

MERGER ANNOUNCEMENT

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FOR IMMEDIATE RELEASE

11 August 2015

RECOMMENDED ALL-SHARE MERGER OF JUST RETIREMENT GROUP PLC AND PARTNERSHIP ASSURANCE GROUP PLC TO CREATE JRP GROUP PLC

Summary

- The Boards of Just Retirement Group plc ("**Just Retirement**") and Partnership Assurance Group plc ("**Partnership Assurance**") are pleased to announce that they have reached agreement on the terms of a recommended all-share merger to create JRP Group plc (the "**Merger**"). The Merger is to be effected by means of a court-sanctioned scheme of arrangement of Partnership Assurance under Part 26 of the Companies Act (the "**Scheme**").
- **The Merger is expected to result in Just Retirement Shareholders owning approximately 60 per cent. of the Combined Group and Partnership Assurance Shareholders owning approximately 40 per cent. of the Combined Group (disregarding the impact of any Capital Raise, as described below).**
- Under the terms of the Merger, Partnership Assurance Shareholders will be entitled to receive:

for each Partnership Assurance Share held	0.834 New Just Retirement Shares
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- Based on the Closing Price of Just Retirement Shares of 199 pence on the Last Practicable Date, the Merger represents an indicative value of 166 pence per Partnership Assurance Share and values the entire issued and to be issued ordinary share capital of Partnership Assurance at approximately £668.5 million.
- The Boards of Just Retirement and Partnership Assurance have agreed a unified management team of the Combined Group under the leadership of Rodney Cook as Group Chief Executive Officer. Reporting to Rodney Cook will be David Richardson as Deputy Group Chief Executive Officer and Simon Thomas as Group Finance Director. Chris Gibson-Smith will be the Chairman of the Combined Group while Tom Cross Brown will assume the role of Deputy Chairman.
- Avallux S.à r.l. (a company wholly owned by Permira IV Fund), which holds approximately 52.3 per cent. of Just Retirement Shares, and the Cinven Funds, which are managed by Cinven and which together hold approximately 51.9 per cent. of Partnership Assurance Shares (in each case as at the Last Practicable Date), are both fully supportive of the Merger and have provided irrevocable undertakings to vote in favour of the Merger at the Just Retirement General Meeting and the Partnership Assurance General Meeting, respectively, and, in the case of the Cinven Funds, the Court Meeting.
- Just Retirement and Partnership Assurance intend to raise equity capital amounting, in aggregate, to approximately £150 million. Further details on the exact quantum and structure of the Capital Raise will be provided at the time of the Capital Raise.

Reasons for the Merger

The Boards of Just Retirement and Partnership Assurance believe that the Merger will deliver significant strategic and financial benefits for the Combined Group:

Strategic benefits

- **Scale to grow in attractive segments.** The Combined Group's larger capital base will enable a broader defined benefit proposition and enhance the Combined Group's perceived strength of covenant, opening up opportunities in the attractive defined benefit scheme de-risking segment.
- **Consumer champion.** The Merger will strengthen the competitive position of the Combined Group in the UK retirement income market, expected to lead to improved customer outcomes compared to the products currently offered by larger incumbent insurers.
- **Accelerate new product launches.** Combining the specialist management teams and expertise of Just Retirement and Partnership Assurance will also enhance the Combined Group's ability to develop and accelerate new product launches in the evolving retirement income market. This is of critical importance given the greater expectation of new products among customers following the freedom and choice introduced by the 2014 pension reforms.
- **Outstanding intellectual property.** The combination of Just Retirement and Partnership Assurance's mortality datasets and underwriting expertise will facilitate improved risk selection and greater reserving accuracy, leading to better value solutions for customers across the entire product range.
- **More efficient distribution.** In both the UK defined benefit de-risking segment and retirement income market, the streamlining of sales functions will lead to a more efficient distribution model for the Combined Group. Overseas expansion will be facilitated through combined international expertise.

Financial benefits

- **Synergy potential.** The combination of the two businesses is expected to create the potential for significant synergies supporting meaningful EPS accretion for Just Retirement Shareholders and Partnership Assurance Shareholders on a fully phased basis.^[1] The Just Retirement Board expects the Merger to result in pre-tax cost savings of at least £40 million per annum. These synergies are expected to be implemented following completion of the Merger with the full run-rate being achieved in 2018 (the third year following completion) and are expected to require one-off integration costs of £60 million over two years. The Just Retirement Directors also expect these synergies to have a positive impact on embedded value, new business margin, economic capital and Solvency II capital ratios over time.
- **High quality cash generation.** The Combined Group will have stronger combined capacity for cash generation, supported by Partnership Assurance's more developed back book and improved operational efficiencies delivered from the combined operating platform, supporting growth and dividend capacity.
- **Enhanced capital position.** The Combined Group's stronger capital position will be enhanced through the intended equity Capital Raise of approximately £150 million, providing the financial flexibility to pursue future growth initiatives and product development.

Strategy of the Combined Group

The Combined Group intends to use its outstanding combined intellectual property and greater scale to accelerate the existing strategies of Just Retirement and Partnership Assurance, allowing the business to sustain its position in the rapidly developing retirement income market, generating improved outcomes for customers and strong returns for investors:

- The Combined Group will seek to build upon the considerable progress made by Just Retirement and Partnership Assurance since 2013 in the defined benefit de-risking segment, capitalising on its enhanced size and financial strength to compete successfully for larger opportunities using an individually underwritten approach based on medical and/or lifestyle factors, as well as existing segments.
- In the UK retirement income market, the Combined Group will seek to utilise its improved scale, efficiency and capital strength to continue providing customers with better value alternatives to products offered by larger incumbent insurers.
- The Combined Group will look to strengthen its position in the broader retirement income space fundamentally affected by regulatory change, acting as a disruptor to the larger incumbent insurers whilst continually innovating and developing new products.
- Finally the Combined Group will build upon the foundations laid by both companies to offer their attractive products in new geographies.

Capital Raise

- Just Retirement and Partnership Assurance intend to raise equity capital amounting, in aggregate, to approximately £150 million. Further details on the exact quantum and structure of the Capital Raise will be provided at the time of the Capital Raise. This equity will allow the Combined Group to cover expected non-recurring integration and transaction costs, provide further comfort over the transition to Solvency II, and support future growth initiatives and product development.
- In line with Just Retirement's previously stated strategy, the Combined Group will explore, on an on-going basis, a range of balance sheet options (including accessing the debt capital markets) with a view to providing further financial strength and supporting future growth.
- Whilst the formal change in control applications will be made to the PRA and FCA in due course, pre-notification discussions have taken place with both the PRA and FCA with respect to the Merger and the capital position of the Combined Group.

Recommendations

- The Partnership Assurance Board, which has been so advised by Evercore as to the financial terms of the Merger, considers the terms of the Merger to be fair and reasonable. In providing advice to the Partnership Assurance Board, Evercore has taken into account the commercial assessments of the Partnership Assurance Directors.

- Accordingly, the Partnership Assurance Board unanimously intends to recommend that Partnership Assurance Shareholders vote in favour of the Scheme at the Court Meeting and the resolutions relating to the Merger to be proposed at the Partnership Assurance General Meeting, as all Partnership Assurance Directors who hold Partnership Assurance Shares have irrevocably undertaken to do so in respect of their (and their connected persons') aggregate beneficial holdings of 16,860,524 Partnership Assurance Shares, representing approximately 4.2 per cent. of the issued ordinary share capital of Partnership Assurance on the Last Practicable Date.^[2] Further details of these irrevocable undertakings are set out in Appendix IV to this announcement.
- The Merger constitutes a class 1 transaction for Just Retirement for the purposes of the Listing Rules. Accordingly, the Merger will be conditional on the approval of the Just Retirement Shareholders for the Merger and the issuance of the New Just Retirement Shares at the Just Retirement General Meeting.
- The Just Retirement Board considers the Merger to be in the best interests of Just Retirement and the Just Retirement Shareholders as a whole and unanimously intends to recommend that Just Retirement Shareholders vote in favour of the Just Retirement Resolutions to be proposed at the Just Retirement General Meeting, as all Just Retirement Directors who hold Just Retirement Shares have irrevocably undertaken to do so in respect of their own aggregate beneficial holdings of 5,639,891 Just Retirement Shares, representing approximately 1.1 per cent. of the issued ordinary share capital of Just Retirement on the Last Practicable Date.
- The Just Retirement Board has received financial advice from Barclays and Fenchurch in relation to the Merger. In providing their advice to the Just Retirement Board, Barclays and Fenchurch have relied upon the Just Retirement Directors' commercial assessments of the Merger.

Irrevocable undertakings

- In addition to the irrevocable undertakings given by the Partnership Assurance Directors described above, the Cinven Funds have irrevocably undertaken to vote in favour of the Scheme at the Court Meeting and the resolutions relating to the Merger to be proposed at the Partnership Assurance General Meeting in respect of their entire beneficial holding of 207,593,567 Partnership Assurance Shares, representing approximately 51.9 per cent. of the issued ordinary share capital of Partnership Assurance on the Last Practicable Date.
- As such, Just Retirement and Partnership Assurance have received irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the resolutions relating to the Merger to be proposed at the Partnership Assurance General Meeting in respect of 224,454,091 Partnership Assurance Shares in aggregate, representing approximately 56.1 per cent. of the issued ordinary share capital of Partnership Assurance on the Last Practicable Date.
- In addition to the irrevocable undertakings given by the Just Retirement Directors described above, Avallux has irrevocably undertaken to vote in favour of the Just Retirement Resolutions to be proposed at the Just Retirement General Meeting in respect of its entire beneficial holding of 261,788,257 Just Retirement Shares, representing approximately 52.3 per cent. of the issued ordinary share capital of Just Retirement on the Last Practicable Date.
- As such, Just Retirement and Partnership Assurance have received irrevocable undertakings to vote in favour of the Just Retirement Resolutions to be proposed at the Just Retirement General Meeting in respect of 267,428,148 Just Retirement Shares in aggregate, representing approximately 53.4 per cent. of the issued ordinary share capital of Just Retirement on the Last Practicable Date.

Commenting on the Merger, Chris Gibson-Smith, Chairman of Partnership Assurance, said:

"I am delighted to announce the recommended all-share merger of Just Retirement and Partnership Assurance. Both businesses have at their core a focus on using outstanding intellectual property and underwriting expertise to deliver better value products and improved customer outcomes within defined benefit, UK retail retirement income and international markets."

Commenting on the Merger, Tom Cross Brown, Chairman of Just Retirement, said:

"This transaction represents a unique opportunity to accelerate the existing strategy of both businesses. Our two businesses will be bigger, stronger and more efficient together, which we believe will allow us to deliver better returns to both policyholders and shareholders."

CMA Pre-Condition and Conditions to the Merger

- The Merger is subject to the satisfaction or waiver of the CMA Pre-Condition set out in Appendix I, the Conditions and the further terms set out in Appendix II to this announcement and to the full terms and conditions which will be set out in the Scheme Document, which include, inter alia (i) the Scheme becoming effective no later than the Long Stop Date; (ii) approval by the requisite majority of Just Retirement Shareholders at the Just Retirement General Meeting and (iii) regulatory clearances being received from the PRA, the FCA and (to the extent the CMA Pre-Condition is waived) the CMA, all as further described in Appendix II to this announcement.
- In order to become Effective, the Scheme must be approved by a majority in number representing not less than 75 per cent. in value of Partnership Assurance Shareholders present and voting either in person or by proxy at the Court Meeting.

Next steps

- It is expected that the Scheme Document will be despatched to Partnership Assurance Shareholders in October 2015 provided the CMA Pre-Condition has been satisfied by that time (and the Scheme Document will be despatched in any event by 1 February 2016, unless Just Retirement and Partnership Assurance together agree a later date). The Scheme Document will include full details of the Scheme and contain notices of the Court Meeting and the Partnership Assurance General Meeting and the expected timetable.
- It is expected that the Prospectus, containing information about New Just Retirement Shares and the Combined Group, will be published by Just Retirement at the same time as the Scheme Document is posted to Partnership Assurance Shareholders. The Just Retirement Shareholder Circular, containing details of the Merger and notice for the Just Retirement General Meeting, will

also be posted to Just Retirement Shareholders at the same time as the Scheme Document is posted to Partnership Assurance Shareholders, with the Just Retirement General Meeting being held at or around the same time as the Partnership Assurance Meetings.

- The Scheme is expected to become Effective in December 2015, subject to the satisfaction or waiver of the CMA Pre-Condition set out in Appendix I to this announcement and the Conditions and certain further terms set out in Appendix II to this announcement.

This summary should be read in conjunction with the full text of the following announcement, including the Appendices. The CMA Pre-Condition is set out in Appendix I. The Conditions and certain further terms of the Merger are set out in Appendix II. Appendix III contains bases and sources of certain information contained within this announcement. Appendix IV contains details of irrevocable undertakings given to Just Retirement and Partnership Assurance. Appendix V contains information relating to the Quantified Financial Benefits Statement made in this announcement and the reports of Just Retirement's reporting accountants and financial advisers. Appendix VI contains the definitions of certain terms used in this announcement.

For the purposes of Rule 28 of the Code, the Quantified Financial Benefits Statement contained in this announcement is the responsibility of Just Retirement and the Just Retirement Directors. Any statement of intention, belief or expectation for the Combined Group following the Effective Date is an intention, belief or expectation of the Just Retirement Directors and not of the Partnership Assurance Directors.

Barclays is lead financial adviser and, for the purposes of the Merger, corporate broker to Just Retirement and Fenchurch is financial adviser to Just Retirement. Clifford Chance LLP is acting as legal adviser to Just Retirement. KPMG is acting as reporting accountants to Just Retirement. Deutsche Bank and Nomura are acting as corporate brokers to Just Retirement.

Evercore is lead financial adviser to Partnership Assurance. J.P. Morgan Cazenove is financial adviser and corporate broker to Partnership Assurance and Morgan Stanley is financial adviser and corporate broker to Partnership Assurance. Freshfields Bruckhaus Deringer LLP is acting as legal adviser to Partnership Assurance.

Analyst and investor presentation

Just Retirement and Partnership Assurance will host a joint presentation to discuss the Merger today at 8.00 a.m. in the Auditorium at Deutsche Bank, Winchester House, 1 Great Winchester Street, London EC2N 2DB.

To access the presentation by telephone please use:

United Kingdom (Local): 020 3059 8125

All other locations: +44 20 3059 8125

Conference password: JRP

A copy of this announcement, the presentation slides, a transcript of the conference call and an audio recording will be available afterwards on Just Retirement's website at www.justretirementgroup.com and Partnership Assurance's website at www.partnership-group.co.uk.

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Morgan Stanley & Co. International plc ("**Morgan Stanley**"), which is authorised and regulated by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting exclusively as financial adviser to Partnership Assurance and no one else in connection with the matters referred to in this announcement, and Morgan Stanley, its affiliates and its and their respective directors, officers, employees and agents will not be responsible to anyone other than Partnership Assurance for providing the protections afforded to its and their clients or for providing advice in relation to the matters referred to in this announcement, the contents of this announcement or any other matter referred to herein.

Further information

This announcement is not intended to and does not constitute or form part of any offer to sell or subscribe for, or any invitation to purchase or subscribe for, or the solicitation of an offer to purchase or otherwise subscribe for any securities, or the solicitation of any vote or approval in any jurisdiction pursuant to the Merger or otherwise nor shall there be any sale, issuance or transfer of securities of Just Retirement or Partnership Assurance in any jurisdiction in contravention of applicable laws. The Merger will be implemented solely pursuant to the Scheme Document (or in the event that the Merger is to be implemented by means of a Takeover Offer, the Offer Document) which will contain the full terms and conditions of the Merger, including details of how to vote in respect of the Merger.

Just Retirement will prepare the Just Retirement Shareholder Circular to be distributed to Just Retirement Shareholders and will also publish the Prospectus containing information about the New Just Retirement Shares. Just Retirement urges Partnership Assurance Shareholders to read the Scheme Document and the Prospectus carefully when they become available because they will contain important information in relation to the Merger and the New Just Retirement Shares. Just Retirement urges Just Retirement Shareholders to read the Prospectus and the Just Retirement Shareholder Circular carefully when they become available. Any vote in respect of the resolutions to be proposed at the Partnership Assurance General Meeting or the Just Retirement General Meeting to approve the Merger and related matters, should be made only on the basis of the information contained in the Scheme Document, the Prospectus and, in the case of Just Retirement Shareholders, the Just Retirement Shareholder Circular.

This announcement is an advertisement and does not constitute a prospectus or prospectus equivalent document.

Subject to the terms of the Co-operation Agreement, Just Retirement reserves the right to elect with the consent of the Panel (where necessary) to implement the Merger by way of a Takeover Offer. In such event, the Takeover Offer will be implemented on substantially the same terms, subject to appropriate amendments, as those which would apply to the Scheme.

Information relating to Partnership Assurance Shareholders

Please be aware that addresses, electronic addresses and certain other information provided by Partnership Assurance Shareholders, persons with information rights and other relevant persons for the receipt of communications from Partnership Assurance may be provided to Just Retirement during the Offer Period as required under Section 4 of Appendix 4 of the Code.

Overseas jurisdictions

The release, publication or distribution of this announcement in jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom (including Restricted Jurisdictions) should inform themselves about, and observe, any applicable legal or regulatory requirements. In particular, the ability of persons who are not resident in the United Kingdom or who are subject to the laws of another jurisdiction to vote their Partnership Assurance Shares in respect of the Scheme at the Court Meeting, or to execute and deliver Forms of Proxy appointing another to vote at the Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located or to which they are subject. Any failure to comply with applicable legal or regulatory requirements of any jurisdiction may constitute a violation of securities laws in that jurisdiction. This announcement has been prepared for the purpose of complying with English law and the Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of any jurisdiction outside England.

Copies of this announcement and any formal documentation relating to the Merger are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction or any jurisdiction where to do so would constitute a violation of the laws of such jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Merger.

If the Merger is implemented by way of a Takeover Offer (unless otherwise permitted by applicable law and regulation), the Takeover Offer may not be made, directly or indirectly, in or into or by use of mail or any other means or instrumentality (including, without limitation, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Merger will not be capable of acceptance by any such use, means, instrumentality or facilities or from within any Restricted Jurisdiction.

Further details in relation to Partnership Assurance Shareholders in overseas jurisdictions will be contained in the Scheme Document.

Notice to US investors in Partnership Assurance

The Merger relates to the shares of an English company and is being made by means of a scheme of arrangement provided for under Part 26 of the Companies Act. The Merger, implemented by way of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the US Exchange Act, as amended. Accordingly, the Merger is subject

to the disclosure requirements and practices applicable to a scheme of arrangement involving a target company in England listed on the London Stock Exchange, which differ from the disclosure requirements of United States tender offer and proxy solicitation rules. If, in the future, Just Retirement exercises its right to implement the Merger by way of a Takeover Offer and determines to extend the Takeover Offer into the United States, the Merger will be made in compliance with applicable United States laws and regulations.

The New Just Retirement Shares to be issued pursuant to the Merger have not been registered under the US Securities Act, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the US Securities Act. The New Just Retirement Shares to be issued pursuant to the Merger will be issued pursuant to the exemption from registration provided by Section 3(a)(10) under the US Securities Act. If, in the future, Just Retirement exercises its right to implement the Merger by way of a Takeover Offer or otherwise in a manner that is not exempt from the registration requirements of the US Securities Act, it will file a registration statement with the SEC that will contain a prospectus with respect to the issuance of New Just Retirement Shares. In this event, Partnership Assurance Shareholders are urged to read these documents and any other relevant documents filed with the SEC, as well as any amendments or supplements to those documents, because they will contain important information, and such documents will be available free of charge at the SEC's website at www.sec.gov or by directing a request to Just Retirement's contact for enquiries identified above.

Neither the SEC nor any US state securities commission has approved or disapproved of the New Just Retirement Shares to be issued in connection with the Merger, or determined if this announcement is accurate or complete. Any representation to the contrary is a criminal offence in the United States.

Both Just Retirement and Partnership Assurance are incorporated under the laws of England and Wales. In addition, all of their respective officers and directors reside outside the United States, and some or all of their respective assets are or may be located in jurisdictions outside the United States. Therefore, investors may have difficulty effecting service of process within the United States upon those persons or recovering against Just Retirement or Partnership Assurance or their respective officers or directors on judgments of United States courts, including judgments based upon the civil liability provisions of the United States federal securities laws. It may not be possible to sue Just Retirement or Partnership Assurance or their respective officers or directors in a non-US court for violations of the US securities laws.

Cautionary note regarding forward-looking statements

This announcement contains certain forward-looking statements with respect to the financial condition, results of operations and business of Just Retirement, Partnership Assurance and the Combined Group. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as "anticipate", "target", "expect", "assume", "estimate", "intend", "plan", "goal", "believe", "hope", "aim", "continue", "positioned", "will", "may", "would", "could" or "should" or other words of similar meaning. By their nature, forward looking statements involve risks (known and unknown) and uncertainties (and other factors that are in many cases beyond the control of Just Retirement or Partnership Assurance) because such statements relate to events and depend on circumstances that may or may not occur in the future. There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among such factors are: domestic and global economic and business conditions; asset prices; market related risks such as fluctuations in interest rates and exchange rates, and the performance of financial markets generally; the policies and actions of governmental and/or regulatory authorities, including, for example, new government initiatives related to the provision of retirement benefits or the costs of social care and the effect of the European Union's "Solvency II" requirements on capital maintenance requirements; the impact of inflation and deflation; market competition; changes in assumptions in pricing and reserving for insurance business (particularly with regard to mortality and morbidity trends, gender pricing and lapse rates); risks associated with arrangements with third parties, including joint ventures and distribution partners; inability of reinsurers to meet obligations or unavailability of reinsurance coverage; the impact of changes in capital, solvency or accounting standards, and tax and other legislation and regulations in the jurisdictions in which Just Retirement and Partnership Assurance operate.

Forward looking statements are not indicative of future performance and the actual results of operations and financial condition of the Just Retirement Group or the Partnership Assurance Group, and the development of the industry in which the Just Retirement Group or the Partnership Assurance Group operates, may differ materially from those made in or suggested by the forward looking statements contained in this document.

Although it is believed that the expectations reflected in any forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct and persons reading this announcement are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this announcement. Neither Just Retirement nor Partnership Assurance assumes any obligation to update or correct the information contained in this announcement (whether as a result of new information, future events or otherwise), except as required by applicable law. The cautionary statements set out above should be considered in connection with any subsequent written or oral forward looking statements that Just Retirement or Partnership Assurance, or persons acting on their behalf, may issue.

No profit forecast

No statement in this announcement is intended as a profit forecast or a profit estimate and no statement in this announcement should be interpreted to mean that earnings per Just Retirement Share or Partnership Assurance Share for the current or future financial years would necessarily match or exceed the historical published earnings per Just Retirement Share or Partnership Assurance Share.

Quantified Financial Benefits Statement

No statement in the Quantified Financial Benefits Statement, or this announcement generally, should be construed as a profit forecast or interpreted to mean that the Combined Group's earnings in the first full year following the effective date of the Scheme, or in any subsequent period, would necessarily match or be greater than or be less than those of Just Retirement and/or Partnership Assurance for the relevant preceding financial period or any other period. For the purposes of Rule 28 of the Code, the Quantified Financial Benefits Statement contained in this announcement is the responsibility of Just Retirement and the Just Retirement Directors.

Solvency II

A new solvency regime applicable to the EU insurance sector, known as Solvency II, has been developed over recent years. The main aim of this new prudential framework is to ensure the financial stability of the insurance industry across the EU and protect policyholders through establishing solvency requirements better matched to the true risks of the business. Full implementation of Solvency II must take place by 1 January 2016.

One key feature of the new regime for insurers and reinsurers under Solvency II is that these entities will be allowed to make use of internal capital models to calculate capital requirements if the model has been approved by the appropriate regulator. The Just Retirement Group has applied for permission to use an internal model to calculate regulatory capital and the matching adjustment in order to recognise the value of illiquidity premiums in credit investments and transitional arrangements to spread capital increases arising from Solvency II over the allowable period. Partnership Assurance Group has also applied for certain approvals under Solvency II. Final approvals are expected in December 2015. Both businesses are taking steps to mitigate potential risks associated with the new regulation (e.g. the impact of matching adjustment on equity release). Although the Boards of Just Retirement and Partnership Assurance are confident of their ability to manage the Combined Group in accordance Solvency II and believe there is potential to optimise the Combined Group's capital structure following the Merger, as at the date of this announcement it remains possible that the implementation of the final rules, or the outcome of the approvals, may give rise to greater capital requirements, or may require changes to the structure and/or business of the Just Retirement Group, the Partnership Assurance Group or, following completion of the Merger, the Combined Group (including holding additional capital or placing restrictions on the ability of the Just Retirement Group, the Partnership Assurance Group or the Combined Group to pay dividends). In addition, following the implementation of Solvency II, regulators may continue to issue guidance and other interpretations or calibrations of applicable requirements, which could require further adjustments by the Just Retirement Group, the Partnership Assurance Group or, following completion of the Merger, the Combined Group in the future. A failure by the Just Retirement Group or the Partnership Assurance Group to implement the measures required by Solvency II in a timely manner could also lead to regulatory action and have a material adverse effect on the business, results of operations and financial condition of the Just Retirement Group, the Partnership Assurance Group and, following completion of the Merger, the Combined Group.

Disclosure requirements of the Code

In accordance with Rule 2.10 of the Code, Just Retirement announces that, as at the date of this announcement, it has 500,864,706 ordinary shares of 10 pence each in issue and admitted to trading on the London Stock Exchange's main market for listed securities. The International Securities Identification number for Just Retirement's ordinary shares is GB00BCRX1J15. In addition, Partnership Assurance announces that, as at the date of this announcement, it has 399,999,971 ordinary shares of 10 pence each in issue and admitted to trading on the London Stock Exchange's main market for listed securities. The International Securities Identification number for Partnership Assurance's ordinary shares is GB00B9QN7S21.

Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th Business Day (as defined in the Code) following the commencement of the Offer Period and, if appropriate, by no later than 3.30 pm (London time) on the 10th Business Day (as defined in the Code) following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the Business Day (as defined in the Code) following the date of the relevant dealing.

Disclosures are therefore required in the shares of Just Retirement and Partnership Assurance.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the Offer Period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Publication on website and availability of hard copies

A copy of this announcement and the documents required to be published pursuant to Rule 26 of the Code will be available free of charge, subject to certain restrictions relating to persons resident in or subject to Restricted Jurisdictions, on Just Retirement's website at www.justretirementgroup.com and on Partnership Assurance's website at www.partnership-group.co.uk by no later than noon (London time) on the day following this announcement. For the avoidance of doubt, neither the

contents of those websites nor the contents of any website accessible from hyperlinks on those websites (or any other websites referred to in this announcement) are incorporated into, or form part of, this announcement.

Just Retirement Shareholders and Partnership Assurance Shareholders may request a hard copy of this announcement by contacting Manjula Patel at manjula.patel@justretirement.com (for Just Retirement Shareholders) or +44 (0) 207 444 8262 or by submitting a request in writing to The Company Secretary at Partnership Assurance, 5th Floor, 110 Bishopsgate, London EC2N 4AY (for Partnership Assurance Shareholders).

If you are in any doubt about the contents of this announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or independent financial adviser duly authorised under FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

THIS ANNOUNCEMENT IS AN ADVERTISEMENT AND NOT A PROSPECTUS OR PROSPECTUS EQUIVALENT DOCUMENT AND INVESTORS SHOULD NOT MAKE ANY INVESTMENT DECISION IN RELATION TO THE NEW JUST RETIREMENT SHARES EXCEPT ON THE BASIS OF INFORMATION IN THE PROSPECTUS, THE JUST RETIREMENT SHAREHOLDER CIRCULAR AND THE SCHEME DOCUMENT WHICH ARE PROPOSED TO BE PUBLISHED IN DUE COURSE

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FOR IMMEDIATE RELEASE

11 August 2015

RECOMMENDED ALL-SHARE MERGER OF JUST RETIREMENT GROUP PLC AND PARTNERSHIP ASSURANCE GROUP PLC TO CREATE JRP GROUP PLC

1. Introduction

The Boards of Just Retirement and Partnership Assurance are pleased to announce that they have reached agreement on the terms of a recommended all-share merger to create JRP Group plc.

The Merger is to be effected by means of a court-sanctioned scheme of arrangement of Partnership Assurance under Part 26 of the Companies Act.

2. The Merger

The Merger is expected to result in Just Retirement Shareholders owning approximately 60 per cent. of the Combined Group and Partnership Assurance Shareholders owning approximately 40 per cent. of the Combined Group (disregarding the impact of any Capital Raise, as described below).

Under the terms of the Merger, which will be subject to the CMA Pre-Condition set out in Appendix I, and the Conditions and certain further terms set out in Appendix II and to the full terms and conditions which will be set out in the Scheme Document, Partnership Assurance Shareholders will be entitled to receive:

for each Partnership Assurance Share held	0.834 New Just Retirement Shares
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Based on the Closing Price of Just Retirement Shares of 199 pence on the Last Practicable Date, the Merger represents an indicative value of 166 pence per Partnership Assurance Share and values the entire issued and to be issued ordinary share capital of Partnership Assurance at approximately £668.5 million.

The Merger is conditional, amongst other things, on: (i) approval by the requisite majorities of Partnership Assurance Shareholders at the Partnership Assurance Meetings; (ii) the Scheme becoming effective no later than the Long Stop Date; (iii) approval by the requisite majority of Just Retirement Shareholders at the Just Retirement General Meeting and (iv) regulatory clearances being received from the PRA, the FCA and the CMA.

Just Retirement and Partnership Assurance intend to raise equity capital amounting, in aggregate, to approximately £150 million. Further details on the exact quantum and structure of the Capital Raise, which has been volume underwritten by Barclays, will be provided at the time of the Capital Raise. This equity will allow the Combined Group to cover expected non-recurring integration and transaction costs, provide further comfort over the transition to Solvency II, and support future growth initiatives and product development.

In line with Just Retirement's previously stated strategy, the Combined Group will explore, on an on-going basis, a range of balance sheet options (including accessing the debt capital markets) with a view to providing further financial strength and supporting future growth.

Whilst the formal change in control applications will be made to the PRA and FCA in due course, pre-notification discussions have taken place with both the PRA and FCA with respect to the Merger and the capital position of the Combined Group.

3. Recommendation

The Partnership Assurance Board, which has been so advised by Evercore as to the financial terms of the Merger, considers the terms of the Merger to be fair and reasonable. In providing their advice to the Partnership Assurance Board, Evercore has taken into account the commercial assessments of the Partnership Assurance Directors.

Accordingly, the Partnership Assurance Board unanimously intends to recommend that Partnership Assurance Shareholders vote or procure votes in favour of the Scheme at the Court Meeting and the resolutions relating to the Merger to be proposed at the Partnership Assurance General Meeting, as all Partnership Assurance Directors who hold Partnership Assurance Shares have irrevocably undertaken to do in respect of their (and their connected persons') aggregate beneficial holdings of 16,860,524 Partnership Assurance Shares, representing approximately 4.2 per cent. of the issued ordinary share capital of Partnership Assurance on the Last Practicable Date.^[3] Further details of these irrevocable undertakings are set out in paragraph 5 and Appendix IV to this announcement.

The Merger constitutes a class 1 transaction for Just Retirement for the purposes of the Listing Rules. Accordingly, the Merger will be conditional on the approval of the Just Retirement Shareholders for the Merger and the issuance of the New Just Retirement Shares at the Just Retirement General Meeting. The Just Retirement Board considers the Merger to be in the best interests of Just Retirement and the Just Retirement Shareholders as a whole and unanimously intends to recommend that Just Retirement Shareholders vote in favour of the Just Retirement Resolutions to be proposed at the Just Retirement General Meeting, as all Just Retirement Directors who hold Just Retirement Shares have irrevocably undertaken to do so in respect of their own aggregate beneficial holdings of 5,639,891 Just Retirement Shares, representing approximately 1.1 per cent. of the issued ordinary share capital of Just Retirement on the Last Practicable Date.

The Just Retirement Board has received financial advice from Barclays and Fenchurch in relation to the Merger. In providing their advice to the Just Retirement Board, Barclays and Fenchurch have relied upon the commercial assessments of the Just Retirement Directors of the Merger.

4. Background to and reasons for the Partnership Assurance Board's recommendation

Established in 2005 following the acquisition of the business of the Pension Annuity Friendly Society, Partnership Assurance is a UK life insurer focused on retirement income products, offering better rates to customers who suffer from shortened life expectancy by utilising an intellectual property-led, capital-efficient business model.

The greater freedom for accessing pension savings announced in the 2014 Budget represented a very significant change to Partnership Assurance's core retirement income market. The consequent change to consumer appetite for annuities has driven a repositioning of Partnership Assurance's strategy, both in the products it is developing and the platform from which these products are distributed. As such, over the last approximately 18 months, Partnership Assurance has increased its focus on the defined benefit scheme de-risking segment whilst reducing its operating cost base. This has occurred concurrently with continued development of Partnership Assurance's individually underwritten annuities, driven by the view of Partnership Assurance and other market participants that such annuities continue to represent good value for certain consumers.

Whilst the Partnership Assurance Board believes that Partnership Assurance is well positioned to succeed as an independent business following these strategic changes, it also recognises that the benefits of greater scale, enhanced intellectual property, a broader product proposition and a more efficient distribution platform will only improve its potential to succeed in its chosen markets in the future.

With those objectives in mind, the Partnership Assurance Board believes that the Merger represents a compelling opportunity to create a Combined Group capable of achieving significant strategic, financial and operational benefits, including:

- greater penetration in both the retirement income market and defined benefit scheme de-risking segment, utilising Partnership Assurance and Just Retirement's combined platform;
- improved risk selection for the benefit of customers across the spectrum of the Combined Group's product range, through the combination of Partnership Assurance and Just Retirement's mortality dataset and underwriting expertise;
- the ability to accelerate geographic expansion and product diversification (including the US care annuity venture currently under negotiation with a preferred partner), through the combination of the current capabilities and expertise of each of Partnership Assurance and Just Retirement;
- the realisation of material cost synergies in the medium term;
- the greater combined capacity for cash generation from an enlarged back book; and
- further operational benefits including access to a broader range of asset classes across the Combined Group.

As a result, the Partnership Assurance Board believes that the Merger will result in improved customer outcomes and enhanced shareholder returns.

In agreeing the Merger, the Partnership Assurance Board has gone to great efforts to ensure that the interests of all stakeholders have been considered and protected as is appropriate for a true "merger of equals" transaction. To that end, it has satisfied itself that the composition of the new Combined Group board, the opportunities for its own employees, the branding of the Combined Group and the locations from which it will operate reflect an appropriate and, where relevant, equal balance.

In the light of these factors, and having been so advised by Evercore as to the financial terms of the Merger, the Partnership Assurance Board considers the terms of the Merger to be fair and reasonable and unanimously intends to recommend that Partnership Assurance Shareholders vote or procure votes in favour of the Scheme at the Court Meeting and the resolutions relating to the Merger to be proposed at the Partnership Assurance General Meeting as set out in paragraph 3 above.

5. Irrevocable undertakings

The Partnership Assurance Directors who beneficially hold Partnership Assurance Shares, being Chris Gibson-Smith, David Richardson, Douglas Ferrans, Ian Owen, Steve Groves, Ian Cormack and Richard Ward, have irrevocably undertaken to vote (or procure the voting) in favour of the Scheme at the Court Meeting and the resolutions relating to the Merger to be proposed at the Partnership Assurance General Meeting in respect of their (and their connected persons') Partnership Assurance Shares which amount in aggregate to 16,860,524 Partnership Assurance Shares, representing approximately 4.2 per cent. of the issued ordinary share capital of Partnership Assurance on the Last Practicable Date.^[4] Further details of these irrevocable undertakings are set out in Appendix IV to this announcement.

The Cinven Funds have irrevocably undertaken to vote in favour of the Scheme at the Court Meeting and the resolutions relating to the Merger to be proposed at the Partnership Assurance General Meeting in respect of their entire beneficial holding of 207,593,567 Partnership Assurance Shares, representing approximately 51.9 per cent. of the issued ordinary share capital of Partnership Assurance on the Last Practicable Date.

As such, Just Retirement and Partnership Assurance have received irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the Partnership Assurance General Meeting in respect of 224,454,091 Partnership Assurance Shares in aggregate, representing approximately 56.1 per cent. of the issued ordinary share capital of Partnership Assurance on the Last Practicable Date.

The Just Retirement Directors who beneficially hold Just Retirement Shares, being Tom Cross Brown, Rodney Cook, Simon Thomas, Shayne Deighton, Michael Deakin, Kate Avery and Keith Nicholson, have irrevocably undertaken to vote (or procure the voting) in favour of the Just Retirement Resolutions to be proposed at the Just Retirement General in respect of their own aggregate beneficial holdings of 5,639,891 Just Retirement Shares, representing approximately 1.1 per cent. of the issued ordinary share capital of Just Retirement on the Last Practicable Date.

Avallux (a company wholly owned by Permira IV fund) has irrevocably undertaken to vote in favour of the Just Retirement Resolutions to be proposed at the Just Retirement General Meeting in respect of its entire beneficial holding of 261,788,257 Just Retirement Shares, representing approximately 52.3 per cent. of the issued ordinary share capital of Just Retirement on the Last Practicable Date.

As such, Just Retirement and Partnership Assurance have received irrevocable undertakings to vote in favour of the Just Retirement Resolutions to be proposed at the Just Retirement General Meeting in respect of 267,428,148 Just Retirement Shares in aggregate, representing approximately 53.4 per cent. of the issued ordinary share capital of Just Retirement on the Last Practicable Date.

Further details of these irrevocable undertakings are set out in Appendix IV to this announcement.

6. Background to and reasons for the Merger

The UK retirement income market has evolved significantly since the 2014 Budget. Until this date, as providers of individually underwritten annuities, both Just Retirement and Partnership Assurance were able to achieve fast, profitable growth in the retirement income market by offering customers better value alternatives to the annuity products typically provided by the larger incumbent insurers.

The 2014 Budget, and the greater freedom for accessing pension savings that it entailed, represented the most fundamental reforms to the retirement income market since the 1920s. These reforms had an immediate impact on the sales of individual annuities, which fell by 42 per cent. from £11.9 billion in 2013 to £6.9 billion in 2014.

Just Retirement and Partnership Assurance responded promptly and effectively to the changes, reducing their respective cost bases and focusing on their defined benefit de-risking propositions. Today, defined benefit de-risking accounts for around half of the new business sales for both Just Retirement and Partnership Assurance (based on new business volumes for the 12 month period from 1 July 2014 to 30 June 2015).

The UK is one of the largest private defined benefit markets in the world, with aggregate liabilities of approximately £1.7 trillion across more than 6,000 pension plans. Each year a number of these plans decide to de-risk through a bulk annuity purchase. Bulk annuity sales were unaffected by the 2014 Budget and represent a significant growth segment in the UK life market, with total defined benefit de-risking sales expected to reach £25 billion per annum by 2020.

In the retirement income market, key lead indicators now show early signs of a return to growth in Just Retirement's and Partnership Assurance's sales of annuities (e.g. the combined quote volume of the two companies for July 2015 showed a 40 per cent. increase compared to April 2015), with individuals appearing to recognise the value of a guaranteed income for life and the better value for money offered in many cases by individually underwritten annuities based on medical and/or lifestyle factors, which are tailored to meet the individual needs of customers.

Given the recent changes in the retirement income market, notwithstanding early signs of an improvement in market outlook, the Boards of Just Retirement and Partnership Assurance consider that through a combination of the two companies, the Combined Group will be better placed both to tackle the challenges that still remain and to take advantage of the opportunities that the current environment presents. Moreover, the combination is expected to create the potential for substantial synergies resulting in significant value creation for both Just Retirement and Partnership Assurance shareholders and better outcomes for both pension trustees and retail customers.

Greater scale and "consumer champion"

The Merger is expected to result in a Combined Group with £1.8 billion of new business premiums (based on the 12

months to 30 June 2015) serving over 60 defined benefit pension scheme customers and around 280,000 in-force customers. The Just Retirement Board believes that this increased scale will benefit the Combined Group in the defined benefit de-risking and retirement income markets, allowing it to compete with the larger incumbent players on equal terms.

The defined benefit de-risking segment is very important for the Combined Group, accounting for around half of Just Retirement and Partnership Assurance's new business volumes on a pro forma basis over the 12 months to 30 June 2015. The Combined Group would have a pro forma share of 5.2 per cent. (by value) of all UK bulk annuity deals in 2014.

To date, Just Retirement and Partnership Assurance have been successful in targeting relatively small defined benefit schemes with up to £200 million of assets and up to 300 members, or specific cohorts of lives in larger schemes on an individually underwritten basis. The median size of the schemes transacted to date for both Just Retirement and Partnership Assurance is approximately £17 million. Both companies have developed successful propositions in this area, and individual underwriting based on medical and/or lifestyle factors has become an established option for employee benefit consultants advising their pension scheme clients (including in particular mid-sized scheme clients) on de-risking. The Just Retirement Board sees a clear opportunity for the Combined Group in the provision of de-risking solutions for small to mid-sized defined benefit schemes.

In the defined benefit de-risking segment, scale and financial strength are necessary to be considered a credible counterparty for prospective pension fund clients. The Just Retirement Board and Partnership Assurance Board expect the Merger to give the Combined Group the critical mass to compete more credibly for "top slicing" or selective annuitisation of more sizeable defined benefit schemes and drive the growth of the business going forward.

In the retirement income market, there is enduring demand for individual retirement income products, with market studies indicating that around 70 per cent. of customers surveyed continue to prefer their pension to deliver a guaranteed income for life over any other option. Just Retirement and Partnership Assurance have achieved significant success in the retirement income market in recent years by providing better rates and more tailored solutions to customers with a reduced life expectancy than the larger incumbent providers. The Just Retirement Board believes that combining the two businesses will create a stronger retirement income specialist even better able to serve the changing demands of individual retail customers. The enhanced scale and capital position of the Combined Group is also expected to provide further security for retail customers.

In addition, the Just Retirement Board believes that the Combined Group will be better placed to invest in new technology, capabilities and geographic expansion, the latter building on existing initiatives in South Africa and the US. In a fast evolving retirement income market characterised by increased choice and freedom for customers, the ability of firms to innovate and augment their product proposition will be an essential requirement for success. By pooling their expertise, the combined specialist management teams of the two businesses expect to be able to accelerate product development.

Overall, it is expected that the Combined Group will be a "consumer champion" for both the defined benefit de-risking segment and the retirement income market, offering better outcomes for pension trustees and retail customers.

Outstanding intellectual property

Extensive experience in individual underwriting based on medical and lifestyle factors, built up through hundreds of thousands of person-years of actuarial experience, is at the heart of the business models of Just Retirement and Partnership Assurance. Individual underwriting on the basis of medical and/or lifestyle data is increasingly important, both for the defined benefit de-risking segment and individual customers. It is expected that the significance of such individual underwriting will accelerate, both for healthy and impaired lives, as the open market option becomes increasingly accessible to customers.

The Merger will result in a combined group with extensive mortality data sets and underwriting expertise. The Just Retirement Board believes that the Combined Group will be able to utilise key features of each business, including Just Retirement's next generation PrognosisTM underwriting system and Partnership Assurance's many years of fully developed mortality curves. The Combined Group will have around 280,000 in-force customers and an experienced medical team to support underwriting of complex cases.

This outstanding intellectual property will provide a number of clear commercial benefits. Enhanced data sets will allow improved risk selection, reserving accuracy and greater capital efficiency through individual underwriting based on medical and lifestyle factors. In addition, the Just Retirement Board believes that it will provide the ability to negotiate better reinsurance terms, with reinsurers taking comfort from the size and accuracy of the Combined Group's intellectual property. The Combined Group is also expected to have an improved ability to innovate and accelerate new product launches.

The Just Retirement Board therefore believes that this will allow the business to sustain its position in the rapidly developing retirement income market, delivering better outcomes for customers and enhanced returns for shareholders.

More efficient distribution model

The Merger will allow Just Retirement and Partnership Assurance to combine their multi-channel distribution networks within the UK, bringing together their long standing relationships with financial intermediaries and increasing penetration of emerging channels in order to anticipate the longer term changes in industry distribution.

Both Just Retirement and Partnership Assurance have historically operated primarily through the intermediary channel, reflecting a greater focus on individual business. However, with around 50 per cent. of new business volumes of the two companies now relating to defined benefit pension schemes, the employee benefit consultant channel is becoming increasingly important.

The Just Retirement Board believes that the Merger will improve the Combined Group's visibility and access to pension schemes through the employee benefit consultant channel. Pension scheme trustees rely on the advice of these consultants to secure appropriate and best value bulk annuity de-risking solutions for scheme members. The greater scale and financial resources of the Combined Group are expected to raise its profile with consultants and help in winning new de-

risking mandates.

The two companies' intermediary relationships are also complementary and encompass national, regional and specialist independent financial advisers.

In addition to deepening core distribution channel relationships, the Merger will also be additive to distribution through corporate partners. Both Just Retirement and Partnership Assurance have relationships with a number of blue chip institutions, which the Just Retirement Board believes will be complementary.

Furthermore, the Just Retirement Board believes that the enhanced scale and resources of the Combined Group will aid the realisation of Just Retirement's and Partnership Assurance's international growth ambitions, expanding the Combined Group's proposition to new geographies. The success of the Combined Group's distribution channels, and in particular its emerging channels, will be aided by the development of a stronger combined brand with enhanced market recognition.

Significant synergy potential

The combination of the two businesses is expected to create the potential for significant synergies supporting meaningful EPS accretion for Just Retirement Shareholders and Partnership Assurance Shareholders on a fully phased basis.^[5] The Just Retirement Directors also expect these synergies to have a positive impact on embedded value, new business margin, economic capital and Solvency II capital ratios over time.

The Just Retirement Board expects the Merger to result in pre-tax cost savings of at least £40 million per annum. These synergies are expected to be implemented following completion of the Merger with the full run-rate being achieved in 2018 (the third year following completion) and are expected to require one-off integration costs of approximately £60 million over two years.

The cost savings represent approximately one third of the combined addressable cost base and are expected to be derived from the following key areas:

- approximately one third from the streamlining of sales and pricing functions through the removal of duplicate quotes, sales and pricing activity for annuities and defined benefit de-risking;
- approximately one third from the removal of duplicated corporate functions within the Combined Group;
- approximately one quarter from the removal of overlapping IT systems and associated costs as well as from the streamlining of customer services and operations functions; and
- the balance from the reduction in office space utilised by the Combined Group.

The identified synergies will accrue as a direct result of the Merger and would not be achieved on a standalone basis.

In addition to the targeted cost savings, the Just Retirement Board believes there is the potential for additional financial benefits to be achieved over time.

These synergy estimates consider only costs and exclude any potential benefits from increasing operational gearing, improved commercial terms with business partners or access to financial markets.

These statements of identified synergies and estimated costs savings relate to future actions and circumstances which by their nature involve risks, uncertainties and contingencies. As a consequence, the identified synergies and estimated cost savings referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. For the purposes of Rule 28 of the Code, the Quantified Financial Benefits Statement is the responsibility of Just Retirement in its capacity as offeror. Appendix V to this announcement includes a copy of the Quantified Financial Benefits Statement and the supporting bases of belief. Appendix V also includes reports in connection with the Quantified Financial Benefits Statement from Barclays, Fenchurch and KPMG, as required by Rule 28 of the Code. Each of Barclays, Fenchurch and KPMG has given and not withdrawn its consent to the publication of its report in the form and context in which it is included.

The Quantified Financial Benefits Statement should be read in conjunction with those parts of Appendix V and is not intended as a profit forecast and should not be interpreted as such.

The Just Retirement Board is confident in the ability of the respective management teams of Just Retirement and Partnership Assurance to maximise the value from the Merger. A separate integration team will be established comprising of executives from the Just Retirement Group and the Partnership Assurance Group to oversee integration matters. This team will aid the realisation of the synergies outlined above and ensure that other executives and senior managers are not distracted from the development and growth agenda.

High quality cash generation

The Just Retirement Board believes that the Combined Group will see high quality, stable cash generation from Just Retirement and Partnership Assurance's books of business. On a pro forma basis, the Combined Group's cash generation is balanced, with operating profits split broadly 50:50 between new business and in-force.

The relatively shorter duration of Partnership Assurance's in-force portfolio also provides a balance to Just Retirement's relatively longer duration book, reflecting the varying severity of the medical conditions on which the lives within the two portfolios have been underwritten.

In addition, Partnership Assurance's 20 years of mortality experience comprises many years where underwriting years are fully developed, enhancing the robustness and maturity of the cash generation from the in-force books.

The Just Retirement Board believes that the cash generation ability of the Combined Group will be further enhanced by the targeted cost synergies, which will improve efficiency and increase the Combined Group's capacity for cash generation and, over time, support the Combined Group's dividend capacity.

7. Capital Raise

Just Retirement and Partnership Assurance intend to raise equity capital amounting, in aggregate, to approximately £150 million. Further details on the exact quantum and structure of the Capital Raise, which has been volume underwritten by Barclays, will be provided at the time of the Capital Raise. This equity will allow the Combined Group to cover expected non-recurring integration and transaction costs, provide further comfort over the transition to Solvency II, and support future growth initiatives and product development.

In line with Just Retirement's previously stated strategy, the Combined Group will explore, on an on-going basis, a range of balance sheet options (including accessing the debt capital markets) with a view to providing further financial strength and supporting future growth.

Whilst the formal change in control applications will be made to the PRA and FCA in due course, pre-notification discussions have taken place with both the PRA and FCA with respect to the Merger and the capital position of the Combined Group.

8. Information on Just Retirement and Partnership Assurance

(a) **Just Retirement**

Established in 2004, Just Retirement is a specialist UK financial services group focusing on the retirement income market in the UK. For defined benefit pension scheme clients, Just Retirement provides de-risking solutions through individually underwritten bulk purchase annuities. Originally launched in 2012 with a "deep underwritten approach" focused on smaller pension schemes, these de-risking solutions now account for around half of Just Retirement's new business volumes.

In the UK retail retirement income market, Just Retirement is a leading player in the provision of individually underwritten annuities (which customers purchase to provide a guaranteed income for life), and lifetime mortgages (which allow individuals to convert the equity in their residential property assets into cash). Just Retirement focuses on providing better value for money and more tailored alternatives to customers who, due to one or more pre-existing medical conditions or lifestyle factors, are likely to have a reduced life expectancy.

Just Retirement secures new mandates in the defined benefit de-risking segment primarily through its strong relationships with employee benefit consultants. Just Retirement's guaranteed income products for the UK retirement income market are distributed through a number of different channels, including national and regional financial advisory businesses and a number of corporate partners.

Just Retirement Group plc is the holding company of the Just Retirement Group. On 15 November 2013, Just Retirement's ordinary share capital was admitted to the premium listing segment of the Official List and to trading on London Stock Exchange. As at the Last Practicable Date, Just Retirement had a market capitalisation of £995 million.

For the six months ended 31 December 2014, Just Retirement reported new business sales of £820 million and operating profit of £35 million. For the 12 months ended 31 December 2014, new business sales and operating profit were £1,665 million and £75 million respectively. As of 31 December 2014, the business had embedded value of £1,028 million and total assets of £13,062 million.

Just Retirement will publish its preliminary results for the year ended 30 June 2015 on 17 September 2015.

(b) **Partnership Assurance**

Established in 2005 following the acquisition of the business of the Pension Annuity Friendly Society, Partnership Assurance is a UK life insurer focused on retirement income products, offering better rates to customers who suffer from shortened life expectancy by utilising an intellectual property-led, capital-efficient business model.

In the UK retail retirement income market, Partnership Assurance's annuity products are purchased by customers either to provide a guaranteed income or to meet the costs of long-term care. Partnership Assurance also sells limited volumes of individually underwritten protection products to customers with shortened life expectancy. In addition, Partnership Assurance originates and purchases equity release mortgages with shorter expected duration for homeowners with medical conditions or for older homeowners, primarily to diversify its investment portfolio and enhance its risk-adjusted yields.

In defined benefit scheme de-risking solutions, Partnership Assurance is able to use its expertise and proprietary intellectual property in individual underwriting to price the longevity risk of pensioners within defined benefit schemes more accurately, often resulting in more attractive prices for trustees.

Partnership Assurance's retirement income products are typically sold to customers by intermediaries. Partnership Assurance's defined benefit de-risking solutions are typically sold to scheme trustees via employee benefit consultants. Partnership Assurance has implemented a multi-channel distribution strategy and has strong relationships with its key partners which have supported its growth in recent years.

In June 2013, Partnership Assurance was admitted to a premium listing segment of the Official List and to trading on London Stock Exchange. As at the Last Practicable Date, Partnership Assurance had a market capitalisation of £617 million.

For the six months ended 30 June 2015 Partnership Assurance reported new business premiums of £231 million and operating profit of £18 million. As at 30 June 2015 embedded value was £590 million and total assets under management were £5 billion.

9. Current trading

(a) **Just Retirement**

In the six months to 30 June 2015, Just Retirement generated total new business premiums of £487 million, including:

- £233 million of annuities; and
- £254 million of defined benefit de-risking sales.

Just Retirement's estimated economic capital surplus at 30 June 2015 was £395 million, representing coverage of 176 per cent.

Just Retirement has a strong pipeline of prospective defined benefit de-risking transactions, with a target of £300 million for the second half of 2015.

Just Retirement will publish its preliminary results for the year ended 30 June 2015 on 17 September 2015.

(b) Partnership Assurance

As set out in the unaudited interim results for Partnership Assurance for the six months ended 30 June 2015, Partnership Assurance generated total new business premiums of £231 million, including:

- £128 million of annuities. Second quarter sales post implementation of the Pension Reforms changes increased by a third compared to the first quarter of 2015, as advisers and customers started to return to the market;
- £68 million of defined benefit de-risking sales, including £42 million from the largest defined benefit whole of scheme transaction to date;
- £33 million of care annuities; and
- £2 million of protection sales;

During the six months to 30 June 2015, Partnership Assurance generated total operating profits of £18 million comprising:

- a loss of £2 million on new business. Pricing discipline has been maintained in the period to ensure new business covers its capital requirement. However, since over 90 per cent. of operating expenses are allocated to new business, profits and margin continue to be impacted by current operational gearing and will remain compressed in the short term until sales volumes recover; and
- £13 million of in-force operating profits, reflecting positive mortality experience, particularly on in-force care business, and £7 million comprising a return on surplus assets, representing a yield of three per cent.

Quote levels for individual annuities continue to gradually increase but customer behaviour and trends have not yet stabilised. Defined benefit industry-wide had a slow start to 2015 but market feedback points to trustee and employee benefit consultant activity growing into the second half of 2015. Defined benefit completions remain lumpy but the current pipeline provides confidence in the ability to achieve Partnership Assurance's existing target of at least £200 million in the financial year ending on 31 December 2015.

Partnership Assurance's estimated economic capital surplus at 30 June 2015 was £223 million, representing coverage of 156 per cent.

10. Management, employees and locations

Just Retirement and Partnership Assurance attach great importance to the skills and experience of the existing management and employees of the respective groups.

Details of the proposed Board of the Combined Group are set out in paragraph 12 below.

The Partnership Assurance Board and the Just Retirement Board each recognise that in order to achieve the expected benefits of the Merger, operational and administrative restructuring will be required following completion of the Merger.

The Partnership Assurance Board and the Just Retirement Board recognise that an opportunity exists to rationalise premises and the final locations of specific teams, together with the location of head office of the Combined Group, will be assessed following completion of the Merger by an integration team consisting of executives from the Just Retirement Group and the Partnership Assurance Group.

The initial synergy work carried out to date has highlighted the potential to generate savings for the Combined Group in areas where there may be duplication and the Just Retirement Board and the Partnership Assurance Board anticipate that this will involve headcount reduction. Integration planning has begun, but more detailed analysis will need to be undertaken. Finalisation of the integration plan will be subject to engagement with appropriate stakeholders, including employee representative bodies.

Just Retirement confirms that, following implementation of the Merger, the existing contractual and statutory employment rights, including in relation to pensions, of all Just Retirement and Partnership Assurance employees will be fully observed. Further information in respect of employees and pensions will be set out in the Scheme Document.

11. Change of name

It is intended that a resolution to change the name of Just Retirement to JRP Group plc, to take effect on completion of the Merger, will be put to Just Retirement Shareholders at the Just Retirement General Meeting.

The Board of the Combined Group will undertake a review of the branding strategy once the Merger has been completed. Prior to completion of such review, the existing brands of Just Retirement and Partnership Assurance will be retained across specific product lines.

12. Board of the Combined Group

It is anticipated that the Board of the Combined Group will be made up of 13 directors, comprising directors from both Just Retirement and Partnership Assurance's existing Boards, with suitable individuals selected to create a balanced Board

with appropriate skills and relevant experience:

Executive directors:

Rodney Cook, Group Chief Executive Officer

David Richardson, Deputy Group Chief Executive Officer

Simon Thomas, Group Finance Director

Non-executive directors:

Chris Gibson-Smith, Chairman

Tom Cross Brown, Deputy Chairman

Keith Nicholson, Senior Independent Director

Paul Bishop

Peter Catterall (Cinven nominated director)

Ian Cormack

Michael Deakin

James Fraser (Avallux nominated director)

Steve Melcher

Clare Spottiswoode

It is envisaged that the Board of the Combined Group will establish five committees to assist the Board with its governance mandate, comprising Nominations, Risk and Compliance, Audit, Remuneration and Market Disclosure Committees. Steve Groves, the current Chief Executive Officer of Partnership Assurance, will step down as Chief Executive Officer at the time of completion of the Merger.

Pursuant to the relationship agreement dated 12 November 2013 between Just Retirement and Avallux, Avallux is entitled to appoint one non-executive director to the Just Retirement Board as long as Avallux (together with its associates) holds 15 per cent. or more of the voting rights of Just Retirement. Following completion of the Merger (and disregarding any impact of the Capital Raise), Avallux will hold approximately 31 per cent of Just Retirement Shares and will continue to be entitled to appoint one non-executive director (being James Fraser) to the Board of the Combined Group.

On 14 November 2014, Partnership Assurance and the Cinven Funds entered into a relationship agreement whereby the Cinven Funds have the right, amongst other things, to appoint certain non-executive directors to the Partnership Assurance Board dependent upon the percentage of voting rights held by them. Peter Catterall is currently the Cinven Funds' appointee to the Partnership Assurance Board. This relationship agreement will terminate upon the completion of the Merger and consequently, Just Retirement has entered into a relationship agreement with the Cinven Funds and Cinven on 11 August 2015 (the "**Cinven Relationship Agreement**") pursuant to which (amongst other things), conditional upon the Merger becoming Effective, the Cinven Funds will be entitled to appoint one non-executive director to the Board of the Combined Group as long as the Cinven Funds (together with their associates) hold 15 per cent. or more of the voting rights of Just Retirement. Following completion of the Merger (and disregarding any impact of the Capital Raise), the Cinven Funds will hold approximately 21 per cent of Just Retirement Shares and will therefore be entitled to appoint one non-executive director (being Peter Catterall) to the Board of the Combined Group.

13. Offer-related arrangements

(a) **Confidentiality Agreement**

Just Retirement and Partnership Assurance have entered into a confidentiality agreement dated 27 April 2015 pursuant to which each of Just Retirement and Partnership Assurance has undertaken to keep certain information relating to the Merger and to the other party confidential and not to disclose such information to third parties, except to certain permitted disclosees for the purposes of evaluating the Merger or if required by applicable laws or regulations.

The confidentiality obligations of each party under this agreement will terminate on the earlier of (i) 26 April 2017 and (ii) the Effective Date.

(b) **Confidentiality and Joint Defence Agreement**

Just Retirement, Partnership Assurance, Clifford Chance LLP and Freshfields Bruckhaus Deringer LLP have entered into a confidentiality and joint defence agreement dated 26 June 2015 which governs how confidential, sensitive and/or privileged information can be disclosed, used or shared for the purpose of preparing submissions to the CMA and the PRA.

(c) **Co-operation Agreement**

Just Retirement and Partnership Assurance have entered into a co-operation agreement dated 11 August 2015 with respect to the implementation of the Merger.

Just Retirement and Partnership Assurance have agreed to co-operate and provide each other with reasonable information, assistance and access in relation to the filings, submissions and notifications to be made for the process of obtaining all regulatory clearances. Just Retirement and Partnership Assurance have also agreed to provide each other with reasonable information, assistance and access for the preparation of the key shareholder documentation. Just Retirement has also agreed to convene the Just Retirement General Meeting so that it is held on or around the same date

as the Partnership Assurance Meetings.

Just Retirement is subject to certain customary restrictions on the conduct of its business during the period pending completion of the Merger, and which prohibit, among other things: (a) the payment by Just Retirement of dividends (other than in the ordinary course and consistent with past practice and its published dividend policy) and (b) the allotment of further shares (or rights or options in respect of shares) (other than pursuant to the Capital Raise, its existing share incentive schemes, or in order to settle options or awards vesting under its existing incentive schemes).

The Co-operation Agreement records Just Retirement and Partnership Assurance's intention to implement the Merger by way of the Scheme. However, Just Retirement may implement the Merger by way of a Takeover Offer: (i) if Partnership Assurance consents; (ii) if the Partnership Assurance Directors withdraw or modify their unanimous and unconditional recommendation of the Scheme to the shareholders of Partnership Assurance; or (iii) if a third party announces a possible or firm intention to make an offer for the entire issued share capital of Partnership Assurance which is recommended by the Partnership Assurance Directors.

The Co-operation Agreement will terminate if: (i) agreed in writing between Just Retirement and Partnership Assurance; (ii) the CMA Pre-Condition or any Condition (which has not been waived) is invoked (with permission of the Panel); (iii) if the Scheme is not approved by Partnership Assurance Shareholders or the Court refuses to sanction the Scheme or grant the court order (unless Just Retirement has within five Business Days of such event elected to implement the Merger by way of a Takeover Offer); (iv) (save as the parties may otherwise agree in writing) the Merger is not implemented on or before the Long Stop Date; (v) an independent competing transaction becomes effective, becomes or is declared unconditional in all respects or is completed; or (vi) upon written notice from Just Retirement to Partnership Assurance in the event that the board of directors of Partnership Assurance no longer unconditionally and unanimously recommends (or intends to recommend), or has adversely modified or qualified their recommendation (or intention to recommend) of, the Merger (or the Takeover Offer, as the case may be), or recommends (or intends to recommend) an independent competing transaction.

The Co-operation Agreement also contains provisions that will apply in respect of Partnership Assurance Employee Share Plans and certain other employee incentive arrangements.

(d) Cinven Relationship Agreement

On 11 August 2015, Just Retirement, Cinven and the Cinven Funds (Cinven and the Cinven Funds, together, the "**Cinven Entities**") entered into the Cinven Relationship Agreement which will, following completion of the Merger, regulate the ongoing relationship between Just Retirement and the Cinven Entities.

Under the Cinven Relationship Agreement, the Cinven Entities undertake (amongst other things):

- (i) to exercise all of their powers to ensure that the Just Retirement Group is able to operate and make decisions independently of the Cinven Entities and not take any action which inhibits the Just Retirement Group from carrying on an independent business as its main activity;
- (ii) to conduct all transactions and relationships with the Just Retirement Group at arm's length terms and on normal commercial terms;
- (iii) to procure that the business and affairs of the Just Retirement Group are conducted in accordance with the Just Retirement articles and all applicable laws and independently of the Cinven Entities and, not to exercise any of their voting or other rights to procure any amendment to the Just Retirement articles which would be inconsistent with the Just Retirement Group or the ability of the Just Retirement Group to carry on its business independently;
- (iv) to ensure that the Cinven Entities comply with all provisions of the Listing Rules, the Disclosure and Transparency Rules, the requirements of the London Stock Exchange and the FSMA that apply to it in connection with Just Retirement and do not take any action that would have the effect of preventing Just Retirement from complying with its obligations under the Listing Rules, the Disclosure and Transparency Rules, the requirements of the London Stock Exchange or the FSMA;
- (v) not to influence the day-to-day running of Just Retirement at an operational level or hold or acquire a material shareholding in one or more material subsidiaries;
- (vi) to abstain from voting on any resolution to approve a "related party transaction" under the Listing Rules involving the Cinven Entities;
- (vii) not to propose a shareholder resolution which is intended to circumvent the proper application of the Listing Rules, or cause or authorise to be done anything which would prejudice either Just Retirement's listing on the premium segment of the Official List or its suitability for such listing;
- (viii) to exercise all of their voting rights so as to ensure that at least half the Just Retirement Board, excluding the Chairman, will consist of independent directors, as defined in the UK Corporate Governance Code; and
- (ix) to keep confidential and not use for their own benefit any confidential information relating to the Just Retirement Group.

Under the Cinven Relationship Agreement, the Cinven Entities are entitled to appoint one non-executive director to the Board of the Combined Group for so long as the Cinven Entities (together with their associates) are entitled to exercise or to control the exercise of 15 per cent. or more of the votes able to be cast on all or substantially all matters at general meetings of Just Retirement.

The Cinven Relationship Agreement will continue for so long as (a) Just Retirement Shares are listed on the premium listing segment of the Official List and traded on the London Stock Exchange's main market for listed securities; and (b) the Cinven Entities together with their associates are entitled to exercise or to control the exercise of 15 per cent. or more of the votes able to be cast on all or substantially all matters at general meetings of Just Retirement.

(e) **Lock-up Agreement**

On 11 August 2015, Avallux, the Cinven Funds and Barclays entered into a lock-up agreement (the "**Lock-up Agreement**") pursuant to which Avallux and the Cinven Funds each agreed that they will not, without Barclays' consent, dispose of any Just Retirement Shares at any time during the lock-up period (subject to certain customary carve-outs). The Lock-up Agreement is conditional upon and shall come into force upon the Effective Date, and the lock-up period continues until the later of (i) 30 calendar days following the Effective Date and (ii) 90 calendar days following admission of the shares issued pursuant to the Capital Raise (provided that admission is not later than 30 days following the Effective Date).

(f) **Sell-down Agreement**

On 11 August 2015, Avallux and the Cinven Funds entered into a sell down agreement (the "**Sell-down Agreement**") pursuant to which Avallux and the Cinven Funds each agreed that they will not dispose of any Just Retirement Shares without first offering each other the right to elect to participate in the proposed disposal at the same price and on the same terms and conditions, in the respective ratio 60:40. The Sell-down Agreement is conditional upon and shall come into force upon the Effective Date. The Sell-down Agreement terminates if either Avallux or the Cinven Funds cease to hold or control, in aggregate, five per cent. or more of the Just Retirement Shares or votes able to be cast at general meetings of Just Retirement.

14. **Employee incentivisation**

Both Just Retirement and Partnership Assurance recognise the importance of retaining the necessary skills and experience within Just Retirement and Partnership Assurance in the period to completion of the Merger and beyond. Just Retirement and Partnership Assurance have therefore agreed that appropriate retention arrangements may be put in place for certain employees of the Combined Group (conditional upon completion of the Merger).

Evercore has advised Partnership Assurance that the proposed terms relating to the treatment of awards under the Partnership Assurance Long Term Incentive Plan (the "**LTIP**") are fair and reasonable insofar as they apply to members of management. Under these arrangements, which would apply to all plan participants, it is intended that 40 per cent. of the LTIP awards granted in 2014 will become exercisable on the date of the Scheme Court Hearing to the extent that they vest in accordance with the plan rules, with the remaining 60 per cent. being exchanged for equivalent awards over Just Retirement Shares, vesting on the earlier of 31 December 2016 and the date on which a participant becomes a good leaver. In relation to the awards under the LTIP, which are intended to be granted in 2015, the award will be exchanged for an equivalent award over Just Retirement Shares. 20 per cent. of that award will vest on the earlier of 31 December 2016 and on the date on which the participant becomes a good leaver, and the remaining 80 per cent. of the award will vest on the third anniversary of grant of the 2015 award, subject to a performance condition appropriate for the Combined Group. Full details of these arrangements will be set out in the Scheme Document.

15. **Partnership Assurance Employee Share Plans**

Just Retirement will make appropriate proposals to participants in the Partnership Assurance Employee Share Plans in due course. Participants in the Partnership Assurance Employee Share Plans will be contacted separately regarding the effect of the Merger on their rights under the Partnership Assurance Employee Share Plans and with the details of Just Retirement's appropriate proposals. Further details of the terms of such proposals will be included in the Scheme Document.

The Merger will extend to any Partnership Assurance Shares which are unconditionally allotted, issued or transferred, on or prior to the Scheme Record Time to satisfy the exercise of existing options (or awards) under the Partnership Assurance Employee Share Plans prior to the Scheme Record Time. Any Partnership Assurance Shares allotted, issued or transferred after the Scheme Record Time under the Partnership Assurance Employee Share Plans will, subject to the Scheme becoming effective, be immediately transferred to Just Retirement (or its nominee) in exchange for the same consideration as Partnership Assurance Shareholders will be entitled to receive under the terms of the Merger. The terms of this exchange are to be set out in the proposed amendments to Partnership Assurance's articles of association which will be considered at the Partnership Assurance General Meeting.

The participants in the Partnership Assurance Share Incentive Plan will be treated in the same way as the other Partnership Assurance Shareholders.

16. **De-listing of Partnership Assurance Shares and cancellation of Partnership Assurance Share certificates**

It is intended that dealings in Partnership Assurance Shares should be suspended at 5.00 p.m. London time on the Business Day prior to the date of the Scheme Court Hearing. It is further intended that an application will be made to the London Stock Exchange for the cancellation of the trading of Partnership Assurance Shares on its market for listed securities and the UKLA will be requested to cancel the listing of Partnership Assurance Shares on the Official List to take effect on or shortly after the Effective Date.

Share certificates in respect of the Partnership Assurance Shares will cease to be valid and should be destroyed following the Effective Date. In addition entitlements to Partnership Assurance Shares held within the CREST system will be cancelled.

As soon as reasonably practicable after the Effective Date, it is intended that Partnership Assurance will be re-registered as a private limited company under the relevant provisions of the Companies Act.

17. **Dividends and dividend policy**

The Boards of Just Retirement and Partnership Assurance have agreed that Just Retirement Shareholders will be entitled to receive any final dividend declared by Just Retirement for the year ended 30 June 2015 and Partnership Assurance Shareholders will be entitled to receive any interim dividend declared by Partnership Assurance for the six months ended 30 June 2015, in each case in the ordinary course and consistent with the respective company's past practice over the last 12 months (including as to amount, record date and payment date) and, where applicable, its published dividend policy

and to the extent that the record date for such dividend falls prior to the Effective Date. If the Merger has not completed prior to 31 March 2016, the Just Retirement Shareholders shall also be entitled to receive any interim dividend declared by Just Retirement for the six months ending 31 December 2015 and Partnership Assurance Shareholders will be entitled to receive any final dividend declared by Partnership Assurance for the year ending 31 December 2015, in each case in the ordinary course and consistent with the respective company's past practice over the last 12 months (including as to amount, record date and payment date) and, where applicable, its published dividend policy and to the extent that the record date for such dividend falls prior to the Effective Date. The Just Retirement Board expects that, in the first year following completion of the Merger, the Combined Group will pay dividends in line with Just Retirement's existing dividend policy.

18. Disclosure of interests in Partnership Assurance

Just Retirement and Partnership Assurance each confirms that it has made an Opening Position Disclosure today, setting out the details required to be disclosed by it under Rule 8 of the Code.

In order to maintain secrecy, it has not been practicable in advance of releasing this announcement for either Just Retirement or Partnership Assurance to make enquiries of all of the parties deemed to be acting in concert with them for the purposes of the Merger. Just Retirement and Partnership Assurance each confirms that a further disclosure in accordance with Rule 8.1(a) and Note 2(a)(i) on Rule 8 of the Code will be made as soon as possible, if required.

19. CMA Pre-Condition and Conditions

The Merger is subject to the satisfaction or waiver of the CMA Pre-Condition as set out in Appendix I to this announcement. In relation to the CMA Pre-Condition, Just Retirement has agreed that, if there is a Phase 2 CMA Reference, then the CMA Pre-Condition will be waived by Just Retirement if the CMA Pre-Condition has not been satisfied by 6.00 p.m. on 31 January 2016 (unless Just Retirement and Partnership Assurance agree to waive the CMA Pre-Condition prior to that date). In such case, the Merger will remain subject to the satisfaction or waiver of the other Conditions, including clearance being received from the CMA.

In addition to the CMA Pre-Condition, the Merger will be subject to the Conditions as set out in Appendix II to this announcement and to the full terms and conditions which will be set out in the Scheme Document, including, amongst other things, (i) approval by a majority in number representing not less than 75 per cent. in value of Partnership Assurance Shareholders who are on the register of members of Partnership Assurance at the Voting Record Time, present and voting, whether in person or by proxy, at the Court Meeting and at any separate class meeting which may be required (or any adjournment thereof); (ii) the passing of all resolutions required to approve and implement the Scheme and to approve certain related matters by the requisite majority of Partnership Assurance Shareholders at the Partnership Assurance General Meeting (or any adjournment thereof); (iii) the Scheme becoming effective no later than the Long Stop Date; (iv) the passing of all resolutions required to approve and implement the Scheme and acquisition of the Partnership Assurance Shares and to approve certain related matters by the requisite majority of Just Retirement Shareholders at the Just Retirement General Meeting (or any adjournment thereof); and (v) regulatory clearances being received from the PRA, the FCA and (to the extent that the CMA Pre-Condition has been waived) the CMA. If the Conditions have not been satisfied or waived by the Long Stop Date, or such later date (if any) as Just Retirement and Partnership Assurance may agree and (if required) the Panel and the Court may allow, the Merger will not proceed.

20. Scheme

It is intended that, once the CMA Pre-Condition has been satisfied or waived, as applicable, the Merger will be effected by a court-sanctioned scheme of arrangement between Partnership Assurance and the Scheme Shareholders under Part 26 of the Companies Act. The purpose of the Scheme is to provide for Just Retirement to become owner of the whole issued and to be issued share capital of Partnership Assurance.

Under the Scheme, the Merger is to be principally achieved by:

- (a) the transfer of the Scheme Shares held by Scheme Shareholders in consideration for which Scheme Shareholders will receive New Just Retirement Shares on the basis set out in paragraph 2 of this announcement; and
- (b) amendments to Partnership Assurance's articles of association to ensure that any Partnership Assurance Shares issued (other than to Just Retirement) between approval of the Scheme at the Court Meeting and the Scheme Record Time will be subject to the Scheme and that any Partnership Assurance Shares issued after the Scheme Record Time will automatically be acquired by Just Retirement.

Once the CMA Pre-Condition has been satisfied or waived, as applicable, the Merger will be subject to the Conditions and further terms and conditions referred to in Appendix II to this announcement and to be set out in the Scheme Document.

To become effective, the Scheme requires, among other things, the approval of a majority in number of the relevant Scheme Shareholders present and voting in person or by proxy, representing not less than 75 per cent. in value of the Scheme Shares that are voted (or the relevant class or classes thereof, if applicable), at the Court Meeting, which is convened by order of the Court, and the passing of the resolutions necessary to implement the Merger at the Partnership Assurance General Meeting.

Following the Partnership Assurance Meetings, the Scheme must be sanctioned by the Court. The Scheme will become effective in accordance with its terms on delivery of the Scheme Court Order to the Registrar of Companies.

Upon the Scheme becoming effective, it will be binding on all Partnership Assurance Shareholders, irrespective of whether or not they attended or voted at the Partnership Assurance Meetings and the consideration due under the Merger will be despatched by Just Retirement to Scheme Shareholders no later than 14 days after the Effective Date.

It is expected that the Scheme Document will be despatched to Partnership Assurance Shareholders as soon as reasonably practicable following the satisfaction or waiver of the CMA Pre-Condition or, if earlier, 1 February 2016. The Scheme Document will include full details of the Scheme, together with notices of the Court Meeting and the Partnership

Assurance General Meeting and the expected timetable, and will specify the action to be taken by Scheme Shareholders.

The Scheme will be governed by English law. The Scheme will be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange and the FCA.

The Scheme is expected to become Effective in December 2015, subject to the satisfaction or waiver of the CMA Pre-Condition set out in Appendix I to this announcement and the Conditions and certain further terms set out in Appendix II to this announcement.

21. Just Retirement Shareholder approval

The Merger constitutes a class 1 transaction for Just Retirement for the purposes of the Listing Rules. Accordingly Just Retirement will be required to seek the approval of Just Retirement Shareholders for the Merger at the Just Retirement General Meeting. Just Retirement will also be seeking Just Retirement Shareholder approval for the issuance of New Just Retirement Shares at the Just Retirement General Meeting.

The Just Retirement Board considers the Merger to be in the best interests of Just Retirement and the Just Retirement Shareholders as a whole and unanimously intends to recommend that Just Retirement Shareholders vote in favour of the Just Retirement Resolutions to be proposed at the Just Retirement General Meeting. Just Retirement and Partnership Assurance have received irrevocable undertakings from the Just Retirement Directors and Avallux to vote in favour of the Just Retirement Resolutions to be proposed at the Just Retirement General Meeting in respect of their entire beneficial holdings of 267,428,148 Just Retirement Shares, representing approximately 53.4 per cent. of the issued ordinary share capital of Just Retirement on the Last Practicable Date.

The Just Retirement Board has received financial advice from Barclays and Fenchurch in relation to the Merger. In providing their advice to the Just Retirement Directors, Barclays and Fenchurch have relied upon the Just Retirement Directors' commercial assessments of the Merger.

Just Retirement will prepare and send to Just Retirement Shareholders the Just Retirement Shareholder Circular summarising the background to and reasons for the Merger which will include a notice convening the Just Retirement General Meeting. The Merger is conditional on, among other things, the resolutions to approve the Merger and to grant authority to the Just Retirement Directors to allot the New Just Retirement Shares being passed by the requisite majority of Just Retirement Shareholders at the Just Retirement General Meeting (but not, for the avoidance of doubt, any other resolutions to be proposed at the Just Retirement General Meeting which shall not be conditions to the Merger).

The Just Retirement Shareholder Circular will be posted to Just Retirement Shareholders at the same time as the Scheme Document is posted to Partnership Assurance Shareholders and the Just Retirement General Meeting will be held at or around the same time as the Partnership Assurance Meetings.

22. Prospectus

Just Retirement will be required to produce the Prospectus in connection with the issue of the New Just Retirement Shares unless a prospectus document has been produced and published by Just Retirement at an earlier date in connection with the intended Capital Raise. The Prospectus will contain information relating to the Just Retirement Group, the Partnership Assurance Group, the Combined Group and the New Just Retirement Shares. The Prospectus will be published at or around the same time as the Scheme Document is posted to Partnership Assurance Shareholders (unless a prospectus document has been published at such earlier date, in which case a supplementary prospectus document in respect of the New Just Retirement Shares will be published, if required by the Prospectus Rules at such time by Just Retirement).

23. Admission of New Just Retirement Shares

Application will be made to the FCA and the London Stock Exchange for the New Just Retirement Shares to be admitted to the Official List and to trading on the London Stock Exchange's market for listed securities respectively. It is expected that Admission will become effective and that dealings for normal settlement in the New Just Retirement Shares will commence on the London Stock Exchange at 8.00 a.m. on the first Business Day following the Effective Date.

24. Further terms of the Merger

In so far as a distribution is declared, made, paid or payable by Partnership Assurance or Just Retirement in respect of the Partnership Assurance Shares or Just Retirement Shares (as applicable) on or after the date of this announcement save as set out in paragraph 17, the Exchange Ratio will be adjusted accordingly by reference to the aggregate amount of the distribution that has been declared, made, paid or is payable. To the extent that a distribution that has been declared, made, paid or is payable is or will be transferred or cancelled pursuant to the Merger on a basis which entitles Just Retirement alone to receive the distribution and to retain it, the Exchange Ratio will not be subject to change in accordance with this paragraph.

The Partnership Assurance Shares will be acquired pursuant to the Merger fully paid and free from all liens, charges, equities, encumbrances, rights of pre-emption and any other interests of any nature whatsoever and together with all rights now or hereafter attaching thereto, including without limitation voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the date of this announcement, save for any dividends payable on the terms set out in paragraph 17.

The New Just Retirement Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the existing Just Retirement Shares, including the right to receive and retain in full all dividends and other distributions (if any) made, paid or declared after the Effective Date.

25. Fractional entitlements

Fractions of New Just Retirement Shares will not be allotted or issued to Partnership Assurance Shareholders and entitlements will be rounded down to the nearest whole number of Just Retirement Shares and all fractions of New Just Retirement Shares will be aggregated and sold in the market as soon as practicable after the Effective Date. The net proceeds of such sale (after deduction of all expenses and commissions incurred in connection with the sale) will be

distributed by Just Retirement in due proportions to Partnership Assurance Shareholders who would otherwise have been entitled to such fractions, save that individual entitlements to amounts of less than £5 will be retained for the benefit of the Combined Group.

26. Documents on website **and availability of hard copies**

Copies of the following documents required to be published pursuant to Rule 26.2 of the Code will be published on Just Retirement's website at www.justretirementgroup.com and on Partnership Assurance's website at www.partnership-group.co.uk by no later than noon (London time) on the day following this announcement:

- (a) this announcement;
- (b) the Confidentiality Agreement;
- (c) Confidentiality and Joint Defence Agreement;
- (d) the Co-operation Agreement;
- (e) the Cinven Relationship Agreement;
- (f) the Lock-up Agreement;
- (g) the Sell-down Agreement, and
- (h) the irrevocable undertakings listed in Appendix IV.

Just Retirement Shareholders and Partnership Assurance Shareholders may request a hard copy of this announcement by contacting Manjula Patel at manjula.patel@justretirement.com (for Just Retirement Shareholders) or +44 (0) 207 444 8262 or by submitting a request in writing to The Company Secretary at Partnership Assurance, 5th Floor, 110 Bishopsgate, London EC2N 4AY (for Partnership Assurance Shareholders).

27. Overseas shareholders

The availability of the Merger and the distribution of this announcement to persons resident in, or citizens of, or otherwise subject to, jurisdictions outside the United Kingdom may be affected by the laws of the relevant jurisdictions. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction. Partnership Assurance Shareholders who are in any doubt regarding such matters should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

28. Reserving the right to proceed by way of a Takeover Offer

Subject to the terms of the Co-operation Agreement, Just Retirement reserves the right to implement the Merger by way of a Takeover Offer for the entire issued and to be issued share capital of Partnership Assurance not already held by Just Retirement as an alternative to the Scheme. In such an event, the Takeover Offer will be implemented on the same terms (subject to appropriate amendments), so far as applicable, as those which would apply to the Scheme and subject to the amendments referred to in Appendix II to this announcement.

If the Merger is effected by way of a Takeover Offer and such Takeover Offer becomes or is declared unconditional in all respects and sufficient acceptances are received, Just Retirement intends to:

- (a) make a request to the London Stock Exchange to cancel trading in Partnership Assurance Shares on its market for listed securities;
- (b) make a request to the UKLA to cancel the listing of the Partnership Assurance Shares from the Official List; and
- (c) exercise its rights to apply the provisions of Chapter 3 of Part 28 of the Companies Act to acquire compulsorily the remaining Partnership Assurance Shares in respect of which the Takeover Offer has not been accepted.

29. General

The Merger will be subject to the CMA Pre-Condition, Conditions and other terms set out in this announcement and to the full terms and conditions which will be set out in the Scheme Document. It is expected that the Scheme Document will be despatched to Partnership Assurance Shareholders as soon as reasonably practicable following the satisfaction or waiver of the CMA Pre-Condition or, if earlier, 1 February 2016.

This announcement is not intended and does not constitute or form part of any offer to sell or to subscribe for, or any invitation to purchase or subscribe for, or the solicitation of any offer to purchase or otherwise subscribe for any securities. The New Just Retirement Shares are not being offered to the public by means of this announcement. Partnership Assurance Shareholders are advised to read carefully the Prospectus, the Scheme Document and the Forms of Proxy once these have been despatched, and Just Retirement Shareholders shall also read the Prospectus and the Just Retirement Shareholder Circular carefully when they become available. Any vote in respect of the resolutions to be proposed at the Partnership Assurance General Meetings or the Just Retirement General Meeting to approve the Merger and related matters, should be made only on the basis of the information contained in the Scheme Document, the Prospectus and, in the case of Just Retirement Shareholders, the Just Retirement Shareholder Circular.

The New Just Retirement Shares to be issued pursuant to the Merger have not been, and will not be, listed on any stock exchange other than London Stock Exchange and have not been, and will not be, registered under the US Securities Act or under any laws of any state, district or other jurisdiction, of the United States, nor have clearances been, nor will they be, obtained from the securities commission or similar authority of any province or territory of Canada and no prospectus has been, or will be, filed, or registration made, under any securities law of any province or territory of Canada, nor has a prospectus in relation to the New Just Retirement Shares been, nor will one be, lodged with, or registered by, the Australian Securities and Investments Commission, nor have any steps been taken, nor will any steps be taken, to enable the New Just Retirement Shares to be offered in compliance with applicable securities laws of Japan and no regulatory

clearances in respect of the New Just Retirement Shares have been, or will be, applied for in any other jurisdiction. Accordingly, unless an exemption under relevant securities laws is available, the New Just Retirement Shares are not being, and may not be, offered, sold, resold, delivered or distributed, directly or indirectly, in, into or from the United States or any other Restricted Jurisdiction or to, or for the account or benefit of, any US Person or resident of any other Restricted Jurisdiction. The Merger does not constitute an offer of New Just Retirement Shares in the United States. Neither the SEC nor any US state securities commission has approved or disapproved of the New Just Retirement Shares, or determined if this announcement is accurate or complete. Any representation to the contrary is a criminal offence.

Barclays, Fenchurch, Deutsche Bank, Nomura, Evercore, J.P. Morgan Cazenove, Morgan Stanley and KPMG have each given and not withdrawn their consent to the publication of this announcement with the inclusion herein of the references to their names in the form and context in which they appear.

Barclays is lead financial adviser and, for the purposes of the Merger, corporate broker to Just Retirement and Fenchurch is financial adviser to Just Retirement. Clifford Chance LLP is acting as legal adviser to Just Retirement. KPMG is acting as reporting accountants to Just Retirement. Deutsche Bank and Nomura are acting as corporate brokers to Just Retirement.

Evercore is lead financial adviser to Partnership Assurance. J.P. Morgan Cazenove is financial adviser and corporate broker to Partnership Assurance and Morgan Stanley is financial adviser and corporate broker to Partnership Assurance. Freshfields Bruckhaus Deringer LLP is acting as legal adviser to Partnership Assurance.

Analyst and investor presentation

Just Retirement and Partnership Assurance will host a joint presentation to discuss the Merger today at 8.00 a.m. in the Auditorium at Deutsche Bank, Winchester House, 1 Great Winchester Street, London EC2N 2DB.

To access the presentation by telephone please use:

United Kingdom (Local): 020 3059 8125

All other locations: +44 20 3059 8125

Conference password: JRP

A copy of this announcement, the presentation slides, a transcript of the conference call and an audio recording will be available afterwards on Just Retirement's website at www.justretirementgroup.com and Partnership Assurance's website at www.partnership-group.co.uk.

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Notice with respect to financial advisers

*Barclays Bank PLC, acting through its investment bank ("**Barclays**"), which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting for Just Retirement and no one else in connection with the matters referred to in this announcement and will not be responsible to anyone other than Just Retirement for providing the protections afforded to clients of Barclays, or for giving advice in connection with the matters referred to in this announcement or any matter referred to herein.*

*Fenchurch Advisory Partners LLP ("**Fenchurch**"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting for Just Retirement and no one else in connection with the matters referred to in this announcement and will not be responsible to anyone other than Just Retirement for providing the protections afforded to clients of Fenchurch, or for giving advice in connection with the matters referred to in this announcement or any matter referred to herein.*

Deutsche Bank AG is authorised under German Banking Law (competent authority: European Central Bank) and, in the United Kingdom, by the Prudential Regulation Authority. It is subject to supervision by the European Central Bank and by BaFin, Germany's Federal Financial Supervisory Authority, and is subject to limited regulation in the United Kingdom by the Prudential Regulation Authority and Financial Conduct Authority.

Deutsche Bank AG is a joint stock corporation with limited liability incorporated in the Federal Republic of Germany, Local Court of Frankfurt am Main, HRB No. 30 000; Branch Registration in England and Wales BR000005 and Registered Address: Winchester House, 1 Great Winchester Street, London EC2N 2DB. Deutsche Bank AG, London Branch is a member of the London Stock Exchange. (Details about the extent of our authorisation and regulation by the Prudential Regulation Authority, and regulation by the Financial Conduct Authority are available on request or from www.db.com/en/content/eu_disclosures.htm.)

*Deutsche Bank AG, acting through its London branch ("**Deutsche Bank**"), is acting as a corporate broker to Just Retirement and no other person in connection with this announcement or its contents. Deutsche Bank will not be responsible to any person other than Just Retirement for providing any of the protections afforded to clients of Deutsche Bank, nor for providing any advice in relation to any matter referred to herein. Without limiting a person's liability for fraud, neither Deutsche Bank nor any of its subsidiary undertakings, branches or affiliates nor any of its or their respective directors, officers, representatives, employees, advisers or agents owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Deutsche Bank in connection with this announcement, any statement contained herein or otherwise.*

*Nomura International Plc ("**Nomura**"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting for Just Retirement and no one else in connection with the matters referred to in this announcement and will not be responsible to anyone other than Just Retirement for providing the protections afforded to clients of Nomura, or for giving advice in connection with the matters referred to in this announcement or any matter referred to herein.*

*Evercore Partners International LLP ("**Evercore**"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting for Partnership Assurance and no one else in connection with the matters referred to in this announcement and will not be responsible to anyone other than Partnership Assurance for providing the protections afforded to clients of Evercore, or for giving advice in connection with the matter referred to in this announcement or any matter referred to herein.*

*J.P. Morgan Limited ("**J.P. Morgan Cazenove**"), which conducts its UK investment banking business as J.P. Morgan Cazenove, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Partnership Assurance and no one else in connection with the matters referred to in this announcement*

and will not be responsible to anyone other than Partnership Assurance for providing the protections afforded to its clients or for providing advice in relation to the matters referred to in this announcement, the contents of this announcement or any other matter referred to herein.

Morgan Stanley & Co. International plc ("Morgan Stanley"), which is authorised and regulated by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting exclusively as financial adviser to Partnership Assurance and no one else in connection with the matters referred to in this announcement, and Morgan Stanley, its affiliates and its and their respective directors, officers, employees and agents will not be responsible to anyone other than Partnership Assurance for providing the protections afforded to its and their clients or for providing advice in relation to the matters referred to in this announcement, the contents of this announcement or any other matter referred to herein.

Further information

This announcement is not intended to and does not constitute or form part of any offer to sell or subscribe for, or any invitation to purchase or subscribe for, or the solicitation of an offer to purchase or otherwise subscribe for any securities, or the solicitation of any vote or approval in any jurisdiction pursuant to the Merger or otherwise nor shall there be any sale, issuance or transfer of securities of Just Retirement or Partnership Assurance in any jurisdiction in contravention of applicable laws. The Merger will be implemented solely pursuant to the Scheme Document (or in the event that the Merger is to be implemented by means of a Takeover Offer, the Offer Document) which will contain the full terms and conditions of the Merger, including details of how to vote in respect of the Merger.

Just Retirement will prepare the Just Retirement Shareholder Circular to be distributed to Just Retirement Shareholders and will also publish the Prospectus containing information about the New Just Retirement Shares. Just Retirement urges Partnership Assurance Shareholders to read the Scheme Document and the Prospectus carefully when they become available because they will contain important information in relation to the Merger and the New Just Retirement Shares. Just Retirement urges Just Retirement Shareholders to read the Prospectus and the Just Retirement Shareholder Circular carefully when they become available. Any vote in respect of the resolutions to be proposed at the Partnership Assurance General Meetings or the Just Retirement General Meeting to approve the Merger and related matters, should be made only on the basis of the information contained in the Scheme Document, the Prospectus and, in the case of Just Retirement Shareholders, the Just Retirement Shareholder Circular.

This announcement is an advertisement and does not constitute a prospectus or prospectus equivalent document.

Subject to the terms of the Co-operation Agreement, Just Retirement reserves the right to elect, with the consent of the Panel (where necessary), to implement the Merger by way of a Takeover Offer. In such event, the Takeover Offer will be implemented on substantially the same terms, subject to appropriate amendments, as those which would apply to the Scheme.

Information relating to Partnership Assurance Shareholders

Please be aware that addresses, electronic addresses and certain other information provided by Partnership Assurance Shareholders, persons with information rights and other relevant persons for the receipt of communications from Partnership Assurance may be provided to Just Retirement during the Offer Period as required under Section 4 of Appendix 4 of the Code.

Overseas jurisdictions

The release, publication or distribution of this announcement in jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom (including Restricted Jurisdictions) should inform themselves about, and observe, any applicable legal or regulatory requirements. In particular, the ability of persons who are not resident in the United Kingdom or who are subject to the laws of another jurisdiction to vote their Partnership Assurance Shares in respect of the Scheme at the Court Meeting, or to execute and deliver Forms of Proxy appointing another to vote at the Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located or to which they are subject. Any failure to comply with applicable legal or regulatory requirements of any jurisdiction may constitute a violation of securities laws in that jurisdiction. This announcement has been prepared for the purpose of complying with English law, the Listing Rules and the Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of any jurisdiction outside England.

Copies of this announcement and any formal documentation relating to the Merger are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction or any jurisdiction where to do so would constitute a violation of the laws of such jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of acceptance of the Merger.

If the Merger is implemented by way of a Takeover Offer (unless otherwise permitted by applicable law and regulation), the Takeover Offer may not be made, directly or indirectly, in or into or by use of mail or any other means or instrumentality (including, without limitation, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Merger will not be capable of acceptance by any such use, means, instrumentality or facilities or from within any Restricted Jurisdiction.

Further details in relation to Partnership Assurance Shareholders in overseas jurisdictions will be contained in the Scheme Document.

Notice to US investors in Partnership Assurance

The Merger relates to the shares of an English company and is being made by means of a scheme of arrangement provided for under Part 26 of the Companies Act. The Merger, implemented by way of a scheme of arrangement is not

subject to the tender offer rules and the proxy solicitation rules under the US Exchange Act, as amended. Accordingly, the Merger is subject to the disclosure requirements and practices applicable to a scheme of arrangement involving a target company in England listed on the London Stock Exchange, which differ from the disclosure requirements of United States tender offer and proxy solicitation rules. If, in the future, Just Retirement exercises its right to implement the Merger by way of a Takeover Offer and determines to extend the Takeover Offer into the United States, the Merger will be made in compliance with applicable United States laws and regulations.

The New Just Retirement Shares to be issued pursuant to the Merger have not been registered under the US Securities Act, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the US Securities Act. The New Just Retirement Shares to be issued pursuant to the Merger will be issued pursuant to the exemption from registration provided by Section 3(a)(10) under the US Securities Act. If, in the future, Just Retirement exercises its right to implement the Merger by way of a Takeover Offer or otherwise in a manner that is not exempt from the registration requirements of the US Securities Act, it will file a registration statement with the SEC that will contain a prospectus with respect to the issuance of New Just Retirement Shares. In this event, Partnership Assurance Shareholders are urged to read these documents and any other relevant documents filed with the SEC, as well as any amendments or supplements to those documents, because they will contain important information, and such documents will be available free of charge at the SEC's website at www.sec.gov or by directing a request to Just Retirement's contact for enquiries identified above.

Neither the SEC nor any US state securities commission has approved or disapproved of the New Just Retirement Shares to be issued in connection with the Merger, or determined if this announcement is accurate or complete. Any representation to the contrary is a criminal offence in the United States.

Both Just Retirement and Partnership Assurance are incorporated under the laws of England and Wales. In addition, all of their respective officers and directors reside outside the United States, and some or all of their respective assets are or may be located in jurisdictions outside the United States. Therefore, investors may have difficulty effecting service of process within the United States upon those persons or recovering against Just Retirement or Partnership Assurance or their respective officers or directors on judgments of United States courts, including judgments based upon the civil liability provisions of the United States federal securities laws. It may not be possible to sue Just Retirement or Partnership Assurance or their respective officers or directors in a non-US court for violations of the US securities laws.

Cautionary note regarding forward-looking statements

This announcement contains certain forward-looking statements with respect to the financial condition, results of operations and business of Just Retirement, Partnership Assurance and the Combined Group. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as "anticipate", "target", "expect", "assume", "estimate", "intend", "plan", "goal", "believe", "hope", "aim", "continue", "positioned", "will", "may", "would", "could" or "should" or other words of similar meaning. By their nature, forward looking statements involve risks (known and unknown) and uncertainties (and other factors that are in many cases beyond the control of Just Retirement or Partnership Assurance) because such statements relate to events and depend on circumstances that may or may not occur in the future. There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among such factors are: domestic and global economic and business conditions; asset prices; market related risks such as fluctuations in interest rates and exchange rates, and the performance of financial markets generally; the policies and actions of governmental and/or regulatory authorities, including, for example, new government initiatives related to the provision of retirement benefits or the costs of social care and the effect of the European Union's "Solvency II" requirements on capital maintenance requirements; the impact of inflation and deflation; market competition; changes in assumptions in pricing and reserving for insurance business (particularly with regard to mortality and morbidity trends, gender pricing and lapse rates); risks associated with arrangements with third parties, including joint ventures and distribution partners; inability of reinsurers to meet obligations or unavailability of reinsurance coverage; the impact of changes in capital, solvency or accounting standards, and tax and other legislation and regulations in the jurisdictions in which Just Retirement and Partnership Assurance operate.

Forward looking statements are not indicative of future performance and the actual results of operations and financial condition of the Just Retirement Group or the Partnership Assurance Group, and the development of the industry in which the Just Retirement Group or the Partnership Assurance Group operates, may differ materially from those made in or suggested by the forward looking statements contained in this document.

Although it is believed that the expectations reflected in any forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct and persons reading this announcement are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this announcement. Neither Just Retirement nor Partnership Assurance assumes any obligation to update or correct the information contained in this announcement (whether as a result of new information, future events or otherwise), except as required by applicable law. The cautionary statements set out above should be considered in connection with any subsequent written or oral forward looking statements that Just Retirement or Partnership Assurance, or persons acting on their behalf, may issue.

No profit forecast

No statement in this announcement is intended as a profit forecast or a profit estimate and no statement in this announcement should be interpreted to mean that earnings per Just Retirement Share or Partnership Assurance Share for the current or future financial years would necessarily match or exceed the historical published earnings per Just Retirement Share or Partnership Assurance Share.

Quantified Financial Benefits Statement

No statement in the Quantified Financial Benefits Statement, or this announcement generally, should be construed as a profit forecast or interpreted to mean that the Combined Group's earnings in the first full year following the effective date of the Scheme, or in any subsequent period, would necessarily match or be greater than or be less than those of Just

Retirement and/or Partnership Assurance during any financial period or any other period. For the purposes of Rule 28 of the Code, the Quantified Financial Benefits Statement contained in this announcement is the responsibility of Just Retirement and the Just Retirement Directors.

Solvency II

A new solvency regime applicable to the EU insurance sector, known as Solvency II, has been developed over recent years. The main aim of this new prudential framework is to ensure the financial stability of the insurance industry across the EU and protect policyholders through establishing solvency requirements better matched to the true risks of the business. Full implementation of Solvency II must take place by 1 January 2016.

One key feature of the new regime for insurers and reinsurers under Solvency II is that these entities will be allowed to make use of internal capital models to calculate capital requirements if the model has been approved by the appropriate regulator. The Just Retirement Group has applied for permission to use an internal model to calculate regulatory capital and the matching adjustment in order to recognise the value of illiquidity premiums in credit investments and transitional arrangements to spread capital increases arising from Solvency II over the allowable period. Partnership Assurance Group has also applied for certain approvals under Solvency II. Final approvals are expected in December 2015. Both businesses are taking steps to mitigate potential risks associated with the new regulation (e.g. the impact of matching adjustment on equity release). Although the Boards of Just Retirement and Partnership Assurance are confident of their ability to manage the Combined Group in accordance Solvency II and believe there is potential to optimise the Combined Group's capital structure following the Merger, as at the date of this announcement it remains possible that the implementation of the final rules, or the outcome of the approvals, may give rise to greater capital requirements, or may require changes to the structure and/or business of the Just Retirement Group, the Partnership Assurance Group or, following completion of the Merger, the Combined Group (including holding additional capital or placing restrictions on the ability of the Just Retirement Group, the Partnership Assurance Group or the Combined Group to pay dividends). In addition, following the implementation of Solvency II, regulators may continue to issue guidance and other interpretations or calibrations of applicable requirements, which could require further adjustments by the Just Retirement Group, the Partnership Assurance Group or, following completion of the Merger, the Combined Group in the future. A failure by the Just Retirement Group or the Partnership Assurance Group to implement the measures required by Solvency II in a timely manner could also lead to regulatory action and have a material adverse effect on the business, results of operations and financial condition of the Just Retirement Group, the Partnership Assurance Group and, following completion of the Merger, the Combined Group.

Disclosure requirements of the Code

In accordance with Rule 2.10 of the Code, Just Retirement announces that, as at the date of this announcement, it has 500,864,706 ordinary shares of 10 pence each in issue and admitted to trading on the London Stock Exchange's main market for listed securities. The International Securities Identification number for Just Retirement's ordinary shares is GB00BCRX1J15. In addition, Partnership Assurance announces that, as at the date of this announcement, it has 399,999,971 ordinary shares of 10 pence each in issue and admitted to trading on the London Stock Exchange's main market for listed securities. The International Securities Identification number for Partnership Assurance's ordinary shares is GB00B9QN7S21.

Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th Business Day (as defined in the Code) following the commencement of the Offer Period and, if appropriate, by no later than 3.30 pm (London time) on the 10th Business Day (as defined in the Code) following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the Business Day (as defined in the Code) following the date of the relevant dealing.

Disclosures are therefore required in the shares of Just Retirement and Partnership Assurance.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the Offer Period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44

Publication on website and availability of hard copies

A copy of this announcement and the documents required to be published pursuant to Rule 26 of the Code will be available free of charge, subject to certain restrictions relating to persons resident in or subject to Restricted Jurisdictions, on Just Retirement's website at www.justretirementgroup.com and on Partnership Assurance's website at www.partnership-group.co.uk by no later than noon (London time) on the day following this announcement. For the avoidance of doubt, neither the contents of those websites nor the contents of any website accessible from hyperlinks on those websites (or any other websites referred to in this announcement) are incorporated into, or form part of, this announcement.

Just Retirement Shareholders and Partnership Assurance Shareholders may request a hard copy of this announcement by contacting Manjula Patel at manjula.patel@justretirement.com (for Just Retirement Shareholders) or +44 (0) 207 444 8262 or by submitting a request in writing to The Company Secretary at Partnership Assurance, 5th Floor, 110 Bishopsgate, London EC2N 4AY (for Partnership Assurance Shareholders).

If you are in any doubt about the contents of this announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or independent financial adviser duly authorised under FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

APPENDIX I CMA PRE-CONDITION

The posting of the Scheme Document or making of a Takeover Offer will take place following the satisfaction or waiver of the CMA Pre-Condition below. Just Retirement shall be entitled to waive the CMA Pre-Condition in whole or in part.

CMA Pre-Condition

The CMA deciding, in terms reasonably satisfactory to Just Retirement, not to make a Phase 2 CMA Reference or, where the CMA has made a Phase 2 CMA Reference, the CMA publishing a report stating:

- (i) that the Merger has not resulted, or may not be expected to result, in a substantial lessening of competition within any market or markets in the United Kingdom for goods or services ("SLC");
- (ii) that the Merger has resulted, or may be expected to result, in a SLC but no action should be taken by itself or others to remedy, mitigate or prevent such outcome;
- (iii) that the Merger has resulted, or may be expected to result, in a SLC and that it will seek undertakings, and Just Retirement and/or Partnership Assurance agreeing to give such undertakings, on terms reasonably satisfactory to Just Retirement; or
- (iv) that the Merger has resulted, or may be expected to result, in a SLC and that it will make an order, such order being in terms reasonably satisfactory to Just Retirement.

APPENDIX II CONDITIONS AND FURTHER TERMS OF THE MERGER

The Merger will be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange and the FCA.

The Scheme will be governed by English law and will be subject to the exclusive jurisdiction of the English courts. In addition, the Merger will be subject to the terms and conditions set out below and to be set out in the Scheme Document.

Each Condition shall be regarded as a separate Condition (as the case may be) and shall not be limited by reference to any other Condition.

Part 1: Conditions of the Merger

- (a) The Merger will be conditional upon the Scheme becoming unconditional and Effective, subject to the Code, by no later than 11.59 p.m. on the Long Stop Date or such later date (if any) as Just Retirement and Partnership Assurance may agree and (if required) the Panel and the Court may allow.

Scheme approval

- (b) The Scheme will be conditional upon:
 - (i) (I) the approval by a majority in number representing not less than 75 per cent. in value of Partnership Assurance Shareholders who are on the register of members of Partnership Assurance at the Voting Record Time, present and voting, whether in person or by proxy, at the Court Meeting and at any separate class meeting which may be required (or any adjournment thereof), and (II) such Court Meeting (or any adjournment thereof) being held on or before the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document in due course (or such later date as Just Retirement and Partnership Assurance may agree and the Court may allow);
 - (ii) (I) all resolutions required to approve and implement the Scheme and to approve certain related matters being duly passed by the requisite majorities at the Partnership Assurance General Meeting (or any adjournment thereof) and (II) the Partnership Assurance General Meeting (or any adjournment thereof) being held on or before the 22nd day after the expected date of the Partnership Assurance General Meeting to be set out in the Scheme

Document in due course (or such later date as Just Retirement and Partnership Assurance may agree and the Court may allow); and

- (iii) (I) the sanction of the Scheme by the Court (with or without modification (but subject to such modification being acceptable to Just Retirement and Partnership Assurance)) and the delivery of the office copy of the Scheme Court Order to the Registrar of Companies; and (II) the Court hearing to sanction the Scheme being held on or before the 22nd day after the expected date of the Court sanction to be set out in the Scheme Document in due course (or such later date as Just Retirement and Partnership Assurance may agree and the Court may allow).

In addition, Partnership Assurance and Just Retirement have agreed that, subject to the requirements of the Panel in accordance with the Takeover Code, the Merger will also be conditional upon, and accordingly the necessary actions to make the Scheme Effective will only be taken on, the satisfaction or, where relevant, waiver of the following Conditions:

Just Retirement shareholder authorities

- (c) the passing at the Just Retirement General Meeting (or any adjournment thereof) of such resolution or resolutions as are necessary to approve, implement and effect the Merger and the acquisition of Partnership Assurance Shares pursuant to the Merger or otherwise (as such resolutions may be set out in the Just Retirement Shareholder Circular, including a resolution or resolutions to authorise the creation and allotment of the New Just Retirement Shares);

Admission of New Just Retirement Shares

- (d) (i) the FCA having acknowledged to Just Retirement or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the New Just Retirement Shares to the Official List with a premium listing has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject ("**listing conditions**")) admission will become effective as soon as a dealing notice has been issued by the FCA and any listing conditions having been satisfied; and (ii) the London Stock Exchange having acknowledged to Just Retirement or its agent (and such acknowledgement not having been withdrawn) that the New Just Retirement Shares will be admitted to trading;

Regulatory conditions

- (e) the PRA giving notice in writing pursuant to section 189(4)(a) of FSMA, in terms reasonably satisfactory to Just Retirement, of its approval (or being treated as having given such approval under section 189(6) of FSMA) in respect of each person (whether or not a member of the Wider Just Retirement Group) who will acquire control or (if applicable) increase control over (as defined in sections 181 and 182 of FSMA) any member of the Wider Partnership Assurance Group which is a PRA-authorized person, in each case within the meaning of Part XII of FSMA and which in either case would result from implementation of the Merger and the PRA not having cancelled or varied, and not having notified (or intimated that it may notify) any proposal to cancel or vary, any permission (within the meaning of FSMA) held by any such authorised person at 11 August 2015;
- (f) the FCA giving notice in writing pursuant to section 189(4)(a) of FSMA, in terms reasonably satisfactory to Just Retirement, of its approval (or being treated as having given its approval by virtue of section 189(6) of FSMA) in respect of each person (whether or not a member of the Wider Just Retirement Group) who will acquire control or (if applicable) increase control over (as defined in sections 181 and 182 of FSMA), any member of the Wider Partnership Assurance Group which is a UK authorised person (as defined in section 191G(1) of FSMA) other than a PRA-authorized person and which in either case would result from implementation of the Merger and the FCA not having cancelled or varied, and not having notified (or intimated that it may notify) any proposal to cancel or vary, any permission (within the meaning of FSMA) held by any such authorised person at 11 August 2015;
- (g) the PRA giving notice in writing pursuant to section 189(4)(a) of FSMA, in terms reasonably satisfactory to Just Retirement, of its approval (or being treated as having given such approval under section 189(6) of FSMA) in respect of each person (whether or not a member of the Wider Partnership Assurance Group) who will acquire control or (if applicable) increase control over (as defined in sections 181 and 182 of FSMA) any member of the Wider Just Retirement Group which is a PRA-authorized person, in each case within the meaning of Part XII of FSMA and which would result from implementation of the Merger and the PRA not having cancelled or varied, and not having notified (or intimated that it may notify) any proposal to cancel or vary, any permission (within the meaning of FSMA) held by any such authorised person at 11 August 2015;
- (h) the FCA giving notice in writing pursuant to section 189(4)(a) of FSMA, in terms reasonably satisfactory to Just Retirement, of its approval (or being treated as having given its approval by virtue of section 189(6) of FSMA) in respect of each person (whether or not a member of the Wider Partnership Assurance Group) who will acquire control or (if applicable) increase, control over (as defined in sections 181 and 182 of FSMA), any member of the Wider Just Retirement Group which is a UK authorised person (as defined in section 191G(1) of FSMA) other than a PRA-authorized person and which in either case would result from implementation of the Merger and the FCA not having cancelled or varied, and not having notified (or intimated that it may notify) any proposal to cancel or vary, any permission (within the meaning of FSMA) held by any such authorised person at 11 August 2015;

Merger control

- (i) to the extent the CMA Pre-Condition set out in Appendix I is waived, the CMA deciding, in terms reasonably satisfactory to Just Retirement, not to make a Phase 2 CMA Reference or, where the CMA has made a Phase 2 CMA Reference, the CMA publishing a report stating:
 - (i) that the Merger has not resulted, or may not be expected to result, in a substantial lessening of competition within any market or markets in the United Kingdom for goods or services ("**SLC**");
 - (ii) that the Merger has resulted, or may be expected to result, in a SLC but no action should be taken by itself or others to remedy, mitigate or prevent such outcome;

- (iii) that the Merger has resulted, or may be expected to result, in a SLC and that it will seek undertakings, and Just Retirement and/or Partnership Assurance agreeing to give such undertakings, on terms reasonably satisfactory to Just Retirement; or
- (iv) that the Merger has resulted, or may be expected to result, in a SLC and that it will make an order, such order being in terms reasonably satisfactory to Just Retirement.

Other Third Party clearances

- (j) Other than in respect of Conditions (e) to (i), no central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, court, trade agency, association, institution, environmental body, employee representative body or any other body or person whatsoever in any jurisdiction (each a "**Third Party**") having given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference, or having required any action to be taken or otherwise having done anything or having enacted, made or proposed any statute, regulation, decision, order or change to published practice and there not continuing to be outstanding any statute, regulation, decision or order which would or might reasonably be expected to:
 - (i) make the Merger, its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, any member of the Wider Partnership Assurance Group by any member of the Wider Just Retirement Group void, illegal and/or unenforceable under the laws of any relevant jurisdiction, or otherwise directly or indirectly prevent, prohibit, or materially restrain, restrict, impede, challenge, delay or otherwise interfere with the implementation of, or impose additional material conditions or obligations with respect to, the Merger or the acquisition of any shares or other securities in, or control or management of, any member of the Wider Partnership Assurance Group by any member of the Wider Just Retirement Group or require amendment of the Scheme;
 - (ii) require, prevent or delay the divestiture or materially alter the terms envisaged for such divestiture by any member of the Wider Just Retirement Group or by any member of the Wider Partnership Assurance Group of all or any part of their businesses, assets or property or impose any limitation on the ability of all or any of them to conduct their businesses (or any part thereof) or to own, control or manage any of their assets or properties (or any part thereof) to an extent which is material in the context of the Wider Partnership Assurance Group taken as a whole or the Wider Just Retirement Group taken as a whole or in the context of the Merger (as the case may be);
 - (iii) impose any material limitation on, or result in a delay in, the ability of any member of the Wider Just Retirement Group directly or indirectly to acquire or hold or to exercise effectively all or any rights of ownership in respect of shares or other securities in Partnership Assurance (or any member of the Wider Partnership Assurance Group) or on the ability of any member of the Wider Partnership Assurance Group or any member of the Wider Just Retirement Group directly or indirectly to hold or exercise effectively any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise management control over, any member of the Wider Partnership Assurance Group to an extent which is material in the context of the Wider Partnership Assurance Group taken as a whole or the Wider Just Retirement Group taken as a whole or in the context of the Merger (as the case may be);
 - (iv) other than pursuant to the implementation of the Merger, require any member of the Wider Just Retirement Group or the Wider Partnership Assurance Group to acquire or offer to acquire any shares, other securities (or the equivalent) or interest in any member of the Wider Partnership Assurance Group or any asset owned by any third party which is material in the context of the Wider Partnership Assurance Group taken as a whole or the Wider Just Retirement Group taken as a whole or in the context of the Merger (as the case may be);
 - (v) require, prevent or materially delay a divestiture by any member of the Wider Just Retirement Group of any shares or other securities (or the equivalent) in any member of the Wider Partnership Assurance Group;
 - (vi) result in any member of the Wider Partnership Assurance Group ceasing to be able to carry on business under any name under which it presently carries on business to an extent which is material in the context of the Wider Partnership Assurance Group taken as a whole or in the context of the Merger;
 - (vii) impose any material limitation on the ability of any member of the Wider Just Retirement Group or any member of the Wider Partnership Assurance Group to conduct, integrate or co-ordinate all or any part of their respective businesses with all or any part of the business of any other member of the Wider Just Retirement Group and/or the Wider Partnership Assurance Group in a manner which is materially adverse to the Wider Just Retirement Group taken as a whole or the Wider Partnership Assurance Group taken as a whole or in the context of the Merger; or
 - (viii) except as Fairly Disclosed, otherwise affect the business, assets, value, profits, prospects or operational performance of any member of the Wider Partnership Assurance Group or any member of the Wider Just Retirement Group in each case in a manner which is adverse to and material in the context of the Wider Partnership Assurance Group taken as a whole or the Wider Just Retirement Group taken as a whole or in the context of the Merger;

and all applicable waiting and other time periods (including any extensions thereof) during which any such Third Party could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any jurisdiction in respect of the Merger or proposed acquisition of any Partnership Assurance Shares or otherwise intervene having expired, lapsed, or been terminated;
- (k) no material undertakings or assurances being sought from Just Retirement, any member of the Wider Just Retirement Group or any member of the Wider Partnership Assurance Group by the Secretary of State or any other Third Party, except on terms reasonably satisfactory to Just Retirement;

- (l) other than in respect of Conditions (e) to (i), all material notifications, filings or applications which are deemed by Just Retirement (acting reasonably) to be necessary or appropriate having been made in connection with the Merger and all necessary waiting and other time periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated (as appropriate) and all material statutory and regulatory obligations in any jurisdiction having been complied with and all material Authorisations which are deemed by Just Retirement (acting reasonably) to be necessary or appropriate in any jurisdiction for or in respect of the Merger or the proposed acquisition of any shares or other securities in, or control of, Partnership Assurance by any member of the Wider Just Retirement Group having been obtained in terms and in a form reasonably satisfactory to Just Retirement from all appropriate Third Parties or (without prejudice to the generality of the foregoing) from any person or bodies with whom any member of the Wider Partnership Assurance Group or the Wider Just Retirement Group has entered into contractual arrangements and all such material Authorisations which are deemed by Just Retirement (acting reasonably) to be necessary or appropriate to carry on the business of any member of the Wider Partnership Assurance Group in any jurisdiction having been obtained in each case where the direct consequence of a failure to make such notification or filing or to wait for the expiry, lapse or termination of any such waiting or other time period or to comply with such obligation or obtain such material Authorisation would be unlawful in any relevant jurisdiction or have a material adverse effect on the Wider Partnership Assurance Group, the Wider Just Retirement Group, in each case taken as a whole, or the ability of Just Retirement to implement the Merger and all such material Authorisations remaining in full force and effect at the time at which the Merger becomes otherwise unconditional in all respects and there being no notice or intimation of an intention to revoke, suspend, restrict, modify or not to renew such material Authorisations;
- (m) no temporary restraining order, preliminary or permanent injunction, preliminary or permanent enjoinder, or other order threatened or issued and being in effect by a court or other Third Party which has the effect of making the Merger or any acquisition or proposed acquisition of any shares or other securities or control or management of, any member of the Wider Partnership Assurance Group by any member of the Wider Just Retirement Group, or the implementation of either of them, void, voidable, illegal and/or enforceable under the laws of any relevant jurisdiction, or otherwise directly or indirectly prohibiting, preventing, restraining, restricting, delaying or otherwise interfering with the consummation or the approval of the Merger or any matter arising from the proposed acquisition of any shares or other securities in, or control or management of, any member of the Wider Partnership Assurance Group by any member of the Wider Just Retirement Group;

Confirmation of absence of adverse circumstances

- (n) except as Fairly Disclosed, there being no provision of any arrangement, agreement, licence, permit, franchise, lease or other instrument to which any member of the Wider Partnership Assurance Group is a party or by or to which any such member or any of its assets is or may be bound, entitled to or be subject or any event or circumstance which, as a consequence of the Merger or the proposed acquisition by any member of the Wider Just Retirement Group of any shares or other securities in Partnership Assurance or because of a change in the control or management of any member of the Wider Partnership Assurance Group or otherwise, would or might reasonably be expected to result in, in each case to an extent which is material in the context of the Wider Partnership Assurance Group taken as a whole or in the context of the Merger:
- (i) any monies borrowed by, or any other indebtedness, actual or contingent of, or any grant available to, any member of the Wider Partnership Assurance Group being or becoming repayable, or capable of being declared repayable, immediately or prior to its or their stated maturity date or repayment date, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
 - (ii) the rights, liabilities, obligations, interests or business of any member of the Wider Partnership Assurance Group or any member of the Wider Just Retirement Group under any such arrangement, agreement, licence, permit, lease or instrument or the interests or business of any member of the Wider Partnership Assurance Group or any member of the Wider Just Retirement Group in or with any other firm or company or body or person (or any agreement or arrangement relating to any such business or interests) being or likely to become terminated or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken or arising thereunder;
 - (iii) any member of the Wider Partnership Assurance Group ceasing to be able to carry on business under any name under which it presently carries on business;
 - (iv) any assets or interests of, or any asset the use of which is enjoyed by, any member of the Wider Partnership Assurance Group being or falling to be disposed of or charged or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available to any member of the Wider Partnership Assurance Group otherwise than in the ordinary course of business;
 - (v) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider Partnership Assurance Group or any such mortgage, charge or other security interest (whenever created, arising or having arisen), becoming enforceable;
 - (vi) the business, assets, value, financial or trading position, profits, prospects or operational performance of any member of the Wider Partnership Assurance Group being materially prejudiced or adversely affected;
 - (vii) the creation or acceleration of any liability (actual or contingent) by any member of the Wider Partnership Assurance Group; or
 - (viii) any liability of any member of the Wider Partnership Assurance Group to make any severance, termination, bonus or other payment to any of its directors or other officers;

No material transactions, claims or changes in the conduct of the business of the Partnership Assurance Group

(o) except as Fairly Disclosed, no member of the Wider Partnership Assurance Group having since 31 December 2014:

- (i) save as between Partnership Assurance and its wholly-owned subsidiaries or between such wholly-owned subsidiaries and save for the issue or transfer out of Treasury of Partnership Assurance Shares on the exercise of options or vesting of awards granted before 11 August 2015 in the ordinary course, issued or agreed to issue or authorised or proposed or announced its intention to authorise or propose the issue of additional shares of any class, or securities or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities or transferred or sold or agreed to transfer or sell or authorised or proposed the transfer or sale of Partnership Assurance Shares out of Treasury;
- (ii) recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution (whether payable in cash or otherwise) other than to Partnership Assurance or one of its wholly-owned subsidiaries;
- (iii) save as between Partnership Assurance and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, merged with (by statutory merger or otherwise) or demerged from or acquired any body corporate, partnership or business or acquired or disposed of, or, other than in the ordinary course of business, transferred, mortgaged or charged or created any security interest over, any assets or any right, title or interest in any asset (including shares and trade investments) or authorised, proposed or announced any intention to do so;
- (iv) save as between Partnership Assurance and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, made, authorised, proposed or announced an intention to propose any change in its loan capital;
- (v) issued, authorised or proposed or announced an intention to authorise or propose the issue of, or made any change in or to the terms of, any debentures or (save in the ordinary course of business and save as between Partnership Assurance and its wholly-owned subsidiaries or between such wholly-owned subsidiaries) incurred or increased any indebtedness or become subject to any contingent liability to an extent which is material in the context of the Wider Partnership Assurance Group or in the context of the Merger;
- (vi) entered into, varied, authorised or proposed entry into or variation of, or announced its intention to enter into or vary, any contract, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) (otherwise than in the ordinary course of business) which is of a long term, unusual or onerous nature, or which involves or could reasonably be expected to involve an obligation of a nature or magnitude which is, in any such case, material in the context of the Wider Partnership Assurance Group or in the context of the Merger, or which is or is reasonably likely to be restrictive on the business of any member of the Wider Just Retirement Group or the Wider Partnership Assurance Group to an extent which is or is likely to be material to the Wider Just Retirement Group or the Wider Partnership Assurance Group in each case taken as a whole or in the context of the Merger;
- (vii) entered into any licence or other disposal of intellectual property rights of any member of the Wider Partnership Assurance Group which are material in the context of the Wider Partnership Assurance Group and outside the normal course of business;
- (viii) entered into, varied, authorised or proposed entry into or variation of, or announced its intention to enter into or vary the terms of or made any offer (which remains open for acceptance) to enter into or vary the terms of, any contract, commitment, arrangement or any service agreement with any director or senior executive of the Wider Partnership Assurance Group to an extent which is material in the context of the Wider Partnership Assurance Group or in the context of the Merger, save for salary increases, bonuses or variations of terms in the ordinary course;
- (ix) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme, or other benefit relating to the employment or termination of employment of any employee of the Wider Partnership Assurance Group which, taken as a whole, are material in the context of the Wider Partnership Assurance Group taken as a whole or in the context of the Merger;
- (x) procured the trustees of the relevant pension scheme, or any such trustees having taken any action since 31 December 2014, to (I) propose, make or agree to any significant change to: (a) the terms of the trust deeds, rules, policy or other governing documents constituting any pension scheme or other retirement or death benefit arrangement established for the directors, former directors, employees or former employees of any entity in the Wider Partnership Assurance Group or their dependants (a "**Relevant Pension Plan**"); (b) the basis on which benefits accrue, pensions which are payable or the persons entitled to accrue or be paid benefits, under any Relevant Pension Plan; (c) the basis on which the liabilities of any Relevant Pension Plan are funded or valued; (d) the manner in which the assets of any Relevant Pension Plan are invested; (e) the basis or rate of employer contribution to a Relevant Pension Plan; or (II) enter into or propose to enter into one or more bulk annuity contracts in relation to any Relevant Pension Plan; or (III) carry out any act: (a) which would or could reasonably be expected to lead to the commencement of the winding up of any Relevant Pension Plan; (b) which would or might create a material debt owed by an employer to any Relevant Pension Plan; (c) which would or might accelerate any obligation on any employer to fund or pay additional contributions to any Relevant Pension Plan; or (d) which would or might give rise directly or indirectly to a liability in respect of a Relevant Pension Plan arising out of the operation of sections 38 to 56 inclusive of the Pensions Act 2004 in relation to the scheme;
- (xi) changed the trustee or trustee directors or other fiduciary of any Relevant Pension Plan;
- (xii) entered into, implemented or effected, or authorised, proposed or announced its intention to implement or effect, any joint venture, asset or profit sharing arrangement, partnership, composition, assignment, reconstruction, amalgamation, commitment, scheme or other transaction or arrangement (other than the Merger) which is material in the context of the Wider Partnership Assurance Group taken as a whole or in the context of the Merger;

- (xiii) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, save in respect of the matters mentioned in sub-paragraph (i) above, made any other change to any part of its share capital;
- (xiv) waived, compromised or settled any claim otherwise than in the ordinary course of business which is material in the context of the Wider Partnership Assurance Group taken as a whole or in the context of the Merger;
- (xv) made any material alteration to its articles of association or other constitutional documents;
- (xvi) taken or proposed any steps, corporate action or had any legal proceedings instituted or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness, its winding-up (voluntary or otherwise), dissolution, reorganisation or for the appointment of any administrator, receiver, manager, administrative receiver, trustee or similar officer of all or any of its assets or revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed;
- (xvii) been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;
- (xviii) entered into any contract, commitment, agreement or arrangement otherwise than in the ordinary course of business or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced an intention to, or to propose to, effect any of the transactions, matters or events referred to in this Condition;
- (xix) terminated or varied the terms of any agreement or arrangement between any member of the Wider Partnership Assurance Group and any other person in a manner which would or might be expected to have a material adverse effect on the financial position of the Wider Partnership Assurance Group taken as a whole; or
- (xx) having taken (or agreed or proposed to take) any action which requires, or would require, the consent of the Panel or the approval of Partnership Assurance Shareholders in general meeting in accordance with, or as contemplated by, Rule 21.1 of the Takeover Code;

No material adverse change

- (p) since 31 December 2014 and except as Fairly Disclosed:
 - (i) there having been no adverse change and no circumstance having arisen which would be expected to result in any adverse change or deterioration in the business, assets, value, financial or trading position, profits, prospects or operational performance of any member of the Wider Partnership Assurance Group to an extent which is material to the Wider Partnership Assurance Group taken as a whole or in the context of the Merger;
 - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings including, without limitation, with regard to intellectual property rights used by the Wider Partnership Assurance Group having been threatened, announced or instituted by or against or remaining outstanding against any member of the Wider Partnership Assurance Group or to which any member of the Wider Partnership Assurance Group is or may become a party (whether as claimant or defendant or otherwise) and no enquiry, review, investigation or enforcement proceedings by, or complaint or reference to, any Third Party against or in respect of any member of the Wider Partnership Assurance Group having been threatened, announced or instituted by or against, or remaining outstanding in respect of, any member of the Wider Partnership Assurance Group which, in any such case, might reasonably be expected to have a material adverse effect on the Wider Partnership Assurance Group taken as a whole or in the context of the Merger;
 - (iii) no contingent or other liability having arisen, increased or become apparent which might be likely adversely to affect the business, assets, financial or trading position, profits, prospects or operational performance of any member of the Wider Partnership Assurance Group to an extent which is material to the Wider Partnership Assurance Group taken as a whole or in the context of the Merger; and
 - (iv) no steps having been taken and no omissions having been made which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Partnership Assurance Group, which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which is material and likely to have an adverse effect on the Wider Partnership Assurance Group taken as a whole or in the context of the Merger;
- (q) since 31 December 2014, and except as Fairly Disclosed, Just Retirement not having discovered:
 - (i) that any financial, business or other information concerning the Wider Partnership Assurance Group publicly announced or disclosed to any member of the Wider Just Retirement Group at any time by or on behalf of any member of the Wider Partnership Assurance Group or to any of their advisers is misleading, contains a misrepresentation of fact or omits to state a fact necessary to make that information not misleading and which is, in any case, material in the context of the Wider Partnership Assurance Group taken as a whole or in the context of the Merger;
 - (ii) that any member of the Wider Partnership Assurance Group is subject to any liability, contingent or otherwise, and which is material in the context of the Wider Partnership Assurance Group or in the context of the Merger; or
 - (iii) any information which affects the import of any information disclosed to Just Retirement at any time by or on

Environmental liabilities

- (r) except as Fairly Disclosed, Just Retirement not having discovered that in relation to any release, emission, accumulation, discharge, disposal or other fact or circumstance which has impaired or is likely to impair the environment (including property) or harmed or is likely to harm the health of humans, animals or other living organisms or eco-systems, any past or present member of the Wider Partnership Assurance Group, in a manner or to an extent which is material in the context of the Wider Partnership Assurance Group taken as a whole or in the context of the Merger, (i) having committed any violation of any applicable laws, statutes, regulations, Authorisations, notices or other requirements of any Third Party; and/or (ii) having incurred any liability (whether actual or contingent) to any Third Party; and/or (iii) being likely to incur any liability (whether actual or contingent), or being required, to make good, remediate, repair, re-instate or clean up the environment (including any property);

Intellectual Property

- (s) no circumstance having arisen or event having occurred in relation to any intellectual property owned or used by any member of the Wider Partnership Assurance Group which would have a material adverse effect on the Wider Partnership Assurance Group taken as a whole or is otherwise material in the context of the Merger, including:
- (i) any member of the Wider Partnership Assurance Group losing its title to any intellectual property material to its business, or any intellectual property owned by the Wider Partnership Assurance Group and material to its business being revoked, cancelled or declared invalid;
 - (ii) any claim being asserted in writing or threatened in writing by any person challenging the ownership of any member of the Wider Partnership Assurance Group to, or the validity or effectiveness of, any of its intellectual property; or
 - (iii) any agreement regarding the use of any intellectual property licensed to or by any member of the Wider Partnership Assurance Group being terminated or varied;

Anti-corruption and sanctions

- (t) except as Fairly Disclosed, Just Retirement not having discovered that:
- (i) any past or present member, director, officer or employee of the Wider Partnership Assurance Group or any person that performs or has performed services for or on behalf of any such company is or has at any time engaged in any activity, practice or conduct (or omitted to take any action) in contravention of the UK Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977, as amended or any other applicable anti-corruption legislation;
 - (ii) any past or present member, director, officer or employee of the Wider Partnership Assurance Group or any person that performs or has performed services for or on behalf of any such company may be liable or responsible for has engaged in any activity or business with, or made any investments in, or made any funds or assets available to, or received any funds or assets from, any government, entity or individual covered by any of the economic sanctions administered by the United Nations or the European Union (or any of their respective member states) or the United States Office of Foreign Assets Control; and

No criminal property

- (u) except as Fairly Disclosed, Just Retirement not having discovered that any asset of any member of the Wider Partnership Assurance Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition).

Part 2: Waiver and invocation of the CMA Pre-Condition and the Conditions

Subject to the requirements of the Panel, Just Retirement reserves the right to waive, in whole or in part, the CMA Pre-Condition and all or any of the Conditions except for Conditions (b) to (i) inclusive, which cannot be waived. Conditions (b) to (i) inclusive must be fulfilled by, and the CMA Pre-Condition and Conditions (a) and (j) to (u) inclusive must be fulfilled or waived by, no later than 11.59 p.m. on the date immediately preceding the date of the Scheme Court Hearing, failing which the Scheme will lapse. Just Retirement shall be under no obligation to waive or treat as fulfilled the CMA Pre-Condition or any of the Conditions which are capable of being waived by a date earlier than the date specified above for the fulfilment or waiver thereof, notwithstanding that the CMA Pre-Condition or any other Conditions may at any earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that the CMA Pre-Condition or any of such Conditions may not be capable of fulfilment.

The Merger will lapse if the Scheme does not become Effective by 11.59 p.m. on the Long Stop Date or such later date (if any) as Just Retirement and Partnership Assurance may agree and (if required) the Panel and the Court may allow.

If Just Retirement is required by the Panel to make an offer for Partnership Assurance Shares under the provisions of Rule 9 of the Code, Just Retirement may make such alterations to the Conditions and further terms of the Merger as are necessary to comply with the provisions of that Rule.

Part 3: Implementation by way of a Takeover Offer

Subject to the terms of the Co-operation Agreement, Just Retirement may implement the Merger by making, directly or indirectly through a subsidiary or nominee of Just Retirement, a Takeover Offer as an alternative to the Scheme. In such event, the Merger will be implemented on substantially the same terms, subject to appropriate amendments, as those which would apply to the Scheme. The acceptance condition would be set at 90 per cent. of the shares to which such Takeover Offer relates (or such

lesser percentage (being more than 50 per cent.) as Just Retirement may decide with the consent of the Panel). Further, if sufficient acceptances of the Takeover Offer are received and/or sufficient Partnership Assurance Shares are otherwise acquired, it is the intention of Just Retirement to apply the provisions of the Companies Act to compulsorily acquire any outstanding Partnership Assurance Shares to which such Takeover Offer relates.

In the event that the Merger is implemented by way of a Takeover Offer, the Partnership Assurance Shares acquired shall be acquired with full title guarantee, fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now or hereafter attaching or accruing to them.

Part 4: Certain further terms of the Merger

If the CMA Pre-Condition is waived, the Merger will lapse if, after the point at which the CMA Pre-Condition is waived, there is a Phase 2 CMA Reference before the later of the Court Meeting and the Partnership Assurance General Meeting. In such event, Partnership Assurance will not be bound by the terms of the Scheme.

In so far as a distribution is declared, made, paid or payable by Partnership Assurance or Just Retirement in respect of the Partnership Assurance Shares or Just Retirement Shares (as applicable) on or after the date of this announcement save as set out in paragraph 17 of this announcement, the Exchange Ratio will be adjusted accordingly by reference to the aggregate amount of the distribution that has been declared, made, paid or is payable. To the extent that a distribution that has been declared, made, paid or is payable is or will be transferred or cancelled pursuant to the Merger on a basis which entitles Just Retirement alone to receive the distribution and to retain it, the Exchange Ratio will not be subject to change in accordance with this paragraph.

The Partnership Assurance Shares will be acquired pursuant to the Merger fully paid and free from all liens, charges, equities, encumbrances, rights of pre-emption and any other interests of any nature whatsoever and together with all rights now or hereafter attaching thereto, including without limitation voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the date of this announcement, save for any dividends payable on the terms set out in paragraph 17 of this announcement.

The New Just Retirement Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the existing Just Retirement Shares, including the right to receive and retain in full all dividends and other distributions (if any) made, paid or declared after the Effective Date.

Fractions of New Just Retirement Shares will not be allotted or issued to Partnership Assurance Shareholders and entitlements will be rounded down to the nearest whole number of Just Retirement Shares and all fractions of New Just Retirement Shares will be aggregated and sold in the market as soon as practicable after the Effective Date. The net proceeds of such sale (after deduction of all expenses and commissions incurred in connection with the sale) will be distributed by Just Retirement in due proportions to Partnership Assurance Shareholders who would otherwise have been entitled to such fractions, save that individual entitlements to amounts of less than £5 will be retained for the benefit of the Combined Group.

The availability of the Merger to Partnership Assurance Shareholders who are not resident in the United Kingdom may be affected by the laws of relevant jurisdictions. Therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom and any Partnership Assurance Shareholders who are not resident in the United Kingdom will need to inform themselves about, and observe, any applicable requirements.

Applications will be made to the UKLA for the New Just Retirement Shares to be admitted to the Official List with a premium listing and to the London Stock Exchange for the New Just Retirement Shares to be admitted to trading.

The New Just Retirement Shares to be issued pursuant to the Merger have not been, and will not be, listed on any stock exchange other than London Stock Exchange and have not been, and will not be, registered under the US Securities Act or under any laws of any state, district or other jurisdiction, of the United States, nor have clearances been, nor will they be, obtained from the securities commission or similar authority of any province or territory of Canada and no prospectus has been, or will be, filed, or registration made, under any securities law of any province or territory of Canada, nor has a prospectus in relation to the New Just Retirement Shares been, nor will one be, lodged with, or registered by, the Australian Securities and Investments Commission, nor have any steps been taken, nor will any steps be taken, to enable the New Just Retirement Shares to be offered in compliance with applicable securities laws of Japan and no regulatory clearances in respect of the New Just Retirement Shares have been, or will be, applied for in any other jurisdiction. Accordingly, unless an exemption under relevant securities laws is available, the New Just Retirement Shares are not being, and may not be, offered, sold, resold, delivered or distributed, directly or indirectly, in, into or from the United States or any other Restricted Jurisdiction or to, or for the account or benefit of, any US Person or resident of any other Restricted Jurisdiction. The Merger does not constitute an offer of New Just Retirement Shares in the United States. Neither the SEC nor any US state securities commission has approved or disapproved of the New Just Retirement Shares, or determined if this announcement is accurate or complete. Any representation to the contrary is a criminal offence.

APPENDIX III SOURCES OF INFORMATION AND BASES OF CALCULATION

Unless stated otherwise in this announcement:

- historical financial information concerning Partnership Assurance has been extracted from the unaudited interim results of Partnership Assurance for the six months ended 30 June 2015 and the audited consolidated financial statements of Partnership Assurance for the year ended 31 December 2014 prepared in accordance with IFRS;
- historical financial information concerning Just Retirement has been extracted or is derived from (i) the audited consolidated financial statements of Just Retirement for the year ended 30 June 2014; (ii) the unaudited half year consolidated financial statements of Just Retirement for the six months ended 31 December 2014, in each case prepared in accordance with IFRS, and (iii) Just Retirement's unaudited management accounts for the year ended 30 June 2015;
- the entire issued and to be issued ordinary share capital of Partnership Assurance is based upon 399,999,971 Partnership Assurance Shares in issue and approximately 3,391,917 Partnership Assurance Shares subject to options and awards which are expected to vest under the Partnership Assurance Employee Share Plans on the date of the Scheme Court

Hearing, in each case as at the Last Practicable Date. This approximate number of shares subject to options and awards includes awards over Partnership Assurance Shares to the value of £1,371,495 which are expected to be granted on or shortly following the date of this announcement to reflect awards under the Partnership Assurance Deferred Share Bonus Plan, which have not been granted previously because Partnership Assurance has been in a prohibited period. The number of Partnership Assurance Shares under awards has been calculated for these purposes using the Closing Price of Partnership Assurance Shares on 10 August 2015 but will actually be calculated by reference to the average closing price for a Partnership Assurance Share over the three dealing days prior to the award;

- any references to the existing issued share capital of Just Retirement are based on 500,864,706 Just Retirement Shares in issue as at the Last Practicable Date;
- the percentage ownership of the Combined Group which would be held by Just Retirement Shareholders and Partnership Assurance Shareholders respectively if the Merger completes are based on the existing issued share capital of Just Retirement and Partnership Assurance as set out above, assuming the exercise of approximately 3,391,917 outstanding options, calculated as set out above, which are expected to vest under the Partnership Assurance Employee Share Plans on the date of the Scheme Court Hearing, and disregarding the impact of any Capital Raise;
- information relating to Partnership Assurance has been provided by persons duly authorised or appointed by the Board of Partnership Assurance or extracted from published sources;
- information relating to Just Retirement has been provided by persons duly authorised or appointed by the Board of Just Retirement or extracted from published sources;
- synergy numbers are unaudited and are based on analysis by Just Retirement's and Partnership Assurance's management and on Just Retirement's and Partnership Assurance's internal records; and
- unless otherwise stated, all prices for Just Retirement Shares and Partnership Assurance Shares have been derived from the Daily Official List and represent Closing Prices on the relevant date(s).

APPENDIX IV DETAILS OF IRREVOCABLE UNDERTAKINGS

1. Irrevocable undertakings from Partnership Assurance Directors

Just Retirement has received irrevocable undertakings in relation to the Merger from the following Partnership Assurance Directors in respect of 16,860,524 Partnership Assurance Shares in aggregate, representing approximately 4.22 per cent. of the issued ordinary share capital of Partnership Assurance on the Last Practicable Date.

Name	Total Number of Partnership Assurance Shares	Percentage of existing issued ordinary share capital of Partnership Assurance (%)
Chris Gibson-Smith ⁽¹⁾	698,787 ⁽¹⁾	0.175% ⁽¹⁾
David Richardson	429,463	0.107%
Douglas Ferrans	12,987	0.003%
Ian Owen ⁽²⁾	6,091,776 ⁽²⁾	1.523% ⁽²⁾
Steve Groves ⁽²⁾	9,601,537 ⁽²⁾	2.400% ⁽²⁾
Ian Cormack	12,987	0.003%
Richard Ward	12,987	0.003%

(1) The irrevocable undertaking provided by Chris Gibson-Smith is provided in relation to 349,351 Partnership Assurance Shares held by Chris Gibson-Smith and 349,436 Partnership Assurance Shares held by his wife, Marjorie Gibson-Smith.

(2) Steve Groves and Ian Owen may each dispose of up to 25 per cent. of the Partnership Assurance Shares held by them (or their respective connected persons) as at the Last Practicable Date and the irrevocable undertakings provided by each of them shall cease to apply to any such disposed Partnership Assurance Shares).

Each irrevocable undertaking includes undertakings:

- to vote, or procure the vote, in favour (or to submit, or procure the submission of, Forms of Proxy voting in favour) of the Scheme at the Court Meeting and the Special Resolution at the Partnership Assurance General Meeting; and
- if Just Retirement exercises its right to structure the Merger as a Takeover Offer, to accept, or procure the acceptance of, such Takeover Offer.

The obligations of the Partnership Assurance Directors under the irrevocable undertakings shall lapse and cease to have effect on and from the earlier of the following occurrences:

- the Scheme (or, if applicable, the Takeover Offer) lapses or is withdrawn in accordance with its terms and Just Retirement publicly confirms that it does not intend to proceed with the Merger; and
- the Scheme has not become Effective (or, if applicable, the Takeover Offer has not become or been declared unconditional in all respects) by 6.00 p.m. on the Long Stop Date (or such later time or date as agreed between Just Retirement and Partnership Assurance with the approval of the Court and/or the Panel if required).

2. Irrevocable Undertaking from the Cinven Funds

Just Retirement has received irrevocable undertakings in relation to the Merger from the Cinven Funds in respect of their entire holding of 207,593,567 Partnership Assurance Shares, representing approximately 51.9 per cent. of the issued ordinary share capital of Partnership Assurance on the Last Practicable Date.

The irrevocable undertaking includes undertakings:

- (a) to vote, or procure the vote, in favour (or to submit, or procure the submission of, Forms of Proxy voting in favour) of the Scheme at the Court Meeting and the Special Resolution at the Partnership Assurance General Meeting; and
- (b) if Just Retirement exercises its right to structure the Merger as a Takeover Offer, to accept, or procure the acceptance of, such Takeover Offer.

The obligations of the Cinven Funds under the irrevocable undertakings shall lapse and cease to have effect on and from the earlier of the following occurrences:

- (a) the Scheme (or, if applicable, the Takeover Offer) lapses or is withdrawn in accordance with its terms and Just Retirement publicly confirms that it does not intend to proceed with the Merger; and
- (b) the Scheme has not become Effective (or, if applicable, the Takeover Offer has not become or been declared unconditional in all respects) by 6.00 p.m. on the Long Stop Date (or such later time or date as agreed between Just Retirement, Partnership Assurance, Avallux and Cinven (acting on behalf of the Cinven Funds) with the approval of the Court and/or the Panel if required).

3. Irrevocable undertakings from Just Retirement Directors

Just Retirement and Partnership Assurance have received irrevocable undertakings to vote in favour of the Just Retirement Resolutions to be proposed at the Just Retirement General Meeting from the following Just Retirement Directors in respect of 5,639,891 Just Retirement Shares in aggregate, representing approximately 1.1 per cent. of the issued ordinary share capital of Just Retirement on the Last Practicable Date.

Name	Total Number of Just Retirement Shares	Percentage of existing issued ordinary share capital of Just Retirement (%)
Rodney Cook	2,707,374	0.541%
Simon Thomas	1,029,040	0.205%
Shayne Deighton	1,155,895	0.231%
Tom Cross Brown	655,054	0.131%
Keith Nicholson	28,084	0.006%
Kate Avery	44,444	0.009%
Michael Deakin	20,000	0.004%

The obligations of the Just Retirement Directors under the irrevocable undertakings shall lapse and cease to have effect on and from the earlier of the following occurrences:

- (a) the Scheme (or, if applicable, the Takeover Offer) lapses or is withdrawn in accordance with its terms and Just Retirement publicly confirms that it does not intend to proceed with the Merger; and
- (b) the Scheme has not become Effective (or, if applicable, the Takeover Offer has not become or been declared unconditional in all respects) by 6.00 p.m. on the Long Stop Date (or such later time or date as agreed between Just Retirement and Partnership Assurance with the approval of the Court and/or the Panel if required).

4. Irrevocable undertaking from Avallux

Just Retirement and Partnership Assurance have received irrevocable undertakings to vote in favour of the Just Retirement Resolutions to be proposed at the Just Retirement General Meeting from Avallux in respect of 261,788,257 Just Retirement Shares in aggregate, representing approximately 52.3 per cent. of the issued ordinary share capital of Just Retirement on the Last Practicable Date.

The obligations of Avallux under the irrevocable undertakings shall lapse and cease to have effect on and from the earlier of the following occurrences:

- (a) the Scheme (or, if applicable, the Takeover Offer) lapses or is withdrawn in accordance with its terms and Just Retirement publicly confirms that it does not intend to proceed with the Merger or to implement the Merger;
- (b) the Scheme has not become Effective (or, if applicable, the Takeover Offer has not become or been declared unconditional in all respects) by 6.00 p.m. on the Long Stop Date (or such later time or date as agreed between Just Retirement, Partnership Assurance, Avallux and Cinven (acting on behalf of the Cinven Funds) with the approval of the Court and/or the Panel if required); and
- (c) the Partnership Assurance Board withdraws its recommendation in respect of the Merger.

PART A

Paragraph 6 of this announcement (*Background to and reasons for the Merger*) contains statements of estimated cost savings and synergies arising from the Merger (together, the "**Quantified Financial Benefits Statement**").

A copy of the Quantified Financial Benefits Statement is set out below:

"The Just Retirement Board expects the Merger to result in pre-tax cost savings of at least £40 million per annum. These synergies are expected to be implemented following completion of the Merger with the full run-rate being achieved in 2018 (the third year following completion) and are expected to require one-off integration costs of approximately £60 million over two years.

The cost savings represent approximately one third of the combined addressable cost base and are expected to be derived from the following key areas:

- *approximately one third from the streamlining of sales and pricing functions through the removal of duplicate quotes, sales and pricing activity for annuities and defined benefit de-risking;*
- *approximately one third from the removal of duplicated corporate functions within the Combined Group;*
- *approximately one quarter from the removal of overlapping IT systems and associated costs as well as from the streamlining of customer services and operations functions; and*
- *the balance from the reduction in office space utilised by the Combined Group.*

The identified synergies will accrue as a direct result of the Merger and would not be achieved on a standalone basis."

In addition to the targeted cost savings, the Just Retirement Board believes there is the potential for additional financial benefits to be achieved over time.

These synergy estimates consider only costs and exclude any potential benefits from increasing operational gearing, improved commercial terms with business partners or access to financial markets.

Further information on the bases of belief supporting the Quantified Financial Benefits Statement, including the principal assumptions and sources of information, is set out below:

Bases of Belief

In determining the quantum and timing of expected cost savings and integration costs, the following steps have been undertaken:

- a Synergy Development Team, which comprises senior strategy and financial personnel from both Just Retirement and Partnership Assurance, has worked collaboratively to develop synergy estimates based on:
 - publicly available information (e.g. report and accounts, regulatory returns, IPO prospectuses); and
 - a series of face to face meetings between key management, supported by financial and legal advisers, with verbal Q&A and prepared Q&A lists.

Key individuals involved in the Synergy Development Team are listed in the Appendix VI. The process and meetings have been open and co-operative although commercially sensitive material was not discussed or shared (e.g. pricing; underwriting).

- The cost bases of both organisations have been mapped to identify areas of overlap and duplication and where benefits of scale would enable removal of costs from the combined base.
- Where possible, data assumptions have been linked back to public sources.
- The Just Retirement Directors have identified a synergy number based on their understanding of data provided by both Just Retirement and Partnership Assurance, as well as public information.
- The cost savings set out in this announcement are additional to the cost savings announced by Just Retirement and Partnership Assurance respectively in 2014 in response to the 2014 Pensions freedoms budget, which are assumed to have been saved in determining the combined cost base.

Reports

KPMG, as reporting accountants to Just Retirement has provided a report under Rule 28.1(a) of the Code stating that, in its opinion, the Quantified Financial Benefits Statement has been properly compiled on the basis stated.

Barclays, as lead financial adviser to Just Retirement, and Fenchurch, as financial adviser to Just Retirement, have provided a joint report for the purposes of the Code stating that, in their opinion and subject to the terms of the report, the Quantified Financial Benefits Statement, for which the Just Retirement Directors are responsible, has been prepared with due care and consideration.

Copies of these reports are included in Parts B and C of this Appendix V. KPMG, Barclays and Fenchurch have given and not withdrawn their consent to the publication of their reports in the form and context in which they are included.

Notes

1. The statements of estimated cost savings and synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost savings and synergies referred to may not be achieved, or may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. No statement in the Quantified Financial Benefits Statement, or this announcement generally, should be construed as a profit forecast or interpreted to mean that the Combined Group's earnings in the full first full year following the Merger, or in any subsequent period, would necessarily match or be greater than or be less than those of Just Retirement and/or

Partnership Assurance for the relevant preceding financial period or any other period.

2. Due to the scale of the Combined Group, there may be additional changes to the Combined Group's operations. As a result, and given the fact that the changes relate to the future, the resulting cost savings may be materially greater or less than those estimated.
3. The expected synergies will accrue as a direct result of the success of the Merger and would not be achieved on a standalone basis.
4. The expected one-off integration costs of approximately £60 million exclude transaction costs in relation to the Merger and non-cash costs.
5. In arriving at the Quantified Financial Benefits Statement, the Just Retirement Board has assumed that:
 - (a) there will be no significant impact on the underlying operations of either business;
 - (b) there will be no material change to macroeconomic, political or legal conditions in the markets or regions in which the Combined Group operates which will materially impact on the implementation of or costs to achieve the proposed cost savings; and
 - (c) there will be no material change in exchange rates.

PART B REPORT FROM KPMG LLP

The Just Retirement Directors
Just Retirement Group plc
Vale House
Roebuck Close
Bancroft Road
Reigate
Surrey RH2 7RU

Barclays Bank PLC
5 The North Colonnade
London E14 4BB

Fenchurch Advisory Partners LLP
Tower 42
25 Old Broad Street
London EC2N 1HQ

11 August 2015

Ladies and Gentlemen

Recommended Merger between Just Retirement and Partnership Assurance pursuant to a scheme of arrangement

We refer to the statement (the "**Statement**") made by the directors of Just Retirement Group plc (the "**Directors**") set out in Part A of the Appendix V to the announcement dated 11 August 2015 (the "**Announcement**") to the effect that:

"The Just Retirement Board expects the Merger to result in pre-tax cost savings of at least £40 million per annum. These synergies are expected to be implemented following completion of the Merger with the full run-rate being achieved in 2018 (the third year following completion) and are expected to require one-off integration costs of approximately £60 million over two years.

The cost savings represent approximately one third of the combined addressable cost base and are expected to be derived from the following key areas:

- *approximately one third from the streamlining of sales and pricing functions through the removal of duplicate quotes, sales and pricing activity for annuities and defined benefit de-risking;*
- *approximately one third from the removal of duplicated corporate functions within the Combined Group;*
- *approximately one quarter from the removal of overlapping IT systems and associated costs as well as from the streamlining of customer services and operations functions; and*
- *the balance from the reduction in office space utilised by the Combined Group.*

The identified synergies will accrue as a direct result of the Merger and would not be achieved on a standalone basis."

The Statement has been made in the context of the disclosures in Part A of Appendix V to the Announcement setting out, inter alia, the basis of the Directors' belief (including the principal assumptions and sources of information) supporting the Statement and their analysis and explanation of the underlying constituent elements.

This report is required by Rule 28.1(a)(i) of the City Code on Takeovers and Mergers (the "**City Code**") and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

It is the responsibility of the Directors to prepare the Statement in accordance with the requirements of the City Code.

It is our responsibility to form an opinion, as required by Rule 28.1(a)(i) of the City Code, as to the proper compilation of the Statement and to report that opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed, 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 Rule 23.3 of the City Code, consenting to its inclusion in the Announcement.

Basis of preparation of the Statement

The Statement has been prepared on the basis stated in Part A of Appendix V to the Announcement.

Basis of opinion

We have discussed the Statement, together with the underlying plans, with the Directors, Barclays Bank PLC and Fenchurch Advisory Partners LLP. Our work did not involve any independent examination of any of the financial or other information underlying the Statement. We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom.

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 Statement has been properly compiled on the basis stated.

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

We do not express any opinion as to the achievability of the benefits identified by the Directors in the Statement. The Statement is subject to uncertainty as described in Notes 1 and 2 to the Statement. Because of the significant changes in the enlarged group's operations expected to flow from the transaction and because the Statement relates to the future, the actual benefits achieved are likely to be different from those anticipated in the Statement and the differences may be material.

Opinion

On the basis of the foregoing, we report that in our opinion the Statement has been properly compiled on the basis stated.

Yours faithfully

KPMG LLP

PART C REPORT FROM BARCLAYS AND FENCHURCH

11 August 2015

The Just Retirement Directors
Just Retirement Group plc
Just Retirement Group plc
Vale House
Roebuck Close
Bancroft Road
Reigate
Surrey RH2 7RU

United Kingdom

Dear Sirs,

Report on qualified financial benefits statement by Just Retirement

We refer to the statement regarding quantified financial benefits (the "**Statement**") made by Just Retirement and set out in paragraph 6 (*Background to and reasons for the Merger*) and Appendix V, Part A of the Rule 2.7 announcement dated 11 August 2015 (the "**Announcement**") for which the directors of Just Retirement (the "**Just Retirement Directors**") are solely responsible under Rule 28 of the City Code on Takeovers and Mergers (the "**City Code**").

We have discussed the Statement (together with the bases and assumptions upon which it has been prepared) with those officers and employees of Just Retirement who developed the underlying plans and KPMG, Just Retirement's reporting accountants. We have also discussed the accounting policies and bases of calculation for the Statement with those officers and employees of Just Retirement who developed the underlying plans and with KPMG and have considered the letter of today's date addressed to you and to us from KPMG on these matters. We have relied upon the accuracy and completeness of all the financial and other information provided to us by Just Retirement, or otherwise discussed with us, and we have assumed such accuracy and completeness for the purposes of providing this letter.

This letter is provided solely to the Just Retirement Directors in connection with Rule 28.1(a)(ii) of the City Code and for no other purpose. No person other than the Just Retirement Directors can rely on the contents of this letter or the work undertaken in connection with this letter, and to the fullest extent permitted by law, we exclude all liability (whether in contract, tort or otherwise) to any other person, in respect of this letter or the work undertaken in connection with this letter.

On the basis of the foregoing, we consider that the Statement, for which you in your capacity as Just Retirement Directors are solely responsible, for the purposes of the City Code, has been prepared with due care and consideration.

Yours faithfully,

For and on behalf of

Barclays Bank PLC, acting through its Investment Bank

For and on behalf of

Fenchurch Advisory Partners LLP

Barclays, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting exclusively for Just Retirement and no one else in connection with the matters described in the Announcement and will not be responsible to anyone other than Just Retirement for providing the protections afforded to its clients or for providing advice in relation to the matters described in the Announcement or any transaction or any other matters referred to therein.

Fenchurch, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for Just Retirement and no one else in connection with the matters described in the Announcement and will not be responsible to anyone other than Just Retirement for providing the protections afforded to its clients or for providing advice in relation to the matters described in the Announcement or any transaction or any other matters referred to therein.

APPENDIX VI DEFINITIONS

The following definitions apply throughout this announcement, unless the context otherwise requires:

"2014 Budget"	the Budget speech given by the UK Chancellor of the Exchequer to the UK Parliament on 19 March 2014
"Admission"	admission of the New Just Retirement Shares to the Official List with a premium listing and to trading on the London Stock Exchange's main market for listed securities
"Annual Report and Accounts of Partnership Assurance"	the annual report and audited financial statements of Partnership Assurance for the year ended 31 December 2014
"Authorisations"	for the purposes of the Conditions, means authorisations, orders, grants, recognitions, determinations, confirmations, consents, licences, clearances, permissions, exemptions and approvals
"Avallux"	Avallux S.à r.l., an entity wholly owned by limited partnerships and other entities which together constitute the Permira IV Fund
"Barclays"	Barclays Bank PLC, acting through its Investment Bank
"Board"	the board of directors of a company
"Business Day"	a day (other than a Saturday, Sunday, public or bank holiday) on which banks are generally open for business in London
"Capital Raise"	the proposed equity capital raise by Just Retirement and Partnership Assurance amounting, in aggregate, to approximately £150 million
"Cinven"	Cinven Limited
"Cinven Funds"	Fourth Cinven Fund (No.1) Limited Partnership, Fourth Cinven Fund (No.2) Limited Partnership, Fourth Cinven Fund (No.3 - VCOC) Limited Partnership, Fourth Cinven Fund (No.4) Limited Partnership, Fourth Cinven Fund FCPR, Fourth Cinven Fund (UBTI) Limited Partnership, Fourth Cinven Fund Co-Investment Partnership and Fourth Cinven (MACIF) Limited Partnership
"Cinven Relationship Agreement"	the relationship agreement entered into between Just Retirement, the Cinven Funds and Cinven on 11 August 2015, as described in paragraph 13(d) of this announcement
"Closing Price"	the closing middle market price on a particular trading day as derived from the Daily Official List
"CMA"	Competition and Markets Authority of the UK
"CMA Pre-Condition"	the pre-condition relating to the CMA clearance, as set out in Appendix I to this announcement
"Code"	the City Code on Takeovers and Mergers

"Combined Group"	the enlarged group following the Merger, comprising the Just Retirement Group and the Partnership Assurance Group
"Companies Act"	the Companies Act 2006, as amended from time to time
"Conditions"	the conditions of the Merger, as set out in Appendix II to this announcement and to be set out in the Scheme Document
"Confidentiality Agreement"	the confidentiality agreement dated 27 April 2015 between Just Retirement and Partnership Assurance, as described in paragraph 13(a) of this announcement
"Confidentiality and Joint Defence Agreement"	the confidentiality and joint defence agreement dated 26 June 2015 between Just Retirement, Partnership Assurance, Clifford Chance LLP and Freshfields Bruckhaus Deringer LLP, as described in paragraph 13(b) of this announcement
"Co-operation Agreement"	the agreement dated 11 August 2015 between Just Retirement and Partnership Assurance and relating to, among other things, the implementation of the Merger, as described in paragraph 13 (c) of this announcement
"Court"	the High Court of Justice in England and Wales
"Court Meeting"	the meeting or meetings of the Scheme Shareholders as may be convened pursuant to an order of the Court under section 896 of the Companies Act for the purposes of considering and, if thought fit, approving the Scheme (with or without amendment approved or imposed by the Court and agreed to by Just Retirement and Partnership Assurance) including any adjournment, postponement or reconvention of any such meeting, notice of which shall be contained in the Scheme Document
"CREST"	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the CREST Regulations
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended
"Daily Official List"	the Daily Official List of the London Stock Exchange
"Dealing Disclosure"	an announcement pursuant to Rule 8 of the Code containing details of dealings in interests in relevant securities of a party to an offer
"Deutsche Bank"	Deutsche Bank AG, acting through its London branch
"Disclosure and Transparency Rules"	the Disclosure and Transparency Rules of the FCA in its capacity as the UKLA under FSMA and contained in the UKLA's publication of the same name
"Effective"	in the context of the Merger: (i) if the Merger is implemented by way of the Scheme, the Scheme having become effective pursuant to its terms; or (ii) if the Merger is implemented by way of a Takeover Offer, the Takeover Offer having been declared or having become unconditional in all respects in accordance with the requirements of the Code
"Effective Date"	the date on which: <ul style="list-style-type: none"> (a) the Scheme becomes effective in accordance with its terms; or (b) if Just Retirement elects to implement the Merger by way of a Takeover Offer, the date the Merger becomes or is declared unconditional in all respects
"EPS"	earnings per share
"Euroclear"	Euroclear UK & Ireland Limited
"Evercore"	Evercore Partners International LLP
"Exchange Ratio"	0.834 New Just Retirement Shares for each Partnership Assurance Share held
"Fairly Disclosed"	the information which has been fairly disclosed by or on behalf of Partnership Assurance: (i) in writing prior to the date of this announcement by or on behalf of Partnership Assurance to Just Retirement or Just Retirement's financial, accounting, tax or legal advisers (specifically as Just Retirement's advisers in relation to the Merger); (ii) in the Annual Report and Accounts of

	Partnership Assurance; (iii) in a public announcement made in accordance with the Disclosure Rules and Transparency Rules by Partnership Assurance after 31 December 2014 and prior to the date of this announcement; or (iv) in this announcement
"FCA" or "Financial Conduct Authority"	the UK Financial Conduct Authority or its successor from time to time
"Fenchurch"	Fenchurch Advisory Partners LLP
"Forms of Proxy"	the form of proxy in connection with each of the Court Meeting and the Partnership Assurance General Meeting, which shall accompany the Scheme Document
"FSMA"	the Financial Services and Markets Act 2000 (as amended)
"J.P. Morgan Cazenove"	J.P. Morgan Limited, which conducts its UK investment banking business as J.P. Morgan Cazenove
"Just Retirement"	Just Retirement Group plc
"Just Retirement Directors"	the directors of Just Retirement; " Just Retirement Board " means the Just Retirement Directors collectively, and " Just Retirement Director " means any one of them as required by the context
"Just Retirement General Meeting"	the general meeting of Just Retirement Shareholders to be convened in connection with the Merger to consider and if thought fit pass, <i>inter alia</i> , the Just Retirement Resolutions, including any adjournment thereof
"Just Retirement Group"	Just Retirement and its subsidiary undertakings and associated undertakings
"Just Retirement Resolutions"	the resolutions to be proposed at the Just Retirement General Meeting in connection with the Merger, including, <i>inter alia</i> , resolutions to (i) approve the Merger and (ii) authorise the issuance of the New Just Retirement Shares, as set out in the notice of meeting in the Just Retirement Shareholder Circular
"Just Retirement Shareholder Circular"	the circular to be sent by Just Retirement to Just Retirement Shareholders summarising the background to and reasons for the Merger which will include a notice convening the Just Retirement General Meeting
"Just Retirement Shareholders"	holders of Just Retirement Shares from time to time
"Just Retirement Shares"	the ordinary shares of 10 pence each in the share capital of Just Retirement
"KPMG"	KPMG LLP
"Last Practicable Date"	10 August 2015, being the last practicable date prior to the date of this announcement
"Listing Rules"	the listing rules and regulations made by the FCA under Part VI of FSMA, and contained in the UKLA's publication of the same name (as amended from time to time)
"Lock-up Agreement"	the lock-up agreement dated 11 August 2015 between Barclays, Avallux and the Cinven Funds as described in paragraph 13(e) of this announcement
"London Stock Exchange"	London Stock Exchange plc
"Long Stop Date"	30 April 2016 or such later date as Just Retirement and Partnership Assurance may agree, with the Panel's consent and the Court may approve (if such consent and/or approval is required)
"Merger"	the proposed acquisition of the entire issued and to be issued share capital of Partnership Assurance by Just Retirement to be effected by the Scheme (or by the Takeover Offer under certain circumstances described in this announcement)
"Morgan Stanley"	Morgan Stanley & Co. International plc
"New Just Retirement Shares"	the new Just Retirement Shares proposed to be issued to Partnership Assurance Shareholders in connection with the Merger

"Nomura"	Nomura International Plc
"Offer Document"	in the event Just Retirement elects to implement the Merger by means of a Takeover Offer, the document containing the Takeover Offer to be sent to Partnership Assurance Shareholders
"Offer Period"	the period which commenced on 11 August 2015 and ending on the date on which the Scheme becomes Effective, lapses or is withdrawn (or such other date as the Panel may decide)
"Official List"	the Official List of the FCA
"Opening Position Disclosure"	an announcement containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to the Merger if the person concerned has such a position, as defined in Rule 8 of the Code
"overseas shareholders"	Partnership Assurance Shareholders residing in, or subject to, any jurisdiction outside the United Kingdom
"Panel"	the Panel on Takeovers and Mergers
"Partnership Assurance"	Partnership Assurance Group plc
"Partnership Assurance Directors"	the directors of Partnership Assurance; "Partnership Assurance Board" means the Partnership Assurance Directors collectively, and "Partnership Assurance Director" means any one of them as required by the context
"Partnership Assurance Employee Share Plans"	the Partnership Assurance Long Term Incentive Plan, the Partnership Assurance Deferred Share Bonus Plan and the Partnership Assurance Save As You Earn Share Option Plan
"Partnership Assurance General Meeting"	the general meeting of Partnership Assurance Shareholders to be convened in connection with the Scheme to consider and if thought fit pass, inter alia, the Special Resolution including any adjournment thereof
"Partnership Assurance Group"	Partnership Assurance and its subsidiary undertakings and associated undertakings and, where the context permits, each of them
"Partnership Assurance Meetings"	the Court Meeting and the Partnership Assurance General Meeting
"Partnership Assurance Shareholders"	holders of Partnership Assurance Shares from time to time
"Partnership Assurance Shares"	the ordinary shares of 10 pence each in the share capital of Partnership Assurance
"Pension Reforms"	the UK Government's pension reforms, implemented in April 2015
"Phase 2 CMA Reference"	a reference by the CMA to its chair for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013
"PRA" or " Prudential Regulation Authority"	the UK Prudential Regulation Authority or its successor from time to time
"Prospectus"	the prospectus document to be produced, if required, by Just Retirement and sent (or otherwise made publicly available) to Partnership Assurance Shareholders (other than persons in Restricted Jurisdictions) at the same time as the Scheme Document in respect of the New Just Retirement Shares to be issued to Partnership Assurance Shareholders in connection with the Merger
"Prospectus Rules"	the prospectus rules and regulations made by the FCA under Part VI of the Financial Services and Markets Act 2000 (as amended), and contained in the UKLA's publication of the same name (as amended from time to time)
"Quantified Financial Benefits Statement"	as defined in Part A of Appendix V to this announcement
"Registrar of Companies"	the Registrar of Companies in England and Wales
"Restricted Jurisdiction"	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if

	information concerning the Merger is sent or made available to Partnership Assurance Shareholders in that jurisdiction (in accordance with Rule 30.3 of the Code)
"Scheme"	the proposed scheme of arrangement under Part 26 of the Companies Act between Partnership Assurance and Partnership Assurance Shareholders to implement the Merger
"Scheme Court Hearing"	the hearing by the Court to sanction the Scheme and to authorise the re-registration of Partnership Assurance as a private company under section 651 of the Companies Act
"Scheme Court Order"	the order of the Court sanctioning the Scheme under section 899 of the Companies Act
"Scheme Document"	the document to be dispatched to Partnership Assurance Shareholders setting out the terms and conditions of the Merger including the particulars required by section 897 of the Companies Act
"Scheme Record Time"	the time and date specified in the Scheme Document as the record time for the Scheme
"Scheme Shareholders"	holders of Scheme Shares
"Scheme Shares"	<p>(a) Partnership Assurance Shares in issue at the date of the Scheme Document;</p> <p>(b) any Partnership Assurance Shares issued after the date of the Scheme Document and prior to the Voting Record Time; and</p> <p>(c) any Partnership Assurance Shares issued at or after the Voting Record Time and before the Scheme Record Time in respect of which the original or any subsequent holders thereof are, or shall have agreed in writing to be, bound by the Scheme,</p> <p>in each case, save for any Partnership Assurance Shares legally or beneficially held by any member of the Just Retirement Group</p>
"SEC"	the US Securities and Exchange Commission
"Sell-down Agreement"	the sell-down agreement dated 11 August 2015 between Avallux and the Cinven Funds, as described in paragraph 13(f) of this announcement
"Significant Interest"	in relation to an undertaking, a direct or indirect interest of 20 per cent. or more of (i) the total voting rights conferred by the equity share capital (as defined in section 548 of the Companies Act) of such undertaking or (ii) the relevant partnership interest
"Solvency II"	the Solvency II Directive and any additional measures adopted to give effect to the Solvency II Directive (for the avoidance of doubt, whether implemented by way of a regulation, a directive or otherwise)
"Solvency II Directive"	Directive 2009/138/EC of the European Union of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) and which must be transposed by Member States of the European Economic Area pursuant to Article 309 of Directive 2009/138/EC
"Special Resolution"	the special resolution to be proposed by Partnership Assurance at the Partnership Assurance General Meeting in connection with, amongst other things, the approval of the Scheme, the amendment of Partnership Assurance's articles of association and such other matters as may be necessary to implement the Scheme and the delisting of the Partnership Assurance Shares
"subsidiary undertaking", "associated undertaking" and "undertaking"	shall have the meanings given by the Companies Act (but for these purposes ignoring paragraph 20(1)(b) of Schedule 4A to the Companies Act)
"Synergy Development Team"	a team comprised of senior strategy and financial personnel from both Just Retirement and Partnership Assurance to assess the potential synergies available, key individuals include:

From Just Retirement:

Simon Thomas (Group CFO)

Jason Causer (Director of Financial Management (Group);
Director of Finance, Just Retirement Limited)

James Pearce (Group Director of Strategy and Investor
Relations)

David Cooper (Group Marketing and Distribution Director)

Chris Berryman (Group Chief Operating Officer)

Hugh McKee (Managing Director, Just Retirement Limited)

Shayne Deighton (Group Chief Actuary)

From Partnership Assurance:

David Richardson (Group CFO)

Richard Everett (Deputy CFO)

Katherine Jones (Director of Investor Relations)

Andrew Megson (Director of Sales and Marketing)

Jane Kennedy (Chief Operating Officer)

Giles Offen (Chief Technology Officer)

"Takeover Offer"	should the Merger be implemented by way of a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act, the takeover offer to be made by or on behalf of Just Retirement to acquire the entire issued and to be issued share capital of Partnership Assurance and, where the context admits, any subsequent revision, variation, extension or renewal of such offer
"Third Party"	has the meaning given in Condition (j) in Part 1 of Appendix II
"Treasury" or "Treasury Shares"	shares held as Treasury shares as provided for in section 724 of the Companies Act
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"UKLA"	the Financial Conduct Authority acting in its capacity as the competent authority for listing under Part VI of FSMA
"US" or "United States"	the United States of America, its possessions and territories, all areas subject to its jurisdiction or any subdivision thereof, any State of the United States and the District of Columbia
"US Exchange Act"	the US Securities Exchange Act of 1934, as amended
"US Person"	a US person as defined in Regulation S under the US Securities Act
"US Securities Act"	the US Securities Act of 1933, as amended
"Voting Record Time"	6.00 p.m. (London time) on the day prior to the day immediately before the Court Meeting or any adjournment thereof (as the case may be)
"Wider Just Retirement Group"	Just Retirement and its subsidiaries, subsidiary undertakings and any other body corporate partnership, joint venture or person in which Just Retirement and all such undertakings (aggregating their interests) have a Significant Interest
"Wider Partnership Assurance Group"	Partnership Assurance and its subsidiaries, subsidiary undertakings and any other body corporate partnership, joint venture or person in which Partnership Assurance and all such undertakings (aggregating their interests) have a Significant Interest

All times referred to are London time unless otherwise stated.

All references to "**GBP**", "**pence**", "**sterling**" or "**£**" are to the lawful currency of the United Kingdom.

All references to statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.

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- [1] Following the intended Capital Raise and excluding any non-recurring items.
- [2] Steve Groves and Ian Owen may each dispose of up to 25 per cent. of the Partnership Assurance Shares held by them (or their respective connected persons) as at the Last Practicable Date and the irrevocable undertakings provided by each of them shall cease to apply to any such disposed Partnership Assurance Shares.
- [3] Steve Groves and Ian Owen may each dispose of up to 25 per cent. of the Partnership Assurance Shares held by them (or their respective connected persons) as at the Last Practicable Date and the irrevocable undertakings provided by each of them shall cease to apply to any such disposed Partnership Assurance Shares.
- [4] Steve Groves and Ian Owen may each dispose of up to 25 per cent. of the Partnership Assurance Shares held by them (or their respective connected persons) as at the Last Practicable Date and the irrevocable undertakings provided by each of them shall cease to apply to any such disposed Partnership Assurance Shares.
- [5] Following the intended Capital Raise and excluding any non-recurring items.

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