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FOR IMMEDIATE RELEASE

5 August 2020

RECOMMENDED CASH ACQUISITION

OF

HASTINGS GROUP HOLDINGS PLC

BY

DORSET BIDCO LIMITED

(a newly formed company jointly owned by a consortium comprising Sampo plc and Rand Merchant Investment Holdings Limited)

Summary

- The Independent Hastings Directors and the directors of Dorset Bidco Limited (**Bidco**), a newly formed company jointly owned by a consortium comprising Sampo plc (**Sampo**) and Rand Merchant Investment Holdings Limited (**RMI**), are pleased to announce that they have reached agreement on the terms of a recommended cash offer to be made by Bidco to acquire the issued and to be issued share capital of Hastings Group Holdings plc (**Hastings**) not already owned or controlled by Sampo and RMI (the **Offer**). As at 4 August 2020 (being the last Business Day before the date of this Announcement), Sampo and RMI owned or controlled, in aggregate, 196,791,480 Hastings Shares, representing approximately 29.7 per cent. of Hastings' issued share capital as at such date.
- Under the terms of the Offer, Scheme Shareholders will be entitled to receive:

250 pence in cash for each Scheme Share

- The Independent Hastings Directors have today announced that Hastings Shareholders will also be entitled to receive an interim dividend for the six-month period ended 30 June 2020 of 4.5 pence per Hastings Share (the **Interim Dividend**). Hastings Shareholders on the register of members as at the close of business on 2 October 2020 will be entitled to receive and retain the Interim Dividend without any reduction of the consideration payable under the Offer.
- The terms of the Offer (excluding the Interim Dividend) represent:
 - a premium of approximately 47.1 per cent. to the Closing Price per Hastings Share of 170 pence on 28 July 2020 (being the last Business Day before Hastings announced it had received an approach that may or may not lead to an offer);
 - a premium of approximately 37.5 per cent. to the volume-weighted average price of 182 pence per Hastings Share for the three-month period ended 28 July 2020 (being the last Business Day before Hastings announced it had received an approach that may or may not lead to an offer); and

- a premium of approximately 41.7 per cent. to the volume-weighted average price of 176 pence per Hastings Share for the six-month period ended 28 July 2020 (being the last Business Day before Hastings announced it had received an approach that may or may not lead to an offer).
- The terms of the Offer (excluding the Interim Dividend) value Hastings' entire issued and to be issued share capital at approximately £1.66 billion.

Information on the Consortium and Bidco

- Sampo is a leading Nordic insurance group listed on Nasdaq Helsinki with a market capitalisation of approximately €17.6 billion on 4 August 2020 (being the last practicable date before the date of this Announcement). The Sampo Group is made up of the parent company Sampo and its subsidiaries If P&C Insurance, Mandatum Life and Topdanmark. Nordea, the Nordic banking group and Nordax, a leading Nordic niche bank, are Sampo's associated companies.
- If P&C Insurance is the leading property and casualty insurer in the Nordic region. It provides insurance solutions and services in Finland, Sweden, Norway, Denmark and the Baltic countries. Topdanmark is the second largest P&C insurance company and a major life insurance company in Denmark. Mandatum Life is a Finnish financial services company that provides wealth management, remuneration services and personal risk insurance. In addition to Finland, Sampo operates in all the Baltic countries. Sampo administers its insurance subsidiaries and is a major shareholder in Nordea and Nordax. Sampo has offered car insurance policies since 1920.
- RMI is a South African financial services investment holding company founded in 1977 with its shares listed on the Johannesburg Stock Exchange Limited with a market capitalisation of approximately R 48.4 billion on 4 August 2020 (being the last practicable date before the date of this Announcement). RMI aims to be a value-adding, active enabler of leadership and innovation in financial services and currently holds an investment portfolio including its existing investment in Hastings and investments in some of South Africa's premier insurance brands and in next-generation financial services and asset management companies.
- RMI formed Main Street 1353 Proprietary Limited (**Main Street**), an indirect subsidiary of RMI, in 2015. A 49 per cent. interest in Main Street was subsequently transferred to RMI's indirect subsidiary, OUTsurance Holdings Limited (**OUTsurance**). OUTsurance is an unlisted short term and long term insurance company founded in 1998 with operations in South Africa and Australia. Main Street currently holds 196,508,074 Hastings Shares representing approximately 29.7 per cent. of Hastings' issued share capital as at 4 August 2020 (being the last practicable date before the date of this Announcement).
- RMI and OUTsurance are aligned on all decisions in relation to their joint investment in Hastings and consider the investment to be strategically important to the portfolio overall. OUTsurance and Hastings share best practice on various aspects of the operation of short term insurance. For example, OUTsurance has shared its significant experience in management of local and offshore call centres with Hastings. In 2018, Hastings entered into an offshore call centre arrangement with OUTsurance to supplement the after-hours capacity of Hastings and improve customer service outcomes.
- Bidco is a newly incorporated company registered in England and Wales, formed on behalf of, and jointly owned by, the Consortium for the purpose of implementing the Offer. It is intended that, at the Effective Date, Sampo's and RMI's entire indirect shareholding in Hastings will be held through Bidco. Sampo will hold 70 per cent. of the shares in Bidco and Main Street will hold 30 per cent. of the shares in Bidco.

Background to and reasons for the Offer

Sampo

- Sampo has a strategic ambition to expand further into Property & Casualty (**P&C**) insurance, a segment where it has extensive experience and expertise. As part of this strategy, and considering its strong market positions in the Nordic markets, Sampo has been considering a geographic expansion beyond its current footprint. Sampo believes that the UK, as the second largest retail P&C market in Europe, offers an attractive scale opportunity.
- In this context, the acquisition of Hastings represents an attractive opportunity for Sampo to advance its strategy and accelerate its repositioning towards retail P&C insurance. Hastings is a leading motor insurer in the UK and has recently been diversifying into other P&C insurance products including home insurance. Both motor and home insurance represent large markets in the UK with growth potential for the Hastings business.
- The acquisition of Hastings provides an attractively positioned platform in one of the most digitally advanced markets globally. The UK is characterised by its high levels of digital distribution with 75 per cent. of motor insurance policies sold through price comparison websites (**PCWs**). Hastings is one of the leading distributors of motor insurance policies through PCWs in the UK with differentiated digital capabilities in technical and retail pricing, anti-fraud and customer service.
- The Sampo Board expects the acquisition of Hastings to be accretive to earnings per share and RoE from the first full year following completion. Sampo estimates the transaction will have a positive impact on earnings per share in the mid-single digits (%). Meanwhile, it is expected that Sampo's solvency position will remain robust at around 175 per cent. (post the planned issuance of approximately €1 billion of T2 hybrid capital to part finance the Offer). Sampo Group financial leverage as of 30 June 2020 and pro forma for the transaction is expected to be around 33 per cent. Sampo does not believe that the Offer will lead to a change in the Sampo Group's credit ratings subject to the planned financing structure. The Sampo Board do not expect the Offer to impact the Sampo Group's dividend policy in the short term but is expected to enhance the dividend potential in the long term.

RMI

- RMI has a long term investment horizon and focuses on building enduring value over many and differing market cycles. RMI's investment style is anchored in its ethos of being a strategic and value adding shareholder in its portfolio companies. RMI has held indirectly over 29 per cent. of Hastings' issued share capital since 2017 when it acquired the stake for 248 pence per share. RMI believes the UK P&C insurance market in general and Hastings in particular continue to offer growth and value creation potential.
- The institutional knowledge that RMI has gained from its involvement in Hastings since its investment in 2017 and representation on the board of Hastings will underpin the strategic framework of the business going forward.

Sampo and RMI

- Given the significant retail P&C insurance experience and expertise of Sampo, through its subsidiaries If P&C Insurance and Topdanmark, and RMI, through its ownership of OUTsurance and existing shareholding in Hastings, the intention is to combine this knowledge by forming a partnership that will drive the strategic direction of Hastings for the long term. Sampo and RMI intend to bring to bear their respective experience as long-standing owners and operators of insurance and financial services businesses in different geographies and different sectors to create long term value for the benefit of the Hastings business.

- Sampo and RMI recognise that the UK motor insurance market is competitive and in recent years has been affected by challenging market dynamics including elevated claims inflation. Sampo and RMI believe that, under their ownership, Hastings will be able to further develop its agile and digital business model to create long term value.
- Sampo and RMI intend for Hastings to continue to be operated on a standalone but unlisted basis. Sampo and RMI believe that a private partnership provides an optimal structure for Hastings to fulfil its potential and build long term value for its stakeholders. As a private company, Sampo and RMI believe Hastings will benefit from a more long term approach to decision making.
- Sampo and RMI have identified certain areas of Hastings' operations that they believe with their experience and under private ownership can be further developed, which include:
 - claims handling sophistication driving both lower claims costs and increased customer satisfaction;
 - expansion into home insurance driving growth and diversification;
 - increased customer retention driving greater cost efficiency and premium growth; and
 - optimisation of reinsurance strategy driving higher earnings at attractive return on capital.
- Sampo and RMI believe that the Offer and operational improvements will deliver certain financial benefits to Hastings, including:
 - increased insurance risk retention providing for an attractive return on capital deployed;
 - loss ratio improvement as a result of leveraging Sampo and RMI's underwriting expertise; and
 - expense savings as a result of removing costs related to the public listing.

Irrevocable Undertakings

- Bidco has received irrevocable undertakings to vote or procure votes to approve the Scheme at the Court Meeting and to vote or procure votes in favour of the resolutions to be passed at the General Meeting (or in the event that the Offer is implemented by way of a Takeover Offer, to accept or procure acceptance of the Takeover Offer) from each of the Independent Hastings Directors who hold Hastings Shares in respect of their own holdings being, in aggregate, 2,174,773 Hastings Shares, representing approximately 0.33 per cent. of the issued share capital of Hastings, and 0.47 per cent. of Hastings Shares eligible to vote at the Court Meeting, as at 4 August 2020 (being the last practicable date before the date of this Announcement).
- Further details of the irrevocable undertakings, including the circumstances in which they cease to be binding, are set out in Appendix III.

Recommendation

- **The Independent Hastings Directors, who have been so advised by Barclays, Fenchurch Advisory Partners and Numis as to the financial terms of the Offer, consider the terms of the Offer to be fair and reasonable. In providing their advice to the Independent Hastings Directors, Barclays, Fenchurch Advisory Partners and Numis have taken into account the commercial assessments of the Independent Hastings Directors. Barclays, Fenchurch Advisory Partners and Numis are providing independent financial advice to the Independent Hastings Directors for the purposes of Rule 3 of the Code.**
- **Accordingly, the Independent Hastings Directors intend to recommend unanimously that Scheme Shareholders vote in favour of the Scheme at the Court Meeting and Hastings**

Shareholders vote in favour of the resolutions to be proposed at the General Meeting (or in the event that the Offer is implemented by way of a Takeover Offer, that Independent Hastings Shareholders accept such Offer) as the Independent Hastings Directors who hold Hastings Shares have irrevocably undertaken to do in respect of their entire beneficial holdings, amounting in aggregate to 2,174,773 Hastings Shares representing approximately 0.33 per cent. of the issued share capital of Hastings, and approximately 0.47 per cent. of the Hastings Shares eligible to vote at the Court Meeting, as at 4 August 2020 (being the last practicable date prior to publication of this Announcement). Further details of these irrevocable undertakings are set out at Appendix III of this Announcement.

- **For the purposes of the Offer, Herman Bosman, a non-executive director of Hastings, is not an Independent Hastings Director, due to his position as CEO of RMI, and therefore has not participated in the consideration of the Offer by the Independent Hastings Directors or the decision of the Independent Hastings Directors to recommend the Offer as set out above.**

General

- It is intended that the Offer will be implemented by way of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act (the **Scheme**), further details of which are contained in the full text of this Announcement and will be set out in the Scheme Document. However, Bidco reserves the right, where permitted pursuant to the terms of the Cooperation Agreement and with the consent of the Panel, to implement the Offer by way of a Takeover Offer.
- The Offer will be subject to the Conditions and certain further terms set out in Appendix I, including, among other things: (i) the approval of Scheme Shareholders at the Court Meeting and the passing of the resolutions relating to the Scheme by Hastings Shareholders at the General Meeting; (ii) the sanction of the Scheme by the Court; (iii) the Scheme becoming Effective no later than the Long Stop Date; and (iv) the receipt of certain required regulatory approvals from the FCA in the UK and the GFSC in Gibraltar and EU antitrust approval. In order to become Effective, the Scheme must be approved by a majority in number of Scheme Shareholders representing not less than 75 per cent. in value of the Scheme Shares held by Scheme Shareholders in each case present, entitled to vote and voting, either in person or by proxy, at the Court Meeting or at any adjournment of such meeting.
- The Hastings Shares owned or controlled by RMI and Sampo (being 196,508,074 Hastings Shares and 283,406 Hastings Shares respectively, as at 4 August 2020, being the latest practicable before the date of this Announcement) will not be Scheme Shares and will not be acquired by Bidco pursuant to the Offer. It is anticipated that, upon the Offer becoming Effective, RMI and Sampo respectively will transfer such Hastings Shares to Bidco. RMI and Sampo will not be permitted to vote such Hastings Shares at the Court Meeting, but will be permitted to vote such Hastings Shares at the General Meeting.
- Bidco reserves the right to reduce the consideration payable in respect of each Hastings Share under the terms of the Offer to the extent that the Interim Dividend exceeds 4.5 pence per Hastings Share. If any dividend, other distribution or return of capital is announced, declared, made, payable or paid in respect of the Hastings Shares on or after the date of this Announcement and before the Effective Date, other than the Interim Dividend, Bidco reserves the right to reduce the consideration payable in respect of each Hastings Share by the amount of all or part of any such dividend, other distribution or return of capital. If Bidco exercises this right or makes such a reduction in respect of a dividend, other distribution or return of capital that has not been paid, Hastings Shareholders will be entitled to receive and retain that dividend, other distribution or return of capital.
- Further details of the Offer will be contained in the Scheme Document, which is intended to be sent or made available to Hastings Shareholders and persons with information rights along with notices of the Court Meeting and General Meeting and the Forms of Proxy as soon as practicable and in any event within 28 days of the date of this Announcement (unless a later date is agreed between Bidco, Hastings and the Panel). Subject to certain restrictions relating to persons resident in Restricted

Jurisdictions, the Scheme Document will also be made available on Hastings' website at <https://www.hastingsplc.com>.

- The Scheme is expected to become Effective in late 2020, subject to the satisfaction or waiver of the Conditions set out in Appendix I.

- Commenting on the Offer, Thomas Colraine, Chairman of Hastings, said:

“I am pleased to announce the recommended cash offer for Hastings which represents a very attractive proposition for Hastings shareholders with a significant premium in cash. This is in line with our focus of generating value for shareholders and reflects the quality of our business. Hastings has grown since its IPO in 2015 and is a leading motor insurer in the UK as well as having diversified into other products such as home insurance. Hastings is an agile and digitally focused player and together with the strengths of Sampo and RMI, I am confident the business will be well positioned in the future to ensure enhanced outcomes for our colleagues, customers and stakeholders.”

- Commenting on the Offer, Herman Bosman, Chief Executive Officer of RMI, said:

“Having been the largest shareholder in Hastings since 2017, we remain excited about the prospects of the business and believe the company will thrive in a private environment. We are delighted to partner with Sampo, who we consider one of the most successful owners of P&C insurance businesses in Europe, in developing Hastings over the long-term. We strongly believe this transaction is in the best interest of all Hastings stakeholders including its customers and many talented employees.”

- Commenting on the Offer, Torbjörn Magnusson, Chief Executive Officer of Sampo, said:

“The acquisition of Hastings is in line with Sampo’s strategic ambition to expand in P&C insurance. Hastings is a modern, innovative P&C insurer with leading digital capabilities in one of Europe’s largest P&C markets. We are excited to make this investment together with RMI, with whom we share a similar investment philosophy. We very much look forward to partnering with RMI and the Hastings management team and will bring all our expertise to bear to support Hastings in realising its full potential.”

This summary should be read in conjunction with, and is subject to, the full text of this Announcement (including its appendices).

The Offer will be subject to the Conditions set out in Appendix I, and to the full terms and conditions which will be set out in the Scheme Document. Appendix II contains the bases and sources of certain information used in this Announcement. Appendix III contains details of the irrevocable undertakings received in relation to the Offer that are referred to in this Announcement. Appendix IV contains definitions of certain terms used in this Announcement.

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Allen & Overy LLP is acting as legal adviser to Bidco in connection with the Offer. Freshfields Bruckhaus Deringer LLP is acting as legal adviser to Hastings in connection with the Offer.

Important notices relating to financial advisers

J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove (J.P. Morgan Cazenove), is authorised in the UK by the Prudential Regulation Authority and regulated in the UK by the Prudential Regulation Authority and the FCA. J.P. Morgan Cazenove is acting as financial adviser exclusively for Bidco and no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters in this announcement and will not be responsible to anyone other than Bidco for providing the protections afforded to clients of J.P. Morgan Cazenove, or for providing advice in relation to any matter referred to herein.

Barclays Bank PLC, acting through its Investment Bank (Barclays), which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the Financial Conduct Authority and the Prudential Regulation Authority, is acting exclusively for Hastings and no-one else in connection with the

Offer and will not be responsible to anyone other than Hastings for providing the protections afforded to its clients nor for providing advice in relation to the Offer or any other matters referred to in this Announcement.

*Fenchurch Advisory Partners LLP (**Fenchurch Advisory Partners**), which is authorised and regulated by the FCA, is acting exclusively for Hastings and no-one else in connection with the possible offer and will not be responsible to anyone other than Hastings for providing the protections afforded to clients of Fenchurch Advisory Partners nor for providing the protections afforded to its clients nor for providing advice in relation to the possible offer or any other matters referred to in this announcement.*

*Numis Securities Limited (**Numis**), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Hastings and no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters in this announcement and will not be responsible to anyone other than Hastings for providing the protections afforded to clients of Numis, nor for providing advice in relation to any matter referred to herein.*

In accordance with the Code, normal United Kingdom market practice and Rule 14e-5(b) of the U.S. Exchange Act, Barclays and its affiliates will continue to act as exempt principal trader in Hastings securities on the London Stock Exchange. These purchases and activities by exempt principal traders which are required to be made public in the United Kingdom pursuant to the Code will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at www.londonstockexchange.com. This information will also be publicly disclosed in the United States to the extent that such information is made public in the United Kingdom.

Further Information

This Announcement is for information purposes only and is not intended to and does not constitute, or form any part of, an offer to sell or an invitation to purchase, otherwise acquire or subscribe for or dispose of any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Offer or otherwise. The Offer will be made solely by the Scheme Document (or in the event that the Offer is to be implemented by means of a Takeover Offer, the offer document), which will contain the full terms and conditions of the Offer, including details of how to vote in respect of the Scheme. Any voting decision or response in relation to the Offer should be made solely on the basis of the Scheme Document.

This Announcement does not constitute a prospectus or an exempted document.

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 jurisdictions outside England.

Overseas Shareholders

The release, publication or distribution of this Announcement in jurisdictions other than the UK or the U.S. may be restricted by law and therefore any persons who are not resident in the UK or the U.S. or who are subject to the laws of any jurisdiction other than the UK or the U.S. (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 UK or the U.S. or who are subject to the laws of another jurisdiction to participate in the Offer or to vote their Hastings 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. To the fullest extent permitted by applicable law,

the companies and persons involved in the Offer disclaim any responsibility or liability for the violation of such restrictions by any person.

Unless otherwise determined by Bidco or required by the Code, and permitted by applicable law and regulation, the Offer shall not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Offer by any such use, means, instrumentality or form within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction.

The Offer will be subject to the applicable requirements of English law, the Code, the Panel, the London Stock Exchange, the FCA, the applicable requirements of Gibraltar law and the GFSC.

Copies of this Announcement and any formal documentation relating to the Offer 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 Offer.

If the Offer 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 the mails 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 Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or from within any Restricted Jurisdiction.

The availability of the Offer to Independent Hastings Shareholders who are not resident in the UK or the U.S. may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the UK or the U.S. should inform themselves of, and observe, any applicable requirements. Further details in relation to Independent Hastings Shareholders in overseas jurisdictions will be contained in the Scheme Document.

Notice to U.S. investors in Hastings

The Offer relates to the shares of a UK company and is being made by means of a scheme of arrangement provided for under English company law. The Offer, implemented by way of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the U.S. Exchange Act, as amended. Accordingly, the Offer is subject to the disclosure requirements and practices applicable to a scheme of arrangement involving a target company in the UK listed on the London Stock Exchange, which differ from the disclosure requirements of the U.S. tender offer and proxy solicitation rules. The financial information with respect to Hastings included in this announcement and the Scheme Document has been or will have been prepared in accordance with IFRS and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. If, in the future, Bidco exercises its right to implement the Offer by way of a Takeover Offer and determines to extend the Takeover Offer into the U.S., the Offer will be made in compliance with applicable U.S. laws and regulations, including applicable US tender offer regulations.

The receipt of cash pursuant to the Scheme by US Shareholders as consideration for the transfer of their Hastings Shares pursuant to the Scheme may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other, tax laws. Each Hastings Shareholder (including US Shareholders) is urged to consult his independent professional adviser immediately regarding the tax consequences of the Offer applicable to him.

Neither the SEC nor any U.S. state securities commission has approved or disapproved or passed judgment upon the fairness or the merits of the Offer or determined if this Announcement is adequate, accurate or complete. Any representation to the contrary is a criminal offence in the U.S.

Some or all of Hastings' officers and directors reside outside the U.S., and some or all of its assets are or may be located in jurisdictions outside the U.S. Therefore, investors may have difficulty effecting service of process within the U.S. upon those persons or recovering against Hastings or its officers or directors on judgments of U.S. courts, including judgments based upon the civil liability provisions of the U.S. federal securities laws. Further, it may be difficult to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment. It may not be possible to sue Hastings or its officers or directors in a non-US court for violations of the U.S. securities laws.

In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the U.S. Exchange Act, Bidco or its nominees, or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, Hastings Shares outside the US, other than pursuant to the Offer, until the date on which the Offer and/or Scheme becomes effective, lapses or is otherwise withdrawn. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK, will be reported to the Regulatory News Service of the London Stock Exchange and will be available on the London Stock Exchange website at <https://www.londonstockexchange.com/>.

Forward Looking Statements

This Announcement contains certain forward-looking statements with respect to the Consortium, Bidco and Hastings. 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, without limitation, "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "aim", "will", "may", "hope", "continue", "would", "could" or "should" or other words of similar meaning or the negative thereof. Forward-looking statements include, but are not limited to, statements relating to the following: (i) future capital expenditures, expenses, revenues, economic performance, financial conditions, dividend policy, losses and future prospects, (ii) business and management strategies and the expansion and growth of the operations of Bidco or Hastings, and (iii) the effects of government regulation on the business of Bidco or Hastings. There are many factors which could cause actual results to differ materially from those expressed or implied in forward looking statements. Among such factors are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or disposals. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations.

These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. Except as expressly provided in this document, they have not been reviewed by the auditors of the Consortium, Bidco or Hastings. By their nature, these forward-looking statements involve known and unknown risks, uncertainties because they relate to events and depend on circumstances that will occur in the future. The factors described in the context of such forward-looking statements in this Announcement may cause the actual results, performance or achievements of any such person, or industry results and developments, to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. 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. None of the Consortium, Bidco, Hastings, nor their respective members, directors, officers or employees, advisers or any person acting on their behalf, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements attributable to in this announcement will actually occur. No forward-looking or other statements have been reviewed by the auditors of the Consortium, Bidco or Hastings.

None of the Consortium, Bidco, Hastings or their respective members, directors, officers, employees, advisers and any person acting on behalf of one or more of them undertakes any intention or obligation to update publicly or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required. All subsequent oral or written forward-looking statements attributable to the Consortium, Bidco or Hastings or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above.

No member of the Consortium, the Bidco Group nor the Hastings Group, nor any of their respective associates, directors, officers, employees or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Announcement will actually occur.

No profit forecasts or estimates

No statement in this Announcement is intended as a profit forecast or estimate for Bidco, any member of the Consortium or Hastings for any period and no statement in this Announcement should be interpreted to mean that earnings or earnings per Hastings Share, for Hastings for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per Hastings Share.

Publication on website and hard copies

A copy of this Announcement and the documents required to be published pursuant to Rule 26.1 and Rule 26.2 of the Code will be made available (subject to certain restrictions relating to persons resident in Restricted Jurisdictions) free of charge, on Hastings' website at <https://www.hastingsplc.com> by no later than 12 noon London time on the Business Day following the date of this Announcement.

Neither the contents of that website nor the content of any other website accessible from hyperlinks on that website is incorporated into, or forms part of, this Announcement.

Hastings Shareholders may request a hard copy of this announcement by contacting Equiniti Limited between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday (except UK public holidays) on 0371 384 2030 from within the UK or on +44 (0)121 415 7047 if calling from outside the UK or by submitting a request in writing to Registrar at Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. If you have received this announcement in electronic form, copies of this announcement and any document or information incorporated by reference into this document will not be provided unless such a request is made.

Information relating to Hastings Shareholders

Please be aware that addresses, electronic addresses and certain other information provided by Hastings Shareholders, persons with information rights and other relevant persons for the receipt of communications from Hastings may be provided to the Consortium and Bidco during the Offer Period as required under Section 4 of Appendix 4 of the Code in order to comply with Rule 2.11(c) of the Code.

Rounding

Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Disclosure Requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in one 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 p.m. (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 p.m. (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 one 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 p.m. (London time) on the Business Day (as defined in the Code) following the date of the relevant dealing.

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. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION

FOR IMMEDIATE RELEASE

5 August 2020

RECOMMENDED CASH ACQUISITION

OF

HASTINGS GROUP HOLDINGS PLC

BY

DORSET BIDCO LIMITED

(a newly formed company jointly owned by a consortium comprising Sampo plc and Rand Merchant Investment Holdings Limited)

1. Introduction

The Independent Hastings Directors and the directors of Dorset Bidco Limited (**Bidco**), a newly formed company jointly owned by a consortium comprising Sampo plc (**Sampo**) and Rand Merchant Investment Holdings Limited (**RMI**), are pleased to announce that they have reached agreement on the terms of a recommended cash offer to be made by Bidco to acquire the issued and to be issued share capital of Hastings Group Holdings plc (**Hastings**) not already owned or controlled by Sampo and RMI (the **Offer**). As at 4 August 2020 (being the last Business Day before the date of this Announcement), Sampo and RMI owned or controlled, in aggregate, 196,791,480 Hastings Shares, representing approximately 29.7 per cent. of Hastings' issued share capital as at such date.

2. The Offer

Under the terms of the Offer, which will be subject to satisfaction (or waiver) of the Conditions and certain further terms set out in Appendix I and to the full terms and conditions which will be set out in the Scheme Document, Scheme Shareholders will be entitled to receive:

250 pence in cash for each Scheme Share

The Independent Hastings Directors have today announced that Hastings Shareholders will also be entitled to receive an interim dividend for the six-month period ended 30 June 2020 of 4.5 pence per Hastings Share (the **Interim Dividend**). Hastings Shareholders on the register of members as at the close of business on 2 October 2020 will be entitled to receive and retain the Interim Dividend without any reduction of the consideration payable under the Offer.

Bidco reserves the right to reduce the consideration payable in respect of each Hastings Share under the terms of the Offer to the extent that the Interim Dividend exceeds 4.5 pence per Hastings Share. If any dividend, other distribution or return of capital is announced, declared, made, payable or paid in respect of the Hastings Shares on or after the date of this Announcement and before the Effective Date, other than the Interim Dividend, Bidco reserves the right to reduce the consideration payable in respect of each Hastings Share by the amount of all or part of any such dividend, other distribution or return

of capital. If Bidco exercises this right or makes such a reduction in respect of a dividend, other distribution or return of capital that has not been paid, Hastings Shareholders will be entitled to receive and retain that dividend, other distribution or return of capital.

- The terms of the Offer (excluding the Interim Dividend) represent:
 - a premium of approximately 47.1 per cent. to the Closing Price per Hastings Share of 170 pence on 28 July 2020 (being the last Business Day before Hastings announced it had received an approach that may or may not lead to an offer);
 - a premium of approximately 37.5 per cent. to the volume-weighted average price of 182 pence per Hastings Share for the three-month period ended 28 July 2020 (being the last Business Day before Hastings announced it had received an approach that may or may not lead to an offer); and
 - a premium of approximately 41.7 per cent. to the volume-weighted average price of 176 pence per Hastings Share for the six-month period ended 28 July 2020 (being the last Business Day before Hastings announced it had received an approach that may or may not lead to an offer).

The terms of the Offer (excluding the Interim Dividend) value Hastings' entire issued and to be issued share capital at approximately £1.66 billion.

The Offer will be subject to the Conditions and certain further terms set out in Appendix I, including, among other things: (i) the approval of Scheme Shareholders at the Court Meeting and the passing of the resolutions relating to the Scheme by Hastings Shareholders at the General Meeting; (ii) the sanction of the Scheme by the Court; (iii) the Scheme becoming Effective no later than the Long Stop Date; and (iv) the receipt of certain required regulatory approvals from the FCA in the UK and the GFSC in Gibraltar and EU antitrust approval. In order to become Effective, the Scheme must be approved by a majority in number of Scheme Shareholders representing not less than 75 per cent. in value of the Scheme Shares held by Scheme Shareholders in each case present, entitled to vote and voting, either in person or by proxy, at the Court Meeting or at any adjournment of such meeting.

The Hastings Shares owned or controlled by RMI and Sampo (being 196,508,074 Hastings Shares and 283,406 Hastings Shares respectively, as at 4 August 2020, being the latest practicable before the date of this Announcement) will not be Scheme Shares and will not be acquired by Bidco pursuant to the Offer. It is anticipated that, upon the Offer becoming Effective, RMI and Sampo respectively will transfer such Hastings Shares to Bidco. Sampo and RMI will not be permitted to vote such Hastings Shares at the Court Meeting, but will be permitted to vote such Hastings Shares at the General Meeting.

The Hastings Shares will be acquired by Bidco fully paid and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and any other third party rights or interests whatsoever and together with all rights existing at the date of this Announcement or thereafter attaching thereto, including (without limitation) the right to receive and retain, in full, all dividends and other distributions (if any) declared, made or paid or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made on or after the date of this Announcement in respect of the Hastings Shares, other than the Interim Dividend.

3. Information on RMI, Sampo and Bidco

Sampo

Sampo is a leading Nordic insurance group listed on Nasdaq Helsinki with a market capitalisation of approximately €17.6 billion on 4 August 2020 (being the last practicable date before the date of this Announcement). The Sampo Group is made up of the parent company Sampo plc and its subsidiaries

If P&C Insurance, Mandatum Life and Topdanmark. Nordea, the Nordic banking group and Nordax, a leading Nordic niche bank, are Sampo's associated companies.

If P&C Insurance is the leading property and casualty insurer in the Nordic region. It provides insurance solutions and services in Finland, Sweden, Norway, Denmark and the Baltic countries. Topdanmark is the second largest P&C insurance company and a major life insurance company in Denmark. Mandatum Life is a Finnish financial services company that provides wealth management, remuneration services and personal risk insurance. In addition to Finland, Sampo operates in all the Baltic countries. Sampo administers its insurance subsidiaries and is a major shareholder in Nordea and Nordax. Sampo has offered car insurance policies since 1920.

RMI

RMI is a South African financial services investment holding company founded in 1977 with its shares listed on the Johannesburg Stock Exchange Limited with a market capitalisation of approximately R 48.4 billion on 4 August 2020 (being the last practicable date before the date of this Announcement). RMI aims to be a value-adding, active enabler of leadership and innovation in financial services and currently holds an investment portfolio including its existing investment in Hastings and investments in some of South Africa's premier insurance brands and in next-generation financial services and asset management companies.

RMI formed Main Street, an indirect subsidiary of RMI, in 2015. A 49 per cent. interest in Main Street was subsequently transferred to RMI's indirect subsidiary, OUTsurance. OUTsurance is an unlisted short term and long term insurance company founded in 1998 with operations in South Africa and Australia. Main Street currently holds 196,508,074 Hastings Shares representing approximately 29.7 per cent. of Hastings' issued share capital as at 4 August 2020 (being the last practicable date before the date of this Announcement).

RMI and OUTsurance are aligned on all decisions in relation to their joint investment in Hastings and consider the investment to be strategically important to the portfolio overall. OUTsurance and Hastings share best practice on various aspects of the operation of short term insurance. For example, OUTsurance has shared its significant experience in management of local and offshore call centres with Hastings. In 2018, Hastings entered into an offshore call centre arrangement with OUTsurance to supplement the after-hours capacity of Hastings and improve customer service outcomes.

Bidco

Bidco is a newly incorporated company registered in England and Wales, formed on behalf of, and jointly owned by, the Consortium for the purpose of implementing the Offer. It is intended that, at the Effective Date, Sampo's and RMI's entire indirect shareholding in Hastings will be held through Bidco. Sampo will hold 70 per cent. of the shares in Bidco and Main Street will hold 30 per cent. of the shares in Bidco. Bidco has not traded since its date of incorporation, nor has it entered into any obligations other than in connection with the Offer. Sampo, RMI and Bidco have entered into the Bid Conduct Agreement, which governs the process for conducting and implementing the Offer.

4. Information on Hastings

Founded in 1996 in Bexhill-on-Sea on the Sussex coast, the Hastings Group is one of the leading motor insurance providers to the UK market, and has recently been diversifying into other P&C insurance products including home insurance. Hastings has 3 million Live Customer Policies (LCPs) and employs over 3,300 colleagues at sites in Bexhill, Leicester, Gibraltar and London. Hastings provides straightforward products and services to UK car, bike, van and home insurance customers with around 90 per cent. of policies directly underwritten by the Hastings Group's Gibraltar-based underwriting business, Advantage Insurance Company Limited.

The Hastings Group operates as an insurance provider with two separate businesses. The Hastings Group's retail business, Hastings Insurance Services Limited, is responsible for product design, pricing, fraud management, distribution and management of the underlying customer relationships. The Hastings Group's underwriting business, Advantage Insurance Company Limited, undertakes risk selection, underlying technical pricing, reserving and claims handling.

For the year ending 31 December 2019, the Hastings Group reported gross written premiums of £961.6 million, with underlying average premiums up 5 per cent. on the same period in 2018, and group profit after tax of £69.7 million. For the six months ending 30 June 2020, the Hastings Group reported gross written premiums of £514.9 million, with underlying average premiums up 3 per cent. on the same period in 2019, and group profit after tax of £54.8 million.

5. Background to and reasons for the Offer

Sampo

Sampo has a strategic ambition to expand further into P&C insurance, a segment where it has extensive experience and expertise. As part of this strategy, and considering its strong market positions in the Nordic markets, Sampo has been considering a geographic expansion beyond its current footprint. Sampo believes that the UK, as the second largest retail P&C market in Europe, offers an attractive scale opportunity.

In this context, the acquisition of Hastings represents an attractive opportunity for Sampo to advance its strategy and accelerate its repositioning towards retail P&C insurance. Hastings is a leading motor insurer in the UK and has recently been diversifying into other P&C insurance products including home insurance. Both motor and home insurance represent large markets in the UK with growth potential for the Hastings business.

The acquisition of Hastings provides an attractively positioned platform in one of the most digitally advanced markets globally. The UK is characterised by its high levels of digital distribution with 75 per cent. of motor insurance policies sold through PCWs. Hastings is one of the leading distributors of motor insurance policies through PCWs in the UK with differentiated digital capabilities in technical and retail pricing, anti-fraud and customer service.

The Sampo Board expects the acquisition of Hastings to be accretive to earnings per share and RoE from the first full year following completion. Sampo estimates the transaction will have a positive impact on earnings per share in the mid-single digits (%). Meanwhile, it is expected that Sampo's solvency position will remain robust at around 175 per cent. (post the planned issuance of approximately €1 billion of T2 hybrid capital to part finance the Offer). Sampo Group financial leverage as of 30 June 2020 and pro forma for the transaction is expected to be around 33 per cent. Sampo does not believe that the Offer will lead to a change in the Sampo Group's credit ratings subject to the planned financing structure. The Sampo Board do not expect the Offer to impact the Sampo Group's dividend policy in the short term but is expected to enhance the dividend potential in the long term.

RMI

RMI has a long term investment horizon and focuses on building enduring value over many and differing market cycles. RMI's investment style is anchored in its ethos of being a strategic and value adding shareholder in its portfolio companies. RMI has held indirectly over 29 per cent. of Hastings' issued share capital since 2017 when it acquired the stake for 248 pence per share. RMI believes the UK P&C insurance market in general and Hastings in particular continue to offer growth and value creation potential.

The institutional knowledge that RMI has gained from its involvement in Hastings since its investment in 2017 and representation on the board of Hastings will underpin the strategic framework of the business going forward.

Sampo and RMI

Given the significant retail P&C insurance experience and expertise of Sampo, through its subsidiaries If P&C Insurance and Topdanmark, and RMI, through its ownership of OUTsurance and existing shareholding in Hastings, the intention is to combine this knowledge by forming a partnership that will drive the strategic direction of Hastings for the long term. Sampo and RMI intend to bring to bear their respective experience as long-standing owners and operators of insurance and financial services businesses in different geographies and different sectors to create long term value for the benefit of the Hastings business.

Sampo and RMI recognise that the UK motor insurance market is competitive and in recent years has been affected by challenging market dynamics including elevated claims inflation. Sampo and RMI believe that, under their ownership, Hastings will be able to further develop its agile and digital business model to create long term value.

Sampo and RMI intend for Hastings to continue to be operated on a standalone but unlisted basis. Sampo and RMI believe that a private partnership provides an optimal structure for Hastings to fulfil its potential and build long term value for its stakeholders. As a private company, Sampo and RMI believe Hastings will benefit from a more long term approach to decision making.

Sampo and RMI have identified certain areas of Hastings' operations that they believe with their experience and under private ownership can be further developed, which include:

- claims handling sophistication driving both lower claims costs and increased customer satisfaction;
- expansion into home insurance driving growth and diversification;
- increased customer retention driving greater cost efficiency and premium growth; and
- optimisation of reinsurance strategy driving higher earnings at attractive return on capital.

Sampo and RMI believe that the Offer and operational improvements will deliver certain financial benefits to Hastings, including:

- increased insurance risk retention providing for an attractive return on capital deployed;
- loss ratio improvement as a result of leveraging Sampo and RMI's underwriting expertise; and
- expense savings as a result of removing costs related to the public listing.

6. Strategic plans and intentions with regard to Hastings' business, management and employees

Strategic plans

Sampo and RMI believe that Hastings is a high-quality business with an entrepreneurial management team and exciting growth opportunities. Both Sampo and RMI (which has been the largest shareholder in Hastings since March 2017) consider the following capabilities to be the key competitive differentiators of the Hastings business: (a) risk pricing for personal lines insurance risks; (b) data analytics and the extensive use of data to support underwriting and pricing decisions; (c) a proven digital capability and an ability to compete on price comparison websites; (d) operational agility to

adapt to a dynamic market environment with a low operating cost base; (e) fraud identification and management; (f) strong customer service and a focus on good customer outcomes; and (g) a culture that prioritises high colleague engagement and a focus on ESG. Bidco intends to support these capabilities within the Hastings business following completion of the Offer.

The operational strategy of Hastings will continue to be focused on being an agile, digital general insurance provider operating in large markets with favourable dynamics for focussed, nimble players and maintaining a strong culture of colleague engagement and customer satisfaction.

Given Sampo and RMI's combined operational insurance experience and expertise in 10 countries including Sweden, Finland, Norway, Denmark, South Africa and Australia, and their proven track record as long term and value-adding investors in dynamic financial services companies, Bidco is excited to partner with Hastings' management team to develop further Hastings as a digital general insurance provider which is well positioned in attractive markets and provides best in class customer service and experience. Bidco welcomes Hastings' colleague centric culture and recognises its focus on ethical conduct and strong governance as integral components of Hastings' success.

However, Bidco believes that Hastings will be better positioned to fulfil its potential if the business is in a private company environment free from the public equity market's reporting requirements and associated costs and constraints. This would allow Hastings to focus on building a long term business based on the right risk selection and a high-quality and resilient book of insurance risks. With Sampo and RMI's assistance and support, Hastings will be in the best position to leverage Sampo and RMI's experience and ideas, including constructing an optimal reinsurance programme and take advantage of market opportunities, be they organic or inorganic.

Following the Offer becoming Effective, Bidco will work closely with Hastings' management team and will consider any plans that Hastings' management team may have with a view to further developing Hastings' business.

Employees, management and directors

Bidco values the contribution made by all of the colleagues at Hastings and recognises that the Hastings approach to business is built upon its high performing, dedicated and customer focused colleagues. There is no expectation that there will be any material headcount reductions as a result of the Offer. Hastings' management's and employees' existing contractual and statutory employment rights, including regarding pensions, will be fully safeguarded in accordance with applicable law. Bidco does not intend to make any material changes to the conditions of employment or in the balance of skills and functions of employees and management of Hastings.

Management Incentive Arrangements

Bidco believes that Hastings' success to date should, in large part, be credited to its highly-skilled, committed and entrepreneurial executive team. Following the Offer becoming Effective, Bidco intends to review the management, governance and incentive structure of Hastings. As described in more detail in paragraph 12 below, Bidco has agreed to retention arrangements for participants in the Hastings Long Term Incentive Plan (LTIP), including members of Hastings' management. Apart from those arrangements, Bidco has not entered into, and has not had discussions on proposals to enter into, any form of incentivisation arrangements with members of Hastings' management, but intends to put in place incentive arrangements for certain members of the Hastings' management team following the Offer becoming Effective.

Discussions will be held with the non-executive Hastings Directors, pursuant to which certain non-executive Hastings Directors may be offered the opportunity to continue as directors of Hastings following the Offer becoming Effective. The remaining non-executive Hastings Directors are expected to resign upon the Offer becoming Effective.

Locations of business, headquarters and fixed assets

Bidco intends to maintain Hastings' corporate offices and headquarters on the south coast of England. Bidco has no plans to redeploy or dispose of Hastings' fixed assets. Bidco does not intend to make any material changes to Hastings' headquarter functions, other than discontinuing a limited number of ancillary PLC-related functions upon Hastings ceasing to operate as a publicly listed company.

Hastings does not operate any defined benefit pensions schemes. Hastings has no dedicated research and development functions and Bidco has no plans in this regard.

Impact on Sampo and RMI

Sampo and RMI do not expect the Offer to have any impact on the strategic plans, management, employees and locations of their respective businesses.

Views of the Independent Hastings Directors

The Independent Hastings Directors are pleased that Bidco has affirmed the importance of the management and employees of Hastings to its future plans. In particular, the Independent Hastings Directors welcome Bidco's confirmation that it does not intend to initiate any material headcount reductions or changes in location of Hastings' corporate offices and headquarters on the south coast of England. The Independent Hastings Directors also welcome Bidco's confirmation that, following the Offer becoming Effective, the existing contractual and statutory employment rights of all Hastings management and employees will be fully safeguarded in accordance with applicable law.

7. Recommendation

The Independent Hastings Directors, who have been so advised by Barclays, Fenchurch Advisory Partners and Numis as to the financial terms of the Offer, consider the terms of the Offer to be fair and reasonable. In providing their advice to the Independent Hastings Directors Barclays, Fenchurch Advisory Partners and Numis have taken into account the commercial assessments of the Independent Hastings Directors. Barclays, Fenchurch Advisory Partners and Numis are providing independent financial advice to the Independent Hastings Directors for the purposes of Rule 3 of the Code.

Accordingly, the Independent Hastings Directors intend to recommend unanimously that Scheme Shareholders vote in favour of the Scheme at the Court Meeting and the Hastings Shareholders vote in favour of the resolutions to be proposed at the General Meeting (or in the event that the Offer is implemented by way of a Takeover Offer, that Independent Hastings Shareholders accept such Offer) as the Independent Hastings Directors who hold Hastings Shares have irrevocably undertaken to do in respect of their entire beneficial holdings, amounting in aggregate to 2,174,773 Hastings Shares representing approximately 0.33 per cent. of the issued share capital of Hastings, and approximately 0.47 per cent. of the Hastings Shares eligible to vote at the Court Meeting), as at 4 August 2020 (being the last practicable date prior to publication of this Announcement). Further details of these irrevocable undertakings are set out at Appendix III of this Announcement.

For the purposes of the Offer, Herman Bosman, a non-executive director of Hastings, is not an Independent Hastings Director, due to his position as CEO of RMI, and therefore has not participated in the consideration of the Offer by the Independent Hastings Directors or the decision of the Independent Hastings Directors to recommend the Offer as set out above.

8. Background to and reasons for the recommendation

Hastings is an agile, data and digitally focused general insurance provider predominantly focused on serving the UK car insurance market with a growing presence in the van, bike and home insurance

markets. Hastings delivers straightforward products and services to approximately 3 million LCPs and employs over 3,300 colleagues.

Hastings is built for the way the majority of consumers now buy insurance, and since Hastings listed on the London Stock Exchange in 2015, Hastings has grown its LCPs by 9 per cent. on average per year and gross written premiums by 12 per cent. on average per year, whilst maintaining a strong solvency position and an attractive dividend pay-out.

Hastings is increasingly focused on diversifying its products, in particular into home insurance. Hastings has grown in both car and home through its focus on PCW distribution, underpinned by its agile and disciplined approach to pricing.

Since 2018, the motor insurance market backdrop has been challenging, driven by factors such as a softening of the pricing environment, elevated claims inflation and regulatory changes such as the changes to the Ogden rate. Throughout this period, Hastings has continued to invest in its strategic initiatives and digital proposition. Despite the recent Covid-19 pandemic placing additional operational challenges on top of these industry headwinds, underlying business performance has been strong, the reduction in motor insurance accident frequencies helping to offset the impact on trading income from reduced mid-term policy adjustment income and actions that the Hastings Group has taken in response to the pandemic to support its colleagues, customers and the community.

Over recent years the Hastings Group has built on its successful implementation of Guidewire by undertaking a major investment programme in its people, processes and platform to deliver against its vision of becoming the UK's best and biggest digital insurance provider. This investment has focused on further improving pricing analytics, enhancing anti-fraud measures, and implementing transformational claims initiatives. Hastings has continued to expand the use of data and analytics to support its underwriting and pricing processes and allow it to profitably grow while continuing to enhance the Group's leading anti-fraud capabilities. In line with Hastings' objective to deliver profitable growth, Hastings has also invested in transforming the claims management process and it expects that over time there will be attractive benefits from this investment through a reduction in claims expenses.

Building on Hastings' historical focus on PCW distribution, Hastings has launched a mobile app which has driven record levels of digital adoption leading to a substantial increase in the proportion of customer engagement conducted digitally, and a tangible improvement in customer retention. In addition, Hastings has remained focused on diversifying the business, particularly into home insurance where it has grown its customer base while gradually increasing the proportion of the book underwritten through its in-house underwriter. At the organisational level, Hastings has invested in a number of senior hires to guide the business through the next stage of its growth.

The Independent Hastings Directors are highly confident that Hastings is well placed to continue to make good progress as a stand-alone business, leveraging its underwriting discipline, low cost, efficient business model and digitally optimised platform to continue delivering strong growth and significant value for shareholders. However, the Independent Hastings Directors have carefully considered the Consortium's proposal since the initial approach on 23 June 2020 and believe that the Offer recognises the value created by Hastings' strategy to date and the value that this strategy is expected to generate in the future.

In particular the Independent Hastings Directors note that:

- (a) the terms of the Offer (excluding the Interim Dividend) represent a premium of approximately 47.1 per cent. to the Closing Price per Hastings Share of 170 pence on 28 July 2020 (being the last Business Day before Hastings announced it had received an approach that may or may not lead to an offer); and

- (b) the Offer will deliver a number of strategic benefits to Hastings' business, including the opportunity to gain from Sampo and RMI's in-depth knowledge of the insurance sector across various jurisdictions, existing experience in retail personal insurance lines and the sharing of best in class practices from being part of a global business.

Having taken into account the above and the interests of all other relevant stakeholders, including Hastings' colleagues and customers, the Independent Hastings Directors believe that the terms of the Offer provide Independent Hastings Shareholders with a payment in cash that reflects the value that would have been delivered over time as Hastings executes its strategy.

9. Irrevocable undertakings

Bidco has received irrevocable undertakings to vote or procure votes to approve the Scheme at the Court Meeting and to vote or procure votes in favour of the resolutions to be passed at the General Meeting (or in the event that the Offer is implemented by way of a Takeover Offer, to accept or procure acceptance of the Takeover Offer) from each of the Independent Hastings Directors who hold Hastings Shares in respect of their own holdings being, in aggregate, 2,174,773 Hastings Shares, representing approximately 0.33 per cent. of the issued share capital of Hastings, and 0.47 per cent. of Hastings Shares eligible to vote at the Court Meeting, as at 4 August 2020 (being the last practicable date before the date of this Announcement).

Further details of the irrevocable undertakings, including the circumstances in which they cease to be binding, are set out in Appendix III.

10. Hastings Share Schemes

It is intended that appropriate proposals will be made in due course to participants in the Hastings Share Schemes. Details of the proposals (including the retention arrangements for participants in the LTIP as described in more detail in paragraph 12 below) will be set out in the Scheme Document and in separate letters to be sent to the participants in the Hastings Share Schemes.

11. Financing

The cash consideration payable to Scheme Shareholders under the terms of the Offer will be financed by a combination of: (i) existing cash resources of Sampo and the issuance by Sampo of a €1 billion T2 bond; and (ii) existing cash resources of RMI.

Sampo has placed in escrow with J.P. Morgan Chase Bank, N.A., London Branch pursuant to an escrow agreement dated 3 August 2020, an amount of cash equal to the portion of the cash consideration which is to be financed by its existing cash resources. In addition, Sampo has entered into a bridge credit agreement arranged by J.P. Morgan Securities Plc and Nordea Bank Abp (the **Bridge Credit Agreement**) in respect of the remaining portion of the cash consideration which is available for drawing if its T2 bond is not completed. The €1 billion term loan facility provided under the Bridge Credit Agreement is committed on a certain funds basis and is to be used solely for the purpose of satisfying J.P. Morgan Cazenove, as financial adviser to Bidco, that sufficient cash resources are available to Sampo to satisfy in full its portion of the cash consideration payable to Scheme Shareholders under the terms of the Offer. J.P. Morgan Securities Plc and Nordea Bank Abp will serve as joint lead managers for the T2 bond issuance.

RMI has placed in escrow with J.P. Morgan Chase Bank, N.A., London Branch pursuant to an escrow agreement dated 3 August 2020, an amount of cash equivalent to the portion of the cash consideration which is to be financed by its existing cash resources.

J.P. Morgan Cazenove, as financial adviser to Bidco, is satisfied that sufficient resources are available to Bidco to enable it to satisfy in full the cash consideration payable to Scheme Shareholders under the terms of the Offer.

Further information on the financing of the Offer will be set out in the Scheme Document.

12. Offer-related arrangements

Confidentiality Agreement

Hastings, Sampo, RMI and Main Street have entered into the Confidentiality Agreement, pursuant to which each of Sampo, RMI and Main Street has undertaken to keep certain information relating to the Offer and Hastings confidential and not to disclose such information to third parties, except to certain permitted disclosees for the purposes of evaluating, negotiating, advising upon, providing financing in relation to or implementing the Offer or if required by applicable laws or regulations. The confidentiality obligations of each party under the Confidentiality Agreement continue for 18 months after the date of the Confidentiality Agreement. The Confidentiality Agreement also contains customary non-solicit and standstill provisions, in each case subject to customary carve-outs, for a period of 12 months from the date of the Confidentiality Agreement.

Cooperation Agreement

Sampo, RMI, Bidco and Hastings have entered into a cooperation agreement dated 5 August 2020 pursuant to which the parties have agreed, among other things, that:

- the parties will cooperate with each other in order to assist in obtaining regulatory approvals from the FCA in the UK and the GFSC in Gibraltar and EU antitrust approval, as well as any other approvals, consents, clearances, permissions, confirmations, comfort letters and waivers that may be required from any relevant authority in order to satisfy the Conditions;
- Sampo, RMI and Bidco will each provide Hastings with information and assistance for the preparation of the Scheme Document and any other document required under the Code or by other law to be published in connection with the Scheme;
- Bidco has agreed to certain provisions in relation to any switch to a Takeover Offer; and
- the parties have agreed to implement appropriate proposals in relation to the existing Hastings employee incentive arrangements and matters concerning Hastings group employees.

The Cooperation Agreement will terminate in certain circumstances, including:

- if agreed in writing between the parties;
- if the Independent Hastings Directors withdraw, adversely modify or adversely qualify their recommendation of the Offer (or announce that they intend to do so);
- if the Scheme is not approved by the Independent Hastings Shareholders at the Court Meeting or the Court refuses to sanction the Scheme;
- if a Condition becomes incapable of satisfaction by the Long Stop Date (and, to the extent capable of waiver, is not waived), in circumstances where the invocation of the relevant Condition is permitted by the Panel;
- if the Independent Hastings Directors recommend a competing offer or a competing offer completes, becomes effective or is declared unconditional in all respects;

- if the Offer is, with the permission of the Panel, withdrawn or lapses in accordance with its terms prior to the Long Stop Date (other than pursuant to Bidco's right to switch to a Takeover Offer as agreed with Hastings, or where such withdrawal or lapse is followed within five Business Days by an announcement under Rule 2.7 of the Code made by Bidco to make an offer on substantially the same or improved terms); or
- if the Effective Date has not occurred on or before the Long Stop Date.

Hastings, Sampo, RMI and Main Street have agreed in the Cooperation Agreement to put in place certain retention arrangements (conditional upon the Offer becoming Effective and individual participant consent) for holders of awards granted under the LTIP in 2019 and 2020 (including but not limited to executive Hastings Directors and management). Under these arrangements, Sampo and RMI will procure that each participant is offered a replacement cash retention award (a **Replacement Award**) to replace the awards granted under the LTIP in 2019 and 2020 (**LTIP Awards**), which would not then vest to any extent. The value of each participant's Replacement Award will be calculated by multiplying the cash consideration payable per Scheme Share pursuant to the Offer by two thirds of the Hastings Shares under the participant's 2019 LTIP Award and the full number of Hastings Shares under the participant's 2020 LTIP Award (together with a pre-determined amount representing dividend equivalents). Vesting of one quarter of the 2019 Replacement Award and one half of the 2020 Replacement Award will be subject to the achievement of profit targets; vesting of the remainder will be subject only to continued employment (on the basis that the TSR targets to which the 2019 and 2020 LTIP Awards are currently subject is expected to be satisfied as at the date of sanction of the Scheme by the Court). The Replacement Awards will vest at the same time as the original LTIP Award would have vested but for the Offer and will otherwise remain subject to the same terms and conditions (save that no holding or retention period post-vesting will apply).

Additionally, conditional upon the Offer becoming Effective and participant consent, it has been agreed that restricted share awards granted under the LTIP will not vest on the date of sanction of the Scheme by the Court and that Sampo and RMI will instead procure that each holder of restricted share awards under the LTIP, is offered a replacement retention award, (**Restricted Share Replacement Award**), to be satisfied in cash on the date or dates the original restricted share awards would have vested but for the Offer. Because performance conditions do not apply to the restricted share awards, no performance conditions will apply to the Restricted Share Replacement Awards, which will be subject only to continued employment. The value of each participant's Restricted Share Replacement Award will be an amount equal to the cash consideration payable per Scheme Share pursuant to the Offer multiplied by the number of Hastings Shares under that participant's restricted share award (together with a pre-determined amount representing dividend equivalents).

Sampo and RMI have confirmed in the Cooperation Agreement that they will honour existing terms relating to redundancy and severance for one year following the Offer becoming Effective.

As required by, and solely for the purposes of, Rule 16.2 of the Takeover Code, Barclays, Fenchurch Advisory Partners and Numis have (in their capacity as independent advisers to the Independent Hastings Directors for the purposes of Rule 3 of the Takeover Code) reviewed the terms of the retention arrangements and have each confirmed that, in their opinion, the retention arrangements set out above are fair and reasonable as far as Hastings Shareholders are concerned. In providing this advice to the Independent Hastings Directors, Barclays, Fenchurch Advisory Partners and Numis have taken into account the commercial assessments of the Independent Hastings Directors.

13. Structure of the Offer

It is intended that the Offer will be implemented by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act. The purpose of the Scheme is to provide for Bidco to become the owner of the issued and to be issued share capital of Hastings not already owned or controlled by Sampo and RMI. The Scheme is an arrangement between Hastings and the Scheme

Shareholders and is subject to the approval of the Court. The procedure involves, among other things, an application by Hastings to the Court to sanction the Scheme, in consideration for which Scheme Shareholders will receive cash on the basis described in Section 2 of this Announcement.

The Hastings Shares owned or controlled by RMI and Sampo (being 196,508,074 Hastings Shares and 283,406 Hastings Shares respectively, as at 4 August 2020, being the latest practicable before the date of this Announcement) will not be Scheme Shares and will not be acquired by Bidco pursuant to the Offer. It is anticipated that, upon the Scheme becoming Effective, RMI and Sampo respectively will transfer such Hastings Shares to Bidco. RMI and Sampo will not be permitted to vote such Hastings Shares at the Court Meeting, but will be permitted to vote such Hastings Shares at the General Meeting.

Upon the Scheme becoming Effective: (i) it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting and the General Meeting (and if they attended and voted, whether or not they voted in favour); and (ii) share certificates in respect of Scheme Shares will cease to be of value and should be destroyed and entitlements to Scheme Shares held within the CREST system will be cancelled. The consideration payable under the Scheme will be despatched to Scheme Shareholders by Bidco no later than 14 days after the Effective Date.

Any Hastings Shares (other than Excluded Shares) issued before the Scheme Record Time will be subject to the terms of the Scheme. The Special Resolution to be proposed at the General Meeting will, amongst other matters, provide that the Hastings Articles be amended to incorporate provisions requiring any Hastings Shares issued after the Scheme Record Time (other than to Bidco or its nominee(s)) to be automatically transferred to Bidco on the same terms as the Offer (other than terms as to timings and formalities). The provisions of the Hastings Articles (as amended) will avoid any person (other than Bidco, Sampo, RMI or their respective nominee(s)) holding Hastings Shares after the Effective Date.

The Offer is subject to a number of Conditions and certain further terms set out in Appendix I and to the full terms and conditions to be set out in the Scheme Document, including, amongst other things:

- the Scheme becoming Effective by the Long Stop Date, failing which the Scheme will lapse;
- the approval of the Scheme by a majority in number of the Scheme Shareholders, representing not less than 75 per cent. in value of the Scheme Shares held by Scheme Shareholders, present and voting, either in person or by proxy, at the Court Meeting or at any adjournment thereof 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 may be agreed between Bidco and Hastings and the Court may allow);
- the passing of the resolutions relating to the Scheme by the requisite majority at the General Meeting to be held on or before the 22nd day after the expected date of the General Meeting to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and Hastings and the Court may allow);
- the sanction of the Scheme by the Court (with or without modification, on terms to be agreed by Bidco and Hastings) on or before the 22nd day after the expected date of the Court Hearing to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and Hastings and the Court may allow);
- the delivery of an office copy of the Court Order to the Registrar of Companies; and
- the receipt of certain regulatory and antitrust approvals (including regulatory approvals in the UK and Gibraltar and EU antitrust approval).

It is expected that the Scheme Document, containing further information about the Offer and notices of the Court Meeting and General Meeting, together with Forms of Proxy, will be sent or made available to Hastings Shareholders and persons with information rights as soon as practicable and in any event within 28 days of the date of this Announcement (unless a later date is agreed between Bidco, Hastings and the Panel). Subject to the satisfaction or waiver of all relevant conditions, including the Conditions, and certain further terms set out in Appendix I and to be set out in the Scheme Document, and subject to the approval and availability of the Court, it is expected that the Scheme will become Effective in late 2020.

The Offer and the Scheme will be governed by English law and will be subject to the jurisdiction of the courts of England and Wales. The Scheme will be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange, the Listing Rules, the Court, the FCA and the GFSC.

14. Scheme timetable/further information

A full anticipated timetable will be set out in the Scheme Document which will be sent or made available to Hastings Shareholders and persons with information rights as soon as practicable and in any event within 28 days of the date of this Announcement (unless a later date is agreed between Bidco, Hastings and the Panel). It is expected that the Meetings will take place before the end of September 2020 and the Scheme will become Effective in late 2020. Subject to certain restrictions relating to persons resident in Restricted Jurisdictions, the Scheme Document will also be made available on Hastings' website at <https://www.hastingsplc.com>.

15. Right to switch to a Takeover Offer

Subject to obtaining the consent of the Panel and where permitted pursuant to the terms of the Cooperation Agreement, Bidco reserves the right to elect to implement the Offer by way of a Takeover Offer as an alternative to the Scheme.

In such event, such Takeover Offer will be implemented on the same terms and conditions, so far as applicable, as those which would apply to the Scheme subject to appropriate amendments to reflect the change in method of effecting the Takeover Offer, including (without limitation), with the consent of the Panel, the inclusion of an acceptance condition set at 90 per cent. (or as otherwise agreed under the Cooperation Agreement) of the Hastings Shares to which the Takeover Offer relates, (or such lesser percentage as may be agreed after consultation with the Panel (if necessary), being in any case more than 50 per cent. of the voting rights normally exercisable at a general meeting of Hastings, including, for this purpose, any such voting rights attaching to Hastings Shares that are issued before the Takeover Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise).

16. De-listing

It is intended that dealings in Hastings Shares will be suspended on the Business Day before the Effective Date at a time to be set out in the Scheme Document. It is further intended that applications will be made to the London Stock Exchange to cancel trading in Hastings Shares on the Main Market of the London Stock Exchange, and to the FCA to cancel the listing of the Hastings Shares on the Official List, in each case with effect from or shortly following the Effective Date.

On the first Business Day after the Effective Date, entitlements to Hastings Shares held within the CREST system will be cancelled, and share certificates in respect of Hastings Shares will cease to be valid.

Hastings does not hold any Hastings Shares in treasury.

17. Disclosure of interests in Hastings

As at the close of business on 4 August 2020, being the last practicable date before the date of this Announcement:

- the RMI Group was interested in 196,508,074 Hastings Shares, representing approximately 29.7 per cent. of the issued share capital of Hastings as at 4 August 2020 (being the last practicable date before the date of this Announcement). Additionally, Capensis Capital (Pty) Ltd, in which the RMI Group has a 30 per cent. indirect interest, was interested in 95,144 Hastings Shares, representing approximately 0.01 per cent. of the issued share capital of Hastings as at 4 August 2020 (being the last practicable date before the date of this Announcement); and
- the Sampo Group was interested in 283,406 Hastings Shares, representing approximately 0.04 per cent. of the issued share capital of Hastings as at 4 August 2020 (being the last practicable date before the date of this Announcement).

As at the close of business on 4 August 2020, being the last practicable date before the date of this Announcement, save for: (i) the disclosures in this Section 17; and (ii) the irrevocable undertakings referred to in Section 9 of this Announcement, none of Bidco or any of its directors or, so far as Bidco is aware, any person acting, or deemed to be acting, in concert with Bidco:

- had an interest in, or right to subscribe for, relevant securities of Hastings;
- had any short position in (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery of, relevant securities of Hastings;
- had procured an irrevocable commitment or letter of intent to accept the terms of the Offer in respect of relevant securities of Hastings; or
- had borrowed or lent any Hastings Shares.

Furthermore, save for the irrevocable undertakings described in Section 9 of this Announcement, no arrangement exists between Bidco and Hastings or any person acting in concert with Bidco or Hastings in relation to Hastings Shares. For these purposes, an arrangement includes any indemnity or option arrangement, any agreement or any understanding, formal or informal, of whatever nature, relating to Hastings Shares which may be an inducement to deal or refrain from dealing in such securities.

18. Overseas Shareholders

The availability of the Offer and the distribution of this Announcement to persons resident in, or citizens of, or otherwise subject to, jurisdictions outside the UK 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. Independent Hastings Shareholders who are in any doubt regarding such matters should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

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. Independent Hastings Shareholders are advised to read carefully the Scheme Document and the Forms of Proxy once these have been despatched.

19. General

The Offer will be subject to the Conditions and other terms set out in Appendix I to this Announcement and to the full terms and conditions which will be set out in the Scheme Document. The Scheme Document will be despatched to Hastings Shareholders as soon as practicable and in any event within 28 days of the date of this Announcement (unless a later date is agreed between Bidco, Hastings and the Panel).

In deciding whether or not to vote or procure votes to approve the Scheme at the Court Meeting or to vote or procure votes in favour of the resolutions relating to the Scheme at the General Meeting in respect of their Hastings Shares, Hastings Shareholders should rely on the information contained, and follow the procedures described, in the Scheme Document.

J.P. Morgan Cazenove, Barclays, Fenchurch Advisory Partners and Numis 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.

The Scheme Document will not be reviewed by any federal state securities commission or regulatory authority in the U.S., nor will any commission or authority pass upon the accuracy or adequacy of the Scheme Document. Any representation to the contrary is unlawful and may be a criminal offence.

Appendix II contains the bases and sources of certain information used in this Announcement. Appendix III contains details of the irrevocable undertakings received in relation to the Offer that are referred to in this Announcement. Appendix IV contains definitions of certain terms used in this Announcement.

20. Documents on display

Copies of the following documents will, by no later than 12 noon (London time) on the Business Day following the date of this Announcement, be made available on Hastings' website at <https://www.hastingsplc.com> until the end of the Offer Period:

- (a) this Announcement;
- (b) the Confidentiality Agreement;
- (c) the Cooperation Agreement;
- (d) the Irrevocable Undertakings;
- (e) the Bid Conduct Agreement; and
- (f) the documents relating to the financing of the Offer.

Neither the contents of Hastings' website nor the content of any other website accessible from hyperlinks on either such website, is incorporated into or forms part of, this Announcement.

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Hastings

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Akshman Ori

Allen & Overy LLP is acting as legal adviser to Bidco in connection with the Offer. Freshfields Bruckhaus Deringer LLP is acting as legal adviser to Hastings in connection with the Offer.

Important notices relating to financial advisers

J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove (J.P. Morgan Cazenove), is authorized in the UK by the Prudential Regulation Authority and regulated in the UK by the Prudential Regulation Authority and the FCA. J.P. Morgan Cazenove is acting as financial adviser exclusively for Bidco and no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters in this announcement and will not be responsible to anyone other than Bidco for providing the protections afforded to clients of J.P. Morgan Cazenove, or for providing advice in relation to any matter referred to herein.

*Barclays Bank PLC, acting through its Investment Bank (**Barclays**), which is authorized by the Prudential Regulation Authority and regulated in the United Kingdom by the Financial Conduct Authority and the Prudential Regulation Authority, is acting exclusively for Hastings and no-one else in connection with the Offer and will not be responsible to anyone other than Hastings for providing the protections afforded to its clients nor for providing advice in relation to the Offer or any other matters referred to in this Announcement.*

*Fenchurch Advisory Partners LLP (**Fenchurch Advisory Partners**), which is authorized and regulated by the FCA, is acting exclusively for Hastings and no-one else in connection with the possible offer and will not be responsible to anyone other than Hastings for providing the protections afforded to clients of Fenchurch Advisory Partners nor for providing the protections afforded to its clients nor for providing advice in relation to the possible offer or any other matters referred to in this announcement.*

*Numis Securities Limited (**Numis**), which is authorized and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Hastings and no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters in this announcement and will not be responsible to anyone other than Hastings for providing the protections afforded to clients of Numis, nor for providing advice in relation to any matter referred to herein.*

In accordance with the Code, normal United Kingdom market practice and Rule 14e-5(b) of the U.S. Exchange Act, Barclays and its affiliates will continue to act as exempt principal trader in Hastings securities on the London Stock Exchange. These purchases and activities by exempt principal traders which are required to be made public in the United Kingdom pursuant to the Code will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at www.londonstockexchange.com. This information will also be publicly disclosed in the United States to the extent that such information is made public in the United Kingdom.

Further Information

This Announcement is for information purposes only and is not intended to and does not constitute, or form any part of, an offer to sell or an invitation to purchase, otherwise acquire or subscribe for or dispose of any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Offer or otherwise. The Offer will be made solely by the Scheme Document (or in the event that the Offer is to be implemented by means of a Takeover Offer, the offer document), which will contain the full terms and conditions of the Offer, including details of how to vote in respect of the Scheme. Any voting decision or response in relation to the Offer should be made solely on the basis of the Scheme Document.

This Announcement does not constitute a prospectus or an exempted document.

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 jurisdictions outside England.

Overseas Shareholders

The release, publication or distribution of this Announcement in jurisdictions other than the UK or the U.S. may be restricted by law and therefore any persons who are not resident in the UK or the U.S. or who are subject to the laws of any jurisdiction other than the UK or the U.S. (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 UK or the U.S. or who are subject to the laws of another jurisdiction to participate in the Offer or to vote their Hastings 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. To the fullest extent permitted by applicable law, the companies and persons involved in the Offer disclaim any responsibility or liability for the violation of such restrictions by any person.

Unless otherwise determined by Bidco or required by the Code, and permitted by applicable law and regulation, the Offer shall not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Offer by any such use, means, instrumentality or form within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction.

The Offer will be subject to the applicable requirements of English law, the Code, the Panel, the London Stock Exchange, the FCA, and the applicable requirements of Gibraltar law and the GFSC.

Copies of this Announcement and any formal documentation relating to the Offer 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 Offer.

If the Offer 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 the mails 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 Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or from within any Restricted Jurisdiction.

The availability of the Offer to Independent Hastings Shareholders who are not resident in the UK or the U.S. may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the UK or the U.S. should inform themselves of, and observe, any applicable requirements. Further details in relation to Independent Hastings Shareholders in overseas jurisdictions will be contained in the Scheme Document.

Notice to U.S. investors in Hastings

The Offer relates to the shares of a UK company and is being made by means of a scheme of arrangement provided for under English company law. The Offer, implemented by way of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the U.S. Exchange Act, as amended. Accordingly, the Offer is subject to the disclosure requirements and practices applicable to a scheme of arrangement involving a target company in the UK listed on the London Stock Exchange, which differ from the disclosure requirements of the U.S. tender offer and proxy solicitation rules. The financial information with respect to Hastings included in this announcement and the Scheme Document has been or will have been prepared in accordance with IFRS and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. If, in the future, Bidco exercises its right to implement the Offer by way of a Takeover Offer and determines to extend the Takeover Offer into the U.S., the Offer will be made in compliance with applicable U.S. laws and regulations, including applicable US tender offer regulations.

The receipt of cash pursuant to the Scheme by US Shareholders as consideration for the transfer of their Hastings Shares pursuant to the Scheme may be a taxable transaction for US federal income tax purposes and

under applicable US state and local, as well as foreign and other, tax laws. Each Hastings Shareholder (including US Shareholders) is urged to consult his independent professional adviser immediately regarding the tax consequences of the Offer applicable to him. Neither the SEC nor any U.S. state securities commission has approved or disapproved or passed judgement upon the fairness or the merits of the Offer or determined if this Announcement is adequate, accurate or complete. Any representation to the contrary is a criminal offence in the U.S.

Some or all of Hastings' officers and directors reside outside the U.S., and some or all of its assets are or may be located in jurisdictions outside the U.S. Therefore, investors may have difficulty effecting service of process within the U.S. upon those persons or recovering against Hastings or its officers or directors on judgments of U.S. courts, including judgments based upon the civil liability provisions of the U.S. federal securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a U.S. court's judgement. It may not be possible to sue Hastings or its officers or directors in a non-US court for violations of the U.S. securities laws.

In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the U.S. Exchange Act, Bidco or its nominees, or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, Hastings Shares outside the US, other than pursuant to the Offer, until the date on which the Offer and/or Scheme becomes effective, lapses or is otherwise withdrawn. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK, will be reported to the Regulatory News Service of the London Stock Exchange and will be available on the London Stock Exchange website at <https://www.londonstockexchange.com/>.

Forward Looking Statements

This Announcement contains certain forward-looking statements with respect to the Consortium, Bidco and Hastings. 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, without limitation, "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "aim", "will", "may", "hope", "continue", "would", "could" or "should" or other words of similar meaning or the negative thereof. Forward-looking statements include but are not limited to, statements relating to the following: (i) future capital expenditures, expenses, revenues, economic performance, financial conditions, dividend policy, losses and future prospects, (ii) business and management strategies and the expansion and growth of the operations of Bidco or Hastings, and (iii) the effects of government regulation on the business of Bidco or Hastings. There are many factors which could cause actual results to differ materially from those expressed or implied in forward looking statements. Among such factors are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or disposals. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations.

These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. Except as expressly provided in this document, they have not been reviewed by the auditors of the Consortium, Bidco or Hastings. By their nature, these forward-looking statements involve known and unknown risks, uncertainties because they relate to events and depend on circumstances that will occur in the future. The factors described in the context of such forward-looking statements in this Announcement may cause the actual results, performance or achievements of any such person, or industry results and developments, to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. 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. None of the Consortium, Bidco, Hastings, nor their respective members, directors, officers or employees, advisers or any person acting on their behalf,

provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements attributable to in this announcement will actually occur. No forward-looking or other statements have been reviewed by the auditors of the Consortium, Bidco or Hastings.

None of the Consortium, Bidco, Hastings or their respective members, directors, officers, employees, advisers and any person acting on behalf of one or more of them undertakes any intention or obligation to update publicly or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required. All subsequent oral or written forward-looking statements attributable to the Consortium, Bidco or Hastings or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above.

No member of the Consortium, the Bidco Group nor the Hastings Group, nor any of their respective associates, directors, officers, employees or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Announcement will actually occur.

No profit forecasts or estimates

No statement in this Announcement is intended as a profit forecast or estimate for Bidco, any member of the Consortium or Hastings for any period and no statement in this Announcement should be interpreted to mean that earnings or earnings per Hastings Share, for Hastings for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per Hastings Share.

Publication on website and hard copies

A copy of this Announcement and the documents required to be published pursuant to Rule 26.1 and Rule 26.2 of the Code will be made available (subject to certain restrictions relating to persons resident in Restricted Jurisdictions) free of charge, on Hastings' website at <https://www.hastingsplc.com> by no later than 12 noon London time on the Business Day following the Announcement.

Neither the contents of that website nor the content of any other website accessible from hyperlinks on that website is incorporated into, or forms part of, this Announcement.

Hastings Shareholders may request a hard copy of this announcement by contacting Equiniti Limited between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday (except UK public holidays) on 0371 384 2030 from within the UK or on +44 (0)121 415 7047 if calling from outside the UK or by submitting a request in writing to Registrar at Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. If you have received this announcement in electronic form, copies of this announcement and any document or information incorporated by reference into this document will not be provided unless such a request is made..

Information relating to Hastings Shareholders

Please be aware that addresses, electronic addresses and certain other information provided by Hastings Shareholders, persons with information rights and other relevant persons for the receipt of communications from Hastings may be provided to the Consortium and Bidco during the Offer Period as required under Section 4 of Appendix 4 of the Code in order to comply with Rule 2.1 III of the Code.

Rounding

Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Disclosure Requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in one 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 p.m. (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 p.m. (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 one 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 p.m. (London time) on the Business Day (as defined in the Code) following the date of the relevant dealing.

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 <https://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. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.

APPENDIX I

CONDITIONS AND FURTHER TERMS OF THE ACQUISITION

Part A

Conditions to the Offer

The Offer will be conditional upon the Scheme becoming unconditional and becoming Effective, subject to the Code, by no later than 11.59 p.m. (London time) on the Long Stop Date.

Scheme approval

a) The Scheme will be conditional upon:

(i)

- A. its approval by a majority in number representing not less than 75 per cent. in value of the Scheme Shareholders who are on the register of members of Hastings at the Voting Record Time (or the relevant class or classes thereof, if applicable), in each case present, entitled to vote and voting, either in person or by proxy, at the Court Meeting or at any separate class meeting which may be required by the Court (as applicable) or at any adjournment of any such meeting; and
- B. the Court Meeting and any separate class meeting which may be required by the Court or any adjournment of any such meeting 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, if any, as Bidco and Hastings may agree and the Court may allow);

(ii)

- A. all resolutions necessary to approve and implement the Scheme being duly passed by the requisite majority or majorities at the General Meeting or at any adjournment of that meeting; and
- B. the General Meeting or any adjournment of that meeting being held on or before the 22nd day after the expected date of the General Meeting to be set out in the Scheme Document in due course (or such later date, if any, as Bidco and Hastings may agree and the Court may allow); and

(iii)

- A. the sanction of the Scheme by the Court with or without modification (but subject to any such modification being acceptable to Bidco and Hastings); and
- B. the Court Hearing being held on or before the 22nd day after the expected date of the Court Hearing to be set out in the Scheme Document in due course (or such later date, if any, as Bidco and Hastings may agree and the Court may allow).

In addition, Bidco and Hastings have agreed, subject to the requirements of the Panel and in accordance with the Code, that the Offer will also be conditional upon the following Conditions and, accordingly, the necessary actions to make the Scheme Effective will not be taken unless the following Conditions (as amended if appropriate) have been satisfied or, where relevant, waived:

Regulatory Approvals

FCA approval

- b) the FCA notifying the Consortium or Bidco pursuant to section 189(4)(a) of the FSMA (or issuing a decision notice under section 189(7) FSMA in terms which do not impose any material conditions, obligations or restrictions on the Wider Bidco Group or the Wider Hastings Group other than those which are satisfactory to Bidco (acting reasonably)) that it approves the acquisition or increase in control (as defined in sections 181 and 182 FSMA) over Hastings by any member of the Wider Bidco Group where that acquisition or increase of control, in either case, would take place as a result of the Offer or its implementation, or the FCA being treated as having given such approval under section 189(6) of FSMA;

GFSC approval

- c) the GFSC notifying the Consortium or Bidco pursuant to section 122(4)(a) of the FSA (or issuing a decision notice under section 122(7)(a) in terms which do not impose any material conditions, obligations or restrictions on the Wider Bidco Group or the Wider Hastings Group other than those which are satisfactory to Bidco (acting reasonably)) that it approves the acquisition or increase in control (as defined in sections 114 and 115 of the FSA) over Hastings by any member of the Wider Bidco Group where that acquisition or increase of control, in either case, would take place as a result of the Offer or its implementation, or the GFSC being treated as having given such approval under section 122(6) of FSA;

Antitrust Approvals

European Commission

- d) the European Commission taking a decision, on terms satisfactory to Bidco, acting reasonably, that it shall not initiate proceedings under Article 6(1)(c) of Council Regulation (EC) 139/2004 (as amended) (the **Regulation**) in relation to the Offer or any matter arising from or relating to the Offer (or being deemed to have taken such a decision under Article 10 of the Regulation); or
- e) if the European Commission takes a decision to refer the whole or part of the Offer to the competent authorities of one or more Member States under the Regulation (or is deemed to have taken a decision under the Regulation):
 - (i) those competent authorities taking a decision (or being deemed to have taken a decision) with equivalent effect to that referred to in paragraph (a) above with respect to those parts of the Offer referred to it; and
 - (ii) the European Commission taking the decision referred to in paragraph (a) above with respect to any part of the Offer retained by it;

Approval of other Relevant Authorities

- f) if, in the reasonable opinion of Bidco, approval from a Relevant Authority is required for, or a Relevant Authority decides to review, the Offer or any matter arising from or related to the Offer other than as specifically addressed by Conditions (b) to (e) (inclusive) above, it being established in terms reasonably satisfactory to Bidco that such Relevant Authority approves (or is deemed to approve) or will permit the Offer to proceed on terms satisfactory to Bidco;

General Third Party Clearances

- g) the waiver (or non-exercise within any applicable time limits) by any relevant government or governmental, quasigovernmental, supranational, statutory, regulatory, administrative, environmental,

professional or investigative body, court, trade agency, association, institution, any entity owned or controlled by any relevant government or state, or any other body or person whatsoever in any jurisdiction (each a **Third Party**) of any termination right, right of pre-emption, first refusal or similar right arising as a result of or in connection with the Offer including, without limitation, its implementation and financing or the proposed direct or indirect acquisition of any shares or other securities in, or control of, Hastings by Bidco or any member of the Wider Bidco Group, which is or is likely to be material in the context of the Offer;

- h) other than in relation to the approvals referred to in paragraphs (b) to (e) (inclusive) above, no Third Party having decided to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference, or enacted, made or proposed any statute, regulation, decision or order, or having taken any other steps which would or might reasonably be expected to (in any case which is material in the context of the Offer):
- (i) require, prevent or delay the divestiture, or alter the terms envisaged for any proposed divestiture by any member of the Wider Bidco Group or any member of the Wider Hastings Group of all or any portion of their respective businesses, assets or property or impose any limitation on the ability of any of them to conduct their respective businesses (or any of them) or to own, control or manage any of their respective assets or properties or any part thereof;
 - (ii) require, prevent or delay, or alter the terms envisaged for, any proposed divestiture by any member of the Wider Bidco Group of any shares or other securities in Hastings;
 - (iii) impose any limitation on, or result in a delay in, the ability of any member of the Wider Bidco Group directly or indirectly to acquire or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or loans or securities convertible into shares or any other securities (or the equivalent) in any member of the Wider Hastings Group or to exercise management control over any such member, in each case, to an extent which is material in the context of the Wider Hastings Group;
 - (iv) otherwise adversely affect the business, assets, profits or prospects of any member of the Wider Bidco Group or of any member of the Wider Hastings Group;
 - (v) make the Offer or its implementation or the acquisition or proposed acquisition by Bidco or any member of the Wider Bidco Group of any shares or other securities in, or control of Hastings void, illegal, and/or unenforceable under the laws of any relevant jurisdiction, or otherwise, directly or indirectly, restrain, restrict, prohibit or delay the same, or impose additional conditions or obligations with respect thereto, or otherwise challenge or interfere therewith;
 - (vi) require (save as envisaged in the Offer or sections 974 to 991 (inclusive) of the Companies Act) any member of the Wider Bidco Group or the Wider Hastings Group to offer to acquire any shares or other securities (or the equivalent) or interest in any member of the Wider Hastings Group or the Wider Bidco Group owned by any third party;
 - (vii) impose any limitation on or result in any delay in the ability of any member of the Wider Bidco Group to integrate or co-ordinate its business, or any part of it, with the businesses or any part of the businesses of any other member of the Wider Hastings Group which is adverse in the context of the Wider Hastings Group or the Wider Bidco Group; or
 - (viii) result in any member of the Wider Hastings Group ceasing to be able to carry on business under any name under which it presently does so,

and all applicable waiting and other time periods (including extensions thereof) during which any such Third Party could institute, implement or threaten any action, proceeding, suit, investigation, enquiry

or reference or any other step under the laws of any jurisdiction in respect of the Offer or the acquisition or proposed acquisition of any Hastings Shares having expired, lapsed or been terminated;

- i) in addition to the approvals referred to in paragraphs (b) to (e) (inclusive) above, all material filings, applications and/or notification which are necessary or considered appropriate by Bidco (acting reasonably) having been made in connection with the Offer and all relevant waiting periods and other time periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated and all material statutory or regulatory obligations in any jurisdiction having been complied with in connection with the Offer or the acquisition by any member of the Wider Bidco Group of any shares or other securities in, or control or management of, Hastings or any member of the Wider Hastings Group or the carrying on by any member of the Wider Hastings Group of its business;
- j) in addition to the approvals referred to in paragraphs (b) to (e) (inclusive) above, all material authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions and approvals which are necessary or are reasonably considered necessary or appropriate by Bidco for the proposed acquisition of any shares or other securities in, or control of, Hastings by any member of the Wider Bidco Group having been obtained in terms and in a form reasonably satisfactory to Bidco from all necessary Third Parties or persons with whom any member of the Wider Hastings Group has entered into contractual arrangements or other material business relationships, in each case where the absence of such material authorisation, order, recognition, grant, consent, licence, confirmation, clearance, permission and approval would have a material adverse effect on the Wider Bidco Group taken as a whole, and all such authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions and approvals together with all authorisations orders, recognitions, grants, licences, confirmations, clearances, permissions and approvals necessary or appropriate to carry on the business of any member of the Wider Hastings Group, remaining in full force and effect and all material filings necessary for such purpose have been made and there being no notice or intimation of any intention to revoke, suspend, restrict, modify or not to renew any of the same at the time at which the Offer becomes otherwise unconditional;

Certain matters arising as a result of any arrangement, agreement etc.

- k) except as Disclosed, there being no provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider Hastings Group is a party or by or to which any such member or any of its assets are or may be bound, entitled or subject, which, in each case as a consequence of the Offer or the proposed acquisition of any shares or other securities in Hastings or because of a change in the control or management of Hastings or otherwise, would or would reasonably be expected to result in (in each case to an extent which is material in the context of the Wider Hastings Group as a whole, or in the context of the Offer):
 - (i) any monies borrowed by or any other indebtedness or liabilities (actual or contingent) of, or grant available to any such member, being or becoming repayable or capable of being declared repayable immediately or earlier than their or its 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) any such agreement, arrangement, licence, permit or instrument or the rights, liabilities, obligations or interests of any such member thereunder being terminated or adversely affected or any onerous obligation or liability arising or any adverse action being taken or arising thereunder;
 - (iii) any assets or interests of any such member being or falling to be disposed of or charged or ceasing to be available to any such member 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 such member other than in the ordinary course of business;

- (iv) 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 such member or any such mortgage, charge or other security interest (whenever arising or having arisen) becoming enforceable;
- (v) the rights, liabilities, obligations or interests of any such member in, or the business of any such member with, any person, firm or body (or any arrangement or arrangements relating to any such interest or business) being terminated, adversely modified or affected;
- (vi) the value of any such member or its financial or trading position or prospects being prejudiced or adversely affected;
- (vii) any such member ceasing to be able to carry on business under any name under which it presently does so;
- (viii) the creation of any liability, actual or contingent, by any such member, other than trade creditors or other liabilities incurred in the ordinary course of business; or
- (ix) any requirement on any such member to acquire, subscribe, pay up or repay any shares or other securities (or the equivalent),

and no event having occurred which, under any provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider Hastings Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, would or might reasonably be expected to result in any of the events or circumstances as are referred to in subparagraphs (i) to (ix) of this Condition, in each case which is or would be material in the context of the Wider Hastings Group taken as a whole;

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

- l) except as Disclosed, no member of the Wider Hastings Group having, since 31 December 2019:
 - (i) save as between Hastings and the Wider Hastings Group, issued, agreed to issue, authorised or proposed the issue of additional shares of any class or securities convertible into shares of any class or rights, warrants or options to subscribe for, or acquire, any such shares or convertible securities;
 - (ii) other than to another member of the Wider Hastings Group, sold (or agreed to transfer or sell) any treasury shares;
 - (iii) other than to another member of the Hastings Group, recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus issue, dividend or other distribution whether payable in cash or otherwise save for the Interim Dividend;
 - (iv) save for intra-Hastings Group transactions, authorised or implemented any merger or demerger with any body corporate or acquired or disposed of or 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 or proposed or announced any intention to propose any merger, demerger, acquisition or disposal, transfer, mortgage, charge or security interest, in each case, other than in the ordinary course of business;
 - (v) save for intra Hastings Group transactions, made or authorised or proposed or announced an intention to propose any material change in its loan capital;
 - (vi) issued, authorised or proposed the issue of any debentures or (save for intra-Hastings Group transactions), save in the ordinary course of business, incurred or increased any indebtedness or become subject to any liability (actual or contingent);

- (vii) 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 to the matters mentioned in sub-paragraph (i) above, made any other change to any part of its share capital;
- (viii) except as between Hastings and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, implemented, or authorised, proposed or announced its intention to implement, any reconstruction, amalgamation, scheme, commitment or other transaction or arrangement otherwise than in the ordinary course of business or entered into or changed the terms of any contract with any director or senior executive;
- (ix) entered into or varied or authorised, proposed or announced its intention to enter into or vary any contract, transaction or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, onerous or unusual nature or magnitude or which is or is reasonably likely to be restrictive on the businesses of any member of the Wider Hastings Group or the Wider Bidco Group or which involves an obligation of such a nature or magnitude or which is other than in the ordinary course of business and which, in any such case, is material in the context of the Wider Hastings Group taken as a whole;
- (x) been unable or deemed unable, or admitted in writing that it is unable, to pay its debts as they fall due 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 which, in any such case, is material in the context of the Wider Hastings Group taken as a whole;
- (xi) (other than in respect of a member of the Wider Hastings Group which is dormant and was solvent at the relevant time) taken any corporate action or had any legal proceedings started or threatened against it for its winding-up (voluntary or otherwise), dissolution or reorganisation or for the appointment of a receiver, administrative receiver, administrator, trustee or similar officer of all or any of its assets or revenues or any analogous proceedings in any jurisdiction or had any such person appointed which in any case is material in the context of the Wider Hastings Group taken as a whole;
- (xii) commenced negotiations with any of its creditors or taken any step with a view to rescheduling or restructuring any of its indebtedness or entered into a composition, compromise, assignment or arrangement with any of its creditors whether by way of a voluntary arrangement, scheme of arrangement, deed of compromise or otherwise which, in any such case, is material in the context of the Wider Hastings Group taken as a whole, or been declared “en etat de desastre”;
- (xiii) waived, settled or compromised any claim (otherwise than in the ordinary course of business) and which is material in the context of the Wider Hastings Group taken as a whole;
- (xiv) entered into any contract, commitment, arrangement or agreement 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 any intention to, or to propose to, effect any of the transactions, matters or events referred to in this condition and which is material in the context of the Wider Hastings Group taken as a whole;
- (xv) made any alteration to its constitutional documents which is material in the context of the Offer;
- (xvi) having made or agreed or consented to any change to:
 - A. the terms of the trust deeds constituting the pension scheme(s) established by any member of the Wider Hastings Group for its directors, employees or their dependents;

- B. the contributions payable to any such scheme(s) or to the benefits which accrue or to the pensions which are payable thereunder;
- C. the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or
- D. the basis upon which the liabilities (including pensions) of such pension schemes are funded, valued or made,

in each case, which has an effect that is material in the context of the Wider Hastings Group taken as a whole;

- (xvii) 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 person employed by the Wider Hastings Group and in each case in a manner which is material in the context of the Wider Hastings Group taken as a whole; or
- (xviii) other than with the consent of Bidco, taken (or agreed or proposed to take) any action which requires, or would require, the consent of the Panel or the approval of Independent Hastings Shareholders in a general meeting in accordance with, or as contemplated by, Rule 21.1 of the Code;

No adverse change, litigation or regulatory enquiry

- m) except as Disclosed, since 31 December 2019:
 - (i) no adverse change or deterioration having occurred in the business, assets, financial or trading position or profits or prospects of any member of the Wider Hastings Group which is material in the context of the Wider Hastings Group taken as a whole;
 - (ii) no litigation, arbitration proceedings, prosecution or other legal or regulatory proceedings to which any member of the Wider Hastings Group is or may become a party (whether as a plaintiff, defendant or otherwise) and no investigation by any Third Party against or in respect of any member of the Wider Hastings Group having been instituted, announced or threatened by or against or remaining outstanding in respect of any member of the Wider Hastings Group which in any case would be reasonably likely to have a material adverse effect in the context of the Wider Hastings Group taken as a whole;
 - (iii) no contingent or other liability of any member of the Wider Hastings Group having arisen or become apparent to Bidco which would be reasonably likely to have a material adverse effect on the Wider Hastings Group, taken as a whole;
 - (iv) no steps having been taken which might reasonably be expected to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Hastings Group which is necessary for the proper carrying on of its business; and
 - (v) no member of the Wider Hastings Group having conducted its business in breach of any applicable laws and regulations which in any case is material in the context of the Wider Hastings Group taken as a whole;

No discovery of certain matters

- n) except as Disclosed, Bidco not having discovered:
 - (i) that any financial, business or other information concerning the Wider Hastings Group as contained in the information publicly disclosed at any time by or on behalf of any member of

the Wider Hastings Group is misleading, contains a misrepresentation of fact or omits to state a fact necessary to make that information not misleading; or

- (ii) that any member of the Wider Hastings Group is subject to any liability (actual or contingent) which is not disclosed in the annual report and accounts of Hastings for the financial year ended 31 December 2019,

in each case, to the extent which is material in the context of the Wider Hastings Group taken as a whole;

o) except as Disclosed, Bidco not having discovered that:

- (i) any past or present member of the Wider Hastings Group has failed to comply in any material respect with any and/or all applicable legislation or regulations, of any jurisdiction with regard to the use, storage, carriage, disposal, spillage, release, discharge, leak or emission of any waste or hazardous substance or any substance likely to impair materially the environment (including property) or harm human health or animal health or otherwise relating to environmental matters or the health and safety of humans, or that there has otherwise been any such storage, carriage, disposal, spillage, release, discharge, leak or emission (whether or not the same constituted a non-compliance by any person with any such legislation or regulations, and wherever the same may have taken place) any of which storage, carriage, disposal, spillage, release, discharge, leak or emission would be likely to give rise to any material liability (actual or contingent) on the part of any member of the Wider Hastings Group;
- (ii) there is, or is likely to be, for that or any other reason whatsoever, any material liability (actual or contingent) of any past or present member of the Wider Hastings Group to make good, repair, reinstate or clean up any property now or previously owned, occupied, operated or made use of or controlled by any such past or present member of the Wider Hastings Group, under any environmental legislation, regulation, notice, circular or order of any government, governmental, quasigovernmental, state or local government, supranational, statutory or other regulatory body, agency, court, association or any other person or body in any jurisdiction,

which in any case is material in the context of the Wider Hastings Group taken as a whole;

Anti-corruption, sanctions and criminal property

p) save as Disclosed, Bidco not having discovered that:

- (i) any past or present member, director, officer or employee of the Wider Hastings Group is or has at any time engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010, the U.S. Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption legislation or any person that performs or has performed services for or on behalf of the Wider Hastings Group is or has at any time engaged in any activity, practice or conduct in connection with the performance of such services which would constitute an offence under the Bribery Act 2010, the U.S. Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption legislation; or
- (ii) any asset of any member of the Wider Hastings Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition); or
- (iii) any past or present member, director, officer or employee of the Hastings Group, or any other person for whom any such person may be liable or responsible, has engaged in any business with, made any investments in, made any funds or assets available to or received any funds or assets from: (a) any government, entity or individual in respect of which U.S. or European

Union persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by U.S. or European Union laws or regulations, including the economic sanctions administered by the U.S. Office of Foreign Assets Control, or HM Treasury in the UK; or (b) any government, entity or individual targeted by any of the economic sanctions of the United Nations, the U.S., the European Union or any of its member states; or

- (iv) no member of the Hastings Group being engaged in any transaction which would cause Bidco to be in breach of any law or regulation upon its acquisition of Hastings, including the economic sanctions of the U.S. Office of Foreign Assets Control, or HM Treasury & Customs in the UK, or any government, entity or individual targeted by any of the economic sanctions of the United Nations, the U.S., the European Union or any of its member states.

Part B

Waiver and invocation of the Conditions

Subject to the requirements of the Panel in accordance with the Code, Bidco reserves the right to waive, in whole or in part, all or any of the Conditions in Part A above, except for Conditions (a)(i)A, (a)(ii)A and (a)(iii)A (*Scheme Approval*), which cannot be waived.

The Offer will be subject to the satisfaction (or waiver, if permitted) of the Conditions in Part A above, and to certain further terms set out in Part D below, and to the full terms and conditions which will be set out in the Scheme Document.

Conditions (a)(i)A, (a)(ii)A and (b) to (p) (inclusive) must be fulfilled, or (to the extent capable of waiver) waived by, no later than the appointed time of the Court Hearing. The Offer will lapse if it does not become Effective by 11.59 p.m. (London time) on the Long Stop Date. Bidco shall be under no obligation to waive (if capable of waiver) or treat as satisfied any of the Conditions by a date or time earlier than the latest date and time specified above for the fulfilment or waiver thereof, notwithstanding that the other Conditions to the Offer may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.

Under Rule 13.5 of the Code, Bidco may not invoke a Condition so as to cause the Offer not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the condition are of material significance to Bidco in the context of the Offer. The Conditions contained in paragraph (a) of Part A of this Appendix I and, if the Offer is implemented by way of a Takeover Offer, the acceptance condition referred to in Part C below, are not subject to this provision of the Code.

Part C

Implementation by way of Takeover Offer

Subject to obtaining the consent of the Panel and where permitted pursuant to the terms of the Cooperation Agreement, Bidco reserves the right to elect to implement the Offer by way of a Takeover Offer as an alternative to the Scheme. In such event, such Takeover Offer will be implemented on the same terms and conditions, so far as applicable, as those which would apply to the Scheme subject to appropriate amendments to reflect the change in method of effecting the Takeover Offer, including (without limitation), with the consent of the Panel, the inclusion of an acceptance condition set at 90 per cent. (or as otherwise agreed under the Cooperation Agreement) of the Hastings Shares to which the Takeover Offer relates, (or such lesser percentage as may be agreed after consultation with the Panel (if necessary), being in any case more than 50 per cent. of the voting rights normally exercisable at a general meeting of Hastings, including, for this purpose, any such voting rights attaching to Hastings Shares that are issued before the Takeover Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise).

Part D

Certain further terms of the Offer

The Scheme will lapse and will not become Effective if, before the date of the Court Meeting: (i) the Scheme or the Offer or any matter arising from or relating to the Offer becomes subject to a CMA Phase 2 Reference; or (ii) Phase 2 European Commission proceedings are initiated, or there is a Phase 2 CMA Reference following a referral by the European Commission under Article 9(1) to a competent authority in the UK, in respect of the Scheme or the Offer or any matter arising from or relating to the Offer .

If Bidco is required by the Panel to make an offer for Hastings Shares under a mandatory offer for Hastings under Rule 9 of the Code, Bidco may make such alterations to the above Conditions as are necessary to comply with the applicable rule or law.

The availability of the Offer to persons not resident in the UK or the U.S. may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the UK or the U.S. should inform themselves about, and observe, any applicable requirements. Independent Hastings Shareholders who are in any doubt about such matters should consult an appropriate independent professional adviser in the relevant jurisdiction without delay and observe any applicable requirements. Further details in relation to Overseas Shareholders will be contained in the Scheme Document.

Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

The Hastings Shares will be acquired by Bidco fully paid and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and any other third party rights or interests whatsoever and together with all rights existing at the date of this Announcement or thereafter attaching thereto, including (without limitation) the right to receive and retain, in full, all dividends and other distributions (if any) declared, made or paid or any other return of capital (whether by way of reduction of share capital, repurchase or redemption or otherwise) made on or after the date of this Announcement in respect of the Hastings Shares, other than the Interim Dividend.

Bidco reserves the right to reduce the consideration payable in respect of each Hastings Share under the terms of the Offer to the extent that the Interim Dividend exceeds 4.5 pence per Hastings Share. If any dividend, other distribution or return of capital is announced, declared, made, payable or paid in respect of the Hastings Shares on or after the date of this Announcement and before the Effective Date, other than the Interim Dividend, Bidco reserves the right to reduce the consideration payable in respect of each Hastings Share by the amount of all or part of any such dividend, other distribution or return of capital. If Bidco exercises this right or makes such a reduction in respect of a dividend, other distribution or return of capital that has not been paid, Hastings Shareholders will be entitled to receive and retain that dividend, other distribution or return of capital.

This Announcement and any rights or liabilities arising hereunder, the Offer, the Scheme and the Forms of Proxy will be governed by the laws of England and Wales and be subject to the jurisdiction of the courts of England and Wales. The Offer will also be subject to the Conditions and further terms set out in this Announcement and to be set out in the Scheme Document and such further terms as may be required to comply with the Listing Rules and the provisions of the Code. The Offer and the Scheme will comply with the applicable requirements of the FCA, the GFSC, the London Stock Exchange and the Court, as well as with the Panel and the Code. This Announcement does not constitute, or form part of, an offer or invitation to purchase Hastings Shares or any other securities.

APPENDIX II

SOURCES OF INFORMATION AND BASES OF CALCULATION

- (i) The value attributed to Hastings' entire issued and to be issued share capital has been calculated on the basis of a fully diluted issued share capital of 662,131,414 Hastings Shares, which is calculated by reference to the 661,484,630 Hastings Shares in issue on 4 August 2020, being the last practicable date before the date of this Announcement, and further 646,784 Hastings Shares which may be issued on or after the date of this Announcement on the exercise of options or vesting of awards under the Hastings Share Schemes, based on the following assumptions:
 - (a) awards granted in 2018 under the LTIP will vest and/or become exercisable on the date of the sanction of the Scheme by the Court to the extent performance conditions are satisfied, together with any dividend equivalents;
 - (b) awards granted under the Hastings 2015 Bonus Deferral Plan will vest in full on the date of the sanction of the Scheme by the Court, together with any dividend equivalents;
 - (c) holders of LTIP Awards granted in 2019 and 2020 and holders of restricted share awards will agree that their awards will not vest and/or become exercisable and will instead accept a Replacement Award or a Restricted Share Replacement Award (as the case may be) from the Joint Bidders;
 - (d) awards granted subsisting under the Hastings 2017 Capital Appreciation Plan on the date of the sanction of the Scheme by the Court will lapse in full; and
 - (e) the trustee of the Hastings Group Employee Benefit Trust will agree to apply the Hastings Shares held by the trust to satisfy the exercise of options or vesting of awards under the Hastings Share Schemes.
- (ii) Unless otherwise stated, all prices and Closing Prices for Hastings Shares are closing middle market quotations derived from the LSE Daily Official List (SEDOL).
- (iii) Volume weighted average prices have been derived from Bloomberg and have been rounded to the nearest single decimal place.
- (iv) Unless otherwise stated, the financial and operational information relating to Hastings is extracted (without material adjustment) from the audited final results of the Hastings Group for the financial year ended on 31 December 2019 and the interim results of the Hastings Group for the six months ended on 30 June 2020.
- (v) Statements regarding the position of the UK Property & Casualty (P&C) market in Europe are derived from the Marketline Non-Life Insurance in Europe publication (September 2018).
- (vi) Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

APPENDIX III

IRREVOCABLE UNDERTAKINGS

Bidco has received irrevocable undertakings from the Independent Hastings Directors, as listed below, in respect of their own beneficial holdings of Hastings Shares (if any), representing in aggregate approximately 0.33 per cent. of the existing issued share capital of Hastings, and 0.47 per cent. of the Hastings Shares being eligible to vote at the Court Meeting, as at 4 August 2020 (being the last practicable date before the date of this Announcement). These undertakings require each Independent Hastings Director to vote or procure that the registered holder votes in favour of the resolutions relating to the Scheme at the Meetings (or, in the event the Offer is implemented by means of a Takeover Offer, to accept, or procure acceptance of, the Takeover Offer).

Name of Independent Hastings Director	Number of Hastings Shares	Percentage of Hastings' issued share capital	Percentage of Hastings Shares eligible to vote at the Court Meeting
Tobias van der Meer	1,946,353	0.29 per cent.	0.42 per cent.
Pierre Lefèvre	97,124	0.01 per cent.	0.02 per cent.
Thomas Colraine	76,470	0.01 per cent.	0.02 per cent.
John Worth	54,826	0.01 per cent.	0.01 per cent.
Teresa Robson-Capps	0	0 per cent.	0 per cent.
Libby Chambers	0	0 per cent.	0 per cent.
Alison Burns	0	0 per cent.	0 per cent.
Selina Sagayam	0	0 per cent.	0 per cent.
TOTAL	2,174,773	0.33 per cent.	0.47 per cent.

Teresa Robson-Capps, Libby Chambers, Alison Burns and Selina Sagayam do not currently hold any Hastings Shares but the irrevocable undertakings will apply in respect of any Hastings Shares that they acquire on or before the Effective Date where permitted to do so in accordance with the terms of the irrevocable undertakings. Under the terms of the irrevocable undertaking, Independent Hastings Directors have undertaken not to acquire any further interest in Hastings Shares unless the Panel has first determined and confirmed that they are not acting in concert with Bidco.

These irrevocable undertakings will continue to be binding in the event that a higher competing offer is made for Hastings.

These irrevocable undertakings will cease to be binding on the earliest to occur of the following events:

- Bidco announces that it does not intend to make or proceed with the acquisition and no improved Scheme or Takeover Offer or replacement Scheme or Takeover Offer (on no less favourable terms) is announced in accordance with Rule 2.7 of the Code at the same time;
- the Scheme (or Takeover Offer, as applicable) is withdrawn with the consent of Bidco or lapses in accordance with its terms, unless: (i) the Scheme is withdrawn or lapses as a result of Bidco exercising its right to implement the acquisition by way of a Takeover Offer rather than a Scheme or vice-versa;

or (ii) within two Business Days following the lapse or withdrawal, Bidco makes an announcement under Rule 2.7 of the Code of a firm intention to implement the acquisition either by an improved or replacement (on no less favourable terms) scheme of arrangement or takeover offer; or

- any competing offer for Hastings becomes or is declared unconditional in all respects or otherwise becomes effective.

APPENDIX IV

DEFINITIONS

Announcement means this announcement made pursuant to Rule 2.7 of the Code, including its Appendices;

Appendices means the appendices to this Announcement and the Appendix has a corresponding meaning;

Bidco means Dorset Bidco Limited, a limited liability company incorporated in England and Wales with registered number 12764879;

Bidco Group means Bidco and its parent undertakings and its and such parent undertakings' subsidiary undertakings and associated undertakings;

Bid Conduct Agreement means the agreement dated 5 August 2020 between Sampo, RMI and Bidco governing the process for conducting and implementing the Offer;

Bridge Credit Agreement means the €1,000,000,000 bridge facility agreement entered into on or about the date of this letter between, among others, Sampo as the borrower, J.P. Morgan Securities plc and Nordea Bank Abp as mandated lead arrangers and JP Morgan Europe Limited as agent;

Business Day means a day (other than a Saturday, Sunday, public or bank holiday) on which banks are generally open for business in London;

Closing Price means the closing middle market quotation of a share derived from the Daily Official List of the London Stock Exchange;

CMA means the UK Competition and Markets Authority (or any successor body or bodies carrying out the same functions in the UK from time to time);

CMA Phase 2 Reference means a reference pursuant to sections 22, 33, 45 or 62 of the Enterprise Act 2002 (as amended) of the Offer to the chair of the CMA for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013 (as amended);

Code means the City Code on Takeovers and Mergers;

Companies Act means the Companies Act 2006 (as amended);

Conditions means the conditions to the Offer set out in Part A of Appendix I;

Confidentiality Agreement means the confidentiality agreement entered into on 13 July 2020 between Hastings, Sampo, RMI and Main Street;

Consortium means the consortium comprising RMI and Sampo;

Cooperation Agreement means the cooperation agreement dated 5 August 2020 between Hastings, Sampo, RMI and Bidco;

Court means the High Court of Justice of England and Wales;

Court Hearing means the Court hearing at which Hastings will seek an order sanctioning the Scheme;

Court Meeting means the meeting or meetings of the Scheme Shareholders to be convened by order of the Court pursuant to section 896 of the Companies Act, notice of which will be set out in the Scheme Document, for the purposes of considering, and if thought fit, approving the Scheme (with or without amendment) and any adjournment, postponement or reconvention thereof;

Court Order means the order of the Court sanctioning the Scheme under section 899 of the Companies Act;

CREST means the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755)) (the Regulations) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the Regulations) in accordance with which securities may be held and transferred in uncertificated form;

Disclosed means the information disclosed by or on behalf of Hastings: (i) in the annual report and accounts of the Hastings Group for the financial year ended 31 December 2019; (ii) in any other public announcement made in accordance with the Disclosure Guidance and Transparency Rules or the Listing Rules by Hastings before (and, for the avoidance of doubt, not on) the date of this Announcement; (iii) in this Announcement; or (iv) as otherwise fairly disclosed by or on behalf of Hastings to Bidco (or its officers, employees, agents or advisers) before the date of this Announcement;

Disclosure Guidance and Transparency Rules means the disclosure rules and transparency rules made by the FCA pursuant to section 73A of the Financial Services and Markets Act 2000 (as amended from time to time);

Effective means:

- (a) if the Offer is implemented by way of the Scheme, the Scheme having become effective pursuant to its terms; or
- (b) if the Offer is implemented by way of a Takeover Offer, the Takeover Offer having been declared or become unconditional in all respects in accordance with the requirements of the Code;

Effective Date means the date on which the Offer becomes Effective;

Excluded Shares means any Hastings Shares registered in the name of or beneficially owned by Bidco or its nominees or any member of the Wider Bidco Group immediately prior to the Scheme Record Time;

FCA means the Financial Conduct Authority;

FSA means the Financial Services Act 2019 of Gibraltar;

FSMA means the Financial Services and Markets Act 2000;

Forms of Proxy means the form of proxy in connection with each of the Court Meeting and the General Meeting, which shall accompany the Scheme Document;

General Meeting means the general meeting of the Hastings Shareholders (including any adjournment thereof) to be convened for the purpose of considering, and if thought fit, approving the shareholder resolutions necessary to enable Hastings to implement the Offer, notice of which shall be contained in the Scheme Document;

GFSC means the Gibraltar Financial Services Commission;

Hastings means Hastings Group Holdings plc a public company incorporated in England and Wales with registered number 09635183, whose registered office is at Conquest House, 32-34 Collington Avenue, Bexhill-On-Sea, United Kingdom, TN39 3LW;

Hastings Articles means the articles of association of Hastings from time to time;

Hastings Directors means the directors of Hastings as at the date of this Announcement;

Hastings Group means Hastings and its subsidiary undertakings and, where the context permits, each of them;

Hastings Shareholders means the holders of Hastings Shares from time to time;

Hastings Shares means the ordinary shares of 2 pence each in the capital of Hastings;

Hastings Share Schemes means the Hastings 2015 Long Term Incentive Plan, Hastings 2017 Capital Appreciation Plan, Hastings 2015 Bonus Deferral Plan and Hastings 2015 Share Incentive Plan, each as amended from time to time;

Independent Hastings Directors means the directors of Hastings as at the date of this Announcement other than Herman Bosman;

Independent Hastings Shareholders means Hastings Shareholders other than any member of the Wider Bidco Group (or any nominee of any member of the Wider Bidco Group);

Interim Dividend has the meaning given in the Summary section of this Announcement;

Irrevocable Undertakings mean the irrevocable undertakings to vote or procure votes in favour of the Scheme at the Court Meeting and the resolutions to be passed at the General Meeting (or in the event that the Offer is implemented by way of a Takeover Offer, to accept or procure acceptance of the Takeover Offer) as detailed in Section 9 of this Announcement;

J.P. Morgan Cazenove means J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove;

LCPs means Live Customer Policies;

London Stock Exchange means London Stock Exchange plc;

Long Stop Date means 30 April 2021, or such later date (if any) as Bidco and Hastings may agree, with the consent of the Panel, and (if required) the Court may allow;

LTIP Award has the meaning given to it in section 12;

Main Street means Main Street 1353 Proprietary Limited, an indirect subsidiary of RMI;

Meetings means the Court Meeting and the General Meeting;

Offer means the proposed acquisition by Bidco (or its nominee(s)) of the issued and to be issued share capital of Hastings not already owned or controlled by Sampo and RMI, to be implemented by means of the Scheme as described in this Announcement (or, should Bidco so elect, by a Takeover Offer);

Offer Period means the period commencing on 29 July 2020 and ending on: (i) the earlier of the date on which the Scheme becomes Effective and the date on which the Scheme lapses or is withdrawn (other than where such lapsing or withdrawal is a result of Bidco exercising its right to implement the Offer by way of a Takeover Offer); or (ii) the earlier of the date on which the Takeover Offer has become or has been declared unconditional as to acceptances and the date on which the Takeover Offer lapses or is withdrawn, or, in each case, such other date as the Panel may decide;

Official List means the official list maintained by the FCA pursuant to Part 6 of the Financial Services and Markets Act 2000;

Opening Position Disclosure means an announcement containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to the offer if the person concerned has such a position, as defined in Rule 8 of the Code;

OUTsurance means OUTsurance Holdings Limited, an indirect subsidiary of RMI;

Overseas Shareholders means Hastings Shareholders who have a registered address in a jurisdiction outside the UK, or whom Bidco reasonably believes to be citizens, residents or nationals of a jurisdiction outside the UK;

P&C means Property & Casualty;

Panel means the Panel on Takeovers and Mergers;

Phase 2 European Commission proceedings mean proceedings initiated by the European Commission under Article 6(1)(c) of Council Regulation 139/2004/EC;

PCW means price comparison website;

Relevant Authority means any central bank, ministry, governmental, quasigovernmental, supranational (including the European Union), statutory, regulatory or investigative body, authority or tribunal (including any national or supranational antitrust, competition or merger control authority, any sectoral ministry or regulator and any foreign investment review body), national, state, municipal or local government (including any subdivision, court, tribunal, administrative agency or commission or other authority thereof), any entity owned or controlled by them, any private body exercising any regulatory, taxing, importing or other authority, trade agency, association, institution or professional or environmental body in any jurisdiction;

Replacement Award has the meaning given to it in section 12;

Restricted Jurisdiction means any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Offer is sent or made available to Hastings Shareholders in that jurisdiction;

Restricted Share Replacement Award has the meaning given to it in section 12;

RoE means return on equity;

RMI means Rand Merchant Investment Holdings Limited;

RMI Group means RMI and its subsidiary undertakings and, where the context permits, each of them;

Sampo means Sampo plc;

Sampo Board means the directors of Sampo as at the date of this Announcement;

Sampo Group means Sampo and its subsidiary undertakings and, where the context permits, each of them;

Scheme means a Court-sanctioned scheme of arrangement pursuant to which the Offer is to be made under Part 26 of the Companies Act;

Scheme Document means the document to be sent or made available to Hastings Shareholders and persons with information rights containing, amongst other things, the Scheme, the full terms and conditions of the Scheme and notices of the Meetings;

Scheme Record Time means the time and date specified in the Scheme Document by reference to which the entitlements of Scheme Shareholders under the Scheme will be determined, expected to be 6.00 pm on the Business Day immediately before the Scheme becomes Effective;

Scheme Shareholder means the holders of Scheme Shares from time to time;

Scheme Shares means the Hastings Shares:

(a) in issue at the date of the Scheme Document;

- (b) issued after the date of the Scheme Document and before the Voting Record Time; and
- (c) issued at or after the Voting Record Time and before the Scheme Record Time, either on terms that the original or any subsequent holders of such shares are to be bound by the Scheme or in respect of which their holders are, or shall have agreed in writing to be, bound by the Scheme,

and, in each case, remaining in issue at the Scheme Record Time, but excluding any Hastings Shares held as treasury shares at any relevant date or time and any Excluded Shares;

SEC means the US Securities and Exchange Commission;

Significant Interest means, 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;

Special Resolution means the special resolution to be proposed by Hastings at the General Meeting in connection with, among other things, the approval of the Scheme and the alteration of the Hastings Articles and such other matters as may be necessary to implement the Scheme and the delisting of the Hastings Shares;

Takeover Offer means, if the Offer is implemented by way of a takeover offer (as defined in Chapter 3 of Part 28 of the 2006 Act), the offer to be made by or on behalf of Bidco, or an associated undertaking thereof, to acquire the issued and to be issued share capital of Hastings not already owned or controlled by Sampo and RMI including, where the context admits, any subsequent revision, variation, extension or renewal of such offer;

UK means the United Kingdom of Great Britain and Northern Ireland;

U.S. means the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;

U.S. Exchange Act means the U.S. Securities Exchange Act of 1934, as amended;

Voting Record Time means the time and date specified in the Scheme Document by reference to which entitlement to vote at the Court Meeting will be determined;

Wider Bidco Group means Bidco, its subsidiaries, subsidiary undertakings, associated undertakings and any other body corporate, partnership, joint venture or person in which Bidco and all such undertakings (aggregating their interests) have a Significant Interest, each member of the Wider RMI Group and each member of the Wider Sampo Group;

Wider Sampo Group means Sampo and its subsidiaries, subsidiary undertakings, associated undertakings and any other body corporate, partnership, joint venture or person in which Hastings and all such undertakings (aggregating their interests) have a Significant Interest.

Wider Hastings Group means Hastings and its subsidiaries, subsidiary undertakings, associated undertakings (excluding any member of the RMI Group) and any other body corporate, partnership, joint venture or person in which Hastings and all such undertakings (aggregating their interests) have a Significant Interest; and

Wider RMI Group means RMI and its subsidiaries, subsidiary undertakings, associated undertakings and any other body corporate, partnership, joint venture or person in which Hastings and all such undertakings (aggregating their interests) have a Significant Interest (excluding any member of the Hastings Group).

For the purposes of this Announcement, “subsidiary”, “subsidiary undertaking”, “undertaking” and “associated undertaking” have the respective meanings given by the Companies Act.

All references to GBP, pence, Sterling, Pounds sterling, p or £ are to the lawful currency of the UK, all references to EUR or € are to the lawful currency of the member states of the European Union that have adopted the euro as their lawful currency and all references to ZAR or R are to the lawful currency of South Africa.

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.

All references to the singular include the plural and vice versa.