide US Holders with information necessary to compute) earnings and profits under US federal income tax principals. Accordingly, US Holders generally should expect to treat all distributions on the Offer Shares as taxable dividends.

Dividends paid with respect to the Offer Shares to a US Holder that is treated for US federal income tax purposes as an individual, a trust or an estate (a “non-corporate US Holder”) will be treated as “qualified dividend income” that is subject to US federal income taxation at the preferential rates applicable to long-term capital gain if (a) the Company is eligible for the benefits of the income tax treaty between the United States and the United Kingdom (the “**Treaty**”), (b) the Company is not a PFIC for the taxable year during which the dividend is paid and was not a PFIC for the immediately preceding taxable year (see paragraph 2.3 of this Part 11), (c) the US Holder owns Offer Shares for more than 60 days in the 121-day period beginning 60 days before the date on which the Ordinary Shares become ex-dividend (and does not enter into certain risk-limiting transactions with respect to the Ordinary Shares), (d) the US Holder is not under an obligation to make related payments with respect to positions in substantially similar or related property, and (e) the US Holder does not take the dividends into account as investment income for purposes of deducting investment interest. With regard to the requirement in clause (a), it is not certain that the Company would be eligible for the benefits of the Treaty. Although the Ordinary Shares of the Company will be publicly traded on the London Stock Exchange (which is a “recognised stock exchange” for purposes of the Treaty), the Company’s Ordinary Shares must also be “regularly traded” on such exchange in order for the Company to be a “qualified resident” of the United Kingdom and eligible for the benefits of the Treaty. It is not currently known whether trading in the Company’s Ordinary Shares will satisfy the “regularly traded” requirement contained in the Treaty. Dividends received by a US Shareholder that are not treated as “qualified dividend income” will be subject to US federal income taxation at ordinary income rates.

Dividends on the shares will be paid in pounds sterling and a US Holder will be treated as receiving a dividend in an amount equal to the US dollar value of such pounds sterling on the date that such dividend is actually or constructively received by the US Holder determined by reference to the spot rate of exchange on such date, regardless of whether the payment is in fact converted into US dollars at that time. The US Holder will have a tax basis in the pounds sterling received equal to its US dollar value determined by reference to the spot rate of exchange on the date of receipt. If the pounds sterling are converted into US dollars on the date of receipt, a US Holder generally should not be required to recognise foreign currency gain or loss in respect of the dividend. Gain or loss, if any, realised on the sale or other taxable disposition of such pounds sterling on a date subsequent to the date of receipt generally will be US source ordinary income or loss.

Dividends on the Offer Shares generally will not be eligible for the dividends received deduction for corporate shareholders. Dividends paid with respect to Offer Shares will generally be treated as foreign source income and “passive category income” for purposes of computing allowable foreign tax credits for US foreign tax credit purposes. If the dividends are qualified dividend income (as discussed above), the amount of the dividend taken into account for purposes of calculating the foreign tax credit limitation generally will be reduced to appropriately take into account the tax rate differential between the reduced rate of tax applicable to qualified dividend income and the highest rate of tax normally applicable to dividends.

Special rules may apply to any “extraordinary dividend.” Generally, a dividend with respect to an Offer Share of a US Holder will be an extraordinary dividend if the amount of such dividend equals or exceeds 10 per cent. of the US Holder’s adjusted tax basis (or fair market value in certain circumstances) in such Offer Share (subject to certain aggregation rules). In addition, extraordinary dividends include dividends received within a one-year period that, in the aggregate, equal or exceed 20 per cent. of the US Holder’s adjusted tax basis (or fair market value). If a non-corporate US Holder receives an extraordinary dividend on an Offer Share that is treated as qualified dividend income, then any loss recognised by such US Holder from a subsequent sale or exchange of such Offer Share will be treated as a long-term capital loss to the extent of such dividend.

Dividends paid with respect to Offer Shares to a non-corporate US holder may also be subject to an additional 3.8 per cent. tax on net investment income, described below.

2.2. Taxation of Dispositions of Offer Shares

Subject to the description in paragraph 2.3 of this Part 11 relating to the potential application of the PFIC rules, US Holders will recognise capital gain or loss on the sale or other taxable disposition of Offer Shares in an amount equal to the difference between the amount realised and the US Holder’s adjusted tax basis in such Offer Shares.

If the consideration a US Holder receives for its Offer Shares is paid in a currency other than US dollars, the amount realised will be the US dollar value of the payment received determined by reference to the spot rate of exchange on the date of the sale or other disposition. However, if the Offer Shares are treated as traded on an “established securities market” and the US Holder is either a cash basis taxpayer or an accrual basis taxpayer that has made a special election (which must be applied consistently from year to year and cannot be changed without the consent of the IRS), such US Holder will determine the US dollar value of the amount realised in a foreign currency by translating the amount received at the spot rate of exchange on the settlement date of the sale. If an accrual basis US Holder does not make this election, the US Holder will determine the US dollar value of the amount realised in a foreign currency by translating the amount received at the spot rate of exchange on the date of the sale or other disposition and generally will recognise foreign currency gain or loss (generally treated as ordinary income or loss) equal to the difference, if any, between the US dollar values of the amount realised based on the spot rates of exchange in effect on the date of disposition and the settlement date.

A US Holder’s tax basis in its Offer Shares generally will equal the cost of such Offer Shares. If a US Holder uses a currency other than US dollars to purchase Offer Shares, the cost of the Offer Shares will be the US dollar value of the foreign currency purchase price determined by reference to the spot rate of exchange on the date of purchase. However, if the Offer Shares are treated as traded on an established securities market and the US Holder is either a cash basis taxpayer or an accrual basis taxpayer who has made the special election described above, such US Holder will determine the US dollar value of the cost of such Offer Shares by translating the amount paid at the spot rate of exchange on the settlement date of the purchase. If an accrual basis US Holder does not make this election, the US Holder will determine the US dollar value of the cost of such Offer Shares by translating the amount paid at the spot rate of exchange on the date of the purchase and generally will recognise foreign currency gain or loss (generally treated as ordinary income or loss) equal to the difference, if any, between the US dollar value of the cost of such Offer Shares based on the spot rates of exchange in effect on the date of purchase and the settlement date. Any gain or loss recognised by a US Holder upon a sale or other taxable disposition of Offer Shares (other than the foreign currency gain or loss described above) generally will be capital gain or loss and will be long-term capital gain or loss if the US Holder’s holding period in the Offer Shares at the time of the disposition exceeds one year. Long-term capital gain of individual US Holders generally will be subject to US federal income tax at preferential rates. The deductibility of capital losses is subject to significant limitations.

If the consideration a US Holder receives for the Offer Shares is paid in a currency other than US dollars, the US Holder will have a tax basis in the currency received equal to the US dollar value of the currency on the date of receipt. If the currency received is converted into US dollars on the date of receipt, a US Holder generally should not be required to recognise foreign currency gain or loss. Gain or loss, if any, realised on the sale or other taxable disposition of such currency on a date subsequent to the date of receipt generally will be US source ordinary income or loss.

If the US Holder’s holding period for the Offer Shares sold or otherwise disposed of exceeds one year, any gain recognised by a non-corporate US Holder will be subject to tax at a maximum US federal income tax rate of 20 per cent. and may also be subject to an additional 3.8 per cent. tax imposed on certain net investment income, as discussed below. With certain exceptions, any gain will be US source gain and generally will be passive category income for foreign tax credit limitation purposes. The deductibility of capital losses is subject to limitations.

2.3. PFIC Rules

In general, a non-US corporation will be a PFIC for any a taxable year if, either (a) 75 per cent. or more of its gross income constitutes passive income; or (b) 50 per cent. or more of the value of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce, or are held for the production of, passive income. For these purposes, passive income generally includes interest, dividends, gains from the sale or exchange of investment property and rents and royalties other than rents and royalties that are received from unrelated parties and are derived in the active conduct of a trade or business. Income derived in the active conduct of an insurance business by a corporation that is predominantly engaged in an insurance business, however, is not treated as passive income, provided that the corporation does not maintain financial reserves in excess of the reasonable needs of its insurance business. The PFIC provisions also contain a look-

through rule under which a non-US corporation will be treated as if it received directly its proportionate share of the income, and held its proportionate share of the assets, of another corporation if it owns at least 25 per cent. of the value of the stock of such other corporation.

The Company believes that, for purposes of the PFIC rules, each of its relevant subsidiaries is likely to be considered predominantly engaged in the active conduct of an insurance business and would be likely not to be considered, after giving effect to the Offer, to have financial reserves in excess of the reasonable needs of its insurance business and, as a result, that income derived by each of its relevant subsidiaries in the active conduct of an insurance business would likely not be treated as passive income. Accordingly, the Company expects that, provided the value and nature of its assets and the sources and nature of its income, as determined for PFIC purposes, remain the same, and taking into account the Company's expected use of any net proceeds of the Offer that it receives, it is likely not to be treated as a PFIC for the current taxable year or the foreseeable future. However, the determination of whether the Company is a PFIC in any taxable year is fact specific and will depend upon the portion of the Company's assets (including goodwill) and income that are characterised as passive under the PFIC rules and other factors, some of which may be beyond the Company's control. In particular, because the total value of the Company's assets for purposes of the asset test described above will generally be calculated using the market price of its Ordinary Shares, the Company's PFIC status will depend in large part on the market price of its Ordinary Shares. Accordingly, fluctuations in the market price of the Ordinary Shares may cause the Company to become a PFIC. In addition, the composition of the Company's income and assets will be affected by how, and how quickly, the Company uses the cash generated by its business operations, any net proceeds of the Offer that it receives and any future financing transactions. The PFIC determination also depends on the application of complex US federal income tax rules concerning the classification of the Company's assets and income for this purpose, and these rules are uncertain in some respects. Further, the PFIC determination is made annually and the Company's circumstances may change. Accordingly, there can be no assurance that the Company will not be classified as a PFIC for the current taxable year or any future taxable year, and no ruling from the IRS or opinion of counsel has been issued or has been or will be sought with respect to the Company's status as a PFIC.

No final or temporary regulations currently exist regarding the application of the PFIC rules to an insurance company. Proposed regulations have recently been issued, which will not be effective until adopted in final form. At this time it is unclear whether and how such regulations would affect the characterisation of the Company and its subsidiaries. Additionally, legislation has been introduced in Congress that, if enacted, would characterise a non-US insurance company with insurance liabilities of 25 per cent. or less of such company's assets as a PFIC unless it could qualify for a temporary exception based on both an asset test and a facts and circumstances test. No prediction can be made as to what effect, if any, any new guidance or legislation would have on an investor that is subject to US federal income taxation. As a result of these uncertainties in the present and future application of the PFIC rules to the Company and its subsidiaries, there can be no assurance that the IRS will not assert that the Company or any of its subsidiaries is a PFIC or that a court will not sustain such an assertion.

If the Company were characterised as a PFIC for a taxable year, a US Holder that receives an "excess distribution" on Offer Shares or recognises a gain on the disposition of Offer Shares generally will determine its US federal income tax on such amounts by (1) allocating the excess distribution or gain ratably to each day in the US Holder's holding period for the Offer Shares; (2) including in gross income as ordinary income for the current year the amounts allocated to the current year or any year before the Company became a PFIC; and (3) increasing the current year's tax by the "deferred tax amount," which is determined by multiplying the amounts allocated to each of the other taxable years by the highest rate of tax in effect for such taxable year (for the applicable class of taxpayers) to calculate the increases in taxes for each prior year, calculating an interest charge (at the rate applicable to underpayments of US federal income tax for the relevant period) for the deemed deferral of such taxes from each prior year to the current year, and combining such increases in taxes and interest charges. In addition, a US Holder would be treated as owning a proportionate amount of any shares the Company owns, directly or indirectly by application of certain attribution rules, in other PFICs (including any subsidiaries of the Company, if they are PFICs) and would be subject to the PFIC rules on a separate basis with respect to its indirect interests in any such PFICs. In general, a US person that owns shares in a PFIC is treated as receiving an "excess distribution" from the PFIC if the distributions received by the US person with respect to such shares in a taxable year exceed 125 per

cent. of the average annual distributions received by the US person in the three preceding taxable years (or, if shorter, the US person's holding period for the shares).

If the Company were a PFIC, a US Holder may be able to mitigate the negative tax consequences described above by making a "mark-to-market" election if such election is available with respect to the Offer Shares. However, such an election may itself have negative tax consequences to a US Holder and would not mitigate any negative tax consequences with respect to PFICs directly or indirectly owned by the Company. US holders should consult with their tax advisers regarding the availability and advisability making a mark-to-market election with respect to the Offer Shares. The Company does not expect to provide the information necessary for US Holders to make "qualified electing fund" elections.

US Holders are urged to consult their own tax advisers about the application of the PFIC rules, the advisability and availability of any elections (including a retroactive qualified electing fund election), and the additional reporting requirements described above.

2.4. Net Investment Income Tax

A 3.8 per cent. tax is imposed on all or a portion of the net investment income of certain individuals with modified adjusted gross income of over \$200,000 (\$250,000 in the case of joint filers) and the undistributed net investment income of certain estates and trusts. For these purposes, "net investment income" will include a US Holder's share of dividends and gain on the sale or other taxable disposition of Offer Shares, as well as any foreign currency gain. Unless a US Holder elects otherwise or holds Offer Shares in connection with certain trades or businesses, the PFIC rules generally will not apply for purposes of determining a US holder's net investment income.

2.5. Reporting Requirements for US Holders

Form 926—A US Holder that transfers cash to the Company in exchange for Offer Shares may be required to file Form 926 (Return by a US Transferor of Property to a Foreign Corporation) with the IRS if (1) immediately after the transfer, such US Holder holds, directly or indirectly, at least 10 per cent. of the total voting power or the total value of the Company, or (2) the amount of cash transferred by such US Holder (or certain related persons) during the 12-month period ending on the date of the transfer exceeds \$100,000.

Form 8621—A US Holder that is a shareholder of a PFIC is required to file Form 8621 (Information Return by a Shareholder of a PFIC or Qualified Electing Fund) with the IRS. If the Company is a PFIC in any year, a US Holder may be required to file Forms 8621 with the IRS with respect to the Company and any PFICs owned by the Company, directly or indirectly by application of certain attribution rules.

Form 8938—A US Holder that is an individual may be required to file Form 8938 (Statement of Specified Foreign Financial Assets) with the IRS. A US Holder that is an entity formed or availed of for purposes of holding, directly or indirectly, specified foreign financial assets may also be required to file this form.

Potential investors are urged to consult their tax advisers for advice regarding reporting on Forms 926, 8621 and 8938 and any other reporting requirements that may apply to their acquisition, ownership or disposition of Offer Shares. The Company is not obligated to provide US Holders with the information necessary to satisfy such reporting requirements. Failure to properly file such forms, if required, may result in the imposition of substantial penalties and an extension of the statute of limitations for the assessment of any US federal income tax with respect to any tax return, event or period to which the information required to be reported on such forms relates.

2.6. Information Reporting and Backup Withholding

Information returns may be filed with the IRS in connection with distributions on Offer Shares and the proceeds from a sale or other disposition of Offer Shares, unless a US Holder establishes an exemption. A US Holder that does not establish such an exemption may be subject to US federal backup withholding tax on such payments if the US Holder fails to provide its taxpayer identification number on IRS Form W-9 or otherwise comply with the backup withholding rules. The amount of any backup withholding from a payment to a US Holder will be allowed as a credit against the US Holder's US federal income tax liability and may entitle the US Holder to a refund provided that the required information is timely furnished to the IRS.

2.7. Proposed US Tax Legislation

The tax treatment of non-US companies and their non-US insurance subsidiaries has been the subject of Congressional discussion and legislative proposals. Legislative proposals relating to the tax treatment of non-US companies have been introduced in the past that could, if enacted, materially affect the Company and its insurance subsidiaries. Both the US Congress and President Trump's administration have indicated a desire to reform the Code. In November, Chairman Brady (R-TX) of the House Committee on Ways and Means released proposed legislation entitled the Tax Cuts and Jobs Act of 2017 (the "**Proposed Bill**").

The Proposed Bill includes proposals that could, if enacted, affect whether the Company or any of its non-US subsidiaries are treated as a PFIC. Whether or not the Proposed Bill is enacted, interpretations of US federal income tax law, including those regarding whether a company is a PFIC, are subject to change, possibly on a retroactive basis. Regulations regarding the application of the PFIC rules to insurance companies are only in proposed form. Whether or not the Proposed Bill is enacted, new regulations or pronouncements interpreting or clarifying the existing proposed regulations may be forthcoming.

It is possible that the Proposed Bill will be amended significantly before passage, that other legislative proposals could emerge in the future or that no tax legislation is enacted in the near future. Such amendments or future proposals could also have an adverse impact on the Company and its insurance subsidiaries. No prediction can be made as to whether any particular proposed legislation will be enacted or, if enacted, what the specific provisions or the effective date of any such legislation would be, or whether it would have any effect on the Company and its insurance subsidiaries. As such, the Company cannot assure prospective purchasers of the Offer Shares that future legislative, administrative or judicial developments will not result in an increase in the amount of US tax payable by a US Holder.

2.8. FATCA Withholding

The US tax provisions commonly known as FATCA impose a 30 per cent. withholding tax that applies to certain "foreign passthru payments" made by foreign financial institutions after 31 December 2018. The IRS has issued regulations that provide for the phased implementation of the FATCA withholding requirements.

It is possible that the Company may be considered a foreign financial institution for purposes of FATCA. To avoid any withholding under FATCA, the Company may be required to report the identity of, and certain other information regarding, certain US persons that directly or indirectly own Ordinary Shares or exercise control over shareholders to counterparties or governmental authorities, including the IRS or UK government. The Company may also be required to withhold on payments and/or take other actions with respect to holders of Ordinary Shares who do not provide the Company with certain information or documentation required to fully comply with FATCA.

PART 12

ADDITIONAL INFORMATION

1. Responsibility

The Directors, whose names appear in paragraph 1 of Part 3 (*Directors, Senior Managers and Corporate Governance*) of this Prospectus, and the Company accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Company and the Directors (who have each taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. General

The Company was incorporated and registered in England and Wales as a public company limited by shares on 21 September 2017 with the name Sabre Insurance Group plc with registered number 10974661. The Company is domiciled in the United Kingdom. Its registered office and principal place of business is at Sabre House, 150 South Street, Dorking, Surrey RH4 2YY (telephone number: +44 (0) 330 024 4696).

The principal legislation under which the Company operates and under which the Ordinary Shares have been and will be created is the Companies Act (and the regulations from time to time made thereunder).

The names of the Directors, their respective functions and business address are set out in Part 3 (*Directors, Senior Managers and Corporate Governance*) of this Prospectus.

3. Information on the Company's share capital

3.1. Share capital history

The share capital history of the Company is as follows.

- 3.1.1. On incorporation, one ordinary share of £0.001 and the Redeemable Preference Share were allotted and issued, fully paid, as subscriber shares to DM Company Services (London) Limited with the nominal value paid up by way of an undertaking to pay. On 2 November 2017, the Major Shareholder became the sole shareholder of the Company and assumed the liability under such undertaking to pay from DM Company Services (London) Limited.
- 3.1.2. By resolutions passed at a general meeting of the sole member of the Company on 21 November 2017 it was resolved that:
- (a) the Board be generally and unconditionally authorised in accordance with section 551 of the Companies Act to allot Ordinary Shares up to an aggregate nominal amount of £250,000 in connection with the Offer;
 - (b) subject to and conditional upon Admission, the Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act to allot shares or grant rights to subscribe for or to convert any security into shares:
 - (i) up to the lower of (i) an aggregate nominal amount of £83,333 and (ii) one third of the Company's ordinary share capital immediately following Admission (such amount to be reduced by the extent the authority described in paragraph 3.1.2(b)(ii) is utilised) in excess of the amount determined by this paragraph; and
 - (ii) up to the lower of (i) an aggregate nominal amount of £166,666 and (ii) two thirds of the Company's ordinary share capital immediately following Admission (such amount to be reduced by the extent the authority described in paragraph 3.1.2(b)(i) of this Part 12 is utilised) in connection with any offer by way of a rights issue to ordinary shareholders in proportion to their existing shareholdings (and holders of any equity securities entitled to participate or as the Directors otherwise consider necessary),

such authorities to expire (unless previously revoked, varied or renewed) at the conclusion of the first annual general meeting of the Company or, if earlier, at 11.59 p.m. on 30 June 2018 (save that the Company may before the expiry of such periods make offers or agreements which would or might require shares to be allotted or rights to be granted, after expiry of these authorities, and the Directors may allot shares or grant rights in pursuance of any such offer or agreement to subscribe for or convert any security into shares notwithstanding the authority conferred has expired).

- (c) the Directors be generally empowered to allot equity securities (within the meaning of section 560 of the Companies Act), as if section 561 of the Companies Act did not apply to any such allotment:
- (i) pursuant to the authority referred to in paragraph 3.1.2(a) of this Part 12;
 - (ii) pursuant to the authorities referred to in paragraphs 3.1.2(b), (i) and (ii) of this Part 12 in connection with a pre-emptive offer; and
 - (iii) up to the lower of (i) an aggregate nominal amount of £12,500, and (ii) 5 per cent. of the Company's ordinary share capital immediately following Admission,

provided always that such powers shall expire (unless previously revoked, varied or renewed), in the case of the authorities referred to in paragraphs 3.1.2(c)(i) of this Part 12 on the day following Admission and in the case of the authorities referred to in paragraphs 3.1.2(c)(ii) and (iii) of this Part 12 at the conclusion of the first annual general meeting of the Company or, if earlier, at 11.59 p.m. on 30 June 2018 (save that the Company may before the expiry of such periods make offers or agreements which would or might require equity securities to be allotted or rights to be granted after expiry of these authorities and the Directors may allot equity securities or grant rights in pursuance of any such offer or agreement to subscribe for or convert any security into a share notwithstanding the authorities conferred have expired). For the purposes of this paragraph 3, a "pre-emptive offer" means an offer of equity securities to ordinary shareholders in proportion to their existing holdings but subject to such exclusions or other arrangements as the Directors may deem necessary or appropriate in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory;

- (d) conditional upon Admission, the Company be authorised to make market purchases of Ordinary Shares pursuant to section 701 of the Companies Act, subject to the following conditions:
- (i) the maximum number of Ordinary Shares authorised to be purchased is the lower of (i) 25,000,000 and (ii) 10 per cent. of the Company's expected maximum ordinary share capital immediately following Admission;
 - (ii) the minimum price which may be paid for an Ordinary Share is the nominal value of an Ordinary Share at the time of such purchase;
 - (iii) the maximum price which may be paid for an Ordinary Share shall be the higher of:
 - (a) an amount equal to 105 per cent. of the average of the middle market quotations of an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five Business Days immediately preceding the day on which an Ordinary Share is contracted to be purchased; and
 - (b) an amount equal to the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share on the trading venues where the trade is carried out, in each case exclusive of expenses;
 - (iv) the authority shall expire at the conclusion of the first annual general meeting of the Company or, if earlier, at 11.59 p.m. on 30 June 2018; and
 - (v) a contract to purchase Ordinary Shares under this authority may be made prior to the expiry of this authority, and concluded in whole or in part after the expiry of this authority;

- (f) conditional upon Admission and approval of the High Court of Justice of England and Wales (the “**Court**”), the entire amount standing to the credit of the share premium account and capital redemption reserve following Admission be cancelled and the amount so cancelled be credited to a distributable reserve;

3.1.3 By resolution passed at a general meeting of the sole member of the Company on 21 November 2017, it was resolved that:

- (a) a general meeting of the Company other than an annual general meeting may be called on not less than 14 clear days’ notice;
- (b) conditional upon Admission, the Articles be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association;
- (c) the Company and its subsidiaries be authorised to make donations to political parties and/or independent election candidates, donations to political organisations and to incur other political expenditure, not exceeding in each case £100,000 in total; and
- (d) the Exchange Agreement and the matters set out therein, including the transactions with the Directors be approved for the purposes of section 190 of the Companies Act.

Notwithstanding the resolution approving donations to political parties and political organisations referred to in paragraph 3.1.3(c) of this Part 12 it is not the Company’s policy to donate to political parties or other political organisations. However, the Company may from time to time make donations to certain organisations, societies and charities. Accordingly, the Directors believe it prudent to have obtained the approval of the Company’s sole member in respect of political donations and/or expenditure in order to ensure there are no inadvertent breaches of the company law restrictions on donations to political organisations.

3.2. Expected issued share capital immediately following Admission

Immediately following Admission, the Company’s issued share capital is expected to comprise 250,000,000 Ordinary Shares at each point in the Price Range all of which will be fully paid up or credited as fully paid up.

As at 22 November 2017, the Company held no treasury shares.

The Ordinary Shares will carry the right to receive dividends and distributions paid by the Company following Admission. The Shareholders will have the right to receive notice of and to attend and vote at all general meetings of the Company.

The ISIN of the Ordinary Shares is GB00BYWVDP49.

As at the date of this Prospectus, and save as otherwise disclosed in this Part 12:

- no share or loan capital of the Company has, since the incorporation of the Company, been issued or agreed to be issued, or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash, to any person;
- no commission, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital; and
- no share or loan capital of the Company is under option or agreed, conditionally or unconditionally, to be put under option.

Further information on the rights attaching to the Ordinary Shares is set out in paragraphs 3.3 and 5 of this Part 12, and further information on dealing arrangements and CREST is set out in Part 10 (*Details of the Offer*) of this Prospectus.

3.3. Information on the Ordinary Shares

3.3.1. Description of the type and class of securities being offered

The Ordinary Shares being offered pursuant to the Offer have a nominal value of £0.001 each. Immediately following Admission, the Company will have one class of Ordinary Shares, the rights of which are set out in the Articles.

Each of the Ordinary Shares offered pursuant to the Offer will be credited as fully paid and free from all liens, equities, charges, encumbrances and other interests.

The Existing Ordinary Shares and the New Ordinary Shares (when issued and fully paid) will rank equally in all respects with each other, including in full for all dividends and distributions on Ordinary Shares declared, made or paid after their issue and in relation to voting rights and rights on a return of capital, as set out in the Articles.

3.3.2. Legislation under which the Ordinary Shares have been created

The Ordinary Shares have and will be issued under the Companies Act and regulations made thereunder. The Ordinary Shares have and will be duly authorised according to the requirements of the Company's constitution and have and will have all necessary statutory and other consents.

3.3.3. Listing

Application has been made to the FCA for all of the Ordinary Shares to be admitted to the premium listing segment of the Official List of the FCA and to the London Stock Exchange for the Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. No application has been made for admission of the Ordinary Shares to trading on any other stock exchange, and the Company does not currently intend to make such application in the future.

It is expected that conditional dealings in the Ordinary Shares will commence on the London Stock Exchange by no later than 8.00 a.m. on 6 December 2017. It is expected that Admission will become effective and that unconditional dealings in the Ordinary Shares will commence on the London Stock Exchange by no later than 8.00 a.m. on 11 December 2017. Dealings on the London Stock Exchange before Admission will only be settled if Admission takes place. All dealings before the commencement of unconditional dealings will be of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned.

3.3.4. Form and currency of the Ordinary Shares

The Ordinary Shares are in registered form and capable of being held in certificated and uncertificated form. The registrar of the Company is Equiniti.

Title to certificated Ordinary Shares will be evidenced by entry in the register of members of the Company and title to uncertificated Ordinary Shares will be evidenced by entry in the operator register maintained by Euroclear which forms part of the register of members of the Company.

No share certificates will be issued in respect of Ordinary Shares held in uncertificated form. If any such shares are converted to be held in certificated form, share certificates will be issued in respect of those shares in accordance with applicable legislation. No temporary documents of title have been or will be issued in respect of the Ordinary Shares.

It is expected that definitive share certificates will be posted to those Shareholders who have applied for the issue of Ordinary Shares in certificated form by no later than 22 December 2017.

It is currently anticipated that the Ordinary Shares will be eligible to join CREST with effect immediately upon Admission and the commencement of unconditional dealings on the London Stock Exchange.

The Ordinary Shares will be denominated in pounds sterling.

3.3.5. Rights and restrictions attached to the Ordinary Shares

Subject to the provisions of the Companies Act, any equity securities issued by the Company for cash must first be offered to Shareholders in proportion to their holdings of Ordinary

Shares. The Companies Act and the Listing Rules allow for the disapplication of pre-emption rights by a special resolution of the Shareholders, either generally or specifically, for a maximum period not exceeding five years. Please see paragraph 3.1.2(c) of this Part 12 for a description of the waivers of pre-emption rights that will apply to the issue of Ordinary Shares.

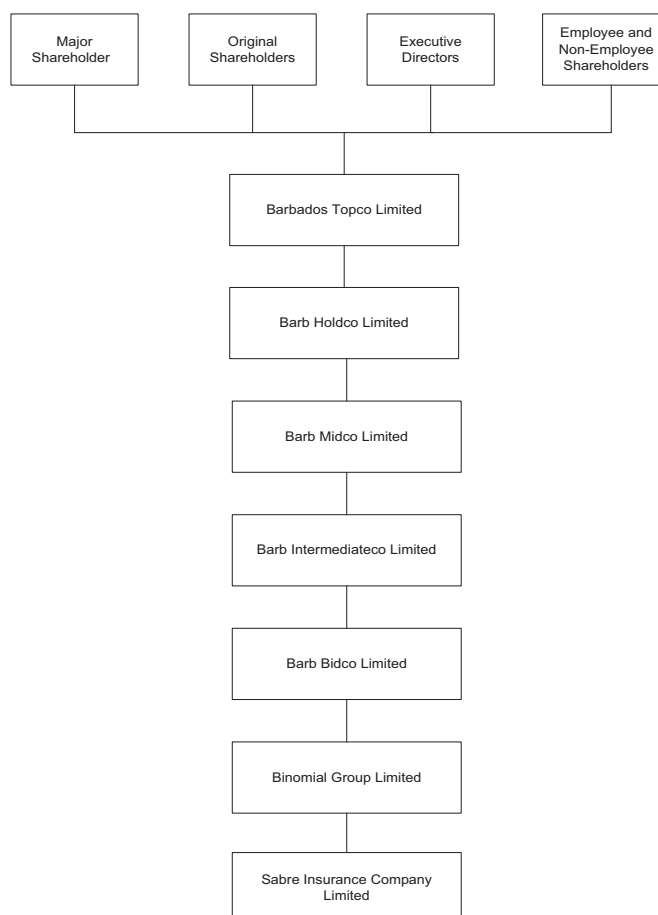
Except in relation to dividends which have been declared and rights on a liquidation of the Company, the Shareholders have no rights to share in the profits of the Company.

The Ordinary Shares are not redeemable. However, the Company may purchase or contract to purchase any of the Ordinary Shares on or off-market, subject to the Companies Act and the requirements of the Listing Rules. The Company may purchase Ordinary Shares only out of distributable reserves or the proceeds of a new issue of shares made for the purpose of funding the repurchase. Please see paragraph 3.1.2(d) of this Part 12 for a description of the authorisation relating to the purchase of Ordinary Shares that will apply from Admission. For further information regarding the potential implications of the exercise of that authorisation under Rule 9 of the Takeover Code, please see paragraph 8.3 of this Part 12.

Further details of the rights attaching to the Ordinary Shares in relation to attendance and voting at general meetings, dividend rights, entitlements on a winding-up of the Company and transferability of shares are set out in paragraph 5 of this Part 12.

4. Group structure

4.1. The diagram below sets out the Group structure as at the date of this Prospectus. The Major Shareholder indirectly controls Sabre Insurance through its shareholding in Barbados Topco Limited. The Major Shareholder, the Original Shareholders, the Executive Directors, the Employee Shareholders and the Non-Employee Shareholders each own shares in Barbados Topco Limited. The Major Shareholder, the Original Shareholders and Thomas Napier each own Topco Preference Shares and Topco Ordinary A Shares. Ian Clark owns Topco Ordinary A Shares, Topco Ordinary B Shares and Topco Preference Shares. All other shareholders in Barbados Topco Limited own Topco Ordinary B Shares only.

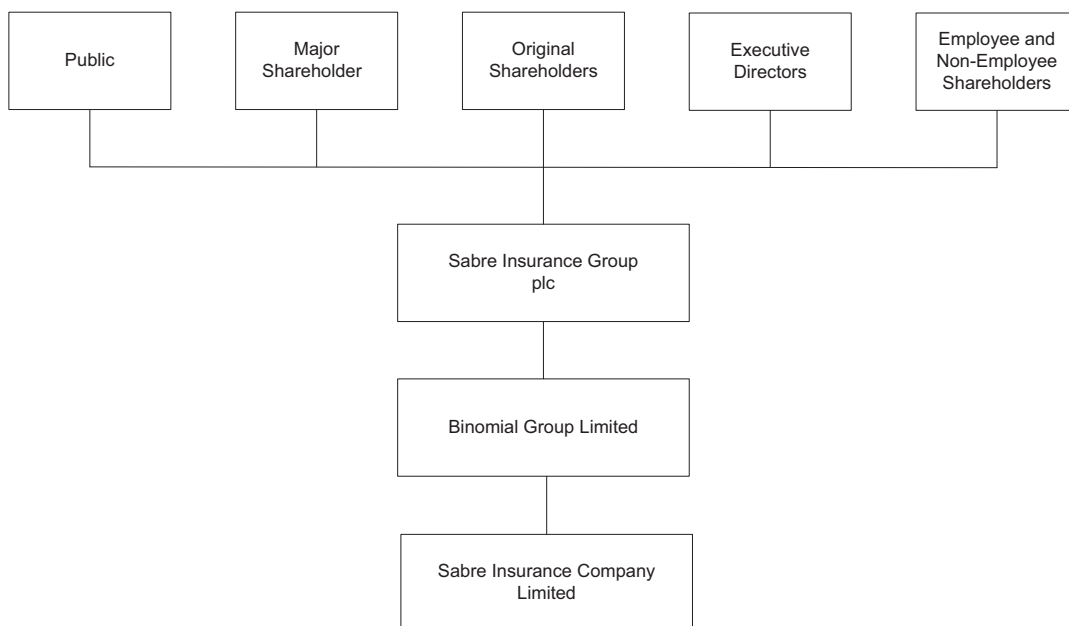


- 4.2. On 21 November 2017, the Company and Barbados Topco Limited entered into an exchange agreement (the “**Exchange Agreement**”) with the current shareholders of Barbados Topco Limited and the EBT (the “**Topco Shareholders**”) under which it was agreed that conditional upon and with effect from Admission, each of the Topco Shareholders will transfer their Topco Ordinary Shares and/or Topco Preference Shares to the Company. In consideration of the transfer of the Topco Ordinary Shares and Topco Preference Shares to the Company, the Company will take each of the actions set out below on or immediately following Admission:
- allot and issue Ordinary Shares to the Topco Shareholders who transfer Topco Ordinary Shares to the Company;
 - use a portion of the expected cash proceeds raised from the issue of New Ordinary Shares to pay cash consideration to the holders of Topco Preference Shares in respect of the transfer of Topco Preference Shares to the Company. The amount of cash consideration payable will equal the principal amount of the Topco Preference Shares transferred plus any accrued but unpaid dividend on those shares (together, the “**Topco Preference Share Consideration**”); and
 - to the extent that the cash proceeds raised from the issue of New Ordinary Shares are less than the total amount of cash required to pay the Topco Preference Share Consideration in full, the Company shall, instead of paying cash in respect of the shortfall of Topco Preference Share Consideration, allot and issue Ordinary Shares to holders of Topco Preference Shares. The number of Ordinary Shares which will be allotted and issued to each holder of Topco Preference Shares shall equal the amount of the shortfall of the Topco Preference Share Consideration due to a particular holder divided by the Offer Price.
- 4.3. Immediately following Admission, the Company shall redeem the Redeemable Preference Share on a cashless basis at par value (amounting to £50,000) by setting off the monies payable for such redemption against the undertaking to pay up such share given by DM Company Services (London) Limited and assumed by the Major Shareholder pursuant to a deed of assumption dated 2 November 2017.
- 4.4. Conditional on and with effect from Admission, all pre-Admission shareholder agreements and arrangements shall be terminated.
- 4.5. In order to simplify the corporate structure of the Group, following Admission, each of the following steps will be carried out in the order set out below.
- 4.5.1. The Company shall purchase the entire issued share capital of Binomial Group Limited from Barb Bidco Limited for a consideration of £245,485,435, which consideration shall be left outstanding as an amount due to Barb Bidco Limited by the Company on an interest free basis and payable immediately upon the written demand of Barb Bidco Limited (the “**Non-cash Receivable**”).
- 4.5.2. The Non-cash Receivable shall be distributed up the chain of Jersey incorporated companies (as identified in paragraph 6 of this Part 12) to Barbados Topco Limited by repayment of the principal and accrued interest on existing intercompany balances between those companies. Each existing intercompany balance shall be settled on a cash free basis by way of a payment letter of direction entered into on 21 November 2017, but effective from Admission, between the Company, Barbados Topco Limited, Barb Holdco Limited, Barb Midco Limited, Barb Intermediateco Limited and Barb Bidco Limited. The entire issued ordinary share capital of each Jersey incorporated company (save for one share) shall be converted into redeemable shares, and a further amount of the Non-cash Receivable shall be flowed up the Jersey incorporated companies by redeeming all redeemable shares immediately following their conversion. To the extent that the Non-cash Receivable exceeds (i) the amount of principal and accrued interest outstanding on the relevant intercompany balances; and (ii) the amount required to redeem the redeemable shares, such excess shall be used to pay distributions up the Jersey incorporated corporate structure to Barbados Topco Limited.
- 4.5.3. Barbados Topco Limited shall apply the balance of the Non-cash Receivable it receives to redeem the Topco Preference Shares held by the Company. To the extent that the Non-cash Receivable exceeds the amount of principal and accrued dividends

outstanding on the Topco Preference Shares, Barbados Topco Limited shall convert the entire number of Topco Ordinary Shares (save for one share), all of which will at that point be owned by the Company, into a new class of redeemable share, and any excess amount of the Non-cash Receivable shall be used to redeem that new class of redeemable share by way of a distribution of capital.

The steps set out in paragraph 4.5 are the “**Post-IPO Reorganisation**”.

- 4.6. Following completion of the Post-IPO Reorganisation, Barbados Topco Limited (incorporated in Guernsey), Barb Holdco Limited (incorporated in Jersey), Barb Midco Limited (incorporated in Jersey), Barb Intermediateco Limited (incorporated in Jersey) and Barb Bidco Limited (incorporated in Jersey) shall be liquidated in accordance with the laws of Guernsey or Jersey (as the case may be). Those liquidations are expected to take place within three months of Admission.
- 4.7. The diagram below sets out the Group structure following completion of the Post-IPO Reorganisation (other than those companies expected to be liquidated as described in paragraph 4.6 of this Part 12).



- 4.8. The Company has not traded since incorporation and lacks distributable reserves. This could restrict the Company’s ability to pay future dividends. Therefore, the Company intends to undertake a court approved capital reduction following Admission in accordance with the Companies Act and the Companies (Reduction of Share Capital) Order 2008 in order to provide it with distributable reserves to support the dividend policy described in paragraph 16 of Part 1 (*Information about the Group*) of this Prospectus. The proposed capital reduction will reduce all amounts standing to the credit of the Company’s share premium account and capital redemption reserve following Admission. The capital reduction has been approved, conditional on Admission, by a special resolution passed at the general meeting of the Company held on 21 November 2017 and will require court approval after Admission.

5. Summary of the Articles

The Articles were adopted, conditional only on Admission, by way of special resolution passed on 21 November 2017. The Articles are available for inspection at the address specified in paragraph 24 of this Part 12. The Articles contain provisions, among others, to the following effect.

5.1. Objects

The objects of the Company are unrestricted.

5.2. Limited liability

The liability of the Company's members is limited to any unpaid amount on the shares in the Company held by them.

5.3. Change of the Company's name

The Articles allow the Company to change its name by resolution of the Board. This is in addition to the Company's ability to change its name by special resolution under the Companies Act.

5.4. Votes of members

5.4.1. Votes on a show of hands

Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held and to any other provisions of the Articles or the Companies Act, on a vote on a resolution by way of a show of hands at a general meeting of the Company every Shareholder present in person, every person appointed as proxy of a Shareholder who is present and every duly authorised corporate representative who is present shall have one vote. If a proxy has been duly appointed by more than one Shareholder entitled to vote on the resolution and the proxy has been instructed by one or more of those Shareholders to vote for the resolution and by one or more other of those Shareholders to vote against it then the proxy shall have one vote for and one vote against the resolution. If a proxy has been duly appointed by more than one Shareholder entitled to vote on the resolution and has been granted both discretionary authority to vote on behalf of one or more of those Shareholders and firm voting instructions on behalf of one or more other Shareholders, the proxy shall not be restricted by the firm voting instructions in casting a second vote in any manner he so chooses under the discretionary authority conferred upon him.

5.4.2. Votes on a poll

Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held and to any other provisions of the Articles or the Companies Act, on a vote on a resolution by way of a poll at a general meeting of the Company every Shareholder present in person or by proxy shall have one vote for every share held by him and every person appointed as proxy of a Shareholder who is present shall have one vote for every share in respect of which he is appointed as a proxy provided always that where a Shareholder appoints more than one proxy, this does not authorise the exercise by such proxies taken together of more extensive voting rights than could be exercised by the Shareholder in person and every duly authorised corporate representative who is present may exercise all the powers on behalf of the company which authorised him to act as its representative and shall have one vote for every share in respect of which he is appointed the corporate representative.

5.4.3. Dividends and return of capital

Subject to the provisions of the Companies Act, the Company may by ordinary resolution from time to time declare dividends in accordance with the respective rights of Shareholders, but no dividend shall exceed the amount recommended by the Board. If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution passed at a general meeting of the Company, divide among the Shareholders in specie the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purposes set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of Shareholders as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no Shareholder shall be compelled to accept any shares or other property in respect of which there is a liability.

5.5. Unclaimed dividends

Any dividend unclaimed after a period of 12 years from the date when it was declared or became due for payment shall be forfeited and shall revert to the Company.

5.6. Transfer of shares

Any Shareholder may transfer all or any of his uncertificated shares by means of a relevant system in such manner provided for, and subject as provided, in the CREST Regulations and the rules of any relevant system.

Any Shareholder may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve. The instrument of transfer shall be executed by or on behalf of the transferor and (in the case of a partly paid share) the transferee, and the transferor shall be deemed to remain the holder of the share concerned until the name of the transferee is entered in the register of members of the Company in respect of it. All instruments of transfer, when registered, may be retained by the Company.

Subject to the provisions of the Companies Act, the Board may, in its absolute discretion, decline to register any transfer of any share which is not a fully paid share provided that where such a share is a member of a class of share admitted to the Official List of the UKLA, such discretion may not be exercised in such a way as to prevent dealings in shares of that class from taking place on an open and proper basis. The Board may only decline to register a transfer of an uncertificated share in the circumstances set out in the CREST Regulations, and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

The Board may decline to register any transfer of a certificated share unless:

- (a) the instrument of transfer is left at the registered office of the Company or such other place as the Board may from time to time determine, accompanied (save in the case of a transfer by a person to whom the Company is not required by law to issue a certificate and to whom a certificate has not been issued) by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the person executing the instrument of transfer to make the transfer;
- (b) (if stamp duty is generally chargeable on transfers of certificated shares) the instrument of transfer is duly stamped or adjudged or certified as not chargeable to stamp duty;
- (c) the instrument of transfer is in respect of only one class of share; and
- (d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four.

5.7. Restrictions on shares

Where the holder of any shares in the Company, or any other person appearing to be interested in those shares, fails to comply within the relevant period (as defined below) with any notice under section 793 of the Companies Act in respect of those shares (a “**statutory notice**”), the Company may give the holder of those shares a further notice (a “**restriction notice**”) to the effect that from the service of the restriction notice those shares shall be subject to some or all of the relevant restrictions (as described below), and from service of the restriction notice those shares shall be subject to those relevant restrictions accordingly.

If after the service of a restriction notice in respect of any shares the Board is satisfied that all information required by any statutory notice relating to those shares or any of them from their holder or any other person appearing to be interested in the shares the subject of the restriction notice has been supplied, the Company shall, within seven days, cancel the restriction notice. The Company may at any time at its discretion cancel any restriction notice or exclude any shares from it. A restriction notice shall automatically cease to have effect in respect of any shares transferred where the transfer is pursuant to an arm’s length sale (as defined in the Articles) of those shares.

Where any restriction notice is cancelled or ceases to have effect in relation to any shares, any moneys relating to those shares which were withheld by reason of that notice shall be paid without interest to the person who would but for the notice have been entitled to them or as he may direct.

Any new shares in the Company issued in respect of any shares subject to a restriction notice shall also be subject to the restriction notice, and the Board may make any right to an allotment of the new shares subject to restrictions corresponding to those which will apply to those shares by reason of the restriction notice when such shares are issued.

The relevant period referred to in this paragraph is the period of 14 days following service of a statutory notice.

The relevant restrictions referred to in this paragraph are, in the case of a restriction notice served on a person having an interest in shares in the Company which comprise in total at least 0.25 per cent. in number or nominal value of the shares of the Company (calculated exclusive of any treasury shares), or of any class of such shares, that:

- (a) the shares shall not confer on the holder any right to attend or vote either personally or by proxy at any general meeting of the Company or at any separate general meeting of the holders of any class of shares in the Company or to exercise any other right conferred by membership in relation to attending general meetings and voting;
- (b) the Board may withhold payment of all or any part of any dividends (including shares issued in lieu of dividends) payable in respect of the shares; and
- (c) the Board may (subject to the requirements of the CREST Regulations) decline to register a transfer of the shares or any of them unless such a transfer is pursuant to an arm's length sale, and in any other case means only the restriction specified in paragraph (a) above.

5.8. Variation of rights attaching to shares

Subject to the provisions of the Companies Act, all or any of the rights for the time being attached to any class of shares for the time being issued may from time to time (whether or not the Company is being wound up) be varied either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares.

5.9. Conditions governing the manner in which annual general meetings and general meetings are called

The Board shall convene and the Company shall hold general meetings as annual general meetings in accordance with the requirements of the Companies Act. The Board may convene a general meeting whenever it thinks fit.

An annual general meeting shall be convened by not less than twenty-one clear days' notice in writing.

Subject to the Companies Act, all other general meetings shall be convened by not less than fourteen clear days' notice in writing. However, a meeting can be properly convened on a shorter notice period if it is so agreed:

- (a) in the case of an annual general meeting, by all the Shareholders entitled to attend and vote at the meeting; and
- (b) in the case of any other meeting, by a majority in number of the Shareholders having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving the right.

Notice of every general meeting shall be given to all Shareholders other than any who, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company. Notice of every general meeting must also be given to the Company's auditors. Before a general meeting carries out business, there must be a quorum present. Unless the Articles state otherwise in relation to a particular situation, a quorum for all purposes is two Shareholders present in person or by proxy or by a duly authorised corporate representative and entitled to vote.

5.10. Notices to Shareholders

Any notice or document (including a share certificate) may be served on or delivered to any Shareholder by the Company either personally or by sending it through the post addressed to the Shareholder at his registered address or by leaving it at that address addressed to the Shareholder or by means of a relevant system or, where appropriate, by sending it in electronic form to an address for the time being notified by the Shareholder concerned to the Company for that purpose, or by publication on a website in accordance with the Companies Act or by any other means authorised in writing by the Shareholder concerned. In the case of joint holders of a share, service or delivery of any notice or document on or to one of the joint holders shall for all purposes be deemed a sufficient service on or delivery to all the joint holders.

5.11. Directors

Unless otherwise determined by ordinary resolution of the Company, the number of directors (disregarding alternate directors) shall not be less than two nor more than twelve. Each director shall retire from office at the third annual general meeting after the annual general meeting at which he was elected or re-elected (as the case may be) until, in respect of any non-executive director, the ninth anniversary of his appointment and annually thereafter. The Company may by ordinary resolution appoint any person who is willing to act to be a director, either to fill a vacancy or as an addition to the existing Board. Without prejudice to this power, the Board may appoint any person who is willing to act to be a director, either to fill a vacancy or as an addition to the existing Board. Any director so appointed shall hold office only until the next annual general meeting and shall then be eligible for election. Only the following people can be elected as directors at a general meeting:

- (a) a director who is retiring at the general meeting;
- (b) a person who is recommended by the Board; or
- (c) a person who has been proposed for election or re-election by way of notice signed by a Shareholder qualified to vote at the meeting (not being the person to be proposed) and also signed by the person to be proposed indicating his willingness to be appointed or reappointed (such notice having been given to the Company Secretary not less than seven and not more than forty two days in advance of the meeting date).

In addition to any powers of removal conferred by the Companies Act, the Company may by special resolution remove any director before the expiration of his period of office and may (subject to the Articles) by ordinary resolution, appoint another person who is willing to act in his place.

The non-executive directors shall be paid out of the funds of the Company by way of fees for their services as directors, up to a limit of £750,000 in aggregate, such sums (if any) and such benefits in kind as the Board may from time to time determine and such remuneration shall be divided between the directors as the Board shall agree or, failing agreement, equally. Such remuneration shall be deemed to accrue from day to day.

The Board or any Committee authorised by the Board may decide to pay any director who holds any employment or executive office with the Company such remuneration (whether by way of salary, commission, participation in profits or otherwise) as it deems appropriate.

Any director who is appointed to any executive office or who performs services which in the opinion of the Board or any committee authorised by the Board go beyond the ordinary duties of a director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board or any committee authorised by the Board may in its discretion decide.

The Board or any committee authorised by the Board may exercise all the powers of the Company to provide benefits, either by the payment of gratuities or pensions or by insurance or in any other manner whether similar to the foregoing or not, for any director or former director or the relations, connections or dependants of any director or former director provided that no benefits (except such as may be provided for by any other Article) may be granted to or in respect of a director or former director who has not been employed by, or held an executive office or place of profit under, the Company or any body corporate which is or has been its subsidiary undertaking or any predecessor in business of the Company or any such body corporate without the approval of an ordinary resolution of the Company.

Save as otherwise provided in the Articles, a director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board in respect of any actual or proposed transaction or arrangement with the Company in which he has an interest which (taken together with any interest of any person connected with him) is to his knowledge an interest of which he is aware, or ought reasonably to be aware, does conflict, or can reasonably be regarded as likely to give rise to a conflict, with the interests of the Company and, if he shall do so, his vote shall not be counted, but this prohibition shall not apply to any resolution where that material interest arises only from one or more of the following matters:

- (a) the giving to him of any guarantee, indemnity or security in respect of money lent or obligations undertaken by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (b) the giving to a third party of any guarantee, indemnity or security in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (c) where the Company or any of its subsidiary undertakings is offering securities in which offer the director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the director is to participate;
- (d) any contract in which he is interested by virtue of his interest in shares or debentures or other securities of the Company or by reason of any other interest in or through the Company;
- (e) any contract concerning any other company (not being a company in which the director owns one per cent. or more) in which he is interested directly or indirectly whether as an officer, shareholder, creditor or otherwise howsoever;
- (f) any contract concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to directors and employees of the Company or of any of its subsidiary undertakings and does not provide in respect of any director as such any privilege or advantage not accorded to the employees to which the fund or scheme relates;
- (g) any contract for the benefit of the employees of the Company or of any of its subsidiary undertakings under which he benefits in a similar manner to the employees and which does not accord to any director as such any privilege or advantage not accorded to the employees to whom the contract relates; and
- (h) any contract for the purchase or maintenance of insurance against any liability for, or for the benefit of, any director or directors or for, or for the benefit of, persons who include directors.

If any question arises at any meeting of the Board as to whether the interest of a director gives rise to a conflict, or could reasonably be regarded as likely to give rise to a conflict, with the interests of the Company or as to the entitlement of any director to vote or be counted in the quorum and the question is not resolved by him voluntarily agreeing to abstain from voting or not to be counted in the quorum, the question shall be decided by a resolution of the Board (for which purpose the director in question shall not be counted in the quorum and provided that the resolution was agreed to without the director in question voting or would have been agreed if their votes had not been counted) and the resolution shall be conclusive except in a case where the nature or extent of the interest of the director (so far it as is known to him) has not been fairly disclosed to the Board.

A director who is in any way, whether directly or indirectly, interested in an actual or proposed transaction or arrangement with the Company shall declare the nature and extent of his interest at the meeting of the Board at which the question of entering into the contract is first taken into consideration, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested. A general notice to the Board by a director to the effect that: (a) he is a member of a specified company or firm and is to be regarded as interested in any contract which may after the date of the notice be made with that company or firm; or (b) he is to be regarded as interested in any contract which may after the date of the notice be made with a specified person who is connected with him, shall be deemed to be a sufficient declaration of interest in relation to any such contract, provided that no such notice shall be effective unless either it is given at a meeting of the Board or the director takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.

5.12. Indemnity of directors

To the extent permitted by the Companies Act, the Company may indemnify any director or former director of the Company or of any associated company directly or indirectly (including by funding only expenditure incurred or to be incurred by him) against any liability and may purchase and maintain for any director or former director of the Company or of any associated company insurance against any liability.

5.13. Borrowing powers

Subject to the provisions of the Companies Act, the Board may exercise all the powers of the Company to borrow money, to guarantee, to indemnify, to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. There is no requirement on the directors to restrict the borrowing of the Company or any of its subsidiary undertakings.

6. Organisational structure and principal subsidiaries

Immediately following the implementation of the Share Capital Reorganisation, the Group will comprise the Company and the subsidiaries named below, all of which will be directly or indirectly 100 per cent. owned by the Company.

<u>Name</u>	<u>Country of incorporation/ registered office</u>	<u>Country of operation</u>	<u>Percentage ownership interest</u>
Barbados Topco Limited ⁽¹⁾	Guernsey	Guernsey	100
Barb Holdco Limited ⁽¹⁾	Jersey	Jersey	100
Barb Midco Limited ⁽¹⁾	Jersey	Jersey	100
Barb Intermediateco Limited ⁽¹⁾	Jersey	Jersey	100
Barb Bidco Limited ⁽¹⁾	Jersey	Jersey	100
Binomial Group Limited	England and Wales	United Kingdom	100
Sabre Insurance Company Limited	England and Wales	United Kingdom	100

Note:

(1) Following completion of the Post-IPO Reorganisation, it is expected that these subsidiaries will be liquidated in accordance with the laws of Guernsey or Jersey (as the case may be). Those liquidations are expected to take place within three months of Admission.

7. Mandatory bids, squeeze-out and sell-out rules

Other than as provided by the Takeover Code and Chapter 28 of the Companies Act, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules that apply to the Ordinary Shares or the Company.

7.1. Mandatory bids

Rule 9 of the Takeover Code provides that, except with the consent of the Takeover Panel, when: (a) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code; or (b) any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, then, in either case, that person, together with the persons acting in concert with him, is normally required to extend offers in cash, at the highest price paid by him (or any persons acting in concert with him) for shares in the company within the preceding 12 months, to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights.

7.2. Squeeze-out rules

Under the Companies Act, if an offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the shares in the Company to which its offer relates (the "Offer Shares") and not less than 90 per cent. of the voting rights attached to the shares to which the offer relates, within three months of the last day on which its offer can be accepted, the offeror could acquire compulsorily the remaining shares in the Company. It would do so by sending a notice to the non-accepting shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the non-accepting shareholders. The consideration offered to the shareholders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

7.3. Sell-out rules

The Companies Act also gives minority shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares to which the offer related, any holder of Ordinary Shares to which the offer related who had not accepted the offer could, by a written communication to the offeror, require it to acquire those Ordinary Shares.

The offeror is required to give any shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises his or her rights, the offeror is bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

8. Interests of Major Shareholder, Original Shareholders and other Selling Shareholders

8.1. Major Shareholder and Original Shareholders

Insofar as was known to the Company as at 22 November 2017 and on the basis of the Mid-point Assumptions and assuming no exercise of the Over-allotment Option, the Major Shareholder and the Original Shareholders were, and on Admission are expected to be, directly or indirectly interested in 3 per cent or more of the issued Ordinary Share capital of the Company (being the threshold for notification of interests that will apply to the Company and Shareholders as of Admission pursuant to Chapter 5 of the DTRs). Their expected interests both immediately prior to and immediately following Admission are disclosed in the tables set out in paragraphs 8.2(A) to 8.2(C) of this Part 12 (subject to the assumptions noted herein).

8.2. Selling Shareholders

In addition to the New Ordinary Shares that will be issued by the Company pursuant to the Offer, Existing Ordinary Shares will be sold by the Selling Shareholders pursuant to the Offer. The tables set out in this paragraph 8.2 show the interests of each Selling Shareholder immediately prior to Admission and immediately following Admission (subject to the assumptions noted therein).

(A) Mid-point of the Price Range

Selling Shareholder	Interests immediately prior to Admission ⁽¹⁾		Ordinary Shares to be sold pursuant to the Offer ⁽¹⁾⁽²⁾		Interests immediately following Admission (assuming no exercise of the Over-allotment Option) ⁽¹⁾⁽²⁾		Interests following Admission assuming exercise in full of the Over-allotment Option ⁽¹⁾⁽²⁾	
	No.	% of total issued share capital of the Company	No.	% of total issued share capital of the Company	No.	% of total issued share capital of the Company	No.	% of total issued share capital of the Company
Major Shareholder								
BC European Capital ⁽³⁾	106,779,128	67.8	—	—	106,779,128	42.7	97,009,689	38.8
Original Shareholders⁽⁴⁾								
Angus Ball	27,834,370	17.7	—	—	27,834,370	11.1	27,834,370	11.1
Keith Morris	6,958,592	4.4	—	—	6,958,592	2.8	6,958,592	2.8
Executive Directors⁽⁵⁾								
Geoff Carter (<i>Chief Executive Officer</i>)	2,807,675	1.8	842,303	0.5	1,965,372	0.8	1,965,372	0.8
Adam Westwood (<i>Chief Financial Officer</i>)	1,403,838	0.9	561,535	0.4	842,303	0.3	842,303	0.3
Employee and Non-Employee Shareholders⁽⁶⁾								
Wendy Bamping	350,959	0.2	105,288	0.1	245,671	0.1	245,671	0.1
Alan Chalk	1,052,878	0.7	583,790	0.4	469,088	0.2	469,088	0.2
Ian Clark (<i>Non-Executive Director</i>)	379,658	0.2	113,897	0.1	265,761	0.1	265,761	0.1
David Hall	350,959	0.2	105,288	0.1	245,671	0.1	245,671	0.1
David Hindley	228,685	0.1	68,606	0.0	160,079	0.1	160,079	0.1
Paul Knott	350,959	0.2	105,288	0.1	245,671	0.1	245,671	0.1
Thomas Napier	53,017	0.0	15,905	0.0	37,112	0.0	37,112	0.0
James Ockenden (<i>Senior Manager</i>)	2,807,675	1.8	842,303	0.5	1,965,372	0.8	1,965,372	0.8
Patrick Snowball (<i>Chairman</i>)	105,288	0.1	0	0.0	105,288	0.0	105,288	0.0
Patrick Swords	1,403,838	0.9	421,151	0.3	982,687	0.4	982,687	0.4
The Sabre Insurance Group Employee Benefit Trust	1,315,538	0.8	445,972	0.3	869,566	0.3	869,566	0.3
Trevor Webb (<i>Senior Manager</i>)	2,807,675	1.8	842,303	0.5	1,965,372	0.8	1,965,372	0.8
Matthew Wright	526,439	0.3	157,932	0.1	368,507	0.1	368,507	0.1

Notes:

- (1) Assuming the Share Capital Reorganisation has taken place.
- (2) Assuming (a) the Offer Price is set at the mid-point of the Price Range; (b) the Company issues sufficient New Ordinary Shares to raise net proceeds of £206 million; (c) each of the Directors (other than Patrick Snowball and Adam Westwood) sells 30.0 per cent. of their respective number of Existing Ordinary Shares through the Offer; (d) Patrick Snowball sells no Existing Ordinary Shares in the Offer; (e) Adam Westwood sells 40.0 per cent. of his Existing Ordinary Shares; (f) Alan Chalk sells 55.4 per cent. of his Existing Ordinary Shares; (g) the Major Shareholder and Angus Ball each sells none of their Existing Ordinary Shares; (h) all other Existing Shareholders sell the maximum number of Existing Ordinary Shares that they are permitted to sell through the Offer (which for Employee Shareholders and the Non-Employee Shareholders is 30.0 per cent. of their holdings); and (i) the EBT sells 39.9 per cent. of its Existing Ordinary Shares. In the event that the Offer size is in excess of that implied by these assumptions, it is expected that Existing Ordinary Shares will be sold by the Major Shareholder and Angus Ball. In the event that the Offer size is less than that implied by these assumptions, it is expected that the holders of the Topco Preference Shares will exchange their residual cash entitlements in respect of the sale of their Topco Preference Shares for New Ordinary Shares of equivalent value at the Offer Price.
- (3) The Major Shareholder holds (immediately prior to Admission) and has held, since January 2014, a controlling interest in the Group. The Major Shareholder (who is the Lending Shareholder) may sell, in aggregate, up to a further 10 per cent. of the Ordinary Shares comprised in the Offer pursuant to the Over-allotment Option. The contact business address of the Major Shareholder is 40 Portman Square, London W1H 6DA. Please see paragraph 8.3.2 of this Part 12 for a discussion regarding the Concert Party and Rule 37 of the Takeover Code.
- (4) Each of the Original Shareholders is a director of Sabre Insurance and has a business address at the Company's registered office.
- (5) Each of the Executive Directors is a director of the Company and certain members of the Group and has a business address at the Company's registered office.
- (6) Each of the Employee Shareholders is employed by the Group. Each of James Ockenden and Trevor Webb is a director of Sabre Insurance. Patrick Snowball is the Chairman of the Company and a director of Sabre Insurance and Ian Clark is a director of the Company and Sabre Insurance. Each of them has a business address at the Company's registered office.

(B) Bottom of the Price Range

Selling Shareholder	Interests immediately prior to Admission ⁽¹⁾		Ordinary Shares to be sold pursuant to the Offer ⁽¹⁾⁽²⁾		Interests immediately following Admission (assuming no exercise of the Over-allotment Option) ⁽¹⁾⁽²⁾		Interests following Admission assuming exercise in full of the Over-allotment Option ⁽¹⁾⁽²⁾	
	No.	% of total issued share capital of the Company	No.	% of total issued share capital of the Company	No.	% of total issued share capital of the Company	No.	% of total issued share capital of the Company
Major Shareholder								
BC European Capital ⁽³⁾	103,929,443	67.8	0	0.0	103,929,443	41.6	93,756,337	37.5
Original Shareholders⁽⁴⁾								
Angus Ball	27,091,536	17.7	0	0.0	27,091,536	10.8	27,091,536	10.8
Keith Morris	6,772,883	4.4	0	0.0	6,772,883	2.7	6,772,883	2.7
Executive Directors⁽⁵⁾								
Geoff Carter (<i>Chief Executive Officer</i>)	2,732,745	1.8	819,824	0.5	1,912,921	0.8	1,912,921	0.8
Adam Westwood (<i>Chief Financial Officer</i>)	1,366,373	0.9	546,549	0.4	819,824	0.3	819,824	0.3
Employee and Non-Employee Shareholders⁽⁶⁾								
Wendy Bamping	341,593	0.2	102,478	0.1	239,115	0.1	239,115	0.1
Alan Chalk	1,024,779	0.7	602,927	0.4	421,852	0.2	421,852	0.2
Ian Clark (<i>Non-Executive Director</i>)	369,526	0.2	110,858	0.1	258,668	0.1	258,668	0.1
David Hall	341,593	0.2	102,478	0.1	239,115	0.1	239,115	0.1
David Hindley	222,582	0.1	66,775	0.0	155,807	0.1	155,807	0.1
Paul Knott	341,593	0.2	102,478	0.1	239,115	0.1	239,115	0.1
Thomas Napier	51,602	0.0	15,481	0.0	36,121	0.0	36,121	0.0
James Ockenden (<i>Senior Manager</i>)	2,732,745	1.8	819,824	0.5	1,912,921	0.8	1,912,921	0.8
Patrick Snowball (<i>Chairman</i>)	102,478	0.1	0	0.0	102,478	0.0	102,478	0.0
Patrick Swords	1,366,373	0.9	409,912	0.3	956,461	0.4	956,461	0.4
The Sabre Insurance Group Employee Benefit Trust	1,280,428	0.8	371,337	0.2	909,091	0.4	909,091	0.4
Trevor Webb (<i>Senior Manager</i>)	2,732,745	1.8	819,824	0.5	1,912,921	0.8	1,912,921	0.8
Matthew Wright	512,390	0.3	153,717	0.1	358,673	0.1	358,673	0.1

Notes:

- (1) Assuming the Share Capital Reorganisation has taken place.
- (2) Assuming (a) the Offer Price is set at the bottom of the Price Range; (b) the Company issues sufficient New Ordinary Shares to raise net proceeds of £206 million; (c) each of the Directors (other than Patrick Snowball and Adam Westwood) sells 30.0 per cent. of their respective number of Existing Ordinary Shares through the Offer; (d) Patrick Snowball sells no Existing Ordinary Shares in the Offer; (e) Adam Westwood sells 40.0 per cent. of his Existing Ordinary Shares; (f) Alan Chalk sells 58.8 per cent of his Existing Ordinary Shares; (g) the Major Shareholder and Angus Ball each sell none of their Existing Ordinary Shares; (h) all other Existing Shareholders sell the maximum number of Existing Ordinary Shares that they are permitted to sell through the Offer (which for Employee Shareholders and the Non-Employee Shareholders is 30.0 per cent of their holdings); and (i) the EBT sells 29.0 per cent. of its Existing Ordinary Shares. In the event that the Offer size is in excess of that implied by these assumptions, it is expected that Existing Ordinary Shares will be sold by the Major Shareholder and Angus Ball. In the event that the Offer size is less than that implied by these assumptions, it is expected that the holders of the Topco Preference Shares will exchange their residual cash entitlements in respect of the sale of their Topco Preference Shares for New Ordinary Shares of equivalent value at the Offer Price.
- (3) The Major Shareholder holds (immediately prior to Admission) and has held, since January 2014, a controlling interest in the Group. The Major Shareholder (who is the Lending Shareholder) may sell, in aggregate, up to a further 10 per cent. of the Ordinary Shares comprised in the Offer pursuant to the Over-allotment Option. The contact business address of the Major Shareholder is 40 Portman Square, London W1H 6DA. Please see paragraph 8.3.2 of this Part 12 for a discussion regarding the Concert Party and Rule 37 of the Takeover Code.
- (4) Each of the Original Shareholders is a director of Sabre Insurance and has a business address at the Company's registered office.
- (5) Each of the Executive Directors is a director of the Company and certain members of the Group and has a business address at the Company's registered office.
- (6) Each of the Employee Shareholders is employed by the Group. Each of James Ockenden and Trevor Webb is a director of Sabre Insurance. Patrick Snowball is the Chairman of the Company and a director of Sabre Insurance and Ian Clark is a director of the Company and Sabre Insurance. Each of them has a business address at the Company's registered office.

(C) Top of the Price Range

Selling Shareholder	Interests immediately prior to Admission ⁽¹⁾		Ordinary Shares to be sold pursuant to the Offer ⁽¹⁾⁽²⁾		Interests immediately following Admission (assuming no exercise of the Over-allotment Option) ⁽¹⁾⁽²⁾		Interests following Admission assuming exercise in full of the Over-allotment Option ⁽¹⁾⁽²⁾	
	No.	of total issued share capital of the Company	No.	of total issued share capital of the Company	No.	of total issued share capital of the Company	No.	of total issued share capital of the Company
Major Shareholder								
BC European Capital ⁽³⁾	109,391,339	67.8	0	0.0	109,391,339	43.8	99,992,002	40.0
Original Shareholders⁽⁴⁾								
Angus Ball	28,515,301	17.7	0	0.0	28,515,301	11.4	28,515,301	11.4
Keith Morris	7,128,824	4.4	0	0.0	7,128,824	2.9	7,128,824	2.9
Executive Directors⁽⁵⁾								
Geoff Carter (<i>Chief Executive Officer</i>)	2,876,362	1.8	862,909	0.5	2,013,453	0.8	2,013,453	0.8
Adam Westwood (<i>Chief Financial Officer</i>)	1,438,181	0.9	575,272	0.4	862,909	0.3	862,909	0.3
Employee and Non-Employee Shareholders⁽⁶⁾								
Wendy Bamping	359,545	0.2	107,864	0.1	251,681	0.1	251,681	0.1
Alan Chalk	1,078,636	0.7	565,510	0.4	513,126	0.2	513,126	0.2
Ian Clark (<i>Non-Executive Director</i>)	388,945	0.2	116,684	0.1	272,261	0.1	272,261	0.1
David Hall	359,545	0.2	107,864	0.1	251,681	0.1	251,681	0.1
David Hindley	234,280	0.1	70,284	0.0	163,996	0.1	163,996	0.1
Paul Knott	359,545	0.2	107,864	0.1	251,681	0.1	251,681	0.1
Thomas Napier	54,314	0.0	16,294	0.0	38,020	0.0	38,020	0.0
James Ockenden (<i>Senior Manager</i>)	2,876,362	1.8	862,909	0.5	2,013,453	0.8	2,013,453	0.8
Patrick Snowball (<i>Chairman</i>)	107,864	0.1	0	0.0	107,864	0.0	107,864	0.0
Patrick Swords	1,438,181	0.9	431,454	0.3	1,006,727	0.4	1,006,727	0.4
The Sabre Insurance Group Employee Benefit Trust	1,347,718	0.8	514,384	0.3	833,334	0.3	833,334	0.3
Trevor Webb (<i>Senior Manager</i>)	2,876,362	1.8	862,909	0.5	2,013,453	0.8	2,013,453	0.8
Matthew Wright	539,318	0.3	161,795	0.1	377,523	0.2	377,523	0.2

Notes:

- (1) Assuming the Share Capital Reorganisation has taken place.
- (2) Assuming (a) the Offer Price is set at the top of the Price Range; (b) the Company issues sufficient New Ordinary Shares to raise net proceeds of £206 million; (c) each of the Directors (other than Patrick Snowball and Adam Westwood) sells 30.0 per cent. of their respective number of Existing Ordinary Shares through the Offer; (d) Patrick Snowball sells no Existing Ordinary Shares in the Offer; (e) Adam Westwood sells 40.0 per cent. of his Existing Ordinary Shares; (f) Alan Chalk sells 52.4 per cent. of his Existing Ordinary Shares; (g) the Major Shareholder and Angus Ball each sell none of their Existing Ordinary Shares; (h) all other Existing Shareholders sell the maximum number of Existing Ordinary Shares that they are permitted to sell through the Offer (which for Employee Shareholders and the Non-Employee Shareholders is 30.0 per cent of their holdings); and (i) the EBT sells 38.2 per cent. of its Existing Ordinary Shares. In the event that the Offer size is in excess of that implied by these assumptions, it is expected that Existing Ordinary Shares will be sold by the Major Shareholder and Angus Ball. In the event that the Offer size is less than that implied by these assumptions, it is expected that the holders of the Topco Preference Shares will exchange their residual cash entitlements in respect of the sale of their Topco Preference Shares for New Ordinary Shares of equivalent value at the Offer Price.
- (3) The Major Shareholder holds (immediately prior to Admission) and has held, since January 2014, a controlling interest in the Group. The Major Shareholder (who is the Lending Shareholder) may sell, in aggregate, up to a further 10 per cent. of the Ordinary Shares comprised in the Offer pursuant to the Over-allotment Option. The contact business address of the Major Shareholder is 40 Portman Square, London W1H 6DA. Please see paragraph 8.3.2 of this Part 12 for a discussion regarding the Concert Party and Rule 37 of the Takeover Code.
- (4) Each of the Original Shareholders is a director of Sabre Insurance and has a business address at the Company's registered office.
- (5) Each of the Executive Directors is a director of the Company and certain members of the Group and has a business address at the Company's registered office.
- (6) Each of the Employee Shareholders is employed by the Group. Each of James Ockenden and Trevor Webb is a director of Sabre Insurance. Patrick Snowball is the Chairman of the Company and a director of Sabre Insurance and Ian Clark is a director of the Company and Sabre Insurance. Each of them has a business address at the Company's registered office.

8.3. The Takeover Code

8.3.1. The Concert Party

For the purposes of the Takeover Code the Major Shareholder, CIE IX Management, BC Partners Holdings Limited and any other funds managed or advised by BC Partners Holdings Limited or any of its subsidiaries are acting in concert with each other in relation to the Company (the “**Concert Party**”).

8.3.2. Rule 37 of the Takeover Code

When a company which is subject to the Takeover Code redeems or purchases its own voting shares, under Rule 37 of the Takeover Code any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purpose of Rule 9 of the Takeover Code. A summary of Rule 9 of the Takeover Code is set out in paragraph 7.1 of this Part 12. Rule 37 of the Takeover Code provides that, subject to prior consultation, the Takeover Panel will normally waive any resulting obligation to make a general offer if there is a vote of independent shareholders and a procedure on the lines of that set out in Appendix 1 to the Takeover Code is followed.

The Takeover Panel must be consulted in advance in any case where Rule 9 of the Takeover Code might be relevant. This will include any case where a person or group of persons acting in concert is interested in shares carrying 30 per cent. or more but does not hold shares carrying more than 50 per cent. of the voting rights of a company, or may become interested in 30 per cent. or more on full implementation of the proposed purchase of own shares.

Subject to certain limits, the Company has authority to purchase Ordinary Shares under the terms of the shareholder resolution summarised in paragraph 3.1.2(d) of this Part 12. The maximum number of Ordinary Shares that the Company may purchase under this authority is such number of Ordinary Shares that, following the issue of the New Ordinary Shares pursuant to the Offer, represents 10 per cent. of the issued ordinary share capital of the Company on Admission. Assuming Admission occurs, the authority is due to expire at the conclusion of the first annual general meeting of the Company held following Admission.

On the basis of the Mid-point Assumptions and assuming no exercise of the Over-allotment Option, the Concert Party will be interested in approximately 42.7 per cent. of the Company's issued share capital immediately following Admission. If the Company were to exercise its authority to purchase 10 per cent. of the issued share capital of the Company and none of the Ordinary Shares which the Concert Party holds are purchased by the Company through the exercise of that authority and no new Ordinary Shares are issued by the Company between the date of Admission and the date that such authority is so exercised, then the Concert Party's shareholding in the Company (on the basis of the Mid-point Assumptions and assuming no exercise of the Over-allotment Option) would increase to approximately 47.5 per cent. of the Company's issued share capital.

However, notwithstanding Rule 37.1 of the Takeover Code, the Takeover Panel has confirmed to the Company that it would not require the Concert Party to make a mandatory offer under Rule 9 on the grounds only that its interest in Ordinary Shares has increased by reason of the purchase by the Company of its Ordinary Shares pursuant to the authority referred to in paragraph 3.1.2(d) of this Part 12. The Takeover Panel's confirmation has been provided on the basis that the consequences of such exercise by the Company of its authority to purchase its own shares have been fully disclosed in this Prospectus.

The Company currently expects to seek renewal of that authority to purchase its own shares from Shareholders at the first annual general meeting of the Company held following Admission and to seek Shareholder consent to a waiver of Rule 9 in respect of any renewed authority to purchase Ordinary Shares that is sought. The grant of such a waiver will be subject to the approval of the Takeover Panel at the relevant time.

8.3.3. Other disclosures relating to Shareholders

- (a) Other than as described in paragraph 8.1 of this Part 12 the Company is not aware of any persons who, as at 22 November 2017 and immediately after Admission, directly or indirectly, jointly or severally, will exercise or could exercise control over the Company.

- (b) As of Admission, the Ordinary Shares will be the only class of share capital of the Company. All Shareholders will have equal voting rights and none of the Existing Shareholders will have different voting rights.

9 Directors and Senior Managers

9.1. Directorships and partnerships of the Directors and the Senior Managers outside the Group

In addition to their directorships or managerial role within the Group, the Directors and Senior Managers hold or have held directorships of the following companies, and are or were members of the following partnerships, within the past five years.

<u>Director</u>	<u>Current Directorships/ Partnerships</u>	<u>Previous Directorships/Partnerships</u>
Patrick Snowball	The Old Dove Dairy Limited Integrafin Holdings Limited Intergrated Financial Arrangements Limited	SFT Realisations Limited AAI Limited Australian Alliance Insurance Company Pty Limited Australian Associated Motor Insurance Pty Limited Gio General Pty Limited MTA Insurance Limited SBGH Limited Suncorp Group Limited Suncorp Insurance Holdings Limited Suncorp Life & Superannuation Limited Suncorp Life Holdings Limited Suncorp Metway Insurance Pty Limited Suncorp-Metway Limited
Geoff Carter	N/A	Tesco Underwriting Limited
Adam Westwood	N/A	N/A
Ian Clark	Bravo Investment Holdings Limited Bravo Investment Holdings 2 Limited Bravo Investment Holdings 3 Limited Broker Network (MGA) Limited Broker Network Partner Holdings Limited The Broker Network Limited Countrywide Insurance Management Limited Pioneer Underwriting Limited Pioneer Underwriting Holdings Limited Mighty Quin Consulting Limited Vigilis Holdings Limited	Deloitte LLP
Matthew Tooth	BC Partners Mustang Holdco Limited Elysium Healthcare Group Limited Cote Holdings Limited Cote Topco Limited Tasty Topco (Jersey) Limited	LD Polo Limited Elysium Healthcare Holdings 1 Limited Elysium Healthcare Holdings 2 Limited Elysium Healthcare Holdings 3 Limited Elysium Healthcare LC Limited Taste Bidco Limited Taste Midco 1 Limited Taste Midco 2 Limited

	<u>Current Directorships/ Partnerships</u>	<u>Previous Directorships/Partnerships</u>
.....		Maison Seven Limited Mustang Midco Limited
Rebecca Shelley	The Grange Festival Game and Wildlife Conservation Trust Marchdown Securities Limited	British Retail Consortium The Institute of Grocery Distribution IGD Services Limited
Catherine Barton	Bupa Care Homes Investments (Holdings) Limited Bupa Care Homes Investments Limited Bupa Care Homes Group Limited (<i>in liquidation</i>) Bupa Care Homes Limited Bupa Care Services Limited Bupa Care Homes (Carrick) Limited Bupa Care Homes (PT Lindsay) Limited Bupa Care Homes (HH) Limited Bupa Care Homes (HH Hull) Limited Bupa Care Homes (PT Links Prop) Limited Bupa Care Homes (Holdings) Limited Bupa Care Homes (PT Lindsay Prop) Limited Bupa Care Homes (Developments) Limited Bupa Care Homes (HH Bradford) Limited Bupa Care Homes (HH Scunthorpe) Limited Bupa Care Homes (HH Northumberland) Limited Bupa Care Homes (HH Leeds) Limited Bupa Care Homes (CFG) PLC Bupa Care Homes (PT) Limited Bupa Care Homes (AKW) Limited Bupa Care Homes (CFHCARE) Limited Bupa Care Homes (GL) Limited Bupa Care Homes (ANS) Limited Bupa Care Homes (PT Links) Limited Bupa Care Homes (Partnerships) Limited Bupa Trustees Limited Bupa Care Homes (Bedfordshire) Limited Bupa Care Homes (CFCHOMES) Limited Bupa Care Homes (BNH) Limited Bupa UK Foundation Medical Services International Limited Cromwell Health Group Limited Bridge Health Investments Limited Occupational Health Care Limited Richmond Nantwich Limited Richmond Nantwich Properties Limited Richmond Care Villages Holdings Limited	Ernst & Young LLP Ernst & Young Europe LLP

	<u>Current Directorships/ Partnerships</u>	<u>Previous Directorships/Partnerships</u>
.....	Richmond Villages Operations Limited Richmond Painswick Management Company Limited Richmond Northampton Management Limited Watertight Investments Limited	

Senior Manager

James Ockenden	N/A	N/A
Trevor Webb	N/A	N/A

9.2. Conflicts of interest

Matthew Tooth is a managing partner of BC Partners, being an adviser to the Major Shareholder. Immediately following Admission, the Major Shareholder will be interested in approximately 42.7 per cent. of the Company's issued Ordinary Shares (calculated using the Mid-point Assumptions and assuming no exercise of the Over-allotment Option) and will have the largest shareholding in the Company. Please see paragraph 8.3.2 of this Part 12 for a discussion regarding the Concert Party and Rule 37 of the Takeover Code.

Although Matthew Tooth's position with BC Partners (and BC Partners' relationship with the Major Shareholder) is considered by the Board to represent a potential conflict of interest, as at the date of this Prospectus it is not considered by the Board to represent an actual conflict of interest.

Save as set out above, there are no actual or potential conflicts of interests between the duties of the Directors or of the Senior Managers to the Company and the private interests and/or other duties that they may also have.

9.3. Interests of the Directors and Senior Managers

The direct and indirect interests of the Directors and Senior Managers and, so far as is known to them (or could with reasonable diligence be ascertained by them), persons closely associated to them (as defined in Article 3(1) (26) of MAR) in Ordinary Shares immediately prior to Admission and immediately following Admission (on the basis of the Mid-point Assumptions) are set out in the following table. An updated table will be published in the Pricing Statement.

	<u>Interest in Ordinary Shares immediately prior to Admission</u>		<u>Ordinary Shares to be sold pursuant to the Offer</u>		<u>Interest in Ordinary Shares immediately following Admission</u>	
	<u>No.</u>	<u>% of total issued share capital</u>	<u>No.</u>	<u>% of total issued share capital</u>	<u>No.</u>	<u>% of total issued share capital</u>
<u>Director</u>						
Patrick Snowball	105,288	0.1	—	—	105,288	0.0
Geoff Carter	2,807,675	1.8	842,303	0.5	1,965,372	0.8
Adam Westwood	1,403,838	0.9	561,535	0.4	842,303	0.3
Ian Clark	379,658	0.2	113,897	0.1	265,761	0.1
Catherine Barton	—	—	—	—	—	—
Rebecca Shelley	—	—	—	—	—	—
Matthew Tooth	—	—	—	—	—	—
<u>Senior Manager</u>						
James Ockenden	2,807,675	1.8	842,303	0.5	1,965,372	0.8
Trevor Webb	2,807,675	1.8	842,303	0.5	1,965,372	0.8

The interests of the Directors and the Senior Managers together will represent approximately 6.5 per cent. of the Company's issued Ordinary Shares immediately prior to Admission (calculated using the Mid-point Assumptions) and on Admission are expected to represent approximately 2.8 per cent. (calculated using the Mid-point Assumptions).

9.4. Directors' and Senior Managers' confirmations

Save as disclosed in paragraph 9.5 of this Part 12, as at the date of this Prospectus, none of the Directors or Senior Managers has, during the five years prior to the date of this Prospectus:

- been convicted in relation to a fraudulent offence;
- been associated with bankruptcies, receiverships or liquidations while acting in the capacity of a member of the administrative, management or supervisory bodies or as a partner, founder or senior manager of any partnership or company;
- been subject to any official public incrimination and/or sanctions by any statutory or regulatory authorities (including any professional bodies); or
- been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of any company or from acting in the management or conduct of the affairs of any company.

No Director or Senior Manager has any material interest in any significant contract with the Company or any of its subsidiary undertakings.

Save in the case of Matthew Tooth (whose appointment is governed by the terms of the Relationship Agreement, a summary of which is set out in paragraph 14.6 of this Part 12), none of the Directors or Senior Managers were selected to act in such capacity pursuant to any arrangement or understanding with any major shareholder, customer, supplier or other person having a business connection with the Group.

Save as disclosed in paragraphs 14.3 and 14.4 of this Part 12, as at the date of this Prospectus, no restrictions have been agreed by any Director or Senior Manager on the disposal within a certain time period of their holdings of their Ordinary Shares.

There are no family relationships between any of the Directors or the Senior Managers.

Immediately following Admission, there will be no outstanding loans granted by any member of the Group to any of the Directors or the Senior Managers. No guarantee has been provided by the Company or any member of the Group for the benefit of any Director or Senior Manager save that each of the Directors has the benefit of a qualifying third party indemnity pursuant to which the Company agrees to indemnify the Directors against liabilities that they may incur as a result of their office as Director, in terms which are in accordance with the relevant provisions of the Companies Act.

9.5. Qualifications to the Directors' and Senior Managers' confirmations

In relation to the confirmations in paragraph 9.4 of this Part 12:

- Geoff Carter and Adam Westwood have each been granted shareholder loans by Barbados Topco Limited in order to fund the purchase of shares in Barbados Topco Limited awarded under the Group's pre-IPO management incentive plan. These shareholder loans will be repaid on Admission, using part of the proceeds received by Geoff Carter and Adam Westwood from the sale of some of their Existing Ordinary Shares.
- Patrick Snowball was appointed as a non-executive director of SFT Realisations Limited (formerly known as Towergate Financial Services Intermediate Limited) ("**SFT**") on 2 July 2007. SFT was a holding company of, and provided central support and compliance to, certain subsidiaries which acquired various trading financial advisory and insurance advisory firms. The downturn in economic conditions which commenced in 2008 had a significant detrimental impact on the trading performance of SFT and its subsidiaries. In June 2009 the senior and junior debt providers to SFT and the Financial Services Authority agreed to the sale of those subsidiaries and certain related assets by SFT, which sale was completed on 11 June 2009 under a pre-pack administration which commenced on that date. Following the completion of the administration, SFT was placed into creditors' voluntary liquidation in June 2010 which led to the dissolution of SFT in October 2013.
- Catherine Barton was appointed as a director of Bupa Care Homes Group Limited ("**BCHGL**") on 28 November 2016. In mid-2017 the directors and shareholder of BCHGL decided to place the

company into members' voluntary liquidation in connection with a restructuring project in respect of Bupa UK's care homes portfolio and business, and a members' voluntary liquidation process in respect of BCHGL commenced on 29 June 2017. As part of this solvent restructuring project, 144 care homes are being sold in two separate transactions and, as a consequence, BCHGL is no longer required to act as a holding company in the Bupa group.

9.6. Transactions with Directors and Senior Managers

None of the Directors or Senior Managers has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business which was effected by any member of the Group during the current or immediately preceding financial year, or which was effected during an earlier financial year and remains in any respect outstanding or unperformed.

None of the Directors or Senior Managers has or had a beneficial interest in any contract to which any member of the Group was a party during the current or immediately preceding financial year.

9.7. Executive Directors' service contracts

The Company entered into service contracts with Geoff Carter and Adam Westwood on 21 November 2017. The principal terms of these contracts, which are conditional upon Admission occurring, are set out below.

9.7.1. General terms

Geoff Carter and Adam Westwood will be paid annual salaries of £400,000 and £225,000 respectively which are to be reviewed, but not necessarily increased, annually, and are subject to the Company's prevailing remuneration policy. In addition, they will be entitled to receive annual pension contributions or equivalent. Adam Westwood will be entitled to an annual contribution to the Group's personal pension scheme equal to 10 per cent. of his annual salary. Geoff Carter will be entitled to receive a cash payment equal to a notional 17 per cent. of his basic salary each month less income tax and National Insurance Contributions ("NICs") and subject to adjustment for the amount of employer's NICs that the Company suffers from time to time as a result of such cash payments being made in substitution for any pension contributions.

Each Executive Director will be entitled to be reimbursed for all reasonable out of pocket expenses incurred by him in the course of his duties. The Executive Directors also have the benefit of indemnity insurance maintained by the Group on their behalf indemnifying them against liabilities they may potentially incur to third parties as a result of their office as Director. The Executive Directors will be entitled to 33 days' paid holiday per annum in addition to all English bank and public holidays.

9.7.2. Termination provisions

Geoff Carter and Adam Westwood's service contracts can be terminated by not less than 12 months prior notice given in writing by either party to the contract.

The employment of each Executive Director will be terminable with immediate effect without notice in certain circumstances, including where such Executive Director has committed any act of gross misconduct or any serious breach or repeated or continued material breach of his obligations under his service contract, been guilty of any fraud or dishonesty or of any conduct considered in the reasonable opinion of the Board to be likely to bring himself or the Group into serious disrepute, become bankrupt or had an interim order made against him under the Insolvency Act 1986, ceased for any reason to be approved by the PRA or the FCA (as applicable) to perform any controlled function with he is required (or has otherwise agreed) to perform in relation to the Group or been guilty of any breach of the anti-corruption and bribery policy or share dealing policy and related procedures of the Group.

The service contracts of the Executive Directors also contain post-termination restrictions. These include non-compete and non-solicitation clauses, lasting for a period of 12 months from the date of termination of the Executive Director's employment with the Company.

9.8. Non-Executive Directors' letters of appointment

The Company has appointed five Non-Executive Directors. Patrick Snowball, Catherine Barton, Ian Clark and Rebecca Shelley are independent Non-Executive Directors and Matthew Tooth is a non-independent Non-Executive Director.

The Non-Executive Directors, with the exception of Matthew Tooth, are appointed by letters of appointment and do not have service contracts. The principal terms of these letters of appointment are set out below. The terms of Matthew Tooth's appointment are set out in the Relationship Agreement, a summary of which is set out at paragraph 14.6 of this Part 12.

9.8.1. General terms and fees

Each of the Non-Executive Directors, with the exception of Matthew Tooth, will be entitled to an annual fee. The levels of these fees will be reviewed on an annual basis by the Board. The fee levels that will apply following Admission are set out in the table below.

<u>Name</u>	<u>Committee Chairmanship</u>	<u>Annual fee</u>
Patrick Snowball	Nomination Committee	£150,000
Catherine Barton	—	£ 60,000
Ian Clark	—	£ 60,000
Rebecca Shelley	Remuneration Committee	£ 60,000
Matthew Tooth	—	—

An additional fee of £10,000 per annum is also payable for either chairing the Audit and Risk Committee or the Remuneration Committee or acting as the Senior Independent Director.

It is intended that, subject to receipt of the appropriate PRA approvals, one of the Company's independent Non-Executive Directors will chair the Audit and Risk Committee.

Under the terms of the Relationship Agreement, for so long as Matthew Tooth (or another person) is appointed as a Non-Executive Director by the Controlling Shareholders, the Company shall pay to BC Partners (or as it may direct) a fee at the rate equal to the basic non-executive director fee payable from time to time to the Company's independent Non-Executive Directors (being £60,000 as at the date of this Prospectus).

Each Non-Executive Director will be entitled to be reimbursed for all reasonable expenses incurred by him or her in the course of their duties to the Company and has the benefit of indemnity insurance maintained by the Group on their behalf indemnifying them against liabilities they may potentially incur to third parties as a result of their office as Director.

The Chairman and Non-Executive Directors are subject to confidentiality undertakings without limitation in time.

9.8.2. Terms of office

The appointments of each of Patrick Snowball, Catherine Barton, Ian Clark and Rebecca Shelley are for a fixed term of three years beginning on 4 October 2017. The appointments of each of the Non-Executive Directors are subject to re-election when appropriate by the Company in general meeting.

The Non-Executive Directors are not entitled to receive any compensation on the termination of their appointments and are not entitled to participate in the Company's share, bonus or pension schemes. The Non-Executive Directors' appointments, with the exception of Matthew Tooth's, may be terminated by either party at any time upon three months' prior written notice, in accordance with their letters of appointment, and may be terminated immediately in certain circumstances under the Articles or the Companies Act. Matthew Tooth's appointment does not require three months notice of termination.

10. Remuneration

10.1. Directors' remuneration in the year ended 31 December 2016

In 2016, the aggregate amount of remuneration paid (including salary and other emoluments) and benefits in kind granted to the Directors for services in all capacities to the Group was £635,538.

Details of the remuneration paid to the Directors by the Group in the year ended 31 December 2016 are set out in the following table.

<u>Name</u>	<u>Basic salary/ fees (£)</u>	<u>Bonus (£)</u>	<u>Taxable benefits (£)</u>	<u>Pension contribution (£)</u>	<u>Total (£)</u>
Geoff Carter	327,814	102,861	3,939	—	434,614
Adam Westwood	104,035	16,684	3,093	7,112	130,924
Ian Clark	50,000	—	—	—	50,000
Matthew Tooth	20,000	—	—	—	20,000
Total	<u>501,849</u>	<u>119,545</u>	<u>7,032</u>	<u>7,112</u>	<u>635,538</u>

Note:

(1) Each Director listed in the table was a director of Sabre Insurance during the year ended 31 December 2016.

10.2 Cash bonus

Following, and conditional on, Admission, it is expected that each of the Executive Directors and Senior Managers will receive a one-off cash bonus payment of approximately £1.0 million (to be funded by the sale of Existing Ordinary Shares by the EBT and calculated on the basis of the Mid-point Assumptions) and the Chairman will receive a one-off cash bonus payment of £100,000.

10.3. Remuneration strategy and policy

The Company's policy in setting remuneration is to pay no more than is necessary to attract, incentivise and retain high calibre management and align the interests of senior employees and Shareholders taking into account relevant regulatory and governance principles.

To achieve this, the Company aims to provide pay packages that will reward the delivery of the Company's business plan and key strategic goals.

Accordingly, the Board has agreed a remuneration policy for the Executive Directors, whereby:

- salaries will be set at competitive, but not excessive, levels compared to peers and other companies of an equivalent size and complexity;
- performance-related pay, based on stretching targets, will form a significant part of remuneration packages; and
- there will be an appropriate balance between rewards for delivery of short-term and longer-term performance targets.

The remuneration framework intended to deliver this policy following Admission will be a combination of base salary, benefits, employer pension contributions, a performance-related annual bonus and awards under the LTIP. The Executive Directors are also entitled to participate in the SIP and the Sharesave Plan.

Each Executive Director's remuneration arrangements will be reviewed at least annually and assessed taking into account the scope and requirements of the role, experience of the incumbent Executive Director and the total remuneration package. Account will also be taken of remuneration arrangements in peer companies and other Group employees. The Chief Executive Officer's salary on Admission will be £400,000. The Chief Financial Officer's salary on Admission will be £225,000 (which is below market norms for an organisation of the size of the Group to reflect his current level of executive experience). The Remuneration Committee reserves the flexibility following Admission to make increases to the Chief Financial Officer's salary out of line with other salary increases within the Group to reflect his progress in the role.

Following Admission, the Executive Directors will be subject to share ownership guidelines that will require them to build up and retain a holding of Shares worth 200 per cent. of their salary. Until an Executive Director has built up a stake of this value, they will be required to retain at least 50 per cent of their vested Share awards under the Executive Plans (after selling sufficient Shares to satisfy tax liabilities upon vesting).

The Company may make employer pension contributions to a pension arrangement set up for the benefit of each of the Executive Directors or award each Executive Director an equivalent allowance in lieu of pension contributions. The maximum level of employer's contributions in respect of a financial year will not exceed 15 per cent. of salary without Shareholder approval.

Bonuses granted to the Executive Directors in respect of the financial year ending 31 December 2017 will be paid out in cash in an amount determined in accordance with the return on Solvency II capital achieved by Sabre Insurance.

Bonuses granted to the Executive Directors in respect of the financial year ending 31 December 2018 will not exceed 100 per cent. of salary without Shareholder approval. Any such bonuses will be subject to a mixture of financial and non-financial performance targets set by the Remuneration Committee at the start of the financial year to encourage delivery of the Company's strategy. A proportion of any bonuses earned in respect of the financial year ending 31 December 2018 will be deferred into Shares.

The initial awards made under the LTIP to the Executive Directors will be made in 2018 following the announcement of the Group's results for the financial year ending 31 December 2017. Awards granted to the Executive Directors will be subject to challenging performance conditions set by the Remuneration Committee prior to the grant of any such awards. The Remuneration Committee's current intention is that these performance conditions will incorporate metrics to assess the Company's total shareholder return and financial performance.

The Company will be required to submit its remuneration policy (as it relates to the Executive Directors) to a binding vote of Shareholders at the Company's annual general meeting to be held in 2018. Accordingly, the Company will outline its future policy relating to the Directors' remuneration in greater detail in its annual report and accounts for its financial year ending 31 December 2017.

11. Employee Incentive Schemes

Following Admission, the Company intends to operate two discretionary share-based incentive plans: a long-term incentive plan (the "**LTIP**") and a deferred bonus plan (the "**DBP**") (the LTIP and DBP together, the "**Executive Plans**"). The Company also intends to operate two tax-advantaged all-employee share-based incentive plans: a share acquisition and free share plan, known as a UK share incentive plan (the "**SIP**") and a savings-related share option plan, known as a Sharesave plan (the "**Sharesave Plan**") (the SIP and the Sharesave Plan, together with the Executive Plans, the "**Plans**"). The main features of each of these Plans are set out below, with the common terms of the Executive Plans set out in paragraph 11.5 of this Part 12 and the common terms of the Plans as a whole set out in paragraph 11.6 of this Part 12.

11.1 LTIP

The LTIP was adopted by the Board on 21 November 2017, conditional on Admission. The LTIP is a discretionary share plan, under which the Board may grant share-based awards ("**LTIP Awards**") to incentivise and retain eligible employees. The LTIP will be administered by the Board or by any duly authorised committee of it. Decisions in relation to the participation in the LTIP by the Executive Directors (if any) will always be taken by the Remuneration Committee.

11.1.1. Individual limit

Awards will not normally be granted to a participant under the LTIP over Shares with a market value (as determined by the Board) in excess of 175 per cent. of salary, in respect of any financial year of the Company. Awards may be granted in excess of this limit to an eligible employee in connection with their recruitment by way of compensating them for any loss of incentives in their previous office or employment (a "**Recruitment Award**"). Recruitment Awards may only be granted to an employee on one occasion.

11.1.2 Performance conditions

The vesting of LTIP Awards may (and, in the case of an LTIP Award to an Executive Director other than a Recruitment Award will) be subject to the satisfaction of performance conditions.

Any performance condition may be amended or substituted if one or more events occur which cause the Board to consider that an amended or substituted performance condition would be more appropriate and would not be materially less difficult to satisfy.

11.1.3 Vesting and release of LTIP Awards

LTIP Awards which are subject to performance conditions will normally have those conditions assessed as soon as reasonably practicable after the end of the relevant performance period and, to the extent that the performance conditions have been met, the LTIP Awards will vest either on that date or such later date as the Board determines. LTIP Awards (other than Recruitment Awards) granted to the Executive Directors will normally be subject to a performance period of at least three years. LTIP Awards (other than Recruitment Awards) which are not subject to performance conditions will normally vest on the third anniversary of the date of grant or such other date as the Board determines.

The Board may determine that an LTIP Award is also subject to an additional holding period of up to two years following vesting, during which Shares subject to the LTIP Award will not be delivered to participants and at the end of which the LTIP Award will be “released”.

11.2 The DBP

The DBP was adopted by the Board on 21 November 2017, conditional on Admission. The DBP is a discretionary share plan implemented so that a portion of a participant’s bonus can be deferred into a share-based award (a “**DBP Award**”). The DBP will be administered by the Board or by any duly authorised committee of it. Decisions in relation to the participation in the DBP by the Executive Directors (if any) will always be taken by the Remuneration Committee.

DBP Awards will normally vest on the second anniversary of the date of grant or such other date as the Board determines.

11.3 The SIP

The SIP was adopted by the Board on 21 November 2017, conditional on Admission. The SIP is an all-employee share ownership plan which has been designed to meet HMRC requirements so that Shares are awarded to UK employees under the SIP in a tax-efficient manner.

11.3.1 Grant of SIP awards

Under the SIP, eligible employees may be: (a) awarded free Shares up to a value of £3,600 (“**Free Shares**”) each year; (b) offered the opportunity to buy Shares up to a maximum value of the lesser of £1,800 and 10 per cent. of the employee’s pre-tax salary each year (“**Partnership Shares**”); (c) given up to two free Shares (“**Matching Shares**”) for each Partnership Share bought; and/or (d) allowed or required to purchase Shares using dividends received on Shares held in the SIP (“**Dividend Shares**”). The Board may increase these limits in the future should the relevant legislation change the maximum levels of participation referred to above.

To give a greater proportion of Group employees a stake in the Company and to align their interests to those of the Shareholders, the Board intends to make an award of Free Shares on or shortly following Admission to all eligible Group employees subject to the statutory maximum of £3,600 referred to above.

11.3.2 SIP Trust

The SIP operates through a UK resident trust (the “**SIP Trust**”). The trustee(s) of the SIP Trust purchases or subscribes for Shares that are awarded to or purchased on behalf of participants in the SIP. A participant will be the beneficial owner of any Shares held on their behalf by the trustee(s) of the SIP Trust.

11.3.3 Eligibility

Each time that the Board decides to make an award under the SIP, all UK resident tax-paying employees of the Company and its subsidiaries participating in the SIP must be offered the

opportunity to participate. Other employees of the Company and its subsidiaries may be permitted to participate at the Board's discretion. Employees who are invited to participate must have completed a minimum qualifying period of employment (as determined by the Board in line with the relevant legislation) before they can participate.

11.3.4 Free Shares

There will be a holding period of between three and five years (or such other period as may be permitted by the relevant legislation from time to time) during which the participant cannot withdraw the Free Shares from the SIP Trust unless the participant ceases to be employed by the Group. The precise duration of this holding period will be determined by the Board each time Free Shares are awarded. The Board, in its discretion, may provide that the Free Shares will be forfeited if the participant ceases to be employed by the Group other than because of injury, disability, redundancy, retirement or the sale of the individual's employing company or business out of the Group (each a "**SIP Good Leaver Reason**") or on death.

11.3.5 Partnership Shares

The Board may allow an employee to use pre-tax salary to buy Partnership Shares at their then market value. Once acquired, Partnership Shares may be withdrawn from the SIP by the participant at any time.

11.3.6 Matching Shares

The Board may, in its discretion, offer free Matching Shares to an employee who has purchased Partnership Shares. There is a holding period of between three and five years (or such other period as may be permitted by the relevant legislation from time to time) during which the participant cannot withdraw the Matching Shares from the SIP Trust, unless the participant ceases to be employed by the Group. The precise duration of this holding period will be determined by the Board each time Matching Shares are awarded. The Board, in its discretion, may provide that the Matching Shares will be forfeited if the participant ceases to be employed by the Group other than for a SIP Good Leaver Reason, on death, or if he withdraws the related Partnership Shares.

11.3.7. Reinvestment of dividends

The Board may allow or require a participant to reinvest the whole or part of any dividends paid on Shares held in the SIP. Dividend Shares must be held in the SIP Trust for no less than three years, unless the participant ceases to be employed by the Group.

11.3.8 Corporate events

In the event of a general offer being made to Shareholders (or a similar takeover event taking place), participants will be able to direct the trustee of the SIP Trust as to how to act in relation to their Shares held in the SIP. In the event of an internal reorganisation, any Shares held by participants may be replaced by equivalent shares in a new holding company.

11.3.9 Variation of capital

Shares acquired on a variation of the share capital of the Company will usually be treated in the same way as the Shares originally acquired or awarded under the SIP in respect of which the rights were conferred and as if they were acquired or awarded at the same time.

11.3.10 Rights attaching to Shares

Any Shares allotted under the SIP and held in the SIP Trust will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their allotment). In the event of a rights issue, participants will be able to direct the trustee(s) of the SIP Trust as to how to act in respect of the Shares held in the SIP on their behalf.

11.4 Sharesave Plan

The Sharesave Plan was adopted by the Board on 21 November 2017, conditional on Admission. The Sharesave Plan is an all-employee share option plan which has been designed to meet HMRC requirements so that UK employees can acquire Shares under the Sharesave Plan in a tax-efficient manner.

11.4.1 Eligibility

Each time that the Board decides to make an award under the Sharesave Plan, all UK resident tax-paying employees and full-time directors of the Company and its subsidiaries participating in the Sharesave Plan must be offered the opportunity to participate. Other Executive Directors and employees of the Group may be permitted to participate at the Board's discretion. Employees who are invited to participate must have completed a minimum qualifying period of employment (as determined by the Board in line with the relevant legislation) before they can participate.

11.4.2 Savings contract

Under the Sharesave Plan, eligible employees may enter into a linked savings contract to make savings over a three or five-year period. Monthly savings by an employee under all savings contracts linked to options granted under any tax advantaged savings-related share option plan may not exceed the statutory maximum, which is currently set at £500. The Board may set a lower limit in relation to any particular grant. At the end of the three or five-year savings contract, employees may either withdraw their savings on a tax-free basis or use their savings to acquire Shares.

11.4.3 Exercise price

The proceeds of the savings contract can be used to exercise an option to acquire Shares at an exercise price per Share set at the date of invitation (or such other date as may be specified in the invitation in line with the relevant legislation). The exercise price may not be manifestly less than 80 per cent. (or such other percentage as may be permitted by the relevant legislation) of the market value of a Share at the date of invitation. The exercise price will be set using prices taken from a period of 42 days beginning on: (a) Admission; (b) the first dealing day after the announcement of the Company's results for any period; (c) any day on which the Board determines that exceptional circumstances exist which justify the issue of invitations under the Sharesave Plan at that time; or to the extent that share dealing restrictions apply in any of the preceding three periods, (d) the dealing day on which such dealing restrictions are lifted.

11.4.4 Exercise of options

Ordinarily, an option may be exercised within six months of the date that the savings contract matures. Options not exercised by the end of this period will lapse.

11.4.5 Cessation of employment

Options will normally lapse immediately upon a participant ceasing to be employed by, or hold office with, the Group. However, if a participant ceases to hold office or employment because of injury, disability, redundancy, retirement or the sale of the individual's employing company or business out of the Group or if the option has been held for at least three years as at the date of cessation (and the participant is not dismissed for gross misconduct), their option will not lapse and may be exercised early for a period of up to six months after cessation of office or employment. If a participant dies, their option may be exercised for 12 months after their death by their personal representatives.

11.4.6 Corporate events

In the event of a change of control or winding-up of the Company, any outstanding options may be exercised early. Alternatively, the Board may permit options to be exchanged for equivalent

options over shares in a different company (including the acquiring company). If the change of control is an internal reorganisation of the Group, options will lapse unless the participants agree to exchange their outstanding options for equivalent options over shares in the new holding company.

11.4.7 Adjustments

In the event of a variation of the Company's share capital, the Board may adjust the number of Shares subject to options and/or the exercise price applicable to options in such manner as it determines.

11.4.8 Rights attaching to Shares

Shares issued and/or transferred under the Sharesave Plan will not confer rights on any participant until that participant has received the underlying Shares. Any Shares allotted will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their issue).

11.5 Terms common to the Executive Plans

11.5.1 Eligibility

All employees (including Executive Directors) of the Group (and, in the case of the DBP, former employees where it is determined that the former employee should be eligible to receive a bonus for a period prior to his termination of office or employment) are eligible for selection to participate in the Executive Plans at the discretion of the Board.

11.5.2 Timing of awards

LTIP and DBP Awards (together, the "**Executive Awards**") can only be granted during the 42 days beginning on: (a) Admission; (b) the first dealing day after the announcement of the Company's results for any period; (c) any day on which the Board determines that exceptional circumstances exist which justify the making of an Executive Award at that time; or (d) to the extent that share dealing restrictions apply in any of the preceding three periods, the first dealing day on which such dealing restrictions are lifted.

11.5.3 Form of awards

The Board may grant Executive Awards as conditional awards of Shares, nil-cost options over Shares or equivalent rights to acquire a cash amount which relates to the value of a certain number of notional Shares. No payment is required for the grant of an Executive Award.

Executive Awards structured as nil-cost options will normally be exercisable from the point of vesting (or, where an LTIP Award is subject to a holding period, release) until the tenth anniversary of the grant date.

11.5.4 Settlement

The Board may, in its discretion, decide to satisfy an Executive Award with a cash payment equal to the market value of the Shares that the participant would have received had the relevant Executive Award been satisfied with Shares.

11.5.5 Dividend equivalents

The Board may decide that participants will receive an amount (in cash and/or additional Shares) equal to the value of any dividends which would have been paid on Shares subject to an Executive Award which vest on such terms and over such period (ending no later than the date on which the Executive Award vests or, if there is a holding period applicable to an LTIP Award, is released) as the Board may determine. This amount may assume the reinvestment of dividends and exclude or include special dividends.

11.5.6 Malus and clawback

In certain circumstances the Board may at any time prior to the fifth anniversary of the date of grant of an LTIP Award or the third anniversary of the date of grant of a DBP Award:

- (a) reduce an Executive Award (to zero if appropriate) or impose additional conditions on an Executive Award to the extent that cash and/or Shares have not yet been delivered in satisfaction of the Executive Award; or
- (b) if cash and/or Shares have been delivered in satisfaction of an Executive Award, require that the participant either return some or all of the Shares acquired pursuant to the Executive Award or make a cash payment to the Company in respect of the cash or Shares delivered.

The Board will retain the discretion to calculate the amount subject to recovery, including whether or not to claw back such amount gross or net of any tax or social security contributions applicable to the Executive Award.

The Board may invoke these malus and clawback provisions where there has been a material misstatement of the audited accounts of a member of the Group (or any other error that would have reduced the grant or vesting level of an Executive Award), serious reputational damage to, or a material failure of risk management by, a member or business unit of the Group or misconduct by a participant:

- (a) in respect of LTIP Awards, during the period beginning on the date of grant (or, where an LTIP Award is subject to a performance condition, at the start of the performance period) and ending on the fifth anniversary of the date of grant; and
- (b) in respect of DBP Awards, during the period beginning at the start of the financial year in respect of which the DBP Award is granted and ending on the third anniversary of the date of grant.

11.5.7 Cessation of employment

An unvested Executive Award will usually lapse upon a participant ceasing to be employed by or to hold office with the Group.

If, however, a participant ceases to be an employee or director of the Group because of their ill-health, injury, disability, redundancy, the sale of the participant's employing company or business out of the Group or in other circumstances at the discretion of the Board, except where they are dismissed for gross misconduct (i.e. they leave as a "good leaver"), their Executive Award will normally continue to vest (and be released) on the date when it would have vested (and been released) if they had not ceased to be an employee or director of the Group. The extent to which LTIP Awards vest in these circumstances will be determined by the Board, taking into account the satisfaction of any performance conditions applicable to LTIP Awards measured over the original performance period. The Board retains discretion, however, to allow the LTIP Award to vest (and be released) following the individual's cessation of office or employment, taking into account any applicable performance conditions measured up to that point.

Unless the Board decides otherwise, the extent to which an LTIP Award vests will also take into account the proportion of the performance period (or, in the case of an LTIP Award not subject to performance conditions, the vesting period) which has elapsed on the cessation of the participant's office or employment with the Group.

In the "good leaver" circumstances referred to above, a DBP Award will vest in full as if the participant had not ceased to be a Group employee or director unless the Board determines that the DBP Award shall vest in its entirety following the individual's cessation of office or employment. Where a former employee has been granted a DBP Award, the "good leaver" provisions set out above will not apply.

If a participant dies their Executive Award will vest (and be released) as soon as reasonably practicable after the date of their death on the basis set out for other "good leavers" above, unless the Board decides otherwise.

If a participant ceases to be an officer or employee of the Group during a holding period in respect of an LTIP Award, their LTIP Award will normally be released at the end of the holding

period, unless the Board determines that it should be released as soon as reasonably practicable after the cessation of their office or employment. If a participant dies during the holding period, their LTIP Award will be released as soon as reasonably practicable after their death. If a participant is dismissed for gross misconduct, any outstanding LTIP Awards they hold will immediately lapse.

Executive Awards structured as nil-cost options may normally be exercised to the extent vested for a period of six months after vesting (or, where LTIP Awards are subject to a holding period, release) or 12 months after death (or such other period as the Board may determine).

Where nil-cost options have already vested (and, where relevant, been released) on the date of cessation of office or employment, those options may normally be exercised for a period of six months from the date of cessation, unless the participant is dismissed for gross misconduct, in which case their options will lapse. If a participant dies, a vested (and, where relevant, released) option may normally be exercised until the first anniversary of the death.

11.5.8 Corporate events

In the event of a change of control of the Company, Executive Awards will vest (and be released) early. The proportion of any unvested LTIP Awards which vest will be determined by the Board, taking into account the extent to which any performance conditions applicable to LTIP Awards have been satisfied at that time and, unless the Board determines otherwise, the proportion of the performance period, or in the case of LTIP Awards not subject to performance conditions, the vesting period, which has elapsed. DBP Awards will vest in full.

Alternatively, the Board may permit Executive Awards to be exchanged for equivalent awards of shares in a different company (including the acquiring company). If the change of control is an internal reorganisation of the Group (or if the Board so decides), participants may be required to exchange their Executive Awards.

If other corporate events occur such as a winding-up of the Company, demerger, delisting, special dividend or other event which, in the Board's opinion, may materially affect the current or future value of Shares and the Board determines it would not be appropriate or practical to adjust Executive Awards, the Board may determine that Executive Awards will vest (and be released) on the same basis as for a change of control.

11.5.9 Variation of capital

If there is a variation of the share capital of the Company or in the event of a demerger, delisting, special dividend or other event which in the Board's opinion may materially affect the current or future value of Shares, the Board may make such adjustments to the number of Shares subject to Executive Awards and/or any performance condition applicable to LTIP Awards as it considers appropriate.

11.5.10 Rights attaching to Shares

Shares issued and/or transferred under the LTIP and DBP will not confer rights on any participant until that participant has received the underlying Shares. Any Shares allotted will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their issue).

11.6 Terms common to the Plans

11.6.1 Overall limits

The Plans may operate over new issue Shares, treasury Shares or Shares purchased in the market. The rules of the Plans provide that, in any ten year rolling period, the number of Shares which may be issued under the Plans and any other employee share plan adopted by the Company may not exceed 10 per cent. of the issued ordinary share capital of the Company from time to time.

In addition, in any ten year period, the number of Shares which may be issued under the Executive Plans and any other discretionary employee share plan adopted by the Company may not exceed five per cent. of the issued ordinary share capital of the Company from time to time.

Shares transferred out of treasury will count towards these limits for so long as this is required under institutional shareholder guidelines. Shares issued or to be issued pursuant to awards granted before or in respect of Admission will not count towards these limits. In addition, awards which are relinquished or lapse will be disregarded for the purposes of these limits.

11.6.2 Amendments

The Board may, at any time, amend the provisions of the Plans in any respect. The prior approval of Shareholders at a general meeting of the Company must be obtained in the case of any amendment which is made to the advantage of eligible employees and/or participants and relates to the provisions relating to eligibility, individual or overall limits, the basis for determining the entitlement to, and the terms of, awards, the adjustments that may be made in the event of any variation to the share capital of the Company and/or the rule relating to such prior approval. There are, however, exceptions to this requirement to obtain Shareholder approval for any minor amendments to benefit the administration of the Plans, to take account of the provisions of any legislation, or to obtain or maintain favourable tax, exchange control or regulatory treatment for any participant or member of the Group.

11.6.3 Non-transferability

Awards (other than where indicated otherwise in connection with the SIP under paragraph 11.3 of this Part 12) are not transferable other than to the participant's personal representatives in the event of his or her death.

11.6.4 Benefits not pensionable

Benefits received under the Plans are not pensionable.

11.6.5 Overseas plans

The Board may, at any time, establish further plans based on the Plans for overseas territories. Any such plan will be similar to the Plans but may be modified to take account of local tax, exchange control or securities laws. Any Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation under the Plans.

11.6.6 Termination

Except under the SIP, no awards may be granted under the Plans more than ten years after Admission. The SIP may be operated at the discretion of the Board until the 125th anniversary of Admission.

11.7 The Company's employee benefit trust

An employee benefit trust known as The Sabre Insurance Group Employee Benefit Trust (the "EBT") was established by a trust deed entered into between Binomial Group Limited and Equiniti Trust (Jersey) Limited on 17 November 2017. The Company will be substituted for Binomial Group Limited as the settlor of the EBT with effect from Admission pursuant to a deed of substitution entered into among Binomial Group Limited, Equiniti Trust (Jersey) Limited as trustee of the EBT, Ocorian Limited and the Company on 21 November 2017. With effect from Admission, the Company will have the power to appoint and remove the trustee(s) of the EBT and the EBT will be able to benefit employees and directors (other than non-executive directors) and former employees and directors (other than non-executive directors) of the Group and certain members of their families (excluding any person resident in Jersey for tax purposes). The trustee(s) of the EBT has the power to acquire Shares and, with effect from Admission, any Shares acquired may be used for the purposes of the Plans, other employee share plans established by the Group from time to time or otherwise for the benefit of the beneficiaries of the EBT. With effect from Admission, the Group may fund the EBT by loan or gift to acquire shares in any Group company either by market purchase or by subscription. Any awards to subscribe for shares in any Group company granted to the EBT or Shares issued to the EBT will be treated as counting against the overall limits that apply to the Plans. Following Admission, the trustee(s) of the

EBT will not, without Shareholder approval, hold or acquire more than five per cent. of any member of the Group's issued ordinary share capital from time to time (disregarding any ordinary shares held by it as a nominee).

12. Pensions

The Group offers employees membership of a Scottish Widows defined contribution pension scheme with one staff member enrolled in a separate defined contribution scheme, administered by Transact. Staff are eligible to participate in the Scottish Widows defined contribution pension scheme following completion of their employee probation period of three months. Employees decide the annual amount they would like to contribute to their pension plan and this is matched by the Group, up to a maximum of 7.5 per cent. of the employee's annual salary. No amounts have been set aside or accrued by the Group to provide pension, retirement or similar benefits.

13. Related Party Transactions

Between 30 September 2017 and the date of this Prospectus, no member of the Group entered into any related party transactions (within the meaning ascribed to that term in paragraph 9 of International Account Standard 24, being the Standard adopted according to Regulation (EC) No. 1606/2002) other than:

- as disclosed in note 27 to the consolidated historical financial information of the Group set out in Part 7 (*Historical Financial Information*) of this Prospectus; and
- the Relationship Agreement.

14. Material contracts of the Group

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or another member of the Group within the two years immediately preceding the date of this Prospectus and are, or may be, material or have been entered into at any time by the Company or any member of the Group and contain provisions under which the Company or any member of the Group has an obligation or entitlement which is, or may be, material to the Company or any member of the Group as at the date of this Prospectus.

14.1. Underwriting Agreement

On 23 November 2017, the Company, the Directors, the Major Shareholder and the Managers entered into the Underwriting Agreement. Pursuant to the Underwriting Agreement:

- the Company has appointed Barclays and Numis as Joint Sponsors, Joint Global Co-ordinators and Joint Bookrunners and Peel Hunt and Berenberg as Co-Lead Managers, in each case in connection with Admission and the Offer;
- the Company has agreed, subject to certain conditions (including the publication of the Pricing Statement and the last of which is Admission), to allot and issue, at the Offer Price, the New Ordinary Shares to be issued in connection with the Institutional Offer (such number of New Ordinary Shares to be agreed between the Company, the Major Shareholder and the Managers at the time the Offer Price is determined) and the Managers have severally agreed, subject to certain conditions (including the publication of the Pricing Statement and the last of which is Admission), to procure subscribers for (or failing which, to subscribe for themselves) such New Ordinary Shares (in such proportions set out in the Underwriting Agreement) pursuant to the Institutional Offer;
- the Company has agreed, subject to certain conditions (including the publication of the Pricing Statement and the last of which is Admission), to allot and issue, at the Offer Price, the New Ordinary Shares to be issued in connection with the Intermediaries Offer (such number of New Ordinary Shares to be agreed between the Company, the Major Shareholder and the Managers at the time the Offer Price is determined) and the Managers have severally agreed, subject to certain conditions (including the publication of the Pricing Statement and the last of which is Admission), to procure subscribers for (or failing which, to subscribe for themselves) such New Ordinary Shares (in such proportions set out in the Underwriting Agreement) pursuant to the Intermediaries Offer;
- the Major Shareholder has agreed, subject to certain conditions (including the publication of the Pricing Statement and the last of which is Admission), to sell, at the Offer Price, the Existing

Ordinary Shares to be sold by it in connection with the Institutional Offer (such number of Existing Ordinary Shares to be agreed between the Company, the Major Shareholder and the Managers at the time the Offer Price is determined) and the Managers have severally agreed, subject to certain conditions (including the publication of the Pricing Statement and the last of which is Admission), to procure purchasers for (or failing which, to purchase themselves) such Existing Ordinary Shares (in such proportions set out in the Underwriting Agreement) pursuant to the Institutional Offer;

- in addition, the Company acting as agent and attorney for the Selling Shareholders (other than the Major Shareholder) has agreed, subject to certain conditions (including the publication of the Pricing Statement and the last of which is Admission), to sell, at the Offer Price, the Existing Ordinary Shares to be sold by such Selling Shareholders in connection with the Institutional Offer (such number of Existing Ordinary Shares to be agreed between the Company, the Major Shareholder and the Managers at the time the Offer Price is determined) and pursuant to the Small Selling Shareholder Arrangements described in paragraph 18 of this Part 12, and the Managers have severally agreed, subject to certain conditions (including the publication of the Pricing Statement and the last of which is Admission) to procure purchasers for (or, failing which, to purchase themselves) such Existing Ordinary Shares (in such proportions as set out in the Underwriting Agreement) pursuant to the Institutional Offer;
- the Managers will deduct (a) from the proceeds of the Offer payable to the Company a commission of two per cent. of the product of the Offer Price and the number of New Ordinary Shares issued pursuant to the Offer; (b) from the proceeds of the Offer payable to the Selling Shareholders a commission of two per cent. of the product of the Offer Price and the number of Existing Ordinary Shares sold pursuant to the Offer; and (c) from the proceeds of any Over-allotment Shares sold under the Over-allotment Option payable to the Lending Shareholder a commission of two per cent. of the product of the Offer Price and the number of Over-allotment Shares, if any, sold. In addition, at the absolute discretion of the Major Shareholder (following consultation with the Company), an additional commission of up to one per cent. shall be payable by the Company and the Selling Shareholders to the Managers (allocated between them according to the Major Shareholder's absolute discretion) on the amount equal to the Offer Price multiplied by the number of Offer Shares sold by them respectively pursuant to the Offer (including proceeds relating to the exercise of the Over-allotment Option);
- the obligations of the Managers to procure subscribers or purchasers for or, failing which, themselves subscribe or purchase the Offer Shares (as the case may be) to be issued or sold under the Offer (such number of Offer Shares to be agreed between the Company, the Major Shareholder and the Managers at the time the Offer Price is determined) on the terms of the Underwriting Agreement are subject to certain customary conditions. These conditions include the absence of any breach of representation or warranty under the Underwriting Agreement, the Share Capital Reorganisation being completed and Admission occurring on or before 8.00 a.m. on 11 December 2017 (or such later time and/or date as the Joint Global Co-ordinators, the Major Shareholder and the Company may agree). In addition, the Joint Global Co-ordinators have the right to terminate the Underwriting Agreement, exercisable in certain circumstances, prior to Admission;
- Barclays, as Stabilising Manager, has been granted the Over-allotment Option by the Lending Shareholder pursuant to which it may purchase up to 12,500,000 Over-allotment Shares (representing not more than 10 per cent. of the total number of Offer Shares) at the Offer Price for the purposes of covering short positions arising from over-allocations, if any, in connection with the Offer, and/or any sales of Ordinary Shares made during the stabilisation period. Save as required by law or regulation, neither Barclays, as Stabilising Manager, nor any of its agents intends to disclose the extent of any over-allotments and/or stabilising transactions under the Offer. The Over-allotment Option is exercisable only once, in whole or in part, upon notice by the Stabilising Manager during the 30 days after commencement of conditional dealings in the Ordinary Shares on the London Stock Exchange;
- each of the Company, the Major Shareholder and the Directors has given certain representations, warranties and undertakings to the Managers. The liability of the Company is unlimited as to amount and time. The liabilities of such Selling Shareholders and the Directors are limited as to amount and time;
- each of the Company and the Major Shareholder has given certain indemnities to the Managers and their respective affiliates;

- the parties to the Underwriting Agreement have given certain representations, warranties and undertakings regarding compliance with certain laws and regulations affecting the making of the Offer in relevant jurisdictions; and
- each of the Company, the Directors and the Major Shareholder has also undertaken, amongst other things, to each of the Managers that, subject to certain exceptions, during the period commencing on the date of the Underwriting Agreement and ending on the date 180 days from the Underwriting Agreement in relation to the Company and the Major Shareholder, and ending on the date 365 days from the Underwriting Agreement in relation to each of the Directors, they will not, without the prior written consent of the Managers, issue, offer, lend, mortgage, assign, charge, sell or contract to sell, or otherwise dispose of (or publicly announce any such issuance, offer, loan, mortgage, assignments, charge, sale or disposal) directly or indirectly, any Ordinary Shares (or any interest therein or in respect thereof) (as the case may be) or enter into any transaction with the same economic effect as any of the foregoing.
- The Company shall bear all costs and expenses relating to the Offer, including (but not limited to) the fees and expenses of its professional advisers and those of the Managers, the cost of preparation, advertising, printing and distribution of this Prospectus and all other documents connected with the Offer, all listing fees in connection with the Offer, any charges by CREST and the fees of the London Stock Exchange.

14.2 Orderly Sale Agreement

On 23 November 2017, CIE IX Management, BC European Capital IX Limited, BC Partners and each of the Original Shareholders entered into the Orderly Sale Agreement, conditional only on Admission. The principal purpose of the agreement is to facilitate an orderly market in the trading of the Ordinary Shares for the benefit of the Company and its shareholders. Under the terms of the Orderly Sale Agreement:

- save for disposals referred to in the paragraph below or pursuant to the acceptance of a takeover offer, a scheme of arrangement, a tender offer by the Company or certain other permitted disposals, the Original Shareholders have each undertaken not to dispose of any of their Ordinary Shares until the earlier of (a) the second anniversary of Admission, (b) the date when the aggregate holding of Ordinary Shares of BC European Capital and its affiliated entities falls below 5 per cent. of the Company's issued ordinary share capital, and (c) the date when the relevant Original Shareholder has sold 85.5 per cent. or more of his post-Admission shareholding under disposals referred to in the paragraph below;
- save for disposals pursuant to the acceptance of a takeover offer, a scheme of arrangement, a tender offer by the Company or certain other permitted disposals, if BC European Capital decides to sell any Ordinary Shares, it will offer each of the Original Shareholders the opportunity to sell Ordinary Shares at the same time and on the same terms and on a proportionate basis to BC European Capital, until such time as the aggregate holding of Ordinary Shares of BC European Capital and its affiliated entities falls below 5 per cent. of the Company's issued ordinary share capital or, if earlier, the date when the Original Shareholders have both sold 85.5 per cent. or more of their post-Admission shareholdings in the Company pursuant to such co-ordinated disposals alongside BC European Capital.

14.3 Lock-Up Agreements

On 23 November 2017, each of the Original Shareholders and the Senior Managers entered into a Lock-Up Agreement with the Company and the Managers. Under the terms of the Lock-Up Agreements each of the Original Shareholders and the Senior Managers has undertaken, amongst other things, to each of the Managers and the Company that, subject to certain exceptions, during the period commencing on the date of the Lock-Up Agreement and ending on the date 180 days from the date of the Lock-Up Agreement, he will not, without the prior written consent of the Joint Global Co-ordinators (on behalf of the Managers) (which consent shall not be given prior to the end of the 90th day after the date of the relevant agreement), lend, mortgage, assign, charge, sell or contract to sell, or otherwise dispose of (or publicly announce any such loan, mortgage, assignments, charge, sale or disposal) directly or indirectly, any Ordinary Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing.

14.4. Company Lock-Up Agreements

On 23 November 2017, each of the Chairman, the Executive Directors, the Senior Managers, Ian Clark and certain other Existing Shareholders entered into a Company Lock-Up Agreement with the Company. Under the terms of the Company Lock-Up Agreements each of those individuals has undertaken, amongst other things, to the Company that, subject to certain exceptions, during the period of either 180 days or 365 days from the date of Admission (as applicable), he or she will not, without the prior written consent of the Company, lend, mortgage, assign, charge, sell or contract to sell, or otherwise dispose of (or publicly announce any such loan, mortgage, assignments charges, sale or disposal) directly or indirectly, any Ordinary Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing. The specified period for Alan Chalk is the period commencing on the date of the Company Lock-up Agreement and ending three years from the date of Admission (with 25 per cent. of his post-Admission holding being released from the restrictions on each of the second and third anniversaries of Admission).

14.5. Stock Lending Agreement

In connection with settlement and stabilisation, the Stock Lend Counterparty has entered into a stock lending agreement (the “**Stock Lending Agreement**”) with the Lending Shareholder pursuant to which the Stock Lend Counterparty will on Admission be able to borrow from the Lending Shareholder up to a maximum of 10 per cent. of the total number of Offer Shares for the purposes, among other things, of allowing the Stock Lend Counterparty to settle, at Admission, over-allotments, if any, made in connection with the Offer. If the Stock Lend Counterparty borrows any Ordinary Shares pursuant to the Stock Lending Agreement, it will be obliged to return equivalent shares to the Lending Shareholder in accordance with the terms of the Stock Lending Agreement.

14.6. Relationship Agreement

The Company, CIE IX Management, BC European Capital IX Limited and BC Partners Holdings Limited entered into the Relationship Agreement on 23 November 2017, conditional only on Admission. The principal purpose of the Relationship Agreement is to ensure that the Company is capable of carrying on its business independently of CIE IX Management, BC European Capital IX Limited and BC Partners Holdings Limited (together the “**Controlling Shareholders**”) and their associates.

The Relationship Agreement will take effect on Admission and will continue until the earlier of (a) the Ordinary Shares ceasing to be admitted to the Official List; or (b) the Controlling Shareholders and their associates (together the “**Controllers**”) ceasing to own, in aggregate, 10 per cent. or more of the Ordinary Shares or the voting rights attaching to such amount of Ordinary Shares.

Under the Relationship Agreement, for so long as the Controllers exercise or control, in aggregate, 10 per cent. or more of the votes able to be cast on all or substantially all matters at general meetings of the Company and the Relationship Agreement remains in force, each Controlling Shareholder shall, BC European Capital IX Limited shall procure that its associates shall, CIE IX Management and BC Partners Holdings Limited shall procure that the associates of CIE IX Management shall, and BC Partners Holdings Limited shall procure that its associates shall, amongst other things:

- conduct all transactions, agreements or arrangements entered into between any member of the Group and the Controllers (or the enforcement, implementation or amendment thereof) on an arm’s length basis and on normal commercial terms and in accordance with the related party transaction rules set out in the Listing Rules;
- not influence the day-to-day running of the Company at an operational level;
- not take any action which has or would have the effect of preventing the Company or any other member of the Group from carrying on its business independently of the Controllers (in accordance with the independence provisions set out in paragraphs 6.1.4A G(1), (3), (4) and (6) and 6.1.4D R of the Listing Rules) and for the benefit of Shareholders as a whole;
- not take any action which has or would have the effect of preventing the Company or any other member of the Group from complying with its obligations under the Listing Rules, the DTR or MAR;
- not exercise its voting rights as a Shareholder in a manner that would require the Company to operate or make decisions solely for the benefit of any of the Controllers;

- not exercise any of its voting rights to vary the Company's articles of association in any way which would be contrary to the maintenance of the Company's independence (including the Company's ability to operate and make decisions independently of the Controllers) or prevent the election or re-election of independent directors or be inconsistent with, undermine or breach any provision of the Relationship Agreement or the Listing Rules;
- abstain from voting on any resolution: (a) required by paragraph 11.1.7R(3) of the Listing Rules to approve a transaction with a related party involving any of the Controllers; (b) proposed by the Company in respect of a material change to the terms of the Relationship Agreement; or (c) proposed by the Company in respect of the election or re-election of an independent director and where the Company has given the Controllers a written notice requiring them to abstain;
- not propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules to the Company; and/or
- not exercise any of its voting rights as a Shareholder in favour of any resolution which is reasonably likely to lead to the suspension or cancellation of the Company's listing on the premium listing segment of the Official List or to materially adversely affect its suitability for such listing, provided that this shall not prevent a Controlling Shareholder or its associates from accepting, rejecting or abstaining from voting on a takeover offer for the Company made in accordance with the Takeover Code (a "**Takeover Offer**") or, where such Takeover Offer is made by way of a scheme of arrangement under Part 26 of the Companies Act (a "**Scheme**"), voting in favour of such Scheme at the court and related general meetings or otherwise agreeing to sell their Ordinary Shares in connection with a Takeover Offer.

Each Controlling Shareholder undertakes that it shall not, and CIE IX Management undertakes (insofar as within its power or control) to procure that BC Partners Holdings Limited and its affiliated entities (the "**BC Partners Entities**") shall not, during the period ending on the second anniversary of the date of Admission or, if earlier, until the date falling three months after the date of termination of the Relationship Agreement, itself or through its or their respective representatives or agents, solicit for service or employment any of the Executive Directors, the Senior Managers, Alan Chalk or Matthew Wright without the prior approval of the majority of the Company's independent directors provided that the Relationship Agreement shall not prohibit any Controlling Shareholder or BC Partners Entity from carrying out any general advertising for positions which may be similar to positions held at the relevant time by such persons.

The Relationship Agreement entitles the Controlling Shareholders to nominate one person to be a non-executive director of the Company for so long as the Controlling Shareholders hold in aggregate at least 10 per cent. of the Ordinary Shares and sets out the terms and conditions upon which any such person may be appointed, removed or replaced as a director of the Company. Under the terms of the Relationship Agreement, for so long as Matthew Tooth (or another person) is appointed as a Non-Executive Director by the Controlling Shareholders, the Company shall pay to BC Partners (or as it may direct) a fee at the rate equal to the basic non-executive director fee payable from time to time to the Company's independent Non-Executive Directors (being £60,000 as at the date of this Prospectus).

14.7 Exchange Agreement

The Exchange Agreement is described in paragraph 4 of this Part 12.

14.8 Right Choice Insurance Brokers Limited contract for services

Sabre Insurance entered into an agreement for the outsourcing of customer service activities for policyholders with Right Choice on 5 July 2017. Under the terms of the agreement, Sabre Insurance outsources its sales support and phoned based customer services to Right Choice. The initial term of this agreement is for two years from 10 July 2017 and it may be continued beyond the initial term or any extension period by agreement between Sabre Insurance and Right Choice. The party seeking to extend the term must give at least three months' written notice to the other party and if the other party does not agree the agreement will not be extended and shall terminate at the end of the relevant term or extension period (as appropriate). Right Choice charge a fixed fee per in-force policy per month. The agreed fee may be revised in certain circumstances, for example, if the number of transactions increases or decreases materially.

Right Choice are obliged to perform the services in accordance with specific agreed standards, including in accordance with relevant codes of practice, conduct requirements and the Group's policies as notified to Right Choice from time to time. Right Choice must meet certain detailed service levels. Right Choice must ensure that all customer data is securely stored and that it, and its subcontractors, comply with obligations under the DPA in their role as data processor. Right Choice are obliged to comply with the provisions of a disaster recovery plan agreed with Sabre Insurance.

Either party may terminate this agreement by written notice in certain circumstances, including due to the material breach by the other party. Additionally, Sabre Insurance has a right to terminate the agreement, without penalty, where Right Choice undergoes a change of control to which Sabre Insurance objects to under certain grounds.

14.9 Motorcare Services Limited (a member of the Innovation Group) contract for services

Sabre Insurance entered into an agreement with Motorcare Services Limited (a member of the Innovation Group) on 14 November 2017 for the provision of FNOL and vehicle repair services. The initial term of the agreement is three years and the agreement shall, unless otherwise terminated, automatically extend for a period of 12 months and thereafter renew automatically for an additional 12 month period on each anniversary of the commencement date. The contract can be terminated upon six months' written notice given by either party, in which case it shall terminate on the expiry of the initial term or extension period (as appropriate). No standing base charge is payable by Sabre Insurance under the agreement and the fees are determined by reference to the relevant repair service provided to the customer.

Motorcare Services Limited are obliged to perform the services in accordance with agreed standards, including in accordance with all relevant codes of practices and applicable laws, and must ensure that data provided by Sabre Insurance is securely stored. Motorcare Services Limited must also comply and procure that any subcontractors will comply with the DPA and other relevant data protection legislation or regulatory provisions. Under the terms of the agreement Motorcare Services Limited must comply with a business continuity plan agreed with Sabre Insurance and are required to carry out reviews and testing procedures to assure the effectiveness of such business continuity plan at least every twelve months.

Either party has the right to terminate the agreement in certain circumstances, including (a) with immediate effect if the other party commits a material breach which, if capable of remedy, is not remedied within twenty eight days of written notice; and (b) on six months' written notice if Motorcare Services Limited undergoes a change of control to a direct competitor of Sabre Insurance to which Sabre Insurance objects on certain grounds. At any time prior to the termination or expiry of the agreement for any reason, Sabre Insurance has the right to require Motorcare Services Limited to provide certain agreed services, for a period of no longer than six months, for the purposes of facilitating the transfer of the services provided under the agreement to a new supplier.

15. Working capital

The Company is of the opinion that the working capital of the Group is sufficient for its present requirements, that is for at least 12 months following the date of publication of this Prospectus.

16. Significant change

There has been no significant change in the trading or financial position of the Group since 30 September 2017, being the latest date to which audited financial information in respect of the Group was prepared.

17. Litigation

There are no governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Company is aware) which have had in the recent past (covering the 12 months immediately preceding the date of this Prospectus) a significant effect on the Company's and/or the Group's financial position or profitability or may have such an effect.

18. Small Selling Shareholder Arrangements

In addition to the sale of Existing Ordinary Shares by the Major Shareholder, pursuant to the Underwriting Agreement, the other Selling Shareholders may sell a proportion of their holding of Existing Ordinary Shares (such proportion to be determined by the Board and BC Partners) through the Offer pursuant to the Small Selling Shareholder Arrangements.

As described in paragraph 14.1 of this Part 12, the sale of Existing Ordinary Shares through the Offer by the Selling Shareholders is underwritten on the terms and subject to the conditions of the Underwriting Agreement. In addition in order to sell Existing Ordinary Shares through the Offer, each Selling Shareholder other than the Major Shareholder has executed a deed under which he or she agrees, amongst other things:

- to pay to the Managers a commission of two per cent. of the amount equal to the product of the Offer Price and the number of Existing Ordinary Shares sold by him or her pursuant to the Offer (plus, if applicable, amounts in respect of VAT), and to pay to and reimburse the Managers in respect of any stamp duty and/or SDRT arising on the sale of his or her Existing Ordinary Shares under the Offer. These amounts shall be deducted by the Managers from the payment to be made by the Managers to such Selling Shareholder in respect of the sale of his or her Existing Ordinary Shares pursuant to the Offer;
- in the event that the Major Shareholder determines to pay the additional discretionary incentive commission of up to one per cent. pursuant to the Underwriting Agreement, to pay to the Managers an additional commission equal to the product of (i) the percentage of the Offer Price paid by the Company as such discretionary incentive commission (which is capped at one per cent.); (ii) the Offer Price; and (iii) the number of Existing Ordinary Shares sold by him or her pursuant to the Offer (plus, if applicable, amounts in respect of VAT); and
- to give certain representations, warranties and undertakings to the Managers. The liabilities of such Selling Shareholders pursuant to these representations, warranties and undertakings are limited as to time and amount.

Although Angus Ball has entered into the Small Selling Shareholder Arrangements, it is anticipated that he will not sell any Existing Ordinary Shares pursuant to the Offer unless the Offer size is such that the Existing Ordinary Shares he is entitled to sell pursuant to the Small Selling Shareholder Arrangements are required to satisfy demand as described in paragraph 5 of Part 10 (*Details of the Offer*) of this Prospectus.

19. Property

The Group operates from a single site, known as “Sabre House”, in Dorking, Surrey. In 2016, the Group acquired a neighbouring building to provide additional expansion capacity.

The Group believes that it does not have any material environmental compliance costs or environmental liabilities.

20. Expenses of the Offer and Admission

The total costs and expenses of, and incidental to, the Offer and Admission (including the listing fees, printer’s fees, advisers’ fees, professional fees and expenses, the costs of printing and distribution of documents and stamp duty) to be borne by the Company (calculated on the basis of the Mid-point Assumption) are estimated to be approximately £12.7 million. Included within the total are commissions (including discretionary commission) which are expected to be up to approximately £6.4 million payable to the Managers.

Each Selling Shareholder will bear the amount of any stamp duty or SDRT chargeable on the sale of his Ordinary Shares and his pro rata share of any selling commissions.

21. US securities law matters

The Company has agreed that, for so long as any of the Offer Shares are “restricted securities” within the meaning of Rule 144(a)(3) of the Securities Act, the Company will, during any period in which it is

neither subject to Section 13 or 15(d) of the Exchange Act, nor exempt from reporting under the Exchange Act pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided pursuant to Rule 144A(d)(4) under the Securities Act. The Company expects that it will be exempt from reporting under the Exchange Act pursuant to Rule 12g3-2(b) thereunder.

22. Intermediaries

The Intermediaries authorised at the date of this Prospectus to use this Prospectus in connection with the Intermediaries Offer are set out in the following table.

Name	Address
AJ Bell	4 Exchange Quay, Salford Quays, Manchester M5 3EE
Albert E Sharp	7 Elm Court, Arden Street, Stratford-Upon-Avon, Warwickshire CV37 6PA
Alliance Trust Savings	PO Box 164, 8 West Marketgait, Dundee DD1 9YP
Barclays Smart Investor	1 Churchill Place, London E14 5HP
Beaufort Securities	63 St Mary Axe, London EC3 8AA
Capital Financial Markets Limited	20 Bunhill Row, London EC1Y 8UE
Charles Stanley	55 Bishopsgate, London EC2N 3AS
Cornhill Capital	18 St Swithins Lane, London EC4N 8AD
Equiniti Financial Services	Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
Hargreave Hale Limited	Talisman House, Boardmans Way, Blackpool FY4 5FY
Hargreaves Lansdown	One College Square South, Anchor Road, Bristol BS1 5HL
iDealing	114 Middlesex Street, London E1 7HY
IG Markets LTD	Cannon Bridge House, 25 Dowgate Hill London
Redmayne-Bentley	9 Bond Court, Leeds LS1 2JZ
Shore Capital	Bond Street House, 14 Clifford Street London W1S 4JU
SVS Securities	20 Ropemaker St, London EC2Y 9AR
Syndicate Room	The Pitt Building, Trappington Street, Cambridge CB2 1RP
TD Direct Investing (Europe) Limited	Exchange Court, Duncombe Street, Leeds LS1 4AX
The Share Centre	Oxford House, Oxford Road, Aylesbury, Buckingham HP21 8SZ
WH Ireland	24 Martin Lane, London EC4R 0DR

Any new information with respect to financial intermediaries unknown at the time of publication of this Prospectus, including in respect of: (a) any intermediary financial institution that is appointed by the Company in connection with the Intermediaries Offer after the date of this Prospectus, following its agreement to adhere to and be bound by the Intermediaries Terms and Conditions and (b) any Intermediary that ceases to participate in the Intermediaries Offer, will be made available (subject to certain restrictions) on the Company's website at www.corporate.sabre.co.uk.

23. General

Ernst & Young LLP has given and not withdrawn its written consent to the inclusion of (a) its reports in Part 7 (*Historical Financial Information*) and Part 8 (*Unaudited Pro Forma Financial Information*) of this Prospectus; and (b) the references to its name in the form and context in which they are included in this Prospectus. In addition, it has authorised the contents of such reports which comprise reports for the purposes of Prospectus Rule 5.5.3R(2)(f) and item 23.1 of Annex I of Commission Regulation (EC) 809/2004.

Ernst & Young LLP, in its capacity as the independent external actuaries, has given and not withdrawn its written consent to the inclusion of (a) its report in Part 9 (*Independent External Actuaries' Statement*) of this Prospectus; and (b) the references to its name in the form and context in which they are included in this Prospectus. In addition, it has authorised the contents of that report which comprises a report for the purposes of Prospectus Rule 5.5.3R(2)(f) and item 23.1 of Annex I of Commission Regulation (EC) 809/2004.

The auditors and reporting accountant of the Company, Barbados Topco Limited and Sabre Insurance is Ernst & Young LLP, whose address is 1 More London Place, London SE1 2AF. Ernst & Young LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

24. Documents available for inspection

Copies of the following documents are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Dickson Minto W.S., Broadgate Tower, 20 Primrose Street, London EC2A 2EW until close of business on 31 December 2017:

- the Company's memorandum of association and Articles;
- the reports of Ernst & Young LLP set out in Parts 7 (*Historical Financial Information*) and 8 (*Unaudited Pro Forma Statement of Net Assets*) of this Prospectus;
- the report of Ernst & Young LLP set out in Part 9 (*Independent External Actuaries' Statement*) of this Prospectus;
- the Directors' service contracts and letters of appointment referred to in paragraphs 9.7 and 10.8 of this Part 12;
- the rules of each of the Plans;
- the written consents referred to in paragraph 23 of this Part 12; and
- this Prospectus.

25. Availability of the Prospectus

In addition, copies of this Prospectus are available free of charge from the registered office of the Company. Copies of this Prospectus are also available for access via the National Storage Mechanism at <http://www.morningstar.co.uk/uk/NSM>.

DEFINITIONS

The following definitions apply throughout this Prospectus unless the context otherwise requires:

“Admission”	admission of the Ordinary Shares to the premium listing segment of the Official List in accordance with the Listing Rules and to trading on the London Stock Exchange’s main market for listed securities in accordance with the Admission and Disclosure Standards;
“Admission and Disclosure Standards”	the requirements contained in the publication “Admission and Disclosure Standards” containing, amongst other things, the admission requirements to be observed by companies seeking admission to trading on the London Stock Exchange’s main market for listed securities;
“Admission Capital”	as defined in paragraph 3.1 of Part 12 (<i>Additional Information</i>) of this Prospectus;
“Annual Exemption”	as defined in paragraph 1.2 of Part 11 (<i>Taxation</i>) of this Prospectus;
“Articles”	the articles of association of the Company to take effect from, and conditional upon, Admission;
“Attachment point”	the threshold above which the Group’s reinsurers will, essentially, become liable for a particular claim. For further information see paragraph 8 of Part 1 (<i>Information about the Group</i>) of this Prospectus;
“Audit and Risk Committee”	the audit and risk committee of the Board or a sub-committee of it;
“Barclays”	Barclays Bank PLC;
“BC European Capital”	BC European Capital IX, a private equity fund comprising a series of limited partnerships (each acting by their general partner, CIE IX Management) and BC European Capital IX Limited, each of which is advised by BC Partners;
“BC Partners”	BC Partners LLP, a private equity firm;
“BCHGL”	Bupa Care Homes Group Limited;
“BDML”	BDML Group Limited;
“Berenberg”	Joh. Berenberg, Gossler & Co. KG, London Branch;
“Board”	the board of directors of the Company;
“Business Day”	a day (excluding Saturdays, Sundays and public holidays) on which banks are open in London for the transaction of normal banking business;
“CAGR”	compound annual growth rate;
“CDL”	Cheshire Datasystems Limited;
“certificated” or “in certificated form”	a share or other security which is not in uncertificated form;

“CIE IX Management”	CIE Management IX Limited;
“CISA”	as defined in paragraph 12.7 of Part 10 (<i>Details of the Offer</i>) of this Prospectus;
“Civil Liability Bill”	as defined in the section of this Prospectus entitled “ <i>Risk Factors</i> ”;
“COCON”	as defined in paragraph 6 of Part 2 (<i>Regulation</i>) of this Prospectus;
“Code”	as defined in paragraph 2 of Part 11 (<i>Taxation</i>) of this Prospectus;
“Co-Lead Managers”	Berenberg and Peel Hunt;
“Combined ratio”	a metric for assessing the performance of an insurance company; for details of the method used by the Group to calculate its combined ratio, see paragraph 4.2 of the section of this Prospectus entitled “ <i>Presentation of Financial and Other Information</i> ”;
“Committee” or “Committees”	one or all of the Audit and Risk Committee, the Nomination Committee, the Remuneration Committee, the Disclosure Committee, and any other committees established from time to time by the Board;
“Companies Act”	the Companies Act 2006, as amended;
“Companies Ordinance”	as defined in paragraph 12.4 of Part 10 (<i>Details of the Offer</i>) of this Prospectus;
“Company”, “Sabre” or “Issuer”	Sabre Insurance Group plc;
“Company Lock-up Agreements”	the lock-up agreements entered into between the Company and certain Shareholders and described in paragraph 14.4 of Part 12 (<i>Additional Information</i>) of this Prospectus;
“Concert Party”	the Major Shareholder, CIE IX Management, BC Partners Holdings Limited and any other funds managed or advised by BC Partners Holdings Limited or any of its subsidiaries, who together are acting in concert with each other in relation to the Company for the purposes of the Takeover Code;
“Controlling Shareholder”	as defined in paragraph 14.6 of Part 12 (<i>Additional Information</i>) of this Prospectus;
“Corporate Governance Code”	the corporate governance code issued by the Financial Reporting Council in the United Kingdom from time to time;
“Corporations Act”	as defined in paragraph 12.1 of Part 10 (<i>Details of the Offer</i>) of this Prospectus;
“Court”	as defined in paragraph 3.1.2 of Part 12 (<i>Additional Information</i>) of this Prospectus;
“CREST” or “CREST system”	the relevant system, as defined in the CREST Regulations, for the holding of shares and other securities in uncertificated form in respect of which Euroclear is the operator (as defined in the CREST Regulations);
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755);

“Daily Official List”	the daily official list of the London Stock Exchange;
“DBP”	as defined in paragraph 11 of Part 12 (<i>Additional Information</i>) of this Prospectus;
“DBP Award”	as defined in paragraph 11.2 of Part 12 (<i>Additional Information</i>) of this Prospectus;
“Direct Brands”	the Group’s direct to consumer brands, being Go Girl, Insure2Drive and Drive Smart;
“Directors”	the Executive Directors and the Non-Executive Directors;
“Disclosure Committee”	the disclosure committee of the Board or a sub-committee of it;
“Dividend Shares”	as defined in paragraph 11.3.1 of Part 12 (<i>Additional Information</i>) of this Prospectus;
“DPA”	as defined in paragraph 11 of Part 2 (<i>Regulation</i>) of this Prospectus;
“DTR” or “Disclosure Guidance and Transparency Rules”	the disclosure guidance and transparency rules made by the FCA under Part VI of FSMA, as amended;
“EBT”	as defined in paragraph 11.7 of Part 12 (<i>Additional Information</i>) of this Prospectus;
“EEA”	the European Economic Area;
“Employee Shareholders”	Existing Shareholders who are employed by the Group, details of whom are set out in paragraph 8.2 of Part 12 (<i>Additional Information</i>) of this Prospectus;
“Equiniti”	Equiniti Limited, the Company’s registrar;
“EU”	the European Union;
“Euroclear”	Euroclear UK & Ireland Limited, incorporated in England and Wales with registered number 2878738;
“Evercore”	Evercore Partners International LLP;
“Exchange Act”	the US Securities Exchange Act of 1934, as amended;
“Exchange Agreement”	the exchange agreement entered into between the Company, Barbados Topco Limited, the current shareholders of Barbados Topco Limited and the EBT dated 21 November 2017 the key terms of which are described in paragraph 4 of Part 12 (<i>Additional Information</i>) of this Prospectus;
“Executive Awards”	as defined in paragraph 11.5.2 of Part 12 (<i>Additional Information</i>) of this Prospectus;
“Executive Directors”	the executive directors of the Company from time to time, being at the date of this Prospectus Geoff Carter and Adam Westwood, and each an “Executive Director” ;
“Executive Plans”	as defined in paragraph 11 of Part 12 (<i>Additional Information</i>) of this Prospectus;

“Existing Ordinary Shares”	the Ordinary Shares to be issued to Existing Shareholders conditional upon and with effect from Admission pursuant to the terms of the Exchange Agreement, excluding, for the avoidance of doubt, the New Ordinary Shares;
“Existing Shareholders”	a person who is entitled to receive Ordinary Shares conditional upon and with effect from Admission in exchange for Topco Ordinary Shares and/or Topco Preference Shares, as appropriate, held prior to Admission pursuant to the terms of the Exchange Agreement;
“Expense ratio”	is a metric for assessing the performance of an insurance company; for details of the method used by the Group to calculate its expense ratio, see paragraph 4.2 of the section of this Prospectus entitled “ <i>Presentation of Financial and Other Information</i> ”;
“FCA”	the UK Financial Conduct Authority;
“Financial Instruments and Exchange Act”	as defined in paragraph 12.5 of Part 10 (<i>Details of the Offer</i>) of this Prospectus;
“FINMA”	as defined in paragraph 12.7 of Part 10 (<i>Details of the Offer</i>) of this Prospectus;
“FNOL”	first notification of loss;
“FOS”	as defined in risk 1.2 in the section of this Prospectus entitled “ <i>Risk Factors</i> ”;
“Free Shares”	as defined in paragraph 11.3.1 of Part 12 (<i>Additional Information</i>) of this Prospectus;
“FSCS”	as defined in paragraph 9 of Part 2 (<i>Regulation</i>) of this Prospectus;
“FSMA”	the UK Financial Services and Markets Act 2000, as amended;
“GDPR”	as defined in the section of this Prospectus entitled “ <i>Risk Factors</i> ”;
“GEP”	gross earned premium. For a description of GEP, see paragraph 6.1 of Part 5 (“ <i>Operating and Financial Review</i> ”) of this Prospectus;
“Group”	(a) with effect from Admission, or otherwise as the context may require, the Company and its subsidiaries and subsidiary undertakings from time to time but excluding, except where the context otherwise requires, each of Barbados Topco Limited, Barb Holdco Limited, Barb Midco Limited, Barb Intermediateco Limited and Barb Bidco Limited following the Post-IPO Reorganisation; (b) prior to Admission but on or after 3 January 2014, Barbados Topco Limited and its subsidiaries and subsidiary undertakings from time to time; and (c) prior to 3 January 2014, Binomial Group Limited and its subsidiaries;
“Group IPR”	as defined in the section of this Prospectus entitled “ <i>Risk Factors</i> ”;
“GWP”	gross written premium. For a description of GWP, see paragraph 4.2 in the section of this Prospectus entitled “ <i>Presentation of Financial and Other Information</i> ”;

“HCSL”	as defined in Note 27 of Part 7 (<i>Historical Financial Information</i>) of this Prospectus;
“HMRC”	HM Revenue & Customs, the UK tax authority;
“IASB”	the International Accounting Standards Board;
“IBNER”	as defined in paragraph 12 of Part 1 (<i>Information about the Group</i>) of this Prospectus;
“IBN(E)R”	as defined in paragraph 12 of Part 1 (<i>Information about the Group</i>) of this Prospectus;
“IBNR”	as defined in paragraph 12 of Part 1 (<i>Information about the Group</i>) of this Prospectus;
“ICA”	as defined in Note 3 of Part 7 (<i>Historical Financial Information</i>) of this Prospectus;
“IDD”	as defined in paragraph 4 of Part 2 (<i>Regulation</i>) of this Prospectus;
“IFRS”	International Financial Reporting Standards as adopted by the EU;
“Innovation Group”	as defined in paragraph 4.6 of Part 1 (<i>Information about the Group</i>) of this Prospectus;
“Institutional Offer”	the offer of Ordinary Shares to certain institutional investors (including QIBs in the United States) described in paragraph 4.1 of Part 10 (<i>Details of the Offer</i>) of this Prospectus;
“Insurance Mediation Directive”	as defined in paragraph 4 of Part 2 (<i>Regulation</i>) of this Prospectus;
“Intermediaries”	the intermediaries listed in paragraph 22 of Part 12 (<i>Additional Information</i>) of this Prospectus, together with any other intermediary financial institution (if any) that is appointed by the Company in connection with the Intermediaries Offer after the date of this Prospectus and who agrees to adhere to and be bound by the Intermediaries Terms and Conditions;
“Intermediaries Booklet”	the booklet entitled “ <i>Sabre Insurance Group plc Share Offer: Information for Intermediaries</i> ” and containing, amongst other things, the Intermediaries Terms and Conditions;
“Intermediaries Offer”	the offer to the Intermediaries described in paragraph 4.2 of Part 10 (<i>Details of the Offer</i>) of this Prospectus;
“Intermediaries Offer Co-ordinator”	Barclays;
“Intermediaries Terms and Conditions”	the terms and conditions agreed between the Company, the Major Shareholder, the Intermediaries Offer Co-ordinator and the Intermediaries in relation to the Intermediaries Offer, and contained in the Intermediaries Booklet, a summary of which is contained in paragraph 4.2 of Part 10 (<i>Details of the Offer</i>) of this Prospectus;
“IRS”	the US Internal Revenue Service;

“ISIN”	international securities identification number;
“Joint Bookrunners”	Barclays and Numis, and each a “Joint Bookrunner”;
“Joint Global Co-ordinators”	Barclays and Numis, and each a “Joint Global Co-ordinator”;
“Joint Sponsors”	Barclays and Numis, and each a “Joint Sponsor”;
“KFHs”	as defined in paragraph 7 of Part 2 (<i>Regulation</i>) of this Prospectus;
“KPIs”	as defined in paragraph 4 of Part 5 (<i>Operating and Financial Review</i>) of this Prospectus;
“LASPO”	as defined in paragraph 3.3 of Part 1 (<i>Information about the Group</i>) of this Prospectus;
“Lending Shareholder”	the Major Shareholder;
“Listing Rules”	the listing rules made by the FCA under Part VI of FSMA, as amended;
“Lock-Up Agreements”	the lock-up agreements entered into between the Managers and certain individuals and described in paragraph 14.3 of Part 12 (<i>Additional Information</i>) of this Prospectus;
“London Stock Exchange”	London Stock Exchange plc;
“Loss ratio”	a metric for assessing the performance of an insurance company; for details of the method used by the Group to calculate its loss ratio, see paragraph 4.2 of the section of this Prospectus entitled “ <i>Presentation of Financial and Other Information</i> ”;
“LTIP”	as defined in paragraph 11 of Part 12 (<i>Additional Information</i>) of this Prospectus;
“LTIP Awards”	as defined in paragraph 11.1 of Part 12 (<i>Additional Information</i>) of this Prospectus;
“Major Shareholder”	BC European Capital;
“Managers”	Barclays, Numis, Berenberg and Peel Hunt;
“MAR”	Regulation (EU) No 596/2014 on market abuse;
“Matching Shares”	as defined in paragraph 11.3.1 of Part 12 (<i>Additional Information</i>) of this Prospectus;
“MCR”	as defined in paragraph 2 of Part 2 (<i>Regulation</i>) of this Prospectus;
“Member State”	a member state of the EU;
“MIB”	as defined in paragraph 9 of Part 2 (<i>Regulation</i>) of this Prospectus;
“Mid-point Assumptions”	means the assumptions that: (a) the Offer Price is set at the mid-point of the Price Range; (b) the Company issues sufficient New Ordinary Shares to raise net proceeds of £206 million; (c)

each of the Directors (other than Patrick Snowball and Adam Westwood) sells 30.0 per cent. of their respective number of Existing Ordinary Shares through the Offer; (d) Patrick Snowball sells no Existing Ordinary Shares in the Offer; (e) Adam Westwood sells 40.0 per cent. of his Existing Ordinary Shares; (f) Alan Chalk sells 55.4 per cent. of his Existing Ordinary Shares; (g) the Major Shareholder and Angus Ball each sells none of their Existing Ordinary Shares; (h) all other Existing Shareholders sell the maximum number of Existing Ordinary Shares that they are permitted to sell through the Offer (which for Employee Shareholders and the Non-Employee Shareholders is 30.0 per cent of their holdings); and (i) the EBT sells 33.9 per cent. of its Existing Ordinary Shares.

“NEP”	net earned premium;
“New Ordinary Shares”	the Ordinary Shares proposed to be issued by the Company pursuant to the Offer;
“Nomination Committee”	the nomination committee of the Board or a sub-committee of it;
“Non-cash Receivable”	as defined in paragraph 4.5.1 of Part 12 (<i>Additional Information</i>) of this Prospectus;
“Non-Employee Shareholders”	the Existing Shareholders (other than the Major Shareholder, the Original Shareholders and the Employee Shareholders) who are not employees of the Group;
“Non-Executive Directors”	the non-executive directors of the Company from time to time, being at the date of this Prospectus Patrick Snowball, Ian Clark, Matthew Tooth, Catherine Barton and Rebecca Shelley, and each a “Non-Executive Director” ;
“Numis”	Numis Securities Limited;
“Offer”	the Institutional Offer and the Intermediaries Offer;
“Offer Price”	the price at which the Offer Shares are to be offered and sold under the Offer;
“Offer Shares”	the Ordinary Shares to be issued by the Company and to be sold by the Selling Shareholders pursuant to the Offer as described in Part 10 (<i>Details of the Offer</i>) of this Prospectus;
“Official List”	the official list of the FCA;
“Ogden Discount Rate”	the discount rate (as prescribed under section 1 of the Damages Act 1996) to be taken into account by courts when assessing lump sum damages for future losses in personal injury and fatal accident cases in the UK as described in the Actuarial Tables with Explanatory Notes for use in Personal Injury and Fatal Accident Cases (7th edition, 2011) as supplemented in March 2017;
“Open GI”	Open GI Limited;
“Orderly Sale Agreement”	the orderly sale agreement dated 23 November 2017 entered into between CIE IX Management, BC European Capital IX Limited, BC Partners and each of the Original Shareholders, a summary of which is contained in paragraph 14.2 of Part 12 (<i>Additional Information</i>) of this Prospectus;

“ Ordinary Shares ” or “ Shares ”	ordinary shares of £0.001 each in the capital of the Company;
“ Original Shareholders ”	Angus Ball and Keith Morris;
“ Over-allotment Option ”	the over-allotment option granted by the Lending Shareholder to the Stabilising Manager pursuant to the Underwriting Agreement;
“ Over-allotment Shares ”	Ordinary Shares sold pursuant to the exercise of the Over-allotment Option (if it is exercised);
“ Partnership Shares ”	as defined in paragraph 11.3.1 of Part 12 (<i>Additional Information</i>) of this Prospectus;
“ PCIDSS ”	as defined in the section of this Prospectus entitled “ <i>Risk Factors</i> ”;
“ PCW ”	price comparison website;
“ Peel Hunt ”	Peel Hunt LLP;
“ PFIC ”	a passive foreign investment company;
“ PIF ”	as defined in paragraph 5 of Part 2 (<i>Regulation</i>) of this Prospectus;
“ Plans ”	as defined in paragraph 11 of Part 12 (<i>Additional Information</i>) of this Prospectus;
“ Post-IPO Reorganisation ”	the post-IPO reorganisation described in paragraph 4.5 of Part 12 (<i>Additional Information</i>) of this Prospectus;
“ PPO ”	periodic payment order;
“ PRA ”	the UK Prudential Regulation Authority;
“ Price Range ”	the range of prices within which the Offer Price is expected to fall, being 220 pence to 240 pence per Ordinary Share;
“ Pricing Statement ”	the statement expected to be published by the Company on or around 6 December 2017, in which the Offer Price will be announced;
“ Proposed Bill ”	Tax Cut and Jobs Act of 2017;
“ Prospectus ”	this document;
“ Prospectus Directive ”	Directive 2003/71/EC (as amended from time to time, including by Directive 2010/73/EC (the “ PD Amending Directive ”) to the extent implemented in the relevant EEA State) and includes any relevant implementing measures in each EEA State that has implemented Directive 2003/71/EC;
“ Prospectus Rules ”	the prospectus rules of the FCA made pursuant to section 73A of FSMA, as amended;
“ QIB ” or “ Qualified Institutional Buyer ”	a qualified institutional buyer within the meaning of Rule 144;
“ RBS ”	as defined in paragraph 1 of Part 3 (<i>Directors, Senior Managers and Corporate Governance</i>) of this Prospectus;

“Recruitment Award”	as defined in paragraph 11.1.1 of Part 12 (<i>Additional Information</i>) of this Prospectus;
“Redeemable Preference Share”	the redeemable preference share of £50,000 in the capital of the Company;
“Regulation S”	Regulation S under the Securities Act;
“regulatory authority”	any central bank, ministry, governmental, quasi governmental (including the European Union), supranational, statutory, regulatory or investigative body or authority (including any national or supranational anti-trust or merger control authority), national, state, municipal or local government (including any subdivision, court, administrative agency or commission or other authority thereof), private body exercising any regulatory, taxing, importing or other authority, trade agency, association, institution or professional or environmental body or any other person or body whatsoever in any relevant jurisdiction, including, for the avoidance of doubt, the Takeover Panel, the FCA and the London Stock Exchange;
“Regulatory Information Service”	one of the regulatory information services authorised by the FCA to receive, process and disseminate regulatory information from listed companies;
“reinsurer”	as defined in paragraph 3.2.4 of Part 1 (<i>Information about the Group</i>) of this Prospectus;
“Relationship Agreement”	the relationship agreement dated 23 November 2017 entered into between the Company, CIE IX Management, BC European Capital IX Limited and BC Partners Holdings Limited, the key terms of which are described in paragraph 14.6 of Part 12 (<i>Additional Information</i>);
“Relevant Member State”	each EEA State that has implemented the Prospectus Directive;
“Relevant Regulator”	as appropriate in the context, the PRA and/or the FCA;
“Remuneration Committee”	the remuneration committee of the Board or a sub-committee of it;
“restriction notice”	as defined in paragraph 5.7 of Part 12 (<i>Additional Information</i>) of this Prospectus;
“Right Choice”	as defined in paragraph 4.6 of Part 1 (<i>Information about the Group</i>) of this Prospectus;
“Rule 144A”	Rule 144A under the Securities Act;
“Sabre Insurance”	Sabre Insurance Company Limited, a company incorporated in England and Wales with registered number 02387080 and being the operating company in the Group;
“SCR” or “Solvency Capital Requirement”	the solvency capital requirement which the Group is required to maintain pursuant to the standard formula capital model set out under Solvency II as modified by the USP;
“SDRT”	UK stamp duty reserve tax;
“SEC”	the US Securities and Exchange Commission;

“Securities Act”	the US Securities Act of 1933, as amended;
“Securities and Futures Ordinance”	as defined in paragraph 12.4 of Part 10 (<i>Details of the Offer</i>) of this Prospectus;
“SEDOL”	the London Stock Exchange Daily Official List of share identifiers;
“Selling Shareholders”	certain of the Existing Shareholders who are expected to sell Existing Ordinary Shares pursuant to the Offer, and whose details are set out in paragraph 8.2 of Part 12 (<i>Additional Information</i>) of this Prospectus;
“Senior Managers”	those persons identified as senior managers of the Group in Part 3 (<i>Directors, Senior Managers and Corporate Governance</i>) of this Prospectus;
“SFA”	as defined in paragraph 12.6 of Part 10 (<i>Details of the Offer</i>) of this Prospectus;
“SFT”	SFT Realisations Limited (formerly Towergate Financial Services Intermediate Limited);
“Share Capital Reorganisation”	the share capital reorganisation described in paragraph 4.2 of Part 12 (<i>Additional Information</i>) of this Prospectus;
“Shareholder(s)”	holder(s) of Ordinary Shares from time to time;
“Sharesave Plan”	as defined in paragraph 11 of Part 12 (<i>Additional Information</i>) of this Prospectus;
“SID”	as defined in paragraph 2 of Part 3 (<i>Directors, Senior Managers and Corporate Governance</i>) of this Prospectus;
“SIP”	as defined in paragraph 11 of Part 12 (<i>Additional Information</i>) of this Prospectus;
“SIP Good Leaver Reason”	as defined in paragraph 11.3.4 of Part 12 (<i>Additional Information</i>) of this Prospectus;
“SIP Trust”	as defined in paragraph 11.3.2 of Part 12 (<i>Additional Information</i>) of this Prospectus;
“SIMFs”	as defined in paragraph 6 of Part 2 (<i>Regulation</i>) of this Prospectus;
“SIMR”	as defined in paragraph 7 of Part 2 (<i>Regulation</i>) of this Prospectus;
“SIX”	as defined in paragraph 12.7 of Part 10 (<i>Details of the Offer</i>) of this Prospectus;
“SM&CR”	as defined in paragraph 8 of Part 2 (<i>Regulation</i>) of this Prospectus;
“Small Selling Shareholder Arrangements”	the arrangements for the sale of Existing Ordinary Shares by the Existing Shareholders (other than the Major Shareholder) described in paragraph 18 of Part 12 (<i>Additional Information</i>) of this Prospectus;

“Solvency II”	the Solvency II Directive (2009/138/EC) (as amended by the Omnibus II Directive (2014/51/EU)), together with a number of delegated acts, binding technical standards (both regulatory technical standards and implementing technical standards);
“SSP”	means SSP Limited;
“Stabilising Manager”	Barclays;
“Standard Formula”	the standard formula capital model used by the Group to calculate its SCR under Solvency II;
“statutory notice”	as defined in paragraph 5.7 of Part 12 (<i>Additional Information</i>) of this Prospectus;
“Stock Lend Counterparty”	Barclays Capital Securities Limited;
“Stock Lending Agreement”	the stock lending agreement dated 23 November 2017 entered into between the Stock Lend Counterparty and the Lending Shareholder, the key terms of which are described in paragraph 14.5 of Part 12 (<i>Additional Information</i>) of this Prospectus;
“subsidiary” and “subsidiary undertaking”	have the meanings given to them in the Companies Act;
“SYSC”	as defined in paragraph 10 of Part 2 (<i>Regulation</i>) of this Prospectus;
“Takeover Code”	the UK City Code on Takeovers and Mergers, as amended;
“Takeover Panel” or “Panel”	the Panel on Takeovers and Mergers;
“Topco Ordinary A Shares”	the ordinary A shares with no par value in the capital of Barbados Topco Limited;
“Topco Ordinary B Shares”	the ordinary B shares with no par value in the capital of Barbados Topco Limited;
“Topco Ordinary Shares”	the Topco Ordinary A Shares and the Topco Ordinary B Shares;
“Topco Preference Shares”	the preference shares with no par value in the capital of Barbados Topco Limited;
“Treaty”	as defined in paragraph 2.1 of Part 11 (<i>Taxation</i>) of this Prospectus;
“TSC”	as defined in paragraph 2 of Part 2 (<i>Regulation</i>) of this Prospectus;
“UK GAAP”	generally accepted accounting principles in the United Kingdom;
“uncertificated” or “in uncertificated form”	a share or other security title to which is recorded in the relevant register of the share or other security concerned as being held in uncertificated form (i.e. in CREST) and title to which may be transferred by using CREST;

“Underwriting Agreement”	the underwriting agreement dated 23 November 2017 between the Company, the Managers, the Directors and the Major Shareholder relating to the Offer, a summary of which is contained in paragraph 14.1 of Part 12 (<i>Additional Information</i>) of this Prospectus;
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland;
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
“US Code” or “Code”	the US Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder;
“US Holder”	as defined in paragraph 2 of Part 11 (<i>Taxation</i>) of this Prospectus;
“USP”	the undertaking specific parameter granted by the PRA to the Group for use in modifying the Standard Formula when calculating the Group’s SCR; and
“VAT” or “value added tax”	(a) within the EU, any tax imposed by any member state in conformity with the directive of the council of the European Union on the common system of value added tax (2006/112/EC); and (b) outside the EU, any tax corresponding to, or substantially similar to, the common system of value added tax referred to in paragraph (a) of this definition.

A reference to a “company” in this Prospectus shall be construed so as to include any company, corporation or other body corporate, wherever and however incorporated or established.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

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