



## Bupa Finance plc

*(Incorporated with limited liability in England and Wales with Registered no. 02779134, legal entity identifier ZIMCVQHUFZ8GVHENP290)*

### **£300,000,000 4.000 per cent. Fixed Rate Reset Perpetual Restricted Tier 1 Contingent Convertible Notes**

**Issue price: 100.00 per cent.**

The £300,000,000 4.000 per cent. Fixed Rate Reset Perpetual Restricted Tier 1 Contingent Convertible Notes (the "**Notes**") will be issued by Bupa Finance plc (the "**Issuer**") and will be constituted by a trust deed (as amended or supplemented from time to time, the "**Trust Deed**") to be dated on or about 24 September 2021 (the "**Issue Date**") between the Issuer, and the Trustee (as defined in "Terms and Conditions of the Notes" (the "**Conditions**", and references herein to a numbered "**Condition**" shall be construed accordingly)).

The Notes will (subject to cancellation as provided below) bear interest on their principal amount from (and including) the Issue Date to (but excluding) 24 March 2032 (the "**First Reset Date**") at the rate of 4.000 per cent. per annum and thereafter at a fixed rate of interest which will be reset on the First Reset Date and on each fifth anniversary of the First Reset Date thereafter (each, a "**Reset Date**" as provided in the Conditions). Interest will be payable on the Notes semi-annually in arrear on 24 March and 24 September each year (each, an "**Interest Payment Date**") commencing on 24 March 2022, subject to cancellation as provided below and as described in the Conditions.

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

Application has been made to the London Stock Exchange plc (the "**London Stock Exchange**") for the Notes to be admitted to trading to the International Securities Market (the "**ISM**"). References in this Offering Memorandum to the Notes being "**listed**" (and all related references) shall mean that the Notes have been admitted to trading on the ISM. The ISM is not a regulated market for the purposes of Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of the domestic law of the United Kingdom (the "**UK**") by virtue of the European Union (Withdrawal Agreement) Act 2020 ("**EUWA**") ("**UK MiFIR**").

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

Payments in respect of the Notes by or on behalf of the Issuer will be made without withholding or deduction for, or on account of, taxes of the United Kingdom, unless that withholding or deduction is required by law. In the event that any such withholding

or deduction is made in respect of payments of interest (but not in respect of any payments of principal), additional amounts may be payable by the Issuer, subject to certain exceptions, all as more fully described in the Conditions.

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

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

**Noteholders will not directly receive any Conversion Shares, which will be delivered to a nominee on behalf of Noteholders at the irrevocable direction and authorisation of the Noteholders, or be able to exercise any voting rights in connection therewith. See Condition 8(b) (*Settlement procedure*) for details.**

The Notes will be direct, unsecured, unguaranteed and subordinated obligations of the Issuer, ranking *pari passu* and without preference amongst themselves, and will, in the event of the winding-up of the Issuer or in the event of an administrator of the Issuer being appointed and giving notice that it intends to declare and distribute a dividend, be subordinated to the claims of all Senior Creditors (as defined herein) of the Issuer.

The Notes will be in registered form and will be issued in denominations of £200,000 and integral multiples of £1,000 in excess thereof.

**An investment in the Notes involves certain risks. Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Offering Memorandum.**

**UK MiFIR/professionals/ECPs-only/No UK/EU PRIIPs KID** – Manufacturer target market (UK MiFIR product governance) is eligible counterparties and professional clients only (all distribution channels). No key information document ("KID") under Regulation (EU) No 1286/2014 (the "**EU PRIIPs Regulation**") or Regulation (EU) No 1286/2014 as it forms part of the domestic law of the UK by virtue of the EUWA (the "**UK PRIIPs Regulation**") has been prepared as the Notes are not available to retail investors in the European Economic Area ("EEA") or in the UK. See page 3 of this Offering Memorandum for further information.

**FCA CoCo restriction** - In addition to the above, pursuant to the UK FCA Conduct of Business Sourcebook ("**COBS**") the Notes are not intended to be offered, sold or otherwise made available and should not be offered, sold or otherwise made available to retail clients (as defined in COBS 3.4) in the UK.

The Notes are expected, on issue, to be rated "Ba1 (hyb)" and "BB+" by Moody's Investors Service Ltd. ("**Moody's**") and Fitch Ratings Ltd. ("**Fitch**"), respectively. Each of Moody's and Fitch is established in the UK and registered under Regulation 1060/2009/EC as it forms part of the domestic law of the UK by virtue of the EUWA (the "**UK CRA Regulation**"). As such, each of Moody's and Fitch is included in the list of credit rating agencies published by the FCA at <https://www.fca.org.uk/markets/credit-rating-agencies/registered-certified-cras> in accordance with the UK CRA Regulation. Each of Moody's and Fitch has its credit ratings endorsed by a credit rating agency in its group established in the EU and registered with the European Securities and Markets Authority under Regulation 1060/2009/EC as amended (the "**CRA Regulation**"). As such, a credit rating agency that endorses the credit ratings of each of Moody's and Fitch is included in the list of credit rating agencies published by ESMA at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs> in accordance with the CRA Regulation. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.

#### **Joint Lead Managers**

**BNP PARIBAS**

**CITIGROUP**

**HSBC**

**NATWEST MARKETS**

*Structuring Agent*

#### **Co-Managers**

**BARCLAYS**

**BBVA**

**COMMONWEALTH BANK  
OF AUSTRALIA**

**SANTANDER CORPORATE &  
INVESTMENT BANKING**

**STANDARD CHARTERED  
BANK**

**WESTPAC BANKING  
CORPORATION**

## IMPORTANT NOTICES

This Offering Memorandum does not constitute a prospectus for the purposes of Regulation (EU) 2017/1129, as amended, (the “**Prospectus Regulation**”) or the Prospectus Regulation as it forms part of the domestic law of the UK by virtue of the EUWA (“**UK Prospectus Regulation**”) and no such prospectus is required to be, or will be, prepared in connection with the listing of the Notes.

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

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

This Offering Memorandum is to be read in conjunction with all documents which are incorporated herein by reference (see “*Documents Incorporated by Reference*” below) and shall be read and construed on the basis that such documents are incorporated in and form part of this Offering Memorandum.

Other than in relation to the documents which are deemed to be incorporated by reference (see “*Documents Incorporated by Reference*”), the information on the websites to which this Offering Memorandum refers does not form part of this Offering Memorandum.

No person is or has been authorised to give any information or to make any representation other than those contained in or consistent with this Offering Memorandum in connection with the issue or sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Issuer, any of the Managers (as defined in “*Subscription and Sale*” below) or the Trustee. Neither the delivery of this Offering Memorandum nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or that there has been no adverse change in the financial position of the Issuer since the date hereof or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Managers and the Trustee have not separately verified the information contained in this Offering Memorandum. Neither the Managers nor the Trustee makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information contained or incorporated in this Offering Memorandum or any other information provided by the Issuer in connection with the offering of the Notes. None of the Managers or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Offering Memorandum or any other information provided by the Issuer in connection with the offering of the Notes or their distribution. Neither this Offering Memorandum nor any other information supplied in connection with the offering of the Notes is intended to constitute, and should not be considered as, a recommendation by any of the Issuer, the Managers or the Trustee that any recipient of this Offering Memorandum or any other information supplied in connection with the offering of the Notes should purchase the Notes. Each potential

purchaser of Notes should determine for itself the relevance of the information contained in this Offering Memorandum and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Managers or the Trustee undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Memorandum nor to advise any investor or potential investor in the Notes of any information coming to their attention.

In the ordinary course of business, each of the Managers has engaged and may in the future engage in normal banking or investment banking transactions with the Issuer and their affiliates or any of them.

## **OFFER RESTRICTIONS**

Neither this Offering Memorandum nor any other information provided by the Issuer in connection with the offering of the Notes constitutes an offer of, or an invitation by or on behalf of, the Issuer or the Managers or the Trustee or any of them to subscribe for, or purchase, any of the Notes (see “*Subscription and Sale*” below). This Offering Memorandum does not constitute an offer to sell to, or the solicitation of an offer to buy the Notes in any jurisdiction from, any person to or from whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Memorandum and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Trustee and the Managers do not represent that this Offering Memorandum may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Trustee, the Managers or any of them which is intended to permit a public offering of the Notes or the distribution of this Offering Memorandum in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Memorandum or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Memorandum and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Memorandum and the offer or sale of Notes in the United States (the “**U.S.**”) and the UK. Persons in receipt of this Offering Memorandum are required by the Issuer, the Trustee and the Managers to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of Notes and distribution of this Offering Memorandum, see “*Subscription and Sale*” below.

The Notes and any Ordinary Shares into which they may convert in certain circumstances have not been, and they will not be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”). Subject to certain exceptions, Notes and Ordinary Shares may not be offered, sold or delivered within the U.S. or to, or for the account or benefit of, U.S. persons, as defined in Regulation S under the Securities Act. For a description of certain restrictions on offers and sales of Notes and on distribution of this Offering Memorandum, see “*Subscription and Sale*”.

### **FCA COCO RESTRICTION: PROHIBITION ON MARKETING AND SALES TO RETAIL INVESTORS**

1. The Notes discussed in this Offering Memorandum are complex financial instruments. They are not a suitable or appropriate investment for all investors, especially retail investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Notes. Potential investors in the Notes should

inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Notes (or any beneficial interests therein).

2.

- a) In the UK, the Financial Conduct Authority (“FCA”) Conduct of Business Sourcebook (“**COBS**”) requires, in summary, that the Notes should not be offered or sold to retail clients (as defined in COBS 3.4 and each a “retail client”) in the UK.
- b) Certain of the Managers are required to comply with COBS.
- c) By purchasing, or making or accepting an offer to purchase, any Notes (or a beneficial interest in such Notes) from the Issuer and/or the Managers, each prospective investor represents, warrants and agrees with and undertakes to the Issuer and each of the Managers that:
  - i) it is not a retail client in the UK; and
  - ii) it will not sell or offer the Notes (or any beneficial interest therein) to retail clients in the UK or communicate (including the distribution of this Offering Memorandum) or approve an invitation or inducement to participate in, acquire or underwrite the Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the UK.
- d) In selling or offering the Notes or making or approving communications relating to the Notes, a prospective investor may not rely on the limited exemptions set out in COBS.

3. The obligations in paragraph 2. above are in addition to the need to comply at all times with all other applicable laws, regulations and regulatory guidance (whether inside or outside the EEA or the UK) relating to the promotion, offering, distribution and/or sale of the Notes (or any beneficial interests therein), whether or not specifically mentioned in this Offering Memorandum, including (without limitation) the requirements set out below and any other requirements under the Markets in Financial Instruments Directive 2014/65/EU (as amended) or the UK FCA Handbook as to determining the appropriateness and/or suitability of an investment in the Notes (or any beneficial interests therein) for investors in any relevant jurisdiction.

**UK MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of the domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”) (“**UK MiFIR**”), and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturers’ target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting

or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

**EU PRIIPS REGULATION – PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or both) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended, (“**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by the EU PRIIPS Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPS Regulation.

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

Together, MiFID II, UK MiFIR, COBS, the EU PRIIPS Regulation and the UK PRIIPS Regulation are referred to as the “**Regulations**”. Each of the Managers is required to comply with some or all of the Regulations.

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

- (A) it is not a retail client (which term, as used in the remainder of this section ‘*Offer Restrictions*’, means a retail client as defined in each of point (11) of Article 4(1) of MiFID II and point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA);
- (B) whether or not it is subject to the Regulations, it will not:
  - (i) sell or offer the Notes (or any beneficial interest therein) to retail clients; or
  - (ii) communicate (including the distribution of this Offering Memorandum) or approve any invitation or inducement to participate in, acquire or underwrite the Notes (or

any beneficial interest therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client;

- (C) in selling or offering Notes or making or approving communications relating to the Notes, each prospective investor may not rely on the limited exceptions set out in the Regulations; and
- (D) it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA or the UK) relating to the promotion, offering, distribution and/or sale of the Notes (or any beneficial interests therein), including (without limitation) the Regulations and any other applicable laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Notes (or any beneficial interests therein) by investors in any relevant jurisdiction.

Each prospective investor further acknowledges that:

- (A) the identified target market for the Notes (for the purposes of the product governance obligations under UK MiFIR) is eligible counterparties and professional clients only (each as defined above); and
- (B) no key information document (“**KID**”) under the EU PRIIPs Regulation or the UK PRIIPs Regulation has been or will be prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or the UK may be unlawful under the EU PRIIPs Regulation and/or the UK PRIIPs Regulation.

Potential investors in the Notes should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Notes (or any beneficial interests therein) including the Regulations.

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

**Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”)** - Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the SFA, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and “Excluded Investment Products” (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## SUITABILITY OF INVESTMENT

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (A) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Memorandum or any applicable supplement;
- (B) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (C) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- (D) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and
- (E) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

In this Offering Memorandum, unless otherwise specified, all references to:

“pounds”, “sterling”, and “£” are to the lawful currency of the UK;

“Euro” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

## FORWARD-LOOKING STATEMENTS

This Offering Memorandum and the information incorporated by reference in this Offering Memorandum include certain “forward-looking statements”. Statements that are not historical facts, including statements about the beliefs and expectations of the Issuer, The British United Provident Association Limited (“**Bupa**”) and their subsidiaries (the “**Group**”) and their respective directors or management, are forward-looking statements. Words such as “believes”, “anticipates”, “estimates”, “expects”, “intends”, “plans”, “aims”, “potential”, “will”, “would”, “could”, “considered”, “likely”, “estimate” and variations of these words and similar future or conditional expressions, are intended to identify forward-looking statements but are not



the exclusive means of identifying such statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend upon future circumstances that may or may not occur, many of which are beyond the control of the Issuer or the Group and all of which are based on their current beliefs and expectations about future events. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Issuer or the Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the present and future business strategies of the Issuer and the Group and the environment in which the Issuer and the Group will operate in the future. These forward-looking statements speak only as at the date of this Offering Memorandum.

Subject to any obligations under admission to trading rules of the ISM (as amended from time to time), the Issuer expressly disclaims any obligations or undertakings to release publicly any updates or revisions to any forward-looking statements contained in this Offering Memorandum or incorporated by reference into this Offering Memorandum to reflect any change in the expectations of the Issuer with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

### **STABILISATION**

IN CONNECTION WITH THE ISSUE OF THE NOTES, HSBC BANK PLC (THE “**STABILISATION MANAGER**”) (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISATION MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

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## DOCUMENTS INCORPORATED BY REFERENCE

This Offering Memorandum should be read and construed in conjunction with the following documents (or sections of such documents) which have been previously published or are published simultaneously with this Offering Memorandum:

1. the unaudited consolidated financial statements of the Issuer for the six months ended 30 June 2021 (including the notes thereto) available at <https://www.bupa.com/~media/files/site-specific-files/our-performance/pdfs/financial-results-hy-2021/bupa-finance-plc-hy2021.pdf> (the “**2021 Half Year Report**”);
2. the audited consolidated annual financial statements of the Issuer for the year ended 31 December 2020 (including the audit report thereon and the notes thereto) available at: <https://www.bupa.com/~media/files/site-specific-files/our-performance/pdfs/financial-results-2020/bupa-finance-plc.pdf>;
3. the audited consolidated annual financial statements of the Issuer for the year ended 31 December 2019 (including the audit report thereon and the notes thereto) available at: <https://www.bupa.com/~media/files/site-specific-files/our-performance/pdfs/financial-results-2019/bupa-finance-plc-2019.pdf>; and
4. the Solvency and Financial Condition Report of the Group for the year ended 31 December 2020 available at: <https://www.bupa.com/~media/files/site-specific-files/our-performance/pdfs/regulatory-reports/full-year-2020/bupa-group-solvency-financial-condition-report.pdf> (the “**Group SFCR**”).

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

The financial statements included in the documents detailed in paragraphs 2 and 3 above were prepared in accordance with applicable law and International Financial Reporting Standards (“**IFRS**”) as adopted by the EU (“**EU IFRS**”). The 2021 Half Year Report was prepared in accordance with applicable law and IFRS as adopted by the UK (“**UK IFRS**”). The annual report and audited accounts for the Group for the year ending 31 December 2021 will be prepared in accordance with UK IFRS.

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

Copies of documents incorporated by reference in this Offering Memorandum can be obtained from the registered office of the Issuer and from the specified office of the Principal Paying and Conversion Agent

for the time being in London. Copies of documents incorporated by reference in this Offering Memorandum are also available for viewing on the website of the Issuer at <https://www.bupa.com/corporate/our-performance/financial-results>.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Memorandum shall not form part of this Offering Memorandum. The parts of the above-mentioned documents which are not incorporated by reference are either not relevant for investors or are covered elsewhere within this Offering Memorandum.

### **Group SFCR**

The Notes issued pursuant to this Offering Memorandum are intended to qualify as Solvency II Restricted Tier 1 Capital and accordingly the Notes must contain certain prescribed features (as detailed in the Conditions). Whilst Bupa is not an issuer or a guarantor in respect of Notes issued under this Offering Memorandum, the Group SFCR provides a basis for understanding the solvency position of the Issuer and the Group and the features of the Notes and has therefore been incorporated by reference.

## OVERVIEW OF THE PRINCIPAL FEATURES OF THE NOTES

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

<b>Issue</b>	£300,000,000 4.000 per cent. Fixed Rate Reset Perpetual Restricted Tier 1 Contingent Convertible Notes.
<b>Issuer</b>	Bupa Finance plc.
<b>Issuer LEI</b>	ZIMCVQHUFZ8GVHENP290
<b>Trustee</b>	HSBC Corporate Trustee Company (UK) Limited.
<b>Principal Conversion Registrar</b>	<b>Paying Agent and</b> HSBC Bank plc.
<b>Joint Lead Managers</b>	BNP Paribas Citigroup Global Markets Limited HSBC Bank plc NatWest Markets Plc
<b>Co-Managers</b>	Banco Bilbao Vizcaya Argentaria, S.A. Banco Santander, S.A. Barclays Bank PLC Commonwealth Bank of Australia Standard Chartered Bank Westpac Banking Corporation
<b>Issue Date</b>	24 September 2021
<b>Issue Price</b>	100.00 per cent.
<b>Status and Subordination</b>	<p>The Notes will constitute direct, unsecured and subordinated obligations of the Issuer and will rank <i>pari passu</i> and without any preference among themselves.</p> <p>The rights and claims of the Noteholders against the Issuer in an Issuer Winding-Up are subordinated as described in Condition 3 (<i>Status of the Notes and rights on a winding-up</i>).</p>
<b>No set-off</b>	By acceptance of the Notes, subject to applicable law, each Noteholder will be deemed to have waived any right of set-off or

counterclaim that such Noteholder might otherwise have against the Issuer in respect of or arising under the Notes or the Trust Deed.

## Interest Rate

The Notes will bear interest on their principal amount:

- (a) from (and including) the Issue Date to (but excluding) 24 March 2032 (the “**First Reset Date**”) at a fixed rate of 4.000 per cent. per annum; and
- (b) thereafter at a fixed rate of interest which will be reset on the First Reset Date and on each fifth anniversary of the First Reset Date thereafter (each such date, a “Reset Date”) as the sum of the applicable Reset Reference Rate, plus the Margin (rounded, if necessary, to three decimal places (with 0.0005 rounded down)).

Interest will, subject as described below in “*Cancellation of Interest Payments*”, “*Mandatory Cancellation of Interest Payments*” and “*Interest Payments Discretionary*”, be payable on the Notes semi-annually in arrear on 24 March and 24 September (each, an “**Interest Payment Date**”) in each year, commencing on 24 March 2022.

## Cancellation of Interest Payments

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

- (a) the non-payment and cancellation of such Interest Payment (or relevant part thereof) by reason of it not being due in accordance with the provisions described under “*Solvency Condition*” below;
- (b) the cancellation of such Interest Payment in accordance with the provisions described under “*Mandatory Cancellation of Interest Payments*” below;
- (c) the cancellation of interest upon the occurrence of a Trigger Event in accordance with Condition 5(d) (*Accrued Interest on Trigger Event*); or
- (d) the Issuer’s exercise of its discretion otherwise to cancel such Interest Payment (or relevant part thereof) as described under “*Interest Payments Discretionary*” below.

Any Interest Payment (or relevant part thereof) which is cancelled or does not become due and payable in accordance with the Conditions shall not accumulate or be payable at any time thereafter

and such cancellation or non-payment shall not constitute a default or event of default for any purpose.

**Mandatory Cancellation of Interest Payments**

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

- (a) the Solvency Condition is not being met at the time for payment of such Interest Payment, or where the Solvency Condition would cease to be met immediately following, and as a result of making, such Interest Payment;
- (b) there is non-compliance with the Solvency Capital Requirement of the Issuer and/or the Group (as applicable) at the time for payment of such Interest Payment, or non-compliance with the Solvency Capital Requirement of the Issuer and/or the Group (as applicable) would occur immediately following, and as a result of making, such Interest Payment;
- (c) there being non-compliance with the Minimum Capital Requirement of the Issuer and/or the Group (as applicable) at the time for payment of such Interest Payment, or non-compliance with the Minimum Capital Requirement of the Issuer and/or the Group (as applicable) would occur immediately following, and as a result of making, such Interest Payment;
- (d) the amount of such Interest Payment when aggregated together with any interest payments or distributions which have been paid or made by the Issuer or which are scheduled simultaneously to be paid or made by the Issuer on all Tier 1 Own Funds (excluding any such payments which do not reduce the Issuer's Distributable Items and any payments already accounted for by way of deduction in determining the Issuer's Distributable Items) since the end of the latest financial year of the Issuer and prior to, or on, such Interest Payment Date, would exceed the amount of the Issuer's Distributable Items as at the Interest Payment Date in respect of such Interest Payment; or
- (e) an Insolvent Insurer Winding-up having occurred and being continuing at the time for payment of such Interest Payment.

The Issuer shall not be required to cancel an Interest Payment where a Mandatory Interest Cancellation Event has occurred and is continuing where:

- (a) the Mandatory Interest Cancellation Event is of the type described in paragraph (b) above only;
- (b) the Relevant Regulator has exceptionally waived the cancellation of the Interest Payment in writing;
- (c) payment of the Interest Payment would not further weaken the solvency position of the Issuer or the Group; and
- (d) the Minimum Capital Requirement will be complied with immediately following such Interest Payment if made.

### **Distributable Items**

With respect to and as at any Interest Payment Date, subject as otherwise defined from time to time in the Relevant Rules and without double-counting, an amount equal to:

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

### **Interest Payments Discretionary**

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

### **Solvency Condition**

Other than in circumstances where an Issuer Winding-Up has occurred or is occurring, all payments (other than any cash component of the Conversion Shares Offer Entitlement and subject as provided in Condition 3(e)) under or arising from the Notes or the Trust Deed shall be conditional upon the Issuer being solvent at the time for payment by the Issuer and no amount shall be payable by the Issuer under or arising from the Notes or the Trust Deed (including any damages awarded for breach of obligations thereunder) except to the extent that the Issuer could make such payment and still be solvent immediately thereafter.



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

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

For this purpose:

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

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

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

“**Senior Creditors**” means:

- (a) creditors of the Issuer who are unsubordinated creditors (including all policyholders and all beneficiaries under contracts of insurance or reinsurance in respect of their Policyholder Claims);
- (b) all creditors of the Issuer whose claims are in respect of instruments or obligations which constitute, or would, but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital (including, for so long as any of the same remain outstanding, the Existing Tier 2 Notes); and
- (c) all creditors whose claims are, or are expressed to be, junior to the claims of other creditors of the Issuer, whether subordinated or unsubordinated, other than those whose claims rank, or are expressed to rank, *pari passu* with, or junior

to, the claims of the holders of the Notes in a winding up or administration of the Issuer occurring prior to a Trigger Event.

**No maturity date**

The Notes are perpetual securities in respect of which there is no fixed redemption date. The Notes are not redeemable at the option of the Noteholders at any time.

**Redemption at the option of the Issuer**

Subject to certain conditions, the Issuer may, at its option, redeem all (but not some only) of the Notes, on (i) any day falling in the period commencing on 24 September 2031 and ending on the First Reset Date (in each case, inclusive) or (ii) any Reset Date thereafter, at their principal amount together with (to the extent that such interest has not been cancelled in accordance with these Conditions) any accrued and unpaid interest to (but excluding) the date of redemption.

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

Subject to certain conditions, if a Tax Event has occurred and is continuing, then the Issuer may at its option, upon notice to the Noteholders either (at its sole discretion):

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

A “**Tax Event**” will be deemed to have occurred if:

- (a) as a result of a Tax Law Change, on the next Interest Payment Date either:
  - (i) the Issuer would be required to pay Additional Amounts as provided or referred to in Condition 13; or
  - (ii) in respect of the Issuer’s obligation to make any payment of interest:
    - (1) the Issuer would not be entitled to claim a deduction in computing its taxation liabilities in the Relevant Jurisdiction, or such entitlement is materially reduced; or
    - (2) the Issuer would not to any material extent be entitled to have any loss or non-trading deficit set

against the profits of companies with which it is grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the date of the Tax Law Change or any similar system or systems having like effect as may from time to time exist); and

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

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

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

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

A “**Capital Disqualification Event**” is deemed to have occurred if, as a result of any replacement of or change to (or change to the interpretation by any court or authority entitled to do so of) the Relevant Rules the whole or any part of the principal amount of the Notes is excluded from counting as Tier 1 Capital for the purposes of the Issuer or all or any part of the Group (which part includes the Issuer and at least one other member of the Group) (whether on a solo, group or consolidated basis), except (in either case) where such non-qualification is only as a result of the aggregate amount of eligible items available to be counted towards Tier 1 Capital (or a relevant component part thereof) exceeding any applicable upper limit on the aggregate amount of such items permitted to be so counted (other than a limit derived from any transitional or grandfathering provisions under the Relevant Rules).

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

Subject to certain conditions, if at any time a Ratings Methodology Event has occurred and is continuing or, as a result of a change in (or clarification to) the methodology of a Rating Agency or a Subsequent Rating Agency (if applicable) (or in the interpretation of such methodology), a Ratings Methodology Event will occur within

the forthcoming period of six months, then the Issuer may, upon notice to Noteholders (at its sole discretion):

- (a) redeem all (but not some only) of the Notes at any time at their principal amount, together with (to the extent that such interest has not been cancelled in accordance with these Conditions) any accrued and unpaid interest to (but excluding) the date of redemption; or
- (b) substitute at any time all (but not some only) of the Notes for, or vary at any time the terms of the Notes so that they become or remain, Rating Agency Compliant Securities.

A “**Ratings Methodology Event**” will be deemed to occur if at any time there occurs a change in (or clarification to) the methodology of a Rating Agency or a Subsequent Rating Agency (if applicable) (or in the interpretation of such methodology) as a result of which the “equity credit” (or such other nomenclature as may be used by such Rating Agency or the relevant Subsequent Rating Agency (as applicable) from time to time to describe the degree to which the terms of an instrument are supportive of an issuer’s senior obligations in terms of either leverage or total capital) assigned by such Rating Agency or the relevant Subsequent Rating Agency (as applicable) to the Notes is, as notified by such Rating Agency or the relevant Subsequent Rating Agency (as applicable) to the Issuer or as published by such Rating Agency or the relevant Subsequent Rating Agency (as applicable), reduced when compared to (i) in the case of a Rating Agency, the “equity credit” assigned by such Rating Agency to the Notes on or around the Relevant Issue Date and (ii) in the case of any Subsequent Rating Agency, the “equity credit” first assigned by such Subsequent Rating Agency to the Notes

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

Subject to certain conditions, if at any time after the Issue Date 80 per cent. or more of the aggregate principal amount of the Notes originally issued (and, for these purposes, any Further Notes will be deemed to have been originally issued) has been purchased by the Issuer or any of its Subsidiaries and cancelled, then the Issuer may, upon notice to Noteholders (at its sole discretion), redeem all (but not some only) of the Notes at any time at their principal amount, together with (to the extent that such interest has not been cancelled in accordance with the Conditions) any accrued and unpaid interest to (but excluding) the date of redemption.

**Purchases**

Subject to certain conditions, the Issuer or any of its Subsidiaries may purchase Notes in any manner and at any price. All Notes purchased by or on behalf of the Issuer or any Subsidiary of the

Issuer may be held, reissued, resold or, at the option of the relevant purchaser, surrendered for cancellation to the Registrar.

**Conditions to redemption and purchase**

To the extent required pursuant to the Relevant Rules at the relevant time, and save as otherwise permitted pursuant to Condition 12(c) (*Waiver of Redemption and Purchase Condition relating to Solvency Capital Requirement by the Relevant Regulator*), the Issuer may not redeem or purchase any Notes unless each of the following conditions is satisfied:

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

Date and prior to the tenth anniversary of the Relevant Issue Date, the Relevant Regulator has confirmed to the Issuer that it is satisfied that the Solvency Capital Requirement of the Issuer and/or the Group (as applicable) is exceeded by an appropriate margin (taking into account the solvency position of the Issuer and/or the Group including by reference to the Issuer's and or the Group's (as applicable) medium-term capital management plan) unless such redemption or purchase is funded out of the proceeds of a new issuance of, or the Notes are exchanged into, Tier 1 Own Funds of the same or a higher quality than the Notes;

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

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

Prior to the publication of any notice of redemption, variation or substitution pursuant to Condition 12(g) (*Redemption, substitution or variation at the option of the Issuer due to a Tax Event*), 12(h) (*Redemption, substitution or variation at the option of the Issuer due*

to a Capital Disqualification Event), 12(i) (*Redemption, substitution or variation at the option of the Issuer due to a Ratings Methodology Event*) or 12(j) (*Clean-up redemption at the option of the Issuer*), the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories stating that, as the case may be, the Issuer is entitled to redeem, vary or substitute the Notes on the grounds that a Tax Event, a Capital Disqualification Event or a Ratings Methodology Event has occurred and is continuing or, for the purposes of Condition 12(j) (*Clean-up redemption at the option of the Issuer*), that 80 per cent. or more of the aggregate principal amount of the Notes originally issued (including any Further Notes issued) has been purchased and cancelled, in any such case as at the date of the certificate or, as the case may be (in the case of a Capital Disqualification Event or a Ratings Methodology Event) will occur within a period of six months and, in the case of a redemption pursuant to Condition 12(g) (*Redemption, substitution or variation at the option of the Issuer due to a Tax Event*), 12(h) (*Redemption, substitution or variation at the option of the Issuer due to a Capital Disqualification Event*), 12(i) (*Redemption, substitution or variation at the option of the Issuer due to a Ratings Methodology Event*), that it would have been reasonable for the Issuer to conclude, judged at the Relevant Issue Date, that the relevant Tax Event, Capital Disqualification Event or Ratings Methodology Event was unlikely to occur.

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

<p><b>Withholding tax additional amounts</b></p>	<p><b>and</b> All payments by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts in respect of interest payments but not in respect of any payments of principal or any other amounts, as shall result in receipt by the Noteholders of such net amounts as would have been receivable by</p>
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them had no such withholding or deduction been required by law to be made.

**“Relevant Jurisdiction”** means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to the taxing power of which the Issuer becomes subject.

## **Enforcement**

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

Subject to conversion of the Notes upon a Conversion Event, in the event of a winding-up or administration of the Issuer (whether or not instituted by the Trustee, and whether in England and Wales or elsewhere), the Trustee at its discretion may, and if so requested by Noteholders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (but in each case subject to it having been indemnified and/or secured and/or pre-funded to its satisfaction) prove in the winding-up or administration of the Issuer and/or (as the case may be) claim in the liquidation or administration of the Issuer, such claim being as provided in, and subordinated in the manner described in, Condition 3(c) (*Issuer Winding-Up prior to a Trigger Event*) or Condition 3(d) (*Issuer Winding-Up on or after a Trigger Event*) (as applicable), but may take no further or other action to enforce, prove or claim for any payment by the Issuer in respect of the Notes or the Trust Deed.

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



otherwise, sooner than the same would otherwise have been payable by it.

## **Conversion**

Subject to certain conditions, if a Trigger Event occurs, the Issuer's obligation to repay the principal amount outstanding of each Note shall be irrevocably discharged and substituted for an undertaking on the part of the Issuer to issue and deliver Ordinary Shares, credited as fully paid, to the Conversion Shares Depositary to be held on trust for the Noteholders, as described in the Conditions.

## **Nominee structure for holding of Ordinary Shares**

Conversion Shares will not be delivered directly to the Noteholders. Any Conversion Shares (including the Conversion Shares component of any Conversion Shares Offer Entitlement) (if any) will be delivered to Bupa or another nominee (the "**Nominee**") on behalf of Noteholders, in accordance with their irrevocable direction and authorisation pursuant to, and subject as provided in, Condition 8(b).

Until or unless otherwise directed by the Issuer (in its sole discretion), such Nominee shall not exercise any rights to vote such Conversion Shares (other than to consent to short notice of a general meeting or annual general meeting of the Issuer) or to attend any general meeting of the Issuer in respect thereof. Noteholders shall otherwise be entitled to direct the Nominee to exercise on their behalf all rights of an ordinary shareholder (including rights to receive dividends), and the Issuer, failing which Bupa, shall make, or shall procure that the Nominee shall make, appropriate arrangements for Noteholders to be able to do so, as further provided in Condition 8(b)(iv)(b).

See Condition 8(b) for full details.

## **Trigger Event**

A Trigger Event shall occur if at any time:

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

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

**Conversion Price**

The Conversion Price per Ordinary Share in respect of the Notes is £1,000, subject to any adjustments pursuant to Condition 8(f) (*Adjustment of Conversion Price*).

**Conversion Shares Offer**

The Issuer shall be entitled to elect, in its sole and absolute discretion, that the Conversion Shares Depositary (or any agent(s) on its behalf) will make an offer of, in the Issuer's sole and absolute discretion, all or some of the Eligible Conversion Shares to, in the Issuer's sole and absolute discretion, all or some of the Eligible Offerees at the time of such offer, such offer to be at a price (the "**Conversion Shares Offer Price**") determined by the Issuer in its sole and absolute discretion. For the avoidance of doubt, the Conversion Shares Offer Price may be lower than the Conversion Price. The Issuer may, on behalf of the Conversion Shares Depositary, appoint one or more Conversion Shares Offer Agents to act as a placement or other agent to facilitate the Conversion Shares Offer.

Following delivery of a Conversion Shares Offer Notice and prior to the third Business Day preceding the commencement of the Conversion Shares Offer Period described therein, each Noteholder shall be entitled to give notice to the Conversion Shares Depositary in writing that it elects to retain its interest in the Conversion Shares to which it is entitled in respect of some or all of its Notes, such that those Conversion Shares attributable to it in respect of such Note(s) are not eligible for inclusion in the Conversion Shares Offer (each such notice being an "**Opt-Out Notice**").

"**Eligible Conversion Shares**" means all Conversion Shares in respect of which a valid Opt-Out Notice has not been received in prior to the third Business Day preceding the commencement of the Conversion Shares Offer.

The Conversion Shares Offer Period shall commence no earlier than 10 Business Days, and shall end no later than 90 Business Days, after the giving of the Conversion Shares Offer Notice by the Issuer.

Upon expiry of the Conversion Shares Offer Period, the Conversion Shares Depositary will provide notice to the Noteholders of the final Conversion Shares Offer Price and of the composition of the Conversion Shares Offer Entitlement (and of the deductions to the

cash component, if any, of the Conversion Shares Offer Entitlement (as set out in the definition of “Conversion Shares Offer Entitlement”) per Calculation Amount and the amount (if any) of any Excess Amount per Calculation Amount. The Conversion Shares Offer Entitlement shall be held on trust by the Conversion Shares Depositary for the Noteholders, and any Excess Amount shall be held on trust by the Conversion Shares Depositary for the Issuer until paid to or to the order of the Issuer. The cash component of any Conversion Shares Offer Entitlement shall be payable by the Conversion Shares Depositary to the Noteholders in sterling irrespective of whether or not the Solvency Condition is or would be satisfied upon such payment.

### **Ordinary Shares**

The Conversion Shares issued and delivered on the Share Delivery Date will be fully paid and non-assessable and will in all respects rank *pari passu* with the fully paid Ordinary Shares in issue on the Share Delivery Date, except in any such case for any right excluded by mandatory provisions of applicable law, and except that any Conversion Shares so issued and delivered will not rank *pari passu* for (or, as the case may be, the relevant Noteholder shall not be entitled to receive) any rights, distributions or payments the record date or other due date for the establishment of entitlement for which falls prior to the Share Delivery Date.

### **Form**

The Notes will be issued in registered form and represented upon issue by a global certificate (the “**Global Certificate**”) which will be registered in the name of a nominee for a common depository (the “**Common Depository**”) for Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) and Euroclear Bank SA/NV (“**Euroclear**”) on or about the Issue Date.

### **Denomination**

The Notes will be issued in denominations of £200,000 each and integral multiples of £1,000 in excess thereof.

### **Meetings of Noteholders**

The Trust Deed will contain provisions for calling meetings of Noteholders (which may be held in a physical place, by way of conference call or by use of a video-conference platform, or any combination thereof) to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions may also be amended with Noteholder consent given by way of (i) a written resolution executed, or (ii) electronic consents given through the relevant clearing system(s), in each case by or on behalf of the holders of 75 per cent. in principal

	amount of the Notes outstanding who would have been entitled to vote upon it if it had been proposed at a meeting.
<b>Issuer substitution</b>	The Conditions permit the Trustee to agree to the substitution in place of the Issuer of a Substitute Obligor without the consent of Noteholders, subject to certain conditions.
<b>Admission to trading</b>	Application has been made for the Notes to be admitted to trading on the ISM.
<b>Ratings</b>	<p>The Notes are expected, on issue, to be rated “Ba1 (hyb)” and “BB+” by Moody’s and Fitch, respectively.</p> <p>Each of Moody’s and Fitch is established in the United Kingdom and registered under the UK CRA Regulation. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.</p>
<b>Governing Law</b>	The Notes and the Trust Deed, and any non-contractual obligations arising out of or in connection therewith, will be governed by and construed in accordance with English law.
<b>ISIN</b>	XS2388179603.
<b>Common Code</b>	238817960.
<b>Clearing Systems</b>	Euroclear and Clearstream, Luxembourg.
<b>Selling Restrictions</b>	The Notes and any Ordinary Shares which may be delivered upon conversion of the Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Notes may be sold in other jurisdictions only in compliance with applicable laws and regulations. See “ <i>Subscription and Sale</i> ” below.
<b>Product Governance and PRIIPs</b>	<b>UK MiFIR - professionals/ECPs-only/No UK/EU PRIIPs KID</b> – Manufacturer target market (UK MiFIR product governance) is eligible counterparties and professional clients only (all distribution channels). No key information document (“ <b>KID</b> ”) under the EU PRIIPs Regulation or the UK PRIIPS Regulation has been prepared as the Notes are not available to retail investors in the EEA or in the UK.
<b>FCA CoCo restriction</b>	In addition to the above, pursuant to the UK FCA Conduct of Business Sourcebook the Notes are not intended to be offered, sold or otherwise made available and should not be offered, sold or

otherwise made available to retail clients (as defined in COBS 3.4) in the UK.

### **Use of Proceeds**

The net proceeds of the issue will be used by the Issuer for general corporate purposes, including without limitation the redemption of some of the outstanding £500,000,000 5.00 per cent. Fixed Rate Subordinated Notes due 2023 (ISIN: XS0920221453) issued by Bupa Finance plc.

## RISK FACTORS

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

In addition, risk factors which are specific to the Notes and factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Offering Memorandum are described below.

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

Risks expressed as affecting the Group should, unless otherwise indicated, be taken to affect the Issuer.

### ***Factors that may affect the Issuer's ability to fulfil its obligations under the Notes***

#### **1. Risks related to business activities and industry**

##### *Insurance risk*

The Group's insurance businesses face the risk that unexpected variations in the frequency, size or timing of claims will lead to reductions in financial returns. By virtue of being in the healthcare business, the Group is exposed to a number of factors affecting its insurance risk. These include macroeconomic trends, increases in medical inflation, shifts in demographics, changes in population health, developments in healthcare delivery and technology, and statistical fluctuations. The Group's exposure to insurance risk will grow in step with the Group's planned growth in premium income of the insurance businesses.

The Group manages these risks by the use of advanced analytic models of products and pricing controls on underwriting and claims settlement, policy clarity and contract certainty, internal and external actuarial reviews and, in selected circumstances, the use of reinsurance to transfer risk. The Group's insurance business is for short-term medical costs, enabling regular re-pricing in the event of changes in claims trends. The geographical diversity of the Group's insurance businesses offers further mitigation against insurance risk. However, there can be no assurance that the insurance risks which the Group faces will not materialise.

Failure to anticipate changes in the factors affecting its insurance risk, failure to appropriately price insurance products or failure to rectify deficiencies in the assumptions or actuarial models employed by the Group could mean that the claims experience is less favourable than the Group's underlying assumptions, which could lead to a shortfall in technical reserves against actual claims costs, which could in turn adversely affect the Group's cash flow, profitability and financial position.

During the first half of 2021 the Group has seen a general trend of incurred claims returning towards more normalised levels as COVID-19 (as defined below) imposed restrictions ease. However, the volume and

timing of this trend varies market by market. Disruptions still continue and the cost of claims could increase in the long run due to deferred costs of treating under-treated illnesses.

#### *Provider and medical claims costs*

The Group's insurance customers benefit from services procured from a wide range of providers including hospitals and consultants. In the face of inflationary pressures, and medical claims costs increasing at a rate higher than inflation in some markets, there is a risk that increasing provider charges will lead to substantial increases in premium rates and customer dissatisfaction, which could result in a loss of customers which could in turn adversely impact the Group's revenue and profitability.

The Group's policy is to work with its providers to maintain and improve quality while containing the cost of procuring medical services. This includes, where possible, the use of contracts, preferred supplier arrangements and case management techniques. While the Group seeks to mitigate the risks of rising costs, there can be no assurance that inflationary pressures will ease, that the mitigating steps taken by the Group will be effective, or that rising costs will not result in a loss of customers which could in turn adversely impact the Group's revenue and profitability.

#### *Competition risk*

Private medical insurance and care provision markets are increasingly competitive and there are many factors which affect the Group's ability to sell products ahead of its competitors. These include price, financial strength, credit ratings, range of products, product quality and quality of service, and brand strength and brand recognition. In some of the Group's markets, the Group faces competitors that are larger, have greater financial resources or a greater market share, offer a broader range of products or have higher claims-paying ratios or are more profitable. Effective competition among healthcare providers is an essential mechanism for controlling price inflation. The Group keeps its competitive position in each of its markets under continuous scrutiny and regularly reviews strategic and tactical objectives. The Board and senior management monitor performance via key indicators such as trend data, customer satisfaction results and monthly financial results.

Any failure by the Group to offer competitive products in terms of price or perceived value or any greater success or perceived success of the Group's competitors in competing effectively could adversely affect the Group's competitive position and could result in a loss of revenue and an adverse effect on the Group's results of operations.

## **2. Legal, regulatory and accounting risk**

#### *Political risk*

Healthcare policy and the role of the private sector in the Group's key markets is subject to ongoing review by governmental authorities and to changes as a result of political decisions. Increased geopolitical volatility and a shift towards more nationalistic policies may adversely affect demand for the Group's products. There is a risk that changes such as reduced or reprioritised public spending on private sector healthcare may have adverse consequences for the Group's business, results of operations and financial condition. The Group also operates in some emerging markets where there is the risk that political changes may be more frequent and may have a more profound effect on the Group.

In Australia and Chile, the government must approve premium increases before any such premium increase comes into effect. The premium increases which have been approved in the Australian health insurance market over the last two years have been lower than claims inflation, whilst there have been delays in the approval of premium increases by the government in Chile. Restricted premium increases and delays in the approval of premium increases may have an adverse effect on the Group's results or operations.

As part of its strategic planning process, the Group regularly considers the impact of possible political changes on its business model. The Group seeks to maintain a constructive dialogue with government officials in its main areas of operation, promoting the benefits of high quality private healthcare alongside public provision. Although the Group's operations are geographically diversified, there can be no assurance that there will not be a change in healthcare policy in any of the markets in which the Group operates. Such changes could mean that the Group may have to withdraw from certain markets, which may result in a reduction in customer numbers and, as a result, a reduction in the Group's revenues.

#### *Regulatory policy risk*

The Group operates in a highly regulated business environment. The Group serves customers in a number of countries and the Group is required to comply with differing regulations across its businesses which are enforced by a variety of governments, regulators and supervisory authorities. In the UK, Bupa's principal financial regulators are the Prudential Regulation Authority (the "**PRA**") and the FCA. The Group seeks to operate to the highest regulatory standards and to maintain an awareness of and, where possible, anticipate regulatory change.

However, the Group is unable to predict the content of new legislation or regulations and the Group could therefore be affected by changes in financial, clinical, medical or health and safety regulations in a number of countries. The significant governmental and regulatory responses to the ongoing COVID-19 pandemic have shown that future legislation, regulations and government funding decisions could have a material impact on the Group. Changes in legislation or regulations could affect the way the Group carries out business and in certain cases might increase the Group's costs or reduce the Group's revenues. Any new legislation or regulations resulting in increases in costs or reductions in revenues could adversely impact the Group's product range, distribution channels and results of operations and could increase the capital financing requirements of the Group.

#### *Recovery, resolution and restructuring risk*

The Group is subject to regimes governing the recovery, resolution or restructuring of insurance companies and, as the scope and implications of these regimes are still evolving, it is unclear how in future this might affect the Group.

As part of the global regulatory response to the risk that systemically important financial institutions could fail, banks, and more recently insurance companies, have been the focus of new recovery and resolution planning requirements developed by regulators and policy makers nationally and internationally. Recovery and resolution reforms for banks in the UK and EEA now provide regulators with the power, as part of wider resolution tools, to write down indebtedness or to convert that indebtedness to capital (known as "bail-in"), as well as other resolution powers. Similar regimes may be introduced in the UK and the EEA for insurance groups; however no firm proposals have yet been published.



### *Accounting risk*

The Group's accounts are prepared in accordance with UK-adopted IFRS, including-IFRS requirements applicable to the insurance industry. IFRS 17 Insurance Contracts will come into effect on 1 January 2023 and replaces IFRS 4. IFRS 9 Financial Instruments was implemented from 1 January 2018. Any change or modification of IFRS accounting policies, such as in connection with the implementation of IFRS 17, may require a change in the reporting basis of future results or a restatement of reported results. The detailed application of IFRS 17 is currently being evaluated by the Group. It is expected that the simplified premium allocation approach, similar in nature to the Group's existing measurement basis, will be available for the majority of the Group's insurance contracts, so a significant change in the measurement basis is not anticipated. The presentation and disclosure requirements of IFRS 17 will, however, differ considerably compared to the current approach

### *UK exit from the European Union ("EU")*

In Europe, the Bupa Global business relies on passporting rights to undertake cross-border activities between an insurance entity in Ireland (Bupa Global DAC) and the EU for the sale of international private medical insurance and travel insurance and is therefore not directly impacted by changes in passporting rules between the UK and the EU. However, the Group remains subject to the risk of an adverse outcome from legal challenge to the EU's data adequacy decision. Should a legal challenge invalidate the EU's recognition of the UK's data protection regime as adequate, this could, in the absence of mitigating action, restrict the transfer of data between the Bupa Global business and Bupa's UK business.

As a result of the onshoring of EU legislation in the UK and the exercise of 'temporary transitional powers' (which give UK financial regulators the power to make transitional provisions to financial services legislation for a temporary period), the Group is currently subject to substantially the same rules and regulations as before Brexit. However, the UK intends to recast onshored EU legislation into PRA and FCA rules and the UK implementation of Solvency II may diverge from the EU framework over time. The regulatory regimes for EU and UK financial services may therefore change further and temporary permissions and equivalence decisions may expire and not be replaced, which would result in further adjustments to the UK regulatory landscape.

## **3. Risks related to economic and financial conditions**

### *Property risk*

The Group has a significant property portfolio, much of which is primarily connected to its care homes businesses. Property risk is the single largest risk component of the Group's Solvency Capital Requirement. The Solvency Capital Requirement risk principally relates to the Group's care home portfolio in the UK, Australia, New Zealand and Spain. The Group generally seeks to own rather than rent property, which reduces the cost of lease commitments but leaves the Group exposed to falls in property values. The Group manages this risk by factoring property risk into any acquisition appraisal. In addition, the broad geographic spread of the Group's business means that its property risk is spread across a variety of property markets. Care home valuations are based on their trading potential based on discounted cashflow techniques. However, devaluations of the Group's property portfolio could, in turn, have an adverse effect on the Group's financial condition and results of operations.

### *Exchange rate risk*

The Group is exposed to exchange rate risk as a consequence of its trading and operating activities in different countries. The Group is exposed to the risk of losses arising from adverse and/or volatile movements in exchange rates, in particular the Australian Dollar, Euro, United States Dollar and New Zealand Dollar to Sterling exchange rate. Indeed, the effect of exchange rate fluctuations on local operating results could lead to significant fluctuations in the results reported in the Group's consolidated financial statements upon translation of the Group's results into sterling. Additionally, as the net assets of the Group's businesses outside the UK grow, there will be a corresponding increase in currency risk in relation to translation into Sterling. Although the Group takes certain actions to address this risk, foreign currency exchange rate fluctuation could materially adversely affect the Group's reported results due to unhedged positions or the failure of hedges to effectively offset the impact of the foreign currency exchange rate fluctuation. If the Group were to suffer substantial losses due to exchange rate volatility, it may adversely affect the Group's solvency capital ratios, results of operations and financial condition.

### *Economic market conditions*

Challenging economic conditions increase the risks faced by the Group. Rising inflation, prolonged periods of low interest rates and interest rate volatility, credit rating reductions for investment counterparties and reduced growth in the markets in which the Group's public sector and private sector customers are based exposes the Group to the risks of reduced results of operations and increased financial counterparty risk.

Factors such as consumer spending, business investment, government spending, the volatility and strength of both debt and equity markets, and inflation all affect the business and economic environment in which the Group operates and, ultimately, the revenues and profitability of the Group's business. In an economic downturn characterised by higher unemployment, lower household income, lower corporate earnings, lower business investment and lower consumer spending, the demand for the Group's insurance products could be adversely affected, in particular as a result of reductions by the Group's corporate customers. The Group's individual and corporate policyholders may choose to defer paying insurance premiums or stop paying insurance premiums altogether. These adverse changes in the economy could negatively affect the revenues of the Group and could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group seeks to minimise the impact of external economic events through the diversified nature of its operations. The Group's governance structures and policies seek to protect the business from excessive exposure to specific external risks while seeking to achieve growth targets. Management teams are responsible for considering the potential impact of macroeconomic events in terms of impacts on their business plans, including the use of stress testing to consider potential consequences of specific events. However, there can be no assurance that the Group's operations are effectively diversified against the risk of global economic stagnation or downturn, any deterioration in economic conditions or any continuation of challenging economic conditions.

### *Investment risk*

The Board sets the overall investment framework under which the business units operate local investment committees. Local level investment committees are in place in the key regulated insurance businesses within the Group and set investment strategy within the Group's approved framework. The Group Treasury department in London supports the business units with investment activities.

The majority of the Group's financial investments are held in cash and cash like instruments with highly rated credit institutions. These assets are exposed to banking counterparty default risk. Counterparty limits are set to avoid excessive exposure to a single counterparty and ensure that assets are properly diversified. Where possible, deposits are not placed with institutions rated less than A/A2 by any two of the three main international credit rating agencies. The investment income earned on these assets is exposed to interest rate movements at reinvestment.

The Group also holds a relatively small return-seeking asset portfolio, which is exposed to market pricing volatility and defaults. The portfolio is managed within a risk budget framework, which measures risk using Value at Risk methodology. At times of market stress or dislocation, the investment techniques employed may become less effective in mitigating adverse investment performance.

Failure to manage financial investments, restricted financial assets and cash and cash equivalents (valued in total at £4.7 billion at 30 June 2021) effectively could result in financial losses or lead to returns that are not competitive, which may result in the Group having to find alternative sources of capital, and which would also have an adverse impact on the Group's business, results of operations and financial condition.

#### *Liquidity risks*

The Group needs to maintain good access to a variety of funding sources to ensure that short-term and long-term liquidity is maintained to support current operations and future growth. The Group's principal sources of funding are debt financing and retained earnings.

The Group supports its current operations and future growth from a combination of internally generated profits and externally raised debt. To ensure appropriate diversification of funding risk, the Group has accessed a variety of debt capital markets to support its growth. These currently include the bank debt market and the senior and subordinated (hybrid) bond market. Prior to the issue of the Notes, the Group last accessed the bond markets in June 2020, issuing both senior and subordinated bonds.

The Group is committed to maintaining an appropriate investment grade credit rating with major credit rating agencies and closely targets key financial ratios, such as gearing and interest cover. Legal or regulatory restrictions imposed on the distribution of dividends to the Group would result in reduced Group liquidity. Any inadequacy of the Group's funding policies, failure to maintain such an investment grade credit rating and reduced availability of funding sources could lead to increased funding costs or to the inability of the Group to refinance its borrowings, any of which could adversely affect the Group's liquidity and financial flexibility, which, given the Group's reliance on debt financing and retained earnings for its funding requirements, could adversely affect the Group's business, results of operations and financial condition.

#### *Pension funding risk*

Bupa has significant defined benefit pension obligations relating to its UK business. Estimates of the amount and timing of any future funding requirements for the schemes are based on actuarial assumptions and other factors, including the actual and projected market performance of the scheme assets, future long-term bond yields, average life expectancies and relevant legal requirements.

Actual performance of scheme assets may be affected by volatility in debt and equity markets. Bupa's UK defined benefit pension scheme has been closed to new entrants for some time. In addition, following a

consultation period in 2020, future accrual to all members ceased on 31 December 2020. While this de-risks the future position, any changes to these assumptions and other factors may require the Group to make additional contributions to its pension scheme. In the event that a significant funding deficit were to arise, the funding position would need to be discussed with the pension scheme trustees to agree appropriate actions, which may include a plan to fund any such deficit over a number of years. A requirement to make significant additional funding contributions could adversely affect the Group's business, results of operations and financial condition.

#### *Capital and solvency risk*

The Group must comply with the provisions of the Solvency II legislation, which came into effect in the EU on 1 January 2016 and, after Brexit, continues to form part of retained law in the United Kingdom (with certain adjustments) pursuant to the EUWA. It prescribes how the assets and liabilities comprising capital are to be valued and requires the Group to hold capital to at least the level of its Solvency Capital Requirement ("**SCR**"). The Group's SCR is calculated in accordance with the Standard Formula specified in the Solvency II legislation. The Group has obtained approval from the regulators to substitute the insurance premium risk parameter in the formula with a Group Specific Parameter which reflects the Group's own loss experience and the fact that the Group's size, experience and geographic diversification reduces the level of premium risk. Whilst the current UK regulatory regime is expected to remain in place for the short- to medium-term, aspects of the regime may be subject to change, and divergence from the EU Solvency II legislation, over longer timescales.

The Group as a whole, as well as individual insurance entities within the Group, seek to maintain a prudent capital surplus over and above the applicable regulatory capital requirements. The level of target surplus is regularly reviewed by the Board as part of its assessment of its capital risk appetite and in light of regulatory changes and the effect on ongoing business activities.

It is possible that the Group's capital requirements may increase as a result of changes to the Solvency II or other related legislation in key markets or their interpretation.

A failure by the Group, or individual insurance entities within the Group, to comply with the measures required by Solvency II or other applicable regulatory requirements in a timely manner could lead to regulatory action and could have a material adverse effect on the Group and the Group's business, results of operations and financial condition.

## **4. Social and environmental risks**

### *Pandemic*

The outbreak of the novel strain of the coronavirus ("**COVID-19**") and the shutdowns and other restrictive measures implemented by authorities around the world in an attempt to contain the spread of the disease have led to economic uncertainty in many countries, as well as increased volatility in financial and other markets. The severity and duration of the resulting adverse impact on the global economy and on the value of investment assets is currently uncertain and there is no certainty that measures to restrict spread of the disease globally or to mitigate its impacts, including as new strains of the virus develop, will be effective.

Although each of the Group's businesses has business continuity plans to mitigate as far as possible the impact of events, there can be no assurance that COVID-19 or any other pandemic will not have a material adverse impact on the Group's business, reputation, results of operations and financial condition. Generally, the Group's health insurance contracts contain terms and conditions that provide for the reimbursement of incurred medical expenses for treatment related to acute medical conditions and exclude those related to pandemics (although these have been waived with respect to COVID-19 in certain circumstances). In the event of a pandemic (such as the COVID-19 pandemic) this means some discretionary claims are delayed during the pandemic, but a proportion of these are incurred following recovery from the pandemic and reserves for these are established. The Group took a range of targeted actions to support customers during the COVID-19 pandemic. These included: a pledge to pass back any exceptional financial benefit arising to UK PMI customers; removing pandemic exclusions for COVID-19; delaying approved premium increases in Australia and Chile; providing free access to Blua digital consultations in Spain; and supporting those experiencing financial hardship.

The future consequences of the COVID-19 outbreak, including the consequences of an outbreak of any variations or mutations of the disease, or of any disruption to or failure of global vaccination programmes, are uncertain and it is not possible to quantify or predict the duration of the COVID-19 pandemic or quantify its effects on global and national economies. As a result, the business, results of operations, corporate reputation and financial condition of the Group could be adversely impacted. In addition, while (as stated in the Group SFCR) the Group considers that its Solvency II capital coverage ratio has remained strong and well within its target working range, it remains too early to quantify the medium- and long-term impact of COVID-19 on the Group's business, results and solvency ratios, which depend on a range of factors, including the extent and duration of the period of disruption caused by COVID-19 and its impact on the global economy. There may already be economic scarring from past lockdowns and other restrictions. There may also be structural changes to society and the markets in which the Group operates.

Following the COVID-19 pandemic, the Group anticipates there will be extensive and wide-ranging reviews into all aspects of the public and private response. These responses will often be judged in hindsight and this increases the risk of potential future litigation for all participants in the health care sector, including the Group.

The risk of future pandemic and endemic outbreaks unrelated to COVID-19 remains and the Group would expect to see similar impacts on the risk profile and financial performance on the Group if governments and regulators respond to these in a similar fashion.

The factors described above could, together or individually, have a material and adverse impact on the business, results of operations, and financial condition of the Group.

### *Climate change*

The Group's longer-term exposure to climate change falls into two broad categories. Physical risks, particularly to the Group's property assets arising from severe weather events; and transition risks from the move to a low carbon economy, which will impact the value of those investments associated with higher levels of greenhouse gas emissions and affect the broader macroeconomic environment. The two risks are linked. Continued emissions will increase physical risks, and limiting the impacts will require substantial emission reductions which will increase transition risks. There are also potential impacts on the health of those that the Group insures, and although the Group expects this to be gradual and emerge over the very long term, it will require consideration within the Group's pricing. The Group does not have

a material direct exposure to investments which may be affected by transitional risks but may be affected by impacts on the economy which negatively impacts on the ability of customers to afford its products with resulting negative impacts on performance.

Physical risks may impact the value of property assets in the longer-term but increasing weather events will also have a significant impact on the ability to operate and maintain business continuity in these businesses, particularly the care homes and hospitals which are occupied by vulnerable customers.

In the shorter-term the Group considers there are also potential reputational risks associated with climate change, either from being seen to taking the wrong actions or not being seen to be taking enough of the right actions. This could result in customers deciding to not do business with Bupa and therefore negatively impact performance and operations.

The Group has established a Group Wide Environment and Climate Action programme, overseen by the Board Sustainability Committee, to consider and take appropriate action for the Group. This programme includes considerations relating to the Group's carbon output, Risk Management processes and procedures, health implications from climate change and reporting and disclosure. Please see the section titled "*Business Description – Recent Developments*" for further information regarding developments to the Group's approach to sustainability.

#### *Reputational risks*

The Group's results are, to a certain extent, susceptible to its brand and reputation. Consumers are placing increased importance on the reputation of companies and considering whether their business is conducted in a sustainable manner. These considerations affect consumers' choices and can be exaggerated in periods of greater economic pressure on consumer spending.

The Group is exposed to the risk that litigation, employee misconduct, operational failures, the outcome of regulatory investigations, press speculation and negative publicity, accidental disclosure of confidential client information, data breaches and inadequate services, whether true or not, could impact the Group's brand or reputation.

The Group has an established incident management framework and a corporate affairs function across all market units and at Group level to ensure that incident responses are appropriate and minimise potential reputational damage. However, there can be no assurance that these risks will not materialise and have a harmful effect on the Group's reputation and in turn, adversely affect the Group's business, results of operations and financial condition.

## **5. Internal control risks**

#### *Business continuity and resilience risk*

The geographic diversification of the Group's operations significantly increases its exposure to business disruption, natural disasters and other catastrophic events, which could affect the continuity of the Group's business. Pandemics, natural disasters, terrorism and fires could disrupt operations and result in significant loss of property, key personnel and information about the Group and its customers.

Each Bupa Business Unit has detailed Business Continuity Plans. These plans include response plans for specific incidents, such as pandemics or significant events, and are tested on a regular basis and have been successfully implemented across the Group during the COVID-19 pandemic. However, the failure of the Group's business continuity plans to anticipate and address events which pose risks to the continuity of the Group's business could lead to disruption of the Group's business for a substantial period of time. This could have a material adverse effect on the Group's results of operations in any period and, depending on the severity, could also materially and adversely affect the Group's financial condition.

#### *Leadership and people*

As the Group changes and grows, its success depends on its ability to attract, motivate and retain highly skilled management and other personnel, particularly those who operate in technical and professional areas of the Group's business. The current global shortage of health care staff and dentists, which predates the COVID-19 pandemic but has been exacerbated by it, has had a negative impact across the Group's provision businesses. The Board views the development and training of the Group's personnel, and the recruitment of experienced individuals from outside the Group, as central to the Group's future success. Certain key members of the Group's personnel are required to be approved by relevant regulators and must be fit and proper to perform their functions. If such persons ceased to be fit and proper they would not be able to perform their functions within the Group and any finding that such persons had ceased to be fit and proper could result in adverse publicity for the Group and damage to the Group's reputation. Further, in the event that such persons left the Group and suitable replacements could not be found, this could impact on the ability of the Group to innovate and bring new products and services to market, which could adversely affect the Group's business, results of operations and financial condition.

#### *Information technology and information governance*

The Group's services are underpinned by information technology systems and infrastructure ("IT"). The Group has a number of dedicated IT teams who are responsible for the development, maintenance and monitoring of IT services. The Group has a dedicated IT security risk management resource operating under the leadership of the Chief Information Officer.

Due to the nature of its business, the Group handles sensitive consumer data and any failure to maintain the confidentiality of such data could result in liability for, and reputational damage to, the Group. System failures may impact the Group's provision of products and services and may cause information security breaches. Systems failures or outages could compromise the Group's ability to perform these functions in a timely manner, which could harm its ability to conduct business as well as the Group's relationships with its business partners and customers. The Group's systems could also be subject to physical and electronic break-ins, and subject to similar disruptions from unauthorised tampering or cybercrime, which may result in theft or loss of data, or ransomware attacks. This may impede or interrupt the Group's business operations or lead to unauthorised disclosure or loss of data or data corruption, including customer data, which could lead to legal liability including, but not limited to, pursuant to (i) Regulation (EU) 2016/679 (the EU General Data Protection Regulation) (the "GDPR") and (ii) the GDPR as it forms part of the domestic law of the UK by virtue of the EUWA and the Data Protection, Privacy and Electronic Communication (Amendments etc.) (EU Exit) Regulations 2019, regulatory sanctions and/or materially damage the Group's reputation. Any such failures or breaches and a lack of integration of systems across the Group could adversely affect the Group's business, results of operations and financial condition.

### *Clinical governance risk*

The Group is committed to ensuring that its customers, wherever they are in the world, are treated and cared for according to evidence-based best practice, high patient safety and clinical standards. Clinical risks are inherent in the Group's care provision activities. If the Group expands its provision and aged care businesses, the inherent exposure to clinical risk will increase commensurately. Key businesses within the Group have clinical quality governance structures in place. They are professionally accountable to Bupa's Chief Medical Officer for clinical governance; the Chief Medical Officer has been nominated as the senior manager, independent from the business, who takes overall responsibility for the oversight of systems and controls relating to clinical governance within the Group. Bupa's structure of clinical governance and quality committees means that there is oversight both within Market Units and across Bupa.

Failure to adequately monitor clinical risks could lead to regulatory action against the Group and could result in damage claims, adverse media coverage for the Group, damage to the Group's reputation and, ultimately, a reduction in customer numbers and a significant financial impact on the Group.

### *Operational systems and processes*

Failures of the Group's systems and processes in relation to areas such as prevention of financial crime, regulatory compliance, management of outsourced processes and the reporting of financial information are key risks. Such failures could cause unanticipated financial loss, customer detriment and reputational damage. Furthermore, failure to comply with applicable laws and regulations could lead to financial or other penalties (such as fines, disciplinary actions, administrative proceedings etc.) from a regulator or supervisory authority exercising powers of intervention against the Group or to the withdrawal of regulatory licences or permissions necessary for the conduct of the Group's business. Any such regulatory action could adversely affect the Group's business, results of operations and financial condition. The Group continues to strengthen its risk and control framework to mitigate this risk and has a low appetite for operational risks. Nevertheless, some degree of risk exposure will always remain.

### *Strategic risk*

There are major shifts in customer expectations and engagement, particularly in digital healthcare. The Group has refreshed its plans and ambition and launched a new strategy to address these changes.

With this new strategy there is a risk that the Group is unable to design or implement appropriate business plans, to make decisions, to allocate resources, or to adapt to changes in the business environment to achieve its strategy. Although this is a key area of focus for senior leadership and the Group's risk management approach and framework are well established across the Group, failure or delay in implementing the strategy successfully may have a material adverse effect on the Group's results and operations.

The delivery of this strategy may or may not require acquisitions or disposals. The Group makes selective acquisitions where it considers they will enhance its services or geographical spread and increase the value of the business in the long term. Rapid growth into new markets, rapid expansion in the Group's existing markets and any major acquisition exposes the Group to new potential financial, regulatory and reputational risks as well as the operational risks associated with the integration of newly acquired businesses.



### *Geographical spread*

The Group's international businesses operate in a wide range of locations across the world, and the Group's overall international success is dependent on its ability to succeed in different economic, social and political environments. Geographical diversification provides the benefit of spreading risk by reducing the relative exposure to any single healthcare economy but also represents a risk when operating in new markets with which the Group is less familiar.

The Group recognises the need to maintain effective central oversight of its operations while allowing each business the flexibility to evolve its business model, which allows it to operate effectively in its local market. The Group employs strong local management, with oversight from a corporate centre of specialist functions (the "**Group Functions**"), who regularly engage overseas business unit management to monitor performance. The dissemination of best practice and collaboration among business units is encouraged through regular business reviews and through appropriate governance forums. Failure to anticipate or adapt to such conditions, failure to diversify appropriately and ineffective central oversight of the Group's operations could adversely affect the Group's revenues and results of operations.

### ***Risks Related to the Structure of the Notes***

The following risk factors refer to certain provisions of the terms and conditions of the Notes and the Trust Deed and are qualified by the more detailed information contained elsewhere in this Offering Memorandum.

Capitalised terms used but not defined in this section have the meaning given to them in the Conditions.

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

If, at any time prior to the date on which a Trigger Event occurs (i) a winding-up or liquidation of the Issuer occurs or (ii) an administrator of the Issuer is appointed and such administrator declares, or gives notice that it intends to declare and distribute, a dividend, (the events in (i) and (ii), each an "**Issuer Winding-Up**"), there shall be payable by the Issuer in respect of each Note (in lieu of any other payment by the Issuer) such amount, if any, that would have been payable in respect of that Note if, on the day prior to the commencement of the winding-up or liquidation of the Issuer or the Issuer's entry into administration and thereafter, the holder of that Note was the holder of one of a class of preference shares in the Issuer ("**Notional Preference Shares**"):

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

issued or deemed to be in issue for the time being in the capital of the Issuer which, by their terms, rank or are expressed to rank *pari passu* with the Notional Preference Shares in a winding-up, liquidation or other return of capital); and

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

on the assumption that the amount that such Noteholder was entitled to receive in respect of each Notional Preference Share on a return of assets in such winding-up, liquidation or administration was an amount equal to the principal amount of the relevant Note and any accrued but unpaid interest thereon (other than any interest which has been cancelled pursuant to the Conditions) together with any damages awarded for breach of any obligations in respect of such Note, whether or not the condition referred to in Condition 3(f) (*Solvency Condition*) is satisfied on the date upon which the same would otherwise be due and payable (and, in the case of an administration, on the assumption that shareholders were entitled to claim and recover in respect of their shares to the same degree as in a winding-up or liquidation).

If, at any time on or after the date on which a Trigger Event occurs, an Issuer Winding-Up occurs but the relevant Ordinary Shares to be issued and delivered to the Conversion Shares Depositary have not been so delivered, there shall be payable by the Issuer in respect of each Note (in lieu of any other payment by the Issuer) such amount, if any, that would have been payable in respect of that Note if, on the day prior to the commencement of the winding-up, liquidation or administration of the Issuer and thereafter, the holder of that Note was the holder of such number of Ordinary Shares as it would have been entitled to receive beneficially on Conversion of that Note in accordance with Condition 6 (*Conversion upon Trigger Event*) (ignoring for these purposes the Issuer's right to make an election for a Conversion Shares Offer to be effected in accordance with Condition 7 (*Conversion Shares Offer*)).

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

Further, subject to applicable law, no holder of the Notes may exercise, claim or plead any right of set-off or counterclaim in respect of any amount owed to it by the Issuer arising under or in connection with the Notes and each holder shall, by virtue of being the holder of any Note, be deemed to have waived all such rights of set-off and counterclaim.

Subject to complying with applicable regulatory requirements, the Issuer expects from time to time to incur additional indebtedness or other obligations that will constitute senior and subordinated indebtedness, and the Notes do not contain any provisions restricting the ability of the Issuer or its subsidiaries to incur senior or subordinated indebtedness. Although the Notes may pay a higher rate of interest than comparable securities which are not so subordinated, there is a real risk that an investor in the Notes will lose all or some of its investment in the Notes should the Issuer become insolvent since its assets would be available to pay amounts in respect of the Notes only after all of its senior and more senior subordinated creditors have been paid in full.

Therefore, if a winding-up or administration of the Issuer were to occur, any liquidator or administrator appointed in respect of the Issuer would first apply assets of the Issuer to satisfy all rights and claims of the Senior Creditors. If the Issuer does not have sufficient assets to settle claims of the Senior Creditors in full, the claims of the Noteholders will not be settled and, as a result, Noteholders will lose the entire amount of their investment in the Notes. The Notes will share equally in payment with claims under obligations ranking *pari passu* with the Notes, (or, with claims in respect of Ordinary Shares, in the event of a winding-up or administration occurring in the intervening period between a Trigger Event and the Conversion Date) and, accordingly, if all Senior Creditors are paid in full but the Issuer does not have assets remaining to enable claims in respect of the Notes and such *pari passu* obligations in full, Noteholders would lose all or part of their investment in the Notes.

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

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

Other than in the circumstances set out in Condition 3(c) (*Issuer Winding-Up prior to a Trigger Event*) or Condition 3(d) (*Issuer Winding-Up on or after a Trigger Event*), or in relation to the cash component of any Conversion Shares Offer Entitlement, all payments under or arising from (including any damages for breach of any obligations under) the Notes shall be conditional upon the Issuer being solvent at the time for payment by the Issuer and no amount shall be due and payable by the Issuer in respect of or arising from the Notes except to the extent that the Issuer could make such payment and still be solvent immediately thereafter. For these purposes, the Issuer will be solvent if:

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

Any payment of interest that would have been due and payable but for the inability to comply with the Solvency Condition shall be cancelled in full pursuant to Condition 5(b) (*Mandatory Cancellation of Interest*).

*Interest Payments on the Notes are wholly discretionary*

Interest payments on the Notes are wholly discretionary and the Issuer may at any time elect to cancel any interest payment, in whole or in part, which would otherwise be due and payable on any Interest Payment Date. Accordingly, interest on the Notes will be due and payable only at the sole and absolute discretion of the Issuer. Furthermore, interest payments are subject to mandatory cancellation as provided in Condition 3(f) (*Solvency Condition*), Condition 5(b) (*Mandatory Cancellation of Interest*) and Condition 5(d) (*Accrued Interest on Trigger Event*), as further described below. At the time of publication of this Offering Memorandum, it is the intention of the Directors to take into account the relative ranking in the Issuer's capital structure of its Ordinary Shares and the Notes whenever exercising its discretion to declare

dividends on the former or to cancel interest on the latter. However, the Directors may depart from this policy at any time in their sole discretion.

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

Any actual or perceived increased likelihood of cancellation of any interest payment may adversely affect the market value of the Notes and could result in increased volatility and/or reduced liquidity in the market (if any) for the Notes.

*In addition to the Issuer's right to cancel interest payments, in whole or in part, at any time, the Conditions require that interest payments must be cancelled under certain circumstances and the Issuer may also be directed by the PRA to do so. Cancelled interest payments shall not be due and shall not accumulate or be payable at any time thereafter and investors shall have no rights thereto.*

The Issuer must cancel any interest payment on the Notes in full pursuant to Condition 5(b) (*Mandatory Cancellation of Interest*) on the occurrence of certain events (on the basis that the Notes are intended to qualify as Tier 1 Capital of the Issuer and/or the Group) including, without limitation and as applicable, (i) in the event that the Solvency Condition, the Solvency Capital Requirement or the Minimum Capital Requirement are not met at the time of, or would not be met immediately following, such interest payment or (ii) where the interest payment would exceed the amount of the Issuer's Distributable Items (as defined in the Conditions) as at the time for payment. The Issuer may also be required to cancel interest payments in other circumstances, including (but not limited to) circumstances relating to the group availability assessment, as further discussed below. Any interest payments due on or after the date of a Trigger Event must also be cancelled under Condition 5(d) (*Accrued Interest on Trigger Event*).

The level of the Issuer's Distributable Items will be affected by a number of factors. The Issuer's future Distributable Items, and therefore its ability to make interest payments under the Notes, are a function of its existing Distributable Items and its future profitability. In addition, the Issuer's Distributable Items may also be adversely affected by the servicing of more senior instruments. The level of the Issuer's Distributable Items may be affected by changes to regulation or the requirements and expectations of applicable regulatory authorities, which could have an adverse effect on the Issuer's Distributable Items in the future. Further, the Issuer's Distributable Items, and therefore its ability to make interest payments under the Notes, may be adversely affected by the performance of its business in general, factors affecting its financial position (including its solvency position), the economic environment in which the Group operates and other factors outside of the Issuer's control. The Issuer is entitled to make strategic or other business decisions which may adversely affect the Issuer's Distributable Items – see “*The Issuer's interests may not be aligned with those of investors in the Notes*” below.

As the Issuer is an intermediate holding company and the Notes are intended to qualify as Tier 1 Capital of the Group, the Group is required to undertake an availability assessment in accordance with the PRA's rules and guidance to demonstrate to the PRA that the own funds can be made available to other entities within the wider Group. As of the date of this Offering Memorandum, the Group understands that the guidance in respect of availability, as set out in SS9/15 (Solvency II: Group Supervision), indicates, amongst other things, that for a firm to satisfy the PRA that own funds may be made available to its group,

the PRA expects the group to demonstrate that these own funds can be made available to cover losses and regulatory shortfalls anywhere within the group within a maximum of nine months from the date on which the relevant solvency requirements are breached or, as applicable, the date on which an Insolvent Insurer Winding-up occurs, and further requires firms, in assessing such availability, to take account of both the prudential requirements applicable to group insurance undertakings and reinsurance undertakings on a solo basis (whether under the UK rules and/or applicable third country rules) and the prudential requirements applicable to the regulated insurance group as a whole under the UK group rules. The Group as a whole, as well as individual insurance and reinsurance entities within the Group, seek to maintain a prudent capital surplus over and above any applicable regulatory capital requirements. However, if the Group or any insurance or reinsurance undertaking within the Group were to breach their solvency requirements under applicable prudential rules, or if an Insolvent Insurer Winding-up were to occur, the Group would notify the PRA of such breach or such Insolvent Insurer Winding-up (as applicable) and outline to the PRA the management actions that it intends to take to remedy this (which could include exercising the Issuer's discretion to cancel interest payments in respect of the Notes). If, notwithstanding any such management actions, the breach remains unremedied or the Insolvent Insurer Winding-up is continuing after a maximum of nine months (or such shorter period as the PRA may require), or if the PRA otherwise considers the proposed management actions to be insufficient, the Group may be directed by the PRA at any time to cancel one or more interest payments on the Notes (in whole or in part) in accordance with the Conditions. The circumstances in which the Group may elect or be required to cancel interest payments on the Notes in order to meet its obligations in connection with the availability assessment may be difficult to predict.

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

Any actual or perceived increased likelihood of cancellation of any interest payment may adversely affect the market value of the Notes and could result in increased volatility and/or reduced liquidity in the market (if any) for the Notes.

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

Notwithstanding that a notice of redemption has been delivered to Noteholders, the Issuer must defer redemption of the Notes on any date set for redemption of the Notes pursuant to Condition 12 (*Redemption, Substitution, Variation and Purchase*) in the event that, inter alia, the Issuer cannot make the redemption payments in compliance with the Solvency Condition, the Solvency Capital Requirement, the Minimum Capital Requirement or the Regulatory Clearance Condition, or an Insolvent Insurer Winding-up has occurred and is continuing.

Further, if a Trigger Event occurs after a notice of redemption but before the relevant redemption date, such notice of redemption shall automatically be revoked and be null and void and the relevant redemption shall not be made or effected and the Notes shall be converted in accordance with Condition 6 (*Conversion upon Trigger Event*).

The deferral of redemption of the Notes will not constitute a default under the Notes for any purpose and will not give Noteholders or the Trustee any right to accelerate the Notes or take any enforcement action under the Conditions or the Trust Deed. Where redemption of the Notes is deferred, the Notes will be

redeemed by the Issuer on the earlier of (a) the date falling 10 Business Days after the date on which the Redemption and Purchase Conditions are (and provided that they continue to be) met or (where capable of waiver) waived pursuant to Condition 12(c) (*Waiver of Redemption and Purchase Condition relating to Solvency Capital Requirement by the Relevant Regulator*) or (b) the date on which an Issuer Winding-Up occurs. Any actual or anticipated deferral of redemption of the Notes will likely have an adverse effect on the market price of the Notes. In addition, as a result of the redemption deferral provision of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities without such deferral feature, including dated securities where redemption on the scheduled maturity date cannot be deferred, and the Notes may accordingly be more sensitive generally to adverse changes in the Issuer's financial condition.

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

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

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

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

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

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

The sole remedy against the Issuer available to the Trustee (acting on behalf of the Noteholders) or (where the Trustee has failed or is unable to proceed against, or prove in the winding-up or administration or claim in the liquidation of, the Issuer as provided in the Conditions) any Noteholder for recovery of amounts which have become due in respect of the Notes will be the institution of proceedings for an Issuer Winding-Up in England and Wales (but not elsewhere) and/or proving in any winding-up or in any administration of the Issuer and/or claiming in the liquidation of the Issuer (and any such claim will be deeply subordinated, as described above). Any cancellation or non-payment of interest shall not constitute a default or event of default on the part of the Issuer for any purpose.

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

The Notes may trade, and/or the prices for the Notes may appear, in trading systems with accrued interest. Purchasers of Notes in the secondary market may pay a price which reflects such accrued interest on purchase of the Notes. If an interest payment is cancelled (in whole or in part) as described above, a purchaser of Notes in the secondary market will not be entitled to the accrued interest (or part thereof) reflected in the purchase price of the Notes.

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

The Notes are perpetual securities and have no fixed maturity date or fixed redemption date. Although the Issuer may, under certain circumstances described in Condition 12 (*Redemption, Substitution, Variation and Purchase*), redeem or purchase the Notes, the Issuer is under no obligation to do so and Noteholders have no right to call for the Issuer to exercise any right it may have to redeem or purchase the Notes.

Therefore, Noteholders do not have the ability to exit their investment, except (i) in the event of the Issuer exercising its right to redeem or purchase the Notes in accordance with the Conditions, (ii) by selling to other market participants their Notes (if any such market participant agrees to purchase the Notes) or, following the occurrence of the Trigger Event and the issue and delivery of Ordinary Shares, their Ordinary Shares (to the extent that their Ordinary Shares are Eligible Conversion Shares and are not all sold to the Eligible Offerees pursuant to a Conversion Shares Offer), (iii) through the cash component of any Conversion Shares Offer Entitlement, (iv) where the Trustee institutes proceedings for the winding-up in England and Wales of the Issuer where the Issuer has exercised its right to redeem the Notes but fails to make payment in respect of such redemption when due (in which limited circumstances the claim of Noteholders is deeply subordinated, and there may or may not be any resulting liquidation proceeds available to Noteholders following payment being made in full to all senior and more senior-ranking subordinated creditors) or (v) upon a winding-up, liquidation or administration of the Issuer (in which limited circumstances the claim of Noteholders is deeply subordinated, and there may or may not be any resulting liquidation proceeds available to Noteholders following payment being made in full to all senior and more senior-ranking subordinated creditors). The proceeds, if any, realised by the actions described in (iii) to (v) above may be substantially less than the principal amount of the Notes or the amount of the investor's investment in the Notes. See also "*Risks related to the market generally - The secondary market generally*".

In addition, the Conditions set out certain Redemption and Purchase Conditions, including in relation to the Solvency Capital Requirement and the Minimum Capital Requirement being met immediately prior to the redemption or purchase of the Notes. If the Redemption and Purchase Conditions are not met, the

Issuer may not redeem or purchase any Notes and the redemption or purchase of the Notes shall instead be suspended, as provided in the Conditions.

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

Subject, *inter alia*, to the solvency of the Issuer, to compliance with the Solvency Capital Requirement and Minimum Capital Requirement and to satisfaction of the Regulatory Clearance Condition, the Issuer in its sole discretion may, in the circumstances described below, elect to redeem all (but not some only) of the Notes at their principal amount outstanding together with (to the extent that such interest has not been cancelled in accordance with the Conditions) any accrued and unpaid interest to (but excluding) the date of redemption.

Such redemption may occur at the option of the Issuer (i) on any day falling in the period commencing on 24 September 2031 and ending on (and including) the First Reset Date or any Reset Date thereafter, (ii) at any time following the occurrence of a Tax Event, (iii) at any time following the occurrence of (or if there will occur within the forthcoming period of six months) a Capital Disqualification Event or a Ratings Methodology Event or (iv) at any time if 80 per cent. or more of the aggregate principal amount of the Notes originally issued (including any Further Notes, if any) have been purchased by the Issuer or any of its Subsidiaries and cancelled.

The Issuer shall only be entitled to redeem the Notes prior to the fifth anniversary of the Issue Date upon the occurrence of a Tax Event or a Capital Disqualification Event if (amongst other conditions) it was reasonable for the Issuer to conclude, judged at the Issue Date, that such event was not reasonably foreseeable.

The Issuer currently expects the Notes to qualify (subject to any applicable limitations on the amount of such capital) as Tier 1 Capital for the Group. However, there is a risk that, following any future change to the Relevant Rules or the official interpretation thereof (including, but not limited to, the PRA's requirements with respect to the availability assessment for group capital purposes), the Notes will cease (in whole or in part) to qualify as Tier 1 Capital of the Group, which would entitle the Issuer to redeem the Notes early at their principal amount, together with interest accrued but unpaid to (but excluding) the date of redemption.

The right of the Issuer to redeem the Notes in certain circumstances may limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, or in the case of an actual or perceived increased likelihood that the Issuer may so elect, the market value of the Notes generally will not rise above the price at which they can be redeemed.

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

*Variation or substitution of the Notes without Noteholder consent*

Subject as provided in Condition 12 (*Redemption, Substitution, Variation and Purchase*), the Issuer may, at its option and without the consent or approval of Noteholders, elect to substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they become or remain, Qualifying Securities (i) in the event of the occurrence of a Tax Event or (ii) following the occurrence of (or where there will occur



within six months) a Capital Disqualification Event. Following the occurrence of (or where there will occur within six months) a Ratings Methodology Event, the Issuer may elect to substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they become or remain, Rating Agency Compliant Securities.

There can be no assurance that, due to the particular circumstances of each Noteholder, any Qualifying Securities and/or Rating Agency Compliant Securities will be as favourable to each Noteholder in all respects or that, if it were entitled to do so, a particular Noteholder would make the same determination as the Issuer as to whether the terms of the relevant Qualifying Securities and/or Rating Agency Compliant Securities are not materially less favourable to investors than the terms of the Notes. The Issuer bears no responsibility towards the Noteholders for any adverse effects of such variation or substitution (including, without limitation, with respect to any adverse tax consequences suffered by any Noteholder).

*Notes may be mandatorily converted into Ordinary Shares*

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

Noteholders should be aware that the Conversion Shares are not listed and are likely to be illiquid and difficult to trade (if trading is possible at all).

Although the value of any Conversion Shares received by Noteholders may vary over time, the value of any Conversion Shares is expected to be significantly less than the Conversion Price, which is initially set at £1,000 per Conversion Share and is subject to only limited anti-dilution protections. A Conversion Price that is higher than the value of a Conversion Share will represent a loss for Noteholders, since (through Conversion) they will obtain beneficial interests in Conversion Shares (subject to a Conversion Shares Offer if they do not opt out) at a higher price than the price at which they will be able to sell their interests in such Conversion Shares in the market (if there is such a market).

In the event that the Issuer elects that a Conversion Shares Offer be made, the Conversion Shares Offer Price relating to any such Conversion Shares Offer shall be at a price (the “**Conversion Shares Offer Price**”) determined by the Issuer in its sole and absolute discretion. Accordingly, the Conversion Shares Offer Price may be more or less than the Conversion Price.

Furthermore, if the Issuer elects that a Conversion Shares Offer be made in circumstances where the cash component (if any) of the Conversion Shares Offer Entitlement in respect of a Note would otherwise exceed the product of (i) £1,000 in principal amount of the Notes, and (ii) the proportion (expressed as a percentage) of the Eligible Conversion Shares sold in the Conversion Shares Offer (such excess, the “**Excess Amount**”), the Excess Amount shall not form part of the Conversion Shares Offer Entitlement. The holders of the Notes will be deemed, by virtue of their holding, to have waived any and all entitlement to any such Excess Amount, and such Excess Amount shall instead be payable to the Issuer for its own account, in accordance with Condition 7(a)(v). In such circumstances, the value of the Conversion Shares

Offer Entitlement received by a Noteholder may be less than the market value of the Conversion Shares which it would have been entitled beneficially to receive if the Issuer had not elected that a Conversion Shares Offer be made.

In addition, Noteholders will not be entitled to receive any Conversion Shares directly, and will direct that any Conversion Shares to which they become beneficially entitled shall be held by a nominee on their behalf. See “*Conversion Shares will be delivered to the Nominee following Conversion and be subject to an irrevocable direction from the Noteholders*” below.

Any Conversion of the Notes shall be irrevocable and Noteholders shall not be entitled to any compensation in the event that the value of Ordinary Shares or Conversion Shares Offer Entitlement received by them is less than the principal amount of their Notes, or if the solvency position of the Issuer subsequently improves following Conversion (including if the Trigger Event has ceased to continue). Furthermore, the sole remedy available to Noteholders in the event that the Issuer fails to deliver Conversion Shares to the Conversion Shares Depositary on or after the Trigger Event will be to apply to the court to obtain an order requiring the Issuer to issue and deliver such Conversion Shares to the Conversion Shares Depositary or, where applicable, participate in the liquidation proceeds of the Issuer as if the Conversion Shares had been issued. Once the Conversion Shares to be delivered on Conversion have been issued and delivered to the Conversion Shares Depositary, the only claims Noteholders will have will be against the Conversion Shares Depositary for delivery of Conversion Shares and/or Conversion Shares Offer Entitlement, as applicable, in accordance with the Conditions.

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

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

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

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

*Noteholders must submit a Conversion Shares Settlement Notice to receive delivery of Conversion Shares to the Nominee or Conversion Shares Offer Entitlement following Conversion*

In order to obtain delivery of the relevant Conversion Shares to the Nominee or the Conversion Shares Offer Entitlement, as applicable, following a Conversion of the Notes, the relevant Noteholder must deliver, *inter alia*, a duly completed Conversion Shares Settlement Notice to the Conversion Shares Depositary, which must contain specified information. Any Noteholder delivering a Conversion Shares Settlement Notice after the Notice Cut-off Date will have to provide evidence of its entitlement to the relevant Conversion Shares or the relevant Conversion Shares Offer Entitlement, as applicable, satisfactory to the Conversion Shares Depositary in its sole and absolute discretion in order to receive delivery of such Conversion Shares to the Nominee or such Conversion Shares Offer Entitlement, as applicable. The Issuer shall have no liability to any Noteholder for any loss resulting from such Noteholder not receiving (or not having had delivered at its direction and authorisation) any Conversion Shares to the Nominee on its behalf or the relevant Conversion Shares Offer Entitlement, as applicable, or from any delay in the receipt thereof, in each case as a result of such Noteholder failing to submit, *inter alia*, a valid Conversion Shares Settlement Notice, on a timely basis or at all.

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

Following Conversion, the Notes will remain in existence until the applicable Settlement Date (or, if earlier, the Final Cancellation Date) for the sole purpose of evidencing each Noteholder's rights in connection with the Conversion Shares, including to receive beneficial interests in Conversion Shares or any Conversion Shares Offer Entitlement, as applicable, from the Conversion Shares Depositary. All obligations of the Issuer under the Notes shall be irrevocably released in consideration of the Issuer's issuance and delivery of the Conversion Shares to the Conversion Shares Depositary on the Conversion Date, and under no circumstances shall such released obligations be reinstated. The Notes shall be cancelled on the applicable Settlement Date (or, if earlier, the Final Cancellation Date). Notwithstanding the foregoing, there can be no assurance that Noteholders will be able to sell any Notes following the occurrence of a Trigger Event.

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

*Conversion Shares will be delivered to the Nominee following Conversion and be subject to an irrevocable direction from the Noteholders*

Although the Noteholders will (subject to a Conversion Shares Offer in respect of which they do not opt out) become beneficial owners of the Conversion Shares upon the issuance of such Conversion Shares to the Conversion Shares Depositary, Noteholders will not be entitled directly to receive any Conversion Shares at any time. Each Noteholder will, by virtue of its holding of the relevant Notes, irrevocably direct and authorise the transfer of the Conversion Shares to which they are beneficially entitled (including any

Conversion Shares comprised in any Conversion Shares Offer Entitlement, where applicable) to the Nominee (which may be Bupa) to hold for the benefit of the relevant Noteholders. Thereafter, until and unless otherwise directed by the Issuer (in its sole discretion), the Nominee shall not exercise any voting rights (other than on a vote to consent to short notice of a general meeting or annual general meeting in accordance with the provisions of the Companies Act, on which vote the votes in respect of Conversion Shares shall be cast in favour) in its capacity as holder of such Conversion Shares and shall not attend any general meeting of the shareholders of the Issuer. Accordingly, while Noteholders will be entitled to any economic rights under the Conversion Shares, they will be subject to all changes made with respect to the Conversion Shares but will not be entitled to any of the voting rights of a shareholder. See Condition 8(b) (*Settlement Procedure*) for further information.

In addition, while the Nominee will be required to provide arrangements under which holders may transfer beneficial interests in Conversion Shares held on their behalf by the Nominee, as the class of Ordinary Shares of which the Conversion Shares will form part is presently held in full by the Issuer's parent company and there is no listing of, or market or trading in, such Ordinary Shares, it is highly likely that there will be no established market or trading in the Ordinary Shares at the time of conversion of the Notes or at any time thereafter, which may make it difficult for holders of beneficial interests in Conversion Shares to sell their interests, and any market price in respect of such interests may be volatile and/or adversely impacted by illiquidity.

*Noteholders will not be entitled to any rights with respect to the Issuer's Ordinary Shares prior to the Conversion Date and will be subject to all changes made with respect to the Issuer's Ordinary Shares*

Prior to the Conversion Date Noteholders will be subject to all changes made with respect to the Conversion Shares. However, Noteholders will not be entitled to any of the voting rights of a shareholder at any time. Any pecuniary and other rights with respect to Conversion Shares, in particular the entitlement to dividends (if any), shall only arise after such Conversion Shares have been issued and delivered to the Conversion Shares Depository following the Conversion Date and subsequently delivered to the Nominee, and such Noteholder's entitlement to the Conversion Shares has been registered in the register maintained by the Nominee.

*Noteholders may be subject to taxes following Conversion*

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

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

Solvency II requirements adopted in the UK, whether as a result of further changes to Solvency II (including any amendment, variation, repeal or replacement following the UK's withdrawal from the EU) or changes to the way in which the PRA interprets and applies these requirements to the UK insurance industry, may change. Any such changes, either individually and/or in aggregate, may lead to further unexpected requirements in relation to the calculation of the Issuer's or the Group's Solvency Capital Requirement, and such changes may make the Issuer's or the Group's regulatory capital requirements more onerous. Such changes that may occur in the application of Solvency II in the UK subsequent to the date of this Offering Memorandum and/or any subsequent changes to such rules and other variables may individually and/or in aggregate negatively affect the calculation of the Issuer's or the Group's Solvency Capital Requirement and thus increase the risk of cancellation of Interest Payments, the occurrence of a Capital Disqualification Event and subsequent redemption of the Notes by the Issuer, or a Trigger Event occurring, which will lead to a Conversion, as a result of which a Noteholder could lose all or part of the value of its investment in the Notes. *See also the risk factor entitled "Capital and solvency risk".*

*Noteholders may need approval by the Relevant Regulator*

As the Notes are mandatorily convertible into Conversion Shares following a Trigger Event, an investment in the Notes may result in Noteholders, following such Conversion, having to comply with certain approval requirements pursuant to laws and regulations applicable in the UK.

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

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

*Noteholders may receive Conversion Shares Offer Entitlement instead of Ordinary Shares upon Conversion*

The Issuer may elect, in its sole and absolute discretion, that a Conversion Shares Offer be conducted by the Conversion Shares Depositary (or any agent(s) on its behalf) upon the occurrence of the Trigger Event. If the Issuer elects that a Conversion Shares Offer be conducted, the Conversion Shares Depositary (or any agent(s) on its behalf) will make an offer of all or some of the Eligible Conversion Shares (being Conversion Shares for which a valid Opt-Out Notice has not been delivered in accordance with the Conditions) to all or some of the Issuer's shareholders and/or shareholders in any parent company of the Issuer.

The Conversion Shares Offer Price relating to any such Conversion Shares Offer shall be determined by the Issuer in its sole and absolute discretion. Accordingly, the Conversion Shares Offer Price may be more or less than the Conversion Price.

Subject to the provisions of Condition 6 (*Conversion upon Trigger Event*), if all of the Eligible Conversion Shares are sold in the Conversion Shares Offer, Noteholders will be entitled to receive, in respect of each Note for which an Opt-Out Notice is not received by the Conversion Shares Depositary from a Noteholder prior to the third Business Day preceding the commencement of the Conversion Shares Offer, the *pro rata* share of the cash proceeds of the sale of the Eligible Conversion Shares attributable to such Note (less the *pro rata* share of any foreign exchange transaction costs), subject (in applicable circumstances) to the cap described in the following paragraph. If not all of the Eligible Conversion Shares are sold in the Conversion Shares Offer, Noteholders shall be entitled to receive, in respect of each such Note, (i) the *pro rata* share of the cash proceeds from the sale of the Eligible Conversion Shares attributable to such Note (less the *pro rata* share of any foreign exchange transaction costs), subject (in applicable circumstances) to the cap described in the following paragraph together with (ii) the *pro rata* share of the Eligible Conversion Shares not sold pursuant to the Conversion Shares Offer attributable to such Note rounded down to the nearest whole number of Conversion Shares.

If any Eligible Conversion Shares are sold in the Conversion Shares Offer and the cash component (if any) of the Conversion Shares Offer Entitlement in respect of a Note would otherwise exceed the product of (i) the principal amount of such Note, and (ii) the proportion (expressed as a percentage) of the Conversion Shares sold in the Conversion Shares Offer (such excess, the Excess Amount), the Excess Amount shall not form part of the Conversion Shares Offer Entitlement. The holders of the Notes will be deemed, by virtue of their holding, to have waived any and all entitlement to any such Excess Amount, and such Excess Amount shall instead be payable to the Issuer for its own account. In such circumstances, the value of the Conversion Shares Offer Entitlement received by a Noteholder may be less than the market value of the Conversion Shares which it would have been entitled beneficially to receive if the Issuer had not elected that a Conversion Shares Offer be made.

Accordingly, if the Issuer elects that a Conversion Shares Offer be made and a Noteholder does not validly submit an Opt-Out Notice in accordance with the Conditions, that Noteholder may not ultimately receive beneficial interests in any Conversion Shares, or may receive only beneficial interest in some Conversion Shares as part of the Conversion Shares Offer Entitlement.

No interest or other compensation is payable in respect of the period from the Conversion Date to the date of delivery of the Conversion Shares or the cash proceeds from the sale of the Conversion Shares in the circumstances described above. Furthermore, neither the occurrence of a Trigger Event nor, following the occurrence of a Trigger Event, the election (if any) by the Issuer that a Conversion Shares Offer be made, will preclude the Issuer from undertaking a rights issue or other equity issue at any time on such terms as the Issuer deems appropriate in its sole discretion, including, for the avoidance of doubt, but without limitation, the offer of Ordinary Shares at or below the Conversion Shares Offer Price.

Notice of the results of any Conversion Shares Offer will be provided to Noteholders only at the end of the Conversion Shares Offer Period. Accordingly, Noteholders would not know the composition of the Conversion Shares Offer Entitlement to which they may be entitled until the end of the Conversion Shares Offer Period.

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

If a Qualifying Change of Control occurs, the Notes will, following Conversion, become convertible into Relevant Shares of the Acquiror, as described in Condition 9(a) (*Qualifying Change of Control*). The Issuer can provide no assurances as to the nature of any such Acquiror or the risks associated with becoming an actual or potential shareholder therein. A Qualifying Change of Control may, therefore, have an adverse effect on the value of the Notes.

If a Non-Qualifying Change of Control occurs then the Notes shall not be subject to Conversion at any time but, instead, upon the occurrence of a Trigger Event the full principal amount outstanding of each Note will automatically be written down to zero, each Note will be cancelled and each Note will no longer be traded on the ISM. In such circumstances, the Noteholders would not be entitled to receive any Ordinary Shares or other compensation and would lose their entire investment in the Notes. Therefore, if a Non-Qualifying Change of Control occurs, or if the market anticipates that such an event may occur, this may have an adverse effect on the value of the Notes.

*Conversion Price is fixed at the time of issue of the Notes and will not reflect the value of the Ordinary Shares at the time at which the Conversion Shares are issued*

Subject to certain limited events set out in the definition of “Adjustment Event”, the Conversion Price is fixed at the time of issue of the Notes at £1,000 per Conversion Share, which is considerably higher than the value of an Ordinary Share as at the date of this Offering Memorandum. The Trigger Event is linked to a deterioration in the regulatory solvency position of the Issuer and, therefore, its occurrence will likely be accompanied and preceded by a deterioration in the value of the Ordinary Shares. Therefore, if a Trigger Event were to occur, investors would receive beneficial interests in Conversion Shares or, as the case may be, any Conversion Shares Offer Entitlement at a time when the value of the Ordinary Shares is further diminished. In addition, there may be a delay in a Noteholder receiving its beneficial entitlements to Conversion Shares (if any) following the Trigger Event, during which time the value of the Ordinary Shares may further decline. As a result, the realisable value of the Conversion Shares (if any) is likely to be significantly below the Conversion Price.

At the time at which the Conversion Shares are issued following Conversion, the Conversion Price will not reflect the value of the Ordinary Shares, which is likely to be significantly lower than the Conversion Price. The initial Conversion Price has been set at £1,000 per Conversion Share, which is a different approach from that adopted in many other conversion-style tier 1 instruments that an investor may hold or purchase. Accordingly, following a Trigger Event the number of Conversion Shares potentially to be beneficially received by a Noteholder is expected to be very low relative to the nominal amount of the Notes held by such Noteholder and not expected to be representative of the current or future value or market price (if any) of such Conversion Shares. Although the value of such Conversion Shares may increase over time, they may never be equal to the nominal amount of the Notes converted.

As at 30 June 2021, the number of Ordinary Shares outstanding was 200,050,000.

*Noteholders have limited anti-dilution protection*

The number of Conversion Shares to be delivered in respect of the Notes will be determined by dividing the principal amount outstanding of the Notes by the Conversion Price prevailing at the relevant time.

Fractions of Conversion Shares will not be delivered to the Conversion Shares Depositary or to the Nominee for the Noteholders upon a Conversion and no cash payment will be made in lieu thereof.

The Conversion Price will be adjusted in accordance with Condition 8(f) (*Adjustment of Conversion Price*) in the event that there is a subdivision, redesignation, consolidation or reclassification of any Ordinary Shares or a free distribution or dividend of any Ordinary Shares to existing holders of Ordinary Shares by way of bonus, capitalisation or similar issue, all as further described in the Conditions.

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

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

*The terms of the Notes contain very limited covenants*

There is no negative pledge in respect of the Notes. The Issuer is generally permitted to sell or otherwise dispose of any or substantially all of its assets to another corporation or other entity under the terms of the Notes. If the Issuer decides to dispose of a large amount of its assets, investors in the Notes will not be entitled to require repayment of the Notes or have any other recourse to the Issuer in respect of such disposal, and those assets will no longer be available to support the Notes. In addition, the Notes do not require the Issuer to comply with financial ratios or otherwise limit its ability or that of its subsidiaries to incur additional debt, nor do they limit the Issuer's ability to use cash to make investments or acquisitions, or the ability of the Issuer or its subsidiaries to pay dividends, repurchase shares or otherwise distribute cash to shareholders. Such actions could potentially affect the Issuer's ability to service its debt obligations, including those of the Notes.

*No limitation on issuing senior or pari passu securities*

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

***Risk factors relating to the Notes generally***

Set out below is a brief description of certain risks relating to the Notes generally:

*The Issuer may not be liable to pay certain taxes*

All payments by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction (as defined in the Conditions), unless such withholding or deduction is required



by law. In that event, in respect of payments of interest (but not principal or any other amount), the Issuer will (subject to certain customary exceptions) pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders in respect of payments of interest after the withholding or deduction shall equal the respective amounts which would have been received in respect of interest on the Notes in the absence of such withholding or deduction.

Potential investors should be aware that neither the Issuer nor any other person will be liable for or otherwise obliged to pay, and the Noteholders will be liable for and/or pay, any tax, duty, charge, withholding or other payment whatsoever which may arise as a result of, or in connection with, the ownership, any transfer and/or any payment in respect of the Notes, or which arise on, or as a result of Conversion, except as provided for in the Conditions. In addition, potential investors should be aware that neither the Issuer nor any member of the Group will pay any taxes arising on, or as a result of Conversion or that may arise or be paid as a consequence of the issue and delivery of Ordinary Shares on Conversion or their transfer in any Conversion Shares Offer. See also the risk factor entitled “*Noteholders may be subject to taxes following Conversion*”.

In particular, the Notes do not provide for payments of principal to be grossed up in the event withholding tax of the Relevant Jurisdiction is imposed on repayments of principal. As such, the Issuer would not be required to pay any Additional Amounts under the terms of the Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under the Notes, Noteholders may receive less than the full amount due under the Notes and the market value of the Notes may be adversely affected.

*As the Issuer is a holding company, it is dependent upon cash flows from other entities in the Group to meet its obligations on the Notes, and Noteholders are structurally subordinated to the creditors of the Issuer's subsidiaries*

The Issuer is a holding company that conducts no business operations of its own and has no significant assets other than its investment in its subsidiary companies. Payment of interest and repayment of indebtedness by the Issuer under the Notes will be wholly dependent on the ability of other entities within the Group to make such cash available to the Issuer. Further, in certain instances subsidiaries may be subject to regulatory restrictions that limit the payment of dividends to the Issuer as shareholder.

There can be no assurance that arrangements with the Issuer's cash flow will provide it with sufficient means to fund payments on the Notes.

Furthermore, the Notes constitute deeply subordinated obligations of the Issuer alone. The Issuer's subsidiaries are separate and distinct legal entities with no obligation to pay, or provide funds in respect of, any amounts due and payable in respect of the Issuer's payment obligations under the Notes. Payments on the Notes are structurally subordinated to all existing and future liabilities and obligations of the Issuer's subsidiaries. Claims of creditors of such subsidiaries will have priority as to the assets of such subsidiaries over the Issuer and its creditors, including the Noteholders. Neither the Conditions nor the Trust Deed contain any restrictions on the ability of the Issuer or its subsidiaries to incur additional secured or unsecured indebtedness.

*Meetings, resolutions modification and waivers*

The Conditions contain provisions for calling meetings of Noteholders (including by way of conference call and use of a videoconference platform) to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who do not attend and vote at the relevant meeting and Noteholders who vote in a manner contrary to the majority. Such binding resolutions may also be passed by way of written resolution signed, or electronic consents given through the clearing systems, by holders representing not less than three-quarters of the aggregate principal amount of the Notes outstanding.

The Conditions also provide that the Trustee may, without the consent of Noteholders, agree (subject to the Issuer having first satisfied the Regulatory Clearance Condition) to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the Conditions or any of the provisions of Notes in the circumstances described in the Conditions.

#### *Substitution of obligors and transfer of business*

The Conditions provide that the Trustee may, without the consent of the Noteholders, agree to the substitution of another company as principal debtor under the Notes in place of the Issuer in the circumstances described in Condition 18 (*Substitution of Issuer*).

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

The Notes will initially accrue interest at the Initial Fixed Interest Rate to, but excluding, the First Reset Date. From, and including, the First Reset Date, however, the interest rate will be reset on each Reset Date to the Reset Rate of Interest (as described in Condition 4(e) (*Determination of Reset Rate of Interest*)). This Reset Rate of Interest could be less than the Initial Fixed Interest Rate, which could affect the amount of any interest payments under the Notes and the market value of an investment in the Notes. As the Notes bear interest at a fixed rate (reset from time to time), an investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

#### *Change of law*

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

#### *Integral multiples of less than £200,000*

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

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

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

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

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

The Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of the Notes.

### ***Exchange rate risks and exchange controls***

The Issuer will pay principal, interest and any other amounts on or in respect of the Notes in sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to sterling would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

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

### ***Credit ratings may not reflect all risks***

The Notes are expected, on issue, to be rated "Ba1 (hyb)" and "BB+" by Moody's and Fitch, respectively. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Furthermore, in general, European regulated investors are restricted under Regulation 1060/2009/EC (the "**CRA Regulation**") from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant non-EEA rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain

supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions of the Notes (as defined below) that, save for paragraphs in italics, shall be applicable to the Certificates (as defined below) in definitive form (if any) issued in exchange for the Global Certificate representing the Notes. The full text of these terms and conditions shall be endorsed on the Certificates relating to such Notes. Provisions in italics do not form part of the Conditions (as defined below).*

The issue of the £300,000,000 4.000 per cent. Fixed Rate Reset Perpetual Restricted Tier 1 Contingent Convertible Notes (the “**Notes**”, which expression shall in these Conditions, unless the context otherwise requires, include any Further Notes issued pursuant to Condition 21) was (save in respect of any such Further Notes) authorised by resolutions of the board of directors of Bupa Finance plc (the “**Issuer**”, which term shall include any substitute therefor from time to time pursuant to the terms of Condition 18) passed on 8 September 2021.

The Notes are constituted by a trust deed dated 24 September 2021 (as supplemented, modified or restated from time to time, the “**Trust Deed**”) between the Issuer, The British United Provident Association Limited (“**Bupa**”) and HSBC Corporate Trustee Company (UK) Limited (the “**Trustee**”, which expression shall include all persons for the time being and from time to time appointed as the trustee or trustees under the Trust Deed) as trustee in respect of the Notes. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed. The Notes have the benefit of a paying and conversion agency agreement dated 24 September 2021 (as supplemented, modified or restated from time to time, the “**Agency Agreement**”) relating to the Notes between the Issuer, the Trustee and HSBC Bank plc as registrar (the “**Registrar**”, which expression shall include any successor thereto), transfer agent (the “**Transfer Agent**”, which expression shall include any successor thereto and any additional transfer agents appointed thereunder), initial agent bank (the “**Agent Bank**”, which expression shall include any successor thereto) and initial principal paying and conversion agent (the “**Principal Paying and Conversion Agent**”, which expression shall include any successor thereto, and, together with any further paying and conversion agents appointed thereunder, the “**Paying and Conversion Agents**”, which expression shall include any successors thereto).

Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the specified offices of the Principal Paying and Conversion Agent, the Registrar and any Transfer Agent. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those applicable to them of the Agency Agreement.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Trust Deed.

### 1. Form, Denomination and Title

#### (a) *Form and Denomination*

The Notes are issued in registered form in principal amounts of £200,000 and integral multiples of £1,000 in excess thereof (referred to as the “**principal amount**” of a Note, and references in these Conditions to “**principal**” in relation to a Note shall be construed accordingly) without coupons attached. A certificate (each, a “**Certificate**”) will be issued

to each Noteholder in respect of its registered holding of Notes. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Noteholders which the Issuer will procure to be kept by the Registrar (the “**Register**”) on which shall be entered the names, addresses and account details of Noteholders and the particulars of the Notes held by them and of all transfers and repayments of Notes.

(b) *Title*

Title to the Notes passes only by transfer and registration in the Register. The holder of any Note will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, “Noteholder” and (in relation to a Note) “holder” means the person against whose name a Note is registered in the Register (or, in the case of joint holders, the first named thereof). Each Noteholder shall be entitled to receive only one Certificate in respect of its entire holding of Notes.

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

(a) *Transfers*

Subject to Conditions 2(d) and (e), each Note may be transferred (in whole or in part, subject to such transfer being in a minimum denomination of £200,000 and integral multiples of £1,000 in excess thereof) by depositing the Certificate issued in respect of that Note, together with the form of transfer in respect thereof duly completed and executed at the specified office of the Registrar or a Transfer Agent.

No transfer of a Note will be valid unless and until entered on the Register. A Note may be registered only in the name of, and transferred only to, a named person (or persons not exceeding four in number) or a nominee.

(b) *Delivery of new Certificates*

Each new Certificate to be issued upon a transfer of Notes pursuant to Condition 2(a) will, within 5 (five) Business Days of receipt by the Registrar or the relevant Transfer Agent of the duly completed, executed and (where applicable) stamped form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Note (but free of charge to the Noteholder) to the address specified in the form of transfer. The form of transfer shall be available at the specified offices of the Transfer Agents.

Where some but not all of the Notes in respect of which a Certificate is issued are to be transferred, a new Certificate in respect of the balance of Notes not so transferred will, within 5 (five) Business Days of receipt by the Registrar or the relevant Transfer Agent of the original Certificate, be mailed by uninsured mail at the risk of the holder of the Notes

not so transferred (but free of charge to the Noteholder) to the address of such holder appearing on the Register or as specified in the form of transfer.

(c) *Formalities free of charge*

Registration of transfer of any Notes will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but upon (i) payment (or the giving of such indemnity as the Issuer or any Agent may reasonably require) in respect of any taxes, duties or other governmental charges which may be imposed in relation to such transfer and (ii) the Registrar or the relevant Transfer Agent being satisfied with the documents of title and/or the identity of the person making the application.

(d) *Closed periods*

No Noteholder may require the transfer of a Note (or part thereof) to be registered:

- (i) during the period of 15 (fifteen) days prior to (and including) any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 12(f);
- (ii) after the Notes have been called for redemption pursuant to Condition 12;
- (iii) during the period of 7 (seven) days ending on (and including) any Record Date; or
- (iv) at any time after the 2nd (second) Business Day following the giving of a Trigger Event Notice by the Issuer.

(e) *Regulations*

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Trust Deed. The regulations may be changed by the Issuer with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests one and will be available at the specified offices of the Transfer Agents.

**3. Status of the Notes and rights on a winding-up**

(a) *Status*

The Notes constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. The rights and claims of the Noteholders in any Issuer Winding-Up are as described in the Trust Deed, this Condition 3 and Condition 15.

(b) *Intended Capital Treatment*

The Notes are intended to constitute Tier 1 Capital of the Issuer and the Group for so long as:

- (i) the Issuer is a direct and wholly-owned subsidiary of Bupa; and
- (ii) each Group Insurance Undertaking is owned, directly or indirectly, by the Issuer, or as otherwise agreed with the Relevant Regulator.

(c) *Issuer Winding-Up prior to a Trigger Event*

The rights and claims of the Noteholders (and the Trustee on their behalf) are subordinated to the claims of Senior Creditors in that if at any time prior to the date on which a Trigger Event occurs an Issuer Winding-Up occurs, there shall be payable by the Issuer in respect of each Note (in lieu of any other payment by the Issuer) such amount, if any, as would have been payable to the holder of such Note if, throughout such winding-up, liquidation or administration, such Noteholder were the holder of one of a class of preference shares in the capital of the Issuer ("**Notional Preference Shares**") having an equal right to a return of assets in the winding-up, liquidation or administration to, and so ranking *pari passu* with, the holders of the most senior class or classes of issued preference shares (if any) in the capital of the Issuer from time to time and which have a preferential right to a return of assets in the winding-up, liquidation or administration over, and so rank ahead of, the holders of all other classes of issued shares for the time being in the capital of the Issuer but ranking *pari passu* with the claims of Pari Passu Creditors and junior to the claims of Senior Creditors, on the assumption that the amount that such Noteholder was entitled to receive in respect of each Notional Preference Share on a return of assets in such winding-up, liquidation or administration was an amount equal to the principal amount of the relevant Note and any accrued but unpaid interest thereon (other than any interest which has been cancelled pursuant to these Conditions) together with any damages awarded for breach of any obligations in respect of such Note, whether or not the Solvency Condition is satisfied on the date upon which the same would otherwise be due and payable (and, in the case of an administration, on the assumption that shareholders were entitled to claim and recover in respect of their shares to the same degree as in a winding-up or liquidation).

(d) *Issuer Winding-Up on or after a Trigger Event*

If, at any time on or after the date on which a Trigger Event occurs, an Issuer Winding-Up occurs but the relevant Ordinary Shares to be issued and delivered to the Conversion Shares Depositary on Conversion in accordance with Condition 6 have not been so delivered, there shall be payable by the Issuer to each Noteholder in respect of each Note (in lieu of any other payment by the Issuer) such amount, if any, that would have been payable if, on the day prior to the commencement of the winding-up or liquidation of the Issuer or the Issuer's entry into administration and thereafter, the holder of that Note was the holder of such number of Ordinary Shares to be issued and delivered to the Conversion Shares Depositary as it would have been entitled to receive following



Conversion of that Note in accordance with Condition 6 (ignoring for these purposes the Issuer's right to make an election for a Conversion Shares Offer to be effected in accordance with Condition 7(a), and ignoring any instruction or direction given by a Noteholder (whether contained in these Conditions or otherwise) as to the delivery of the Conversion Shares, as applicable), whether or not the Solvency Condition is satisfied on the date upon which the same would otherwise be due and payable (and, in the case of an administration, on the assumption that shareholders were entitled to claim and recover in respect of their shares to the same degree as in a winding-up or liquidation).

(e) *Trustee's fees*

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

(f) *Solvency Condition*

Other than in circumstances where an Issuer Winding-Up has occurred or is occurring, all payments (other than any cash component of the Conversion Shares Offer Entitlement and subject as provided in Condition 3(e)) under or arising from the Notes or the Trust Deed shall be conditional upon the Issuer being solvent at the time for payment by the Issuer and no amount shall be payable by the Issuer under or arising from the Notes or the Trust Deed (including any damages awarded for breach of obligations thereunder) except to the extent that the Issuer could make such payment and still be solvent immediately thereafter (the "**Solvency Condition**").

Any payment of interest that would have been due and payable but for the operation of this Condition 3(f) shall be cancelled.

For the purposes of this Condition 3(f), the Issuer will be "**solvent**" if (i) it is able to pay its debts owed to Senior Creditors and Pari Passu Creditors as they fall due and (ii) its Assets exceed its Liabilities.

A certificate as to the solvency or lack thereof of the Issuer signed by 2 (two) Authorised Signatories or, if there is a winding-up or administration of the Issuer, the liquidator or, as the case may be, the administrator of the Issuer shall (in the absence of manifest error) be treated and accepted by the Issuer, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and shall be binding on all such persons. The Trustee shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

(g) *Set off, etc.*

By acceptance of the Notes, subject to applicable law, each Noteholder will be deemed to have waived and to have directed and authorised the Trustee on its behalf to have waived any right of set-off or counterclaim that such Noteholder might otherwise have against the Issuer in respect of or arising under the Notes or the Trust Deed whether prior to or in

liquidation, winding-up or administration. Notwithstanding the preceding sentence, if any of the rights and claims of any Noteholder in respect of or arising under the Notes or the Trust Deed are discharged by set-off, such Noteholder will immediately pay an amount equal to the amount of such discharge to the Issuer or, if applicable, the liquidator, trustee, receiver or administrator of the Issuer and, until such time as payment is made, will hold a sum equal to such amount on trust for the Issuer or, if applicable, the liquidator, trustee, receiver or administrator in the relevant liquidation, winding-up or administration. Accordingly, such discharge will be deemed not to have taken place.

#### **4. Interest**

##### **(a) *Interest Rate and Interest Payment Dates***

Subject to Conditions 3(f) and 5, the Notes bear interest on their principal amount at the applicable Interest Rate from (and including) the Issue Date in accordance with the provisions of this Condition 4.

Subject to Conditions 3(f) and 5, interest shall be payable on the Notes semi-annually in arrear on each Interest Payment Date in equal instalments (in respect of each Interest Period ending prior to the First Reset Date, of £20.00 per Calculation Amount if paid in full), in each case as provided in this Condition 4.

Where it is necessary to compute an amount of interest in respect of any Note for any period (other than any full Interest Period), the relevant day-count fraction shall be determined on the basis of the number of days in the relevant period, from (and including) the date from which interest begins to accrue to (but excluding) the date on which it falls due, divided by the product of (a) two and (b) the actual number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the next (or first) scheduled Interest Payment Date.

##### **(b) *Interest Accrual***

Subject to Conditions 3(f) and 5, the Notes will accrue interest in respect of each Interest Period and cease to bear interest from (and including) the due date for redemption or substitution thereof pursuant to Condition 12, unless, upon surrender of the Certificate representing any Note, payment of all amounts due in respect of such Note is not properly and duly made, in which event interest shall continue to accrue on the principal amount of such Note, both before and after judgment, and shall be payable, as provided in these Conditions up to (but excluding) the Relevant Date.

Interest in respect of any Note shall be calculated per Calculation Amount and the amount of interest per Calculation Amount shall, save as provided in Condition 4(a) in relation to equal instalments and subject to Conditions 3(f) and 5, be equal to the product of the Calculation Amount, the relevant Interest Rate and the day-count fraction as described in Condition 4(a) for the relevant period, rounding the resultant figure to the nearest penny (half a penny being rounded upwards). Where the denomination of a Note is more than the Calculation Amount, the amount of interest payable in respect of each such Note, is

the aggregate of the amounts (calculated as aforesaid) for each Calculation Amount comprising the denomination of the Note.

(c) *Initial Fixed Interest Rate*

For the Initial Fixed Rate Interest Period, the Notes bear interest, subject to Conditions 3(f) and 5, at the rate of 4.000 per cent. per annum (the “**Initial Fixed Interest Rate**”).

(d) *Reset Rate of Interest*

The Interest Rate will be reset (each a “**Reset Rate of Interest**”) in accordance with this Condition 4 on each Reset Date. The Reset Rate of Interest in respect of each Reset Period will be determined by the Agent Bank on the relevant Reset Determination Date as the sum of the relevant Reset Reference Rate and the Margin, rounded (if necessary) to three decimal places (with 0.0005 rounded down).

(e) *Determination of Reset Rate of Interest*

The Agent Bank will, as soon as practicable after 11.00 a.m. (London time) on each Reset Determination Date, subject to receipt from the Issuer or the Reset Reference Banks of the 5-year Gilt Yield Quotations as provided by the Reset Reference Banks (if any), determine the Reset Rate of Interest in respect of the relevant Reset Period. The determination of the Reset Rate of Interest by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(f) *Publication of Reset Rate of Interest*

The Agent Bank shall cause notice of the Reset Rate of Interest determined in accordance with this Condition 4 in respect of each Reset Period to be given to the Trustee, the Principal Paying and Conversion Agent, the Registrar, each of the Transfer Agents, any stock exchange on which the Notes are for the time being listed or admitted to trading and, in accordance with Condition 17, the Noteholders, in each case as soon as practicable after its determination but in any event not later than the 4th (fourth) Business Day thereafter.

If the Notes become due and payable pursuant to Condition 15, the Reset Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated by the Agent Bank in accordance with this Condition 4 but no publication of the Reset Rate of Interest need be made unless the Trustee otherwise requires.

(g) *Agent Bank*

The Issuer will maintain an Agent Bank. The name of the initial Agent Bank is set out in the preamble to these Conditions.

The Issuer may, with the prior written approval of the Trustee, from time to time replace the Agent Bank with another leading investment or commercial bank or financial institution of international repute. If the Agent Bank is unable or unwilling to continue to act as the

Agent Bank or fails duly to determine the Reset Rate of Interest in respect of any Reset Period as provided in Condition 4(e), the Issuer shall forthwith appoint another leading investment or commercial bank or financial institution of international repute approved in writing by the Trustee to act as such in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed as aforesaid.

(h) *Determinations of Agent Bank Binding*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by the Agent Bank, shall (in the absence of manifest error) be binding on the Issuer, the Agent Bank, the Trustee, the Principal Paying and Conversion Agent, the Registrar, the Transfer Agents and all Noteholders and (in the absence of wilful default or gross negligence) no liability to the Noteholders, the Trustee or the Issuer shall attach to the Agent Bank in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

**5. Cancellation of Interest**

(a) *Interest Payments Discretionary*

Interest on the Notes is due and payable only at the sole and absolute discretion of the Issuer and is, in all cases, subject to the provisions of Conditions 3(f), 5(b) and 5(d). Accordingly, the Issuer may at any time elect to cancel any Interest Payment (or any part thereof) which would otherwise be due and payable on any Interest Payment Date.

If the Issuer does not make an Interest Payment or part thereof on the relevant Interest Payment Date, such non-payment shall evidence the non-payment and cancellation of such Interest Payment (or relevant part thereof) by reason of it not being due in accordance with Condition 3(f), the cancellation of such Interest Payment in accordance with Condition 5(b), the cancellation of interest upon the occurrence of a Trigger Event in accordance with Condition 5(d) or, as appropriate, the Issuer's exercise of its discretion otherwise to cancel such Interest Payment (or relevant part thereof) in accordance with this Condition 5(a), and accordingly such interest shall not in any such case be due and payable.

(b) *Mandatory Cancellation of Interest*

Save as otherwise permitted pursuant to Condition 5(c), if any event has occurred and is continuing which means that the Issuer must cancel (in whole or in part) any Interest Payment which would otherwise be due in respect of the Notes (on the basis that the Notes are intended to qualify as Tier 1 Capital of the Issuer and/or the Group) including, without limitation and as applicable, the following events:

- (i) the Solvency Condition not being met at the time for payment of such Interest Payment, or where the Solvency Condition would cease to be met immediately following, and as a result of making, such Interest Payment;

- (ii) there being non-compliance with the Solvency Capital Requirement of the Issuer and/or the Group (as applicable) at the time for payment of such Interest Payment, or non-compliance with the Solvency Capital Requirement of the Issuer and/or the Group (as applicable) would occur immediately following, and as a result of making, such Interest Payment;
- (iii) there being non-compliance with the Minimum Capital Requirement of the Issuer and/or the Group (as applicable) at the time for payment of such Interest Payment, or non-compliance with the Minimum Capital Requirement of the Issuer and/or the Group (as applicable) would occur immediately following, and as a result of making, such Interest Payment;
- (iv) the amount of such Interest Payment when aggregated together with any interest payments or distributions which have been paid or made by the Issuer or which are scheduled simultaneously to be paid or made by the Issuer on all Tier 1 Own Funds (excluding any such payments which do not reduce the Issuer's Distributable Items and any payments already accounted for by way of deduction in determining the Issuer's Distributable Items) since the end of the latest financial year of the Issuer and prior to, or on, such Interest Payment Date, would exceed the amount of the Issuer's Distributable Items as at the Interest Payment Date in respect of such Interest Payment; or
- (v) an Insolvent Insurer Winding-up having occurred and being continuing at the time for payment of such Interest Payment,

(any such event, a "**Mandatory Interest Cancellation Event**") the Issuer shall cancel in full such Interest Payment on the Notes in accordance with this Condition 5.

A certificate signed by 2 (two) Authorised Signatories confirming that (i) a Mandatory Interest Cancellation Event has occurred and is continuing, or would occur if payment of interest on the Notes were to be made or (ii) a Mandatory Interest Cancellation Event has ceased to occur and/or payment of interest on the Notes would not result in a new or further Mandatory Interest Cancellation Event occurring, shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and shall be binding on all such persons. The Trustee shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

(c) *Waiver of Cancellation of Interest Payments by the Relevant Regulator*

Notwithstanding Condition 5(b), the Issuer shall not be required to cancel an Interest Payment where a Mandatory Interest Cancellation Event has occurred and is continuing where:

- (i) the Mandatory Interest Cancellation Event is of the type described in subparagraph (ii) of Condition 5(b) only;

- (ii) the Relevant Regulator has exceptionally waived the cancellation of the Interest Payment in writing;
- (iii) payment of the Interest Payment would not further weaken the solvency position of the Issuer or the Group; and
- (iv) the Minimum Capital Requirement will be complied with immediately following such Interest Payment if made.

A certificate signed by 2 (two) Authorised Signatories confirming that the conditions set out in this Condition 5(c) are met, shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and shall be binding on all such persons. The Trustee shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

(d) *Accrued Interest on Trigger Event*

Any interest in respect of an Interest Payment Date which falls on or after the date of a Trigger Event shall (unless otherwise notified by the Issuer to the Trustee and the Noteholders in accordance with Condition 17, which notice may be given by the Issuer in its sole discretion in circumstances where Conversion of the Notes has been waived by the Relevant Regulator pursuant to Condition 6(e)), whether or not the same has become due and without any action required on the part of the Issuer or any other person, be deemed to have been immediately and automatically cancelled in full upon the occurrence of such Trigger Event and shall not thereafter be or become due and payable.

(e) *Effect of Cancellation of Interest Payments*

Any Interest Payment (or relevant part thereof) which is cancelled in accordance with this Condition 5 or which is otherwise not due and payable in accordance with Condition 3(f) shall not become due and shall not accumulate or be payable at any time thereafter, and Noteholders shall have no rights in respect thereof (whether in an Issuer Winding-Up or otherwise) and any such cancellation or non-payment shall not constitute a default or event of default on the part of the Issuer for any purpose and will not give Noteholders or the Trustee any right to accelerate repayment of the Notes or take any enforcement action under the Notes or the Trust Deed.

(f) *Notice of Cancellation of Interest*

The Issuer shall provide notice of any cancellation of any Interest Payment (or any part thereof) pursuant to Condition 5(a) or 5(b) to Noteholders in accordance with Condition 17, and to the Trustee in a certificate signed by 2 (two) Authorised Signatories (any such certificate shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and shall be binding on all such persons and the Trustee shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof), and the Principal Paying and

Conversion Agent and the Registrar in writing, at least five Business Days prior to the relevant Interest Payment Date (or, if the determination that such Interest Payment (or any part thereof) is to be cancelled is made after such 5th (fifth) Business Day, as soon as is practicable following the making of such determination). However, any failure to provide such notice will not invalidate the cancellation of the relevant Interest Payment (or relevant part thereof) and shall not constitute a default or event of default on the part of the Issuer for any purpose.

## **6. Conversion upon Trigger Event**

### **(a) Notes not convertible at the option of Noteholders or the Trustee**

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

### **(b) Conversion upon Trigger Event**

- (i) Subject to Condition 6(e), if a Trigger Event occurs, the Issuer's obligation to repay the principal amount outstanding of each Note shall, subject to and as provided in this Condition 6 and Condition 9 and without any further action required on the part of the Issuer or the Trustee, be irrevocably discharged and substituted for an undertaking on the part of the Issuer to issue and deliver Ordinary Shares, credited as fully paid, in the manner and in the circumstances described below to the Conversion Shares Depositary, to be held on trust (on terms permitting, but in no case dependent upon, a Conversion Shares Offer in accordance with Condition 7(a) (if applicable)) for the Noteholders, as provided below.

*Following the occurrence of a Trigger Event, subject to Conditions 6(e) and 9(b), in all cases the Notes will be converted into fully paid voting ordinary shares in the capital of the Issuer. Such Conversion is not dependent or conditional on the subsequent procuring by the Issuer of any Conversion Shares Offer, if any.*

- (ii) On the Share Delivery Date the Issuer shall issue and deliver to the Conversion Shares Depositary (as trustee for the Noteholders) a number of Ordinary Shares determined by dividing the aggregate principal amount outstanding of the Notes by the Conversion Price prevailing on the last Business Day immediately preceding the Share Delivery Date (subject to Condition 8(d)).

The number of Conversion Shares to be held by the Conversion Shares Depositary for the benefit of each Noteholder shall be the number of Conversion Shares calculated above multiplied by a fraction equal to the aggregate principal amount of the Notes held by such Noteholder divided by the aggregate principal amount outstanding of the Notes without rounding (but without prejudice to subsequent rounding under Condition 8(d)).

- (iii) Upon the issue and delivery of the Conversion Shares to the Conversion Shares Depositary on the Share Delivery Date, the Issuer shall be deemed to have redeemed the Notes on the Conversion Date in an amount equal to their principal amount outstanding and the Noteholders shall be deemed irrevocably to have

directed and authorised the Issuer to apply such sum on their behalf in paying up the Conversion Shares issued and delivered to the Conversion Shares Depositary on the Share Delivery Date.

- (iv) Once a Note has been converted into Ordinary Shares, such Ordinary Shares cannot be re-converted back into Notes.
- (v) Immediately upon the issue and delivery by the Issuer of the Conversion Shares to the Conversion Shares Depositary in accordance with these Conditions, the Issuer's obligations under the Notes shall irrevocably be discharged in full and no Noteholder will have any rights against the Issuer with respect to such obligations. Provided that the Issuer so issues and delivers the Conversion Shares, from (and including) the Share Delivery Date Noteholders shall have recourse only to the Conversion Shares Depositary for the delivery to them (or at their irrevocable direction and authorisation) of such Conversion Shares or, subject to and as provided in Condition 7(a), the Conversion Shares Offer Entitlement.

*Any Conversion Shares (including the Conversion Shares component of any Conversion Shares Offer Entitlement) (if any) will be delivered to the Nominee on behalf of Noteholders, in accordance with their irrevocable direction and authorisation pursuant to, and subject as provided in, Condition 8(b).*

- (vi) Subject to Condition 3(d), if the Issuer fails to issue and deliver the Conversion Shares to the Conversion Shares Depositary on the Share Delivery Date, a Noteholder's only right under the Notes against the Issuer for any such failure will be to claim to have such Conversion Shares so issued and delivered according to their direction.

(c) *Ordinary Shares*

The Conversion Shares issued and delivered on the Share Delivery Date will be fully paid and non-assessable and will in all respects rank *pari passu* with the fully paid Ordinary Shares in issue on the Share Delivery Date, except in any such case for any right excluded by mandatory provisions of applicable law, and except that any Conversion Shares so issued and delivered will not rank *pari passu* for (or, as the case may be, the relevant Noteholder shall not be entitled to receive) any rights, distributions or payments the record date or other due date for the establishment of entitlement for which falls prior to the Share Delivery Date.

(d) *Notification of the occurrence of a Trigger Event*

- (i) Whether the Trigger Event has occurred at any time shall be determined by the Issuer, and such determination shall (in the absence of manifest error) be binding on the Trustee and the Noteholders. Following the occurrence of a Trigger Event, the Issuer shall promptly notify the Relevant Regulator and shall deliver to the Trustee a certificate signed by 2 (two) Authorised Signatories confirming that a Trigger Event has occurred. The certificate shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the Noteholders and all other



interested parties as correct and sufficient evidence thereof and shall be binding on all such persons. The Trustee shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

- (ii) Following the occurrence of a Trigger Event, but only after delivery to the Trustee of the certificate referred to in Condition 6(d)(i), the Issuer shall promptly (and, in any event, within such period as the Relevant Regulator may require) give notice thereof to the Noteholders (a “**Trigger Event Notice**”) in accordance with Condition 17, and to the Trustee and the Principal Paying and Conversion Agent in writing, stating (in the case of (3)-(9), to the extent applicable):
- (1) details of the Trigger Event;
  - (2) the date on which the Trigger Event occurred;
  - (3) the Conversion Date;
  - (4) the Conversion Price prevailing on the Conversion Date (which shall remain subject to any subsequent adjustment pursuant to Condition 8(f) up to the last Dealing Day immediately preceding the Share Delivery Date);
  - (5) the Share Delivery Date or expected Share Delivery Date;
  - (6) the Notice Cut-off Date and the Final Cancellation Date;
  - (7) details of the Conversion Shares Depositary and details of how notices may be delivered to such Conversion Shares Depositary;
  - (8) that the Issuer has the option, at its sole and absolute discretion, to elect that a Conversion Shares Offer be conducted and that the Issuer will issue a Conversion Shares Offer Notice in accordance with Condition 17 within the applicable time period specified in Condition 7(a) notifying Noteholders of its decision as to such election; and
  - (9) that the Notes shall remain in existence until the applicable Settlement Date (or, if earlier, the Final Cancellation Date) for the sole purpose of evidencing the relevant Noteholder’s rights under this Condition 6 (including the right to receive (or direct the transfer of) Conversion Shares or Conversion Shares Offer Entitlement, as applicable, from the Conversion Shares Depositary).

*Whilst, as provided in Condition 2(d)(iv), Noteholders may not require the transfer of a Note to be registered at any time after the 2nd (second) Business Day following the giving of a Trigger Event Notice, interests in the Notes may still be*

*traded in the clearing systems operated by Euroclear Bank SA/NV and Clearstream Banking S.A. up to the Suspension Date – see "Overview of the Notes while in Global Form – Suspension Date following Conversion".*

- (iii) Failure by the Issuer to deliver a certificate to the Trustee or to give notice to Noteholders and to the Trustee and the Principal Paying and Conversion Agent of the occurrence of a Trigger Event pursuant to this Condition 6(d) shall in no way invalidate or otherwise affect the automatic Conversion of the Notes pursuant to Condition 6(b) and shall not constitute a default or event of default on the part of the Issuer for any purpose.

(e) *Waiver of Conversion by the Relevant Regulator*

To the extent permitted by and in accordance with the Relevant Rules in force as at the relevant time, a Conversion may be exceptionally waived by the Relevant Regulator at any time prior to the Conversion Date if such a Conversion (taking into account the write-down or conversion of any other Own Fund Items on or around the Conversion Date) would give rise to a tax liability that would have a significant adverse effect on the solvency or capital position of the Issuer and/or the Group. If a Conversion is so waived, such Conversion shall not occur (but without prejudice to the cancellation of any Interest Payment or part thereof pursuant to Condition 5) and the Notes shall continue to remain outstanding. The Issuer shall give notice to the Trustee, any stock exchange on which the Notes are for the time being listed or admitted to trading and, in accordance with Condition 17, the Noteholders of the grant of any such waiver as soon as practicable following its receipt from the Relevant Regulator.

A certificate signed by 2 (two) Authorised Signatories confirming that Relevant Regulator has waived any Conversion as described in the immediately preceding paragraph, shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and shall be binding on all such persons. The Trustee shall be entitled to rely absolutely on such certificate without liability to any person and without obligation to verify or investigate the accuracy thereof.

*Under the Relevant Rules in force as at the Issue Date, the PRA (being the Relevant Regulator as at the Issue Date) is permitted (but not required) exceptionally to waive a Conversion in certain limited circumstances (being that such Conversion was triggered only by facts as described in limb (c) of the definition of Trigger Event and that the facts as described in either of limbs (a) or (b) of such definition have not arisen at such time or previously) where it has received prior to the Conversion Date both: (i) projections provided by the Issuer and/or the Group when it submits its recovery plan required by the Relevant Rules that demonstrate that triggering the principal loss absorbency mechanism in such case would be very likely to give rise to a tax liability that would have a significant adverse effect on Issuer's and/or the Group's solvency position; and (ii) a certificate issued by the Issuer's or the Group's statutory auditors certifying that all of the assumptions used in such projections are realistic.*

## 7. Conversion Shares Offer

### (a) Conversion Shares Offer

- (i) The Issuer shall be entitled to elect, in its sole and absolute discretion, that the Conversion Shares Depositary (or any agent(s) on its behalf) will make an offer of, in the Issuer's sole and absolute discretion, all or some of the Eligible Conversion Shares to, in the Issuer's sole and absolute discretion, all or some of the Eligible Offerees at the time of such offer, such offer to be at a price (the "**Conversion Shares Offer Price**") determined by the Issuer in its sole and absolute discretion, all in accordance with this Condition 7(a) (the "**Conversion Shares Offer**"). For the avoidance of doubt, the Conversion Shares Offer Price may be lower than the Conversion Price.
- (ii) Not later than 90 (ninety) Business Days following the Conversion Date, the Issuer shall give notice (a "**Conversion Shares Offer Notice**") to the Noteholders in accordance with Condition 17, and to the Trustee and the Principal Paying and Conversion Agent in writing, stating whether or not it has elected that a Conversion Shares Offer be conducted (and, if so, confirming that it has satisfied the requirements of Condition 7(b) below) and specifying the other information referred to in Condition 7(a)(iv) below. If the Issuer fails to give such notice on or before such 90th (ninetieth) Business Day, the Issuer shall be treated as having elected not to make a Conversion Shares Offer.
- (iii) The Issuer may, on behalf of the Conversion Shares Depositary, appoint one or more Conversion Shares Offer Agents to act as a placement or other agent to facilitate the Conversion Shares Offer. The Issuer may not purchase any Eligible Conversion Shares for its own account pursuant to a Conversion Shares Offer.
- (iv) A Conversion Shares Offer Notice shall specify (1) the Current Price as at the latest practicable date prior to the date of the Conversion Shares Offer Notice and (2) the period of time for which the Conversion Shares Offer will be open (the "**Conversion Shares Offer Period**"). The Conversion Shares Offer Period shall commence no earlier than 10 (ten) Business Days, and shall end no later than 90 (ninety) Business Days, after the giving of the Conversion Shares Offer Notice by the Issuer. A Conversion Shares Offer Notice may also specify a final or indicative Conversion Shares Offer Price and/or the basis on which the final Conversion Shares Offer Price will be determined (which, for the avoidance of doubt, may be wholly within the Issuer's discretion) and/or communicated to persons who are eligible to participate in the Conversion Shares Offer.
- (v) Upon expiry of the Conversion Shares Offer Period, the Conversion Shares Depositary will provide notice to the Noteholders in accordance with Condition 17, and to the Trustee and the Principal Paying and Conversion Agent in writing, of the final Conversion Shares Offer Price and of the composition of the Conversion Shares Offer Entitlement (and of the deductions to the cash component, if any, of the Conversion Shares Offer Entitlement (as set out in the definition of "Conversion Shares Offer Entitlement")) per Calculation Amount and the amount

(if any) of any Excess Amount per Calculation Amount. The Conversion Shares Offer Entitlement shall be held on trust by the Conversion Shares Depositary for the Noteholders, and any Excess Amount shall be held on trust by the Conversion Shares Depositary for the Issuer until paid to or to the order of the Issuer. In accordance with Condition 8(b)(v), the cash component of any Conversion Shares Offer Entitlement shall be payable by the Conversion Shares Depositary to the Noteholders in sterling irrespective of whether or not the Solvency Condition is or would be satisfied upon such payment.

- (vi) The Issuer reserves the right, in its sole and absolute discretion, to elect that the Conversion Shares Depositary terminates the Conversion Shares Offer at any time during the Conversion Shares Offer Period. If the Issuer makes such election, it will promptly provide notice to the Noteholders in accordance with Condition 17, and to the Trustee and the Principal Paying and Conversion Agent in writing, and the Conversion Shares Depositary may then, in its sole and absolute discretion, take steps to deliver to Noteholders (or at their irrevocable direction and authorisation) the Conversion Shares in accordance with Conditions 8(b) and 8(c) at a time that is earlier than the time at which they would have otherwise received the Conversion Shares Offer Entitlement had the Conversion Shares Offer been completed.
- (vii) By virtue of its holding of any Note or any interest therein, each Noteholder acknowledges and agrees that if the Issuer elects, in its sole and absolute discretion, that a Conversion Shares Offer be conducted by (or on behalf of) the Conversion Shares Depositary, such Noteholder shall be deemed to have: (i) irrevocably consented to any Conversion Shares Offer taking place subject to and in accordance with the terms of the Notes (including, without limitation, the ability of Noteholders to opt out of the Conversion Shares Offer pursuant to Condition 7(c) (*Eligible Conversion Shares*)) and, notwithstanding that such Conversion Shares are held by the Conversion Shares Depositary on trust for the Noteholders, to the Conversion Shares Depositary using the Eligible Conversion Shares to settle any Conversion Shares Offer; (ii) irrevocably consented to the transfer of the interest such Noteholder has in the Eligible Conversion Shares (if any) to one or more purchasers identified by the Conversion Shares Depositary in connection with the Conversion Shares Offer; (iii) irrevocably agreed that the Issuer and the Conversion Shares Depositary may take any and all actions necessary to conduct the Conversion Shares Offer in accordance with the terms of the Notes; (iv) irrevocably waived any and all entitlement to Excess Amounts (if any) and instructed that any such Excess Amounts be paid to the Issuer; and (v) irrevocably agreed that none of the Issuer, the Trustee or the Conversion Shares Depositary shall, to the extent permitted by applicable law, incur any liability to the Noteholders in respect of the Conversion Shares Offer (except for the obligations of the Conversion Shares Depositary in respect of the Noteholders' entitlement to, and the subsequent delivery of, any Conversion Shares Offer Entitlement).
- (viii) Any Conversion Shares Offer shall be made subject to applicable laws and regulations in effect at the relevant time and shall be conducted, if at all, only to the extent that the Issuer, in its sole and absolute discretion, determines that the

Conversion Shares Offer is practicable. The purchasers of the Eligible Conversion Shares sold in any Conversion Shares Offer shall bear the costs and expenses of any Conversion Shares Offer (other than the taxes or duties and foreign exchange transaction costs referred to in Condition 8(e) and in the definition of Conversion Shares Offer Entitlement as being payable by the Noteholders or the Issuer or deductible from the cash proceeds of the Conversion Shares Offer), including the fees of any Conversion Shares Offer Agent, if any. Neither the occurrence of a Trigger Event nor, following the occurrence of a Trigger Event, the election (if any) by the Issuer to undertake a Conversion Shares Offer on the terms set out herein, shall preclude the Issuer from undertaking a rights issue at any time on such terms as the Issuer deems appropriate, at its sole discretion (including, for the avoidance of doubt but without limitation, the offer of Ordinary Shares at or below the Conversion Shares Offer Price).

- (ix) The Trustee shall not be responsible for monitoring any Conversion Shares Offer, nor for monitoring or enforcing the obligations of the Conversion Shares Depositary in respect thereof. Following Conversion and delivery of the Conversion Shares to the Conversion Shares Depositary, Noteholders must look to the Conversion Shares Depositary for any Conversion Shares or Conversion Shares Offer Entitlement due to them at the relevant time.

(b) *Conversion Shares Offer Disapplication*

Nothing in this Condition 7 shall entitle the Issuer to elect that a Conversion Shares Offer be undertaken unless, to the extent then required by the Relevant Rules, at least 10 (ten) days (or such shorter period as the Relevant Regulator may accept) prior to making such election, the Issuer has delivered to the Relevant Regulator a properly reasoned, independent tax opinion from an appropriately qualified person, taking into account HM Revenue and Customs' precedent, statements and guidance, to the effect that, under the law applicable at the time of such election, the exercise of the Conversion Shares Offer should not, before the set-off of any prior year losses, be an action that would create a United Kingdom tax charge for the Issuer.

(c) *Eligible Conversion Shares*

Following delivery of a Conversion Shares Offer Notice and prior to the third (3rd) Business Day preceding the commencement of the Conversion Shares Offer Period described therein, each Noteholder shall be entitled to give notice to the Conversion Shares Depositary in writing that it elects to retain its interest in the Conversion Shares to which it is entitled in respect of some or all of its Notes, such that those Conversion Shares attributable to it in respect of such Note(s) are not eligible for inclusion in the Conversion Shares Offer (each such notice being an "**Opt-Out Notice**"). Provided such Opt-Out Notice is received prior to the third (3rd) Business Day preceding the commencement of the Conversion Shares Offer Period, the Conversion Shares attributable to such Note(s) (rounded down, if necessary, to the nearest whole number of Conversion Shares) shall not constitute Eligible Conversion Shares. In such case, the Conversion Shares Offer Entitlement of such Noteholder in respect of such opted-out Note(s) shall be the entitlement described in part (b) of the definition of 'Conversion Shares Offer Entitlement'

(and, for the avoidance of doubt, such Noteholder shall not be entitled to any Conversion Shares Offer Entitlement under part (a) of the definition of that term with respect to such opted-out Note(s), and the determination of *pro rata* entitlements under part (a) of that definition shall disregard such opted-out Note(s)).

If no Opt-Out Notice is received by the Conversion Shares Depositary from a Noteholder prior to the third (3rd) Business Day preceding the commencement of the Conversion Shares Offer, such Noteholder shall be treated as having not given an Opt-Out Notice.

## **8. Settlement, Delivery and Conversion Price Adjustment**

### **(a) Conversion Shares Depositary**

- (i) Except where the Conversion in respect of such Trigger Event has been exceptionally waived by the Relevant Regulator in accordance with Condition 6(e), the Issuer shall use all reasonable endeavours to appoint a Conversion Shares Depositary as soon as reasonably practicable following the occurrence of a Trigger Event.
- (ii) If the Issuer is unable to appoint a Conversion Shares Depositary where one is required to be appointed, it shall make such other arrangements for the issuance and delivery of the Conversion Shares as it shall consider reasonable in the circumstances, which may include issuing and delivering the Conversion Shares to another independent nominee to be held on trust (on terms permitting a Conversion Shares Offer in accordance with Condition 7(a) (if applicable)) for the Noteholders, to the Noteholders directly or at their irrevocable direction and authorisation. The issuance and delivery of the Conversion Shares pursuant to such other arrangements shall irrevocably discharge and satisfy all of the Issuer's obligations under the Notes and/or the Trust Deed (as applicable) as though the relevant Conversion Shares had been issued and delivered to the Conversion Shares Depositary and, in which case, where the context so admits, references in these Conditions to the issue and delivery of Conversion Shares to the Conversion Shares Depositary, and all references herein regarding matters to be undertaken by, or in respect of, the Conversion Shares Depositary shall be construed as though they were references to such other arrangements and apply *mutatis mutandis* (including, without limitation, for the purposes of the delivery of Opt-Out Notices and Conversion Shares Settlement Notices by Noteholders and the receipt by them (or as irrevocably directed and authorised by them) of the Conversion Shares or, as the case may be, Conversion Shares Offer Entitlement to which they are entitled).
- (iii) The Conversion Shares shall (except where the Issuer has been unable to appoint a Conversion Shares Depositary as contemplated in Condition 8(a)(ii)) initially be registered in the name of the Conversion Shares Depositary, which (subject to the provisions of Condition 8(a)(ii)) shall hold such Conversion Shares on trust for the Noteholders. By virtue of its holding of any Note or any interest therein, each Noteholder shall be deemed to have irrevocably directed the Issuer to issue and deliver such Conversion Shares to the Conversion Shares Depositary.

- (iv) For so long as the Conversion Shares are held by the Conversion Shares Depositary on trust for the Noteholders, subject to the provisions of the following sentence the Noteholders shall be entitled to direct the Conversion Shares Depositary to exercise on their behalf all rights of an ordinary shareholder (including rights to receive dividends) except that Noteholders shall not be able to sell or otherwise transfer such Conversion Shares unless and until such time as they have been delivered to the Noteholders (or as irrevocably directed and authorised by them) in accordance with Condition 8(b) (if at all). For so long as the Conversion Shares are held by the Conversion Shares Depositary and until or unless otherwise directed by the Issuer (in its sole discretion), by virtue of its holding of any Note or any interest therein, each Noteholder irrevocably directs and authorises that the Conversion Shares Depositary shall not exercise any voting rights (other than on a vote to consent to short notice of a general meeting or annual general meeting in accordance with the provisions of the Companies Act, on which vote the votes in respect of Conversion Shares shall be cast in favour) in its capacity as holder of such Conversion Shares and shall not attend any general meeting of the shareholders of the Issuer (provided that the direction and authorisation contained in this sentence shall not apply in respect of the Conversion Shares Depositary's holding of shares of the Issuer (if any) other than such Conversion Shares and shall not prevent the Conversion Shares Depositary from exercising any voting rights or attending any general meeting in its capacity (if any) as holder of shares of the Issuer other than such Conversion Shares).
- (v) Following the issuance and delivery of the Conversion Shares to the Conversion Shares Depositary on the Share Delivery Date, the Notes shall remain in existence until the applicable Settlement Date (or, if earlier, the Final Cancellation Date) for the purpose only of evidencing the Noteholders' rights as aforesaid (including their respective rights to receive the Conversion Shares or the Conversion Shares Offer Entitlement, as the case may be, to be delivered by the Conversion Shares Depositary), and with effect on and from the date of such delivery by the Issuer, the Trustee shall have no further obligations under the Trust Deed to the Issuer, the Noteholders or any other person.

(b) *Settlement Procedure*

- (i) To obtain delivery to the Nominee from the Conversion Shares Depositary of Conversion Shares or, as applicable, any Conversion Share component of the relevant Conversion Shares Offer Entitlement (in accordance with the procedure set out below) and/or, as applicable, to obtain payment of the cash component of the relevant Conversion Shares Offer Entitlement, Noteholders will be required to deliver a Conversion Shares Settlement Notice to the Conversion Shares Depositary (or an agent designated for the purpose in the Trigger Event Notice) on or before the Notice Cut-off Date;
- (ii) if such Conversion Shares Settlement Notice is delivered after the end of normal business hours at the specified office of the Conversion Shares Depositary, such delivery shall be deemed for all purposes to have been made or given on the following Business Day;

- (iii) if a Noteholder fails to deliver a Conversion Shares Settlement Notice on or before the Notice Cut-off Date, or the relevant Conversion Shares Settlement Notice is otherwise determined by the Conversion Shares Depositary (or its designated agent) to be null and void, then the Conversion Shares Depositary shall continue to hold the relevant Conversion Shares or the relevant Conversion Shares Offer Entitlement, as the case may be, on trust for that Noteholder until a valid Conversion Shares Settlement Notice is so delivered. If any such Conversion Shares or the relevant Conversion Shares Offer Entitlement (as applicable) have not been claimed for 12 years after the Final Cancellation Date as aforesaid, the Issuer may, at any time after such time and in its sole and absolute discretion, elect to cancel such Conversion Shares or the Conversion Shares component of any Conversion Shares Offer Entitlement (as applicable) or may instruct the Conversion Shares Depositary (or an agent on its behalf) to sell for cash (which sale may, without limitation, be to the Issuer) all or some of any such Conversion Shares or any Conversion Share component of any Conversion Shares Offer Entitlement (as applicable) and any such cash proceeds from such sale(s) and any such cash component of any Conversion Shares Offer Entitlement will, in each case, be forfeited and will be transferred to the Issuer for its own account unless the Issuer decides, in its sole and absolute discretion, otherwise and the Issuer will not be a trustee of any such cash and the Issuer shall have no liability to any Noteholder for any loss resulting from such Noteholder not receiving any Conversion Shares, the relevant Conversion Shares Offer Entitlement or the cash proceeds from any such sale(s) as aforesaid (as applicable).
- (iv) In all cases:
- (a) by virtue of its holding of any Note or any interest therein, each Noteholder irrevocably directs and authorises:
- (1) the transfer and delivery of the relevant Conversion Shares to which it is entitled under these Conditions (including, where applicable, the Conversion Shares component of any Conversion Shares Offer Entitlement) on the applicable Settlement Date by or on behalf of the Conversion Shares Depositary to Bupa (or such other entity as Bupa may from time to time direct) (Bupa or such other entity being the “**Nominee**”, which term shall include any successor or replacement nominee appointed by Bupa from time to time) to be held on trust for such Noteholder without any further action being required to be taken by, and without any cost or expense to, the Noteholders or the Trustee, which direction and authorisation shall be irrevocable; and
- (2) that, following the transfer of Conversion Shares (if any) described in the foregoing sub-paragraph (1) and until or unless otherwise directed by the Issuer (in its sole discretion), the Nominee shall not (and if the Nominee is not Bupa, Bupa shall procure that the Nominee shall not) exercise any voting rights (other than on a vote to consent to short notice of a general



meeting or annual general meeting in accordance with the provisions of the Companies Act, on which vote the votes in respect of Conversion Shares shall be cast in favour) in its capacity as holder of such Conversion Shares and shall not attend any general meeting of the shareholders of the Issuer (provided that the direction and authorisation contained in this sub-paragraph (2) shall not apply in respect of the Nominee's holding of shares of the Issuer (if any) other than such Conversion Shares and shall not prevent the Nominee from exercising any voting rights or attending any general meeting in its capacity (if any) as holder of shares of the Issuer other than such Conversion Shares). Subject to the foregoing, Noteholders shall otherwise be entitled to direct the Nominee to exercise on their behalf all rights of an ordinary shareholder (including rights to receive dividends);

- (b) the Issuer, failing which Bupa, shall make, or shall procure that the Nominee shall make, appropriate arrangements for:
  - (1) Noteholders' beneficial interests in the relevant Conversion Shares (including, where applicable, the Conversion Shares component of any Conversion Shares Offer Entitlement) to be recorded in a register maintained by or on behalf of the Nominee;
  - (2) the Noteholders (and other persons entitled to beneficial interests in the Conversion Shares held by the Nominee from time to time) to receive evidence of their entitlement to the relevant Conversion Shares from time to time (whether through delivery of certificates, written confirmations or otherwise);
  - (3) transfers of such beneficial interests in Conversion Shares to be made from time to time at the election of the persons entitled thereto (and for such transfers to be recorded in such register, and for evidence of entitlement to be provided to the transferee); and
  - (4) the persons entitled to such Conversion Shares from time to time to be able to exercise their rights in respect of such Conversion Shares (subject to the immediately preceding sub-paragraph (a)), including for payment to them of dividends and other amounts (if any) to which they are entitled under or in respect of such Conversion Shares; and
- (c) promptly following the selection of the Nominee, the Issuer or Bupa shall give notice to the Noteholders, in accordance with Condition 17, confirming (A) the identity of the Nominee, (B) contact details pursuant to which Noteholders may contact such Nominee with respect to exercising their rights in respect of the Conversion Shares held by the Nominee on

their behalf and (C) any other information (if any) with respect to the arrangements to be made by the Nominee which the Issuer or Bupa considers material for Noteholders. Thereafter, Bupa shall procure that such details (as may be amended from time to time) are maintained on its investor relations website, for so long as the Nominee shall hold any such Conversion Shares on trust for any Noteholders or other persons.

Notwithstanding any other provision of these Conditions, no Noteholder (or any other person, other than the Nominee) shall be entitled to have legal title to any Conversion Shares (including, where applicable, the Conversion Shares component of any Conversion Shares Offer Entitlement) transferred to it on or after the Settlement Date (unless the Issuer so consents in writing, and the Issuer shall be under no obligation to give any such consent). This is without prejudice to the rights of such persons to the beneficial interests in such Conversion Shares as described above in this Condition.

*The Conversion Shares (including, where applicable, the Conversion Shares component of any Conversion Shares Offer Entitlement) (if any) will be delivered by the Conversion Shares Depositary to the Nominee on behalf of the Noteholders. Until or unless otherwise directed by the Issuer (in its sole discretion), such Nominee shall not exercise any rights to vote such Conversion Shares (other than to consent to short notice of a general meeting or annual general meeting of the Issuer) or to attend any general meeting of the Issuer in respect thereof. Noteholders shall otherwise be entitled to direct the Nominee to exercise on their behalf all rights of an ordinary shareholder (including rights to receive dividends).*

- (v) Any cash component of any Conversion Shares Offer Entitlement shall be paid by or on behalf of the Conversion Shares Depositary on the applicable Settlement Date by transfer to a sterling account with a bank capable of processing payments in sterling (as may be specified in the relevant Conversion Shares Settlement Notice) in accordance with the instructions contained in the relevant Conversion Shares Settlement Notice.
- (vi) If not previously cancelled on the applicable Settlement Date, the Notes shall be cancelled in full on the Final Cancellation Date and any Noteholder delivering a Conversion Shares Settlement Notice (if required) after the Notice Cut-off Date will have to provide evidence of its entitlement to the relevant Conversion Shares or the relevant Conversion Shares Offer Entitlement, as applicable, satisfactory to the Conversion Shares Depositary in its sole and absolute discretion in order to procure that delivery is made to it (or as irrevocably directed and authorised by it) of such Conversion Shares or such Conversion Shares Offer Entitlement, as applicable. Neither the Issuer nor the Trustee shall have any liability to any Noteholder for any loss resulting from such Noteholder not receiving (or not having had delivered at its direction and authorisation) any Conversion Shares or the relevant Conversion Shares Offer Entitlement, as applicable, or from any delay in the receipt (or delivery) thereof, in each case as a result of such

Noteholder failing to submit a valid Conversion Shares Settlement Notice and the relevant Certificate, on a timely basis or at all.

(c) *Delivery*

- (i) Conversion Shares (including, where applicable, the Conversion Shares component of any Conversion Shares Offer Entitlement) will be delivered to the Conversion Shares Depositary and, subsequently, to the Nominee, in each case on behalf of the Noteholders entitled thereto at their irrevocable notice and direction, in certificated form. A certificate in respect thereof will be dispatched by mail free of charge to the Nominee or as it may direct (in each case uninsured and at the risk of the Nominee) within 28 (twenty-eight) days following the date of the relevant Conversion Shares Settlement Notice.
- (ii) The Conversion Shares (or the Conversion Shares component of any Conversion Shares Offer Entitlement) will not be available for issue or delivery (A) to, or to a nominee for, Euroclear Bank SA/NV or Clearstream Banking S.A. or any other person providing a clearance service within the meaning of Section 96 of the Finance Act 1986 of the United Kingdom or otherwise falling within Section 70 of that Act or (B) to a person, or nominee or agent for a person, whose business is or includes issuing depositary receipts within the meaning of Section 93 of the Finance Act 1986 of the United Kingdom or otherwise falling within Section 67 of that Act, in any case where relevant prior to the "abolition day" as defined in Section 111(1) of the Finance Act 1990 of the United Kingdom or (C) to the CREST account of such a person described in (A) or (B).

(d) *Fractions*

Fractions of Ordinary Shares will not be delivered by the Issuer to the Conversion Shares Depositary on the Share Delivery Date nor to or for the benefit of Noteholders on the applicable Settlement Date (as applicable) and no cash payment will be made in lieu thereof. However, if one or more Conversion Shares Settlement Notices and relevant Certificates are delivered to the Conversion Shares Depositary such that any Ordinary Shares (or any Ordinary Share component of any Conversion Shares Offer Entitlement, as applicable) to be issued and delivered to or for the benefit of a Noteholder on Conversion are to be registered in the name of the Nominee, the number of Ordinary Shares to be issued and delivered in respect thereof shall be calculated on the basis of the aggregate principal amount of such Notes to be converted.

(e) *Taxes and Duties*

Except as provided for in this Condition 8(e), neither the Issuer nor any member of the Group shall be liable for any taxes (including any capital, stamp, issue, registration, financial transaction, documentary or transfer taxes or duties) arising on, or as a result of, Conversion or that may arise or be paid as a consequence of the issue and delivery of Ordinary Shares on Conversion or the transfer of any Ordinary Shares in any Conversion Shares Offer. A Noteholder must pay any such taxes arising on Conversion in connection with the issue and delivery of the Conversion Shares whether to the Conversion Shares

Depository on behalf of such Noteholder or otherwise to or for the benefit of such Noteholder in accordance with Condition 8(a)(ii) and such Noteholder must pay all, if any, such taxes arising by reference to any disposal or deemed disposal of such Noteholder's Notes or interest therein. The Issuer will pay any such taxes arising on Conversion in connection with the issue and delivery of Ordinary Shares to the Conversion Shares Depository and in connection with the transfer of the Ordinary Shares to the Nominee as contemplated in Condition 6. Any capital, stamp, issue, registration, financial transaction, documentary or transfer taxes or duties arising on delivery or transfer of Conversion Shares to a purchaser in any Conversion Shares Offer shall be payable by the relevant purchaser of those Conversion Shares.

(f) *Adjustment of Conversion Price*

If the Issuer proposes any Adjustment Event, the Issuer shall (in its sole discretion, acting in good faith, and conditional upon such Adjustment Event occurring) appoint an Independent Adviser to make any adjustment that such Independent Adviser determines (in good faith) is appropriate or necessary to the Conversion Price to account for the Adjustment Event and to determine the effective date of that adjustment, which determinations shall be final and binding on the Issuer, the Trustee and the Noteholders. Whether an Adjustment Event has occurred at any time shall be determined by the Issuer in good faith, and such determination shall (in the absence of manifest error) be binding on the Trustee and the Noteholders.

For the avoidance of doubt, the issue of Ordinary Shares upon Conversion of the Notes or upon any conversion or exchange in respect of any other securities or the exercise of any other options, warrants or other rights shall not result in an adjustment to the Conversion Price.

(g) *Decision of an Independent Adviser*

- (i) Adjustments to the Conversion Price made in accordance with Condition 8(f) shall be final and binding (in the absence of manifest error) on the Issuer, the Trustee, the Noteholders, the Agent Bank, the Paying and Conversion Agents.
- (ii) No Independent Adviser appointed in connection with the Notes (acting in such capacity) will thereby assume any obligations towards or relationship of agency or trust with, and shall not be liable and shall incur no liability in respect of anything done, or omitted to be done in good faith in connection with its appointment as Independent Adviser, as against the Trustee, the Noteholders, the Agent Bank or the Paying and Conversion Agents.

(h) *Share Option Schemes*

No adjustment will be made to the Conversion Price where Ordinary Shares or other Relevant Securities (including rights, warrants and options) are issued, offered, exercised, allotted, purchased, appropriated, modified or granted to, or for the benefit of, employees or former employees (including directors holding or formerly holding executive office or the personal service company of any such person) or their spouses or relatives, in each

case, of the Issuer or any of its Subsidiaries or any associated company or to a trustee or trustees to be held for the benefit of any such person, in any such case pursuant to any share or option scheme.

(i) *Rounding Down and Notice of Adjustment to the Conversion Price*

- (i) On any adjustment of the Conversion Price pursuant to Condition 8(f), if the resultant Conversion Price is not an integral multiple of £0.0001, it shall be rounded down to the nearest integral multiple of £0.0001. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one (1) per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made.
- (ii) The Conversion Price shall not in any event be reduced to below the nominal value of an Ordinary Share for the time being. The Issuer undertakes that it shall not knowingly take any action, and shall use all reasonable endeavours to procure that no action is taken, that would otherwise result in an adjustment to the Conversion Price to below such nominal value.
- (iii) In the event the Conversion Price is required to be adjusted pursuant to this Condition 8, the Issuer shall deliver to the Trustee a certificate signed by 2 (two) Authorised Signatories promptly after the occurrence of the event giving rise to such adjustment, setting forth, *inter alia*, a brief description of such event and (if then known) the adjusted Conversion Price and the date on which the adjustment takes effect (and if not then known, the Issuer shall deliver a further certificate to the Trustee signed by 2 (two) Authorised Signatories specifying the same promptly following the determination thereof) (upon which the Trustee shall be entitled to rely without liability to any person). Such event and adjustment to the Conversion Price shall be notified in writing by the Issuer to the Principal Paying and Conversion Agent and, in accordance with Condition 17, to Noteholders promptly after delivery of the relevant certificate to the Trustee.

**9. Change in Terms on Change of Control**

(a) *Qualifying Change of Control*

- (i) Subject to the subsequent operation of this Condition 9, if a Trigger Event occurs and the New Conversion Condition Effective Date in respect of a Qualifying Change of Control occurs on or prior to the Share Delivery Date, the Notes shall be converted on such Share Delivery Date into Relevant Shares of the Approved Entity (save as provided below in this Condition 9) at a Conversion Price that shall be the New Conversion Price, and the provisions of these Conditions shall apply *mutatis mutandis* to such conversion as though references herein to the Ordinary

Shares comprising the Conversion Shares were instead to the Relevant Shares of the Approved Entity. Such conversion shall be effected by the delivery by the Issuer of such number of Ordinary Shares as is determined in accordance with Condition 6(ii) to, or to the order of, the Approved Entity. Such delivery shall irrevocably release, discharge and satisfy all of the Issuer's obligations under the Notes on a permanent basis (but shall be without prejudice to the rights of the Trustee and the Noteholders against the Approved Entity in connection with its undertaking to deliver Relevant Shares as provided in the definition of "New Conversion Condition" in Condition 9(d). Such delivery shall be in consideration of the Approved Entity irrevocably undertaking, for the benefit of the Noteholders, to deliver the Relevant Shares to the Conversion Shares Depositary as aforesaid, and to be bound by the provisions of these Conditions applicable to it (as may be supplemented, amended or modified as provided herein).

For the avoidance of doubt, the relevant Approved Entity may elect that a Conversion Shares Offer be conducted in accordance with Condition 7(a) in respect of any Relevant Shares issued and delivered by it.

- (ii) For the avoidance of doubt, the New Conversion Price shall be subject to adjustment *mutatis mutandis* as provided in Condition 8(f).
- (iii) In the case of a Qualifying Change of Control the Issuer and Bupa shall, on or prior to the New Conversion Condition Effective Date, enter into such agreements and arrangements, which may include deeds supplemental to the Trust Deed, and such amendments and modifications to the Trust Deed shall be made, in each case as may be required to give effect to the provisions of Condition 9(a)(i).

The Trustee shall be obliged (at the expense of the Issuer, and without the consent of the Noteholders) to concur with the Issuer in making any such amendments and modifications to the Trust Deed, and to execute any such deeds supplemental to the Trust Deed, provided that the Trustee shall not be bound to do so if any such amendments, modifications or deeds would, in the opinion of the Trustee, have the effect of: (i) exposing the Trustee to any liability against which it is not indemnified and/or secured and/or pre-funded to its satisfaction; (ii) changing, increasing or adding to the obligations or duties of the Trustee; or (iii) removing or amending any protection or indemnity afforded to, or any other provision in favour of, the Trustee under the Trust Deed, the Conditions and/or the Notes.

(b) *Non-Qualifying Change of Control*

- (i) If a Non-Qualifying Change of Control occurs then, notwithstanding any other provision of these Conditions, with effect from the occurrence of such Non-Qualifying Change of Control and unless the Share Delivery Date shall have occurred prior to such date, (i) neither the Issuer nor any other person shall have any ongoing obligations pursuant to Conditions 6 to 10; and (ii) the Notes shall not be subject to Conversion at any time notwithstanding the occurrence of a Trigger Event but, instead, upon the occurrence of a Trigger Event in such circumstances the full principal amount outstanding of each Note will

automatically be written down to zero, each Note will be cancelled, the Noteholders will be automatically deemed to have irrevocably waived their right to receive, and no longer have any rights against the Issuer with respect to, repayment of the aggregate principal amount of the Notes written down pursuant to this Condition and all accrued but unpaid interest and any other amounts payable on each Note will be cancelled, irrespective of whether such amounts have become due and payable prior to the occurrence of a Trigger Event. For the avoidance of doubt, once the full principal amount outstanding of each Note has been written down, it will not be restored under any circumstances, including where the relevant Trigger Event has ceased to continue. For the avoidance of doubt, nothing in this Condition 9(b) shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof, and the Trustee shall not be liable to any person for acting in accordance with this Condition 9(b).

- (ii) For the purposes of Condition 9(b)(i), whether the Trigger Event has occurred at any time shall be determined by the Issuer, and such determination shall (in the absence of manifest error) be binding on the Trustee and the Noteholders. Following the occurrence of the Trigger Event referred to above in Condition 9(b)(i), the Issuer shall:

- (1) promptly notify the Relevant Regulator;
- (2) deliver to the Trustee a certificate signed by 2 (two) Authorised Signatories confirming that a Trigger Event has occurred (any such certificate shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and shall be binding on all such persons and the Trustee shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof); and
- (3) (only after delivery to the Trustee of the certificate referred to in paragraph (2) above) promptly (and, in any event, within such period as the Relevant Regulator may require) give notice thereof to the Noteholders in accordance with Condition 17, and to the Trustee and the Principal Paying and Conversion Agent in writing, stating the details of the Trigger Event and the date on which the Trigger Event occurred.

(c) *Change of Control Notice*

- (i) Within 10 (ten) days following the occurrence of a Qualifying Change of Control or a Non-Qualifying Change of Control, the Issuer shall give notice thereof to the Noteholders (a “**Change of Control Notice**”) in accordance with Condition 17.
- (ii) A Change of Control Notice shall specify:

- (1) the identity of the Acquiror;
- (2) whether the Change of Control is a Qualifying Change of Control or a Non-Qualifying Change of Control;
- (3) in the case of a Qualifying Change of Control, the New Conversion Price; and
- (4) in the case of a Non-Qualifying Change of Control, that, with effect from the occurrence of such Non-Qualifying Change of Control and unless a Trigger Event has occurred prior to the date of such Non-Qualifying Change of Control and the Share Delivery Date in respect thereof shall have occurred prior to the date of such Non-Qualifying Change of Control, outstanding Notes shall not be subject to Conversion at any time notwithstanding the occurrence of a Trigger Event but that, instead, upon the occurrence of a Trigger Event in such circumstances, the full principal amount of each Note will automatically and permanently be written down to zero, each Note will be cancelled, the Noteholders will be automatically deemed to have irrevocably waived their right to receive, and no longer have any rights against the Issuer with respect to, repayment of the aggregate principal amount of the Notes written down pursuant to Condition 9(b) and all accrued but unpaid interest and any other amounts payable on each Note will be cancelled, irrespective of whether such amounts have become due and payable prior to the occurrence of the Trigger Event.

(d) *Definitions*

As used in this Condition 9:

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

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

a **“Change of Control”** shall occur if any person or persons acting in concert (as defined in the Takeover Code of the United Kingdom Panel on Takeovers and Mergers) acquires control of the Issuer (other than as a result of a Newco Scheme), where **“control”** means: (a) the acquisition or holding of legal or beneficial ownership of more than 50 per cent. of the issued Ordinary Shares of the Issuer; or (b) the right to appoint and/or remove all or the majority of the members of the board of directors of the Issuer, whether obtained directly or indirectly and whether obtained by ownership of share capital, contract or otherwise.

**“Change of Control Notice”** shall have the meaning given to such term in Condition 9(c) above.



The “**New Conversion Condition**” shall be satisfied if by not later than seven (7) days following the occurrence of a Change of Control where the Acquiror is an Approved Entity, the Issuer shall have entered into arrangements to its satisfaction with the Approved Entity pursuant to which the Approved Entity provides an undertaking to the Trustee, for the benefit of the Noteholders, to deliver the Relevant Shares to the Conversion Shares Depositary upon a Conversion of the Notes and to comply with the provisions of these Conditions applicable to it, all as contemplated in Condition 9(a)(i) above.

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

“**New Conversion Price**” means the amount (rounded down to the nearest whole multiple of £0.0001) determined by an Independent Adviser in accordance with the following formula:

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

where:

“**NCP**” is the New Conversion Price.

“**ECP**” is the Conversion Price in effect immediately prior to the New Conversion Condition Effective Date, provided that for the purpose of this definition only, if in accordance with Condition 8(i) any adjustment was not required to be made to the Conversion Price and/or the Conversion Price was rounded down in respect of an adjustment pursuant to Condition 8(f), the Conversion Price in effect immediately prior to the New Conversion Condition Effective Date shall be the Conversion Price that would have been in effect at such time if such adjustment which was not made had actually been made at the relevant time and/or, as the case may be, if such rounding down had not been made.

“**VWAPRS**” means the average of the Volume Weighted Average Price of the Relevant Shares (converted, if necessary, into sterling at the Prevailing Rate on the relevant Dealing Day) on each of the 10 (ten) Dealing Days ending on the Dealing Day prior to the date the Change of Control shall have occurred.

“**VWAPOS**” is:

- (i) if the Ordinary Shares are then admitted to trading on a Relevant Stock Exchange, the average of the Volume Weighted Average Price of the Ordinary Shares (converted, if necessary, into sterling at the Prevailing Rate on the relevant Dealing Day) on each of the 10 (ten) Dealing Days ending on the Dealing Day prior to the date the Change of Control shall have occurred; or
- (ii) otherwise, the fair value of the Ordinary Shares as at close of business on the Business Day immediately preceding the date on which the Change of Control shall have occurred, as determined by the Issuer, acting in good faith.

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

**“Qualifying Change of Control”** means a Change of Control where:

- (i) the Acquiror is an Approved Entity; and
- (ii) the New Conversion Condition is satisfied.

**“Relevant Shares”** means ordinary share capital of the Approved Entity that constitutes equity share capital or the equivalent (or depositary or other receipts representing the same) which is listed and admitted to trading on a Regulated Market which is also a Recognised Stock Exchange.

## 10. Undertakings and Covenants

### (a) *Issuance and delivery*

- (i) Whilst any Note remains outstanding, the Issuer and Bupa shall (if and to the extent permitted by the Relevant Rules from time to time and only to the extent that such covenant would not cause a Capital Disqualification Event to occur), save with the approval of an Extraordinary Resolution:
  - (1) not make any issue, grant or distribution or take or omit to take any other action if the effect thereof would be that, on the Share Delivery Date, Ordinary Shares could not, under any applicable law then in effect, be legally issued as fully paid;
  - (2) in the event of a Newco Scheme, take (or shall procure that there is taken) all necessary action to ensure that the Newco Scheme is an Exempt Newco Scheme and that, immediately after completion of the Scheme of Arrangement, Newco is bound by the provisions of these Conditions and such amendments are made to these Conditions as are necessary to ensure that the Notes may, following the occurrence of a Trigger Event, be converted into or exchanged for ordinary shares or units or the equivalent in Newco *mutatis mutandis* in accordance with and subject to these Conditions.

The Trustee shall be obliged (at the expense of the Issuer, and without the consent of the Noteholders) to concur in effecting such amendments, provided that the Trustee shall not be bound so to concur if to do so would, in the opinion of the Trustee, have the effect of: (1) exposing the Trustee to any liability against which it is not indemnified and/or secured and/or pre-funded to its satisfaction; (2) changing, increasing or adding to the obligations or duties of the Trustee; or (3) removing or amending any protection or indemnity afforded to, or any other provision in favour of, the Trustee under the Trust Deed, the Conditions and/or the Notes;

- (1) in the event of a Change of Control where the Acquiror is an Approved Entity, use all reasonable endeavours to ensure that the New Conversion Condition is satisfied such that the Change of Control is a Qualifying Change of Control;
- (2) notwithstanding the provisions of Condition 7(a), at all times keep available for issue or allotment, free from any pre-emptive or other preferential rights, sufficient Ordinary Shares to enable the issue of all Conversion Shares as would be necessary to satisfy in full the obligation of the Issuer to issue and deliver Conversion Shares, following the occurrence of a Trigger Event; and
- (3) where these Conditions require or provide for a determination by an Independent Adviser, the Issuer shall use all reasonable endeavours promptly to appoint an Independent Adviser for such purpose.

(b) *Purchases and redemptions permitted*

The Issuer or any Subsidiary of the Issuer may, subject to Condition 7(a)(iii), exercise such rights as it may from time to time enjoy to purchase or redeem or buy back any shares of the Issuer (including Ordinary Shares) or any depositary or other receipts or certificates representing the same without the consent of Noteholders.

## 11. Payments

(a) *Payments in respect of Notes*

- (i) Payments of principal and interest shall be made on the date scheduled for payment to the persons shown on the Register at the close of business on the date falling 15 (fifteen) days before the due date in respect of such payment (the “**Record Date**”). Payment of principal and interest will be made by transfer to the registered account of the relevant Noteholder.
- (ii) Payments of principal and interest due at the time of redemption of the Notes will only be made against surrender of the relevant Certificate at the specified office of any of the Paying Agents.
- (iii) For the purposes of this Condition 11, a Noteholder’s registered account means the sterling account maintained by or on behalf of it with a bank that processes payments in sterling details of which appear on the Register at the close of business on the date falling 2 (two) Business Days before the due date for payment.

(b) *Payments subject to applicable laws*

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of

Condition 13 and (ii) any withholding or deduction imposed or required pursuant to Sections 1471 through 1474 of the US Internal Revenue Code of 1986 (the “**Code**”), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (or any law implementing such an intergovernmental agreement) (each, a “**FATCA Withholding Tax**”).

(c) *No commissions*

No commissions or expenses shall be charged to the Noteholders in respect of any payments made in accordance with this Condition 11.

(d) *Payment on Business Days*

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

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

(e) *Partial payments*

If the amount of principal or interest which is scheduled and due to be paid on the Notes is not paid in full, the Registrar will annotate the Register with a record of the amount of principal or interest in fact paid. With respect to the amount of any Interest Payment or part thereof, the Registrar shall have regard to the provisions of Condition 5(a).

(f) *Agents*

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

- (i) at all times maintain a Principal Paying and Conversion Agent, a Registrar and a Transfer Agent;
- (ii) whenever a function expressed in these Conditions to be performed by the Agent Bank falls to be performed, appoint and (for so long as such function is required to be performed) maintain an Agent Bank; and

- (iii) at all times maintain such other agents as may be required by any stock exchange on which the Notes may be listed.

Notice of any termination or appointment and of any changes in specified offices of any of the Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 17.

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

### **(a) *No Redemption Date***

The Notes are perpetual securities in respect of which there is no fixed redemption date and (without prejudice to Conversion of the Notes in accordance with Condition 6) the Issuer shall only have the right to redeem or purchase the Notes in accordance with the following provisions of this Condition 12.

The Notes are not redeemable at the option of the Noteholders at any time.

### **(b) *Conditions to Redemption and Purchase***

To the extent required pursuant to the Relevant Rules at the relevant time, and save as otherwise permitted pursuant to Condition 12(c), the Issuer may not redeem or purchase any Notes unless each of the following conditions is satisfied:

- (i) in the case of a redemption or purchase prior to the 5th (fifth) anniversary of the Relevant Issue Date, either:
  - (a) such redemption or purchase is funded out of the proceeds of a new issuance of, or the Notes are exchanged into, Tier 1 Own Funds of the same or a higher quality than the Notes; or
  - (b) in the case of any redemption pursuant to Condition 12(g) or 12(h), the Relevant Regulator is satisfied that the Solvency Capital Requirement will be exceeded by an appropriate margin immediately after such redemption (taking into account the solvency position of the Issuer and/or the Group (as applicable), including by reference to the Issuer's and/or the Group's (as applicable) medium-term capital management plan); and
    - (1) in the case of any such redemption following the occurrence of a Tax Event, the Issuer has demonstrated to the satisfaction of the Relevant Regulator that the applicable change in tax treatment is material; or
    - (2) in the case of any such redemption following the occurrence of a Capital Disqualification Event, the Relevant Regulator considers that the relevant change in the regulatory classification of the Notes is sufficiently certain; and

- (3) in either case, the Issuer has demonstrated to the satisfaction of the Relevant Regulator that such change described in subparagraph (1) or (2) above was not reasonably foreseeable as at the Relevant Issue Date;
- (ii) in respect of any redemption or purchase of the Notes occurring on or after the 5th (fifth) anniversary of the Relevant Issue Date and prior to the 10th (tenth) anniversary of the Relevant Issue Date, the Relevant Regulator has confirmed to the Issuer that it is satisfied that the Solvency Capital Requirement of the Issuer and/or the Group (as applicable) is exceeded by an appropriate margin (taking into account the solvency position of the Issuer and/or the Group including by reference to the Issuer's and or the Group's (as applicable) medium-term capital management plan) unless such redemption or purchase is funded out of the proceeds of a new issuance of, or the Notes are exchanged into, Tier 1 Own Funds of the same or a higher quality than the Notes;
- (iii) the Solvency Condition is met immediately prior to the redemption or purchase of the Notes (as applicable) and the redemption or purchase (as applicable) would not cause the Solvency Condition to be breached;
- (iv) the Solvency Capital Requirement of the Issuer and/or the Group (as applicable) is met immediately prior to the redemption or purchase of the Notes (as applicable) and the redemption or purchase (as applicable) would not cause the Solvency Capital Requirement of the Issuer and/or the Group (as applicable) to be breached;
- (v) the Minimum Capital Requirement of the Issuer and/or the Group (as applicable) is met immediately prior to the redemption or purchase of the Notes (as applicable) and the redemption or purchase (as applicable) would not cause the Minimum Capital Requirement of the Issuer and/or the Group (as applicable) to be breached;
- (vi) no Insolvent Insurer Winding-up has occurred and is continuing;
- (vii) the Regulatory Clearance Condition is satisfied; and/or
- (viii) any other additional or alternative requirements or pre-conditions to which the Issuer is otherwise subject and which may be imposed by the Relevant Regulator or the Relevant Rules have (in addition or in the alternative to the foregoing subparagraphs, as the case may be) been complied with (and shall continue to be complied with following the proposed redemption or purchase),

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

If on the proposed date for redemption of the Notes the Redemption and Purchase Conditions are not met, redemption of the Notes shall instead be suspended and such

redemption shall occur only in accordance with Conditions 12(c) and 12(d). If on the proposed date for purchase of the Notes the Redemption and Purchase Conditions are not met, the purchase of the Notes shall instead be cancelled.

A certificate signed by 2 (two) Authorised Signatories confirming that the Redemption and Purchase Conditions and, to the extent applicable, the conditions set out in Condition 12(d) are met, shall, in the absence of manifest error, be treated and accepted by the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and shall be binding on all such persons. The Trustee shall be entitled to rely absolutely on such certificate without liability to any person and without obligation to verify or investigate the accuracy thereof.

(c) *Waiver of Redemption and Purchase Condition relating to Solvency Capital Requirement by the Relevant Regulator*

Notwithstanding Condition 12(b), the Issuer shall be entitled to redeem or purchase Notes (to the extent permitted by the Relevant Rules) where:

- (i) all Redemption and Purchase Conditions are met other than that described in paragraph (iv) of Condition 12(b);
- (ii) the Relevant Regulator has exceptionally waived the cancellation or suspension of redemption or, as the case may be, purchase of the Notes;
- (iii) all (but not some only) of the Notes being redeemed or purchased at such time are exchanged for a new issue of Tier 1 Own Funds of the same or higher quality than the Notes; and
- (iv) the Minimum Capital Requirement of the Issuer and/or the Group (as applicable) will be complied with immediately following such redemption or purchase, if made.

A certificate signed by 2 (two) Authorised Signatories confirming that the conditions set out in this Condition 12(c) are met, shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and shall be binding on all such persons. The Trustee shall be entitled to rely absolutely on such certificate without liability to any person and without obligation to verify or investigate the accuracy thereof.

(d) *Suspension of Redemption*

The Issuer shall notify the Trustee, in a certificate signed by 2 (two) Authorised Signatories, the Principal Paying and Conversion Agent and the Registrar in writing and, in accordance with Condition 17, the Noteholders no later than 5 (five) Business Days prior to any date set for redemption of the Notes if such redemption is to be suspended in accordance with Condition 12(b) (or further suspended in accordance with this Condition 12(d)), provided that if an event occurs or is determined less than 5 (five) Business Days prior to the date set for redemption that results in the Redemption and Purchase Conditions ceasing to be met, the Issuer shall notify the Trustee, in a certificate signed by

2 (two) Authorised Signatories, the Principal Paying and Conversion Agent and the Registrar in writing and, in accordance with Condition 17, the Noteholders as soon as reasonably practicable following the occurrence or determination (as the case may be) of such event.

If redemption of the Notes does not occur on the date specified in the notice of redemption by the Issuer under Condition 12 as a result of the operation of Condition 12(b), or the Relevant Regulator does not consent to the redemption (to the extent that consent is then required by the Relevant Regulator or under the Relevant Rules) or such redemption otherwise cannot be effected in compliance with the Relevant Rules on such date, subject to Condition 3(f) and to the Issuer having received consent or due notification of non-objection in writing from the Relevant Regulator, if and to the extent required by the Relevant Regulator or the Relevant Rules at the relevant time, the Issuer shall redeem such Notes at their principal amount outstanding together with any accrued and unpaid interest (in each case, to the extent that such amounts have not been cancelled pursuant to these Conditions), upon the earlier of:

- (i) the date falling 10 (ten) Business Days after the date on which the Redemption and Purchase Conditions are met or redemption of the Notes is otherwise permitted pursuant to Condition 12(c) (unless on such 10th (tenth) Business Day the Redemption and Purchase Conditions are again not met or the redemption of the Notes on such date would result in the Redemption and Purchase Conditions ceasing to be met (in each case save for the Redemption and Purchase Condition at sub-paragraph (iv) of Condition 12(b) to the extent waived under Condition 12(c)), in which case the provisions of Condition 12(b) and this sub-paragraph (i) of this Condition 12(d) will apply mutatis mutandis to determine the rescheduled due date for redemption of the Notes); or
- (ii) the date on which an Issuer Winding-Up occurs (insofar as such Issuer Winding-Up occurs prior to the date on which a Trigger Event occurs).

The Issuer shall notify the Trustee, in a certificate signed by 2 (two) Authorised Signatories, the Principal Paying and Conversion Agent and the Registrar in writing and, in accordance with Condition 17, the Noteholders no later than 5 (five) Business Days prior to any such date set for redemption pursuant to (i) or (if reasonably practicable in the circumstances) (ii) above.

A certificate signed by 2 (two) Authorised Signatories confirming that: (i) the Redemption and Purchase Conditions or, to the extent applicable, the conditions set out in this Condition 12(d) are not met or would cease to be met if the proposed redemption or purchase were to be made; or (ii) the Redemption and Purchase Conditions or, to the extent applicable, the conditions set out in this Condition 12(d) are met and would continue to be met if the proposed redemption or purchase were to be made, shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and shall be binding on all such persons. The Trustee shall be entitled to rely on such certificate absolutely without liability to any person and without any obligation to verify or investigate the accuracy thereof.



(e) *Suspension of Redemption and Cancellation of Purchases Not a Default*

Notwithstanding any other provision in these Conditions or in the Trust Deed, the suspension of redemption of the Notes and any cancellation of any purchases of any Notes in accordance with Condition 12(b) and 12(d) shall not constitute a default or event of default on the part of the Issuer for any purpose and will not give Noteholders or the Trustee any right to accelerate repayment of the Notes or take any enforcement action under the Notes or the Trust Deed.

(f) *Redemption at the Option of the Issuer*

Provided that the Redemption and Purchase Conditions are met, the Issuer may, at its option, having given not less than 15 (fifteen) nor more than 45 (forty-five) days' notice to the Trustee, the Principal Paying and Conversion Agent, the Registrar and, in accordance with Condition 17, the Noteholders (which notices shall (save as provided in Condition 12(p) below) be irrevocable and shall specify the date fixed for redemption) redeem all (but not some only) of the Notes, on (i) any day falling in the period commencing on 24 September 2031 and ending on the First Reset Date (in each case, inclusive) or (ii) any Reset Date thereafter, at their principal amount together with (to the extent that such interest has not been cancelled in accordance with these Conditions) any accrued and unpaid interest to (but excluding) the date of redemption.

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

Provided that (in the case of a redemption) the Redemption and Purchase Conditions and (in any case) the relevant preconditions to redemption, variation and substitution in Condition 12(l) are met, if a Tax Event has occurred and is continuing, then the Issuer may, at its option (without any requirement for the consent or approval of the Noteholders), and having given not less than 15 (fifteen) nor more than 45 (forty-five) days' notice to the Trustee, the Principal Paying and Conversion Agent, the Registrar and, in accordance with Condition 17, the Noteholders (which notice shall (save as provided in Condition 12(p) below) be irrevocable and shall specify, as applicable, the date fixed for redemption or on which any variation or substitution is to become effective) either:

- (i) redeem all (but not some only) of the Notes at any time at their principal amount, together with (to the extent that such interest has not been cancelled in accordance with these Conditions) any accrued and unpaid interest to (but excluding) the date of redemption; or
- (ii) substitute at any time all (but not some only) of the Notes for, or vary at any time the terms of the Notes so that they become or remain, Qualifying Securities, and the Trustee shall (subject to the receipt by it of the certificates of the Authorised Signatories referred to in Condition 12(l) below and in the definition of "**Qualifying Securities**") agree to such substitution or variation,

provided that:

- (1) no such notice shall be given earlier than 90 (ninety) days prior to the earliest date on which:
  - (A) with respect to limb (a)(i) of the definition of Tax Event, the Issuer would be obliged to pay such Additional Amounts;
  - (B) with respect to limb (a)(ii)(1) of the definition of Tax Event, the payment of interest would no longer be deductible for Relevant Jurisdiction tax purposes or such deduction would be materially reduced; or
  - (C) with respect to limb (a)(ii)(2) of the definition of Tax Event, the Issuer would not to any material extent be entitled to have the loss or non-trading deficit set against the profits as provided in such limb (a)(ii)(2); and
- (2) the Issuer shall also deliver to the Trustee an opinion from a nationally recognised law firm or other tax adviser in the applicable Relevant Jurisdiction experienced in such matters to the effect that the relevant requirement or circumstance referred to in limb (a) of the definition of Tax Event applies or will apply on the next Interest Payment Date (and, for the avoidance of doubt, such opinion need not provide any confirmation as to whether the Issuer could avoid the occurrence of the relevant Tax Event by taking measures reasonably available to it).

Subject as aforesaid, upon expiry of such notice the Issuer shall either redeem, vary or substitute the Notes, as the case may be.

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

Provided that (in the case of a redemption) the Redemption and Purchase Conditions and (in any case) the relevant preconditions to redemption, variation and substitution in Condition 12(l) are met, if a Capital Disqualification Event has occurred and is continuing or, as a result of any change in, or amendment to, or any change in the application or official interpretation of, the Relevant Rules (or other official publication), a Capital Disqualification Event will occur within the forthcoming period of 6 (six) months, then the Issuer may, at its option (without any requirement for the consent or approval of the Noteholders), and having given not less than 15 (fifteen) nor more than 45 (forty-five) days' notice to the Trustee, the Principal Paying and Conversion Agent, the Registrar and, in accordance with Condition 17, the Noteholders (which notice shall (save as provided in Condition 12(p) below) be irrevocable and shall specify, as applicable, the date fixed for redemption or on which any variation or substitution is to become effective) either:

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

the Trustee shall (subject to the receipt by it of the certificates of the Authorised Signatories referred to in Condition 12(l) below and in the definition of “**Qualifying Securities**”) agree to such substitution or variation,

provided, however, that no such notice of redemption, substitution or variation shall be given more than 12 (twelve) months following the occurrence of the relevant Capital Disqualification Event.

Subject as aforesaid, upon expiry of such notice the Issuer shall either redeem, vary or substitute the Notes, as the case may be.

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

Provided that (in the case of a redemption) the Redemption and Purchase Conditions and (in any case) the relevant preconditions to redemption, variation and substitution in Condition 12(l) are met, if a Ratings Methodology Event has occurred and is continuing or, as a result of a change in (or clarification to) the methodology of a Rating Agency or a Subsequent Rating Agency (if applicable) (or in the interpretation of such methodology), a Ratings Methodology Event will occur within the forthcoming period of 6 (six) months, then the Issuer may, at its option (without any requirement for the consent or approval of the Noteholders), and having given not less than 15 (fifteen) nor more than 45 (forty-five) days’ notice to the Trustee, the Principal Paying and Conversion Agent, the Registrar and, in accordance with Condition 17, the Noteholders (which notice shall (save as provided in Condition 12(p) below) be irrevocable and shall specify, as applicable, the date fixed for redemption or on which any variation or substitution is to become effective) either:

- (i) redeem all (but not some only) of the Notes at any time at their principal amount, together with (to the extent that such interest has not been cancelled in accordance with these Conditions) any accrued and unpaid interest to (but excluding) the date of redemption; or
- (ii) substitute at any time all (but not some only) of the Notes for, or vary at any time the terms of the Notes so that they become or remain, Rating Agency Compliant Securities and the Trustee shall (subject to the receipt by it of the certificates of the Authorised Signatories referred to in Condition 12(l) below and in the definitions of “**Qualifying Securities**” and “**Rating Agency Compliant Securities**”) agree to such substitution or variation,

provided, however, that no such notice of redemption, substitution or variation shall be given more than 12 (twelve) months following the occurrence of the relevant Ratings Methodology Event.

Subject as aforesaid, upon expiry of such notice the Issuer shall either redeem, vary or substitute the Notes, as the case may be.

(j) *Clean-up redemption at the option of the Issuer*

Provided that the Redemption and Purchase Conditions and the relevant preconditions to redemption in Condition 12(l) are met, if at any time after the Issue Date 80 per cent. or more of the aggregate principal amount of the Notes originally issued (and, for these purposes, any Further Notes issued pursuant to Condition 21 will be deemed to have been originally issued) has been purchased by the Issuer or any of its Subsidiaries and cancelled, then the Issuer may, at its option (without any requirement for the consent or approval of the Noteholders), and having given not less than 15 (fifteen) nor more than 45 (forty-five) days' notice to the Trustee, the Principal Paying and Conversion Agent, the Registrar and, in accordance with Condition 17, the Noteholders (which notice shall (save as provided in Condition 12(p) below) be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Notes at any time at their principal amount, together with (to the extent that such interest has not been cancelled in accordance with these Conditions) any accrued and unpaid interest to (but excluding) the date of redemption (the "**Clean-up Call**").

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

(k) *Trustee role on redemption, variation or substitution; Trustee not obliged to monitor*

- (i) Subject to Condition 12(b) and to receipt of the certificate of 2 (two) Authorised Signatories described therein and in the definitions of Qualifying Securities and Rating Agency Compliant Securities (as applicable), the Trustee shall (at the expense of the Issuer) use its reasonable endeavours to co-operate with the Issuer (including, but not limited to, entering into such documents or deeds as may be necessary) to give effect to the substitution or variation of the Notes for or into Qualifying Securities pursuant to Condition 12(g) or 12(h) above or Rating Agency Compliant Securities pursuant to Condition 12(i) above, provided that the Trustee shall not be obliged to co-operate in any such substitution or variation if the securities resulting from such substitution or variation, or the co-operation in such substitution or variation, would, in the Trustee's opinion, have the effect of (1) exposing the Trustee to any liability against which it is not indemnified and/or secured and/or pre-funded to its satisfaction; (2) changing, increasing or adding to the obligations or duties of the Trustee; or (3) removing or amending any protection or indemnity afforded to, or any other provision in favour of, the Trustee under the Trust Deed, the Conditions and/or the Notes. If the Trustee does not so co-operate as provided above, the Issuer may, subject as provided above, redeem the Notes as provided in this Condition 12.
- (ii) The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists for the purposes of this Condition 12 and will not be responsible to Noteholders for any loss arising from any failure by it to do so. Unless and until the Trustee has written notice pursuant to these Conditions or the Trust Deed of the occurrence of any event or circumstance to which this Condition 12 relates, it shall be entitled to assume that no such event or circumstance exists or has arisen.

(l) *Preconditions to redemption, variation and substitution*

- (i) Prior to the publication of any notice of redemption, variation or substitution pursuant to Condition 12(g), 12(h), 12(i) or 12(j) the Issuer shall deliver to the Trustee a certificate signed by 2 (two) Authorised Signatories stating that, as the case may be, the Issuer is entitled to redeem, vary or substitute the Notes on the grounds that a Tax Event, a Capital Disqualification Event or a Ratings Methodology Event has occurred and is continuing or, for the purposes of Condition 12(j), that 80 per cent. or more of the aggregate principal amount of the Notes originally issued (including any Further Notes issued pursuant to Condition 21) has been purchased and cancelled, in any such case as at the date of the certificate or, as the case may be (in the case of a Capital Disqualification Event or a Ratings Methodology Event) will occur within a period of 6 (six) months and, in the case of a redemption pursuant to Condition 12(g), 12(h) or 12(i), that it would have been reasonable for the Issuer to conclude, judged at the Relevant Issue Date, that the relevant Tax Event, Capital Disqualification Event or Ratings Methodology Event was unlikely to occur.
- (ii) The Issuer shall not be entitled to amend or otherwise vary the terms of the Notes or substitute the Notes unless (to the extent then required by the Relevant Regulator or the Relevant Rules) it has notified the Relevant Regulator in writing of its intention to do so not less than one month (or such other period of notice as may be required or accepted by the Relevant Regulator or the Relevant Rules at the relevant time) prior to the date on which such amendment, variation or substitution is to become effective and the Regulatory Clearance Condition has been satisfied in respect of such proposed amendment, variation or substitution.

A certificate signed by any 2 (two) Authorised Signatories to the Trustee confirming compliance with the relevant requirements set out above shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Trustee, the Noteholders and all other interested parties. The Trustee shall be entitled to accept such certificate as sufficient evidence of such compliance and shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

(m) *Compliance with stock exchange rules*

In connection with any substitution or variation of the Notes in accordance with Condition 12(g), 12(h) or 12(i), the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or admitted to trading.

(n) *Purchases*

Provided that the Redemption and Purchase Conditions are met at the time of such purchase, the Issuer or any of the Issuer's Subsidiaries may purchase Notes in any manner and at any price. All Notes purchased by or on behalf of the Issuer or any Subsidiary of the Issuer may be held, reissued, resold or, at the option of the relevant purchaser, surrendered for cancellation to the Registrar.

(o) *Cancellations*

All Notes redeemed or substituted by the Issuer pursuant to this Condition 12, and all Notes purchased and surrendered for cancellation pursuant to Condition 12(n), will forthwith be cancelled. Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

(p) *Notices Final*

Subject to and without prejudice to the Redemption and Purchase Conditions and to Condition 12(d), any notice of redemption as is referred to in this Condition 12 shall, except in the circumstances described in the following paragraph of this Condition 12(p), be irrevocable and on the redemption, variation or (as the case may be) substitution date specified in such notice, the Issuer shall be bound to redeem or, as the case may be, vary or substitute the Notes in accordance with the terms of the relevant Condition.

The Issuer may not give a notice of redemption, substitution or variation of the Notes pursuant to this Condition 12 if a Trigger Event resulting in a Conversion of the Notes has occurred. If a Trigger Event occurs after a notice of redemption, substitution or variation has been given by the Issuer but before the relevant redemption, substitution or (as the case may be) variation date, such notice of redemption, substitution or variation (as applicable) shall automatically be revoked and be null and void and the relevant redemption, substitution or variation (as applicable) shall not be made or effected and the Notes shall be converted in accordance with and subject to Condition 6.

### 13. **Taxation**

(a) *Payment without withholding*

All payments by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts in respect of interest payments but not in respect of any payments of principal or any other amounts, as shall result in receipt by the Noteholders of such net amounts as would have been receivable by them had no such withholding or deduction been required by law to be made ("**Additional Amounts**"), except that no such Additional Amounts shall be payable with respect to any Note:

- (i) *Other connection:* the holder of which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note; or
- (ii) *Lawful avoidance of withholding:* surrendered for payment by or on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any person who is associated or

connected with the holder for the purposes of any taxes, duties, assessments or governmental charges complies with any statutory requirements or by making or procuring that any such person makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note is presented for payment; or

- (iii) *Surrendered more than 30 (thirty) days after the Relevant Date*: surrendered for payment more than 30 (thirty) days after the Relevant Date (as defined below) except to the extent that the holder of it would have been entitled to such Additional Amounts on surrendering it for payment on the 30th (thirtieth) day (assuming that day to have been a Business Day); or
- (iv) *Combination*: where such withholding or deduction arises out of any combination of paragraphs (i) to (iii) above.

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

As used in these Conditions, “**Relevant Date**” means (i) in respect of any payment other than a sum to be paid by the Issuer on an Issuer Winding-Up the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused or has not been received by the Principal Paying and Conversion Agent or the Trustee on or before the due date) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further surrender of the Certificate representing such Note being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender, and (ii) in respect of a sum to be paid by the Issuer on an Issuer Winding-Up, the date which is one day prior to the date on which an order is made or a resolution is passed for the winding-up (or, in the case of an administration, one day prior to the date on which any dividend is distributed).

(b) *Additional Amounts*

Any reference in these Conditions to any amounts payable in respect of the Notes shall be deemed also to refer to any Additional Amounts which may be payable under this Condition 13 or under any undertakings given in addition to, or in substitution for, this Condition 13 pursuant to the Trust Deed.

#### 14. Prescription

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

## 15. Non-payment of principal when due

### (a) *Proceedings for an Issuer Winding-Up*

The right to institute winding-up proceedings by the Trustee on behalf of the Noteholders in respect of the Issuer is limited to circumstances where a payment of principal in respect of the Notes by the Issuer under the Conditions or any provisions of the Trust Deed has become due and is not duly paid. No amount shall be due from the Issuer in circumstances where payment of principal could not be made in compliance with the Solvency Condition, after a Trigger Event has occurred, where payment cannot be made in compliance with the Redemption and Purchase Conditions or where redemption is suspended pursuant to Condition 12(d).

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

Subject to Condition 6, in the event of a winding-up or administration of the Issuer (whether or not instituted by the Trustee, and whether in England and Wales or elsewhere), the Trustee at its discretion may, and if so requested by Noteholders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (but in each case subject to it having been indemnified and/or secured and/or pre-funded to its satisfaction) prove in the winding-up or administration of the Issuer and/or (as the case may be) claim in the liquidation or administration of the Issuer, such claim being as provided in, and subordinated in the manner described in, Condition 3(c) or Condition 3(d) (as applicable), but may take no further or other action to enforce, prove or claim for any payment by the Issuer in respect of the Notes or the Trust Deed.

No payment in respect of the Notes or the Trust Deed may be made by the Issuer pursuant to this Condition 15(a), nor will the Trustee accept the same, otherwise than during or after a winding-up of the Issuer or after an administrator of the Issuer has given notice that it intends to declare and distribute a dividend, unless the Issuer has given prior written notice (with a copy to the Trustee) to, and received consent or due notification of non-objection in writing from, the Relevant Regulator (if and to the extent required by the Relevant Regulator at the relevant time) which the Issuer shall confirm in writing to the Trustee and upon which the Trustee may rely conclusively without liability to any person.

The Trustee on behalf of the Noteholders shall have no right to institute winding-up proceedings in respect of Bupa.

### (b) *Enforcement*

Without prejudice to Condition 15(a), the Trustee may at its discretion and without further notice institute such proceedings against the Issuer or Bupa as it may think fit to enforce



any term or condition binding on the Issuer or Bupa under the Trust Deed or the Notes (other than any payment obligation of the Issuer or Bupa under or arising from the Notes or the Trust Deed, including any payment of damages awarded for breach of any obligations thereunder, but excluding any payments made to the Trustee acting on its own account under the Trust Deed in respect of its costs, expenses, liabilities or remuneration) but in no event shall the Issuer or Bupa, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it. Nothing in this Condition 15(b) shall, however, prevent the Trustee or the Noteholders from pursuing the remedies to which they are entitled pursuant to Condition 15(a).

(c) *Entitlement of Trustee*

The Trustee shall not be bound to take any of the actions referred to in Condition 15(a) or 15(b) above against the Issuer or Bupa to enforce the terms of the Trust Deed or the Notes or to take any other action under or pursuant to the Trust Deed unless (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

(d) *Right of Noteholders*

No Noteholder shall be entitled to proceed directly against the Issuer or Bupa or to institute proceedings for the winding-up or prove in the winding-up or administration of the Issuer or Bupa or claim in the liquidation of the Issuer or Bupa (to the extent permitted pursuant to this Condition 15) unless the Trustee, having become so bound to proceed or being able to prove in such winding-up or administration or claim in such liquidation, fails or is unable to do so within a reasonable period and such failure or inability shall be continuing, in which case the Noteholders shall have only such rights against the Issuer or Bupa as those which the Trustee is entitled to exercise as set out in this Condition 15.

(e) *Extent of Noteholders' remedy*

No remedy against the Issuer or Bupa, other than as referred to in this Condition 15, shall be available to the Trustee or the Noteholders, whether for the recovery of amounts owing in respect of the Notes or under the Trust Deed or in respect of any breach by the Issuer or Bupa of any of its other obligations under or in respect of the Notes or under the Trust Deed.

**16. Replacement of Certificates**

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar or other Transfer Agent (or any other place notice of which shall have been given in accordance with Condition 17) upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

## 17. Notices

All notices to the Noteholders will be in English and will be valid if mailed to them at their respective addresses in the Register maintained by the Registrar. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any notice shall be deemed to have been given on the 2nd (second) Business Day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

## 18. Substitution of Issuer

Subject to the Issuer giving at least one month's notice to the Relevant Regulator (or such other period of notice as may be required or accepted by the Relevant Regulator or the Relevant Rules at the relevant time, and for so long as there is a requirement to give such notice), and the Relevant Regulator having provided its consent or written non-objection, the Trustee may agree with the Issuer, without the consent of the Noteholders, to the substitution on a subordinated basis equivalent to that referred to in Condition 3 of any person or persons incorporated in any country in the world (the "**Substitute Obligor**") in place of the Issuer (or any previous Substitute Obligor under this Condition) as principal debtor under the Trust Deed and the Notes provided that:

- (a) a trust deed is executed or some other form of undertaking is given by the Substitute Obligor in form and manner satisfactory to the Trustee, agreeing to be bound by the terms of the Trust Deed and the Notes, with any consequential amendments which the Trustee may deem appropriate, as fully as if the Substitute Obligor had been named in the Trust Deed and on the Notes as the principal debtor in place of the Issuer (or of any previous Substitute Obligor, as the case may be);
- (b) (unless the successor in business (as defined in the Trust Deed) of the Issuer is the Substitute Obligor) the obligations of the Substitute Obligor under the Trust Deed and the Notes are guaranteed by the Issuer (or the successor in business of the Issuer) on a subordinated basis equivalent to that referred to in Condition 3 and in the Trust Deed and in a form and manner satisfactory to the Trustee, and provided further that the obligations of such guarantor shall be subject to a solvency condition equivalent to that set out in Condition 3(f), and such guarantor shall not be entitled to exercise rights of subrogation or contribution against the Substitute Obligor without the consent of the Trustee;
- (c) 2 (two) Authorised Signatories of the Substitute Obligor certify that the Substitute Obligor is solvent at the time at which the said substitution is proposed to be effected (and the Trustee may rely absolutely on such certification without liability to any person and shall not be bound to have regard to the financial condition, profits or prospects of the Substitute Obligor or to compare the same with those of the Issuer or, as the case may be, any previous Substitute Obligor);
- (d) (without prejudice to the generality of sub-paragraph (a) above) the Trustee may in the event of such substitution agree, without the consent of the Noteholders, to a change in the law governing the Trust Deed and/or the Notes if such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders;

- (e) the provisions of Condition 6 and the effect thereof, including (without limitation) the rights of Noteholders to receive (or otherwise direct delivery of) Ordinary Shares (or, as the case may be, the relevant Conversion Shares Offer Entitlement) following the occurrence of a Trigger Event, are preserved in all material respects (but without prejudice to the provisions of Condition 9);
- (f) if the Substitute Obligor is, or becomes, subject generally to the taxing jurisdiction of a territory or any authority of or in that territory with power to tax (the "Substituted Territory") other than the territory of the taxing jurisdiction of which (or to any such authority of or in which) the Issuer (or any previous Substitute Obligor) is subject generally (the "Original Territory"), the Substitute Obligor will (unless the Trustee otherwise agrees) give to the Trustee an undertaking satisfactory to the Trustee in terms corresponding to Condition 13 with the substitution in the definition of "Relevant Jurisdiction" (for the purposes of both Condition 13 and Condition 12(g)) of references to the Original Territory with references to the Substituted Territory whereupon the Trust Deed and the Notes will be read accordingly;
- (g) the Issuer and the Substitute Obligor comply with such other requirements as are reasonable in the interests of the Noteholders, as the Trustee may direct; and
- (h) without prejudice to the rights of reliance of the Trustee under subparagraph (c) above, the Trustee shall be satisfied that the said substitution is not materially prejudicial to the interests of the Noteholders.

Any substitution effected in accordance with this Condition 18 shall be binding on the Noteholders and (unless the Trustee otherwise agrees) shall be notified promptly by the Issuer to the Noteholders in accordance with Condition 17.

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

### **(a) *Meetings of Noteholders***

The Trust Deed contains provisions for convening meetings of the Noteholders (which may be held in a physical place, by way of conference call or by use of a video-conference platform, or any combination thereof) to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Trustee or Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding.

The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that, at any meeting the business of which includes the modification or abrogation of certain of the provisions of these Conditions and/or certain of the provisions of the Trust Deed (such provisions being set out in the Trust Deed), the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or

representing not less than two-thirds (a “**Special Quorum**”), or at any adjourned such meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting.

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

The agreement or approval of the Noteholders shall not be required in the case of any variation of these Conditions and/or the Trust Deed provided for and made in compliance with Condition 9 or Condition 10 made in connection with the substitution or variation of the Notes pursuant to Conditions 12(g), 12(h) or 12(i) or any consequential amendments to these Conditions and/or the Trust Deed approved by the Trustee in connection with a substitution of the Issuer pursuant to Condition 18.

(b) *Modification, waiver, authorisation and determination*

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

(c) *Trustee to have regard to interests of Noteholders as a class*

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution of obligor), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent already provided for in Condition 13 and/or any undertaking given in addition to, or in substitution for, Condition 13 pursuant to the Trust Deed.

(d) *Notification to the Noteholders*

Any modification, abrogation, waiver, authorisation, determination or substitution made in accordance with this Condition 19 shall be binding on the Noteholders and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 17.

(e) *Regulatory Clearance Condition*

Any modification to, or waiver in respect of, these Conditions or any provisions of the Trust Deed will be subject to satisfaction of the Regulatory Clearance Condition. The Trustee shall be entitled to assume, in any case, without enquiry, that the Regulatory Clearance Condition has been satisfied.

**20. Indemnification of the Trustee and its Contracting with the Issuer**

(a) *Indemnification of the Trustee*

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including (i) provisions relieving it from taking proceedings unless indemnified and/or secured and/or prefunded to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances.

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

(b) *Limitation on Trustee actions*

The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

(c) *Reliance by Trustee on reports, confirmations, certificates and advice*

The Trustee may rely without liability to Noteholders on a report, confirmation or certificate or opinion or any advice of any accountants, financial advisers, financial institution or other expert, whether or not addressed to it and whether their liability in relation thereto is limited

(by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise.

(d) *Trustee contracting with the Issuer*

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

(e) *Regulatory Clearance Condition*

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

## **21. Further Issues**

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

## **22. Governing Law**

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

## **23. Rights of Third Parties**

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

## 24. Defined Terms and Interpretation

### Defined Terms

In these Conditions:

**"5-year Gilt Yield Quotation"** has the meaning given under the definition of "Reset Reference Rate" below in this Condition 24;

**"Additional Amounts"** has the meaning given to it in Condition 13;

**"Adjustment Event"** means the occurrence or existence at any relevant time of a subdivision, redesignation, consolidation or reclassification of any Ordinary Shares or a free distribution or dividend of any Ordinary Shares to existing holders of Ordinary Shares by way of bonus, capitalisation or similar issue;

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

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

**"Agents"** means the Principal Paying and Conversion Agent, the Agent Bank, the Registrar and the Transfer Agents or any of them and shall include such other agents appointed from time to time under the Agency Agreement;

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

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

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

**"Business Day"** means:

- (a) except for the purposes of Conditions 2 and 11(d), a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets are open for general business in London;
- (b) for the purposes of Condition 2, a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for business in the city in which the specified office of the Registrar or Transfer Agent with whom a Certificate is deposited in connection with a transfer is located; and
- (c) for the purpose of Condition 11(d), a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for business in London and, in the case of surrender of a Certificate, in the place in which the Certificate is surrendered;

**"Calculation Amount"** means £1,000 in principal amount of the Notes;

a **"Capital Disqualification Event"** is deemed to have occurred if, as a result of any replacement of or change to (or change to the interpretation by any court or authority entitled to do so of) the Relevant Rules the whole or any part of the principal amount of the Notes is excluded from counting as Tier 1 Capital for the purposes of the Issuer or all or any part of the Group (which part includes the Issuer and at least one other member of the Group) (whether on a solo, group or consolidated basis), except (in either case) where such non-qualification is only as a result of the aggregate amount of eligible items available to be counted towards Tier 1 Capital (or a relevant component part thereof) exceeding any applicable upper limit on the aggregate amount of such items permitted to be so counted (other than a limit derived from any transitional or grandfathering provisions under the Relevant Rules);

**"Certificate"** has the meaning given in Condition 1(a);

**"Clean-up Call"** has the meaning given in Condition 12(j);

**"Companies Act"** means the Companies Act 2006 (as amended or re-enacted from time to time);

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

**"Conversion Date"** means the date specified as such in the Trigger Event Notice on which the Conversion shall take place or has taken place, which date shall be no later than 15 (fifteen) Business Days following the date on which the relevant Trigger Event occurred;

**"Conversion Price"** means, at any time, the Initial Conversion Price as most recently adjusted (if at all) pursuant to Condition 8(f) as at such time;

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

**"Conversion Shares Depositary"** means a reputable financial institution, trust company or similar entity (which in each such case is wholly independent of the Issuer) to be appointed by the Issuer on or prior to any date when a function ascribed to the Conversion Shares Depositary in these Conditions is required to be performed to perform such functions and that will hold the Conversion Shares (and any Conversion Shares Offer Entitlement) on trust for (and subject to the instruction and direction of) the Noteholders of the Notes in one or more segregated accounts, unless otherwise required to be transferred out of such accounts for the purposes of the Conversion Shares Offer or in accordance with these Conditions, and otherwise on terms consistent with these Conditions;

**"Conversion Shares Offer"** has the meaning given to such term in Condition 7(a)(i);

**"Conversion Shares Offer Agent"** means the agent(s), if any, to be appointed on behalf of the Conversion Shares Depositary by the Issuer, in its sole and absolute discretion, to act as placement or other agent of the Conversion Shares Depositary to facilitate a Conversion Shares Offer;



**“Conversion Shares Offer Entitlement”** means, as determined by or on behalf of the Conversion Shares Depositary:

- (a) in respect of each Calculation Amount of Notes for which a valid Opt-Out Notice is not received by the Conversion Shares Depositary from a Noteholder in accordance with Condition 7(c):
  - (i) if all of the Eligible Conversion Shares are sold in the Conversion Shares Offer, the pro rata share of the cash proceeds from the sale of such Eligible Conversion Shares attributable to each Calculation Amount converted, if necessary, into sterling at the Prevailing Rate on the last day of the Conversion Shares Offer Period (less any foreign exchange transaction costs), and rounded to the nearest whole multiple of £0.01, with £0.005 rounded upwards;
  - (ii) if some but not all of such Eligible Conversion Shares are sold in the Conversion Shares Offer:
    - (1) the pro rata share of the cash proceeds from the sale of such Eligible Conversion Shares attributable to each Calculation Amount translated, if necessary, into sterling at the Prevailing Rate on the last day of the Conversion Shares Offer Period (less any foreign exchange transaction costs), and rounded to the nearest whole multiple of £0.01, with £0.005 rounded upwards; and
    - (2) the pro rata share of such number of Eligible Conversion Shares not sold pursuant to the Conversion Shares Offer attributable to each Calculation Amount (for the purposes of this paragraph (ii)(2), without rounding (but without prejudice to subsequent rounding under Condition 8(d))); and
  - (iii) if no Eligible Conversion Shares are sold in a Conversion Shares Offer, the relevant number of Eligible Conversion Shares attributable to each Calculation Amount (for the purposes of this paragraph (iii), without rounding (but without prejudice to subsequent rounding under Condition 8(d))),

subject, in the case of paragraphs (i) and (ii)(1) above, to deduction from any such cash proceeds of an amount equal to the pro rata share of any stamp duty, stamp duty reserve tax, or any other capital, issue, transfer, registration, financial transaction or documentary tax or duty that may arise or be paid as a consequence of the transfer of (or any agreement to transfer) any interest in such Eligible Conversion Shares to the Conversion Shares Depositary (or Conversion Shares Offer Agent(s) (if any)) as a consequence of the Conversion Shares Offer (but excluding, for the avoidance of doubt, any costs and expenses borne by the purchasers of the Eligible Conversion Shares in the Conversion Shares Offer pursuant to Condition 7(a)(viii)); and

provided that if the cash component (if any) of the Conversion Shares Offer Entitlement in respect of each Calculation Amount determined in accordance with the foregoing (after

the deductions referred to in the immediately preceding paragraph) would exceed the product of (a) the Calculation Amount and (b) the proportion (expressed as a percentage) of the Eligible Conversion Shares sold in the Eligible Conversion Shares Offer (such excess, the **"Excess Amount"**), the Excess Amount shall not form part of the Conversion Shares Offer Entitlement, and shall instead be payable to the Issuer as provided in Condition 7(a)(v); or

- (b) in respect of Notes for which a valid Opt-Out Notice is received by the Conversion Shares Depositary from a Noteholder in accordance with Condition 7(c), the Conversion Shares attributable to such Note (rounded down, if necessary, to the nearest whole number of Conversion Shares);

**"Conversion Shares Offer Notice"** has the meaning given to such term in Condition 7(a)(ii);

**"Conversion Shares Offer Period"** has the meaning given to such term in Condition 7(a)(iv);

**"Conversion Shares Offer Price"** has the meaning given to such term in Condition 7(a)(i);

**"Conversion Shares Settlement Notice"** means a notice in the form for the time being currently available from the specified office of any Paying and Conversion Agent and which is required to be delivered to the Conversion Shares Depositary (or its agent(s) designated for the purpose in the Conversion Event Notice) in connection with a Conversion of the Notes;

**"Current Price"** means, in respect of an Ordinary Share at a particular date:

- (a) in the case of Ordinary Shares which are admitted to trading on a Relevant Stock Exchange, the average of the daily Volume Weighted Average Prices of an Ordinary Share on each of the five (5) consecutive Dealing Days ending on the Dealing Day immediately preceding such date; and
- (b) otherwise, the fair value of the Ordinary Share at close of business on the Business Day immediately preceding such date, as determined by the Issuer, acting in good faith,

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

**"Dealing Day"** means, in respect of the Ordinary Shares, Relevant Shares, options, warrants or other rights, a day on which the Relevant Stock Exchange in respect thereof is open for business and on which such Ordinary Shares, Relevant Shares, options, warrants or other rights (as the case may be) may be dealt in (other than a day on which such Relevant Stock Exchange is scheduled to or does close prior to its regular weekday closing time);

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

**“Distributable Items”** means, subject as otherwise defined from time to time in the Relevant Rules, with respect to and as at any Interest Payment Date, without double-counting, an amount equal to:

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

**“Distributable Profits”** has the meaning given to such term under section 736 of the Companies Act (or, in the case of a Substitute Obligor which is not a United Kingdom company, the relevant provision under the law of the jurisdiction of incorporation of the Substitute Obligor) or (in each case) any equivalent or replacement provision;

**“domestic insurance undertaking”** means an undertaking which would require authorisation as an insurance undertaking if its head office were situated in the UK;

**“domestic reinsurance undertaking”** means an undertaking which would require authorisation as a reinsurance undertaking if its head office were situated in the UK;

**“EEA Regulated Market”** means a market as defined by Article 4.1(21) of Directive 2014/65/EU (as amended, **“MiFID II”**).

**“Eligible Conversion Shares”** means all Conversion Shares in respect of which a valid Opt-Out Notice has not been received in accordance with Condition 7(c);

**“Eligible Offeree”** means, in respect of any Conversion Shares Offer, a person who is at the relevant time a shareholder in one or more of the following:

- (a) the Issuer; and
- (b) any parent company of the Issuer,

provided that a member of the Group shall only be an Eligible Offeree in respect of such offer if such person’s participation in such offer, considered with any arrangements for the funding of that participation (including any direct or indirect contribution of assets to that person or any other member of the Group), would not reduce the Tier 1 Capital of the Group on a consolidated basis;

**“EUWA”** means the European Union (Withdrawal) Act 2018 (as amended, modified, re-enacted or replaced from time to time) (including, without limitation, by the European Union (Withdrawal Agreement) Act 2020);

**“Excess Amount”** has the meaning given in the definition of “Conversion Shares Offer Entitlement”;

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

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

**“Existing Tier 2 Notes”** means the Issuer’s:

- (a) 5.00 per cent. Fixed Rate Subordinated Notes due 2023 (XS0920221453);
- (b) 5.00 per cent. Fixed Rate Subordinated Notes due 2026 (XS1529103712); and
- (c) 4.125 per cent. Fixed Rate Subordinated Notes due 2035 (XS2190040100);

**“Extraordinary Resolution”** has the meaning given in the Trust Deed;

**“FATCA Withholding Tax”** has the meaning given in Condition 11(b);

**“Final Cancellation Date”** means the date on which any Notes in relation to which no Conversion Shares Settlement Notice has been received by the Conversion Shares Depositary (or its designated agent(s)) on or before the Notice Cut-off Date shall be cancelled, which date is expected to be no more than 12 (twelve) Business Days following the Notice Cut-off Date and which will be notified to Noteholders in the Trigger Event Notice;

**“First Reset Date”** means 24 March 2032;

**“Fitch”** means Fitch Ratings Limited;

**“Further Notes”** has the meaning ascribed to it in Condition 21;

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

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

**“Group Insurance Undertaking”** means an insurance undertaking, reinsurance undertaking, domestic insurance undertaking or domestic reinsurance undertaking whose data is included for the purposes of the calculation of the Solvency Capital Requirement of the Group pursuant to the Relevant Rules;

**“Independent Adviser”** means an independent financial institution of international repute or independent adviser with appropriate expertise appointed by the Issuer at its own expense;

**“Initial Conversion Price”** means £1,000 per Conversion Share;

**“Initial Fixed Interest Rate”** has the meaning given to it in Condition 4(c);

**“Initial Fixed Rate Interest Period”** means the period from (and including) the Issue Date to (but excluding) the First Reset Date;

**“Insolvent Insurer Winding-up”** means (a) the winding-up of any Group Insurance Undertaking; or (b) the appointment of an administrator of any Group Insurance Undertaking, in each case where the Issuer has determined, acting reasonably, that the Policyholder Claims of that Group Insurance Undertaking may or will not all be met in full;

**“insurance holding company”** has the meaning given to it in the Relevant Rules;

**“insurance undertaking”** has the meaning given to it in the Relevant Rules;

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

**“Interest Payment Date”** means 24 March and 24 September in each year, commencing on 24 March 2022;

**“Interest Period”** means the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date;

**“Interest Rate”** means the Initial Fixed Interest Rate and/or the applicable Reset Rate of Interest, as the case may be;

**“Issue Date”** means 24 September 2021;

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

**“Issuer Winding-Up”** means:

- (a) an order is made, or an effective resolution is passed, for the winding-up or liquidation of the Issuer (except, in any such case, a solvent winding-up solely for the purpose of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business to the Issuer, the terms of which reconstruction, amalgamation or substitution (A) have previously been approved in writing by the Trustee or by an Extraordinary Resolution or which is effected in accordance with Condition 18 and (B) do not provide that the Notes or any amount in respect thereof shall thereby become payable); or

- (b) an administrator of the Issuer is appointed and such administrator gives notice that it intends to declare and distribute a dividend or other distribution of the assets of the Issuer;

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

**“Mandatory Interest Cancellation Event”** has the meaning given to such term in Condition 5(b);

**“Margin”** means 3.170 per cent.;

**“Member State”** means a member of the European Economic Area;

**“Minimum Capital Requirement”** means the Minimum Capital Requirement as applicable to the Issuer and/or the Group (whether on a solo, group or consolidated basis) and/or the minimum Solvency Capital Requirement as applicable to the Issuer and/or the Group (whether on a solo, group or consolidated basis) referred to in, or any other minimum capital requirement howsoever described in, the Relevant Rules;

**“Moody’s”** means Moody’s Investors Service Ltd;

**“Newco Scheme”** means a scheme of arrangement or analogous proceeding (**“Scheme of Arrangement”**) which effects the interposition of a limited liability company (**“Newco”**) between the Shareholders of the Issuer, immediately prior to the Scheme of Arrangement (the **“Existing Shareholders”**) and the Issuer, provided that:

- (a) only ordinary shares or units or equivalent of Newco or depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco are issued to Existing Shareholders;
- (b) immediately after completion of the Scheme of Arrangement the only holders of ordinary shares, units or equivalent of Newco or, as the case may be, the only holders of depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco (except for a nominal holding by initial subscribers, if applicable), are Existing Shareholders holding in the same proportions as immediately prior to completion of the Scheme of Arrangement;
- (c) immediately after completion of the Scheme of Arrangement, Newco is (or one or more wholly-owned Subsidiaries of Newco are) the only shareholder of the Issuer;
- (d) all Subsidiaries of the Issuer immediately prior to the Scheme of Arrangement (other than Newco, if Newco is then a Subsidiary of the Issuer) are Subsidiaries of the Issuer immediately after completion of the Scheme of Arrangement; and
- (e) immediately after completion of the Scheme of Arrangement the Issuer holds, directly or indirectly, the same percentage of the ordinary share capital and equity share capital of those Subsidiaries as was held by the Issuer immediately prior to the Scheme of Arrangement;

**“Nominee”** has the meaning given in Condition 8(b);

**“Noteholder”** has the meaning given in Condition 1(b);

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

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

**“Notional Preference Shares”** has the meaning given to such term in Condition 3(c);

**“Opt-Out Notice”** has the meaning given to such term in Condition 7(c);

**“Ordinary Shares”** means fully paid voting ordinary shares in the capital of the Issuer;

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

**“Pari Passu Creditors”** means creditors in respect of securities or other obligations of the Issuer which, by their terms, rank or are expressed to rank *pari passu* with the Notes in a winding-up, liquidation or other return of capital prior to the occurrence of a Trigger Event (including, without limitation, shares of any class which may be issued or deemed to be in issue for the time being in the capital of the Issuer which, by their terms, rank or are expressed to rank *pari passu* with the Notional Preference Shares in a winding-up, liquidation or other return of capital);

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

**“Paying and Conversion Agents”** has the meaning given in the preamble to these Conditions;

**“Policyholder Claims”** means, in respect of a Group Insurance Undertaking, claims of the policyholders of that Group Insurance Undertaking and of beneficiaries under contracts of insurance or reinsurance written by that Group Insurance Undertaking in a winding-up, liquidation or administration of that Group Insurance Undertaking to the extent that those claims relate to any debt to which that Group Insurance Undertaking is, or may become, liable to a policyholder or such a beneficiary pursuant to a contract of insurance or reinsurance, including all amounts to which policyholders or such beneficiaries are entitled under applicable legislation or rules relating to the winding-up or administration of insurance or reinsurance companies to reflect any right to receive, or expectation of receiving, benefits which such policyholders or such beneficiaries may have;

**“Prevailing Rate”** means, in respect of any currencies on any day, the spot mid-rate of exchange between the relevant currencies prevailing as at 12 noon (London time) on that date as appearing on or derived from Bloomberg page BFIX (or any successor page) in respect of such pair of currencies or, if such a rate cannot be so determined, the rate prevailing as at 12 noon (London time) on the immediately preceding day on which such rate can be so determined or, if such rate cannot be so determined, the rate determined in such other manner as an Independent Adviser shall in good faith prescribe;

**“Principal Paying and Conversion Agent”** has the meaning given in the preamble to these Conditions;

**“Qualifying Securities”** means securities issued directly or indirectly by the Issuer that:

- (a) have terms not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Issuer in consultation with an independent investment bank of international standing, and provided that a certification to such effect (including as to the consultation with the independent investment bank and in respect of the matters specified in (b)(1) to (7) below) signed by 2 (two) Authorised Signatories shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely without liability to any person) prior to the issue of the relevant securities); and
- (b) (subject to (a) above) (1) contain terms which comply with the then-current requirements of the Relevant Regulator and the Relevant Rules in relation to Tier 1 Capital; (2) bear the same rate of interest from time to time applying to the Notes and preserve the same Interest Payment Dates; (3) contain terms providing for the deferral, suspension and/or cancellation of payments of interest or principal only if such terms are not materially less favourable to an investor than equivalent terms contained in the terms of the Notes; (4) rank senior to, or *pari passu* with, the ranking of the Notes; (5) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to timing of, and amounts payable upon, any such redemption; (6) contain terms providing for or requiring the Issuer to write down or convert into equity the whole or any part of the principal amount of the Notes only if such terms are not materially less favourable to an investor than equivalent terms contained in the terms of the Notes; and (7) preserve in full any existing rights under the Notes to any accrued interest which has accrued to Noteholders but not been cancelled or paid (but without prejudice to any right of the Issuer subsequently to cancel any such rights so preserved in accordance with the terms of the Qualifying Securities); and
- (c) are (1) listed on a Recognised Stock Exchange or (2) admitted to trading on the International Securities Market of the London Stock Exchange, or such other multilateral trading facility as is operated by a regulated recognised stock exchange (within the meaning of section 987 Income Tax Act 2007) at the time, as selected by the Issuer and approved by the Trustee;

**“Rating Agency”** means any of Fitch or Moody’s (or any affiliate or successor of, or substitute for, such entity);

**“Rating Agency Compliant Securities”** means securities issued directly or indirectly by the Issuer that are:

- (a) Qualifying Securities; and
- (b) assigned substantially the same “equity credit” (or such other nomenclature as may be used by a Rating Agency and any Subsequent Rating Agency (if applicable) from time to time to describe the degree to which the terms of an instrument are supportive of an



issuer's senior obligations in terms of either leverage or total capital) or, at the absolute discretion of the Issuer, a lower "equity credit" (provided such "equity credit" is still higher than the "equity credit" assigned to the Notes immediately after the occurrence of the Ratings Methodology Event) as that which was assigned to the Notes (A) in the case of "equity credit" assigned by a Rating Agency, on or around the Relevant Issue Date or (B) in the case of "equity credit" assigned by a Subsequent Rating Agency, on the date that such "equity credit" was first assigned by the relevant Subsequent Rating Agency;

and provided that a certification to the effect of (a) and (b) above, signed by 2 (two) Authorised Signatories shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely without liability to any person) prior to the issue of the relevant securities;

a **"Ratings Methodology Event"** will be deemed to occur if at any time there occurs a change in (or clarification to) the methodology of a Rating Agency or a Subsequent Rating Agency (if applicable) (or in the interpretation of such methodology) as a result of which the "equity credit" (or such other nomenclature as may be used by such Rating Agency or the relevant Subsequent Rating Agency (as applicable) from time to time to describe the degree to which the terms of an instrument are supportive of an issuer's senior obligations in terms of either leverage or total capital) assigned by such Rating Agency or the relevant Subsequent Rating Agency (as applicable) to the Notes is, as notified by such Rating Agency or the relevant Subsequent Rating Agency (as applicable) to the Issuer or as published by such Rating Agency or the relevant Subsequent Rating Agency (as applicable), reduced when compared to (i) in the case of a Rating Agency, the "equity credit" assigned by such Rating Agency to the Notes on or around the Relevant Issue Date and (ii) in the case of any Subsequent Rating Agency, the "equity credit" first assigned by such Subsequent Rating Agency to the Notes;

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

**"Record Date"** has the meaning given to such term in Condition 11(a);

**"Redemption and Purchase Conditions"** has the meaning given to such term in Condition 12(b);

**"Register"** has the meaning given in Condition 1(a);

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

**"Regulated Market"** means a regulated, regularly operating United Kingdom stock exchange or securities market, an EEA Regulated Market or another regulated, regularly operating, internationally recognised stock exchange or securities market;

**"Regulatory Clearance Condition"** means, in respect of any proposed act on the part of the Issuer, the Relevant Regulator having approved or consented to, or provided a written statement of non-objection in respect of, such act (in any case only if and to the extent required by the Relevant Rules, the Relevant Regulator or any applicable rules of the Relevant Regulator at the relevant time);

**“reinsurance undertaking”** has the meaning given to it in the Relevant Rules;

**“Relevant Date”** has the meaning given in 13(a);

**“Relevant Issue Date”** means the later of (i) the Issue Date and (ii) the latest issue date of any Further Notes;

**“Relevant Jurisdiction”** means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to the taxing power of which the Issuer becomes subject;

**“Relevant Regulator”** means the Bank of England’s Prudential Regulation Committee in its capacity as the UK Prudential Regulation Authority or such successor or other authority having primary supervisory authority with respect to prudential matters in relation to the Issuer and/or the Group;

**“Relevant Rules”** means, at any time, any legislation, rules or regulations (whether having the force of law or otherwise) then having effect in the UK and applied by the Relevant Regulator to the Issuer or the Group relating to own funds, capital resources, capital requirements, financial adequacy requirements or other prudential matters (including, but not limited to, the characteristics, features or criteria of any of the foregoing) and without limitation to the foregoing, includes (to the extent then applying as aforesaid) Solvency II as it forms part of domestic law pursuant to the EUWA and any legislation or rules or regulations of the Relevant Regulator which amend, modify, re-enact or replace Solvency II in the United Kingdom, including any such legislation made under the EUWA; and references in these Conditions to any matter, action or condition being required or permitted by, or in accordance with, the Relevant Rules shall be construed in the context of the Relevant Rules as they apply to Tier 1 Capital and on the basis that the Notes are intended to qualify as Tier 1 Capital of the Issuer and/or the Group;

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

**“Relevant Shares”** has the meaning given to such term in Condition 9(d);

**“Relevant Stock Exchange”** means in respect of any Ordinary Shares, option, warrant or other right or any other securities, the principal stock exchange or securities market (if any) on which the Ordinary Shares, such option, warrant or other right are then listed, admitted to trading or quoted or accepted for dealing;

**“Reset Date”** means the First Reset Date and each 5th (fifth) anniversary of the First Reset Date thereafter;

**“Reset Determination Date”** means, in respect of a Reset Period, the 2nd (second) Business Day prior to the first day of such Reset Period;

**“Reset Period”** means the period from (and including) the First Reset Date to (but excluding) the next Reset Date, and each successive period from (and including) a Reset Date to (but excluding) the next succeeding Reset Date;

**“Reset Rate of Interest”** has the meaning given to it in Condition 4(d);

**“Reset Reference Banks”** means five brokers of gilts and/or gilt-edged market makers or market makers in pricing corporate bond issues selected by the Issuer;

**“Reset Reference Rate”** means in respect of a Reset Period, the percentage rate determined by the Agent Bank on the basis of the 5-Year Gilt Yield Quotations provided (upon request by or on behalf of the Issuer) by the Reset Reference Banks to the Issuer and the Agent Bank at approximately 11.00 a.m. (London time) on the Reset Determination Date in respect of such Reset Period. If at least four quotations are provided, the Reset Reference Rate will be the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reset Reference Rate will be the arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Rate will be the quotation provided. If no quotations are provided, the Reset Reference Rate will be the previous Reset Reference Rate or (in the case of the first Reset Period) 0.830 per cent., where:

- (a) **“5-year Gilt Yield Quotation”** means, with respect to a Reset Reference Bank and a Reset Period, the arithmetic mean of the bid and offered yields (on a semi-annual compounding basis) for the Benchmark Gilt in respect of that Reset Period, expressed as a percentage, as quoted by such Reset Reference Bank; and
- (b) **“Benchmark Gilt”** means, in respect of a Reset Period, such United Kingdom government security customarily used at the time of selection in the pricing of new issues with a similar tenor having an actual or interpolated maturity date on or about the last day of such Reset Period as the Issuer (on the advice of an investment bank of international repute) may determine to be appropriate;

**“Senior Creditors”** means:

- (a) creditors of the Issuer who are unsubordinated creditors (including all policyholders and all beneficiaries under contracts of insurance or reinsurance in respect of their Policyholder Claims);
- (b) all creditors of the Issuer whose claims are in respect of instruments or obligations which constitute, or would, but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital (including, for so long as any of the same remain outstanding, the Existing Tier 2 Notes); and
- (c) all creditors whose claims are, or are expressed to be, junior to the claims of other creditors of the Issuer, whether subordinated or unsubordinated, other than those whose claims rank, or are expressed to rank, *pari passu* with, or junior to, the claims of the holders of the Notes in a winding up or administration of the Issuer occurring prior to a Trigger Event;

**“Settlement Date”** means:

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

**“Share Delivery Date”** means, following the occurrence of a Trigger Event, the date on which the Issuer delivers the Conversion Shares to the Conversion Shares Depositary in accordance with these Conditions which date is expected to be no more than 25 (twenty-five) Business Days following the Conversion Date and which will be notified to Noteholders in the Trigger Event Notice;

**“Shareholders”** means the holders of Ordinary Shares;

**“Solvency II”** means the United Kingdom transposition of the Solvency II Directive and the Solvency II Regulation, as each forms part of the domestic law of the United Kingdom by virtue of the EUWA or otherwise, and as they may be amended or replaced by the laws of England and Wales from time to time, and any additional measures adopted to give effect thereto (whether implemented by way of regulation, guidelines or otherwise);

**“Solvency II Directive”** means Directive 2009/138/EC of the European Union (as amended) on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) and transposed by Member States pursuant to Article 309 of Directive 2009/138/EC;

**“Solvency II Regulation”** means Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking up and pursuit of the business of Insurance and Reinsurance (Solvency II);

**“Solvency Capital Requirement”** means the Solvency Capital Requirement of the Issuer or the Solvency Capital Requirement of the Group (whether on a solo, group or consolidated basis) (as applicable) referred to in, or any other equivalent capital requirement (other than the Minimum Capital Requirement) howsoever described in, the Relevant Rules;

**“Solvency Condition”** has the meaning given in Condition 3(f);

**“sterling”** or **“£”** or **“penny”** means the lawful currency of the United Kingdom from time to time;

**“Subsequent Rating Agency”** means S&P Global Ratings UK Limited or any affiliate thereof, substitute thereof or successor thereto that assigns “equity credit” (or such other nomenclature as may be used by such rating agency from time to time to describe the degree to which the terms of an instrument are supportive of an issuer’s senior obligations in terms of either leverage or total capital) to the Notes after the Relevant Issue Date;

**“Subsidiary”** has the meaning given to that term under section 1159 of the Companies Act;

**“Substitute Obligor”** has the meaning given in Condition 18;

**“Substituted Territory”** has the meaning given to it in Condition 18;

**“successor in business”** has the meaning, with respect to the Issuer, given in the Trust Deed;

a **“Tax Event”** is deemed to have occurred if:

(a) as a result of a Tax Law Change, on the next Interest Payment Date either:

- (i) the Issuer would be required to pay Additional Amounts as provided or referred to in Condition 13; or
- (ii) in respect of the Issuer’s obligation to make any payment of interest:
  - (1) the Issuer would not be entitled to claim a deduction in computing its taxation liabilities in the Relevant Jurisdiction, or such entitlement is materially reduced; or
  - (2) the Issuer would not to any material extent be entitled to have any loss or non-trading deficit set against the profits of companies with which it is grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the date of the Tax Law Change or any

similar system or systems having like effect as may from time to time exist); and

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

**“Tax Law Change”** means any change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of a Relevant Jurisdiction, including any treaty to which such Relevant Jurisdiction is a party, or any change in the application or official interpretation of such laws or regulations, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations, that differs from the previously generally accepted position in relation to similar transactions (in respect of securities similar to the Notes and which have the characteristics of restricted Tier 1 Capital under the rules applicable at issuance) or which differs from any specific written confirmation given by a tax authority in respect of the Notes, which change or amendment becomes, or would become, effective or, in the case of a change or proposed change in law of the United Kingdom (or any political subdivision thereof), if such change is enacted (or, in the case of a proposed change, is expected to be enacted) by United Kingdom Act of Parliament or by Statutory Instrument, on or after the Relevant Issue Date;

**“Tier 1 Capital”** has the meaning given to such term by the Relevant Rules from time to time;

**“Tier 1 Own Funds”** means subordinated notes, ordinary shares or any other share capital of any class which constitute Tier 1 Capital for the purposes of the Issuer or the Group, whether on a solo, group or consolidated basis;

**“Tier 2 Capital”** has the meaning given to such term by the Relevant Rules from time to time;

**“Transfer Agent”** has the meaning ascribed to it in the preamble to the Conditions;

a **“Trigger Event”** shall occur if at any time:

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

**“Trigger Event Notice”** means the notice referred to as such in Condition 6 which shall be given by the Issuer to the Noteholders, in accordance with Condition 17, the Trustee, the Registrar, the Principal Paying and Conversion Agent and the Relevant Regulator, and which shall state with reasonable detail the nature of the relevant Trigger Event, the basis of its calculation and the Conversion Date (which may be a date prior to, on or following the date of the Trigger Event Notice);

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

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

**"UK"** means the United Kingdom; and

**"Volume Weighted Average Price"** means, in respect of an Ordinary Share (or Relevant Share, as applicable), options, warrants or other rights on any Dealing Day, the order book volume-weighted average price of such Ordinary Share (or Relevant Share) on the Relevant Stock Exchange in respect thereof as published by or derived from Bloomberg page HP (or any successor page) (using the setting "Weighted Average Line" or any successor setting) in respect of such Ordinary Shares (or Relevant Shares), options, warrants or other rights for the Relevant Stock Exchange in respect thereof on such Dealing Day, or, if such price is not available from Bloomberg as aforesaid, in any such case, such other source as shall be determined in good faith to be appropriate by an Independent Adviser on such Dealing Day, provided that if on any such Dealing Day such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an Ordinary Share (or Relevant Share, as applicable), option, warrant or other right, as the case may be, in respect of such Dealing Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Dealing Day on which the same can be so determined or determined as an Independent Adviser might otherwise determine in good faith to be appropriate.

## **Interpretation**

For the purposes of these Conditions, unless the context otherwise requires:

- (i) references to any act or statute or any provision of any act or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such statutory modification or re-enactment;
- (ii) references to "ordinary share capital" have the meaning provided in Section 1119 of the Corporation Tax Act 2010 and "equity share capital" has the meaning provided in Section 548 of the Companies Act;
- (iii) references to a "person" includes any individual, company, unincorporated association, government, state agency, international organisation or other entity and, in all cases includes its successors and assigns;
- (iv) in making any calculation or determination of Volume Weighted Average Price, such adjustments (if any) shall be made as an Independent Adviser determines in good faith to be appropriate to reflect any consolidation or sub-division of the Ordinary Shares or any issue of Ordinary Shares by way of capitalisation of profits or reserves, or any like or similar event; and
- (v) for the purposes of Conditions 6 to 10, (1) references to the "issue" of Ordinary Shares or Ordinary Shares being "issued" shall, unless otherwise expressly specified, include the delivery of Ordinary Shares, whether newly issued and allotted or previously existing or held by or on behalf of the Issuer or any of its Subsidiaries, and (2) Ordinary Shares held

by or on behalf of the Issuer or any of its Subsidiaries shall not be considered as or treated as "in issue" or "issued" or entitled to receive the relevant dividend, right or other entitlement.



## OVERVIEW OF THE NOTES WHILE IN GLOBAL FORM

*The Notes will be represented initially by a single global certificate (the “**Global Certificate**”). The Global Certificate will be deposited with, and registered in the name of a nominee (the “**Registered Holder**”) for, the common depository for Euroclear and Clearstream, Luxembourg and may be delivered on or prior to the original issue of the Notes.*

*Each Accountholder (as defined below) must look solely to Euroclear and Clearstream, Luxembourg (as the case may be) (each a “**Clearing System**”) for their share of each payment made by the Issuer to, or to the order of, the holder of the Global Certificate and in relation to certain other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of the relevant Clearing System. Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Certificate and such obligations of the Issuer will be discharged by payment to or to the order of the Registered Holder of such Global Certificate in respect of each amount so paid.*

*The Global Certificate contain provisions which apply to the Notes while they are in global form, some of which modify the effect of the terms and conditions of the Notes set out in this Offering Memorandum. The following is a summary of certain of those provisions.*

### 1. Nominal Amount and Exchange

Upon the registration of the Global Certificate in the name of a nominee for a common depository (the “**Common Depository**”) for Euroclear and Clearstream, Luxembourg and delivery of the Global Certificate to the Common Depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

The following will apply in respect of transfers of Notes held in a Clearing System. These provisions will not prevent the trading of interests in the Notes within a Clearing System whilst they are held on behalf of such Clearing System, but will limit the circumstances in which the Notes may be withdrawn from the relevant Clearing System.

Transfers of the holdings of Notes represented by the Global Certificate may only be made in whole but not in part for Certificates only if:

- (a) the Issuer has been notified that both Clearing Systems are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have done so and no successor clearing system is available; or
- (b) the Issuer has or will become subject to tax consequences which would not be suffered were the Notes evidenced by the Global Certificate in definitive form,

(each an “**Exchange Event**”).

The Issuer will promptly give notice to the Noteholders in accordance with Condition 17 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event as described in (a) or (b) above,

Euroclear and/or Clearstream, Luxembourg, as the case may be, acting on the instructions of any Accountholder may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (b) above, the Issuer may also give notice to the Registrar requesting exchange. Any exchange shall occur no later than 10 days after the date of receipt of the first relevant notice by the Registrar.

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

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

## **2. Payments**

For so long as the Registered Holder is shown in the Register as the holder of the Notes evidenced by the Global Certificate, the Registered Holder shall (subject as set out herein) in all respects be entitled to the benefit of such Notes and shall be entitled to the benefit of the Trust Deed and the Agency Agreement. Payments of all amounts payable under the Conditions in respect of the Notes as evidenced by the Global Certificate will be made to, or to the order of, the Registered Holder pursuant to the Conditions.

Distributions of amounts with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Principal Paying and Conversion Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

Upon any payment of any amount payable under the Conditions the amount so paid shall be entered by the Registrar on the Register, which entry shall constitute prima facie evidence that the payment has been made.

All payments in respect of Notes represented by the Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January. None of the Issuer, the Trustee, any Paying Agent nor the Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Certificate or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

## **3. Calculation of interest**

Notwithstanding the provisions of Condition 4(b), for so long as all of the Notes are represented by a

Global Certificate, interest shall be calculated on the aggregate principal amount of the Notes represented by such Global Certificate (and not per Calculation Amount), but otherwise shall be calculated in accordance with Condition 4.

#### **4. Notices**

For so long as all of the Notes are represented by the Global Certificate and such Global Certificate is held on behalf of one or more relevant Clearing System(s), notices to Noteholders may be given by delivery of the relevant notice to such relevant Clearing System for communication to the relevant Accountholders (or otherwise in such manner as the Trustee, the Principal Paying and Conversion Agent and the relevant Clearing System(s) may approve for this purpose) rather than by publication as required by Condition 17 provided that, so long as the Notes are admitted to listing or trading on any stock exchange, the requirements of such stock exchange have been complied with. Any such notice shall be deemed to have been given to the Noteholders on the day which such notice is delivered to the relevant Clearing System as aforesaid.

#### **5. Accountholders**

For so long as all of the Notes are represented by the Global Certificate and the same is held on behalf of any Clearing System(s), each person (other than a relevant Clearing System) who is for the time being shown in the records of the relevant Clearing System as the holder of a particular principal amount of such Notes (each an “**Accountholder**”) (in which regard any certificate or other document issued by a relevant Clearing System as to the principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Notes for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders) other than with respect to the payment of principal, interest and other amounts in respect of the Notes, the right to which shall be vested, as against the Issuer, and the Trustee, solely in the Registered Holder in accordance with and subject to the rules and procedures for the time being of the relevant Clearing System and the terms of the Trust Deed. Each Accountholder must look solely to the relevant Clearing System for its share of each payment made to the Registered Holder subject to and in accordance with the respective rules and procedures of the relevant Clearing System. Accountholders shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by the Global Certificate, and such obligations of the Issuer will be discharge by payment to, or to the order of, the Registered Holder in respect of each amount so paid.

#### **6. Prescription**

Claims against the Issuer for payment in respect of principal and interest on the Notes will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 13).

## **7. Transfers**

Transfer of book-entry interests in the Notes will be effected through the records of the relevant Clearing System(s) and their respective participants in accordance with the rules and procedures of such Clearing System(s) and their respective direct and indirect participants.

## **8. Cancellation**

Cancellation of any Note represented by a Global Certificate that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by a reduction in the aggregate principal amount of the Notes in the register of Noteholders and by the annotation of the appropriate schedule to the relevant Global Certificate.

## **9. Conversion**

For so long as any Notes are represented by the Global Certificate and the same is held on behalf of any Clearing System(s), any Conversion of such Notes will be effected in accordance with the Conditions and, if and to the extent necessary, in accordance with the standard operating procedures of such Clearing System(s).

## **10. Suspension Date following Conversion**

In the case of Notes represented by a Global Certificate, any Conversion Shares Settlement Notice delivered prior to the day following the Suspension Date shall be void.

For the purposes of this provision, “**Suspension Date**” shall mean a date specified by the Issuer in the Trigger Event Notice or the Conversion Shares Offer Notice (and any notice of termination of the Conversion Shares Offer), as the case may be, as being the date on which the relevant Clearing System(s) shall suspend all clearance and settlement of transactions in the Notes in accordance with its rules and procedures which date shall, in the case of a Conversion Shares Offer, be as proximate to the end of the Conversion Shares Offer Period as is reasonably practicable in accordance with the rules and procedures of the relevant Clearing System(s).

## **11. Electronic Consent and Written Resolution**

While any Global Certificate is registered in the name of any nominee for a Clearing System, then:

- (a) approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant Clearing System(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding (an “**Electronic Consent**” as defined in the Trust Deed) shall, for all purposes, take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders whether or not they participated in such Electronic Consent; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the

Trustee, as the case may be, by Accountholders in the relevant Clearing Systems with entitlements to such Global Note or, where the Accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the Accountholder or via one or more intermediaries and provided that, in each case, the Issuer and the Trustee have obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, “**commercially reasonable evidence**” includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, or issued by an Accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant Clearing System (including Euroclear’s EUCLID or Clearstream, Luxembourg’s CreationOnline system) in accordance with its usual procedures and in which the Accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

## **12. Euroclear and Clearstream, Luxembourg**

Notes represented by the Global Certificate are transferable in accordance with the rules and procedures for the time being of the relevant Clearing System(s).

References in the Global Notes to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved by the Trustee in which the Notes are held from time to time.

## **BUSINESS DESCRIPTION**

### **The Issuer**

The Issuer, Bupa Finance plc, is the holding company for all the operating subsidiaries in a leading international health insurer and provider group.

The Issuer was incorporated as a public limited company of indefinite duration on 13 January 1993 in England and Wales under the Companies Act 1985 (as amended). All of the issued share capital of the Issuer is beneficially owned by its parent company, Bupa. The registered address of the Issuer is 1 Angel Court, London EC2R 7HJ and the telephone number of the Issuer is +44 (0) 20 7656 2000.

The Group provides health insurance to around 17.9 million people around the world, which accounted for 72 per cent. of total revenue in the financial year ended 31 December 2020. The Group's health provision business accounted for 20 per cent. of the Group's total revenue in the financial year ended 31 December 2020, serving around 13.6 million people in health clinics, hospitals and dental centres. The Group also manages residential aged care facilities which provide care for around 20,000 residents across four countries, and accounts for 8 per cent. of the Group's total revenue. As at 31 December 2020, the Group directly employed approximately 84,000 people, principally in the UK, Australia, Spain, Chile, Poland, New Zealand, Hong Kong SAR, Turkey, Brazil, Mexico, the US, the Middle East and Ireland. The Group also has associate businesses in Saudi Arabia and India.

### **History of Bupa and the Group**

In April 1947, Bupa was founded with the objects of preventing, relieving and curing sickness and ill-health of every kind and promoting health in any way. At that time the organisation operated solely in the field of private health insurance serving 38,000 customers at the beginning of 1948.

In 1982, Bupa International was launched to provide worldwide medical cover to people working outside their home country. This business is now branded Bupa Global.

In 1989, Bupa acquired Sanitas S.A. de Seguros, now Spain's second largest private medical insurer.

During 1996 and 1997, Bupa made a series of acquisitions in the UK care home sector and established itself as a market leading care home operator.

In 1997, the Group entered the Kingdom of Saudi Arabia ("**KSA**") in partnership with the Nazer Group to form a joint venture, Bupa Arabia. In 2008, Bupa Arabia was listed on the Tadawul, the Saudi stock market. Bupa Arabia is now the leading health insurance provider in the KSA. The Group increased its stake in Bupa Arabia in 2017, 2018 and 2020 and now holds a 43.25 per cent. stake.

Maintaining its focus on bringing high quality healthcare services to a wider circle of customers with the aim of helping them to enjoy longer, healthier, happier lives, the Group has undergone a significant transformation in recent years.

In the 2000s, the Group entered the Australian health insurance market, opened hospitals in Spain and expanded its network of clinics in the UK. The Group remains a leading health insurer in Australia.

In 2007, the Group completed the sale of its UK hospitals business. The scale of both its UK hospitals and insurance businesses meant that they were becoming increasingly constrained by being part of the same group.

Significant acquisitions followed these disposals, the largest of which was the merger of the Group's Australian insurance business with the insurance group MBF to form that country's second largest private medical insurer. During 2008, the Group also completed its acquisition of DCA Aged Care Group, a care homes business with operations in Australia and New Zealand. The Group also took a long lease over a standalone private hospital in London, the Bupa Cromwell Hospital.

The Group launched a partnership in India with Max India Ltd in 2010, branded Max Bupa. In 2011, Bupa Australia brought together the insurance brands MBF, HBA and Mutual Community under the Bupa brand. In addition, Sanitas acquired CIMA, a hospital in Barcelona, to provide enhanced healthcare to customers in the region.

In 2013, the Group acquired LUX MED, the leading provider of private medical subscriptions, diagnostics and treatment clinics in Poland. Other acquisitions in this period included: Dental Corporation, Australia and New Zealand's largest dental provider; Quality HealthCare, a leading private clinic network in Hong Kong SAR; a 49 per cent. stake in Highway to Health, Inc., a US health insurer specialising in providing international health insurance for US residents planning to live or work abroad.

In 2014, the Group acquired a 56 per cent. stake in Cruz Blanca, one of Chile's leading healthcare groups. In 2016, the Group became the sole owner of Cruz Blanca (now Bupa Chile). Bupa Chile opened a major hospital in Santiago in 2018. Also in 2014, the Group purchased a 49 per cent. stake in Highway to Health, Inc, a US health insurance provider which administers and sells the GeoBlue international health products. Concurrently, the Group entered into a strategic global partnership with the Blue Cross Blue Shield Association - a federation of 35 separate US health insurance companies that provide health insurance in the US to more than 106 million people.

In 2016, the Group increased its ownership of Max Bupa, in India to 49 per cent., and acquired sole ownership of Care Plus, a premium health insurer in Brazil.

In February 2017, the Group announced the completion of its purchase of Oasis Dental Care, the UK's leading private dental provider with an enterprise value of £861 million, from Bridgepoint, a European private equity group. The purchase supported the Group's strategy to offer customers high quality dental services and significantly increased the Group's dental provision footprint in the UK. As a result of the purchase, the Group became a major dental provider in the UK's dental market with, at that time, over two million customers and over 420 clinics.

The Group divested parts of its care home business in the UK over the course of 2017 and 2018.

In 2018, the Group acquired Nectar Seguros, a Spanish private health insurer. The Group also began to deliver health services to the Australian Defence Force.

In January 2019, the Group acquired Bupa Acibadem Sigorta, a leading private health insurer in Turkey. In March 2019, the Group's new authorised insurer in Ireland, Bupa Global DAC, began operations as part of the Group's strategy to mitigate against the impact of Brexit by allowing the Group to continue to serve its customers who are resident or based in the EEA but outside the UK and Ireland. The Group also

completed the transition of its Indian business, Max Bupa, to a new partner, True North, whilst retaining a 44.77 per cent. stake in Max Bupa.

In December 2020, the Group entered into an agreement in Mexico with Citibanamex and BBVA to acquire Vitamédica, with 87,000 policyholders. This acquisition completed in January 2021.

In 2021, Bupa UK implemented an agreement with the friendly society CS Healthcare to transfer its 17,500 members and business to the Group.

Today, the Group is an international healthcare company with significant operations in Europe, the Americas, Asia and Australasia with approximately 70 per cent. of its business revenues earned from international operations. As at 31 December 2020, the Group served 17.9 million insurance customers, 13.6 million provision customers and 20,000 aged care residents. Provision customers comprise people who have been cared for in health and dental clinics and hospitals during the year.

## **Recent developments**

### *COVID-19*

The Group's response to COVID-19 has been co-ordinated at a global level by the Chief Executive Committee, with each business also having local crisis and then response management teams in place, supported by specialists from across the Group. The impact of COVID-19 on the financial performance, financial position and prospects of the Group has been highly localised, being dependent on the public health situation (including what stage the infection is currently at); the form of a particular government's response; and the specific health system of the country.

The Group continues to benefit from its diversified portfolio of businesses and its financial resilience as it navigates the ongoing impacts of COVID-19. The Group is in a robust position and set up for future growth and transformation as the world begins to emerge from the pandemic. The impact of COVID-19 will continue to be felt across all of the Group's businesses for the foreseeable future. However, the 2021 half year results show early signs of a return to growth as the Group's businesses and the societies it operates in come to terms with evolving rules and restrictions. The Group has seen growing insurance portfolios in many markets, increased activity in the Group's health provision businesses, and improving occupancy rates in aged care.

There are major shifts in customer expectations and engagement, particularly in digital healthcare. The pandemic has highlighted the need for a stronger emphasis on transformation, data, and agile culture to deliver the best customer experience and growth across all geographies. The Group seeks to transform its business through continuous innovation, to ensure that it is prepared for the business of tomorrow.

### *Sustainability*

Sustainability is a strategic pillar of the Group's 3x6 Strategy, explained below, and this commitment is shown in the Group's refreshed purpose. As of April 2021, the Group established a new Board Sustainability Committee, which ensures the integrated management of Environmental, Social and Governance ("ESG") matters within the Group, and leads the consideration of environmental and social matters. The Group is continuing to progress its environmental agenda by committing to the Science Based Targets initiative ("SBTi") to reduce its carbon emissions. The SBTi is a collaboration between



CDP, the United Nations Global Compact, World Resources Institute, and the World Wide Fund for Nature. SBTi defines and promotes best practice in science-based target setting and independently assesses companies' targets.

## The Business of the Group

The principal activities of the Group are the operation of personal and company-financed health insurance, and the provision of healthcare facilities including hospitals, primary care centres, dental clinics, care homes and retirement villages.

The Group's health insurance business accounts for a major part of the Group's business. The Group maintains a strong domestic health insurance presence in the UK, Australia, Spain, Saudi Arabia, Chile, Hong Kong SAR, Turkey, India, Brazil and Mexico, and offers international private medical insurance ("IPMI") to customers across the world through Bupa Global. The Group also provides dental insurance and additional health funding products such as subscriptions and cash plans in selected markets. The Group's health insurance services accounted for 72 per cent. of the Group's total revenue as at 31 December 2020.

The Group operates 22 hospitals, 390 health clinics and around 1,000 dental centres worldwide. The Group's provision of these services accounted for 20 per cent. of total revenue as at 31 December 2020.

The Group also operates residential aged care businesses in the UK, Australia, New Zealand and Spain. The Group's aged care business accounted for 8 per cent. of total revenue as at 31 December 2020.

In the financial half year ("HY") ended 30 June 2021, the Group saw its revenues increase by 9 per cent. to £6.5 billion at constant exchange rates ("CER")<sup>1</sup> (HY 2020: £5.9 billion). Underlying profit before taxation<sup>2</sup> was up 44 per cent. to £191 million (HY 2020: £133 million). Net cash generated from operating activities decreased to £440 million (HY 2020: £843 million) at actual exchange rates ("AER") reflecting the delay in claims outflows in the insurance businesses in 2020 partly offset by the return towards more normal trading levels across provision and insurance businesses. As at 30 June 2021, leverage was 31.1 per cent. (31 December 2020: 32.4 per cent.). The Group recorded a statutory profit before taxation of £245 million at AER, up 60 per cent. (HY 2020: £153 million profit), reflecting higher underlying profit, and gains made on acquisitions and divestments, including a one-off gain arising upon the transfer of customers from CS Healthcare into the UK Insurance business and divestment of the rehabilitation business in New Zealand.

Since 1 January 2016, the Group has been subject to the Solvency II regulatory regime, which requires the Group to hold sufficient eligible own funds to cover its SCR, which takes account of all the risks in the Group, including those related to non-insurance businesses. The Group's SCR is calculated in accordance

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<sup>1</sup> All figures presented at constant exchange rates unless otherwise stated. The Group uses constant exchange rates to compare trading performance in a consistent manner.

<sup>2</sup> To derive underlying profit, profit before taxation is adjusted for amortisation and impairment of intangible assets and goodwill arising on business combinations, net property revaluation gains or losses, realised and unrealised foreign exchange gains and losses, gains or losses on return seeking assets, profits or losses on the sale of businesses and fixed assets, transactions costs on acquisitions and disposals, and restructuring costs.

with the Standard Formula specified in the Solvency II legislation. The Group has obtained approval from the Prudential Regulation Authority to substitute the insurance premium risk parameter in the Standard Formula with a Group Specific Parameter which reflects Bupa's own loss experience. At least annually, the Group carries out an Economic Capital Assessment ("**ECA**") in which it makes its own quantification of how much capital is required to support its risks. The Group's ECA demonstrates that the Standard Formula SCR conservatively considers the Group's actual risk profile.

The Solvency II surplus capital of the Group was £1.6 billion as at 30 June 2021 (£1.7 billion as at 30 June 2020 and £1.5 billion as at 31 December 2020), with a corresponding solvency capital ratio of 163 per cent. as at 30 June 2021 (169 per cent. as at 30 June 2020 and 160 per cent. as at 31 December 2020). The Group's solvency capital ratio has a low sensitivity to market risks. At 30 June 2021, none of the following movements would have moved the ratio by more than 1 per cent.: a 100 basis point increase in credit spreads, a sterling appreciation of 10 per cent., a 10 per cent. increase in pension risk, or a 20 per cent. fall in equity values. A fall in property values of 10 per cent. would have reduced the Group's solvency capital ratio to 149 per cent. and a 100 basis point decrease in interest rates would have reduced the Group's SCR to 161 per cent. The Group's Solvency Capital Requirement as at 30 June 2021 was £2.5 billion (£2.5 billion as at 30 June 2020 and £2.5 billion as at 31 December 2020) and Minimum Capital Requirement was £733 million (£775 million as at 30 June 2020 and £643 million as at 31 December 2020).

As at 30 June 2021, the Issuer had available distributable reserves of £785 million (£859 million as at 30 June 2020 and £753 million as at 31 December 2020). As at 30 June 2021, the Group's own funds eligible to cover its SCR were £4,156 million (£4,276 million at 30 June 2020) and eligible to cover its Minimum Capital Requirement were £3,030 million (£3,163 million at 30 June 2020).

The Group is organised on the basis of market units ("**Market Units**") covering different geographic regions or areas of business. Until recently, this consisted of three Market Units: Australia and New Zealand; Europe and Latin America; and Bupa Global and UK. On 1 July 2021, Bupa Hong Kong joined the newly formed Asia Pacific Market Unit, incorporating the existing Australian and New Zealand Market Unit and Bupa Hong Kong. From the same date, the Group's associate business in India, Max Bupa, is being rebranded Niva Bupa and will be overseen by the Bupa Global and UK Market Unit.

Each Market Unit has an executive team headed by a chief executive officer. Each Market Unit includes a number of business units which are managed by a general manager. The Market Units lead the Group's operations in accordance with local market conditions, healthcare systems, market specific regulations and customer requirements. Each Market Unit and the Global Functions are structured to ensure effective governance and oversight.

The Group's Capital Management Policy (which also applies to the Issuer) defines the principles by which the Group's as well as individual legal entities' capital will be managed to help ensure the Group's capital management objective is achieved. This policy also defines the governance process for deploying and repatriating capital across the Group.

The Group's stated capital management objective is to maintain sufficient capital to protect the interests of customers, bond investors, regulators and trading partners while deploying capital efficiently and managing risk to enable the Group to deliver its purpose in a sustainable manner.

The following chart shows, in simplified form, the structure of Bupa, the Group and the Market Units as at 30 June 2021 before the organisational changes to the Group were effective.



### Australia and New Zealand

As at 30 June 2021, the Australia and New Zealand Market Unit comprised four business units:

- *Bupa Health Insurance*, with 4 million customers, is a leading health insurance provider in Australia and also offers health insurance for overseas workers and visitors.
- *Bupa Health Services* is a health provision business comprising dental, optical, audiology, medical assessment services, and health services for the Australian Defence Force (ADF) and the Department of Veterans' Affairs.

- *Bupa Villages and Aged Care Australia* cares for around 5,700 residents across 63 homes and one Retirement Village in Australia.
- *Bupa Villages and Aged Care New Zealand* cares for around 3,300 residents across 48 care homes. It also operates 35 independent living retirement villages in Aotearoa, New Zealand.

In the half year ended 30 June 2021, revenue in the Australia and New Zealand Market Unit increased by 6 per cent. growth to £2,549 million at CER (HY 2020: £2,396 million at CER) and underlying profit was £132 million at CER (HY 2020: £66 million at CER), an increase of 100 per cent., reflecting stronger health provision performance, reduced losses in aged care and an improved result in health insurance. The Group's 2021 half year results for the Australia and New Zealand Market Unit represent the performance of this Market Unit before the organisational changes were effective and Bupa Hong Kong was incorporated into it.

### *Europe and Latin America*

As at 30 June 2021, the Europe and Latin America Market Unit comprised ten business units:

- *Sanitas Seguros* is the second largest health insurance provider in Spain, with 1.9 million customers.
- *Sanitas Dental* provides dental services through 200 centres and third-party networks in Spain.
- *Sanitas Hospitales and NewServices* comprise four private hospitals, 31 private medical clinics and one public hospital under a Public-Private partnership model.
- *Sanitas Mayores* cares for around 5,100 residents in 46 care homes and operates six day-care centres in Spain.
- *Bupa Chile* is a leading health insurer in Chile in terms of contracts and has around 789,000 customers. It offers provision services across four hospitals and 34 medical clinics.
- *LUX MED* is a leading private healthcare business in Poland, operating in health funding and provision through 12 hospitals and 248 private clinics.
- *Bupa Acibadem Sigorta* is Turkey's second largest health insurer, with products for corporate and individual customers, and has around 910,000 customers.
- *Care Plus* is a leading health insurance company in Brazil, with around 125,000 customers, concentrated in São Paulo.
- *Bupa Global Latin America* provides international health insurance, local health insurance, and travel insurance in Latin America to around 70,000 customers.
- *Bupa Mexico* is a health insurer offering international and local private medical insurance to individuals and corporates in Mexico, with around 57,000 customers.

In the half year ended 30 June 2021, revenue in the Europe and Latin America Market Unit grew by 14 per cent. at CER to £2,016 million (HY 2020: £1,769 million at CER). Underlying profit decreased by 3 per cent. at CER to £68 million (HY 2020: £70 million at CER). This was driven by portfolio growth in nearly all insurance businesses, improved performance in health provision business and efficiency initiatives in aged care. This was more than offset by a return to more normal claims performance as customers were better able to access private healthcare that was unavailable at times during the first half of 2020.

### *Bupa Global and UK*

As at 30 June 2021, the Bupa Global and UK Market Unit comprised five business units:

- *Bupa UK Insurance* is a leading health insurer, with 2.3 million customers.
- *Bupa Global* serves over 491,000 IPMI customers and administers medical assistance for individuals, small businesses and corporate customers.
- *Bupa Dental Care UK* is the leading provider of private dentistry in the UK, providing dental services through 488 centres across the UK and Ireland.
- *Bupa Care Services* has around 6,000 residents in 124 care homes, and 10 Richmond care villages.
- *Bupa Health Services* comprises 50 health clinics, and the Cromwell Hospital in London.

In the half year ended 30 June 2021, revenue in the Bupa Global and UK Market Unit was up 9 per cent. at CER to £1,660 million (HY 2020: £1,516 million at CER). Underlying profit decreased by 59 per cent. at CER to £9 million (HY 2020: £22 million at CER), mainly driven by higher claims in Bupa Global. This was partly offset by improved year-on-year performance in Bupa Dental Care UK and higher revenue in UK Insurance. The Group's 2021 half year results for the Bupa Global and UK Market Unit represent the performance of this Market Unit before the organisational changes were effective.

### **Other businesses**

The Group also has associate health insurance businesses in the KSA and in India, a health insurance and provision business in Hong Kong SAR, and an interest in My Clinic, a provision business in the KSA.

In Saudi Arabia, Bupa and Nazer Group have developed a long and successful partnership since 1997. In 2008, Bupa Arabia was listed on the Saudi stock exchange (Tadawul) and Bupa Arabia is now the largest health insurance provider in the KSA. In August 2020, the Group increased its stake in Bupa Arabia by 4 per cent. to 43.25 per cent.

The Group operates a joint venture in India, a standalone insurer, Max Bupa, which is being rebranded Niva Bupa. This was first established as a joint venture between the Group and Max India Limited. In late 2019, the Group completed a transition to a new partner, True North, and the Group currently has a 44.77 per cent. share in this business.

In the half year ended 30 June 2021, revenue in the Group's other businesses was up 5 per cent. to £232 million at CER (HY 2020: £221 million at CER). Underlying profit decreased by 16 per cent. at CER to £26 million (HY 2020: £31 million at CER) largely driven by higher COVID-19 related claims in the associate

business in India. The Group's 2021 half year results for other businesses include the performance of Bupa Arabia, Max Bupa and Bupa Hong Kong before the organisational changes were effective.

## Strategy

The Group's purpose is to help people live longer, healthier and happier lives, and making a better world. The Group's new strategy notes that it has an increasing part to play, not only in the health of its customers but also the health of the planet.

The Group has introduced its ambition "to be the world's most customer-centric healthcare company" and is committed to excellent customer experience, through great service and value, frictionless access and quality healthcare. The Group is aligning its health funding and health provision assets across the world to support this ambition.

The Group has established its 3x6 strategy with six strategic pillars to define how it will achieve this ambition:

- **Customers, Growth, Transformation, and Sustainability**
- Enabled by focusing on **Data**, and an **Agile Culture**

The Group has also set three internal key performance indicators to measure progress against achieving its purpose and ambition:

- 40 per cent. of customer care touchpoints owned by Bupa
- 60 per cent. active digital customers
- net promoter score (NPS) of 80

## Management

### *Directors and officers of the Issuer*

The following is a list of directors and officers of the Issuer and the principal activities (if any) performed by them outside the Group, which are, or may be, significant with respect to the Issuer, as at the date of this Offering Memorandum. The business address of each of the directors and officers referred to below is at 1 Angel Court, London EC2R 7HJ.

<b>Name</b>	<b>Title</b>	<b>Principal activities performed by them outside of the Issuer, Bupa and the Group (if any)</b>
Martin Potkins	Director	-
Gareth Evans	Director	-
Siobhan Dolan	Director	-
Gareth Roberts	Director	-

Colin Campbell

Company Secretary

-

There are no potential conflicts of interest between the duties to the Issuer of the persons listed above and their private interests or other duties.

## TAXATION

### UK Taxation

*The comments below, which are of a general nature and are based on the Issuer's understanding of current UK law and HM Revenue & Customs published practice, describe the UK withholding tax treatment of payments of interest in respect of the Notes. They are not exhaustive. They do not deal with any other UK taxation implications of acquiring, holding or disposing of Notes. Some aspects may not apply to certain classes of person (such as persons connected with the Issuer) to whom special rules may apply. The UK tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective holders of Notes who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the UK should consult their own professional advisers. The comments below are made in relation to the Notes prior to any Conversion of the Notes into Ordinary Shares pursuant to the Conditions. No comment is made regarding the tax consequences of the ownership of any Conversion Shares following a Trigger Event.*

The Notes issued will constitute "quoted Eurobonds" provided they are and continue to be (i) listed on a recognised stock exchange, within the meaning of section 1005 Income Tax Act 2007 ("ITA"); or (ii) admitted to trading on a multilateral trading facility operated by a regulated recognised stock exchange, within the meaning of section 987 ITA. The International Securities Market of the London Stock Exchange is a multilateral trading facility operated by a regulated recognised stock exchange for these purposes. Whilst the Notes are and continue to be quoted Eurobonds, payments of interest by the Issuer on the Notes may be made without withholding or deduction for or on account of UK income tax.

A further exclusion from the obligation to make a withholding on account of UK income tax when paying interest on the Notes applies where, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner of the interest is within the charge to UK corporation tax as regards the payment of interest, provided HM Revenue & Customs has not given a direction that the interest should be paid under deduction of tax.

In other cases, absent any other relief or exemption (such as a direction by HM Revenue & Customs that interest may be paid without withholding or deduction for or on account of UK income tax to a specified Noteholder following an application by that Noteholder under an applicable double tax treaty), an amount must generally be withheld on account of UK income tax at the basic rate (currently 20 per cent.) from payments of interest on the Notes.

Where Notes are issued at an issue price of less than 100 per cent. of their principal amount, any payments in respect of the accrued discount element on any such Notes should not generally be subject to any withholding or deduction for or on account of UK income tax.



## SUBSCRIPTION AND SALE

Pursuant to a Subscription Agreement dated 22 September 2021 (the “**Subscription Agreement**”), BNP Paribas, Citigroup Global Markets Limited, HSBC Bank plc and NatWest Markets Plc (together the “**Joint Lead Managers**” and each, a “**Joint Lead Manager**”), and Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., Barclays Bank PLC, Commonwealth Bank of Australia, Standard Chartered Bank and Westpac Banking Corporation (together the “**Co-Managers**” and each, a “**Co-Manager**” and, together with the Joint Lead Managers, the “**Managers**”) have agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe for the Notes at the issue price of 100.00 per cent. of their principal amount less commissions. The Joint Lead Managers, on behalf of the Managers, are entitled to terminate and to be released and discharged from their obligations under the Subscription Agreement in certain circumstances prior to payment to the Issuer.

### United States

The Notes and any Ordinary Shares into which they may convert in certain circumstances have not been, and they will not be, registered under the Securities Act, or the securities laws of any state or other jurisdiction of the United States, and the Notes and the Ordinary Shares may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Manager has represented and agreed that it has not offered, sold or delivered any Notes, and will not offer, sell and deliver any Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of distribution of all Notes, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Joint Lead Manager agrees that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

### UK

#### Prohibition of Sales to UK Retail Investors

The Managers have represented and agreed that they have not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the UK. For the purposes of this section the expression “**retail investor**” means a person who is one (or more) of the following:

- (A) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

- (B) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

#### Other regulatory restrictions

Each Manager has represented and warranted that:

- (A) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (B) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

#### **Prohibition of Sales to EEA Retail Investors**

The Managers have represented and agreed that they have not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this section the expression “retail investor” means a person who is one (or more) of the following:

- (A) a retail client, as defined in point (11) of Article 4(1) of MiFID II; or
- (B) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (10) of Article 4(1) of MiFID II.

#### **Belgium**

The Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law (*Code de droit économique/ Wetboek van economisch recht*), as amended from time to time (a “**Belgian Consumer**”) and each Manager has represented and agreed that it has not offered, sold, resold, transferred, delivered or otherwise made available, and will not offer, sell, resell, transfer, deliver or otherwise make available, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

#### **Singapore**

Each Manager has acknowledged that this Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or

distribute, this Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law; or
- (4) as specified in Section 276(7) of the SFA.

**Notification under Section 309B(1)(c) of the SFA** - Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the SFA, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and "Excluded Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## **General**

No action has been or will be taken by the Issuer or any of the Managers that would permit a public offering of the Notes or possession or distribution of this document or other offering material relating to the Notes in any jurisdiction where, or in any circumstances in which, action for these purposes is required. This document does not constitute an offer and may not be used for the purposes of any offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised.

Neither the Issuer nor the Managers represent that the Notes may at any time lawfully be sold in or from any jurisdiction in compliance with any applicable registration requirements or pursuant to an exemption available thereunder or assumes any responsibility for facilitating such sales.

## GENERAL INFORMATION

- (1) The Issuer's legal entity identifier is ZIMCVQHUFZ8GVHENP290.
- (2) The net proceeds of the issue will be used by the Issuer for general corporate purposes, including without limitation the redemption of some of the outstanding £500,000,000 5.00 per cent. Fixed Rate Subordinated Notes due 2023 (ISIN: XS0920221453) issued by Bupa Finance plc.
- (3) The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg with a Common Code of 238817960 and an ISIN of XS2388179603. The CFI and FISN for the Notes can be obtained from the website of the Association of National Numbering Agencies or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN.
- (4) The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.
- (5) The yield to (but excluding) the First Reset Date of the Notes would (if the Notes were to be redeemed on the First Reset Date and if all interest payments were to be paid in full without cancellation) be 4.000 per cent., on a semi-annual basis. The yield is calculated as at the Issue Date on the basis of the issue price. It is not an indication of future yield.
- (6) The Issuer estimates that the amount of expenses related to the admission to trading of the Notes will be up to £7,800.
- (7) It is expected that the application for the Notes to be admitted to trading on the ISM will be granted on or about 24 September 2021 (subject only to the issue of the Notes) and that such admission will become effective, and that dealings in the Notes on the ISM will commence, on or about 27 September 2021. The London Stock Exchange has not approved or verified the contents of this Offering Memorandum.
- (8) The Issuer has obtained all necessary consents, approvals and authorisations in the United Kingdom, in connection with the issue and performance of the Notes. The issue of the Notes and the performance of obligations thereunder was authorised by a resolution of the board of directors of the Issuer passed on 8 September 2021.
- (9) The Trust Deed provides that the Trustee may rely on certificates or reports from any auditors or other parties in accordance with the provisions of the Trust Deed whether or not any such certificate or report or engagement letter or other document in connection therewith contains any limit on the liability of such auditors or such other party.
- (10) There has been no significant change in the financial performance or financial position of the Issuer and its subsidiaries (the "**Issuer's Group**") since 30 June 2021, and no material adverse change in the financial position or prospects of the Issuer since 31 December 2020.
- (11) There are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) of which the Issuer is aware which may

have, or have had during the period of 12 months prior to the date of this document, a significant effect on the Issuer's ability to meet its obligations to Noteholders.

- (12) The Offering Memorandum will also be available for inspection on the website of the Regulatory News Service operated by the London Stock Exchange at [www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html).
- (13) Copies of the unaudited consolidated financial statements of the Issuer for the six months ended 30 June 2021, the audited consolidated financial statements of the Issuer for the years ended 31 December 2019 and 31 December 2020 and of the Group SFCR, and copies of this Offering Memorandum (together with any supplement of this Offering Memorandum or further Offering Memorandum), the Trust Deed and the Agency Agreement and the constitutional documents of the Issuer will be available for inspection at the specified office of the Principal Paying and Conversion Agent during normal business hours, so long as any of the Notes is outstanding.
- (14) Copies of this Offering Memorandum, the Agency Agreement and the Trust Deed are also available at the website of the Issuer at: <https://www.bupa.com/corporate/our-performance/bupas-borrowings>.
- (15) KPMG LLP, Registered Auditors with the Institute of Chartered Accountants in England and Wales, have audited, and rendered unqualified audit reports on, in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and International Financial Reporting Standards, the consolidated financial statements of the Issuer, for the two years ended 31 December 2019 and 31 December 2020. KPMG LLP has no material interest in the Issuer.
- (16) PricewaterhouseCoopers LLP, Registered Auditors with the Institute of Chartered Accountants in England and Wales, have been appointed as auditors of the Issuer and the Group in respect of the financial year commencing 1 January 2021. PricewaterhouseCoopers LLP has no material interest in the Issuer.
- (17) There are no material contracts entered into other than in the ordinary course of the Issuer's business which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders in respect of the Notes.
- (18) Certain of the Managers and their respective affiliates have engaged, and may in the future engage in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business. Certain of the Managers and its respective affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. In addition, in the ordinary course of their business activities, the Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. Certain of the Managers or their respective affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent

with their customary risk management policies. Typically, such Managers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such positions could adversely affect future trading prices of Notes. The Managers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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## AUDITORS OF THE ISSUER

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31 December 2020*

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1 January 2021*

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