



Prospectus

February 2017

This document comprises a prospectus (the “**Prospectus**”) relating to Xafinity plc (the “**Company**”) prepared in accordance with the Prospectus Rules of the Financial Conduct Authority of the UK (the “**FCA**” or the “**Financial Conduct Authority**”) made under section 73A of the Financial Services and Markets Act 2000, as amended (“**FSMA**”). This Prospectus has been approved by the FCA in accordance with section 87A of FSMA and has been made available to the public in accordance with paragraph 3.2 of the Prospectus Rules.

The Company and its Directors (whose names appear on page 25 of this Prospectus) accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

Application has been made to the FCA for all of the ordinary shares of £0.0005 each in the capital of the Company (the “**Ordinary Shares**”), issued and to be issued, to be admitted to the premium listing segment of the Official List maintained by the FCA and to the London Stock Exchange plc (the “**London Stock Exchange**”) for such Ordinary Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities (“**Admission**”). No application has been, or is currently intended to be made for the Ordinary Shares to be admitted to listing or trading or any other stock exchange. It is expected that Admission will become effective, and that dealings will commence in the Ordinary Shares on the London Stock Exchange at 8.00 a.m. on 16 February 2017.

Prospective investors should read the entire Prospectus and, in particular, the discussion of certain risks and other factors that should be considered in connection with an investment in the Ordinary Shares as set out in the section entitled “Risk Factors” on pages 14 to 22 of this Prospectus. Prospective investors should be aware that an investment in the Company involves a degree of risk and that, if certain of the risks described in this Prospectus occur, investors may find their investment materially adversely affected. Accordingly, an investment in the Ordinary Shares is only suitable for investors who are knowledgeable in investment matters and who are able to bear the loss of the whole or part of their investment.

Xafinity plc

(incorporated in England and Wales under the Companies Act 2006 with registered number 08279139)

**Offer of 92,310,897 Existing Shares and 36,896,244 New Shares, in each case
at an Offer Price of 139 pence per Ordinary Share**

**Admission of all Ordinary Shares to the premium listing segment of the Official List and to
trading on the Main Market of the London Stock Exchange**

Financial Adviser, Bookrunner and Sole Broker

Zeus Capital
Zeus Capital

Sponsor and Financial Adviser

Deloitte.
Deloitte Corporate Finance

Number	Amount
136,896,244	£68,448.12

The Company is offering 36,896,244 new Ordinary Shares (the “**New Shares**”) in the Offer so as to raise gross proceeds for the Company of £51.3 million. The Selling Shareholders are offering 92,310,897 existing Ordinary Shares (the “**Existing Shares**”) so as to raise gross proceeds for the Selling Shareholders of £128.3 million. The Company will not receive any of the proceeds from the sale of the Existing Shares, all of which will be paid to the Selling Shareholders. The New Shares to be issued pursuant to the Offer will, following Admission, rank *pari passu* in all respects with each other and with the Existing Shares and will rank in full for all dividends and other distributions declared, made or paid on Ordinary Shares after Admission.

This Prospectus does not constitute or form part of an offer to sell or issue, or the solicitation of an offer to subscribe for or buy, any Ordinary Shares to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful and, in particular and subject to certain exceptions, is not for distribution or publication in or into the United States, Australia, Canada, Japan or South Africa.

The Ordinary Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the “Securities Act”) or under the securities laws or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred or delivered, directly or indirectly, in, within, into or from the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The Ordinary Shares are being offered and sold outside the United States in offshore transactions within the meaning of and in accordance with the safe harbour from registration requirements in Regulation S (“Regulation S”) promulgated under the Securities Act. There will be no public offer of the Ordinary Shares in the United States.

The Ordinary Shares have not been and will not be registered under the applicable securities laws of Australia, Canada, Japan or South Africa and, subject to certain exceptions, the Ordinary Shares may not be offered or sold in Australia, Canada, Japan or South Africa or to, or for the account or benefit of, any resident of Australia, Canada, Japan or South Africa. There will be no public offer of securities in Australia, Canada, Japan or South Africa.

Zeus Capital Limited (“**Zeus Capital**”) has been appointed as financial adviser, bookrunner and sole broker to the Company. Zeus Capital is authorised and regulated in the United Kingdom by the FCA and is acting exclusively for the Company and no one else in connection with the Offer and Admission. Zeus Capital will not regard any other person (whether or not a recipient of this Prospectus) as its client in relation to the Offer and Admission and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Zeus Capital or for providing any advice in relation to the Offer or Admission, the contents of this Prospectus or any transaction or arrangement referred to herein.

Deloitte Corporate Finance, a division of Deloitte LLP (“**Deloitte**”) has been appointed as sponsor and financial adviser to the Company. Deloitte LLP is authorised and regulated in the United Kingdom by the FCA in respect of regulated activities and is acting exclusively for the Company and no one else in connection with the Offer and Admission. Deloitte will not regard any other person (whether or not a recipient of this Prospectus) as its client in relation to the Offer and Admission and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Deloitte or for providing any advice in relation to the Offer or Admission, the contents of this Prospectus or any transaction or arrangement referred to herein.

Apart from the responsibilities and liabilities, if any, which may be imposed on Zeus Capital, Deloitte and the Selling Shareholders by FSMA or the regulatory regime established thereunder or by the regulatory regime of any other jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, each of Zeus Capital, Deloitte and the Selling Shareholders accepts no responsibility whatsoever for, and makes no representation or warranty, express or implied, in relation to, the contents of this Prospectus, including its accuracy, completeness or verification, or for any other statement made or purported to be made by it, or on its behalf, the Company or any other person in connection with the Company, the Ordinary Shares or the Offer and nothing contained in this Prospectus is or shall be relied upon as a promise or representation in this respect, whether as to the past or future. Zeus Capital, Deloitte and the Selling Shareholders accordingly disclaim all and any responsibility or liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this Prospectus or any such statement.

In connection with the Offer, Zeus Capital and any of its affiliates, acting as an investor for its or their own account(s), may subscribe for or acquire Ordinary Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such Ordinary Shares and other securities of the Company or related investments in connection with the Offer or otherwise. Accordingly, references in this Prospectus to the Ordinary Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, dealing or placing by Zeus Capital and any of its respective affiliates acting as an investor for its or their own account(s). Zeus Capital does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so. In addition, in connection with the Offer, Zeus Capital may enter into financing arrangements with investors, such as share swap arrangements or lending arrangements where Ordinary Shares are used as collateral, which could result in Zeus Capital acquiring shareholdings in the Company. Zeus Capital and any of its affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services to, the Company and the

Selling Shareholders, for which they would have received customary fees. Zeus Capital and any of its affiliates may provide such services to the Company, the Selling Shareholders and any of their respective affiliates in the future.

The Ordinary Shares offered by this Prospectus have not been approved or disapproved by the US Securities and Exchange Commission (the “SEC”) or any other US federal or state securities commission or regulatory authority nor have such authorities confirmed the accuracy or adequacy of the information contained in this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The distribution of this Prospectus, the Offer and the issue and sale of the Ordinary Shares in certain jurisdictions may be restricted by law. No action has been or will be taken by the Company, the Directors, the Selling Shareholders, Deloitte or Zeus Capital to permit a public offering of the Ordinary Shares or to permit the possession or distribution of this Prospectus (or any other offering or publicity materials or application form(s) relating to the Ordinary Shares) in any jurisdiction where action for that purpose may be required, other than the United Kingdom. Accordingly, neither this Prospectus nor any advertisement nor any other offering or publicity materials 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 Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions. The Offer and the distribution of this Prospectus are subject to the restrictions set out in paragraph 10 (*Selling and Transfer Restrictions*) of Part XI (*Details of the Offer*).

Notice to prospective investors in the European Economic Area

This Prospectus has been prepared on the basis that all offers of Ordinary Shares will be made pursuant to an exemption under the Prospectus Directive, as implemented in member states (“**Member States**”), of the European Economic Area (“**EEA**”), from the requirement to produce a prospectus for offers of Ordinary Shares. Accordingly, any person making or intending to make any offer within the EEA of Ordinary Shares which are the subject of the Offer contemplated in this Prospectus should only do so in circumstances in which no obligation arises for the Company, the Selling Shareholders, Deloitte or Zeus Capital to produce a prospectus for such offer in any Member State other than the UK. Neither the Company, the Selling Shareholders, Deloitte nor Zeus Capital have authorised, nor will they authorise, the making of any offer of Ordinary Shares through any financial intermediary, other than offers made by Zeus Capital which constitute the final placement of Ordinary Shares contemplated in this Prospectus.

The date of this Prospectus is 13 February 2017.

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SUMMARY

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

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

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

Section A – Introduction and Warnings		
A.1	Introduction and warnings	This summary should be read as an introduction to this Prospectus. Any decision to invest in the securities should be based on consideration of this Prospectus as a whole by the investors. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member State, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Subsequent resale of securities or final placement of securities through financial intermediaries	Not applicable. The Company is not engaging any financial intermediaries for any resale of securities or final placement of securities after publication of this Prospectus.
Section B – Issuer		
B.1	Legal and commercial name	Xafinity plc.
B.2	Domicile/ legal form/ legislation/ country of incorporation	The Company is a public limited company, incorporated in England and Wales, with its registered office situated in England and Wales. The Company operates under the 2006 Act.
B.3	Current operations, principal activities and markets	<p>Xafinity is a pensions actuarial, consulting and administration business providing a wide range of services to over 550 pension scheme clients. The Company combines expertise, insight and technology to address the needs of both pension trustees and sponsoring companies. The Group has more than 400 employees, of which approximately 90 per cent are client facing, with offices in Reading, Leeds, Stirling, Belfast, London and Manchester providing it with access to staff, expertise and clients in geographic locations across the UK.</p> <p>Xafinity enjoys very high levels of client loyalty with 80 per cent of the top 20 fee payers having been clients for over 10 years. This, combined with the predictable nature of the activities carried out by the Group, means that a high proportion of the Group’s revenues repeat each year.</p> <p>Xafinity’s principal businesses operate in three key markets: the Xafinity Pensions Advisory and Administration Business and the HR Trustees Business operate primarily in the UK DB market; Xafinity’s Master Trust platform called the National Pension Trust (“NPT”) operates in the UK</p>

		<p>DC market; and the SSAS and SIPP Business operates in the UK SSAS and SIPP services market.</p> <p>The principal activity of the Company is that of a holding company for the Group. The principal businesses of the Group are:</p> <p>Xafinity Pensions Advisory and Administration Business</p> <p>Xafinity Pensions Advisory and Administration Business provides advisory services to the trustees or sponsoring employers of approximately 450 UK DB Schemes covering actuarial, investment and wider pensions advice, including in respect of UK DC Schemes. Xafinity also carries out the day-to-day administration of approximately 125 of these 450 UK DB Schemes and also provides administration services to approximately 40 UK DC Schemes on behalf of their respective trustees. Clients of Xafinity's Pensions Advisory and Administration Business range from pension schemes with less than £20 million in assets through to multi-billion pound pension funds. Fees are charged either on a time and materials or fixed-fee basis for an agreed scope of work.</p> <p>Xafinity's Pensions Advisory and Administration Business represents the largest part of the Group, accounting for approximately 83 per cent of the Group's revenues for the year ended 31 March 2016 at £42.8 million.</p> <p>Defined Contribution Platform, the "National Pension Trust"</p> <p>Xafinity administers, advises and acts as investment consultant to its defined contribution Master Trust platform called the National Pension Trust. As at the date of this Prospectus, NPT is one of only two Master Trusts in the UK to have received the Pension Regulator's Master Assurance status, Pensions and Lifetime Association's PQMReady mark and Pensions and Lifetime Savings Association's Retirement Quality Mark. The Directors believe that the UK DC market presents opportunities for growth through NPT given the increasing popularity of Master Trusts and the desire to offer pension scheme members access to the flexibilities introduced by the Government in April 2015 under its Freedom and Choice agenda.</p> <p>NPT accounted for approximately one per cent of the Group's revenues for the year ended 31 March 2016 at £0.5 million.</p> <p>SSAS and SIPP Business</p> <p>Xafinity provides, operates and administers Small Self-Administered Schemes ("SSAS") and Self-Invested Personal Pensions ("SIPP") for small groups of members or individual members, respectively. This business covers approximately 5,000 scheme members with defined contribution assets in excess of £1.7 billion.</p> <p>Xafinity's SSAS and SIPP Business accounted for just over nine per cent of the Group's revenues for the year ended 31 March 2016 at £4.9 million.</p> <p>HR Trustees Business</p> <p>The HR Trustees Business acts as professional trustee to a wide range and number of trust-based occupational pension schemes. Given the increasing burden and complexity of running UK DB Schemes, there is an increasing trend towards pension schemes including at least one professional trustee (an expert who will act as a trustee, frequently on multiple schemes) on their trustee board.</p> <p>The HR Trustees Business services approximately 100 UK occupational pension schemes and accounted for approximately five per cent of the Group's revenues for the year ended 31 March 2016 at £2.5 million.</p> <p>The Group also has a healthcare consulting business, which provides consulting services to companies in relation to the healthcare benefits they provide to employees. Xafinity receives commission in respect of certain group private medical insurance arrangements. The level of commission</p>
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		received reflects the underlying level of renewals for the members of the arrangements. Xafinity's Healthcare Consulting Business accounted for approximately two per cent of the Group's revenue for the financial year ended 31 March 2016 at £1.1 million.
B.4a	Significant recent trends affecting the Group and the industries in which it operates	<p>Recent trends affecting the Group and the UK pensions industry</p> <p>Defined benefit market</p> <p>There are currently more than 6,000 UK DB Schemes, of which 64 per cent remain open to future benefit accrual, with aggregate liabilities of approximately £2.0 trillion. There are 11 million members of DB schemes in the UK private sector, of which 60 per cent have yet to retire and draw an income from their scheme.</p> <p>Due to the growing costs and risks of running such schemes, most UK DB Schemes are now closed to new entrants and the number that have closed to future accrual is increasing. Nevertheless, liabilities in respect of UK DB Schemes are expected to take a long time to "run off" given that most members of such schemes are yet to begin drawing a pension, and the remaining life expectancy of a member in their early forties today is typically over 40 years. Based on aggregate data for all DB schemes in the UK private sector, payments out of schemes to members are expected to rise between now until beyond 2040, and due to the "unwinding of the discount rate", the present value of scheme liabilities is also expected to rise for each of the next 10 – 20 years.</p> <p>In recent years, a key trend in the UK DB Scheme market has been the increased appetite of scheme trustees and sponsors to consider and implement de-risking strategies with a view to managing costs and risks associated with UK DB Schemes. The Directors believe that the services required by scheme trustees will therefore continue to be required for a long time, and an increase in liabilities over time will drive an increase in de-risking projects.</p> <p>Defined contribution market</p> <p>There are currently approximately 35,000 UK workplace DC Schemes with AUM of approximately £380 billion. Total contributions into UK DC Schemes during the period of 2012 to 2016 increased from £2.1 billion per annum to £3.6 billion per annum as a result of the continued closure of UK DB Schemes, the introduction of "auto enrolment" requirements and the popularity of UK DC Schemes among private sector employers. The Pensions Policy Institute estimates that the value of assets in these UK DC Schemes could grow to over £600 billion by 2030.</p> <p>Historically, DC schemes operated in a simple manner. The majority of members invested contributions made by them or their employer until their retirement, at which point they were required to purchase an annuity. In April 2015, UK pension regulations were fundamentally changed such that pension scheme members are no longer required to purchase an annuity upon retirement, providing additional flexibility as to how individuals may use their DC pension pots ("Freedom and Choice"). Members are now able to leave their funds invested, to draw on them as they wish from time to time.</p> <p>In order to provide members with access to the flexibilities to which Freedom and Choice gives rise, the trustees and sponsor employers of UK DC schemes may either upgrade their existing arrangements, which has an up-front cost and also an increased ongoing administration burden, or they can link or transfer their scheme to one that has been upgraded to provide Freedom and Choice flexibilities. This is leading to an increasing popularity of Master Trusts, which provide such flexibility, as the preferred solution for UK DC Schemes.</p>

		<p>SSAS and SIPP markets</p> <p>While SSASs have remained a more niche product, the SIPP has become a mainstream pension product and according to MoretoSIPPs, it is estimated that approximately 1.4 million SIPPs exist with assets of approximately £175 billion.</p> <p>The SIPP market has grown significantly in the past decade driven by the shift towards defined contribution arrangements, a growing awareness of pensions generally, advances in technology and online financial tools, and the desire by individuals to take personal ownership over their own retirement provisions. This had led to rapid growth in the number of SIPP providers that exist in the market, which has in turn led to much stronger regulation and, more recently, market consolidation.</p> <p>Market for trustee services</p> <p>Each UK DB Scheme will typically have a number of individual trustees on its trustee board. Given the increased requirements and complexity of running a UK DB Scheme, there is an increasing trend towards pension schemes including at least one professional trustee on their trustee board. Even where a professional trustee is not appointed to the trustee board, some pension schemes will use the services of a professional trustee in certain situations such as significant ad hoc projects.</p> <p>Performance of the Group since 30 September 2016</p> <p>The performance of the Xafinity business since 30 September 2016 has remained in line with the Board's expectations with an increasing focus on targeting new clients across the Pensions Advisory and Administration Business and NPT.</p>																														
B.5	Group structure	<p>The Company is the holding company of the Group. Through wholly-owned intermediate holding companies, the Company holds a number of operating subsidiaries.</p> <p>The Group operates two regulated entities, Xafinity Consulting and Xafinity SIPP Services, which are authorised and regulated in the United Kingdom by the FCA for their insurance and investment services.</p>																														
B.6	Major Shareholders	<p>Insofar as was known to the Company, as at 10 February 2017 (being the latest practicable date prior to the publication of this Prospectus), the Shareholders identified below will, following Admission and completion of the Offer, be directly or indirectly interested in three per cent or more of the issued share capital of the Company.</p> <table> <tr> <th>Shareholder</th><th>Number of Ordinary Shares following Admission</th><th>Percentage of issued share capital following Admission</th></tr> <tr> <td>Schroder Investment Management Limited</td><td>18,562,086</td><td>13.56%</td></tr> <tr> <td>Funds and accounts under management by direct and indirect investment management subsidiaries of BlackRock, Inc</td><td>11,391,851</td><td>8.32%</td></tr> <tr> <td>Invesco Asset Management Limited</td><td>10,755,395</td><td>7.86%</td></tr> <tr> <td>AXA Investment Managers UK Limited</td><td>9,175,899</td><td>6.70%</td></tr> <tr> <td>Franklin Templeton Fund Management Limited</td><td>8,309,352</td><td>6.07%</td></tr> <tr> <td>Columbia Threadneedle Asset Management Limited</td><td>8,276,708</td><td>6.05%</td></tr> <tr> <td>River and Mercantile Asset Management LLP</td><td>5,611,510</td><td>4.10%</td></tr> <tr> <td>Artemis Investment Management LLP</td><td>5,143,884</td><td>3.76%</td></tr> <tr> <td>Unicorn Asset Management Limited</td><td>4,964,028</td><td>3.63%</td></tr> </table> <p>On Admission, these Shareholders will not have special voting rights and the Ordinary Shares owned by them will rank <i>pari passu</i> in all respects with other Ordinary Shares.</p>	Shareholder	Number of Ordinary Shares following Admission	Percentage of issued share capital following Admission	Schroder Investment Management Limited	18,562,086	13.56%	Funds and accounts under management by direct and indirect investment management subsidiaries of BlackRock, Inc	11,391,851	8.32%	Invesco Asset Management Limited	10,755,395	7.86%	AXA Investment Managers UK Limited	9,175,899	6.70%	Franklin Templeton Fund Management Limited	8,309,352	6.07%	Columbia Threadneedle Asset Management Limited	8,276,708	6.05%	River and Mercantile Asset Management LLP	5,611,510	4.10%	Artemis Investment Management LLP	5,143,884	3.76%	Unicorn Asset Management Limited	4,964,028	3.63%
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		As at 10 February 2017 (being the latest practicable date prior to the publication of this Prospectus), the Company is not aware of any persons who, directly or indirectly, jointly or severally, will control more than 30 per cent of the votes able to be cast on all or substantially all matters at general meetings of the Company on or after Admission.																																																																																																												
B.7	Selected historical key financial information	<p>The selected financial information set out below has been extracted without material adjustment from the historical financial information of Xafinity plc and its subsidiary undertakings for the period ended 31 March 2014 (covering the period from incorporation of the Company on 2 November 2012, during which the Company traded for a period of 13 months and one week commencing on 21 February 2013) and the financial years ended 31 March 2015 and 2016 and the audited interim financial information for the six months to 30 September 2015 and the six months to 30 September 2016.</p> <table><tr><th></th><th>Period ended 31 March 2014 £'000</th><th>Year ended 31 March 2015 £'000</th><th>Year ended 31 March 2016 £'000</th><th>6 months ended 30 September 2015 £'000</th><th>6 months ended 30 September 2016 £'000</th></tr><tr><td>Revenue</td><td>51,637⁽¹⁾</td><td>49,970</td><td>51,769</td><td>25,566</td><td>26,017</td></tr><tr><td>Administrative expenses</td><td>(45,185)</td><td>(40,504)</td><td>(40,602)</td><td>(20,155)</td><td>(20,568)</td></tr><tr><td>Operating profit</td><td>6,452</td><td>9,466</td><td>11,167</td><td>5,411</td><td>5,449</td></tr><tr><td>Adjusted EBITDA</td><td>16,179</td><td>15,610</td><td>16,203</td><td>8,072</td><td>8,459</td></tr><tr><td>Aggregate finance (costs)/income</td><td>(8,422)</td><td>(8,187)</td><td>(7,861)</td><td>(2,792)</td><td>(3,720)</td></tr><tr><td>(Loss)/Profit before taxation</td><td>(1,970)</td><td>1,279</td><td>3,306</td><td>2,619</td><td>1,729</td></tr><tr><td>(Loss)/Profit for the period</td><td>(2,841)</td><td>746</td><td>2,991</td><td>1,787</td><td>954</td></tr></table> <table><tr><th></th><th>At 31 March 2014 £'000</th><th>At 31 March 2015 £'000</th><th>At 31 March 2016 £'000</th><th>At 30 September 2016 £'000</th></tr><tr><td>Non-current assets</td><td>71,083</td><td>67,955</td><td>63,505</td><td>61,480</td></tr><tr><td>Current assets</td><td>22,550</td><td>18,062</td><td>15,250</td><td>18,618</td></tr><tr><td>Non-current liabilities</td><td>81,401</td><td>71,810</td><td>90,501</td><td>90,940</td></tr><tr><td>Current liabilities</td><td>14,135</td><td>15,330</td><td>9,600</td><td>9,550</td></tr><tr><td>Total deficit</td><td>(1,903)</td><td>(1,123)</td><td>(21,346)</td><td>(20,392)</td></tr></table> <table><tr><th></th><th>Period ended 31 March 2014 £'000</th><th>Year ended 31 March 2015 £'000</th><th>Year ended 31 March 2016 £'000</th><th>6 months to 30 September 2015 £'000</th><th>6 months to 30 September 2016 £'000</th></tr><tr><td>Net cash inflow from operating activities</td><td>10,489</td><td>14,221</td><td>13,263</td><td>6,239</td><td>6,454</td></tr><tr><td>Net cash outflow from investing activities</td><td>(68,142)</td><td>(2,569)</td><td>(574)</td><td>(273)</td><td>(332)</td></tr><tr><td>Net cash outflow from financing activities</td><td>67,534</td><td>(14,860)</td><td>(16,622)</td><td>(4,595)</td><td>(2,698)</td></tr><tr><td>Cash and cash equivalents</td><td>9,881</td><td>6,673</td><td>2,740</td><td>8,044</td><td>6,164</td></tr></table> <p>Note:</p> <p>(1) The Group's total revenue (unaudited) for the year ended 31 March 2014 was £46.9 million.</p> <p>Certain significant changes to the Group's financial condition and results of operations occurred during the financial period to 31 March 2014, the financial years to 31 March 2015 and 31 March 2016, and the six months to 30 September 2016. These changes are set out below:</p> <ul style="list-style-type: none">Revenue increased by £1.8 million, or 3.6 per cent, to £51.8 million in financial year ended 31 March 2016 from £50.0 million in the financial year ended 31 March 2015, primarily driven by organic		Period ended 31 March 2014 £'000	Year ended 31 March 2015 £'000	Year ended 31 March 2016 £'000	6 months ended 30 September 2015 £'000	6 months ended 30 September 2016 £'000	Revenue	51,637 ⁽¹⁾	49,970	51,769	25,566	26,017	Administrative expenses	(45,185)	(40,504)	(40,602)	(20,155)	(20,568)	Operating profit	6,452	9,466	11,167	5,411	5,449	Adjusted EBITDA	16,179	15,610	16,203	8,072	8,459	Aggregate finance (costs)/income	(8,422)	(8,187)	(7,861)	(2,792)	(3,720)	(Loss)/Profit before taxation	(1,970)	1,279	3,306	2,619	1,729	(Loss)/Profit for the period	(2,841)	746	2,991	1,787	954		At 31 March 2014 £'000	At 31 March 2015 £'000	At 31 March 2016 £'000	At 30 September 2016 £'000	Non-current assets	71,083	67,955	63,505	61,480	Current assets	22,550	18,062	15,250	18,618	Non-current liabilities	81,401	71,810	90,501	90,940	Current liabilities	14,135	15,330	9,600	9,550	Total deficit	(1,903)	(1,123)	(21,346)	(20,392)		Period ended 31 March 2014 £'000	Year ended 31 March 2015 £'000	Year ended 31 March 2016 £'000	6 months to 30 September 2015 £'000	6 months to 30 September 2016 £'000	Net cash inflow from operating activities	10,489	14,221	13,263	6,239	6,454	Net cash outflow from investing activities	(68,142)	(2,569)	(574)	(273)	(332)	Net cash outflow from financing activities	67,534	(14,860)	(16,622)	(4,595)	(2,698)	Cash and cash equivalents	9,881	6,673	2,740	8,044	6,164
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		<p>growth in revenue of the Group's Pensions Advisory and Administration and SSAS and SIPP business lines.</p> <ul style="list-style-type: none"> • Revenue decreased by £1.6 million, or 3.1 per cent, to £50.0 million in the financial year ended 31 March 2015 from £51.6 million in financial period ended 31 March 2014, primarily as a result of revenue for the financial period ended 31 March 2014 covering the longer 13-month and one week trading period from 21 February 2013 to 31 March 2014. On an annualised basis, revenue increased by £3.1 million, or 6.2 per cent, from £46.9 million in the year ended 31 March 2014 to £50.0 million in the financial year ended 2015. This increase in annualised revenue was primarily as a result of organic growth of the Pensions Advisory and Administration and the acquisition of a SSAS book of business from Legal & General in February to June 2014, and offset by a small reduction of revenue of the Group over the same period resulting from the sale of business in December 2013. • Administrative expenses decreased from £45.2 million for the financial period ended 31 March 2014 to £40.5 million and £40.6 million for the financial years ended 31 March 2015 and 31 March 2016, respectively. This decrease was primarily due to a reduction of exceptional expenses associated with the acquisition of the Group by CBPE, the separation from the Equiniti Group and a move of head office. • Between the financial period ended 31 March 2014 and the financial year ended 31 March 2016, profit from operating activities increased by 72.3 per cent from £6.5 million to £11.2 million and remained stable at £5.4 million in the six months ended 30 September 2015 and 30 September 2016. • Between the financial period ended 31 March 2014 and the financial year ended 31 March 2016, finance costs decreased by 14.1 per cent from £9.2 million to £7.9 million. • Between the financial period ended 31 March 2014 and the financial year ended 31 March 2016, profit after tax increased from a loss of £2.8 million for the financial period ended 31 March 2014 to a profit of £3.0 million for the financial year ended 31 March 2016. Profit after tax was £1.8 million and £1.0 million for the six months ended 30 September 2015 and 30 September 2016, respectively. • Net cash outflow from investing activities decreased from £68.1 million in the financial period ended 31 March 2014 when cash was used by the Company to acquire the operating companies within the Group (in connection with the acquisition of the Group by CBPE) to £2.6 million and £0.6 million in the financial years ended 31 March 2015 and 31 March 2016, respectively. • Net cash outflow from financing activities increased from an inflow of £67.5 million in the financial period ended 31 March 2014 in connection with the financing of CBPE's acquisition of operating companies within the Group to outflows of £14.9 million and £16.6 million in the financial years ended 31 March 2015 and 31 March 2016, respectively. These cash outflows resulted from the repayments or refinancing of loans and associated interest and the payment of a £20.6 million dividend for the financial year ended 31 March 2016. Net cash outflow from financing activities reduced to £2.7 million in the six months ended 30 September 2016. <p>There has been no significant change in the financial condition or results of operations of the Group since the date to which the last audited consolidated interim accounts were drawn-up, being 30 September 2016.</p>
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B.8	Selected key <i>pro forma</i> financial information	Not applicable. There is no <i>pro forma</i> financial information contained in this Prospectus.
B.9	Profit forecast/estimates	Not applicable. There are no profit forecasts or estimates contained in this Prospectus.
B.10	Qualifications in the audit report	Not applicable. There are no qualifications to the Accountant's Report in this Prospectus.
B.11	Insufficient working capital	Not applicable. The Company is of the opinion that, taking into account the Net Proceeds from the New Shares to be issued pursuant to the Offer and the New Facilities available to the Group, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this Prospectus.
Section C – Securities		
C.1	Type and class of securities being offered	<p>The Offer comprises an offering in the EEA to certain institutional and other professional investors of 129,207,141 Ordinary Shares, in aggregate. The nominal value of the total issued ordinary share capital of the Company immediately following Admission will be £68,448.12 divided into 136,896,244 Ordinary Shares of £0.0005 each, which will be issued fully paid.</p> <p>When admitted to trading, the Ordinary Shares will be registered with ISIN GB00BDDN1T20 and SEDOL number BDDN1T2, and it is expected that the Ordinary Shares will be traded under the ticker symbol XAF.</p>
C.2	Currency	The Ordinary Shares are denominated in Pounds Sterling.
C.3	Number of Ordinary Shares issued and par value	<p>On Admission, there will be 136,896,244 Ordinary Shares in issue (all of which are fully paid).</p> <p>The Ordinary Shares have a par value of £0.0005.</p>
C.4	Rights attaching to the Ordinary Shares	<p>The Ordinary Shares rank <i>pari passu</i> in all respects with each other, including for voting purposes and in full for all dividends and distributions on Ordinary Shares declared, made or paid after their issue and for any distributions made on a winding-up of the Company.</p> <p>Subject to the provisions of the 2006 Act, any equity securities issued by the Company for cash must first be offered to Shareholders in proportion to their holdings of Ordinary Shares. The 2006 Act and the Listing Rules allow for the disapplication of pre-emption rights which may be waived by a special resolution of the Shareholders, either generally or specifically, for a maximum period not exceeding five years.</p> <p>Except in relation to dividends which have been declared and rights on a liquidation of the Company, the Shareholders have no right to share in the profits of the Company.</p> <p>The Ordinary Shares are not redeemable. However, the Company may purchase or contract to purchase any of the Ordinary Shares on- or off-market, subject to the 2006 Act and the requirements of the Listing Rules.</p>
C.5	Restrictions on transfer	Not applicable. The Ordinary Shares are freely transferable and there are no restrictions on transfer.

C.6	Admission to trading	<p>Application has been made for the entire issued and to be issued ordinary share capital of the Company to be admitted to the premium listing segment of the Official List of the FCA and to trading on the London Stock Exchange's main market for listed securities.</p> <p>No application has been made or is currently intended to be made for the Ordinary Shares to be admitted to listing or trading on any another exchange.</p>
C.7	Dividend policy	<p>The Board intends to adopt a progressive dividend policy to reflect the expectation of future cash flow generation and long-term earnings potential of the Group.</p> <p>Based on the above expectations, the Directors intend that the Group will pay an interim dividend and a final dividend to be announced at the time of the interim and annual results in approximate proportions of one-third and two-thirds, respectively, of the total annual dividend. It is expected that the first dividend payment in respect of the period from the date of Admission to 31 March 2017 will be announced with the annual results for the year ending 31 March 2017.</p> <p>It is the intention, subject to the availability of distributable reserves and where the cash flow requirements of the Company mean it is prudent to do so, to pay as dividends up to 67 per cent of adjusted profits after tax. The Board may however revise the Group's dividend policy from time to time in line with the actual results of the Group.</p>
Section D – Risks		
D.1	Key information on the key risks that are specific to the Group or its industry	<ul style="list-style-type: none"> • The Group is dependent on the continued services of its senior management team and key employees for the growth and success of the business. The loss of, or inability to recruit, the necessary personnel could have a material adverse effect on the Group's business, results of operations and financial condition. • The Group may suffer damage to its reputation as a result of factors such as litigation, regulatory action, misconduct, operational failures, mismanagement, breach of data protection legislation in relation to client data, deterioration in its relationships with employees, fraud (by employees or by third parties), negative publicity or press speculation (whether or not valid) or a simple deterioration in the Group's performance. • Any loss or unintended disclosure of sensitive personal data could lead to damage to Xafinity's reputation, regulatory censure, financial penalties, compensation claims, and or litigation, which could have a material adverse effect on the Group's business, results of operations, or financial condition. Risks in this area will increase with the implementation of the EU's General Data Protection Regulations in 2018. • The Group may be materially adversely affected by mistakes and misconduct by its personnel, including non-compliance with regulatory procedures or by any errors or omissions in any work undertaken or previously undertaken by the Group. • The Group's principal market, being the professional services market to UK pensions arrangements, is competitive. Any failure by the Group to compete effectively in the market for professional services to UK pensions arrangements could lead to a loss of business or a failure to win new business, each of which could lead to reduced revenue or profit margins and have a material adverse effect on the Group's business, results of operations or financial condition.

		<ul style="list-style-type: none"> • The Group's future success depends on its ability to continue to perform and maintain its client contracts. If the Group is unable to provide services under its client contracts, if the Group has disputes with its clients over the services provided or to be provided under the Group's contracts, or if the services to be provided under the Group's contracts are more demanding than anticipated, this may have a material adverse effect on the Group's business, results of operations or financial condition. • The Group may not be successful in its growth strategies and initiatives. There can be no assurance that the Group will be able to continue the growth it has experienced in recent years, or that Xafinity will be able to successfully implement its strategy for growth or successfully develop new initiatives. The Group may also incur costs attempting to implement its growth strategies and initiatives and members of its business teams could be diverted away from existing business functions in its attempts to implement these strategies and initiatives, which could lead to the Group suffering reputational damage and a loss of clients, thereby having a material adverse effect on the Group's business, results of operations or financial condition. • The historical returns attributable to the Group's products and strategies should not be considered indicative of such products and strategies' future results and returns of the Group's future results and returns. There can be no assurance that products and strategies of the Group that have performed in the past will be able to avail themselves of profitable opportunities in the future, which could have a material adverse effect on the Group's business, results of operations or financial condition. • The Group's information technology systems may be affected by failures and breaches of security, which could materially and adversely affect the Group's results of operations. • Operating in the financial sector and being a holder of large volumes of sensitive personal data, the Group may be a target for various forms of crime and cyber-crime, including theft, identity theft, money laundering or fraud, which could cause the Group to suffer losses or incur fines or damage to its reputation which could have a material adverse effect on the Group's business, results of operations or financial condition. • The Group may be subject to litigation or regulatory claims and its insurance arrangements may not be adequate to protect the Group, which could have a material adverse effect on the Group's reputation, business, results of operations or financial condition. • The Group is subject to regulation and benefits from regulatory approvals. The Group may fail, or be held to have failed, to comply with regulations. In addition, such regulations and approvals may change, making compliance more onerous. Any failure to comply with regulations or changes in regulations and approvals, could materially adversely impact upon the Group. • The Group is reliant on third party providers of services. Any interruption in the services of these third parties or deterioration in their performance of the outsourced service could impair the timing and quality of the Group's services to its clients, which could have a material adverse effect on the Group's business, results of operations or financial condition.
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D.3	Key information on the key risks that are specific to the Ordinary Shares	<ul style="list-style-type: none"> • The market price of the Ordinary Shares may fluctuate significantly. • Substantial sales of Ordinary Shares, or the perception that such sales might occur, could depress the market price of the Ordinary Shares. In particular, the Group is unable to predict whether, following the termination of the lock-up restrictions put in place in connection with the Offer, substantial amounts of Ordinary Shares will be sold in the open market by those subject to such restrictions. • The Company's ability to pay dividends in the future depends, among other things, on the Group's financial performance and capital requirements and is therefore not guaranteed. • Future issuances of Ordinary Shares may dilute the holdings of Shareholders and may depress the price of Ordinary Shares. • Shareholders outside the UK may not be able to participate in future equity offerings.
Section E – Offer		
E.1	Total net proceeds of the Offer and estimated expenses	<p>The Company will receive net proceeds of approximately £46.0 million from the Offer (after deducting commissions and other estimated offering related fees and expenses (but excluding VAT) of approximately £5.3 million).</p> <p>The net proceeds from the Offer receivable by the Selling Shareholders will be approximately £125.1 million (after deducting commissions and other estimated fees and expenses (but excluding VAT) and amounts in respect of stamp duty/SDRT payable on the sale of Existing Shares of approximately £3.2 million).</p> <p>No expenses will be charged to investors in connection with the Offer or Admission by the Company or the Selling Shareholders.</p>
E.2a	Reasons for the Offer and use of proceeds	<p>The reasons for the Offer are to:</p> <ul style="list-style-type: none"> (a) enhance the Group's public profile and status with existing and potential clients; (b) provide access to the capital markets to aid future growth if required; (c) create a liquid market in the Ordinary Shares for Existing Shareholders; (d) assist in the incentivisation and retention of key management and employees; and (e) provide the Selling Shareholders with an opportunity for a partial realisation of their respective shareholdings in the Company. <p>The Group will receive net proceeds of approximately £46.0 million from the Offer. The entire Net Proceeds raised, together with funds available under the New Facilities Agreement, will be used to repay the Company's Existing Facilities Agreement.</p>
E.3	Terms and conditions of the Offer	<p>The Offer comprises an offer of:</p> <ul style="list-style-type: none"> • 36,896,244 New Shares to be issued by the Company; and • 92,310,897 Existing Shares to be sold by the Selling Shareholders. <p>All Ordinary Shares subject to the Offer will be issued or sold (as the case may be) at the Offer Price. The Ordinary Shares are being offered and sold outside the United States in offshore transactions within the meaning of and in reliance on Regulation S. The Ordinary Shares will be offered in the United Kingdom to certain institutional and professional investors.</p>

		<p>It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on the London Stock Exchange at 8.00 a.m. on 16 February 2017.</p> <p>The Offer is subject to the satisfaction of certain conditions contained in the Sponsor and Placing Agreement, which are customary for an agreement of this nature, including Admission becoming effective by no later than 8.00 a.m. on 16 February 2017 (or such later time and date as the Company, Deloitte and Zeus Capital may agree, not being later than 8.00 a.m. on 2 March 2017) and on the Sponsor and Placing Agreement not having been terminated prior to Admission.</p> <p>Investors agreeing to subscribe for New Shares or purchase Existing Shares pursuant to the Offer agree with each of the Company and the Selling Shareholders to be bound by certain terms and conditions upon which Ordinary Shares will be issued or sold in the Offer.</p> <p>Under the terms and conditions of the Offer, each investor makes certain representations, warranties and acknowledgements to the Company and the Selling Shareholders customary for an offer of this type, including but not limited to: (i) in relation to certain characteristics of the investor; (ii) the investor’s compliance with restrictions contained in the Offer and with specified laws and regulations; (iii) reliance, responsibility and liability in respect of this Prospectus, the Offer and information outside of this Prospectus; (iv) compliance with laws; (v) jurisdiction; and (vi) liability for duties or taxes.</p> <p>None of the Ordinary Shares may be offered for subscription, sale, purchase or delivery, and neither this Prospectus nor any other offering material in relation to the Ordinary Shares may be circulated, in any jurisdiction where to do so would breach any securities law or regulations of any such jurisdiction or give rise to an obligation to obtain any consent, approval or permission, or to make any application, filing or registration. The Offer has not been underwritten.</p>																																																																																			
E.4	Material interests	There is no interest, including any conflicting interest, that is material to the Offer.																																																																																			
E.5	Selling Shareholders/ Lock-up Arrangements	<p>(A) <i>Interests of Selling Shareholders immediately prior to and following Admission</i></p> <p>92,310,897 Existing Shares will be sold by the Selling Shareholders pursuant to the Offer. The indicative interests in Ordinary Shares of the Selling Shareholders immediately prior to Admission, together with a corresponding estimate of their interests in Ordinary Shares immediately following Admission, are set out in the table below.</p> <table><tr><th rowspan="2">Selling Shareholder</th><th colspan="2">Interests in Ordinary Shares immediately prior to Admission</th><th colspan="2">Ordinary Shares to be sold pursuant to the Offer</th><th colspan="2">Interests in Ordinary Shares immediately following Admission</th></tr><tr><th>No.</th><th>% of total issued share capital</th><th>No.</th><th>% of total issued share capital</th><th>No.</th><th>% of total issued share capital</th></tr><tr><td>CBPE</td><td>73,552,100</td><td>73.55%</td><td>73,552,100</td><td>53.73%</td><td>—</td><td>—</td></tr><tr><td>Xafinity EBT Robert</td><td>2,186,758</td><td>2.19%</td><td>350,000</td><td>0.26%</td><td>1,836,758</td><td>1.34%</td></tr><tr><td>Birmingham</td><td>3,132,900</td><td>3.13%</td><td>2,349,675</td><td>1.72%</td><td>783,225</td><td>0.57%</td></tr><tr><td>Jeff Hunt⁽¹⁾</td><td>2,011,600</td><td>2.01%</td><td>2,011,600</td><td>1.47%</td><td>179,856</td><td>0.13%</td></tr><tr><td>James Thomas⁽²⁾</td><td>1,025,260</td><td>1.03%</td><td>1,025,260</td><td>0.75%</td><td>—</td><td>—</td></tr><tr><td>Ben Bramhall</td><td>3,018,760</td><td>3.02%</td><td>1,509,380</td><td>1.10%</td><td>1,509,380</td><td>1.10%</td></tr><tr><td>Mike Ainslie⁽³⁾</td><td>1,000,543</td><td>1.00%</td><td>747,906</td><td>0.55%</td><td>252,637</td><td>0.18%</td></tr><tr><td>Paul Cuff⁽³⁾</td><td>3,001,628</td><td>3.00%</td><td>2,288,094</td><td>1.67%</td><td>713,534</td><td>0.52%</td></tr><tr><td>Jonathan Bernstein⁽³⁾</td><td>1,250,678</td><td>1.25%</td><td>934,882</td><td>0.68%</td><td>315,796</td><td>0.23%</td></tr><tr><td>Others⁽⁴⁾</td><td>9,819,773</td><td>9.82%</td><td>7,542,000</td><td>5.51%</td><td>2,277,773</td><td>1.66%</td></tr></table>	Selling Shareholder	Interests in Ordinary Shares immediately prior to Admission		Ordinary Shares to be sold pursuant to the Offer		Interests in Ordinary Shares immediately following Admission		No.	% of total issued share capital	No.	% of total issued share capital	No.	% of total issued share capital	CBPE	73,552,100	73.55%	73,552,100	53.73%	—	—	Xafinity EBT Robert	2,186,758	2.19%	350,000	0.26%	1,836,758	1.34%	Birmingham	3,132,900	3.13%	2,349,675	1.72%	783,225	0.57%	Jeff Hunt ⁽¹⁾	2,011,600	2.01%	2,011,600	1.47%	179,856	0.13%	James Thomas ⁽²⁾	1,025,260	1.03%	1,025,260	0.75%	—	—	Ben Bramhall	3,018,760	3.02%	1,509,380	1.10%	1,509,380	1.10%	Mike Ainslie ⁽³⁾	1,000,543	1.00%	747,906	0.55%	252,637	0.18%	Paul Cuff ⁽³⁾	3,001,628	3.00%	2,288,094	1.67%	713,534	0.52%	Jonathan Bernstein ⁽³⁾	1,250,678	1.25%	934,882	0.68%	315,796	0.23%	Others ⁽⁴⁾	9,819,773	9.82%	7,542,000	5.51%	2,277,773	1.66%
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		<p>Notes:</p> <ol style="list-style-type: none"> (1) Managing Director of the Company until April 2016, albeit the majority of responsibilities were passed to Ben Bramhall from April 2015. Jeff Hunt has stepped down from the Board and given notice of his resignation from employment with the Group, in each case, effective upon Admission. (2) Chief Operating Officer of the Company until April 2016, albeit the majority of responsibilities were passed to Jonathan Bernstein from January 2016. (3) Interests in Ordinary Shares are held by way of an award in the Xafinity EBT. Those Directors whose interests in Ordinary Shares are currently held by way of an award in Xafinity EBT are selling additional shares in the Offer for the purposes of settling associated liabilities to income tax and employees' national insurance contributions that arise on the vesting of these Directors' awards immediately following Admission (resulting in the transfer of the beneficial ownership of the Ordinary Shares to these Directors). Each Director will continue to hold shares equivalent to approximately 50 per cent of the value of their pre-Admission interest, post employment taxes and associated expenses. (4) Other includes interests in Ordinary Shares beneficially owned by certain current and former Group employees. <p>(B) Lock-in Deed</p> <p>Pursuant to the Lock-in Deed:</p> <ol style="list-style-type: none"> (i) the Company has undertaken, for a period of 12 months from the date of Admission without the prior written consent of Zeus Capital, not to issue, offer, lend, mortgage, assign, charge, sell or contract to sell, or otherwise dispose of (or publicly announce any such issuance, offer, loan, mortgage, assignments, charge, sale or disposal) directly or indirectly, any Ordinary Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing; (ii) the Executive Directors, Senior Managers and Group employee Small Selling Shareholders who hold Ordinary Shares directly in the Company have each undertaken, for a period of 12 months from the date of Admission without the prior written consent of Zeus Capital, not to offer, lend, mortgage, assign, charge, sell or contract to sell, or otherwise dispose of (or publicly announce any such offer, loan, mortgage, assignments, charge, sale or disposal) directly or indirectly, any Ordinary Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing; and (iii) the Senior Managers, senior Group employees and Executive Directors who are determined by the trustees of the Xafinity EBT to be entitled to the beneficial interest in Ordinary Shares from the Xafinity EBT as a result of the vesting on Admission of awards previously granted to them under the Existing Incentive Share Plan, have each undertaken, for a period of 12 months from the date of Admission without the prior written consent of Zeus Capital, not to offer, lend, mortgage, assign, charge, sell or contract to sell, or otherwise dispose of (or publicly announce any such offer, loan, mortgage, assignments, charge, sale or disposal) directly or indirectly, an agreed proportion of their interest in the Ordinary Shares (or any other interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing. <p>All lock-up arrangements are subject to certain customary exceptions.</p>
E.6	Dilution	<p>Pursuant to the Offer, the Company will issue 36,896,244 New Shares. The Existing Shareholders who are not participating in the Offer will suffer an immediate dilution of 0.37 Ordinary Shares for every one Ordinary Share they currently own, which is equivalent to a dilution of 27.0 per cent.</p>

E.7	Estimated expenses charged to investors	Not applicable. No expenses will be charged to investors by the Company or the Selling Shareholders under the Offer.
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PART I

RISK FACTORS

Any investment in the Ordinary Shares is subject to a number of risks. Prior to investing in the Ordinary Shares, prospective investors should consider carefully the factors and risks associated with any such investment, the Group's business and the industry in which it operates, together with all other information contained in this Prospectus including, in particular, the risk factors described below.

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

The risks and uncertainties described below represent those the Directors consider to be material as at the date of this Prospectus. However, these risks and uncertainties are not the only ones facing the Group. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that the Group currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, results of operations and financial condition and, if any or a combination of such risks should occur, the price of the Ordinary Shares may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in the light of the information in this Prospectus and their personal circumstances. Investors should consult a legal adviser, an independent financial adviser or a tax adviser for legal, financial or tax advice if they do not understand this Prospectus (or any part of it).

Risks relating to the Group's business

- 1. *The Group is dependent on the continued services of its senior management team and key employees for the growth and success of the business. The loss of, or inability to recruit, key personnel could have a material adverse effect on the Group's business, results of operations and financial condition***

The Group's operations are dependent on the experience, skills and knowledge of its senior management team and key employees who provide expertise and experience in the implementation of the Group's strategy and are important to its ability to attract and retain its clients and business. The key personnel providing services to clients are important to client relationships and service levels and changes in personnel can increase the risk of client losses. In particular, certain Xafinity employees fulfil the statutory Scheme Actuary role to UK DB Schemes. Any change in this appointment requires consent from the pension scheme trustees and could be viewed by the client as a significant change to the client team, and could therefore have an adverse impact on that client relationship.

The loss of the Group's Executive Directors, senior management and key employees, or the inability to recruit relevant staff, as needed, may also cause a significant disruption to the Group's business, leading to decreased revenues and profits and could have a material adverse effect on the Group's business, results of operations and financial condition.

The Executive Directors and most of the Group's senior management are subject to contractual terms under their service or employment agreements, which include certain restrictions, both during their employment and for a limited time thereafter, that seek to prevent them from being engaged in any business that competes with the Group or from soliciting employees or clients of the Group or from making use of confidential information. However, these contractual terms do not, nor could they, prevent such persons from terminating their employment. Furthermore, certain restrictions may not be fully enforceable at law or may only apply for a limited time.

The Group has put in place succession planning measures aimed at enabling the development of its employees to provide successors over time for both client and management roles. However, there can be no assurance that these measures will be successful or that the Group will be able to attract, develop or retain executives and key employees of the right calibre and who will be acceptable to clients. More generally, the market for experienced actuarial, pensions and employee benefits professionals is competitive and the Group may experience difficulty in retaining and hiring employees with the appropriate qualification and experience.

2. *The Group may suffer damage to its reputation which could materially and adversely affect the Group's results of operations*

The success of Xafinity's business depends upon the maintenance of good client relationships and its reputation for providing high quality professional services. If Xafinity does not meet client expectations, the reputation of the Group could be damaged. The Group's reputation could also be damaged by factors such as litigation, regulatory action, misconduct, operational failures, mismanagement, breach of data protection legislation in relation to client data, deterioration in its relationships with employees, fraud (by employees or by third parties), negative publicity or press speculation (whether or not valid) or a simple deterioration in the Group's performance. Should the reputation of Xafinity be damaged in any way or lose market appeal, this could result in a loss of clients, a failure to attract new clients or retain existing clients and a failure to retain or attract employees with appropriate experience, skills and knowledge, all of which could have a material adverse effect on the Group's business and financial condition.

3. *The loss or unintended disclosure of sensitive personal data could damage the Group's reputation and materially adversely affect its results of operations*

The Group holds sensitive personal information in relation to its clients and the members of their pension arrangements. Any loss or unintended disclosure of this information could lead to damage to its reputation, regulatory censure, financial penalties, compensation claims, or litigation which could have a material adverse effect on the Group's business, results of operations and financial condition.

Risks in this area will increase with the implementation of the EU's General Data Protection Regulations in 2018. These will impose new requirements on all those who process personal data, including new rules around consent, data portability the right to be forgotten and notification of all breaches to the Information Commissioner. Further, the Information Commissioner will have wider powers of enforcement and will have the ability to levy increased levels of fines. The Group has a number of entities which process large amounts of personal data and with the increasing delivery of services using technology there is the increased risk of a data breach.

4. *The Group may be materially adversely affected by mistakes and misconduct by its personnel, including non-compliance with regulatory procedures or by any errors or omissions in any work undertaken previously by the Group*

The Group's personnel may make errors or omissions in the provision of services to clients or may make misrepresentations, breach applicable laws or regulations in the course of their duties or engage in other improper acts. The Group has systems in place designed to prevent or limit these risks; however, such systems may fail to detect or prevent such acts. Such acts by the Group's personnel could lead to client losses, litigation, direct reputational damage, regulatory action or financial costs where such costs are not covered by insurance or to other regulatory censures or restrictions both of the Group and the individual employee concerned, including the suspension or withdrawal of any authorisations that the relevant employee may require in order to perform his duties. Similar risks may arise in connection with work undertaken historically by the Group, including the provision of documentation services to pension schemes. Errors or omissions often do not come to light until several years after they are made. Any current or historic errors, omissions, breaches or misconduct by the Group or its personnel in connection with the provision of its services, could have a material adverse effect on the Group's business, results of operations and financial condition.

5. *The Group's principal market, being the professional services market to UK pensions arrangements, is competitive*

The Group's competitors include global, national and local actuarial, pensions and employee benefits consultancy and financial services firms, some of which are substantially larger than the Group. In particular, the market for the provision of compliance services is price sensitive and competitors may reduce their fees to win business leading to the risk of client losses or downward pressure on fees. In addition, the growth strategy of the Group is partly dependent upon acquisition of new client accounts. Due to the competition for such accounts, there can be no guarantee that the Group will be successful in its strategy.

The Group competes on the basis of the quality of its service, business reputation, the range of products and strategies offered and the level of fees for services. Any failure by the Group to compete effectively in the market for professional services to UK pensions arrangements could lead to a loss of business or a failure to win new business, each of which could lead to reduced revenue or

profit margins and have a material adverse effect on the Group's business, results of operations and financial condition.

6. *The Group's future success depends on its ability to continue to perform and maintain its client contracts. If the Group is unable to provide services under its client contracts, if the Group has disputes with its clients over the services provided or to be provided under the Group's contracts, or if the services to be provided under the Group's contracts are more demanding than anticipated, the Group's results of operations could be materially adversely affected*

The Group provides products and services to its clients under contracts. If the Group is unable to renew any of these contracts, where applicable, or fulfil its obligations under any of them for any reason or be perceived not to fulfil its obligations under any of them for any reason, the Group risks the loss of revenues and fees under that contract, the potential loss of the client and harm to its reputation. The Group may have disputes or disagreements with its clients as to the level of services the Group has agreed to provide or the provision of services may become more onerous as a result of changes in legislation which could result in exceptional or irrecoverable costs relating to the contract. Moreover, the fulfilment of the Group's obligations under its contracts could become more costly than initially anticipated. As a result, the Group may experience increases in its operating costs which could have a material adverse effect on the Group's business, results of operations and financial condition. Any disputes or disagreements over its client contracts could also materially adversely affect the Group's reputation and increase the risk of client losses, litigation or regulatory censure against it.

7. *The Group may not be successful in its growth strategies and initiatives*

The Group has achieved substantial growth in revenues and profits over the past few years, as described in detail in Part VI (*Information on the Group*), Part VIII (*Operating and Financial Review*) and Part IX (*Historical Financial Information on the Group*). This growth represents a combination of increased revenues from existing and new clients and services. There can be no assurance that the Group will be able to continue this growth, either as a result of increasing business volumes from new or existing clients or expanding its services or otherwise, or to maintain its financial performance either at historical or anticipated future levels.

The Group may experience capacity constraints in its ability to expand, such as an inability to retain and recruit sufficient numbers of experienced staff to meet demand. There can be no certainty that key personnel in the Group, or those that the Group may develop or in the future recruit, will maintain the same track record in the development of services, generation of business volumes and implementation of strategies. The Group may also enter into transactions or undertake initiatives in furtherance of its business, which may not complete or succeed.

There is therefore no guarantee that Xafinity will be able to successfully implement its strategy for growth or successfully develop new initiatives. The Group may also incur costs attempting to implement its growth strategies and initiatives and members of its business teams could be diverted away from existing business functions in its attempts to implement these strategies and initiatives. This could lead to the Group suffering reputational damage and a loss of clients and could have a material adverse effect on the Group's business, results of operations and financial condition.

8. *The historical returns attributable to the Group's products and strategies should not be considered indicative of such products and strategies' future results and returns or of the Group's future results and returns*

The past returns and performance of the Group's products and strategies outlined in Part VI (*Information on the Group*), Part VIII (*Operating and Financial Review*) and Part IX (*Historical Financial Information on the Group*) are not a guarantee of future returns. With respect to the historical performance of the Group's products and strategies, there can be no assurance that these products and strategies will be able to avail themselves of profitable opportunities in the future. This could have a material adverse effect on the Group's business, results of operations and financial condition.

9. *The Group's information technology systems may be affected by failures and breaches of security, which could materially and adversely affect the Group's results of operations*

The successful operation of the Group's business depends upon maintaining the integrity of the Group's computer, communication and information technology systems. These systems and operations

are vulnerable to damage, breakdown or interruption from events, some of which are beyond the Group's control, such as: fire, flood and other natural disasters; power loss or telecommunications or data network failures; improper or negligent operation of the Group's system by employees or service providers, or unauthorised physical or electronic access; and interruptions to internet system integrity generally as a result of cyber-attacks by computer hackers or viruses or other types of security breaches. Modifications or upgrades to any information technology systems could result in an interruption to the Group's business. Any such damage, breakdown or interruption could cause material disruption to the operations of the Group. This could be harmful to the Group's business, financial condition and reputation and could deter current or potential clients from using its services.

There can be no guarantee that the Group's security measures in relation to its computer, communication and information systems will protect it from all potential breaches of security, and any such breach of security could have a material adverse effect on the Group's business, results of operations and financial condition.

10. *The Group may be susceptible to crime which could materially and adversely affect its results of operations*

The Group may be susceptible to various forms of crime and cyber-crime, including theft, identity theft, money laundering or fraud. Operating in the financial sector and being a holder of large volumes of sensitive personal data, the Group could be a target for these types of crimes. The Group's clients may also be subject to pension scams. The Group's financial, management and internal controls could prove inadequate and in the event that the Group experiences crime, it could suffer losses, incur fines or damage to its reputation which could have a material adverse effect on the Group's reputation, business, results of operations and financial condition.

11. *The Group may be subject to litigation or regulatory claims and its insurance arrangements may not be adequate to protect the Group*

The Group's business entails the risk of liability related to litigation from clients or third parties and actions taken by regulatory authorities. There can be no assurance that a claim or claims will be covered by insurance or, if covered, will not exceed the limits of available insurance coverage, or that any insurer will remain solvent and will meet its obligations to provide the Group with coverage or that insurance coverage will continue to be available with sufficient limits at a reasonable cost. Renewals of insurance policies may expose the Group to additional costs through higher premiums or the assumption of higher deductibles or claims thresholds. The future costs of maintaining insurance cover or meeting liabilities not covered by insurance could have a material adverse effect on the Group's business, results of operations and financial condition.

12. *The Group is subject to regulation and benefits from regulatory approvals. The Group may fail, or be held to have failed, to comply with regulations. In addition, such regulations and approvals may change, making compliance more onerous*

The FCA is the primary regulator for the Regulated Subsidiaries. The withdrawal of, or an amendment to, any regulatory approval required by the Regulated Subsidiaries or any of their Directors or employees for the Group's business could result in the cessation of, or an adverse change in, the Group's business or part thereof.

In addition, regulatory changes may make regulatory compliance more onerous. There are a number of known forthcoming regulatory changes.

Regarding the FCA's Approved Persons Regime, in 2018 the Senior Managers Regime which currently only applies to banks, insurers and very large investment firms will be extended to include all authorised firms, including the Regulated Subsidiaries. While the FCA has yet to detail proposals in this area for smaller firms, it is expected that this will replace the existing Approved Persons Regime resulting in senior managers having a statutory duty of responsibility to take reasonable steps to prevent regulatory breaches in their area of responsibility. The FCA will be able to hold individuals who fail to comply with this regime accountable. The Regulated Subsidiaries will not only be subject to more onerous requirements, but may also have difficulty attracting and retaining senior managers willing to take on heightened regulatory risk.

MiFID II will also impact the Regulated Subsidiaries. Neither Regulated Subsidiary conducts MiFID business (and both are MiFID exempt), however the current proposals of the FCA will apply a number of MiFID II requirements to financial service firms generally. One of these will be the need

for all regulated firms to record all telephone calls. This brings with it potentially costly technological changes.

Other regulatory changes carrying lesser impact include the Insurance Distribution Directive (to be implemented in 2018) which will expand the amount of information to be provided to clients and will increase the professional requirements of those who sell insurance. The Group carries on some insurance mediation and the changes will require the implementation of sales processes and additional staff training in some areas. The FCA is also carrying out work on consumer communications which may result in a detailed review of all material provided to customers.

The FCA has broad regulatory powers dealing with all aspects of financial services, including the authority to grant, and in specific circumstances to vary or cancel permissions and to regulate marketing and sales practices, advertising and the maintenance of adequate financial resources.

In relation to the Group's business, there are two areas of FCA work that have recently impacted the Regulated Subsidiaries. The first is the FCA's thematic work on SIPP operators. This has impacted all SIPP operators and requires changes to the way in which SIPPs are sold and administered. There has also been an increase in the level of capital SIPP operators must hold. In future, the FCA will be assessing how well SIPP operators have adapted to the new requirements and this may lead to further changes in the sector, particularly as SIPPs are now a 'mainstream' pension product. The second is the FCA's thematic work on asset management amid concerns that there is a lack of competition in the sector. This may result in greater requirements for firms offering asset management services. The final report is not expected until 2017.

The FCA has in the past and may in the future make enquiries of companies operating within its jurisdiction regarding compliance with regulations governing the conduct of business or the operation of a regulated business (including the degree and sufficiency of supervision of the business by the Regulated Subsidiaries) and the handling and treatment of clients or conduct investigations where it is alleged that regulations have been breached. The FCA or other regulators could conclude that the Regulated Subsidiaries or its employees have breached applicable regulations or regulatory principles or have not undertaken corrective action as required and commence regulatory proceedings which could result in a public reprimand to or fines or other regulatory sanctions being imposed upon one or more entities within the Group or any of the Directors or any of the Regulated Subsidiaries' employees. Regulatory proceedings could result in adverse publicity or negative perceptions regarding the Group, restrictions on business activities or key personnel and fines and other penalties, any of which could result in a loss of revenues and profits, as well as diverting the attention of the Group's management from the day-to-day management of the Group.

The Group is subject to other laws and regulations, including in respect of data protection, as it holds significant amounts of confidential client data, and a minimum level of regulatory capital for its two Regulated Subsidiaries. Breaches of such laws and regulations could result in the incurrence of liability by the Group and such liability may not be subject to any limitations.

Pensions are regulated by the Pensions Regulator and, as a provider of a Master Trust product, the Group will be subject to any new proposals for the regulation of Master Trusts requiring them to meet stricter operating criteria and giving the Pensions Regulator additional supervisory powers and increased regulatory oversight.

13. *The Group is reliant on third party providers of services*

The Group relies on third party providers of various services for certain payroll and IT systems, infrastructure and support functions. Any interruption in the services of these third parties or deterioration in their performance of the outsourced service could impair the timing and quality of the Group's services to its clients. Furthermore, if the contracts with any of these third party providers were to be terminated, the Group might not be able to find alternative service providers on a timely basis or on as favourable terms or may suffer disruption as a result of the transition of functions to one or more new service providers. The occurrence of any of these events could have a material adverse effect on the Group's business, results of operations and financial condition.

14. *The Group's operations could be adversely affected by external events and amounts recoverable under its insurance policies may be limited*

The Group's business operations, information systems and processes are vulnerable to damage or interruption from fire, extreme weather conditions, power loss, systems or telecommunication failure, bomb threats, explosions or other forms of terrorist activity and other natural and man-made

disasters. These operations, information systems and processes may also be subject to sabotage, computer hacking, vandalism, theft and similar misconduct. Whilst the Group has in place disaster recovery and business continuity plans, there can be no assurance that any external suppliers of these services have appropriate disaster recovery and business continuity plans covering all possible contingencies or that the disaster recovery plans of the Group or of its service providers will work as intended or do so in all the circumstances envisaged by such plans or without any disruption to the business of the Group. Although the Group maintains insurance cover that includes property damage and business interruption, full recovery under the insurance policy may not be possible in every case, and the loss resulting from a loss of business continuity may exceed the policy limit. For the reasons set out above, a loss of business continuity could have a material adverse effect on the Group's business, results of operations and financial condition.

15. *The Group may require additional capital in the longer term, depending on factors such as regulatory changes. Such additional capital may not be available or may only be available on unfavourable terms*

The Group's capital requirements depend on numerous factors, including the requirement to maintain a minimum level of regulatory capital for its two Regulated Subsidiaries. If the Group's capital requirements in the longer term were to vary materially from those which the Directors currently anticipate or if it becomes a requirement to hold regulatory capital in relation to other areas of the Group's activities (for example, in relation to the Group's Master Trust, NPT), the Group might require financing. In particular, proposed legislation was issued on 19 October 2016 for consultation in relation to new capital requirements for Master Trusts which the Directors expect to come into force in 2017 or 2018. The precise details of the capital adequacy test in relation to Master Trusts is not yet known although the Directors anticipate that any such requirement would be below £1 million for the National Pension Trust and the Group would not require additional financing in order to satisfy this. While the Company is not aware of any other proposals which would require the Group to hold additional capital, if any such proposals were to arise, the Group may need to obtain borrowing facilities or seek to raise funds in the capital markets, failing which it would have to raise additional capital from Shareholders. There can be no assurance that the Group will be able to raise additional funds, whether in the form of debt or equity, when needed or that such funds will be available on terms favourable to the Group.

A number of factors, including conditions in the credit, debt and equity markets and general economic conditions, may make it difficult for the Group to obtain additional financing or raise capital on favourable terms or at all. If, in the longer term, the Group fails to raise additional funds when needed or to obtain such funds on favourable terms, it could have a material adverse effect on the Group's business, results of operations and financial condition.

16. *The Group's clients operate in an evolving regulatory environment*

The pensions regulatory environment in which the Group's clients operate is evolving and the current and recent UK governments have shown a willingness to introduce significant pension legislation. While regulatory change may result in a demand for additional services from the Group, there is no guarantee that any future action would not affect the market to the Group's disadvantage. The introduction of any legislation or regulations which reduce the size or complexity of the pensions market in the UK or reduce the level of regulation of pensions in the UK, such as the Pension Regulator's current initiative to attempt to consolidate small schemes to reduce the overall cost of operating and administering such arrangements, could negatively impact upon the demand for Xafinity's services from trustees and corporate clients, which could have a material adverse effect on the Group's results of operations.

17. *Certain parts of the Group's business may be adversely affected by economic, political and market factors that are beyond the Group's control*

Clients to which the Group offers its services may be affected by many national and international factors that are beyond the Group's control. Any of the following factors, among others, may cause a decline in the markets in which the Group offers its services: economic, stock market and political conditions (including the risk stemming from the United Kingdom's exit from the European Union, following the referendum held on 23 June 2016). Worsening economic conditions could impact upon client sentiment and demand for certain parts of the Group's actuarial, pensions and employee benefits consultancy services, in particular those services provided which involve discretionary spend by clients such as de-risking projects. Accordingly, any of these factors could have a material adverse effect on certain of the Group's business lines and operations.

18. *The Group will incur additional costs in the Group's transition to a public company and the Group's management will be required to devote substantial time to new compliance matters*

As a newly listed public company, the Company will incur significant legal, accounting and other expenses, including costs resulting from public company reporting obligations and the rules and regulations regarding corporate governance practices, including the listing requirements of the London Stock Exchange. There can be no assurance that, under a changed Board structure and ownership, and in an environment where the entire Group is subject to greater scrutiny and disclosure requirements, it will be able to manage its operations in the same manner as it has done as a private business under private ownership. In particular, the Group will be subject to increased regulatory obligations as a result of being listed and management will need to devote a substantial amount of time to ensure that the Group's business complies with all of these requirements. In addition, the reporting requirements, rules and regulations will increase the Group's legal and financial compliance costs and make some activities more time-consuming and costly.

Risks relating to the Ordinary Shares

19. *The market price of the Ordinary Shares may fluctuate significantly*

Securities markets globally have experienced, and are likely to continue to experience from time to time, significant price and volume fluctuations. The market price of the Ordinary Shares may fluctuate in response to a number of factors, some of which are beyond the Group's control, including, without limitation: variations in operating results in the Company's reporting periods; changes in financial estimates by securities analysts or unrealistic financial estimates; poor stock market conditions affecting companies engaged in the same or similar sectors; acquisitions or other capital commitments; additions or departures of key personnel; any shortfall in revenues or net profits or any increase in losses from levels expected by securities analysts; sales, or anticipated sales, of large blocks of shares; and future issues or sales of Ordinary Shares. Any or all of these events could result in a material decline in the price of the Ordinary Shares or impair the Company's ability to raise capital through future issues of equity securities.

20. *Applicable laws in the UK may discourage potential acquisition proposals and delay, deter or prevent a change of control of the Company, which may in turn reduce the value of the Ordinary Shares*

Under the FSMA change of control regime a person who has decided to acquire "control" over the Regulated Subsidiaries is required to seek consent from the FCA before doing so. The Regulated Subsidiaries must also notify the FCA when the transaction which results in that acquisition takes place. A proposed "controller" for the purposes of the controller regime applicable to the Regulated Subsidiaries is any natural or legal person (or such persons "acting in concert") who decides to acquire, directly or indirectly, control over the Regulated Subsidiaries. "Control" over the Regulated Subsidiaries is acquired if the acquirer:

- (a) holds 20 per cent or more of the shares or voting rights in that company or in its parent undertaking; or
- (b) is able to exercise significant influence over the management of the firm by virtue of the acquirer's shares or voting power in the company or its parent undertaking.

The FCA has up to 60 working days from the date of submission of such a notification to approve any such acquisition. The FCA is permitted to serve a notice of objection to the acquisition of control and, if it does serve such a notice, is required to specify in the notice its reasons for the objections. If approval is given, it may be given unconditionally or subject to such conditions as the FCA considers appropriate. Breach of the notification and approval regime imposed by FSMA on controllers is a criminal offence.

These laws may change. In addition, a more onerous controller approval regime applies to banks, insurers and investment firms in scope of MiFID, amongst others. If the Regulated Subsidiaries vary their regulatory permissions, they may become subject to the more onerous regime. These laws may, in their current or any future form, discourage potential acquisition proposals and may delay, deter or prevent a change of control of the Company, including through transactions, and in particular unsolicited transactions, that some or all of the Shareholders might consider to be desirable. This may, in turn, reduce the value of the Ordinary Shares.

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

The Company is unable to predict whether, following the termination of the lock-up restrictions put in place in connection with the Offer, a substantial amount of Ordinary Shares will be sold in the open market by those subject to such restrictions. Any sales of substantial amounts of Ordinary Shares in the public market, or the perception that such sales might occur, could result in a material adverse effect on the market price of the Ordinary Shares. This may make it more difficult for Shareholders to sell Ordinary Shares at a time and price that they deem appropriate, and could also impede the Company's ability to issue equity securities in the future. In addition, the selling of Ordinary Shares by a major Shareholder, Director or Senior Manager could result in a material adverse effect on the market price of the Ordinary Shares.

22. *A liquid market for the Ordinary Shares may fail to develop*

Admission should not be taken as implying that there will be a liquid market for the Ordinary Shares. Prior to Admission, there has been no public market for the Ordinary Shares and there is no guarantee that an active trading market will develop or be sustained after Admission. The Offer is being made to institutional investors only and the Company may not develop a wide shareholder base. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares may be adversely affected.

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

The Company's ability to pay dividends in the future depends, among other things, on the Group's financial performance and capital requirements and is therefore not guaranteed. The Company's dividend policy is described in Part VI (*Information on the Group*) and should not be construed as a dividend forecast. As a holding company, the Company's ability to pay dividends (including any special dividends) in the future is affected by a number of factors, principally the generation of distributable profits within its Group and the receipt of sufficient dividends from its subsidiaries. Under English law, a company can only pay cash dividends to the extent that it has distributable reserves and cash available for this purpose. In addition, the Company may not pay dividends if the Directors believe this would cause the Company to be inadequately capitalised (including taking into account any regulatory restrictions or if, for any other reason, the Directors conclude it would not be in the best interests of the Company). Any of the foregoing could limit the payment of dividends to Shareholders or, if the Company does pay dividends, the amount of such dividends.

24. *Future issuances of Ordinary Shares may dilute the holdings of Shareholders and may depress the price of Ordinary Shares*

Other than in connection with Admission or pursuant to performance share plans or other similar incentive arrangements as disclosed in paragraph 9 (*Share Plans*) of Part XIII (*Additional Information*), the Company has no current plans for an offering of new Ordinary Shares. Following Admission, the Company has agreed, save as disclosed in this Prospectus or in respect of the Share Plans, to refrain from issuing any new Ordinary Shares for a period of 12 months from the date of Admission without the prior written consent of Zeus Capital (such consent not to be unreasonably withheld). It is possible that the Company may decide to offer additional Ordinary Shares in the future following the expiry of the lock-up restriction. Future offerings of new Ordinary Shares, or the availability for sale of substantial amounts of Ordinary Shares in the public market, could dilute the holdings of Shareholders, adversely affect the prevailing market price of the Ordinary Shares and could impair the Group's ability to raise capital through future sales of equity securities.

25. *Shareholders outside the UK may not be able to participate in future equity offerings*

The Articles provide for pre-emptive rights to be granted to Shareholders on future equity offerings, unless such rights are dis-applied by a shareholder resolution. However, securities laws of certain jurisdictions outside the UK may restrict the Group's ability to allow participation by Shareholders located in such jurisdictions in future equity offerings. The holdings of Shareholders located outside the UK who are not able to participate in any future equity offerings could be diluted by any such offerings.

26. *Overseas shareholders may be subject to exchange rate risk*

The Ordinary Shares are, and any dividends to be paid in respect of them will be, denominated in pounds sterling. An investment in Ordinary Shares by an investor whose principal currency is not pounds sterling exposes the investor to foreign currency exchange rate risk. Any depreciation of pounds sterling in relation to such foreign currency will reduce the value of the investment in the Ordinary Shares or any dividends in foreign currency terms.

PART II
EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Event	Time and Date⁽²⁾
Publication of Prospectus	14 February 2017
Admission and commencement of dealings in Ordinary Shares on the London Stock Exchange	8.00 a.m. on 16 February 2017
CREST accounts credited with uncertificated shares (where applicable) ⁽¹⁾	16 February 2017
Despatch of definitive share certificates (where applicable) ⁽¹⁾	2 March 2017

Notes:

(1) Or as soon as practicable thereafter. No temporary documents of title will be issued.

(2) The times and dates in the table above are indicative only and may be subject to change without further notice. All references to time are to London time.

PART III

OFFER STATISTICS

Offer Price per Ordinary Share	139 pence
Total number of Ordinary Shares in the Offer	129,207,141
– to be sold by the Selling Shareholders	92,310,897
– to be issued by the Company	36,896,244
Number of Ordinary Shares in issue immediately following Admission	136,896,244
Percentage of the enlarged issued share capital subject to the Offer	94.4%
Estimated net proceeds of the Offer receivable by the Selling Shareholders ⁽¹⁾	approximately £125.1 million
Estimated net proceeds of the Offer receivable by the Company ⁽²⁾	approximately £46.0 million
Expected market capitalisation of the Company at the Offer Price on Admission ⁽³⁾	£190.3 million

Notes:

- (1) The net proceeds receivable by the Selling Shareholders are stated after deduction of commissions and other estimated fees and expenses of the Offer (but excluding VAT) and amounts in respect of stamp duty/SDRT payable on the sale of the Existing Shares, of approximately £3.2 million.
- (2) The net proceeds receivable by the Company are stated after deduction of commissions and other fees and estimated expenses of the Offer (but excluding VAT) payable by the Company, of approximately £5.3 million. The Company will not receive any of the net proceeds from the sale of the Existing Shares in the Offer.
- (3) The market capitalisation of the Company at any given time will depend upon the market price of the Ordinary Shares at that time. There can be no assurance that the market price of the Ordinary Shares will equal or exceed the Offer Price.

PART IV

DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	Tom Cross Brown (Independent Non-executive Chairman) Ben Bramhall (Co-Chief Executive Officer) Paul Cuff (Co-Chief Executive Officer) Mike Ainslie (Chief Financial Officer) Jonathan Bernstein (Head of Pensions) Margaret Snowden OBE (Independent Non-executive Director) Alan Bannatyne (Independent Non-executive Director)
Company Secretary	Prism CoSec 42-50 Hersham Road Walton-on-Thames Surrey KT12 1RZ
Registered Office and Directors' Address	Phoenix House 1 Station Hill Reading Berkshire RG1 1NB
Sponsor and Financial Adviser	Deloitte Corporate Finance Deloitte LLP 2 New Street Square London EC4A 3BZ
Financial Adviser, Bookrunner and Sole Broker	Zeus Capital Limited 82 King Street Manchester M2 4WQ
Legal Advisers to the Company	Reed Smith LLP Broadgate Tower 20 Primrose Street London EC2A 2RS
Legal Advisers to Deloitte and Zeus Capital	Travers Smith LLP 10 Snow Hill London EC1A 2AL
Legal Advisers to Management of the Company	Macfarlanes LLP 20 Cursitor Street London EC4A 1LT
Reporting Accountant	BDO LLP 55 Baker Street London W1U 7EU

Auditor

BDO LLP
Kings Wharf
20-30 Kings Road
Reading
Berkshire
RG1 3EX

Registrar

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

PART V

PRESENTATION OF INFORMATION

1. NOTICE TO PROSPECTIVE INVESTORS

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

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

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

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

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

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

None of the Company, the Directors, the Selling Shareholders, Zeus Capital or Deloitte or any of their representatives is making any representation to any offeree or purchaser of the Ordinary Shares regarding the legality of an investment by such offeree or purchaser.

2. INTERPRETATION

Certain terms used in this Prospectus, including capitalised terms and certain technical and other terms, are defined or explained in the sections entitled “*Definitions*” and “*Glossary*” respectively.

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

3. PRESENTATION OF FINANCIAL INFORMATION

3.1 International Financial Reporting Standards

Unless otherwise indicated, the financial information contained in Part IX (*Historical Financial Information on the Group*) has been prepared in accordance with the Prospective Directive and the Listing Rules and on the basis of International Financial Reporting Standards, as adopted by the European Union (“IFRS”). The significant IFRS accounting policies to be applied in the financial information of the Group are applied consistently in the financial information in this Prospectus. In making an investment decision, prospective investors must rely on their own examination of the information regarding the Group, the terms of the Offer and the financial and other information in this Prospectus.

3.2 Non-IFRS measures of financial performance

This Prospectus contains certain financial measures that are not defined or recognised under IFRS, including Adjusted EBITDA, Adjusted EBITDA margin, operating profit margin and cash conversion (collectively, “Non-IFRS measures”). These Non-IFRS measures are used by the Directors to assess the financial performance of the Group. Such measures as presented in this Prospectus may not be comparable to similarly titled measures of performance presented by other companies, and they should not be considered as substitutes for, or superior to, measures calculated and presented in accordance with IFRS or those calculated using financial measures that are calculated in accordance with IFRS.

Adjusted EBITDA

Profit from operating activities before depreciation, amortisation and exceptional items.

Adjusted EBITDA margin

Adjusted EBITDA margin represents Adjusted EBITDA as a percentage of revenue.

The table below presents the reconciliation of Adjusted EBITDA to profit from operating activities and the computation of Adjusted EBITDA margin.

	Period ended 31 March 2014 £'000	Year ended 31 March 2015 £'000	Year ended 31 March 2016 £'000	6 months ended 30 September 2015 £'000	6 months ended 30 September 2016 £'000
Profit from operating activities	6,452	9,466	11,167	5,411	5,449
Less: Exceptional income	(339)	—	—	—	—
Plus: Exceptional expenses	4,264	921	534	173	639
Plus: Amortisation of intangible assets	5,428	4,608	4,351	2,162	2,030
Plus: Depreciation of tangible assets	374	615	651	326	341
Adjusted EBITDA	16,179	15,610	16,703	8,072	8,459
Revenue	51,637	49,970	51,769	25,566	26,017
Adjusted EBITDA margin	31.3%	31.2%	32.3%	31.6%	32.5%

Cash conversion

Cash conversion is calculated by taking net cash inflow from operating activities before income tax paid but after the purchase of property, plant and equipment and software, divided by Adjusted EBITDA after exceptional items.

The computation of cash conversion is presented in the table below.

	Period ended 31 March 2014 £'000	Year ended 31 March 2015 £'000	Year ended 31 March 2016 £'000	6 months ended 30 September 2015 £'000	6 months ended 30 September 2016 £'000
Net cash inflow from operating activities	10,489	14,221	13,263	6,239	6,454
Plus: Income tax paid	3,487	1,632	2,063	702	596
Less: Purchases of property, plant and equipment	(1,150)	(1,548)	(184)	(188)	(126)
Less: Purchases of software	(219)	(348)	(403)	(97)	(220)
Operating cash flow	12,607	13,957	14,739	6,656	6,704
Adjusted EBITDA	16,179	15,610	16,703	8,072	8,459
Plus: Exceptional income	339	—	—	—	—
Less: Exceptional expenses	(4,264)	(921)	(534)	(173)	(639)
EBITDA	12,254	14,689	16,169	7,899	7,820
Cash conversion	103%	95%	91%	84%	86%

3.3 Other unaudited financial measures, operational data and key performance indicators

The Group presents certain unaudited financial measures, operational data and Key Performance Indicators, including, without limitation, those Key Performance Indicators set out in section 5 (*Key Performance Indicators*) of Part VIII (*Operating and Financial Review*) of this Prospectus (the “**non-IFRS measures, data and KPIs**”). Such non-IFRS measures, data and KPIs, as presented in this Prospectus, may not be comparable to similarly titled non-IFRS measures, data and KPIs presented by other companies in the Group’s industry and, while the method of calculation may differ across the Group’s industry, the Company believes that such non-IFRS measures, data and KPIs are important to understanding the Group’s performance from period to period and that such non-IFRS measures, data and KPIs facilitate comparison with the Group’s peers. These non-IFRS measures, data and KPIs are not intended to be substitutes for any IFRS measures of performance, are based on the Company’s estimates, are not part of the Group’s financial statements and have not been audited or otherwise reviewed by the reporting accountant, outside auditors, consultants or experts.

Unaudited non-IFRS measures, data and KPIs in relation to the Group are derived from the following sources: (i) unaudited accounting records for the relevant accounting periods and specified accounting framework presented; (ii) internal financial reporting systems supporting the preparation of financial statements; and (iii) the Group’s other business operating systems and records.

4. MARKET, ECONOMIC AND INDUSTRY DATA

The market, economic and industry data used in this Prospectus has been obtained by the Company from various third party reports.

Third party information contained in Paragraph 4 (*The UK Defined Benefit Market – Overview, Xafinity’s Services and Recent Trends*) of Part VI (*Information on the Group*) are from the following sources: The Actuary, The Purple Book, UK Survey Findings of the Global Pension Risk Survey 2015 published by Aon Hewitt, the Financial Times, Goldman Sachs European Financial Conference: Legal & General Group Plc (7 June 2016), the Telegraph and the financial reports for Willis Tower Watson, Mercer, Aon Hewitt, JLT Benefits Solutions, Capita Employee Benefits, Lane Clark & Peacock, Hymans Robertson, Barnett Waddingham, Buck Consultants, Punter Southall and First Actuarial.

Third party information contained in Paragraph 5 (*The UK Defined Contribution Market – Overview, Xafinity’s Services and Recent Trends*) of Part VI (*Information on the Group*) are from the following sources: the Pensions Regulator, the Pension Institute, Now Pensions, the Pension Policy Institute, The Pensions Authority and Pension and Lifetime Savings.

The Company confirms that information provided by third parties has been accurately reproduced. So far as the Company is aware and has been able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

5. ROUNDINGS

Certain figures contained in this Prospectus, including financial, statistical and operating information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables contained in this Prospectus may not conform exactly to the total figure given for that column or row.

6. CURRENCY PRESENTATION

Unless otherwise indicated, all references in this Prospectus to “Pounds Sterling”, “£”, “pence” or “p” are to the lawful currency of the UK. The Company prepares its financial statements in Pounds Sterling.

7. FORWARD-LOOKING STATEMENTS

Some of the statements under “Summary”, Part I (*Risk Factors*), Part VI (*Information on the Group*) and Part VIII (*Operating and Financial Review*) and elsewhere in this Prospectus include forward-looking statements which reflect the Directors’ current views with respect to financial performance, business strategy, plans and objectives of management for future operations (including development plans relating to the Group’s products and services). These statements include forward-looking statements both with respect to the Group and the sectors and industries in which the Group operates. Statements which include the words “believes”, “estimates”, “expects”, “intends”, “plans”, “projects”, “seeks”, “anticipates”, “will”, “targets”, “aims”, “may”, “would”, “should”, “could”, “continue” or, in each case, their negative or other variations or comparable terminology and similar statements of a future or forward-looking nature, including discussions of strategy, plans, aims, objectives, goals, future events or intentions, identify forward-looking statements.

All forward-looking statements address matters that involve risks and uncertainties and are not guarantees of future performance. Accordingly, there are or will be important factors that could cause the Group’s actual results of operations and financial condition to differ materially from those indicated in these statements. These factors include, but are not limited to the factors described in Part I (*Risk Factors*), which should be read in conjunction with the other cautionary statements that are included in this Prospectus.

Any forward-looking statements in this Prospectus reflect the Group’s or the Directors’ current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Group’s operations, results of operations and growth strategy.

These forward-looking statements speak only as of the date of this Prospectus. Subject to any obligations under the Prospectus Rules, the Listing Rules and the Disclosure and Transparency Rules and save as required by law, the Company undertakes no obligation to update, review or revise any forward-looking statement, whether as a result of new information, future developments or otherwise, or to disseminate any information regarding any change in events, conditions or circumstances on which any such statement is based. All subsequent written and oral forward-looking statements attributable to the Group, the Directors or individuals acting on behalf of the Group are expressly qualified in their entirety by this section. Prospective investors should specifically consider the factors identified in this Prospectus which could cause actual results to differ from those indicated or suggested by the forward-looking statements before making an investment decision.

8. NO INCORPORATION OF WEBSITE INFORMATION

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

PART VI

INFORMATION ON THE GROUP

1. INTRODUCTION

Xafinity is a pensions actuarial, consulting and administration business providing a wide range of advisory and compliance services to over 550 pension scheme clients which operate in a highly regulated environment. The Company combines expertise, insight and technology to address the needs of both pension trustees and sponsoring companies. The Group has more than 400 employees, of which approximately 90 per cent are client facing, with offices in Reading, Leeds, Stirling, Belfast, London and Manchester providing it with access to staff, expertise and clients in geographic locations across the UK.

Xafinity enjoys very high levels of client loyalty with 80 per cent of the top 20 fee payers having been clients for over 10 years. This, combined with the predictable nature of the activities carried out by the Group, means that a high proportion of the Group's revenues repeat each year.

The majority of the Group's revenues relate to services provided to trustees and sponsors of UK defined benefit pension schemes. The Group also provides services in the UK defined contribution pension scheme market and the SSAS and SIPP markets. For the year ended 31 March 2016, Xafinity reported revenues of £51.8 million and Adjusted EBITDA of £16.7 million. The Directors believe that Xafinity operates in growing markets, and has a strong opportunity to grow market share in each of the key markets in which it participates.

2. HISTORY OF THE GROUP

Xafinity's origins trace back over 40 years to the formation of Hogg Robinson Benefit Consultants during the 1970s. Xafinity became part of the Equiniti Group in 2010, under whose ownership it remained until 2013, when the Xafinity actuarial, pensions, healthcare and other employee benefit consulting and administration services business was acquired by CBPE and became a standalone independent entity, with the Company forming the new parent company of the Group.

Since becoming independent, Xafinity has benefited from significant operational investment. New systems have been implemented in HR, finance and IT to expand and improve the services Xafinity provides. Most of the Group's offices are new or have been refurbished.

In April 2014, Ben Bramhall joined Xafinity from KPMG (becoming the deputy Managing Director of the Group in April 2015 and Managing Director in 2016) and has worked closely with the Board to develop and implement the strategy of the business following CBPE's acquisition of the Group. Mercer UK's former Chief Actuary, Jonathan Bernstein, joined Xafinity in June 2015 and was made Head of Pensions in January 2016. Mike Ainslie was appointed as the Chief Financial Officer of the Group in October 2015, after spending 18 years in corporate banking with a US bank, where his roles included Head of Audit, CFO and COO for the bank's international operations. Paul Cuff, a former partner and Head of Pensions, London at KPMG joined the Group as Joint Managing Director in October 2016. Ben Bramhall and Paul Cuff have been appointed as Co-Chief Executive Officers of the Group with effect from the date of this Prospectus, with Ben Bramhall focusing on the day-to-day operation of the business and Paul Cuff responsible for raising the profile of Xafinity in the market and generating new business. The Co-Chief Executive Officers roles allow both Ben and Paul to devote an appropriate amount of time to management functions in addition to fee-earning work. Ben and Paul have enjoyed a professional relationship for almost 20 years, having trained together as actuaries in the late 1990s. They worked closely in previous roles at both Punter Southall and KPMG.

Robert Birmingham, who has been associated with Xafinity for over 30 years and whose previous positions include Managing Director and Executive Chairman remains with the Group and continues to advise, and manage the relationship with, a number of Xafinity's clients.

3. BUSINESS OVERVIEW

Xafinity is a pensions actuarial, consulting and administration business providing a wide range of services to over 550 pension scheme clients. The Company combines expertise, insight and technology to address the needs of both pension trustees and sponsoring companies. The Group has more than 400 employees, of which approximately 90 per cent are client facing, with offices in Reading, Leeds,

Stirling, Belfast, London and Manchester providing it with access to staff, expertise and clients in geographic locations across the UK.

Xafinity's principal businesses operate in three key markets: the Xafinity Pensions Advisory and Administration Business and the HR Trustees Business operate primarily in the UK DB market; NPT operates in the UK DC market; and the SSAS and SIPP Business operates in the UK SSAS and SIPP services market.

The principal activity of the Company is that of a holding company for the Group. The principal businesses of the Group are:

Xafinity Pensions Advisory and Administration Business

Xafinity Pensions Advisory and Administration Business provides advisory services to the trustees or sponsoring employers of approximately 450 UK DB Schemes, covering actuarial, investment and wider pensions advice, including in respect of UK DC Schemes. Xafinity also carries out the day-to-day administration of approximately 125 of these 450 UK DB Schemes and also provides administration services to approximately 40 UK DC Schemes on behalf of their respective trustees. Clients of the Xafinity Pensions Advisory and Administration Business range from pension schemes with less than £20 million in assets through to multi-billion pound pension funds. Fees are charged either on a time and materials or fixed-fee basis for an agreed scope of work.

Xafinity's Pensions Advisory and Administration Business represents the largest part of the Group, accounting for approximately 83 per cent of the Group's revenues for the year ended 31 March 2016 at £42.8 million.

Defined Contribution Platform, "National Pension Trust"

Xafinity administers, advises and acts as investment consultant to its defined contribution Master Trust platform called the National Pension Trust. Master Trusts allow multiple employers to provide their employees with DC pension benefits through a single trust. This enables employers to provide their employees with access to a centrally-governed pension scheme which benefits from the economies of scale associated with larger arrangements and the governance of trust-based arrangements. The Directors believe that the UK DC market presents opportunities for growth through NPT given the increasing popularity of Master Trusts and the desire to offer pension scheme members access to the flexibilities introduced by the Government in April 2015 under its Freedom and Choice agenda.

As at the date of this Prospectus, NPT is one of only eight Master Trusts in the UK that has received both the Pension Regulator's Master Assurance status and the Pensions and Lifetime Association's PQMReady mark and is one of only two Master Trusts to have also received the Pensions and Lifetime Savings Association's Retirement Quality Mark. Administration fees within NPT are earned on an AUM basis. The NPT platform currently covers approximately 80 participating employers with approximately 23,000 members and £200 million of assets.

NPT accounted for approximately one per cent of the Group's revenues for the year ended 31 March 2016 at £0.5 million.

SSAS and SIPP Business

Xafinity provides, operates and administers Small Self-Administered Schemes ("SSAS") and Self-Invested Personal Pensions ("SIPP") for small groups of members or individual members, respectively. This business covers approximately 5,000 scheme members with defined contribution assets in excess of £1.7 billion.

Xafinity's SSAS and SIPP Business accounted for just over nine per cent of the Group's revenues for the year ended 31 March 2016 at £4.9 million.

HR Trustees Business

The HR Trustees Business acts as professional trustee to a wide range and number of trust-based occupational pension schemes. Given the increasing burden and complexity of running UK DB Schemes, there is an increasing trend towards pension schemes including at least one professional trustee (an expert who will act as a trustee, frequently on multiple schemes) on their trustee board.

The HR Trustees Business services approximately 100 UK occupational pension schemes and accounted for approximately five per cent of the Group's revenues for the year ended 31 March 2016 at £2.5 million.

The Group also has a healthcare consulting business, which provides consulting services to companies in relation to the healthcare benefits they provide to employees. Xafinity receives commission in respect of certain group private medical insurance arrangements. The level of commission received reflects the underlying level of renewals for the members of the arrangements. Xafinity's Healthcare Consulting Business accounted for approximately two per cent of the Group's revenue for the financial year ended 31 March 2016 at £1.1 million.

4. THE UK DEFINED BENEFIT MARKET – OVERVIEW, XAFINITY'S SERVICES AND RECENT TRENDS

Market overview

DB schemes provide a retirement income to members based on a formula, with the level of benefits typically being dependent on length of service in the scheme and a member's salary. DB schemes are operated as a trust and are therefore separate legal entities to their sponsoring employer. Each DB scheme is governed by an individual board of pension trustees, with the trustees responsible for the investment of the scheme's assets and the administration of the scheme's benefits.

There are currently more than 6,000 UK DB Schemes, of which 64 per cent remain open to future benefit accrual, with aggregate liabilities of approximately £2.0 trillion. There are 11 million members of DB schemes in the UK private sector, of which 60 per cent have yet to retire and draw an income from their scheme. The aggregate fee market in the area of providing advisory services to DB pension scheme trustees and corporate sponsors was estimated to be approximately £1.7 billion in 2015.

Due to the growing costs and risks of running such schemes, most UK DB Schemes are now closed to new entrants and the number that have closed to future accrual is increasing. Nevertheless, liabilities in respect of UK DB Schemes are expected to take a long time to "run off" given that the majority of members of such schemes are yet to begin drawing a pension, and the life expectancy of a member in their early forties today is typically over 40 years. Based on aggregate data for all DB schemes in the UK private sector, payments out of schemes to members are expected to rise between now until beyond 2040, and due to the "unwinding of the discount rate", the present value of scheme liabilities is also expected to rise for each of the next 10 – 20 years. The Directors believe that the services required by scheme trustees will therefore continue to be required for a long time.

The long-term nature and complexity of pension schemes also means that there is a high degree of client loyalty within the industry, particularly for compliance services.

Regulatory change

DB schemes operate in a complex and highly regulated environment. Historically, UK governments have made frequent changes to UK pensions legislation and the pensions tax environment. Each time a change is made, pension trustees require advice on the potential implications for their scheme, and frequently additional work or projects are required to, for example, upgrade their own administration systems or to assist in communicating changes to members.

DB pension deficits

The only way for a company to exit its DB pension scheme, other than through insolvency, is to fully insure all of the liabilities through an insurance policy ("a buy-out policy"). The aggregate deficit on a full buy-out basis across all UK private sector DB Schemes is currently around

£0.8 trillion (Source: The Purple Book DB Pensions Universe Risk Profile 2016, published by the Pension Protection Fund).

Despite around £120 billion of deficit contributions being paid into pension schemes over the last ten years, and the impact of nine years of equity market expansion, the size of the aggregate deficit has increased. As deficits have increased, the expected time to correct these deficits has increased. Between 2013 and 2016, 56 per cent of UK DB Schemes had an increase in recovery period (the period until the deficit is expected to be funded on its statutory funding objective) despite the elapse of three years which should have served to reduce the average recovery period. In 63 per cent of these cases, the increase in the recovery period was greater than three years.

The increase in liabilities and hence deficits is due, in a large part, to reductions in long-term interest rates. Whilst interest rates are expected to rise over the coming years, these increases are already priced into the market expectations and factored into UK DB Scheme valuations.

The Directors therefore believe that DB Schemes represent a significant challenge for UK companies, but that this presents opportunities for pensions de-risking specialists such as Xafinity, in particular with regard to advisory work to scheme trustees and sponsors on the effective implementation of de-risking and liability management strategies.

“De-risking” advisory work

Conventional means of funding a deficit (paying deficit contributions) have not resulted in a reduction of UK DB Scheme deficits. In addition, as well as a basic funding target required under the legislative scheme funding requirements, an increasing number of UK DB Schemes now have a secondary target which is often to be “self-sufficient” (i.e. not requiring further sponsor support but being run on in the long term).

As a result, in recent years, a key trend in the UK DB Scheme market has been the increased appetite of scheme trustees and sponsors to consider and implement de-risking or liability management strategies with a view to managing costs and risks associated with UK DB Schemes. Such strategies include the closure of UK DB Schemes to new entrants and, in many cases, to future accruals, the implementation of investment strategies that hedge interest rate or inflation risk (including purchasing as a scheme asset a bulk annuity contract in respect of part of the UK DB Scheme’s liabilities), providing members with options to amend the form of their pension benefit, and the use of trivial commutation whereby a member can exchange small pensions for lump sums as they approach retirement or during retirement.

The UK Survey Findings of the Global Pension Risk Survey 2015 published recently by Aon Hewitt indicates only a small minority of schemes that participated in the survey had implemented certain liability management exercises to date. However, over the next two years, on average, 15 per cent of schemes indicated that they are “very likely” to implement these liability management exercises. A further 27 per cent of schemes which participated in the survey indicated that they are “somewhat likely” to implement these liability management exercises. This suggests that there may potentially be more than twice as much liability management in the next two years compared to the whole period to date.

The Directors therefore believe there will be an increase in liability management and de-risking activity which, combined with a continuation of the required ongoing compliance work, should lead to growth in the market for pensions advisory services. Over the last three years, Xafinity has invested to broaden the range of de-risking services it provides to its clients as well as the means of delivery of ongoing compliance services.

Overview of Xafinity’s services

Xafinity provides advisory services to pension trustees in the following key areas which frequently overlap:

- actuarial advice is provided to address the adequacy of a DB scheme’s assets to meet its long-term benefit obligations, and to assess the level of additional funding that is required from the sponsoring employer should there be a shortfall between the assets and these liabilities;
- investment advice is provided regarding matters such as the appropriate split between asset classes, the suitability of different hedging options, and the selection of fund managers to manage the assets on a day-to-day basis; and
- wider pensions consulting advice in relation to the other aspects of the operation of DB pension schemes, such as member communication and risk benefits.

Xafinity's clients typically require certain compliance services annually, which are delivered to a statutory timetable. These include:

- the preparation of the scheme's annual report and accounts;
- the preparation of an annual funding update by the Scheme Actuary, assessing the financial health of the scheme;
- the production of member benefit statements, providing members with personalised information about their benefits in the scheme; and
- the production of the sponsoring employer's disclosures in respect of pensions for their statutory accounts.

Xafinity will facilitate and attend regular trustee meetings at which all aspects of the governance of a DB scheme will be discussed. For a typical Xafinity client, these meetings are quarterly. Xafinity will prepare meeting packs, prepare analysis on topical issues or regulatory changes affecting the scheme, and may provide secretarial services.

Where Xafinity is the scheme's administrator, a year-round service is provided to ensure that the correct benefits are paid to scheme members at the correct time. Regular tasks involve the calculation of benefit payments to members and liaison with payroll; processing member life events such as deaths, leavers from employment, retirements and transfers; updating administrative records; and answering members' queries. Such administration is complex and requires the use of Xafinity's specialist pension administrators.

Trustees of UK DB Schemes are required by law to perform a formal triennial actuarial valuation of the scheme. This is a complex exercise requiring detailed actuarial calculations, and frequently a negotiation between the trustees and the sponsoring employer regarding the level of cash contributions to be paid to the scheme at the conclusion of the valuation. Xafinity provides support to the trustees and carries out the calculations required throughout the process.

Xafinity also provides advice on the risks associated with the funding of schemes and the investment of the DB scheme's assets. This will typically be on an ongoing basis, with Xafinity providing advice on the regular oversight of a scheme's portfolio, with more detailed advice around the time of the triennial actuarial valuation.

Finally, Xafinity also provides certain services to the sponsoring employer (or corporate group) associated with the DB Scheme.

Xafinity's services are typically provided on the basis of an open-ended engagement with clients. The recurring nature of the services provided, and the fact that such activity is required in all wider macro-economic circumstances, means that a large part of Xafinity's revenues are predictable in nature.

Regulatory changes can lead to additional work and revenues for Xafinity either through "one-off advice" projects for clients or additional services being required on an ongoing basis to the extent that there is an increase in the ongoing compliance requirements of schemes. Although less predictable, the Directors believe it is likely that there will be regular regulatory changes occurring in the future.

The implementation of de-risking strategies by DB scheme trustees typically leads to additional revenue generating services being required from Xafinity and does not impact on the fees earned for the compliance services it provides in respect of the three year cycle. Following de-risking activities as described above, the DB pension scheme will remain on the company balance sheet, unless the relevant scheme is subject to a full buy out (which in Xafinity's experience has been rare), and a requirement for advisory and administration services to the scheme therefore persists. Xafinity has completed over 60 de-risking projects for clients and the Directors believe that the demand for such projects will increase as trustees continue to seek de-risking solutions.

5. THE UK DEFINED CONTRIBUTION MARKET – OVERVIEW, XAFINITY'S SERVICES AND RECENT TRENDS

Market overview and recent trends

UK DC Schemes are operated either under trust or as a contract-based arrangement through an insurer such as a stakeholder scheme or a group personal pension. Trust based arrangements are either individual standalone arrangements set up by employers to be their own DC pension scheme, or are a "Master Trust" where there is a common administration and investment platform that

multiple employers share enabling them to benefit from economies of scale. Contract-based arrangements are provided by insurance companies as platforms for companies to offer DC pension provision to their employees.

There are currently approximately 35,000 UK workplace DC Schemes with AUM of approximately £380 billion. Total contributions into UK DC Schemes during the period of 2012 to 2016 increased from £2.1 billion per annum to £3.6 billion per annum as a result of the continued closure of UK DB Schemes, the introduction of “auto enrolment” requirements and the popularity of UK DC Schemes among private sector employers. The Pensions Policy Institute estimates that the value of assets in these UK DC Schemes could grow to over £600 billion by 2030.

Fees for the administration of such arrangements can vary but are commonly determined on an AUM basis for Master Trusts or contract-based arrangements. The average annual management charge in the industry is around 0.5 per cent, which gives an estimated total fee market of approximately £2 billion per annum.

Historically, DC schemes operated in a simple manner. The majority of members invested contributions made by them or their employer until their retirement, at which point they were required to purchase an annuity. In April 2015, UK pension regulations were fundamentally changed such that pension scheme members are no longer required to purchase an annuity upon retirement, providing additional flexibility as to how individuals may use their DC pension pots (“**Freedom and Choice**”). Members are now able to leave their funds invested, to draw on them as they wish from time to time.

In order to provide members with access to the flexibilities to which Freedom and Choice gives rise, the trustees and sponsor employers of UK DC schemes may either upgrade their existing arrangements, which has an up-front cost and also an increased ongoing administration burden, or they can link or transfer their scheme to one that has been upgraded to provide Freedom and Choice flexibilities. This is leading to an increasing popularity of Master Trusts, which provide such flexibility, as the preferred solution for UK DC Schemes.

Overview of Xafinity’s services

Xafinity provides consultancy and administration services to the trustees and sponsors of individual trust-based DC schemes. It also provides a Master Trust, NPT, for employers. Xafinity administers NPT and provides investment advice and consultancy support to the scheme.

NPT currently has AUM of approximately £200 million, generating annual fees of approximately £0.5 million per annum. This currently represents a small share of the market of approximately £380 billion AUM of UK DC Schemes.

Xafinity’s NPT offers members access to the full range of flexibilities enabled by Freedom and Choice. As at the date of this Prospectus, NPT is one of only eight Master Trust providers in the UK that has received both the Pension Regulator’s Master Assurance status and the Pensions and Lifetime Association’s PQMReady mark and one of only two Master Trusts to have also received the Pensions and Lifetime Savings Association’s Retirement Quality Mark. These accreditations are an important factor in the decision making processes of trustees and employers when selecting suppliers of such services. As a result, the Directors anticipate that Xafinity, through its NPT offering, is well positioned to benefit from increased use of Master Trusts, and the consequent opportunity to grow significantly its level of assets under management.

6. XAFINITY’S OTHER MARKETS AND SERVICES

SSAS and SIPP Business

A SSAS is an occupational pension scheme with no more than 11 members at any time and is established by an employer for the benefit of some or all of its key employees. They are typically best suited to privately owned limited companies where the shares are mainly or wholly owned by directors employed in that business. All members of the SSAS are required to be trustees in the scheme.

A SIPP is a type of personal pension plan which allows an individual to make their own investment decisions or to formulate their investment strategy in conjunction with their pension adviser. A SIPP allows investments in a wide range of instruments, including unit trusts, open-ended investment companies and investment trusts, stocks and shares in the UK and overseas and commercial property, and therefore offers greater investment flexibility than traditional occupational and personal pensions. The SIPP market has grown significantly in the past decade driven by the shift towards defined

contribution arrangements, a growing awareness of pensions generally, advances in technology and online financial tools, and the desire by individuals to take personal ownership over their own retirement provisions. This had led to rapid growth in the number of SIPP providers that exist in the market, which has in turn led to much stronger regulation and, more recently, market consolidation.

While SSASs have remained a more niche product, the SIPP has become a mainstream pension product and according to MoretoSIPPs, it is estimated that approximately 1.4 million SIPPs exist with assets of approximately £175 billion.

Xafinity provides SSAS and SIPP products and services, including administration of such products. Distribution is almost exclusively conducted via regulated independent financial advisers. Both SSASs and SIPPs allow investment flexibility and that makes them attractive to individuals who desire personal control over their pension investment. For example, both allow direct investment in commercial property. Both SSASs and SIPPs also allow for the full flexibilities brought about by Freedom and Choice. Xafinity is primarily positioned at the “full-service”, more bespoke end of SIPP products where product flexibility and personal service allows it to charge premium fees and to build long-term relationships.

HR Trustees Business

Each UK DB Scheme will typically have a number of individual trustees on its trustee board. Given the increased requirements and complexity of running a UK DB Scheme, there is an increasing trend towards pension schemes including at least one professional trustee on their trustee board. Even where a professional trustee is not appointed to the trustee board, many pension schemes will use the services of a professional trustee in certain situations such as significant ad hoc projects.

HR Trustees provides such services to approximately 100 UK occupational pension schemes. HR Trustees shares only a small number of clients with the Xafinity Pensions Advisory and Administration business to minimise potential conflicts of interest. Where HR Trustees shares clients with the Xafinity Pensions Advisory and Administration business, separate engagement letters are entered into with the same client for the different business areas.

Xafinity’s team of professional trustees have over 20 years’ of experience on average and are appointed to sit on the trustee board of schemes where they work collaboratively with the other trustees, the sponsoring employer and scheme advisors. In some schemes, HR Trustees will be appointed as the “sole trustee”.

Healthcare Consulting Business

The Group’s Healthcare Consulting Business provides consulting services to companies in relation to the healthcare benefits they provide to employees. Xafinity also receives commission in respect of certain group private medical insurance arrangements. The level of commission received reflects the underlying level of renewals for the members of the arrangements.

7. COMPETITIVE ENVIRONMENT

Xafinity operates in a competitive environment, and competes with other providers of advisory and administrative services, which can be categorised as follows:

UK Defined Benefit Pension Schemes

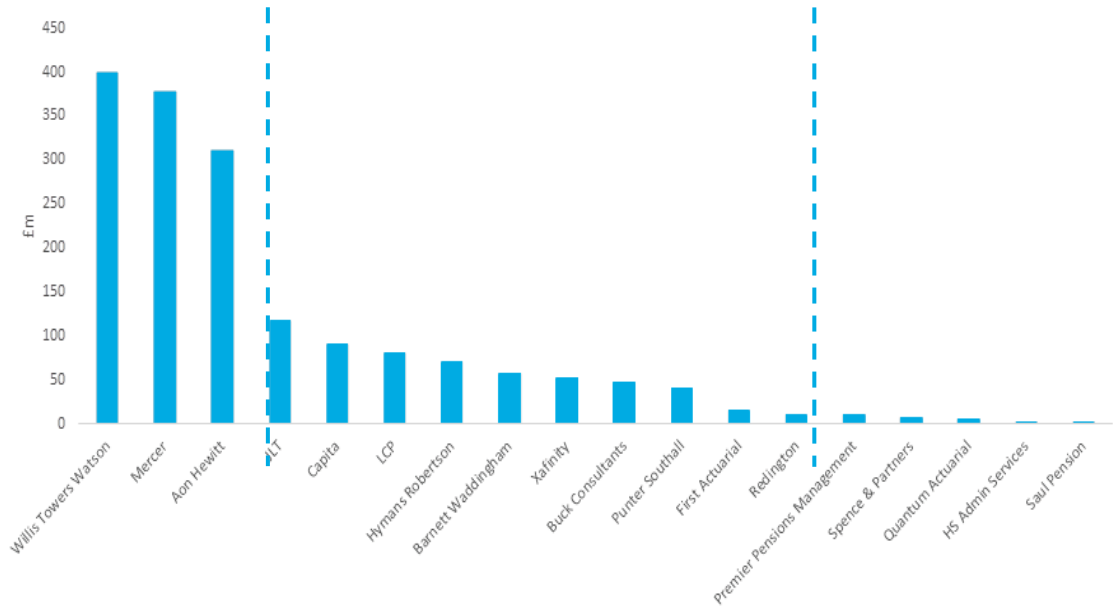
The overall market for trustee and administrative services to UK DB Schemes can be segmented broadly into the following three categories:

- the “big three”, namely Willis Towers Watson, Mercer and Aon Hewitt (the “**Global Consultancies**”). The employee benefits divisions of the Global Consultancies primarily target the largest corporates and pension schemes;
- the mid-market. In addition to Xafinity, this segment of the market includes Lane, Clark & Peacock, Barnett Waddingham, Hymans Robertson, First Actuarial and Punter Southall (all privately owned) and divisions of Jardine Lloyd Thompson Group, Capita and Conduent Inc (formerly Buck Consultants). The average size of pension scheme that this segment typically advises is smaller than for the Global Consultancies; and
- the smaller regional market. This segment of the market includes firms such as Premier Pensions Management, Spence & Partners, Quantum Actuarial, HS Admin Services and Saul Pension.

Certain large professional services firms, primarily PricewaterhouseCoopers, KPMG and Deloitte, also operate in this market and compete with the Global Consultancies and the mid-market firms, tending to focus more on advising corporates.

A feature of the DB consulting market is high barriers to entry; other than First Actuarial in 2004, which is the smallest mid-market firm by revenue in 2015, no new provider has entered the mid-market since Punter Southall was established in 1988. The increasing complexity of pension regulation in the UK since then has required firms to increase their breadth and depth of service offerings, including through the use of new technologies. This has served to inhibit market entry to prospective new competitors in the mid-market segment, including existing smaller regional firms, which are typically unable to offer the same breadth of service to their clients, relying on regular scheduled work and participating less in higher margin project work, such as de-risking projects.

Xafinity operates in the mid-market and competes primarily with other firms in this segment. However, the Group also regularly competes with the Global Consultancies, accounting firms and smaller regional players and sees opportunities to win business from providers in these segments. The following chart compares the revenues of firms in these three segments during their 2015 financial year¹.



The market for pension trustee and administrative services to UK DB Schemes is characterised by strong, embedded relationships, which give the incumbent provider a significant competitive advantage for scheduled work and, to a lesser extent, project work, such as scheme de-risking projects.

Xafinity estimates that its current share of the overall market for trustee and administrative services to UK DB Schemes is between 3 and 4 per cent, representing between 7 and 9 per cent of the total mid-market for these services. Given the Group’s ability to develop long-standing client relationships, the high levels of client satisfaction it continues to enjoy and the broad range of de-risking services it has developed, the Directors believe that the Company is well placed to consolidate and grow its position in the UK DB market.

UK Defined Contribution Pension Schemes

The majority of UK DC Schemes do not currently offer access to the flexibilities introduced by Freedom and Choice. Xafinity’s focus in this market is on NPT, which does offer full access to these flexibilities.

Of the £380 billion invested in UK DC Schemes, only approximately £8.5 billion is invested in Master Trusts. The Directors believe that there will be a material shift over time into Master Trust schemes as a solution to the challenges posed to traditional schemes by Freedom and Choice.

1 The information in this table is sourced from company accounts, PensionsWorld, and MandateWire. This analysis does not include advisory services provided by PricewaterhouseCoopers, Deloitte, KPMG and Ernst & Young due to a lack of segmental information; data was also unavailable for 5-10 regional companies. For the purposes of this chart, the market is defined as trustee actuarial and administration services.

There are currently approximately 84 Master Trusts in the United Kingdom. Of these, only 13 are on the Pensions Regulator's "Master Trust Assurance" list. Only eight Master Trusts have received both the Pensions Regulator's Master Trust Assurance accreditation and the Pensions and Lifetime Savings Association's PQMReady mark. Currently only two of these eight Master Trusts have also received the Pensions and Lifetime Savings Association's Retirement Quality Mark, of which NPT is one.

Many scheme members may wish to transfer their pension benefits from their existing pension scheme which does not offer Freedom and Choice flexibilities to a different pension scheme which does if they wish to access the new flexibilities. As Xafinity's NPT offers the full range of retirement flexibilities made available by Freedom and Choice, the Directors believe that NPT is positioned to achieve significant growth in the coming years as employers offer it to their employees as their 'employer branded' de-cumulation vehicle. Alternatively, employers may seek to use NPT as their main arrangement for both accumulation and de-cumulation.

SSAS and SIPP Services

The SSAS market is mature and the complex and bespoke nature of the product has led to material consolidation of providers over the past several years. Xafinity has itself participated in the acquisition of a number of competitors in the industry and expects to continue to do so when opportunities arise.

Regulatory oversight of the SIPP market has increased in recent years with a number of FCA reviews and the imposition of tougher capital adequacy requirements. The number of SIPP providers taking on new clients has declined from 99 firms in the first quarter of 2015 to 75 firms in the second quarter of 2016. Xafinity's focus on technical expertise and compliance and its strong product offering has enabled it to continue its growth and expansion in this new and evolving environment.

While the broader SIPP market is very competitive, the Directors believe that Xafinity is well placed to grow its business in the "full-service" SIPP market.

HR Trustees Business

The HR Trustees Business competes with a number of other professional independent trustee firms, including Independent Trustee Solutions, Punter Southall Independent Trustees, BESTrustees, Law Debenture, Dalraida and Capita Trustees.

In a similar way to the pensions advisory and administration market, there is a high level of client loyalty within the professional trustee services industry. The Directors believe that increasing governance requirements imposed on trustees will lead to a continuation of the trend of a growing number of schemes seeking to appoint a professional trustee.

Healthcare Consulting Business

The Global Consultancies and a number of other specialist firms operate and compete with Xafinity in the healthcare consulting market.

8. KEY STRENGTHS

The Directors believe that Xafinity has the following key strengths:

Highly predictable and recurring revenues in a regulated market

Xafinity provides technically complex and critical services to its clients in a regulated market which continues to evolve. The nature of its core advisory and administration services are regular and supplemented by periodic projects throughout the triennial cycle of a UK DB Scheme. This, combined with the Group's long-standing client relationships, has contributed to highly predictable and recurring revenues. Xafinity has calculated that approximately 82 per cent of the Group's revenue represented "recurring" revenue², with a further 17 per cent assessed to be repeatable in nature.

Non-cyclical earnings

Xafinity's core services are compliance driven, to a statutory timetable, and are therefore non-cyclical in nature. The Directors believe that demand for Xafinity's services remains strong in times of economic downturn and may even increase, as the financial position of UK DB Schemes tends to deteriorate in such climates, resulting in an increased need for advice. The evolving nature of the UK

² For these purposes, Xafinity treats revenue as "recurring" if it was received from a client that had been billed every month consecutively for the previous 24 months over the period to 30 November 2015.

pensions environment and frequent introduction of new regulations also generates an increasing demand for the services of pensions advisory firms such as Xafinity.

Xafinity's pensions advisory and administration business billings are typically directed at either the trustees of pension funds, and are paid out of the assets of that fund, or the relevant sponsor company, which company could, if necessary and appropriate, seek payment from the assets of the relevant fund. Consequently, Xafinity benefits from minimal bad debts in relation to its core activities.

Capital light, with a strong track record of profitable revenue growth and cash generation

Xafinity has delivered year on year organic revenue growth, through a range of macroeconomic conditions, for the past 10 years. The Group has delivered over six per cent revenue CAGR during the three year period to 31 March 2016.

The Company has exhibited consistent Adjusted EBITDA growth and, as a result of an improved utilisation of staff, alignment of reporting functions and the introduction of process automation through investment in IT, margins of over 30 per cent have been achieved in the financial period ended 31 March 2014 and the financial years ended 31 March 2015 and 31 March 2016.

Xafinity operates a capital light and low working capital business model. The Group has a positive working capital cycle with minimal creditors at each period end. Owing to the largely recurring nature of its fees and monthly invoicing, Xafinity benefits from highly predictable revenues, strong cash generation and Adjusted EBITDA cash conversion has averaged 96.3 per cent in the financial period ended 31 March 2014 and the financial years ended 31 March 2015 and 31 March 2016.

Long-standing client relationships and a diversified client base

Through consistently providing high quality professional services to clients in an efficient manner that best serves their needs, Xafinity has developed long-standing relationships with its clients. In terms of existing clients, 16 of Xafinity's 20 largest clients by revenue have been clients of the Group for over 10 years. Senior management regularly review client relationships and the Group undertakes a regular client satisfaction survey of its pensions advisory and administration clients, the results of which are reviewed carefully by the Board and show a high level of client satisfaction with Xafinity.

The Group has more than 550 pension scheme clients ranging in size from schemes with under £20 million in assets to schemes with over £2 billion in assets. During the financial year ended 31 March 2016, the Group's top 10 clients accounted for approximately 27.2 per cent of revenue; the next 40 largest clients accounted for approximately 26.1 per cent of revenue; the subsequent 100 largest clients accounted for approximately 23.7 per cent of revenue; and the remaining clients accounted for approximately 23.0 per cent of revenue. Xafinity's largest client, which has been a client for 10 years, accounted for approximately 5.8 per cent of the Group's revenue during the year to 31 March 2016. Xafinity therefore has a diversified client base and its revenues are not dependent on a small number of contracts.

Experienced and dynamic management team

Xafinity's executive management team is relatively young by industry standards, but is highly experienced. The Group's Co-Chief Executive Officers, Ben Bramhall and Paul Cuff, trained together at Punter Southall before working as a team at KPMG. At KPMG, they were part of the senior team that oversaw growth in the London pensions practice from a team of around 20 people in 2004 to around 150 people in 2016. Prior to joining Xafinity, Paul was an equity partner at KPMG for 8 years, and most recently was the head of the London pensions practice.

Ben Bramhall and Paul Cuff have extensive experience of UK pensions advisory work, with 18 and 19 years in the industry, respectively, and, in particular, de-risking, which represents a key area of focus for Xafinity. This combined with their track records of growing businesses and strong reputations in the UK pensions industry will help Xafinity to attract new clients, continue to develop its service offering and create innovative new products for the benefit of its clients.

Ben and Paul are supported by the Head of Pensions, Jonathan Bernstein. Jonathan was previously the Chief Actuary at Mercer, UK. The senior management team also benefits from the experience and guidance of, Robert Birmingham, Actuary, who has over 40 years of industry experience.

Strong employee culture

Xafinity places emphasis on retaining and rewarding high quality, motivated employees to create an environment that maximises retention. In order to achieve this, Xafinity:

- invests in staff training programmes and encourages employees to secure professional qualifications, providing financial and other support in this endeavour;
- provides for senior employees to participate in the benefits of share ownership of the Group through the Share Plans;
- operates a discretionary bonus arrangement for all staff under which payments are related to both Group and individual performance; and
- provides business and technical training related to the output of the professional development review process.

This emphasis has resulted in a low turnover of client facing staff, and has created a culture in which the overall success of business is rewarded. It has also enabled Xafinity to build an experienced, skilled and knowledgeable senior team to implement the strategy of the Group to attract and retain business from clients.

Well placed in a growing market for DB services

The liabilities of private sector UK DB Schemes are approximately £2.0 trillion and while most UK DB Schemes are now closed to new entrants, the Directors anticipate that the value of assets held by these schemes and the magnitude of their liabilities, and in many cases deficits, will continue to grow for the next 10 – 20 years. The Directors consider that, against this backdrop, there will be an increasing market for de-risking services as employers and trustees seek to pro-actively manage pensions cost and risk. This is observable as a trend in the growth of the DB fee market from approximately £1.4 billion to approximately £1.7 billion between 2010 and 2015. On this basis, the Directors consider that the market for the services provided to DB clients is growing, providing opportunities for Xafinity to continue to grow revenues in its core advisory business.

Well-invested, scalable and modern proprietary infrastructure and offices across the UK

Xafinity operates a flexible approach to develop client propositions and infrastructure in response to changes in the pensions market. Investments in these areas have tended to involve low capital expenditure, but have contributed significantly to the Group's service offering and ongoing efficiency of its operating model. Three examples of this are:

- following the announcement of Freedom and Choice in April 2014, the Company created a dedicated team known as the Xafinity Centre of Excellence to manage the administration of trivial commutations of defined benefit entitlements to cash lump sums. The creation of this specialised team to undertake tasks common to a substantial number of clients, using bespoke software and processes designed specifically for this purpose, has helped drive efficiency and deliver higher margins for the provision of certain types of services, whilst providing high levels of client service for competitive fees;
- Xafinity has developed an online system known as XafinityInsure. This system calculates and tracks on a daily basis the cost of purchasing a bulk annuity policy. By identifying particularly good pricing opportunities, this system increases the likelihood that clients will be able to transact at an affordable cost. The Directors believe that this technology is an important differentiator for Xafinity when in discussion with clients and potential clients about its ability to implement de-risking projects successfully; and
- Xafinity has also developed an online document repository for use by pension schemes. This online system enables trustee meetings to be run in a “paperless” manner, increasing the efficiency of those meetings and reducing Xafinity's printing costs.

The Group's network of offices in Reading, Leeds, Stirling, Belfast, London and Manchester provide it with access to staff, expertise and clients in geographic locations across the UK, and contributes to improved efficiency, the provision of high quality often localised client service, and the continued development of close working relationships with clients of the Group. More than 90 per cent of employees are based outside of London, with staff being rewarded for Group-wide performance, which encourages offices to work closely together towards successfully achieving the Group's strategy.

Favourable competitive landscape

The employee benefits consultancies that are part of the Global Consultancies that Xafinity competes with are non-core parts of much larger organisations. This is also true of some of Xafinity's mid-market competitors. The Directors believe that a highly motivated mid-market firm can gain market share by:

- providing a better service than the Global Consultancies for a lower cost. The charge out rates of the Global Consultancies are typically higher than those of mid-market firms, including Xafinity. At the mid-size pension schemes, being those with assets of the order of £100 million to £300 million, there is an increasing market perception that the level of service from the Global Consultancies is not commensurate with the costs incurred, and the Directors believe that there will increasingly be a shift of clients from the Global Consultancies into the mid-market. Given its existing platform in the mid-tier, Xafinity is well placed to benefit from such a shift; and
- being more innovative and quicker to market with new propositions than its competitors. Xafinity has a strong track record in this regard, in particular around de-risking through trivial commutation, the development of XafinityInsure and other innovations. Xafinity has the required scale to be able to invest in new propositions, but equally is small enough to make and implement strategic decisions quickly. This is in contrast to the Global Consultancies for which pensions may be a non-core part of a wider group.

Market leading offering in the DC space, with strong growth potential

Freedom and Choice has given rise to something of a revolution in the DC market. The Directors believe that there is potential for significant growth in the Master Trust business as UK DC Schemes that are unable to offer their members access to the new flexibilities move to a Master Trust environment.

NPT is one of the leading accredited Master Trusts in the market. At present it makes a small contribution to Xafinity's revenues equating to around one per cent of annual Group revenue. As trustees continue to look for Master Trust solutions, the Directors believe that there is scope for this to grow materially, and Xafinity will continue to invest in the development and marketing of NPT as an ideal solution in the DC market.

9. STRATEGY

The Group is committed to its continued and sustainable growth by focusing on its core areas of business and further investing in its services and people. Xafinity intends to execute its strategy in the near term through the following:

Developing service offerings

Xafinity has invested heavily in the requisite technology and infrastructure to provide a holistic range of services and solutions to help its pension scheme clients manage the challenges and risks they face in the current economic and regulatory environment. Xafinity will continue to develop its technology, infrastructure and services and aims to become a recognised leader of pensions consulting and de-risking solutions.

Pursuing revenue growth opportunities with its existing client base

The Directors believe that there is a significant opportunity to expand on the high quality, long-standing relationships which Xafinity has established with its existing clients.

At present, the full breadth of Xafinity's service offerings, comprising actuarial, investment, administration and wider pensions advice (including de-risking services), is only provided to a minority of its client base, with most clients using only some of Xafinity's service offerings. The Directors believe that by cross-selling Xafinity services to existing clients, Xafinity can significantly grow its revenues.

In particular, the Directors believe that there will be an increase in the level of de-risking activity which will lead to a greater demand for Xafinity's de-risking services. Xafinity is well placed to work with its clients on these projects given the investment it has made in the solutions that it is able to provide and its continued commitment to further development of services as client needs evolve. The Directors believe that these de-risking projects provide a higher "value add" to clients and have the potential to enable Xafinity to earn revenue on a higher margin basis.

Growing its client base

Xafinity aims to expand its DB pension scheme advisory and administration client base through the following:

- building on its established experience of working on de-risking projects for existing clients, together with the experience of Ben Bramhall and Paul Cuff, Xafinity will be marketing such expertise to new clients for one-off projects. Xafinity has invested heavily in the requisite technology and infrastructure to provide a holistic range of services including de-risking services, and the Group plans to continue developing its technology and infrastructure to ensure that it is able to attract new clients in this area; and
- targeting new “full services” or “ongoing appointments” through building relationships with independent trustees, intermediaries or directly with pensions schemes. The Directors believe that, with the investment in its holistic service offering, the quality and efficiency of its delivery, Paul Cuff’s experience of new business activities and competitive pricing, the Group is well placed to win new appointments.

In addition, the Directors believe that HR Trustees can continue to win new clients as an increasing number of DB Schemes seek to appoint an independent trustee(s). Xafinity also aims to continue growing its SIPP business through new sales.

Optimising the use of Xafinity’s NPT platform within the UK DC market

The Directors believe that the UK DC market presents opportunities for growth given the increasing popularity of Master Trusts, and the increasing desire to offer pension scheme members access to the flexibilities introduced by the Government in April 2015 under its Freedom and Choice agenda. Xafinity’s NPT is one of only eight Master Trusts which has received both the Pension Regulator’s Master Assurance status and the Pensions and Lifetime Association’s PQMReady mark; of these eight Master Trusts, NPT is one of only two that has also been awarded the Pensions and Lifetime Association’s Retirement Quality Mark. These accreditations are an important factor in the decision making processes of employers and trustees in selecting suppliers of advisory services.

Xafinity intends to leverage its position in the market to increase its revenues by offering NPT as a solution for its clients in a number of ways, including as:

- an employer’s main defined contribution arrangement into which contributions are paid or a “de-cumulation” vehicle to sit alongside an employer’s existing arrangement where the employer’s own arrangement does not offer the full range of flexibilities;
- a vehicle to enable trustees of UK DB Schemes to discharge their duties in relation to additional voluntary contributions; and
- a vehicle to receive transfers in respect of individuals who wish to transfer from a client’s DB pension scheme.

Pursuing growth through opportunistic market consolidation

The Group has successfully completed and integrated a number of strategic acquisitions, and has successfully administered and integrated books of business that it has acquired. In light of the Group’s success in strategic acquisitions, the Directors believe that it is well positioned to continue to review the market for further consolidation opportunities.

Improving quality and efficiency through technology and training

Xafinity will continue to improve the quality and efficiency of the services it provides to its clients through investing in technology, staff training and utilising staff more effectively across its network of offices across the UK. For example, by centralising functions where tasks are common across multiple clients or are not “scheme specific”.

10. MARKETING

Xafinity has established brands in the pensions advisory and administration, professional independent pension trustee and SSAS and SIPP sectors which are strengthened through a range of marketing and profile raising activities. The Group’s marketing and business development strategies are led by Paul Cuff.

Xafinity supports its brand through a central group marketing function which also coordinates the profile raising activities of the Group including Xafinity representation at industry events, Xafinity-

hosted events including webinars, the distribution of newsletters and briefing papers and regular interaction with the pensions industry media.

Marketing and distribution in core markets

Xafinity proactively targets new business opportunities for both ongoing pensions advisory and administration appointments and more one-off de-risking projects, where Xafinity works alongside the incumbent adviser.

Xafinity maintains relationships with independent trustees, independent financial advisers, specialist procurement firms and other professional advisers such as lawyers and accountants as a source of new business. Xafinity's specialist sales team markets directly to potential clients and employees more generally are encouraged to use their wider networks.

The NPT Master Trust is marketed as a separate brand to Xafinity. New clients of this business are targeted through marketing to existing DB and DC clients, as well as directly to potential new clients of the Group, including via intermediaries such as professional advisers.

The HR Trustees Business is marketed as a separate brand to Xafinity and there is no cross-over with the wider Xafinity pensions advisory and administration client base. New clients are targeted through direct marketing and managing relationships with other consulting firms whose clients may be seeking to put in place a professional trustee.

Xafinity's SIPP products are distributed by regulated financial advisers, therefore marketing activities are focused around targeting these advisors, including through:

- digital advertising via trade press and placement of articles to industry press;
- targeted emails using the Group's CRM database of over 12,000 contacts to deliver branded promotional and technical pensions content (every two to three weeks);
- presentations, conference/seminar stands and webinars are provided; and
- a regionally-based team of four business development managers which establishes and manages face-to-face relationships with key adviser firms.

11. CLIENT BASE

During the financial year ended 31 March 2016, the Group's top 10 clients accounted for approximately 27.2 per cent of revenue; the next 40 largest clients accounted for approximately 26.1 per cent of revenue; the subsequent 100 largest clients accounted for approximately 23.7 per cent of revenue; and the remaining clients accounted for approximately 23.0 per cent of revenue. Xafinity's largest client, to whom the Group provides pensions actuarial services, has been a client for 10 years. During the year to 31 March 2016, this client accounted for approximately 5.8 per cent of the Group's revenue. Xafinity therefore has a diversified client base and its revenues are not dependent on a small number of contracts.

In terms of fees, during the financial year ended 31 March 2016, approximately 60 per cent of fees charged by the Group were on a time and materials basis, with the balance being charged on a fixed-fee basis.

The Group's clients for each of its principal activities include the following:

Pensions Advisory and Administration Business

Xafinity's Pensions Advisory and Administration Business provides services to trustees or sponsoring companies of approximately 450 UK DB Schemes and approximately 20 UK DC Schemes.

Xafinity's UK DB Scheme clients range in size from schemes with under £20 million in assets to schemes with over £2 billion in assets. The majority of Xafinity's UK DB Scheme clients have assets of less than £500 million. These pension schemes belong to a variety of UK businesses, ranging from small owner-managed businesses, to UK mid-tier businesses, to FTSE 100 companies and UK subsidiaries of multi-national corporations.

DC Platform, NPT

The NPT platform currently covers approximately 80 participating employers with approximately 23,000 members and £200 million of AUM.

SSAS and SIPP Business

Xafinity's established SSAS business comprises approximately 1,200 schemes with approximately 2,800 members, holding approximately £1.3 billion of assets.

The growing SIPP business has over 2,000 members and approximately £460 million in AUM.

HR Trustees Business

The HR Trustees Business provides professional trustee services to approximately 100 UK pension schemes (both UK DB Schemes and UK DC Schemes). These schemes range in size from those with less than £10 million in assets, to those with over £700 million of assets, and belong to a wide variety of UK businesses.

12. OPERATIONS, IT AND RISK MANAGEMENT

12.1 Overview of support functions

The support functions within Xafinity consist of:

- Finance;
- Information Technology and Security;
- Compliance;
- Risk Management;
- Human Resources; and
- Company Secretarial and Legal.

(a) Finance

Xafinity's Finance Department is responsible for managing and reporting the financial results and financial position of the Group in accordance with statutory and regulatory requirements. It also maintains the financial controls environment of the Group in order to support the production of accurate and timely financial and management information.

The management information that the Finance Department provides to the business includes management accounts, budgets, forecasts and key performance indicators. The Finance Department sets financial policies and procedures and has controls in place to ensure all business expenditure is authorised at the appropriate level of senior management, including a separate policy covering staff expenses.

The Finance Department manages the Group's risk reporting process, described under (d) Risk Management below. Risk reports are produced by each business head quarterly. These are reviewed by Finance, before being consolidated and issued to the Board for review.

Other areas managed by the Finance Department include all transactional accounting, cash management, tax reporting and compliance, bank reporting and covenants, FCA reporting, environmental, social and governance reporting and management of the Group's timesheet and billing systems.

(b) Information Technology and Security

Since becoming independent in 2013, Xafinity has benefitted from significant operational investment, including the implementation of new IT systems. In addition, Xafinity has invested in a number of information technology systems, with the view to improving the Group's service offering and operating efficiency.

Management of the Group's IT infrastructure is outsourced to a third-party managed service provider (the "MSP"). The MSP provides services including helpdesk, hardware support, voice-over IP telephony, email and file services as well as managing the infrastructure for business applications that are installed on the Xafinity infrastructure (meaning those applications that are not hosted or cloud based). Support for business line applications is provided directly by software vendors.

The Group's IT hardware, including servers, storage, switches, user laptops and desktops, is owned by Xafinity but managed and maintained by the MSP. Xafinity retains control over IT strategy, vendor management, change projects and process control.

Networking, internet provision and managed firewall services are provided through a separate service provider, which also provides co-located data centres in London and Woking. Additional space is provided in a third data centre to store point-in-time backups.

Xafinity's IT security involves specialist hardware, software and procedures being applied to the Group's IT infrastructure in order to protect against penetration. Key elements include the managed firewall services and intrusion and detection systems. Applications devised by the Group are developed in accordance with best practice security standards and application hosting is secured with industry standard certificates. Ongoing assurance of the Group's IT systems involves regular penetration of internet facing applications and the Group's IT infrastructure. Suppliers hosting applications are also asked to supply details of their application and infrastructure penetration testing programmes and results to provide comfort that security protocols are being followed.

(c) Compliance

Xafinity's compliance team is responsible for identifying and assessing the compliance and regulatory risks faced by Xafinity's main trading entities, Xafinity Consulting and SIPP Services. The scope of the team's role includes developing, implementing and monitoring all aspects of compliance with applicable regulations, including:

- Financial Conduct Authority rules and regulations;
- anti-money laundering regulations;
- the Data Protection Act; and
- the Bribery Act.

The Group's Head of Compliance reports to the Board on compliance issues and works closely with senior management of the Group on key regulatory issues. The Group has compliance policies and procedures in place and provides both induction and ongoing training to all staff on compliance related matters.

(d) Risk Management

Risk management within Xafinity has two elements. The first is an assessment of wider risks on the horizon, and in particular political, economic, social and technological risks. The second is a detailed assessment of risks within each business area, which are recorded in a risk log setting out, among other things, details of the identified risks, mitigations and actions taken or to be taken. Risk reports are produced quarterly by each business head. These reports are then filtered to identify significant risks by way of a weighted risk scoring system categorising risks into low, medium, high and very high risks across various metrics. Risks and mitigations are challenged with each office head to ensure consistency and that actions and mitigations are documented. The reports are reviewed by the Finance Department before being consolidated into a quarterly Group report for issue to the Board for its review.

(e) Human Resources ("HR")

The HR team is responsible for developing and implementing Xafinity's HR policies and procedures aligned to the Company's objectives and to ensure the Group operates within the legal framework set out by current employment legislation. The team advises senior management, line managers and employees on all matters regarding the employee life cycle at Xafinity. This includes recruitment, performance management, reward and remuneration, culture, employee relations issues, organisational development, people initiatives, health and safety compliance, HR administration and policy development. In addition, the team oversees payroll input and management of a third party outsourced payroll provider. The overarching objective of the HR team is to support the business and management team with HR issues and ensure that employees of the Group feel valued and motivated.

(f) Company Secretarial and Legal

Company secretarial and legal matters are outsourced to a small group of preferred professional advisory firms, as and when necessary by the Group. This process is managed primarily by the Finance Department, working closely with other support functions within the Group.

12.2 Data Protection and Disaster Recovery

(a) Data Protection

A number of the Group's entities and individual Scheme Actuaries are registered with the Information Commissioner's Office as data controllers under the Data Protection Act 1998. The Data Protection Act 1998 highlights eight data protection principles which are communicated to all staff in their induction programme and at regular compliance update sessions subsequently. The Group has data protection policies and procedures which are communicated to all staff through regular training

and testing and which are available to all staff through the intranet. Xafinity has appropriate organisational measures in place to keep all personal information confidential and secure at all times and to ensure that data subjects can access that information if requested. The Group is also preparing for the implementation of the EU's General Data Protection Regulations which will bring additional requirements around data processing.

(b) Disaster Recovery

The Group has disaster recovery plans which detail the actions the Group can execute for the recovery of critical business processes and functions including the relevant authorisation, roles and responsibilities, strategy, tasks, call cascade, incident logs and recovery data directories. The plans are routinely tested.

13. EMPLOYEES AND EMPLOYEE INCENTIVISATION

Xafinity had an average number of 431 members of staff for the six months ended 30 September 2016, all of whom are based in the UK. The following table shows the average number of members of staff of the Group (including full time or equivalent, part time and temporary staff members) broken down by business function for the periods to 31 March 2014, 31 March 2015, 31 March 2016, 30 September 2015 and 30 September 2016:

	Number of Employees				
	Period ended 31 March 2014	Year ended 31 March 2015	Year ended 31 March 2016	6 months ended 30 September 2015	6 months ended 30 September 2016
Fee-Earners	365	381	384	381	386
Support	19	21	27	26	28
Sales and Marketing	10	16	17	17	17
Total	394	418	428	424	431

Xafinity's staff come from a wide range of backgrounds including actuarial, investment consultancy, administration, accounting and legal. The Group operates an annual graduate recruitment scheme through which it hires university graduates to train them to become qualified actuaries.

Xafinity's people are the key resource for the Group's business and an essential driver for its growth. The Group has invested in developing its people through training and education and actively encouraging individuals to take on client responsibilities. The Group's remuneration philosophy is based on rewarding people for their individual performance and the business' overall performance.

The Company has adopted the Share Plans, which have been approved by the Remuneration Committee and were unanimously approved by all the Directors.

The PSP allows the Remuneration Committee to grant Executive Directors and employees the option to acquire ordinary shares at nominal value or for no cost. The first awards will be made on or around Admission and will take the form of performance shares. The awards will vest on the third anniversary of the date of grant to the extent that performance conditions are met. The maximum value of shares over which a participant may receive an award of performance shares in any financial year may not exceed 150 per cent of his or her basic salary except in exceptional circumstances whereby it may be 200 per cent.

The Sharesave Plan is intended to be a savings related share option plan that satisfies the requirements of Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003, thus allowing participants to qualify for relief from income tax on the exercise of their share options under normal circumstances. Employees agree to save a fixed amount each month from their net pay. The savings are transferred to a savings carrier. An option is granted over the maximum number of shares that the employee will be able to buy at the exercise price using his savings.

For more information on the Share Plans, see paragraph 9 (*Share Plans*) of Part XIII (*Additional Information*).

The Company previously granted awards to a number of the Group's employees and Directors under the Existing Incentive Share Plan. The awards made prior to Admission will vest on Admission and

will be satisfied by way of the trustee of the Xafinity EBT transferring the beneficial interest of a total of 9,069,282 Ordinary Shares to the relevant employees and Directors (by way of the trustee making a declaration of trust in favour of the relevant employees and Directors). Such Ordinary Shares will then either be sold pursuant to the Offer or be subject to lock-up restrictions, as set out in paragraph 8 (*Lock-Up Arrangements*) of Part IX (*Details of the Offer*). Post Admission, the Xafinity EBT will remain in place with any cash and Shares not required to satisfy previously granted awards being used to make bonuses or awards to Group employees post Admission.

The Group operates a cash bonus scheme for all staff, whereby the Group has discretion to pay cash bonuses to staff based upon a review of their performance and the performance of the Group.

14. INTELLECTUAL PROPERTY

The Group holds a portfolio of registered UK trademarks which protect the names and logos of the Xafinity brand.

While other branding materials, such as logos, colours and designs are not registered, some protection may be afforded by unregistered design rights, unregistered trademarks and copyright. The Group does not own any patents.

The key websites for the Group's brands all have current domain name registrations held by or on behalf of the Group.

Customer databases created internally are owned by the Group.

There are currently no outstanding intellectual property infringement actions involving any member of the Group as defendant.

15. PROPERTY

The key offices used in the Group's businesses are located in Reading, Leeds, Stirling, Belfast, London and Manchester. The Group's principal executive offices are located at Phoenix House, 1 Station Hill, Reading, RG1 1NB.

All of the Group's key offices are leased for fixed terms with annual rent payable. In addition to rent, all of the leases require the payment of VAT, insurance rent and service charges.

16. DIVIDEND POLICY

The Board intends to adopt a progressive dividend policy to reflect the expectation of future cash flow generation and long-term earnings potential of the Group.

Based on the above expectations, the Directors intend that the Group will pay an interim dividend and a final dividend to be announced at the time of the interim and annual results in approximate proportions of one-third and two-thirds, respectively, of the total annual dividend. It is expected that the first dividend payment in respect of the period from the date of Admission to 31 March 2017 will be announced with the annual results for the year ending 31 March 2017.

It is the intention, subject to the availability of distributable reserves and where the cash flow requirements of the Company mean it is prudent to do so, to pay as dividends up to 67 per cent of adjusted profits after tax. The Board may however revise the Group's dividend policy from time to time in line with the actual results of the Group.

17. INSURANCE

The Group maintains insurance policies to protect against losses, including professional indemnity insurance and directors and officers insurance, business interruption insurance, public and employers' liability insurance, general office insurance and property damage insurance.

18. CURRENT TRADING AND PROSPECTS

The Group's performance since 30 September 2016 has remained in line with the Board's expectations with an increasing focus on targeting new clients across the pensions business.

Momentum in new business wins has been strong with the Group winning a total of 7 new client mandates (that is, clients for whom the Group was not previously providing services) across its Pensions Advisory and Administration business and the National Pension Trust with an aggregate revenue value to the Group for the period to 31 March 2018 of approximately £1.4 million. These recent wins include two new FTSE100 clients.

In addition, a number of substantial de-risking projects were commissioned within Xafinity's existing client base during the period 1 October 2016 to 31 December 2016.

The Group's pipeline currently comprises 15 opportunities on potential new clients for the Group across its Pensions Advisory and Administration business (excluding the National Pension Trust) with an estimated aggregate annualised revenue value (i.e. project fee or annual fee) to the Group of approximately £2 million. These opportunities are a broadly equal mix of recurring and project revenue clients. The Group's pipeline for National Pension Trust includes over 90 opportunities with total aggregate assets of approximately £1.3 billion and a combined annual management charge of approximately £4 million of which £0.2 million is categorised as 'highly likely' to be converted. The value of the trust assets managed through the NPT has increased from approximately £110 million in April 2015 to approximately £200 million in October 2016.

The Board continues to implement the Group's strategy, as set out in Part VI (Information on the Group) and remains confident about the future prospects of the Group.

In connection with the Company's application for admission to the premium listing segment of the Official List and to trading on the Main Market of the London Stock Exchange, the Group anticipates incurring incremental costs of approximately £0.1 million during the year ending 31 March 2017.

PART VII

DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

1. DIRECTORS AND SENIOR MANAGEMENT

1.1 Directors

The following table lists the names, ages and positions of the Directors:

Name	Position	Age
Tom Cross Brown	Chairman	69
Ben Bramhall	Co-Chief Executive Officer	39
Paul Cuff	Co-Chief Executive Officer	40
Mike Ainslie	Chief Financial Officer	55
Jonathan Bernstein	Head of Pensions	49
Margaret Snowdon OBE	Independent Non-executive Director	62
Alan Bannatyne	Independent Non-executive Director	47

The business address of each of the Directors is Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB.

The management expertise and experience of each of the Directors is set out below:

Tom Cross Brown **Independent Non-executive Chairman**

Tom Cross Brown was appointed Chairman of Xafinity in January 2017. He is currently non-executive Deputy Chairman of JRP Group plc (formerly Just Retirement Group plc, of which he also previously served as Chairman), a non-executive director of Artemis Alpha Trust plc and a non-executive member of the Management Committee of Artemis Investment Management LLP. Until 2003, he was chief executive officer of ABN AMRO Asset Management. Prior to joining ABN AMRO Asset Management in 1997, he spent 21 years at Lazard Brothers & Co., Limited, latterly as chief executive officer of Lazard Brothers Asset Management from 1994 to 1997. He was non-executive Chairman of Pearl Assurance plc from 2005 to 2009. Tom is Chairman of the Nomination Committee, and a member of the Audit and Remuneration Committees.

Ben Bramhall **Co-Chief Executive Officer**

Ben is a senior actuary with around 20 years' experience in the pensions industry and advises a wide range of trustees and corporate sponsors on all matters relating to pension provision.

Ben joined Xafinity in April 2014, and is primarily responsible for the day to day operations of the business. This covers the provision of services to Xafinity's existing clients, revenue generation and the Group's people agenda. Since joining Xafinity in April 2014, he has played a key role in implementing the changes that have taken place following CBPE's acquisition of the Company. This includes the development and implementation of the strategy for Xafinity as well as the hiring of key staff and development of new services and infrastructure.

Ben joined Xafinity from KPMG in London where he played a key role in its development from a small team to one of the leading providers of corporate pensions advisory services.

Paul Cuff **Co-Chief Executive Officer**

Paul, who is a qualified actuary with almost 20 years' experience in the pensions industry, is Co-Chief Executive Officer alongside Ben Bramhall.

Paul was a partner at KPMG for eight years, and joined Xafinity in October 2016. Immediately prior to joining Xafinity, Paul was head of the KPMG London pensions team, where he was instrumental in growing the London pensions business. Paul is primarily responsible for raising the profile of Xafinity in the market and generating new business. This covers both growing the client base in the Group's traditional service areas and the development of new service offerings to help clients meet the challenges they face as the market evolves. Paul is also responsible for the Group's strategy with regard to acquisitions and investment, including, for example, the development of technology.

Mike Ainslie**Chief Financial Officer**

Mike is a Chartered Accountant who, on leaving the profession, spent 18 years in Corporate Banking working for a US Bank. His roles included Head of Audit, CFO and COO for the Bank's International operations. For the last 10 years he has worked as CFO or COO for a number of fast growing companies owned by Private Equity or other investment firms. The industries covered include: Life Insurance; Anti-Money Laundering Due Diligence; Offshore Company Formation and Administration and Social Media Analytics (SaaS).

Mike joined Xafinity in October 2015 and as CFO, Mike is responsible for the finance, legal and compliance functions.

Jonathan Bernstein**Head of Pensions**

Jonathan is a senior actuary with over 25 years' experience in the pensions industry. He joined Xafinity in June 2015 and was made Head of Pensions at Xafinity Consulting in January 2016. Jonathan is responsible for the pensions consulting/actuarial, investment and administration businesses, as well as wider business matters. His main responsibility is to ensure there is effective management of the pensions business at all six locations of the wider group where such business is carried on, so that the business runs efficiently and as "one team" of highly motivated staff and that Xafinity's strategy is successfully implemented. Jonathan provides advice on all aspects of UK pension schemes for some of Xafinity's largest clients.

Prior to joining Xafinity, Jonathan was a senior partner at Mercer, UK. He has extensive experience of operational management, having run Mercer's Tower Retirement Unit for approximately five years before taking on a regional management role. His last role at Mercer was as UK Chief Actuary where Jonathan managed commercial risks across Mercer's Retirement Consulting business as well as leading on all aspects of professionalism and quality for approximately 500 qualified and trainee actuaries.

Margaret Snowden OBE Independent Non-executive Director

Margaret is a Pensions professional and experienced non-executive Director. She is a non-executive Director of the Pensions Regulator and a non-executive member of the Phoenix Group Independent Governance Committee. She previously held Partner and Director level positions with leading employee benefit consultancies, as well as running her own pensions management consulting business. She is Chairman of the Pensions Administration Standards Association and also Chair of the Monitoring Board on Incentive Exercises and chairs the Pension Liberation Industry Group that developed the Combating Pension Scams Code of Good Practice. She is a Governor and member of the Council of the Pensions Policy Institute and is a Fellow and former Vice President of the PMI as well as Fellow and past Chairman of The Pensions Advisory Service. She was recently appointed by HM Treasury as an independent member of the Steering Group for the national Pensions Dashboard. She recently joined the Transparency Task Force to focus on costs and charges borne by members and trustees and is a Charter Partner of the newly formed Retirement Income Alliance, an independent organisation set up to help people make well informed decisions around their finances for later life.

Margaret was appointed an OBE in 2010 and has, uniquely, for six years running been named as one of the Top 50 Influential People in Pensions and was awarded for her outstanding contribution to the pensions industry by the PMI in 2012. In 2013 she was listed as one of the Top 100 Women in Finance in Europe and in 2014 was named Pensions Personality of the Year.

Alan Bannatyne**Independent Non-executive Director**

After qualifying as a Chartered Accountant with Deloitte & Touche, Alan was Commercial Manager of Primecom and then Financial Director of Foresight, both subsidiaries of Primedia, a listed South African Media Group. Alan joined Robert Walters plc as Group Financial Controller in September 2002 and was appointed to the Board of Robert Walters plc as Group Finance Director in March 2007.

1.2 Senior Management

The following table lists the names, ages and positions of the Senior Managers:

Name	Position	Age
Robert Birmingham	Actuary	66
Andrew Bowsher	Head of SSAS and SIPP division	51
Neil Macbeth	Head of Reading Actuarial and Consulting	46
John Burns	Head of Leeds Actuarial and Consulting	55

The management expertise and experience of each of the Senior Managers is set out below:

Robert Birmingham Actuary

A graduate of Glasgow University (BSc), Robert started his career in pensions and insurance in 1971. He qualified as a Fellow of the Faculty of Actuaries in 1978, joining Hogg Robinson in January 1985 where he held various senior positions before becoming Managing Director of the Company upon its foundation in 1998. Robert was made Executive Chairman of the Company in 2013. Robert is a senior actuary and provides advice on all aspects of UK pension schemes to employers and trustees and holds the Scheme Actuary certificate for a number of Xafinity's largest clients.

Robert is a former President of the Society of Pension Consultants.

Andrew Bowsher Head of SSAS and SIPP division

Andy Bowsher is the FCA CF1 Approved Person for the SSAS and SIPP pensions business at Xafinity, responsible for products, marketing, sales, administration, acquisitions and profit and loss performance. He has worked in the pensions industry for 30 years, holding a number of senior operational and programme management roles at Prudential UK, before moving to their Asia HQ in Hong Kong. He joined Xafinity in 2008 to drive the launch of its SIPP business, and through a number of successful acquisitions has grown Xafinity to a top 5 UK SSAS provider.

Neil Macbeth Head of Reading Actuarial and Consulting

Neil Macbeth is head of the Reading actuarial and consulting team at Xafinity. Neil has been with the business for nearly 20 years. Originally he was responsible for the Reading consulting team before heading up the combined actuarial and consulting team in 2014. Neil was previously at Aon where he undertook a number of client consulting roles. Neil provides advice to a number of Xafinity's key clients on all aspects of UK pensions and group risk benefits.

John Burns Head of Leeds Actuarial and Consulting

John Burns has over 30 years of pension consulting experience and is head of Xafinity's operations in Leeds. John qualified as an actuary with R Watson & Sons (now Willis Towers Watson) and also worked for PricewaterhouseCoopers before moving to Xafinity. In addition to his managerial responsibilities, John continues to provide advice on all aspects of UK pension schemes to a wide variety of clients.

2. CORPORATE GOVERNANCE

The UK Corporate Governance Code sets out standards of good practice in relation to leadership and effectiveness, remuneration, accountability and relations with shareholders. Except for smaller companies (i.e. companies that are below the FTSE 350), the UK Corporate Governance Code recommends that at least half the board of directors of a UK listed company (excluding the chairman) should comprise "independent" non-executive directors, being individuals determined by the board of directors to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the directors' judgement. A smaller company should have at least two independent non-executive directors (excluding the chairman). It also recommends that a UK company's remuneration and audit committees should comprise at least three independent non-executive directors (which may include the independent non-executive chairman), and that its nomination committee should comprise a majority of independent directors.

2.1 Board Composition and Independence

The Board is committed to the highest standards of corporate governance and maintaining a sound framework for the control and management of the business. The Board is responsible for leading and controlling the Group and has overall authority for the management and conduct of the Group's business and the Group's strategy and development. The Board is also responsible for ensuring the maintenance of a sound system of internal control and risk management (including financial, operational and compliance controls, and for reviewing the overall effectiveness of systems in place), and for the approval of any changes to the capital, corporate or management structure of the Group.

Currently, the Board is composed of seven members, including the Chairman, four Executive Directors and two independent Non-executive Directors.

The UK Corporate Governance Code recommends that a chairman should meet the independence criteria set out in the UK Corporate Governance Code on appointment. The Board has concluded that Tom Cross Brown is an independent chairman for UK Corporate Governance Code purposes and that his appointment as an independent chairman is in the best interests of Shareholders.

The UK Corporate Governance Code also recommends that the Board should appoint one of the independent non-executive directors as senior independent director (the "SID"). The SID should be available to shareholders if they have concerns which contact through the normal channels of Chairman, Chief Executive Officer or other Executive Directors has failed to resolve or for which such channels of communication are inappropriate. Alan Bannatyne has been appointed as the SID.

On Admission, the Company will be compliant with the recommendations of the UK Corporate Governance Code for a company of its size. It is the Company's current intention that each of the Directors will stand for re-election on an annual basis. The Board intends to comply fully with the UK Corporate Governance Code and will report to Shareholders on such compliance in accordance with the Listing Rules.

2.2 Board Committees

As envisaged by the UK Corporate Governance Code, the Board has established nomination, remuneration and audit and risk committees, with formally delegated duties and responsibilities, and written terms of reference which will be made available on the Company's website. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises.

Audit and Risk Committee

The Audit and Risk Committee assists the Board in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including monitoring the integrity of the Company's financial statements, monitoring and reviewing the extent of the non-audit work undertaken by external auditors, advising on the appointment, re-appointment, removal, remuneration and terms of engagement of external auditors and reviewing the effectiveness of the Company's internal audit activities, internal controls and risk management systems. The Audit and Risk Committee is also responsible for providing oversight and advice to the Board in relation to current and potential risk exposures of the Group and future risk strategy, reviewing and approving various formal reporting requirements and promoting a risk awareness culture within the Group.

The Audit and Risk Committee will report to the Board on how it has discharged its responsibilities and, separately, an individual section of the annual report will describe the work of the Audit and Risk Committee. Where requested by the Board, the Audit and Risk Committee will review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

In addition, the responsibilities of the Audit and Risk Committee include:

- advising the Board on the Company's risk strategy, risk policies and current risk exposures, including any prudential risks;
- overseeing the implementation and maintenance of the overall risk management framework and systems; and
- reviewing the Company's risk assessment processes and capability to identify and manage new risks.

The UK Corporate Governance Code recommends that the Audit and Risk Committee should comprise at least three members, who should all be independent Non-executive Directors, and that at least one member should have recent and relevant financial experience. The membership of the Company's Audit and Risk Committee comprises three members, all of whom are independent Non-executive Directors, (namely Tom Cross Brown, Margaret Snowden OBE and Alan Bannatyne). Alan Bannatyne, an independent Non-executive Director, is considered by the Board to have recent and relevant financial experience and will be chairman of the Audit and Risk Committee. The Company considers that it complies with the recommendations of the UK Corporate Governance Code regarding the composition of the Audit and Risk Committee.

The Audit and Risk Committee will formally meet at least four times per year and otherwise as required. The Audit and Risk Committee will consider and make recommendations to the Board to be put to Shareholders for approval at the Company's annual general meeting in relation to the appointment, re-appointment and removal of the external auditor. The Audit and Risk Committee should satisfy itself that there are no relationships between the Company and the external auditor which could adversely affect the auditor's independence and objectivity. At least once every ten years, the Audit Committee shall ensure the audit services contract is put out to tender. The Group's Chief Financial Officer and the external auditor will be invited to attend meetings on a regular basis and other non-members of the Audit and Risk Committee may be invited to attend as and when appropriate and necessary.

Remuneration Committee

The Remuneration Committee assists the Board in determining its responsibilities in relation to remuneration and has responsibility for setting the remuneration policy for each of the Executive Directors and the Chairman, including pension rights and any remuneration package, and recommending and monitoring the level of remuneration for senior management below Board level.

The UK Corporate Governance Code provides that the Remuneration Committee should comprise at least three members, all of whom are independent non-executive directors. The membership of the Company's Remuneration Committee currently comprises three members, all of whom are independent Non-executive Directors, (namely Tom Cross Brown, Margaret Snowden OBE and Alan Bannatyne). The chairman of the Remuneration Committee is Margaret Snowden OBE. The Company therefore considers that complies with the UK Corporate Governance Code recommendations regarding the composition of the Remuneration Committee.

The Remuneration Committee will meet formally at least twice each year and otherwise as required. The Remuneration Committee will consider all material elements of remuneration policy, remuneration and incentives of executive directors and senior management with reference to independent remuneration research and professional advice, where necessary, in accordance with the UK Corporate Governance Code and associated guidance. The Remuneration Committee is also responsible for approving the design of, and determining targets for, any performance related pay schemes including under the Company's bonus and incentive arrangements. In accordance with the committee's terms of reference, no Director may participate in discussions relating to his or her own terms and conditions of remuneration. Non-executive Directors' fees will be determined by the full Board, or where required by the Articles, the Shareholders.

Nomination Committee

The Nomination Committee assists the Board in discharging its responsibilities relating to the composition of the Board, performance of Board members, induction of new directors, appointment of committee members and succession planning for senior management. The Nomination Committee is responsible for evaluating the balance of skills, knowledge, diversity and experience on the Board, the size, structure and composition of the Board, retirements and appointments of additional and replacement directors and makes appropriate recommendations to the Board on such matters. The Nomination Committee prepares a description of the role and capabilities required for a particular appointment.

The UK Corporate Governance Code provides that a majority of the members of the Nomination Committee should be independent non-executive directors. The Company's Nomination Committee currently comprises three members, all of whom are independent Non-executive Directors (namely Tom Cross Brown, Margaret Snowden OBE and Alan Bannatyne). The chairman of the Nomination Committee is Tom Cross Brown. The Company therefore considers that it complies with the UK

Corporate Governance Code recommendations regarding the composition of the Nomination Committee.

The Nomination Committee will meet formally at least twice a year and otherwise as required. The duties and activities of the Nomination Committee during the year will be disclosed in the Company's annual report.

The principal duties of the Nomination Committee include the following:

- to review regularly the structure, size and composition of the Board (including the skills, knowledge and experience) and make recommendations to the Board with regard to any changes;
- to identify, nominate and recommend for the approval of the Board, appropriate candidates to fill Board vacancies as and when they arise;
- to evaluate the balance of skills, knowledge and experience on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment;
- to satisfy itself with regard to succession planning that processes and plans are in place with regard to both Board and senior management appointments;
- to review annually the time required to fulfil the role of Chairman, Senior Independent Director and each Non-executive Director and use performance evaluation to assess whether the Non-executive Directors have devoted sufficient time to their duties;
- to recommend the re-election (or not) by Shareholders of any Director under the retirement and re-election provisions in the Company's Articles of Association;
- to make a statement in the Annual Report about its activities and the process used for appointments and explain if external advice or open advertising has not been used;
- to make its terms of reference publicly available; and
- to ensure that on appointment to the Board, Non-executive Directors receive formal written terms of appointment.

2.3 Share Dealing Code

The Company has adopted, with effect from Admission, a code on dealings in relation to the securities of the Group which is based on, and is at least as rigorous as the model code formerly contained in the Listing Rules updated as appropriate to reflect the recent coming into force of the Market Abuse Regulations. The Company shall require the Directors, other persons discharging managerial responsibilities within the Group, and for one year from Admission, all members of staff, to comply with the Company's securities dealing code, and shall take all proper and reasonable steps to secure their compliance.

PART VIII

OPERATING AND FINANCIAL REVIEW

The following is a discussion of the Group's results of operations and financial condition. Prospective investors should read the following discussion, together with the whole of this document, including Part I (Risk Factors) and Part IX (Historical Financial Information on the Group) of this Prospectus and should not just rely on the key or summarised information contained in this Part VIII.

Unless otherwise stated, the financial information in this Part VIII has been extracted without material adjustment from Part IX (Historical Financial Information on the Group) of this Prospectus.

In this discussion and analysis, the six months ended 30 September 2016 and 30 September 2015 are referred to as HY 2016 and HY 2015, respectively. The financial period from 2 November 2012 to 31 March 2014 (covering the period from incorporation of the Company on 2 November 2012, during which the Company traded for a period of 13 months and one week commencing on 21 February 2013) is referred to as FP 2014, and the financial years ended 31 March 2015 and 31 March 2016 are referred to as FY 2015 and FY 2016, respectively. The period from the start of FP 2014 to the end of HY 2016 is referred to as the Historical Financial Period and the consolidated financial information of the Group covering this period is referred to as the Historical Financial Information.

Unaudited references to revenue and Adjusted EBITDA figures for the year ended 31 March 2014 not included in Part IX (Historical Financial Information on the Group) have been included in this discussion and analysis in addition to the audited revenue and Adjusted EBITDA for FP 2014 in order to assist prospective investors with drawing a like-for-like comparison of revenue and Adjusted EBITDA between the year ended 31 March 2014 and the year ended 31 March 2015.

The financial information referenced in the following discussion and analysis has been rounded to the nearest decimal place, and percentage changes have been calculated based upon these rounded numbers and so may not conform exactly to the calculation based upon the underlying unrounded figures.

This Part VIII contains "forward-looking statements". Those statements are subject to risks, uncertainties and other factors that could cause the Group's future results of operations or cash flows to differ materially from the results of operations or cash flows expressed or implied in such forward looking statements. See Part V (Presentation of Information) of this Prospectus for further information.

1. OVERVIEW

Xafinity is a pensions actuarial, consulting and administration business providing a wide range of pension and employee benefit services to over 550 pension scheme clients and over 3,300 SSAS and SIPP clients. The Company combines expertise, insight and technology to address the needs of both pension trustees and sponsoring companies. The Group has more than 400 employees across the UK, of which approximately 90 per cent are client facing. The Group has its headquarters and largest office in Reading, with further offices in Leeds, Stirling, Belfast, London and Manchester.

Xafinity currently provides its services through four business lines:

- Pensions Advisory and Administration;
- SSAS and SIPP;
- HR Trustees; and
- Healthcare Consulting.

The Group's Pensions Advisory and Administration business line currently includes the Defined Contribution Platform, NPT. Whilst the Group provides services across a number of business lines and has several operating segments based on geographical location and revenue streams, it has one statutory reporting segment. This is because the nature of services provided across the Group all relate to pension and employee benefit solutions.

On 21 February 2013, CBPE Capital LLP, as the ultimate controlling party, obtained control of the voting rights of Xafinity Consulting, Xafinity SIPP Services, Xafinity Pensions Consulting Limited and their subsidiaries by acquiring the majority of the issued shares capital of the Company, via CBPE. Although the Company was incorporated on 2 November 2012, it did not commence trading until the date of the acquisition of control of the Company by CBPE on 21 February 2013. FP 2014 therefore covers a period of 13 months and one week, being the period commencing 21 February 2013 and ending 31 March 2014.

Following the acquisition of the Company by CBPE, investment has been made in the Group's business during the Historical Financial Period across the following areas:

Property: Xafinity has moved to new offices in Reading, Belfast and London and refurbishments have been carried out at all of its other offices, substantially improving working conditions.

Strategy: Following the acquisition of the Company by CBPE, the Group has adopted a clear strategy for each of its four business lines and has invested both time and resources in developing the infrastructure required to deliver that strategy, including new technology, procedures and processes aimed at delivering a wider range of services and increasing efficiency and productivity. The Directors believe that this investment has contributed to the financial growth of the Group during the Historical Financial Period.

New and upgraded systems: A number of efficiency and productivity improvements have been underpinned by the use of new technology within the Group. Investment in new technology systems has also been made with a view to positioning the Group so that it is able to respond effectively to new service opportunities. Through its investment in new systems over recent years, Xafinity has aimed to position itself to continue a programme of rolling out new productivity initiatives in the longer term and to respond quickly to changes in legislation, taxation and market conditions.

People: During the Historical Financial Period, the Group has invested in a number of key senior management hires and has invested in its staff more generally through the adoption of improved training programmes, new share incentive plans and improved bonus arrangements.

Sales and marketing: The Company has significantly increased its spending on marketing and profile raising activities during the course of the Historical Financial Period. In addition, a number of the recent hires made by Xafinity are focused on business development activities.

The following table sets out information on the Group's revenue by business line for the Historical Financial Period.

	Period ended 31 March 2014 £'000	Year ended 31 March 2015 £'000	Year ended 31 March 2016 £'000	6 months ended 30 September 2015 £'000	6 months ended 30 September 2016 £'000
Pensions Advisory and Administration	43,073 ⁽¹⁾	41,767	43,245	21,023	21,491
SSAS and SIPP	3,987	4,588	4,881	2,382	2,491
HR Trustees	2,747	2,609	2,494	1,244	1,199
Healthcare	1,269	1,006	1,149	917	836
Other	561	—	—	—	—
Total Revenue	51,637⁽²⁾	49,970	51,769	25,566	26,017

Notes:

(1) The Group's revenue for Pensions Advisory and Administration for the year ended 31 March 2014 was £39.0 million.

(2) The Group's total revenue (unaudited) for the year ended 31 March 2014 was £46.9 million.

Revenue for the Defined Contribution Platform, NPT increased from £0.1 million in FP 2014 to £0.2 million in FY 2015 and £0.5 million in FY 2016.

On an annualised basis, the Group has grown revenue from £46.9 million in FY 2014, to £50.0 million in FY 2015 and £51.8 million in FY 2016, a 5.0 per cent CAGR. The Group's revenue increased from £25.6 million in HY 2015 to £26.0 million in HY 2016. This growth has been driven largely by organic growth, particularly in the Pensions Advisory and Administration business line where revenue grew on an annualised basis from £39.0 million in the year ended 31 March 2014 to £41.8 million in FY 2015 and £43.2 million in FY 2016. SSAS and SIPP has also experienced annual growth over the period due to of a combination of organic growth of the number of SIPP clients and the acquisition of a SSAS book from Legal & General towards the end of FY 2014, which subsequently contributed approximately £0.9 million of additional revenue to the Group each year during the Historical Financial Period.

During the Historical Financial Period, the Group's revenue stream benefited from limited seasonality as a result of its predictable and recurring nature and monthly billing for the majority of Xafinity Pensions Advisory and Administration clients. The Group experienced a trend of marginally higher revenues during the months of September, March, May and to a lesser extent December, as a result of a the billing profile for variable fee projects, invoicing quarterly billed clients, increased revenues in the Healthcare Business in May due to contract renewals, and the Group's year-end in March. Revenues during the summer months of July and August tended to be marginally lower due to the summer holiday period resulting in lower levels of chargeable time and project completions.

The following table summarises the key operating cash flow metrics of the Group during the Historical Financial Period.

£'000	Period ended 31 March 2014	Year ended 31 March 2015	Year ended 31 March 2016	6 months ended 30 September 2015	6 months ended 30 September 2016
Adjusted EBITDA	16,179	15,610	16,703	8,072	8,459
Exceptional items	(3,925)	(921)	(534)	(173)	(639)
EBITDA	12,254	14,689	16,169	7,899	7,820
Working capital movement ⁽¹⁾	1,722	1,164	(843)	(958)	(770)
Capital expenditure ⁽²⁾	(1,369)	(1,896)	(587)	(285)	(346)
Operating cash flow	12,607	13,957	14,739	6,656	6,704
Cash conversion %	103%	95%	91%	84%	86%

(1) Represents movements in trade and other receivables, trade and other payables and provisions.

(2) Represents expenditure on property, plant and equipment and software.

2. SIGNIFICANT FACTORS AND INDICATORS AFFECTING THE GROUP'S RESULTS OF OPERATIONS

The Directors believe that the following significant factors and indicators have materially affected the Group's results of operations or financial condition during the Historical Financial Period under review.

Client relationships

Long-standing client relationships are the bedrock of Xafinity's business and any loss of client or reduction in the level of work provided to a client may have a material negative impact upon results. Conversely, the addition of new clients or the increase in revenue generated from existing clients may improve results. Clients tend to be long-standing based upon the advisory nature of the relationships. Xafinity operates in a competitive market and competition exists whenever tender opportunities arise.

The following table sets out details of Xafinity's numbers of clients serviced by each business line for the Historical Financial Period – the table is limited to clients for which the income received by Xafinity exceeded £10,000 during the relevant period for Pensions Advisory and Administration and £1,000 for HR Trustees and Healthcare business lines.

	Period ended 31 March 2014	Year ended 31 March 2015	Year ended 31 March 2016	12 months ended 30 September 2015	12 months ended 30 September 2016
Pensions Advisory and Administration	283	265	268	275	260
HR Trustees	101	95	101	98	99
Healthcare	44	40	42	43	42
Duplicate clients	(28)	(33)	(29)	(22)	(25)
Total corporate / trustee clients	400	367	382	394	376
SSAS and SIPP	2,563	2,957	3,168	3,048	3,319

Notes:

- (1) The above figures represent clients serviced during the relevant period for which the income received by Xafinity exceeded £10,000 for clients of the Pensions Advisory and Administration business and £1,000 during the relevant period for clients of HR Trustees and Healthcare business lines.
- (2) Where a client relationship has more than one billing entity or scheme, only one client is counted for these purposes; the figures above exclude individual pension schemes (FP 2014: 47, FY 2015: 30, FY 2016: 24, HY 2015: 25, HY 2016: 20) that were billed separately under the PPF client relationship.
- (3) 18 clients relating to the Skillbase business which was disposed of in December 2013 have been excluded from this table.

The number of clients of Pensions Advisory and Administration fell slightly over the course of the Historical Financial Period, primarily as a result of variation in the billings to certain clients (which mean they fall above or below the threshold of £10,000 in the relevant period), irregular activity levels on 'non-recurring' clients (which is often driven by changes in regulation), the loss or winding up of clients or due to schemes entering the Pension Protection Fund or qualifying for the Financial Assistance Scheme administered by the PPF. The comparison above is also slightly distorted by the longer period contained within FP2014. However, revenue for Pensions Advisory and Administration increased over the same periods as a result of an increase in revenue per client, driven primarily by an increase in the amount of higher value consulting work undertaken for existing clients in connection with campaigns aimed at helping clients benefit from regulatory changes or the provision of de-risking services, and limited increases to charge-out rates.

The number of clients of SSAS and SIPP grew from 2,501 for FP 2014 to 2,962 for FY 2015 and 3,174 in FY 2016 reflecting a small decrease in the number of SSAS clients being offset by a larger increase in SIPP clients resulting in a steady increase in revenue over these periods. Revenue for SSAS and SIPP also grew steadily from £2.4 million in HY 2015 to £2.5 million in HY 2016.

The number of clients of HR Trustees remained steady over the Historical Financial Period as revenue from new trustee appointments replaced revenue lost on the expiry of legacy appointments.

The number of clients of the Healthcare Consulting decreased from 70 in FP 2014 to 59 in FY 2016. Revenue in Healthcare Consulting fell marginally over the same period resulting in a small increase in revenue per client in this business line.

Staff costs and headcount

Staff costs, which include wages and salaries, social contributions and similar taxes, defined contribution pension costs and other long-term employee benefits, have remained the largest expense of the Group, accounted for between 55.9 per cent and 63.2 per cent of the Group's total administrative expenses during the Historical Financial Period. Staff costs decreased marginally from £25.3 million in FP 2014 to £25.1 million in FY 2015, despite an increase in the average number of fee earning and non-fee earning FTEs during the period. Staff costs increased slightly to £25.6 million in FY 2016 reflecting an increase in the average number of FTEs, but a reduction in the number of fee-earning FTEs and a lower bonus payment in FY 2016. Staff costs fell marginally from £13.0 million in HY 2015 to £12.8 million in HY 2016, primarily due to a decrease in bonus accrual.

The following table details the breakdown of the average number of fee earning FTEs and non-fee earning FTEs of the Group during the Historical Financial Period.

	Period ended 31 March 2014	Year ended 31 March 2015	Year ended 31 March 2016	6 months ended 30 September 2015	6 months ended 30 September 2016
Number of fee earning FTEs	335	361	364	362	366
Number of non-fee earning FTEs	41	45	52	50	51
Total number of FTEs	376	405	416	411	417

The average total number of FTEs has grown from an average of 376 in FP 2014 to 405 in FY 2015 and 416 in FY 2016, primarily to enable the Group to operate as a standalone business and develop and implement its strategy (including the development and delivery of new services) with the increase in demand for the Group's services largely met by increased operating efficiencies. The average total number of FTEs grew from 411 in HY 2015 to 417 in HY 2016.

The average number of fee earning FTEs of the Group grew from 335 in FP 2014 to 361 in FY 2015 as a result of increased recruitment during these periods and subsequently remained broadly stable through FY 2016, HY 2015 and HY 2016.

The average number of non-fee earning FTEs increased from 41 in FP 2014 to 45 in FY 2015 and 52 in FY 2016. These increases resulted primarily from the addition in FP 2014 of new staff to undertake marketing, finance and HR roles previously undertaken at group level prior to Xafinity's separation from the Equiniti Group; the previously outsourced facilities management team being brought back in-house during FY 2015; and the appointment of key management, strategic and business development appointments during the Historical Financial Period. The investment in non-fee earning FTEs following the acquisition of the Group by CBPE has been made in order to put in place the resources and infrastructure required to deliver on the Group's strategy over the longer term.

The following table sets out details of the average number of fee earning FTEs by business line for the Historical Financial Period.

	Period ended 31 March 2014	Year ended 31 March 2015	Year ended 31 March 2016	6 months ended 30 September 2015	6 months ended 30 September 2016
Pensions Advisory and Administration	267	286	291	288	290
SSAS and SIPP	46	52	54	54	56
HR Trustees	16	18	15	15	17
Healthcare Consulting	6	5	4	4	4

Following a period of recruitment in Pensions Advisory and Administration in FP 2014 and FY 2015, the average number of fee earning FTEs across each of the Group's business lines has remained steady during the Historical Financial Period, with improvements in productivity being a contribution to increased revenues over the same period. These productivity gains have been delivered by improving working procedures and implementing a series of technology enabled measures including the streamlining of tasks, and better sharing of expertise and work across teams and offices. These initiatives represent part of the Group's plans for an ongoing programme of further initiatives aimed at delivering continued improvements in productivity gains over the longer term. The aim of these plans and initiatives is to improve efficiency and quality of work without materially increasing the number of fee earning FTEs.

The average number of fee earning FTEs in SSAS and SIPP increased by two between FY 2015 and FY 2016, as a result of the acquisition of a SSAS book of business from Legal & General and the associated transfer of employees. The average number of fee earning FTEs in HR Trustees grew to 18 in FY 2015 as a result of new hires, but then fell to 15 in FY 2016, primarily as a result of the reallocation of two fee earning FTEs to the Pensions Advisory and Administration business line.

Financing costs

Financing costs have been significant during the Historical Financial Period, primarily as a result of the bank debt and loan notes agreed at the time of the acquisition of the Group by CBPE and related interest and other payments made by the Company. Finance costs decreased gradually from £9.2 million in FP 2014 to £8.2 million in FY 2015 and £7.9 million in FY 2016, increasing from £2.8 million in HY 2015 to £3.8 million in HY 2016. Of these finance costs, bank loan interest increased from £2.6 million in FP 2014 to £3.1 million in FY 2015 and £3.2 million in FY 2016, and increased from £1.6 million in HY 2015 to £2.6 million in HY 2016. Part of the loan notes were repaid during FP 2014 and as a result interest payments under the loan notes decreased from £5.8 million in FP 2014 to £2.3 million in FY 2015 and £1.5 million in FY 2016. The remainder of the loan notes and £0.8 million of interest were repaid during FY 2016 as a result of the refinancing of the business with a loan of £86.0 million.

Following Admission, drawdown of the New Facilities Agreement and repayment of the Existing Facilities Agreement, the Group's gross debt will be reduced to £33.0 million, resulting in anticipated net finance costs of less than £1.0 million per annum.

Transaction and separation costs

During the Historical Financial Period, the Group's results for FP 2014 and FY 2015 were impacted by exceptional costs associated with the acquisition of the Group by CBPE and costs incurred as a result of the Group separating from the Equiniti Group. As the Company now operates as an independent business, the Group does not expect any further material exceptional costs associated with its separation from the Equiniti Group.

Regulatory change

The Directors believe that regulatory change has been a driver for the business as clients require assistance in assessing its impact. Historically, UK governments have made frequent changes to UK pensions legislation and the pensions tax environment. Each time a change is made, pension trustees require advice on the potential implications for their scheme, and frequently additional work or projects are required to, for example, upgrade their own administration systems or to assist in communicating changes to members. An example of a regulatory change that has impacted the Group's business was the introduction of Freedom and Choice in April 2015, providing individuals with additional flexibility as to how they use their pensions. This change resulted in increased demand for Xafinity's advisory services.

While the Directors do not believe that the Group's results of operations during the Historical Financial Period have been materially adversely affected by regulatory change, given the nature of the services provided by the Group, the introduction of any legislation or regulations which materially reduce the size or complexity of the pensions market in the UK or reduce the level of regulation of pensions in the UK could negatively impact upon the demand for Xafinity's services from trustees and corporate clients, which could have a material adverse effect on the Group's results of operations. However, in practice, where governments have introduced simplification measures in the past this has actually led to significant increases in workloads and revenue. This is a product of clients needing to adopt the new regime (often a complex exercise) and navigate the transition from the old regime to the new during which time both regimes often remain in place for a period.

During the Historical Financial Period, Xafinity's Regulated Subsidiaries have been subject to modest regulatory capital requirements of less than £1.5 million per annum.

Acquisitions and disposals

During the Historical Financial Period, the Group disposed of its Skillbase business during FP 2014 for £1. This business had contributed approximately £0.6 million of revenue to the Group during FP 2014. There has been one acquisition during the Historical Financial Period, which was of a SSAS book from Legal & General in February to June 2014. This SSAS book was purchased for £0.9 million and added approximately £0.9 million per annum to the overall Group revenue in FY 2016.

Capital expenditure

Xafinity's capital expenditure during the Historical Financial Period has primarily involved investment in new and upgraded systems, technology and IT infrastructure, further details of which are summarised below in section 7 of this Part VIII. There has also been a significant investment in property, through Xafinity moving to new offices in Reading, Belfast and London and carrying out refurbishments of all its other offices during the Historical Financial Period.

3. DESCRIPTION OF KEY INCOME STATEMENT ITEMS

Revenue

Revenue, which excludes value added tax, represents the invoiced value of pension, actuarial, consultancy and administration services and to a lesser extent other employee benefit consultancy including the broking of private medical insurance. Amounts recognised as revenue but not yet billed are reflected in the statement of financial position as accrued income. Amounts billed in advance of work performed are referred to in the statement of financial position as deferred income. Revenue is derived almost exclusively from sales made in the United Kingdom, with the remainder derived from Republic of Ireland.

In the case of services provided on an ongoing basis, revenue is recognised proportionately as the contract is performed. Total costs incurred under contracts in progress net of amounts transferred to the statement of comprehensive income reflect the proportion of the work carried out at the accounting date.

Administrative expenses

Administrative expenses comprise staff costs consisting of employee benefit expenses including wages and salaries, social contributions and similar taxes, defined contribution pension costs and other long-term employee benefits.

Non-staff costs consist of premises costs, IT costs, insurance costs, professional services costs and other general business costs.

Adjusted EBITDA

Profit from operating activities before depreciation, amortisation and exceptional items.

Exceptional items

Items that are material in size, unusual or infrequent in nature are disclosed separately as exceptional items. During the Historical Financial Period, exceptional expenses have included deal costs and bonuses related to the acquisition of the Group by CBPE in February 2013, costs associated with the Group's separation from the Equiniti Group, head office move costs, redundancy costs and other exceptional costs.

During the Historical Financial Period, the only exceptional income represented a release of dilapidation provisions related to a property where the lease was re-negotiated and no dilapidation costs were incurred.

Depreciation of tangible assets

Tangible assets include property, plant and equipment of the Group and are depreciated in accordance with the accounting policies set out at Note 1 (*Accounting Policies*) to the consolidated financial statements of the Group contained in Part IX (*Historical Financial Information on the Group*) of this Prospectus.

Amortisation of intangible assets

Intangible assets comprise goodwill, software, customer relationships and the brand of the Group and are amortised in accordance with the accounting policies set out at Note 1 (*Accounting Policies*) to the consolidated financial statements of the Group contained in Part IX (*Historical Financial Information of the Group*).

Finance income and costs

Finance income comprises interest income on bank deposits and income on interest rate swap valuations.

Finance costs have consisted of interest expense on loans from related parties, interest expense on bank loans, other costs of borrowings, interest on finance leases, net foreign exchange loss and, interest rate swap valuation expense.

Income tax expense

Each member of the Group is incorporated and resident for tax purposes in the United Kingdom. Income tax expense for the period comprises current and deferred tax relating to UK corporation tax.

4. KEY PERFORMANCE INDICATORS

The Group uses non-financial metrics to measure the performance of its business. Some of these measures are not measures of performance under generally accepted accounting principles, including IFRS, and should not be considered in isolation or as an alternative to IFRS financial statements. See Part V (*Presentation of Information*) of this Prospectus for further information. The following table sets out information on the Group's KPIs for the periods indicated.

Group Key Performance Indicators

	Period ended 31 March 2014	Year ended 31 March 2015	Year ended 31 March 2016	6 months ended 30 September 2015	6 months ended 30 September 2016
Revenue (£'000)	51,637 ⁽¹⁾	49,970	51,769	25,566	26,017
Adjusted EBITDA (£'000)	16,179	15,610	16,703	8,072	8,459
Adjusted EBITDA margin	31.3%	31.2%	32.3%	31.6%	32.5%
Operating profit (£'000)	6,452	9,466	11,167	5,411	5,449
Operating profit margin (£'000)	12.5%	18.9%	21.6%	21.2%	20.9%
Cash conversion	103%	95%	91%	84%	86%
Number of fee earning FTEs	335	361	364	362	366
Number of non-fee earning FTEs	41	45	52	50	51

Note:

(1) The Group's revenue (unaudited) for the year ended 31 March 2014 was £46.9 million.

Segmental business line Key Performance Indicators

	Period ended 31 March 2014	Year ended 31 March 2015	Year ended 31 March 2016	6 months ended 30 September 2015	6 months ended 30 September 2016
Segmental Breakdown					
Pensions Advisory and Administration					
Revenue (£'000)	43,073 ⁽¹⁾	41,767	43,245	21,023	21,491
Number of clients	474	454	445	456	426
Average number of fee earning FTEs	267	286	291	288	290
SSAS and SIPP					
Revenue (£'000)	3,987	4,588	4,881	2,382	2,491
Number of clients	2,563	2,957	3,168	3,048	3,319
Average number of fee earning FTEs	46	52	54	54	56
HR Trustees					
Revenue (£'000)	2,747	2,609	2,494	1,244	1,199
Number of clients	104	99	106	102	101
Average number of fee earning FTEs	16	18	15	15	17
Healthcare Consulting					
Revenue (£'000)	1,269	1,006	1,149	917	836
Number of clients	70	65	59	63	57
Average number of fee earning FTEs	6	5	4	4	4

Note:

(1) The Group's revenue (unaudited) for Pensions Advisory and Administration services for the year ended 31 March 2014 was £39.0 million.

Adjusted EBITDA margin

Adjusted EBITDA margin represents Adjusted EBITDA as a percentage of revenue.

Operating profit margin

Operating profit margin represents profit from operating activities as a percentage of revenue.

Cash conversion

Cash conversion is calculated by taking net cash inflow from operating activities before income tax paid but after the purchase of property, plant and equipment and software, divided by Adjusted EBITDA after exceptional items. Cash conversion is lower in HY 2015 and HY 2016 as a result of annual bonuses being paid during those periods in July.

Fee earning and non-fee earning FTEs

Fee earning FTEs are employees whose time is chargeable to clients. Non-fee earning FTEs include FTEs in the finance, support services, management, sales and marketing, IT and premises functions.

5. RESULTS OF OPERATIONS

The following table sets out the Group's combined income statement for the Historical Financial Period:

	Period ended 31 March 2014 £'000	Year ended 31 March 2015 £'000	Year ended 31 March 2016 £'000	6 months ended 30 September 2015 £'000	6 months ended 30 September 2016 £'000
Revenue	51,637 ⁽¹⁾	49,970	51,769	25,566	26,017
Administrative expenses					
Staff costs	(25,275)	(25,120)	(25,645)	(13,040)	(12,825)
Non-staff costs	(19,910)	(15,384)	(14,957)	(7,115)	(7,743)
Profit from operating activities	6,452	9,466	11,167	5,411	5,449
Adjusted EBITDA	16,179	15,610	16,703	8,072	8,459
Depreciation of tangible assets	(374)	(615)	(651)	(326)	(341)
Amortisation of intangible assets	(5,428)	(4,608)	(4,351)	(2,162)	(2,030)
Exceptional expenses	(4,264)	(921)	(534)	(173)	(639)
Exceptional income	339				
Finance income	733	27	46	12	77
Finance costs	(9,155)	(8,214)	(7,907)	(2,804)	(3,797)
(Loss)/Profit before tax	(1,970)	1,279	3,306	2,619	1,729
Income tax expense	(871)	(533)	(315)	(832)	(775)
(Loss)/Profit and total comprehensive income for the year attributable to the owners of the Company	(2,841)	746	2,991	1,787	954

Note:

(1) The Group's revenue (unaudited) for the year ended 31 March 2014 was £46.9 million.

Results of operations for the six months ended 30 September 2016 compared to the six months ended 30 September 2015

Revenue

Total revenue increased by £0.4 million, or 1.6 per cent, to £26.0 million in HY 2016 from £25.6 million in HY 2015. This increase was primarily driven by organic growth in revenue of Pensions Advisory and Administration and SSAS and SIPP, offset by relatively small declines in revenue of HR Trustees and Healthcare Consulting, as shown in the following breakdown of revenue for each of the businesses in HY 2016 and HY 2015:

	6 months ended 30 September 2015 £'000	6 months ended 30 September 2016 £'000
Pensions Advisory and Administration	21,023	21,491
SSAS and SIPP	2,382	2,491
HR Trustees	1,244	1,199
Healthcare Consulting	917	836
Total Revenue	25,566	26,017

The growth in Pensions Advisory and Administration was primarily organic and driven in part by a strong performance by the Investment department. Growth was impacted during the period by the loss of a legacy contract from the Group's period under ownership of the Equiniti Group with the PPF, which was not renewed at a time when the PPF underwent a significant reduction of its panel of external advisory firms. Although the PPF did not represent a typical long-standing DB scheme client of the Group, this contract had been worth approximately £1.0 million per annum in revenue. SSAS and SIPP continued to grow through the organic addition of clients in the SIPP business. Revenue for HR Trustees was slightly lower in HY 2016 when compared to HY 2015 as a result of the impact of certain staffing changes and the introduction of new staff who require time to develop new business.

Administrative expenses

Staff costs decreased marginally by £0.2 million, or 1.6 per cent, to £12.8 million in HY 2016 from £13.0 million in HY 2015. This was achieved by a reduction in headcount driven by efficiencies in operating processes, the change in mix of the senior management team, as well as a lower bonus accrual as a result of lower growth in HY 2016.

Non-staff costs increased by £0.6 million, or 8.5 per cent, to £7.7 million in HY 2016 from £7.1 million in HY 2015. Aside from inflationary increases in costs, the increase resulted largely from exceptional costs relating to staff redundancy and increases in the provision made for a potential claim in respect of the administration of a particular scheme.

Profit from operating activities

Profit from operating activities increased by £0.1 million, or 1.9 per cent, to £5.5 million in HY 2016 from £5.4 million in HY 2015. Operating profit margin decreased slightly from 21.2 per cent in HY 2015 to 20.9 per cent in HY 2016.

Adjusted EBITDA

Adjusted EBITDA increased by £0.4 million, or 4.9 per cent, to £8.5 million in HY 2016 from £8.1 million in HY 2015. Adjusted EBITDA margin increased by 0.9 percentage points from 31.6 per cent in HY 2015 to 32.5 per cent HY 2016.

Exceptional items

Exceptional expenses increased by £0.4 million to £0.6 million in HY 2016 from £0.2 million in HY 2015, as a result of providing for a potential claim in respect of the administration of a particular scheme.

Finance income and costs

Finance income increased by £0.1 million to £0.1 million in HY 2016 from £0.0 million in HY 2015. This increase was primarily caused by the mark to market gain on the interest swap hedge which improved in the period.

Finance costs increased by £1.0 million, or 35.4 per cent, to £3.8 million in HY 2016 from £2.8 million in HY 2015. This increase resulted primarily from an increase of £1.0 million of interest expense on bank loans and £0.8 million of interest rate swap valuation expense during HY 2016 compared with HY 2015, offset by a decrease of £0.8 million of interest expense on loans from related parties which were repaid in February 2016, during the refinancing of the business.

Profit before tax

Profit before tax decreased by £0.9 million, or 34.6 per cent, to £1.7 million in HY 2016 from £2.6 million in HY 2015.

Income tax expense

Income tax expense was relatively unchanged at approximately £0.8 million in both HY 2016 and HY 2015, although this included a decrease of approximately £0.4 million, primarily as a result of lower profit before tax and higher non-deductible expenses in HY 2015, offset by an additional charge of approximately £0.3 million relating to the income tax payable to the EBT.

Profit and total comprehensive income attributable to the owners of the Group

Profit and total comprehensive income attributable to the owners of the Group for the half year decreased by £0.8 million, or 44.4 per cent, to £1.0 million in HY 2016 from £1.8 million in HY 2015.

Results of operations for the financial year ended 31 March 2016 compared to the financial year ended 31 March 2015

Revenue

Total revenue increased by £1.8 million, or 3.6 per cent, to £51.8 million in FY 2016 from £50.0 million in FY 2015. This increase was primarily driven by organic growth in revenue of Pensions Advisory and Administration and SSAS and SIPP, offset by a small decline in revenue of the HR Trustees, as shown in the following breakdown of revenue for each of Xafinity's businesses:

	Year ended 31 March 2015 £'000	Year ended 31 March 2016 £'000
Pensions Advisory and Administration	41,767	43,245
SSAS and SIPP	4,588	4,881
HR Trustees	2,609	2,494
Healthcare Consulting	1,006	1,149
Total Revenue	49,970	51,769

Pensions Advisory and Administration growth was driven by the Group providing and more effectively cross-selling a broader range of services to clients, including pensions de-risking services, including the Group's market-leading Trivial Commutation service. NPT growth came from the organic addition of clients. Although revenue of HR Trustees decreased, this business gained 21 new clients during the year.

Administrative expenses

Staff costs increased by £0.5 million, or 2.0 per cent, to £25.6 million in FY 2016, from £25.1 million in FY 2015, primarily as a result of an increase of headcount from 406 to 416 employees.

Non-staff costs decreased by £0.4 million, or 2.6 per cent, to £15.0 million in FY 2016, from £15.4 million in FY 2015. This decrease occurred primarily as a result of exceptional head office move costs incurred during FY 2015 combined with a reduction in depreciation and amortisation and premises costs (excluding rent under operating leases) in FY 2016 compared to FY 2015, which offset increases in operating lease expenses and other general business costs over the same period.

Profit from operating activities

Profit from operating activities increased by £1.7 million, or 17.9 per cent, to £11.2 million in FY 2016 from £9.5 million in FY 2015. Operating profit margin increased to 21.6 per cent in FY 2016 from 18.9 percent in FY 2015.

Adjusted EBITDA

Adjusted EBITDA increased by £1.1 million, or 7.1 per cent, to £16.7 million in FY 2016 from £15.6 million in FY 2015. Adjusted EBITDA margin increased by 1.1 percentage points from 31.2 per cent in FY 2015 to 32.3 per cent in FY 2016.

Exceptional items

Exceptional expenses decreased by £0.4 million to £0.5 million in FY 2016 from £0.9 million in FY 2015, as a result of £0.5 million head office move costs along with higher separation and other exceptional costs incurred in FY 2015 compared to FY 2016.

Finance income and costs

Finance income remained at approximately £0.0 million in FY 2016 and FY 2015 (increasing by £19,000 in 2016). This increase resulted from income on an interest swap valuation in FY 2016, which offset a reduction of interest income on bank deposits in FY 2016 compared with FY 2015.

Finance costs decreased by £0.3 million, or 3.7 per cent, to £7.9 million in FY 2016 from £8.2 million in FY 2015. This decrease primarily resulted from a £0.1 million increase in interest expense on bank loans and a £1.0 million increase in other costs of borrowing in FY 2016 compared to FY 2015 which was offset by a £0.7 million decrease in interest expense on loans from related parties and a £0.7 million decrease in interest rate swap valuation expense over the same period.

Profit before tax

Profit before tax increased by £2.0 million, or 153.8 per cent, to £3.3 million in FY 2016 compared with £1.3 million in FY 2015.

Income tax expense

Income tax expense decreased by £0.2 million, or 40.0 per cent, to £0.3 million in FY 2016 compared with £0.5 million in FY 2015, primarily as a result of the effects of a reduction in the rate of UK corporation tax for FY 2016 compared to FY 2015 and increased non-deductible expense and fixed asset differences in FY 2015 compared to FY 2016.

Profit and total comprehensive income attributable to the owners of the Group

Profit and total comprehensive income attributable to the owners of the Group for the year increased by £2.2 million, or 300.9 per cent, to £3.0 million in FY 2016 from £0.7 million in FY 2015.

Results of operations for the financial year ended 31 March 2015 compared to the financial period ended 31 March 2014 (during which the Company traded for a period of 13 months and one week commencing on 21 February 2013)

Revenue

On an annualised basis, revenue increased by £3.1 million, or 6.2 per cent, from £46.9 million in the year ended 31 March 2014 to £50.0 million in FY 2015. As a result of revenue for FP 2014 covering the longer 13-month and one week trading period from 21 February 2013 to 31 March 2014, revenue decreased by £1.6 million, or 3.1 per cent, to £50.0 million in FY 2015 from £51.6 million in FP 2014. This increase in annualised revenue was primarily as a result of organic growth of the Pensions Advisory and Administration business and the acquisition of a SSAS book of business from Legal & General in February to June 2014, and offset a small reduction of revenue of the Group over the same period resulting from the sale of the Skillbase business in December 2013. The Group's revenue for Pensions Advisory and Administration services for the year ended 31 March 2014 was £39.0 million.

	Period ended 31 March 2014 £'000	Year ended 31 March 2015 £'000
Pensions Advisory and Administration	43,073 ⁽¹⁾	41,767
SSAS and SIPP	3,987	4,588
HR Trustees	2,747	2,609
Healthcare Consulting	1,269	1,006
Other ⁽²⁾	561	0
Total Revenue	51,637⁽³⁾	49,970

Notes:

(1) The revenue (unaudited) of Pensions Advisory and Administration for the year ended 31 March 2014 was £39.0 million.

(2) Other revenue relates to income from arrangements involving the space in the Reading Office.

(3) The Group's total revenue (unaudited) for the year ended 31 March 2014 was £46.9 million.

In March 2014, a series of changes to pension rules were announced which would come into effect in April 2015. Xafinity addressed the opportunities arising from this in a number of ways including building the Centre of Excellence for the processing of Trivial Commutation exercises, building a Buy-Out Technology platform "F-Insure" and repositioning its Master Trust to be a vehicle for flexible drawdown of Defined Benefit Scheme benefits as well as accumulation and drawdown of Defined Contribution benefits.

Administrative expenses

Staff costs decreased marginally by £0.2 million or 0.8 per cent, to £25.1 million in FY 2015, compared with £25.3 million in FP 2014.

Non-staff costs decreased by £4.5 million, or 22.6 per cent, to £15.4 million in FY 2015, from £19.9 million in FP 2014. This decrease was primarily attributable to £2.3 million of acquisition related deal costs and bonuses incurred in FP 2014, higher separation and other exceptional costs of £1.6 million incurred in FP 2014 compared to £0.9 million incurred in FY 2015, and higher other non-staff costs resulting from the longer financial reporting period.

Profit from operating activities

Profit from operating activities increased by £3.0 million, or 46.2 per cent, to £9.5 million in FY 2015 compared with £6.5 million in FP 2014. Operating profit margin increased to 18.9 per cent in FY 2015 from 12.5 per cent in FP 2014.

Adjusted EBITDA

On an annualised basis, Adjusted EBITDA increased by 7.6% from £14.5 million in the year ended 31 March 2014 to £15.6 million in FY 2015. Adjusted EBITDA margin for the year ended 31 March 2014 was 30.9 per cent. As a result of FP 2014 covering the longer 13-month and one week trading period from 21 February 2013 to 31 March 2014, adjusted EBITDA decreased by £0.6 million, or

3.7 per cent, to 15.6 million in FY 2015 compared with £16.2 million in FP 2014. Adjusted EBITDA margin remained similar at 31.2 per cent for FY 2015 compared to 31.3 per cent for FP 2014.

Exceptional items

Exceptional expenses decreased by £3.4 million, or 79.1 per cent, to £0.9 million in FY 2015 from £4.3 million in FP 2014, primarily as a result of £2.3 million of acquisition related deal costs and bonuses incurred in FP 2014, higher separation and other exceptional costs of £1.6 million incurred in FP 2014 compared to £0.9 million incurred in FY 2015, which was offset by £0.5 million office move costs incurred in FY 2015.

Exceptional income was £0.3 million in FP 2014 which represented a release of dilapidation provisions related to a property where the lease was re-negotiated and no dilapidation costs were incurred. There was no exceptional income during FY 2015.

Finance income and costs

Finance income decreased by £0.7 million to £0.0 million in FY 2015 from £0.7 million in FP 2014, primarily as a result of income on interest rate swap valuation realised in FP 2014 compared with no such income on interest rate swap valuation being realised in FY 2015.

Finance costs decreased by £1.0 million, or 10.9 per cent, to £8.2 million in FY 2015 from £9.2 million in FP 2014. This decrease primarily resulted from a £0.5 million increase in interest expense on bank loans and a £1.3 million increase in other costs of borrowing in FY 2015 compared to FP 2014 and a £0.8 million interest rate swap valuation expense incurred in FY 2015 but not in FP 2014, being offset by a £3.5 million decrease of interest expense on loans from related parties and a decrease in interest rate swap valuation expense over the same period.

Profit before tax

Profit before tax increased by £3.3 million, or 165.0 per cent, to a profit before tax of £1.3 million in FY 2015 compared with a loss before tax of £2.0 million in FP 2014.

Income tax expense

Income tax expense decreased by £0.4 million, or 44.4 per cent, to £0.5 million in FY 2015 compared with £0.9 million in FP 2014, primarily as a result of the effects of a reduction in the rate of UK corporation tax for FY 2015 compared to FP 2014 and increased non-deductible expense and fixed asset differences in FP 2014 compared to FY 2015.

Profit and total comprehensive income attributable to the owners of the Group

Profit and total comprehensive income attributable to the owners of the Group increased by £3.6 million to £0.8 million in FY 2015 compared with a loss and total comprehensive deficit attributable to the owners of the Company of £2.8 million in FP 2014.

6. LIQUIDITY AND CAPITAL RESOURCES

Overview

The Group's principal sources of liquidity during the Historical Financial Period have been its cash generated from operating activities and its loans, including the Existing Facilities Agreement and certain shareholder loans. The Group's liquidity requirements have arisen in the Historical Financial Period primarily from the need to meet ongoing staff costs and non-staff costs, to fund tax obligations, to make payments of interest and principal under its loans, to pay a dividend and to meet the working capital requirements of the business. The Group is also subject to Financial Conduct Authority regulatory requirements for Xafinity Consulting and Xafinity SIPP Services to hold regulatory capital.

The Group's business has been highly cash generative during the Historical Financial Period, having generated net cash inflows from operating activities of £6.5 million and £6.2 million for HY 2016 and HY 2015 respectively and £13.3 million, £14.2 million and £10.5 million for FY 2016, FY 2015 and FP 2014 respectively. The highly cash-generative nature of its business has enabled the Group to meet its finance costs and to pay a dividend of £20.6 million in FY 2016.

Upon Admission, the Group expects to materially reduce its level of indebtedness so as to reduce its finance costs in the future, and provide increased cash for other purposes, including for the payment of dividends to Shareholders pursuant to the Group's dividend policy detailed in section 16 (*Dividend Policy*) of Part XIII (*Additional Information*) of this Prospectus.

Going forward, the Group will be obliged to pay interest and repay principal in connection with the New Facilities Agreement. The Company's ability to pay dividends is expected to be constrained to a certain degree by cash flow requirements as a result of these liquidity requirements as well as the level of distributable reserves available to the Group for the purposes of paying dividends, although the Directors anticipate being able to pay dividends in line with the proposed dividend policy. The following table sets forth the Group's consolidated cash flow statement during the Historical Financial Period.

Consolidated cash flow statement

	Period ended 31 March 2014 £'000	Year ended 31 March 2015 £'000	Year ended 31 March 2016 £'000	6 months ended 30 September 2015 £'000	6 months ended 30 September 2016 £'000
Cash flows from operating activities					
(Loss)/Profit for the year	(2,841)	746	2,991	1,787	954
<i>Adjustments for:</i>					
Depreciation	374	615	651	326	341
Amortisation	5,428	4,608	4,351	2,162	2,035
Finance income	(733)	(27)	(46)	(12)	(77)
Finance costs	9,155	8,214	7,907	2,804	3,797
Income tax expense	871	533	315	832	775
	12,254	14,689	16,169	7,899	7,820
Decrease/(increase) in trade and other receivables	(264)	1,073	(455)	866	56
(Decrease)/increase in trade and other payables	2,302	201	(691)	(1,849)	(1,473)
(Decrease)/increase in provisions	(316)	(110)	303	25	647
	13,976	15,853	15,326	6,941	7,050
Income tax paid	(3,487)	(1,632)	(2,063)	(702)	(596)
Net cash inflow from operating activities	10,489	14,221	13,263	6,239	6,454
Cash flows from investing activities					
Finance income received	8	27	13	12	14
Acquisition of a subsidiary, net of cash acquired	(66,581)	—	—	—	—
Purchases of property, plant and equipment	(1,150)	(1,548)	(184)	(188)	(126)
Purchases of software	(219)	(348)	(403)	(97)	(220)
Acquisition of intangible assets	(200)	(700)	—	—	—
Net cash outflow from investing activities	(68,142)	(2,569)	(574)	(273)	(332)
Cash flows from financing activities					
Proceeds from the issue of share capital	910	34	50	47	—
Proceeds from loans net of capitalised costs	77,585	18,728	82,493	—	—
Repayment of loans	(5,952)	(27,267)	(71,522)	(2,746)	—
Repurchase of own shares	—	—	(2,667)	(200)	—
Interest paid	(5,006)	(6,321)	(4,345)	(1,686)	(2,689)
Payment of finance lease liabilities	(3)	(34)	(34)	(10)	(9)
Dividends paid	—	—	(20,597)	—	—
Net cash flows from financing activities	67,534	(14,860)	(16,622)	(4,595)	(2,698)
Net increase/(decrease) in cash and cash equivalents	9,881	(3,208)	(3,933)	1,371	3,424
Cash and cash equivalents at start of the year	—	9,881	6,673	6,673	2,740
Cash and cash equivalents at end of the year	9,881	6,673	2,740	8,044	6,164

Net cash inflows from operating activities

The Group's cash inflows from operating activities during the Historical Financial Period consisted of:

- profits in FY 2015, FY 2016, HY 2015 and HY 2016;
- depreciation, amortisation, finance costs, income tax expense in all periods;
- decreases in trade and other receivables in FY 2015, HY 2015 and HY 2016;
- increases in trade and other payables in FP 2014 and FY 2015; and
- increases in provisions in FY 2016, HY 2015 and HY 2016.

The Group's cash outflows from operating activities during the Historical Financial Period consisted of:

- a loss in FP 2014;
- finance income and income tax paid in all periods;
- increases in trade and other receivables in FP 2014 and FY 2016; and
- decreases in trade and other payables in FY 2016, HY 2015 and HY 2016.

Net cash inflow from operating activities was £6.5 million for HY 2016 compared to £6.2 million for HY 2015, an increase of £0.3 million.

Net cash inflow from operating activities was £13.3 million for FY 2016 compared with £14.2 million for FY 2015, a decrease of £0.9 million.

Net cash inflow from operating activities was £14.2 million for FY 2015 compared with £10.5 million for FP 2014, an increase of £3.7 million.

Net cash outflows from investing activities

The Group's cash inflows from investing activities during the Historical Financial Period consisted of financing income received in all periods.

The Group's cash outflows from investing activities during the Historical Financial Period consisted of:

- the £66.6 million acquisition of a subsidiary holding company of operating companies within the Group net of cash acquired in FP 2014;
- purchases of property, plant and equipment in all periods; and
- the acquisition of intangible assets in FP 2014 and FY 2015.

Net cash outflow from investing activities was £0.3 million for HY 2016 and £0.3 million for HY 2015.

Net cash outflow from investing activities was £0.6 million for FY 2016 compared to £2.6 million for FY 2015, a decrease of £2.0 million.

Net cash outflow from investing activities was £2.6 million for FY 2015 compared to £68.1 million for FP 2014, a decrease of £65.5 million. This significant cash outflow from investing activities resulted from the acquisition of a subsidiary holding the Group's operations, net of cash acquired.

Net cash flows from financing activities

The Group's cash inflows from financing activities during the Historical Financial Period consisted of:

- proceeds from the issue of new share capital in FP 2014, FY 2015, FY 2016 and HY 2015; and
- proceeds from loans net of capitalised costs, more particularly, £77.6 million in FP 2014 (in respect of the loan taken to finance the acquisition of the Group by CBPE), £18.7 million in FY 2015 and £82.5 million in FY 2016 (in respect of a refinancing of existing loans).

The Group's cash outflows from financing activities during the Historical Financial Period consisted of:

- repayments of loans, more particularly, £6.0 million in FP 2014, £27.3 million in FY 2015, £71.5 million in FY 2016 (which included the refinancing of the existing loan), and £2.7 million in HY 2015;
- repurchases of own shares in FY 2016 and HY 2015;
- interest payments and payments of finance lease liabilities in all years; and

- the payment of a dividend to shareholders in FY 2016.

Net cash outflow from financing activities was £2.7 million for HY 2016 compared to £4.6 million for HY 2015, a decrease of £1.9 million.

Net cash outflow from financing activities was £16.6 million for FY 2016 compared to £14.9 million for FY 2015, an increase of £1.7 million.

Net cash outflow from financing activities was £14.9 million for FY 2015 compared to net cash inflow from financing activities of £67.5 million for FP 2014, an increase of £82.4 million.

Capital expenditures

The Group's capital expenditure requirements during the Historical Financial Period are set out in the following table. Recurring capital expenditure mainly relates to IT and office equipment.

	Period ended 31 March 2014 £'000	Year ended 31 March 2015 £'000	Year ended 31 March 2016 £'000	6 months ended 30 September 2015 £'000	6 months ended 30 September 2016 £'000
Major Projects					
IT infrastructure – separation from Equiniti Group	727	—	—	—	—
Head office move	—	1,360	—	—	—
Project Radar Technology tool ⁽¹⁾	—	—	—	—	2
Sub-total	727	1,360	—	—	2
Other capital expenditure					
Software development	87	330	405	190	222
IT hardware	125	204	148	88	56
Other office relocations / refits	324	2	34	7	67
Finance leases for photocopiers	106	—	—	—	—
Sub-total	642	536	587	285	345
Total	1,369	1,896	587	285	346

Note:

(1) This involves the redevelopment of client facing actuarial software.

Non-recurring capital expenditures in FP 2014 and FY 2015 primarily resulted from the separation from the Equiniti Group following the acquisition of the Group by CBPE, the head office move and an upgrade to the Group's IT system.

Regulatory capital

Two of the Group's subsidiaries, Xafinity Consulting and Xafinity SIPP Services are regulated by the FCA and are subject to FCA regulatory capital requirements. As at 30 September 2016, Xafinity Consulting's minimum regulatory capital requirement was £0.6 million and Xafinity SIPP Services was £0.7 million. As at 31 January 2017, Xafinity Consulting's minimum regulated capital requirement was £0.6 million and Xafinity SIPP Services' minimum capital requirements was £0.7 million. The Group regularly monitors the regulatory capital requirements of both Xafinity Consulting and Xafinity SIPP Services.

External sources of funding and indebtedness

As at 30 September 2016, the Group's total indebtedness, including the Existing Facilities Agreement more particularly described in paragraph 14.2 of Part XIII (*Additional Information*) of the Prospectus, capitalised debt arrangement fees and finance leases, had the following maturity profile:

	Due within one year (current) £'000	Due between one and two years £'000	Due after two years £'000	Sub-total (non current) £'000	Total £'000
30 September 2016					
Senior Debt (secured)	—	—	86,000	86,000	86,000
Capitalised debt arrangement fee	—	(701)	(1,724)	(2,425)	(2,425)
Finance lease	19	25	23	48	67
Sub-total	19	(676)	84,299	83,623	83,642
Capitalised debt arrangement fees shown as current assets on balance sheet	(701)	—	—	—	(701)
Total	(682)	(676)	84,299	83,623	82,941

In preparation for Admission, the Company has entered into the New Facilities Agreement, the proposed terms of which are more particularly described in paragraph 14.1 of the Part XII (*Additional Information*) with the New Facilities being committed and available for drawdown upon Admission.

Following Admission, receipt of proceeds of the Offer and drawdown under the New Facilities Agreement, any principal and accrued interest outstanding under the Existing Facilities Agreement will be repaid in full, resulting in total indebtedness with the following maturity profile:

	Due within 1 year (current) £'000	Due between 1&2 years £'000	Due after 2 years £'000	Sub-total (non current) £'000	Total £'000
Senior Debt (secured)	—	—	15,000	15,000	15,000
Capitalised debt arrangement fee	(50)	(50)	(151)	(201)	(251)
Revolving Credit Facility (secured)	—	—	18,000	18,000	18,000
Finance lease	21	27	7	34	55
Total	(29)	(23)	32,856	32,833	32,804

Following Admission and repayment of outstanding principal and accrued interest under the Existing Facilities Agreement, the Group's principal sources of liquidity will primarily comprise cash generated from operations, cash and cash equivalents and £5.0 million aggregate principal amount available under the New Facilities Agreement.

Contractual obligations and other commitments

The following table sets out the contractual maturities of financial liabilities of the Group (excluding the New Facilities Agreement) as at 30 September 2016:

	Up to 3 months £'000	Between 3-12 months £'000	Between 1-2 year £'000	Between 2-5 years £'000	Over 5 years £'000	30 September 2016 £'000
Trade and other payables	3,502	—	—	—	—	3,502
Finance leases	8	25	35	25	—	93
	<u>3,510</u>	<u>25</u>	<u>35</u>	<u>25</u>	<u>—</u>	<u>3,595</u>

7. QUALITATIVE AND QUANTITATIVE DISCLOSURES ON MARKET RISK

See Notes 2 (*Financial risk management*) and 3 (*Capital risk management*) to the Historical Financial Information, as set out in Part IX (*Historical Financial Information on the Group*) for a discussion of the Group's foreign currency, credit, liquidity and other market risks as well as its regulatory risks.

8. CRITICAL ACCOUNTING POLICIES AND ESTIMATES

In the application of its accounting policies, the Directors are required to make judgements, estimates and assumptions that affect the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that the Group considers relevant. Actual results may differ from these estimates.

See Note 1 (*Accounting Policies*) to the Historical Financial Information, as set out in Part IX (*Historical Financial Information on the Group*) for a discussion of the Group's critical accounting policies and estimates.

PART IX

HISTORICAL FINANCIAL INFORMATION ON THE GROUP

The information in Sections A and B of this Part IX (*Historical Financial Information on the Group*) provides financial information for the Group for the financial period ended 31 March 2014, the years ended 31 March 2015 and 31 March 2016 and the six month periods 30 September 2015 and 30 September 2016.

SECTION A

ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE GROUP



BDO LLP
55 Baker Street
London
W1U 7EU

13 February 2017

The Directors
Xafinity plc
Phoenix House
1 Station Hill
Reading
Berkshire
RG1 1NB

Deloitte LLP
Athene Place
66 Shoe Lane
London
EC4A 3BQ

Dear Sirs

Xafinity plc (formerly Xafinity Group Holdings (Reading) Limited) (the “Company”) and its subsidiary undertakings (together, the “Group”)

Introduction

We report on the financial information set out in Section B of Part IX. This financial information has been prepared for inclusion in the prospectus dated 13 February 2017 of the Company (the “Prospectus”) on the basis of the accounting policies set out in note 1 to the financial information. This report is required by item 20.1 of annex I of the Commission Regulation (EC) No. 809/2004 (the “PD Regulation”) and is given for the purpose of complying with that item and for no other purpose.

Responsibilities

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

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and

given solely for the purposes of complying with item 23.1 of annex I of the PD Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

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

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

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

Opinion

In our opinion, the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Group as at 31 March 2014, 31 March 2015, 31 March 2016 and 30 September 2016 and of its results, cash flows, and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

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

Yours faithfully

BDO LLP

Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

SECTION B

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Historical financial information on the Group for the period ended 31 March 2014 (covering the period from incorporation of the Company on 2 November 2012, during which the business traded for a period of 13 months and one week commencing on 21 February 2013), years ended 31 March 2015 and 31 March 2016 and the six month periods ended 30 September 2015 and 30 September 2016

Consolidated statements of comprehensive income

		Period ended 31 March 2014 £'000	Year ended 31 March 2015 £'000	Year ended 31 March 2016 £'000	6 months ended 30 September 2015 £'000	6 months ended 30 September 2016 £'000
	Note					
Revenue		51,637	49,970	51,769	25,566	26,017
Administrative expenses	8	(45,185)	(40,504)	(40,602)	(20,155)	(20,568)
Adjusted EBITDA		16,179	15,610	16,703	8,072	8,459
Depreciation of tangible assets		(374)	(615)	(651)	(326)	(341)
Amortisation of intangible assets		(5,428)	(4,608)	(4,351)	(2,162)	(2,030)
Exceptional expenses	6	(4,264)	(921)	(534)	(173)	(639)
Exceptional income	6	339	—	—	—	—
Profit from operating activities		6,452	9,466	11,167	5,411	5,449
Finance income	12	733	27	46	12	77
Finance costs	12	(9,155)	(8,214)	(7,907)	(2,804)	(3,797)
(Loss)/Profit before tax		(1,970)	1,279	3,306	2,619	1,729
Income tax expense	13	(871)	(533)	(315)	(832)	(775)
(Loss)/Profit and total comprehensive income for the year attributable to the owners of the parent		<u>(2,841)</u>	<u>746</u>	<u>2,991</u>	<u>1,787</u>	<u>954</u>

(Loss)/earnings per share attributable to the ordinary equity holders of the Company

		Period ended 31 March 2014 £'000	Year ended 31 March 2015 £'000	Year ended 31 March 2016 £'000	6 months ended 30 September 2015 £'000	6 months ended 30 September 2016 £'000
	Note					
Basic and diluted (loss)/earnings per share	34	<u>(£0.78)</u>	<u>£0.20</u>	<u>£0.76</u>	<u>£0.48</u>	<u>£0.24</u>

Consolidated balance sheets

		31 March 2014 £'000	31 March 2015 £'000	31 March 2016 £'000	30 September 2016 £'000
	Note				
Assets					
Non-current assets					
Property, plant and equipment	14	1,063	1,996	1,529	1,314
Intangible assets	15	69,500	65,888	61,940	60,130
Derivative financial assets	16	484	35	—	—
Deferred tax assets	17	36	36	36	36
		<u>71,083</u>	<u>67,955</u>	<u>63,505</u>	<u>61,480</u>
Current assets					
Derivative financial assets	16	242	35	—	—
Trade and other receivables	18	12,427	11,354	12,510	12,454
Cash and cash equivalents	19	9,881	6,673	2,740	6,164
		<u>22,550</u>	<u>18,062</u>	<u>15,250</u>	<u>18,618</u>
Total assets		<u><u>93,633</u></u>	<u><u>86,017</u></u>	<u><u>78,755</u></u>	<u><u>80,098</u></u>
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital	24	988	1,022	40	40
Investment in own shares held in trust	25	(50)	(50)	(2,717)	(2,717)
Accumulated deficit		<u>(2,841)</u>	<u>(2,095)</u>	<u>(18,669)</u>	<u>(17,715)</u>
Total deficit		<u>(1,903)</u>	<u>(1,123)</u>	<u>(21,346)</u>	<u>(20,392)</u>
Liabilities					
Non-current liabilities					
Loans and borrowings	20	71,582	62,955	83,282	83,623
Derivative financial liabilities	16	—	57	—	422
Deferred income tax liabilities	17	9,819	8,798	7,219	6,895
		<u>81,401</u>	<u>71,810</u>	<u>90,501</u>	<u>90,940</u>
Current liabilities					
Loans and borrowings	20	2,647	4,890	18	19
Provisions for other liabilities and charges	23	198	88	391	1,038
Trade and other payables	21	10,618	9,701	8,664	7,173
Current income tax liabilities	22	672	594	425	928
Derivative financial liabilities	16	—	57	102	392
		<u>14,135</u>	<u>15,330</u>	<u>9,600</u>	<u>9,550</u>
Total liabilities		<u>95,536</u>	<u>87,140</u>	<u>100,101</u>	<u>100,490</u>
Total equity and liabilities		<u><u>93,633</u></u>	<u><u>86,017</u></u>	<u><u>78,755</u></u>	<u><u>80,098</u></u>

Consolidated statement of changes in equity

	Share capital £'000	Investment in own shares £'000	Accumulated deficit £'000	Total equity £'000
Share capital issued	988	—	—	988
Investment in own shares held in trust	—	(50)	—	(50)
Total comprehensive loss for the period	—	—	(2,841)	(2,841)
Balance at 31 March 2014	988	(50)	(2,841)	(1,903)
Share capital issued	34	—	—	34
Total comprehensive income for the year	—	—	746	746
Balance at 31 March 2015	1,022	(50)	(2,095)	(1,123)
Contributions by and distributions to owners				
Share capital issued	50	—	—	50
Investment in own shares held in trust	—	(2,667)	—	(2,667)
Share capital cancellation	(1,032)	—	1,032	—
Dividends paid	—	—	(20,597)	(20,597)
Total contributions by and distributions to owners	(982)	(2,667)	(19,565)	(23,214)
Total comprehensive income for the year	—	—	2,991	2,991
Balance at 31 March 2016	40	(2,717)	(18,669)	(21,346)
Total comprehensive income for the period	—	—	954	954
Balance at 30 September 2016	40	(2,717)	(17,715)	(20,392)

Consolidated statements of cash flows

		Period ended 31 March 2014 £'000	Year ended 31 March 2015 £'000	Year ended 31 March 2016 £'000	6 months ended 30 September 2015 £'000	6 months ended 30 September 2016 £'000
Note						
Cash flows from operating activities						
	(Loss)/Profit for the year	(2,841)	746	2,991	1,787	954
	<i>Adjustments for:</i>					
	Depreciation	374	615	651	326	341
	Amortisation	5,428	4,608	4,351	2,162	2,030
	Finance income	(733)	(27)	(46)	(12)	(77)
	Finance costs	9,155	8,214	7,907	2,804	3,797
	Income tax expense	871	533	315	832	775
		12,254	14,689	16,169	7,899	7,820
	Decrease/(increase) in trade and other receivables	(264)	1,073	(455)	866	56
	(Decrease)/increase in trade and other payables	2,302	201	(691)	(1,849)	(1,473)
	(Decrease)/increase in provisions	(316)	(110)	303	25	647
		13,976	15,853	15,326	6,941	7,050
	Income tax paid	(3,487)	(1,632)	(2,063)	(702)	(596)
	Net cash inflow from operating activities	10,489	14,221	13,263	6,239	6,454
Cash flows from investing activities						
	Finance income received	8	27	13	12	14
	Acquisition of a subsidiary, net of cash acquired	(66,581)	—	—	—	—
	Purchases of property, plant and equipment	(1,150)	(1,548)	(184)	(188)	(126)
	Purchases of software	(219)	(348)	(403)	(97)	(220)
	Acquisition of intangible assets	(200)	(700)	—	—	—
	Net cash outflow from investing activities	(68,142)	(2,569)	(574)	(273)	(332)

		Period ended 31 March 2014 £'000	Year ended 31 March 2015 £'000	Year ended 31 March 2016 £'000	6 months ended 30 September 2015 £'000	6 months ended 30 September 2016 £'000
	Note					
Cash flows from financing activities						
Proceeds from the issue of share capital	24	910	34	50	47	—
Proceeds from loans net of capitalised costs		77,585	18,728	82,493	—	—
Repayment of loans		(5,952)	(27,267)	(71,522)	(2,746)	—
Repurchase of own shares		—	—	(2,667)	(200)	—
Interest paid		(5,006)	(6,321)	(4,345)	(1,686)	(2,689)
Payment of finance lease liabilities		(3)	(34)	(34)	(10)	(9)
Dividends paid		—	—	(20,597)	—	—
Net cash outflow from financing activities		67,534	(14,860)	(16,622)	(4,595)	(2,698)
Net increase/ (decrease) in cash and cash equivalents		9,881	(3,208)	(3,933)	1,371	3,424
Cash and cash equivalents at start of the year		—	9,881	6,673	6,673	2,740
Cash and cash equivalents at end of the year	19	9,881	6,673	2,740	8,044	6,164

Notes forming part of the historical financial information

1 Accounting Policies

Xafinity Group Holdings (Reading) Limited (the “Company”) is a limited company incorporated and domiciled in the UK. The principal activity of the Group is employee benefit consultancy and related business services. The registered office is Phoenix House, 1 Station Hill, Reading, RG1 1NB. The group financial information consolidates that of the Company and its subsidiaries (together referred to as the “Group”).

Basis of preparation

The historical financial information presents the financial track record of the Group for the 17 month period ended 31 March 2014, being the period from incorporation to 31 March 2014, for the two years ended 31 March 2016 and the six month periods ended 30 September 2015 and 30 September 2016. This historical financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRS – IC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated historical financial information has been prepared under the going concern basis.

The historical financial information does not constitute statutory accounts within the meaning of section 434 of Companies Act 2006. Xafinity Group Holdings (Reading) Limited prepared group consolidated statutory accounts for the period ended 31 March 2014 and the two years ended 31 March 2016 under IFRSs as adopted by the EU, which have been filed with the Registrar of Companies. Those statutory accounts have been reported on by the Independent Auditors. The Independent Auditors’ Reports on the Annual Reports and Financial Statements for 2014, 2015 and 2016 were unqualified, did not contain a statement under 498(2) or 498(3) of the Companies Act 2006

The preparation of historical financial information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed at the end of this section.

Accounting policies have been consistently applied, except where new policies have been adopted and disclosed in the historical financial information.

A number of new standards, amendments to standards and interpretations are not effective for the periods presented and therefore have not been applied in preparing these accounts. The effective dates shown are for periods commencing on the date quoted.

- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)
- IFRS 9 Financial Instruments (effective 1 January 2018)
- IFRS 16 Leases (effective 1 January 2019)
- Clarification of Acceptable Methods of Depreciation and Amortisation: Amendments to IAS 16 and IAS 38 (effective 1 January 2016)
- Equity Method in Separate Financial Statements (Amendments to IAS 27) (effective 1 January 2016)
- Disclosure Initiative: Amendments to IAS 1 (effective 1 January 2016)
- Disclosure Initiative: Amendments to IAS 7 (effective 1 January 2017)

At the date of authorisation of this financial information, the directors have considered the standards and interpretations which have not been applied in this financial information, were in issue but not yet effective (and in some cases had not yet been adopted by the EU) and only IFRS 15 “Revenue from Contracts with Customers” and IFRS 16 ‘Leases’ were considered to be relevant. The directors are still assessing whether the application of IFRS 15 and IFRS 16, once effective, will have a material impact on the results of the Group. Adoption of the other standards and interpretations referred to above is not expected to have a material impact on the results of the Group. Application of these standards may result in some changes in presentation of information within the Company’s financial statements.

Group structure

Xafinity Group Holdings (Reading) Ltd, the ultimate holding company was incorporated on 2 November 2012 together with three 100% owned intermediate holding companies, namely Xafinity Financing (Reading) Limited, Xafinity (Reading) Limited and Xafinity Consulting (Reading) Limited.

On 21 February 2013, Xafinity Consulting (Reading) Limited acquired the share capital of Xafinity Consulting Limited, Xafinity Pensions Consulting Limited and Xafinity SIPP Services Limited and their financial information is consolidated from this date onwards. Refer to note 4 for further details of the transaction.

The Group's historical financial information covered an initial extended accounting period from 2 November 2012 to 31 March 2014. However, the Group did not commence trading until 21 February 2013.

Functional and presentation currency

The historical financial information is presented in British Pounds which is the Company's functional currency. Figures in the historical financial information are rounded to the nearest thousand.

Measurement convention

The historical financial information is prepared on the historical cost basis except for the measurement of certain financial instruments.

Basis of consolidation

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any elements of control.

De-facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the company considers all relevant facts and circumstances, including:

- The size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights
- Substantive potential voting rights held by the company and by other parties
- Other contractual arrangements
- Historic patterns in voting attendance.

The consolidated financial information presents the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial information incorporates the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of the acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Derivative financial instruments and hedging

Derivative financial instruments

Derivatives are used to hedge the Group's exposure to fair value interest rate risk. The hedged item is remeasured to take into account the gain or loss attributable to the hedged risk with the gains or losses arising recognised in profit or loss. This offsets the gain or loss arising on the hedging instrument which is measured at fair value through profit or loss.

Third party valuations are used to fair value the Group's derivatives

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. For items acquired as part of a business combination, cost comprises the deemed

fair value of those items at the date of acquisition. Depreciation on those items is charged over their estimated remaining useful lives from that date.

Depreciation is charged to profit and loss in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Estimated useful lives are as follows:

Office equipment	– 3 to 10 years
Leasehold improvements	– 5 years
Fixtures and fittings	– 3 to 10 years

Intangible assets and goodwill

Goodwill represents amounts arising on acquisition, being the difference between the cost of the acquisition and the net fair value of the identifiable assets and liabilities acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units for the purposes of impairment testing and is not amortised. It is tested annually for impairment.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Measurement on acquisition

Software is valued based on replacement costs valuations where identifiable or where this has not been ascertainable, using relief from royalty valuation over the estimated useful life.

Customer relationships are valued based on the net present value of the excess earnings generated by the revenue streams over their estimated useful lives.

Brand valuation is based on net present value of estimated royalty returns.

Amortisation

Amortisation is charged to profit and loss in the statement of comprehensive income over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. Estimated useful lives are as follows:

Customer relationships	– 10 years, reducing balance method
Brand	– 10 years, straight line method
Software	– 3 to 4 years, straight line method

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready for use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity.

Fair value through profit or loss

This category comprises only in-the-money derivatives (see "Financial liabilities" section for out-of-the-money derivatives). They are carried in the statement of financial position at fair value with changes

in fair value recognised in the consolidated statement of comprehensive income in the finance income or expense line.

Loans and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments, that are not quoted in an active market. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment and are included in non-current assets as their maturity is greater than 12 months after the end of the reporting period.

Trade receivables are stated initially at fair value then measured at amortised cost less provisions for impairment. Provisions for impairment are recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The impairment recorded is the difference between the carrying value of the receivables and the estimated future cash flows discounted where appropriate. Any impairment required is recorded in the statement of comprehensive income within administrative expenses.

Cash and cash equivalents in the statement of financial position comprise cash at bank, cash in hand and short term deposits with an original maturity of three months or less.

Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Group's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises only out-of-the-money derivatives (see "Financial assets" for in-the-money derivatives). They are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income. The Group does not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest basis. On borrowings extinguished, any difference between the cash paid and the carrying value is recognised in the statement of comprehensive income.

Trade payables

Trade payables are not interest bearing and are stated at their fair value on initial recognition. They are then accounted for using the effective interest rate method.

Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected, risk adjusted, future cash flows at a pre-tax risk-free rate.

Dilapidations provisions relate to the estimated cost to put leased premises back to the required condition expected under the terms of the lease. These include provisions for wear and tear along with provisions where leasehold improvements have been made that would require reinstatement back to the original status on exit. These are uncertain in timing as leases may be terminated early or extended. To the extent that exits of premises are expected within 12 months of the end of the year they are shown as current.

Professional indemnity provisions relate to complaints against the Group. The amount provided is based on management's best estimate of the likely liability and is capped to the excess on the Group's professional indemnity insurance. The provision represents the excess of the amount due that is not covered by the Group's insurance policy.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Retirement benefits: Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

Employee benefit trust (EBT)

As the Group is deemed to have control of its EBT, it is treated as a subsidiary and consolidated for the purposes of the consolidated financial statements. The EBT's investment in the Group's shares is deducted from equity in the consolidated statement of financial position as if it were treasury shares.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders in the AGM.

Revenue

Revenue, which excludes value added tax, represents the invoiced value of employee benefit consultancy, general management consultancy and related business services and education supplied. Amounts recognised as revenue but not yet billed are reflected in the statement of financial position as accrued income. Amounts billed in advance of work performed are deferred in the statement of financial position as deferred income. Revenue is derived mainly from sales made in the United Kingdom.

In the case of services provided on an ongoing basis, revenue is recognised proportionately as the contract is performed. Total costs incurred under contracts in progress net of amounts transferred to the statement of comprehensive income reflect the proportion of the work carried out at the accounting date.

Expenses

Exceptional items

Exceptional items are items which due to their size, incidence and non-recurring nature have been classified separately in order to draw them to the attention of the reader of the financial information and, in management's judgement, to show more accurately the underlying profits of the Group. Such items are included within the statement of comprehensive income caption to which they relate, and are separately disclosed either in the notes to the financial statements or on the face of the statement of comprehensive income.

Operating lease payments

Payments made under operating leases are recognised in profit and loss in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the total lease expense and are spread over the term of the lease.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Foreign exchange policy

Transactions entered into by Group entities in a currency other than the functional currency (GBP) are recorded at the rates ruling when the transactions occur.

Any exchange rate differences are recognised immediately through the statement of comprehensive income.

Net finance costs

Net finance costs comprise interest payable, interest receivable on own funds, gains and / or losses on the Group's interest rate swaps, foreign exchange gains and losses and costs directly related to the raising of loans.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in profit and loss in the statement of comprehensive income except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fair values of intangible assets

Goodwill and intangibles are tested for impairment at the cash generating unit level on an annual basis at the year end and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a cash generating unit below its carrying value. These events or circumstances could include a significant change in the business climate, legal factors, operating performance indicators, competition, or sale or disposition of a significant portion of a reporting unit.

Application of the goodwill impairment test requires judgment, including the identification of cash generating units, assignment of assets and liabilities to such units, assignment of goodwill to such units and determination of the fair value of a unit. The fair value of each cash generating unit or asset is estimated using the income approach, on a discounted cash flow methodology. This analysis requires significant judgments, including estimation of future cash flows, which is dependent on internal forecasts, estimation of the long-term rate of growth for the business, estimation of the useful life over which cash flows will occur and determination of our weighted average cost of capital.

Deferred tax

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Throughout the historical financial information period the directors consider that the IAS 12 recognition criteria have been satisfied.

Provisions

Dilapidations provisions have been made for properties which the Group currently lease based upon the cost to make good the property in accordance with lease terms where applicable.

Provisions are made for claims in respect of complaints against the Group. The amount provided is based on management's best estimate of the likely liability. The cost to the business is capped to the excess on the Group's professional indemnity insurance in respect of each individual claim.

Useful lives of intangible assets

Intangible assets are amortised over their estimated useful lives with the charge recorded in administrative expenses. Useful lives are based on management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated income statement in specific periods.

Business combinations

The Directors determine and allocate the purchase price of an acquired business to the assets acquired and liabilities assumed as of the business combination date. The purchase price allocation process requires the use of significant estimates and assumptions, including the estimated fair value of the acquired intangible assets.

While the Directors use their best estimates and assumptions as part of the purchase price allocation process to accurately value assets acquired and liabilities assumed at the date of acquisition, our estimates and assumptions are inherently uncertain and subject to refinement. Examples of critical estimates in valuing certain of the intangible assets we have acquired or may acquire in the future include but are not limited to:

- future expected cash flows from customer relationships and brands
- the fair value of the property, plant and equipment; and
- discount rates

Exceptional items

Exceptional items are recognised to the extent that they meet the definition outlined in the accounting policy above. This requires a certain amount of judgement that is applied consistently by management.

2 Financial risk Management

The Xafinity Group's operations expose it to a variety of financial risks including credit risk, liquidity risk and the effects of changes in interest rates on debt. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs.

The Group's principal financial instruments comprise sterling cash, bank deposits, bank loans, overdrafts and shareholder loans together with trade receivables and trade payables that arise directly from its operations.

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- cash flow interest rate risk

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty, including brokers, to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Due to the nature of the business the majority of the trade receivables are with trustees of pension schemes and large institutions and losses have occurred infrequently over previous years.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that the Group will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

Market risk

Market risk is the risk that changes in market prices such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its financial instruments.

The Group's financial instruments are currently in sterling, hence foreign exchange movements do not have a material effect on the Group's performance.

The Group is exposed to movements in interest rate in its net finance costs and also in a small element of its operating revenue. Senior loans are linked to LIBOR. The Group earns income in relation to client and shareholder deposits as well as interest income on its own deposits.

Exposure to interest rate fluctuations are partly managed through the use of interest rate swaps. Objectives are established by the board so as to seek to reduce the impact of variations in interest rates on the group's profit and cash flow.

During the majority of the year the Group's senior bank debt was covered by fixed interest rates, achieved by way of a financial instrument (interest rate swap). The balance of bank debt interest is at current market rates. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

The Group does not hold its own position in trading securities, being involved only in arranging transactions on behalf of its clients.

The Group does not engage in holding speculative financial instruments or derivatives. Further quantitative disclosures are included throughout these consolidated financial statements.

Cash flow interest rate risk

The Xafinity Group is exposed to cash flow interest rate risk in two main respects. Firstly corporate and client bank deposits, which earn interest at a variable rate, although not at a material level. Secondly, interest expense arising on bank facilities at a margin over LIBOR. This is mitigated by an interest rate swap on the loans which runs until 31 March 2017 and 15 March 2019.

3 Capital risk management

The Group is focused on delivering value for its shareholders whilst ensuring the Group is able to continue effectively as a going concern. Value adding opportunities to grow the business are continually assessed, although strict and careful criteria are applied.

The policies for managing capital are to increase shareholder value by maximising profits and cash. The policy is to set budgets and forecasts in the short and medium term that the Group feels are achievable. The process for managing capital are regular reviews of financial data to ensure that the Group is tracking the targets set and to reforecast as necessary based on the most up to date information. This then contributes to the Xafinity Group's forecast which ensures future covenant test points are met. The Group continues to meet these test points and they have been achieved over the last year.

Due to the nature of the services provided and because the Group holds some client's funds, two subsidiaries within the Group are regulated by the Financial Conduct Authority (FCA). They are required to hold a minimum level of capital and this is monitored on a monthly basis. Formal compliance returns are submitted to the FCA in line with their reporting requirements.

4 Acquisition of business

Xafinity Group

On 21 February 2013 CBPE Capital LLP, the ultimate controlling party, obtained control of the voting equity of Xafinity Consulting Limited, Xafinity SIPP Services Limited, Xafinity Pensions Consulting Limited and their subsidiaries by acquiring the majority of the issued share capital, via CBPE Nominees Limited. The principal reasons for the acquisition was investment in a group well placed to deliver growth, highly cash generative, with a loyal client base along with well qualified and motivated staff.

These acquired companies and their subsidiaries represent all the trading activity within the Group (see note 32 for a list of Group companies).

The revenue included in the consolidated statement of comprehensive income since 21 February 2013 to 31 March 2014 contributed by Xafinity Group is £51.6m. EBITDA before exceptional costs is £16.2m. This represents all the revenue and EBITDA for the Group for the period.

Had the Group been consolidated from 2 November 2012 the consolidated statement of comprehensive income would have included revenue of £65.15m and EBITDA of £20.4m. Disclosing a profit after tax figure for the consolidated period from 2 November 2012 would be misleading since no debt expense was present in the Group for the period from 2 November 2012 to 21 February 2013.

Details of the fair value of identifiable assets and liabilities acquired:

	Acquiree's book values £'000	Acquisition adjustments £'000	Fair value amounts £'000
Net assets at the acquisition date:			
Property, plant and equipment	287		287
Software	49		49
Goodwill	5,476	(5,476)	—
Intangible assets: Customer Relationships	7,474	41,524	48,998
Intangible assets: Brands	—	628	628
Cash	11,889		11,889
Trade and other receivables	11,804		11,804
Trade and other payables	(8,263)		(8,263)
Provisions	(514)		(514)
Income tax	(304)		(304)
Deferred tax	(2,330)	(8,556)	(10,886)
Net identifiable assets and liabilities	25,568	28,120	53,688
Goodwill on acquisition			24,782
Consideration paid			78,470

The net cash outflow in the period ended 31 March 2014 in respect of the acquisition comprised

	Fair value amounts £'000
Cash paid	(78,470)
Net cash acquired	11,889
Total cash outflow in respect of acquisition	(66,581)

Deal costs of £1,231,000 were incurred in respect of the acquisition and were charged to the statement of comprehensive income in the period ended 31 March 2014.

Goodwill on acquisition

The recognition of goodwill is primarily due to the presence of the assembled, skilled workforce of the acquired entity. This does not qualify for separate recognition.

Small Self Administered Scheme (SSAS) pension book

In December 2013 the Group reached agreement to purchase a book of Small Self Administered pensions schemes (SSAS).

The agreement was to purchase the client relationships, which was to be done via novation of the individual client contracts in three stages, the first of which was on 21 February 2013. The remaining two stages were in the year to 31 March 2015.

The acquisition has been accounted for under IAS38 Intangible Assets as management does not believe the acquired assets constitute a business under the definitions of IFRS3 Business Combinations. The cost of the acquisition has been allocated to the fair value of the identifiable assets, being the transferred client contracts, at the date of purchase. The fair value of the assets was £900,000, £252,000 of which were acquired in the period to 31 March 2014 with £648,000 in the year to 31 March 2015. This is to be amortised over the estimated useful life of the assets, being 8 years.

5 Auditor's remuneration

During the period the following services were obtained from the Group's auditor at a cost detailed below:

	Period ended 31 March 2014 £'000	Year ended 31 March 2015 £'000	Year ended 31 March 2016 £'000	6 months ended 30 September 2015 £'000	6 months ended 30 September 2016 £'000
<i>Audit services:</i>					
Fees payable in respect of the parent company and consolidated accounts	29	22	22	11	11
Fees payable in respect of the subsidiary accounts	23	23	23	11	11
	<u>52</u>	<u>45</u>	<u>45</u>	<u>22</u>	<u>22</u>
<i>Non-audit services:</i>					
Tax services	35	41	63	21	32
Other services pursuant to legislation	13	—	—	—	—
Other assurance services	2	6	29	3	14
	<u>50</u>	<u>47</u>	<u>92</u>	<u>24</u>	<u>46</u>
Total	<u>102</u>	<u>92</u>	<u>137</u>	<u>46</u>	<u>68</u>

6 Exceptional costs

	Period ended 31 March 2014 £'000	Year ended 31 March 2015 £'000	Year ended 31 March 2016 £'000	6 months ended 30 September 2015 £'000	6 months ended 30 September 2016 £'000
<i>Exceptional costs:</i>					
Redundancy costs	—	—	169	—	—
Acquisition related deal cost	1,231	—	—	15	(3)
Acquisition related bonuses	1,058	—	—	—	—
Head office move costs	—	474	—	—	—
Separation and other exceptional costs	1,975	447	365	158	642
	<u>4,264</u>	<u>921</u>	<u>534</u>	<u>173</u>	<u>639</u>

Separation costs are those relating to resources applied to the Group's separation from its previous group. The Separation project includes costs incurred by the Group relating to resources applied in a programme of re-structuring of Xafinity's support services. These principally comprise IT, Property, HR, Finance and re-branding costs. In the period to 31 March 2015 exceptional costs included those involved in the relocation of the Group's head office as well as separation costs. The period to 31 March 2016 includes £155,000 in relation to deal fees relating to the March 2016 refinancing. The increase in professional indemnity provisions made in the period to September 2016 includes £0.5 million to provide for a potential claim in respect of the administration of a particular scheme.

	Period ended 31 March 2014 £'000	Year ended 31 March 2015 £'000	Year ended 31 March 2016 £'000	6 months ended 30 September 2015 £'000	6 months ended 30 September 2016 £'000
<i>Exceptional income:</i>					
Release of dilapidations provision	339	—	—	—	—
Total exceptional income	<u>339</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

In the period ended 31 March 2014, a release of a dilapidations provision of £339k is shown. The provision related to a property where the lease was re-negotiated and no dilapidation costs were incurred.

7 Operating segments

In accordance with IFRS 8 ‘Operating Segments’, an operating segment is defined as a business activity whose operating results are reviewed by the chief operating decision maker (‘CODM’) and for which discrete information is available. The Group’s CODM is the Board of Directors.

The Group has several operating segments based on geographical location and revenue streams, but one reporting segment due to the nature of services provided across the whole business being the same, pension and employee benefit solutions. The Group’s revenues, costs, assets, liabilities and cash flows are therefore totally attributable to this reporting segment.

Reporting segment

Revenue from external customers

	Period ended 31 March 2014 £’000	Year ended 31 March 2015 £’000	Year ended 31 March 2016 £’000	6 months ended 30 September 2015 £’000	6 months ended 30 September 2016 £’000
Pension and employee benefit solutions	51,637	49,970	51,769	25,566	26,017

8 Administrative expenses

	Period ended 31 March 2014 £’000	Year ended 31 March 2015 £’000	Year ended 31 March 2016 £’000	6 months ended 30 September 2015 £’000	6 months ended 30 September 2016 £’000
Included in the (loss)/profit for the period are the following:					
Expenses by nature					
Employee benefit expense (note 9)	25,275	25,120	25,645	13,040	12,825
Depreciation and amortisation	5,802	5,223	5,002	2,488	2,371
Operating lease expenses	933	817	922	454	476
Premises costs (excluding rent under operating leases)	946	930	702	412	451
Exceptional items (see note 6)	3,925	921	534	173	639
Other general business costs	8,304	7,493	7,797	3,588	3,806
Total	45,185	40,504	40,602	20,155	20,568

9 Employees

The average number of persons employed (including directors) during each period, analysed by category, was as follows:

	Period ended 31 March 2014 Number of employees	Year ended 31 March 2015 Number of employees	Year ended 31 March 2016 Number of employees	6 months ended 30 September 2015 Number of Employees	6 months ended 30 September 2016 Number of employees
Operational	365	381	384	381	386
Administration	19	21	27	26	28
Sales and marketing	10	16	17	17	17
Total	394	418	428	424	431

The aggregate payroll costs of these persons were as follows:

	Period ended 31 March 2014 £'000	Year ended 31 March 2015 £'000	Year ended 31 March 2016 £'000	6 months ended 30 September 2015 £'000	6 months ended 30 September 2016 £'000
Wages and salaries	21,138	21,114	21,621	11,008	10,893
Social contributions and similar taxes	2,384	2,412	2,333	1,198	1,163
Defined contribution pension cost	1,192	1,163	1,192	575	534
Other long-term employee benefits	561	431	499	259	235
	25,275	25,120	25,645	13,040	12,825

10 Employee benefits

Defined contribution plan

The company operates a defined contribution pension plan. Outstanding contributions at the period ends were:

	Period ended 31 March 2014 £'000	Year ended 31 March 2015 £'000	Year ended 31 March 2016 £'000	6 months ended 30 September 2015 £'000	6 months ended 30 September 2016 £'000
Defined contribution outstanding	182	201	207	212	201

11 Directors' emoluments

The directors were remunerated for their services by the Group and their emoluments are disclosed below:

	Period ended 31 March 2014 £'000	Year ended 31 March 2015 £'000	Year ended 31 March 2016 £'000	6 months ended 30 September 2015 £'000	6 months ended 30 September 2016 £'000
Aggregate emoluments	1,803	1,483	1,553	873	806
Company contributions to money purchase pension plans	59	38	82	24	38
Termination payments	—	—	43	—	—
	<u>1,862</u>	<u>1,521</u>	<u>1,678</u>	<u>897</u>	<u>844</u>
	<u>Number of directors</u>	<u>Number of directors</u>	<u>Number of directors</u>	<u>Number of directors</u>	<u>Number of directors</u>
Retirement benefits are accruing to the following number of directors under:					
Money purchase schemes	<u>3</u>	<u>4</u>	<u>5</u>	<u>4</u>	<u>4</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
The emoluments of the highest director, including benefits	<u>886</u>	<u>451</u>	<u>385</u>	<u>252</u>	<u>217</u>

12 Finance income and expense

	Period ended 31 March 2014 £'000	Year ended 31 March 2015 £'000	Year ended 31 March 2016 £'000	6 months ended 30 September 2015 £'000	6 months ended 30 September 2016 £'000
Interest income on bank deposits	8	27	13	12	14
Increase in fair value of interest rate swaps	725	—	33	—	63
Finance income	<u>733</u>	<u>27</u>	<u>46</u>	<u>12</u>	<u>77</u>
Interest expense on loans from related parties	5,751	2,273	1,535	785	—
Interest expense on bank loans	2,572	3,062	3,185	1,579	2,573
Other costs of borrowings	827	2,079	3,074	429	440
Interest on finance leases	—	23	20	10	9
Net foreign exchange loss	5	8	2	1	—
Decrease in fair value of interest rate swaps	—	769	91	—	775
Finance expenses	<u>9,155</u>	<u>8,214</u>	<u>7,907</u>	<u>2,804</u>	<u>3,797</u>

13 Income tax expense

Recognised in the statement of comprehensive income

	Period ended 31 March 2014 £'000	Year ended 31 March 2015 £'000	Year ended 31 March 2016 £'000	6 months ended 30 September 2015 £'000	6 months ended 30 September 2016 £'000
Current tax expense					
Current period	1,974	1,510	1,641	1,123	746
Income tax payable by EBT	—	—	—	—	353
Adjustment in respect of prior period	—	44	253	108	—
Total current tax expense	1,974	1,554	1,894	1,231	1,099
Deferred tax credit					
Origination and reversal of temporary differences	(837)	(1,021)	(1,579)	(399)	(324)
Effect of tax rate change on acquired balances	(266)	—	—	—	—
Total income tax expense	871	533	315	832	775
	Period ended 31 March 2014 £'000	Year ended 31 March 2015 £'000	Year ended 31 March 2016 £'000	6 months ended 30 September 2015 £'000	6 months ended 30 September 2016 £'000
(Loss)/profit for the period	(2,841)	746	2,991	1,787	954
Total tax expense	871	533	315	832	775
(Loss)/profit before tax	(1,970)	1,279	3,306	2,619	1,729
Tax using the UK corporation tax rate of 20% (2015 – 21%, 2014 – 23.2%)	(457)	269	661	524	346
Non-deductible expense	1,162	463	167	160	7
Fixed asset differences	302	182	—	—	—
Income tax payable by EBT	—	—	—	—	353
Adjustment in respect of prior periods	—	44	253	108	—
Adjustments to acquired values	253	—	—	—	—
Other timing differences	(7)	(285)	(41)	—	—
Effect of tax rate change	(101)	8	(725)	40	69
Chargeable losses	(281)	(148)	—	—	—
Total tax expense	871	533	315	832	775

The standard rate of corporation tax in the UK for the period to 30 September 2016 and the year to 31 March 2016 was 20% (2015 – 21%, 2014: 23.2%). The effective rate for the period to 30 September 2016 is 20% (31 March 2016 – 20%; 31 March 2015 – 21%; 31 March 2014 – 23.2%).

Deferred tax assets and liabilities have been measured at the enacted rate of 18% at September 2016 (March 2016 – 18%; March 2015 – 20%; March 2014 – 20%).

14 Property, plant and equipment

	Leasehold improvements £'000	Office equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
Balance at 1 April 2016	896	1,190	943	3,029
Additions	—	59	67	126
Balance at 30 September 2016	896	1,249	1,010	3,155
Accumulated depreciation				
Balance at 1 April 2016	309	785	406	1,500
Depreciation charge for the period	97	166	78	341
Balance at 30 September 2016	406	951	484	1,841
Net book value				
Balance at 31 March 2016	587	405	537	1,529
Balance at 30 September 2016	490	298	526	1,314
	Leasehold improvements £'000	Office equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
Balance at 1 April 2015	896	1,039	910	2,845
Additions	—	151	33	184
Balance at 31 March 2016	896	1,190	943	3,029
Accumulated depreciation				
Balance at 1 April 2015	134	436	279	849
Depreciation charge for the year	175	349	127	651
Balance at 31 March 2016	309	785	406	1,500
Net book value				
Balance at 31 March 2015	762	603	631	1,996
Balance at 31 March 2016	587	405	537	1,529

	Leasehold improvements £'000	Office equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
Balance at 1 April 2014	60	1,273	786	2,119
Additions	894	202	452	1,548
Disposals	(58)	(436)	(328)	(822)
Balance at 31 March 2015	896	1,039	910	2,845
Accumulated depreciation				
Balance at 1 April 2014	57	549	450	1,056
Depreciation charge for the year	135	323	157	615
Disposals	(58)	(436)	(328)	(822)
Balance at 31 March 2015	134	436	279	849
Net book value				
Balance at 1 April 2014	3	724	336	1,063
Balance at 31 March 2015	762	603	631	1,996

	Leasehold improvements £'000	Office equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
Acquired through business combinations	55	454	460	969
Additions	5	819	326	1,150
Balance at 31 March 2014	60	1,273	786	2,119
Accumulated depreciation				
Acquired through business combinations	14	343	325	682
Depreciation charge for the period	43	206	125	374
Balance at 31 March 2014	57	549	450	1,056
Net book value				
Balance at 31 March 2014	3	724	336	1,063

The net book value of property, plant and equipment includes the following amounts held under finance lease: Office equipment: September 2016: £52,000 (March 2016 – £62,000, March 2015 – £82,000, March 2014 – £102,000). The depreciation charged in the period relating to these assets was September 2016: £10,000 (March 2016 – £20,000, March 2015 – £20,000, March 2014 – £Nil).

15 Intangible assets

	Goodwill £'000	Customer relationships £'000	Brands £'000	Software £'000	Total £'000
Cost					
Balance at 1 April 2016	24,782	49,898	628	1,008	76,316
Additions	—	—	—	220	220
Balance at 30 September 2016	24,782	49,898	628	1,228	76,536
Accumulated depreciation					
Balance at 1 April 2016	—	13,794	195	387	14,376
Amortisation for the period	—	1,828	31	171	2,030
Balance at 30 September 2016	—	15,622	226	558	16,406
Net book value					
At 1 April 2016	24,782	36,104	433	621	61,940
Balance at 30 September 2016	24,782	34,276	402	670	60,130
	Goodwill £'000	Customer relationships £'000	Brands £'000	Software £'000	Total £'000
Cost					
Balance at 1 April 2015	24,782	49,898	628	605	75,913
Additions	—	—	—	403	403
Balance at 31 March 2016	24,782	49,898	628	1,008	76,316
Accumulated depreciation					
Balance at 1 April 2015	—	9,751	132	142	10,025
Amortisation for the year	—	4,043	63	245	4,351
Balance at 31 March 2016	—	13,794	195	387	14,376
Net book value					
At 1 April 2015	24,782	40,147	496	463	65,888
Balance at 31 March 2016	24,782	36,104	433	621	61,940

	Goodwill £'000	Customer relationships £'000	Brands £'000	Software £'000	Total £'000
Cost					
Balance at 1 April 2014	24,782	49,250	628	268	74,928
Additions	—	648	—	348	996
Disposals	—	—	—	(11)	(11)
Balance at 31 March 2015	24,782	49,898	628	605	75,913
Accumulated depreciation					
Balance at 1 April 2014	—	5,308	69	51	5,428
Amortisation for the year	—	4,443	63	102	4,608
Disposals	—	—	—	(11)	(11)
Balance at 31 March 2014	—	9,751	132	142	10,025
Net book value					
At 1 April 2014	24,782	43,942	559	217	69,500
Balance at 31 March 2015	24,782	40,147	496	463	65,888
	Goodwill £'000	Customer relationships £'000	Brands £'000	Software £'000	Total £'000
Cost					
Acquired through business combinations	24,782	48,998	628	49	74,457
Additions	—	252	—	219	471
Balance at 31 March 2014	24,782	49,250	628	268	74,928
Accumulated depreciation					
Amortisation for the period	—	5,308	69	51	5,428
Balance at 31 March 2014	—	5,308	69	51	5,428
Net book value					
Balance at 31 March 2014	24,782	43,942	559	217	69,500

Impairment test

Goodwill represents the excess of the consideration over the fair value of the net assets acquired on the purchase of the subsidiary companies listed in note 32. In accordance with IFRS, this balance is not amortised and is subject to annual impairment reviews. Goodwill has been allocated to its cash-generating unit which comprises Xafinity Consulting Limited, Xafinity SIPP Services Limited, Xafinity Pensions Consulting Limited and their subsidiaries.

The goodwill balance at each year/period end was assessed on the basis of value in use using the following assumptions, which reflect past experience of the Group:

	31 March 2014 %	31 March 2015 %	31 March 2016 %	30 September 2016 %
Discount rate pre-tax	14.8	15.0	10.0	10.0
Terminal value growth rate after period 8	2.0	2.0	2.0	2.0
Period on which detailed forecasts are based	3 years	3 years	3 years	3 years
Growth rate during 3 year detailed forecast period (average)	4.7- 5.2	4.4	4.7	4.7
Growth rate applied beyond approved forecast period to year 8	5.1	4.4	5.8	5.8

The growth rate beyond the forecast period is based on a blend of average growth rates experienced by the Group and management's assessment of industry and macro-economic outlooks. Such forecast rates have been accurate in the past. Therefore the Directors believe they can be used.

Goodwill allocated and the recoverable value of cash generating units:

	31 March 2014 %	31 March 2015 %	31 March 2016 %	30 September 2016 %
Goodwill – Xafinity Consulting Limited, Xafinity SIPP Services Limited, Xafinity Pensions Consulting Limited and subsidiaries:	24,782	24,782	24,782	24,782

On review, the directors are satisfied that no impairment has taken place throughout the historical financial period.

Sensitivity analysis of assumptions

No sensitivity analysis has been performed on the basis that there was no reasonably foreseeable changes in the above assumptions which would result in the recoverable amount falling below the carrying amount.

16 Derivative financial assets and liabilities

	31 March 2014 £'000	31 March 2015 £'000	31 March 2016 £'000	30 September 2016 £'000
Non-current asset				
Interest rate swap derivative	484	35	—	—
Current asset				
Interest rate swap derivative	241	35	—	—
Non-current liability				
Interest rate swap derivative	—	(57)	—	(422)
Current liability				
Interest rate swap derivative	—	(57)	(102)	(392)
Interest rate swap derivative/(liability)/asset	725	(44)	(102)	(814)

The Group enters into floating-to-fixed interest rate swaps to hedge the fair value interest rate risk arising where it has borrowed at floating rates.

The Group has six interest rate swaps at 30 September 2016 (31 March 2016 – four, 31 March 2015 – four, 31 March 2014 – two). The notional principal amounts of the outstanding interest rate swap contracts at 30 September 2016 are £42,230,000 (31 March 2016 – £66,146,000, 31 March 2015 – £66,146,000, 31 March 2014 – £45,000,000)

The net expense recognised in the consolidated statement of comprehensive income that arises from movements in the fair value of the derivatives amounts for the period to 30 September 2016 to an expense of £712,000 (year to 31 March 2016 – expense of £58,000, year to 31 March 2015 – expense of £769,000, period to 31 March 2014 – credit of £725,000).

The interest rate swap derivatives are valued by the financial institutions that issued the instruments and are calculated at the present value of the estimated future cash flows based on observable yield, using level 2 inputs. They are accounted for at fair value through profit and loss.

At 30 September 2016, the floating interest rates varied from 5.6% to 5.8% (31 March 2016 – 4.8% to 6.0%, 31 March 2015 – 5.0% to 5.6%, 31 March 2016 – 4.9% to 5.7%). Information on the maturities of the loans is provided in note 20.

17 Deferred income tax

Analysis of the breakdown and movement of deferred tax during each period is:

	Balance at 1 April 2016 £'000	Recognised in income £'000	30 September 2016 £'000	30 September 2016 assets £'000	30 September 2016 liabilities £'000
Property, plant and equipment	54	—	54	—	54
Capital gains	717	—	717	—	717
Short-term temporary differences	(36)	—	(36)	36	—
Other timing differences	—	—	—	—	—
Business combinations	6,448	(324)	6,124	—	6,124
	<u>7,183</u>	<u>(324)</u>	<u>6,859</u>	<u>36</u>	<u>6,895</u>
	Balance at 1 April 2015 £'000	Recognised in income £'000	31 March 2016 £'000	31 March 2016 assets £'000	31 March 2016 liabilities £'000
Property, plant and equipment	75	(21)	54	—	54
Capital gains	717	—	717	—	717
Short-term temporary differences	(36)	—	(36)	36	—
Other timing differences	40	(40)	—	—	—
Business combinations	7,966	(1,518)	6,448	—	6,448
	<u>8,762</u>	<u>(1,579)</u>	<u>7,183</u>	<u>36</u>	<u>7,219</u>

	1 April 2014 £'000	Recognised in income £'000	31 March 2015 £'000	31 March 2015 assets £'000	31 March 2015 liabilities £'000
Property, plant and equipment	15	60	75	—	75
Capital gains	717	—	717	—	717
Short-term temporary differences	(36)	—	(36)	36	—
Other timing differences	235	(195)	40	—	40
Business combinations	8,852	(886)	7,966	—	7,966
	<u>9,783</u>	<u>(1,021)</u>	<u>8,762</u>	<u>36</u>	<u>8,798</u>

	Acquired 21 February 2013 £'000	Recognised in income £'000	31 March 2014 £'000	31 March 2014 Assets £'000	31 March 2014 Liabilities £'000
Property, plant and equipment	(6)	21	15	—	15
Capital gains	964	(247)	717	—	717
Short-term temporary differences	—	(36)	(36)	36	—
Other timing differences	—	235	235	—	235
Business combinations	9,928	(1,076)	8,852	—	8,852
	<u>10,886</u>	<u>(1,103)</u>	<u>9,783</u>	<u>36</u>	<u>9,819</u>

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. All potential deferred tax has been recognised at 30 September 2016 using an enacted rate of 18% (31 March 2016 – 18%; 31 March 2015 – 20%; 31 March 2014 – 20%).

18 Trade and other receivables

	31 March 2014 £'000	31 March 2015 £'000	31 March 2016 £'000	30 September 2016 £'000
Trade receivables	7,066	6,775	6,845	6,647
Less: provision for impairment of trade receivables	(212)	(167)	(139)	(138)
Net trade receivables	6,854	6,608	6,706	6,509
Accrued income	4,937	3,897	4,104	3,980
Total financial assets other than cash and cash equivalents classified as loans and receivables	11,791	10,505	10,810	10,489
Prepayments	420	755	916	1,216
Other receivables (September 2016 and March 2016 includes £701,000 of capitalised loan arrangement fees)	216	94	784	749
Total trade and other receivables	12,427	11,354	12,510	12,454

The carrying value of trade and other receivables classified as loans and receivables approximates to fair value.

19 Cash and cash equivalents

	31 March 2014 £'000	31 March 2015 £'000	31 March 2016 £'000	30 September 2016 £'000
Cash and cash equivalents per statement of financial position	9,881	6,673	2,740	6,164
Cash and cash equivalents per statement of cash flows	9,881	6,673	2,740	6,164

20 Loans and borrowings

The book value and fair value of loans and borrowings are as follows:

	Due within 1 year (current) £'000	Due between 1 and 2 years £'000	Due after 2 years £'000	Sub-total (non- current) £'000	Total £'000
30 September 2016					
Senior Debt (secured)	—	—	86,000	86,000	86,000
Capitalised debt arrangement fee	—	(701)	(1,724)	(2,425)	(2,425)
Finance lease	19	25	23	48	67
Sub-total	19	(676)	84,299	83,623	83,642
Capitalised debt arrangement fees shown as current assets on balance sheet	(701)	—	—	—	(701)
Total	(682)	(676)	84,299	83,623	82,941
	Due within 1 year (current) £'000	Due between 1 and 2 years £'000	Due after 2 years £'000	Sub-total (non- current) £'000	Total £'000
31 March 2016					
Senior Debt (secured)	—	—	86,000	86,000	86,000
Capitalised debt arrangement fee	—	(701)	(2,074)	(2,775)	(2,775)
Finance lease	18	22	35	57	75
Sub-total	18	(679)	83,961	83,282	83,300
Capitalised debt arrangement fees shown as current assets on balance sheet	(701)	—	—	—	(701)
Total	(683)	(679)	83,961	83,282	82,599

	Due within 1 year (current) £'000	Due between 1 and 2 years £'000	Due after 2 years £'000	Sub-total (non- current) £'000	Total £'000
31 March 2015					
Senior Debt (secured)	5,493	5,493	48,928	54,421	59,914
Capitalised senior debt arrangement fee	(574)	(574)	(1,340)	(1,914)	(2,488)
Loan notes (unsecured)	—	—	10,663	10,663	10,663
Capitalised loan note related costs	(43)	(43)	(246)	(289)	(332)
Finance lease	14	39	35	74	88
	4,890	4,915	58,040	62,995	67,845

	Due within 1 year (current) £'000	Due between 1 and 2 years £'000	Due after 2 years £'000	Sub-total (non- current) £'000	Total £'000
31 March 2014					
Senior Debt (secured)	3,240	3,442	36,292	39,734	42,974
Capitalised senior debt arrangement fee	(420)	(420)	(1,402)	(1,822)	(2,242)
Loan notes (unsecured)	—	—	35,036	35,036	35,036
Capitalised loan note related costs	(184)	(184)	(1,270)	(1,454)	(1,638)
Finance lease	11	14	74	88	99
	2,647	2,852	68,730	71,582	74,229

Terms and debt repayment schedule

	Amount £'000	Currency	Nominal interest rate	Year of maturity
30 September 2016				
Senior Debt B	86,000	GBP	5.25% above LIBOR	2021
31 March 2016				
Senior Debt B	86,000	GBP	5.25% above LIBOR	2021
31 March 2015				
Senior Debt A	26,500	GBP	4.5% above LIBOR	2018
Senior Debt B	36,000	GBP	5.0% above LIBOR	2018
Loan Notes	10,663	GBP	14.0%	2022

31 March 2014	Amount £'000	Currency	Nominal interest rate	Year of maturity
Senior Debt A	20,250	GBP	4.25% above LIBOR	2018
Senior Debt B	24,750	GBP	5.0% above LIBOR	2018
Loan Notes	37,133	GBP	14.0%	2022

At 30 September 2016 the Group had access to an undrawn rolling facility loan in the amount of £3,000,000 (31 March 2016 – £3,000,000; 31 March 2015 – £3,000,000; 31 March 2014 – £3,000,000). The related fees for access to the facility are included in the consolidated statement of comprehensive income.

Capitalised loan related costs are amortised over the life of the loan to which they relate.

Bank debt is secured by way of debentures in the Group companies which are obligors to the loans. The obligors of the outstanding debt at 30 September 2016 of £86,000,000 are Xafinity (Reading) Limited, Xafinity Consulting (Reading) Limited, Xafinity Consulting Limited (and its subsidiaries), Xafinity Pension Consulting Limited (and its subsidiaries) and Xafinity SIPP Services Limited. These obligors are consistent throughout the historical review period. Obligors to the previous bank loans held during the historic period were Xafinity (Reading) Limited, Xafinity Consulting (Reading) Limited, Xafinity Consulting Limited, Xafinity Pension Consulting Limited, Xafinity SIPP Services Limited, HR Trustees Limited, Xafinity PT Limited and Hazell Carr (AT) Services Limited.

The loan notes relate to loans from shareholders, these were fully repaid in the year to 31 March 2016. This debt was previously listed on Channel Island Securities Exchange. Refer to note 30 for details of the loan repayments made throughout the historical review period.

21 Trade and other payables

	31 March 2014 £'000	31 March 2015 £'000	31 March 2016 £'000	30 September 2016 £'000
Trade payables	1,031	357	287	257
Accrued expenses	4,166	4,959	4,223	3,046
Interest payable	1,648	579	226	199
Total financial liabilities excluding loans and borrowings, classified as financial liabilities less amortised cost	6,845	5,895	4,736	3,502
Other payables:				
– tax and social security payments	604	605	1,005	662
– payables	1,813	1,697	1,481	1,407
Deferred income	998	1,290	1,196	1,362
Other payables	358	214	246	240
Total trade and other payables	10,618	9,701	8,664	7,173

The carrying value of trade and other payables classified as financial liabilities at amortised cost approximates to fair value.

22 Current income tax liabilities

	31 March 2014 £'000	31 March 2015 £'000	31 March 2016 £'000	30 September 2016 £'000
Tax payables	672	594	425	928

23 Provisions for other liabilities and charges

	Dilapidations £'000	Professional indemnity £'000	Total £'000
30 September 2016			
Current			
Balance at 1 April 2016	139	252	391
Provisions made during the period	26	716	742
Provisions utilised during the period	—	(95)	(95)
Balance at 30 September 2016	165	873	1,038
31 March 2016			
Current			
Balance at 1 April 2015	88	—	88
Provisions made during the year	51	252	303
Balance at 31 March 2016	139	252	391
31 March 2015			
Current			
Balance at 1 April 2014	30	168	198
Provisions made during the year	58	—	58
Provisions utilised during the year	—	(168)	(168)
Balance at 31 March 2015	88	—	88
31 March 2014			
Current			
Balance acquired at 21 February 2013	369	145	514
Provisions made during the period	—	100	100
Provisions utilised during the period	(339)	(77)	(416)
Balance at 31 March 2014	30	168	198

The increase in professional indemnity provisions made in the period to September 2016 includes £0.5 million to provide for a potential claim in respect of the administration of a particular scheme.

24 Share capital

	Ordinary shares 31 March 2014 (‘000)	Ordinary shares 31 March 2014 (‘000)	Ordinary shares 31 March 2015 (‘000)	Ordinary shares 31 March 2015 £’000	Ordinary shares 31 March 2016 (‘000)	Ordinary shares 31 March 2016 (‘000)	Ordinary shares 30 September 2016 (‘000)	Ordinary shares 30 September 2016 (‘000)
In issue at the beginning of the period	—	—	98,804	988	102,215	1,022	3,971	40
Issued during the period, at par	98,804	988	3,411	34	4,947	50	—	—
Cancellation of share capital	—	—	—	—	(103,191)	(1,032)	—	—
In issue at the end of the period	98,804	988	102,215	1,022	3,971	40	3,971	40
Class A & B shares	73,893	739	73,893	739	2,586	26	2,586	26
Class C shares	21,750	217	25,000	250	910	9	910	9
Class D shares	3,161	32	3,322	33	475	5	475	5
Total	98,804	988	102,215	1,022	3,971	40	3,971	40

Dividends declared in respect of D shares are subject to a share income cap. Except for the payment of such D Share dividends, D shareholders are not entitled to any rights of participation in the profits of the Company. Holders of C shares do not have voting rights.

	Ordinary shares 31 March 2014 (‘000)	Ordinary shares 31 March 2014 (‘000)	Ordinary shares 31 March 2015 (‘000)	Ordinary shares 31 March 2015 £’000	Ordinary shares 31 March 2016 (‘000)	Ordinary shares 31 March 2016 (‘000)	Ordinary shares 30 September 2016 (‘000)	Ordinary shares 30 September 2016 (‘000)
Authorised share capital	98,804	988	106,900	1,069	106,900	1,069	106,900	1,069
<i>Allotted, called up and fully paid</i> Ordinary shares of £0.01 (2015 – £0.01) each	90,960	910	97,215	972	3,577	36	3,577	36
<i>Allotted, called up but not paid</i> Ordinary shares of £0.01 each	2,844	28	—	—	—	—	—	—
<i>Shares held by the Group’s employee benefit trust</i> Ordinary shares of £0.01 (2015 – £0.01 each)	5,000	50	5,000	50	394	4	394	4
Shares classified in shareholders’ funds	98,804	988	102,215	1,022	3,971	40	3,971	40

The Group has invested in the shares for its Employee benefit trust (EBT). These shares are held on behalf of employees and legal ownership will transfer to those employees on the exercise or vesting of the granting of an award. This investment in own shares held in trust is deducted from equity in the consolidated statement of changes in equity.

In March 2016 the Company undertook a capital reduction exercise and 103,190,924 ordinary shares were cancelled and credited to reserves.

25 Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Investment in own shares	Cost of own shares held by the EBT
Retained earnings:	All net gains and losses recognised through the consolidated statement of comprehensive income

26 Financial instruments

The fair values and the carrying values of financial assets and liabilities are the same. Third party valuations are used to fair value the Group derivatives. The valuation techniques use inputs such as interest rate yield curves and currency prices/yields, volatilities of underlying instruments and correlations between inputs.

Credit risk

The maximum exposure to credit risk at each balance sheet date was:

	Carrying amount 31 March 2014	Carrying amount 31 March 2015	Carrying amount 31 March 2016	Carrying amount 30 September 2016
Trade receivables	7,066	6,775	6,845	6,647
Provision for impairment of trade receivables	(212)	(167)	(139)	(138)
Net trade receivables due	6,854	6,608	6,706	6,509
Accrued income	4,937	3,897	4,104	3,980
Cash and cash equivalents	9,881	6,673	2,740	6,164
	<u>21,672</u>	<u>17,178</u>	<u>13,550</u>	<u>16,653</u>

Credit risk mitigation

The ageing of trade receivables at each balance sheet date was:

	31 March 2014 £'000	31 March 2015 £'000	31 March 2016 £'000	30 September 2016 £'000
Not past due	5,799	4,259	5,000	4,842
Past due 0-30 days	606	1,709	1,389	1,040
Past due 31-90 days	174	382	316	437
Past due more than 90 days	487	425	140	327
	<u>7,066</u>	<u>6,775</u>	<u>6,845</u>	<u>6,646</u>

27 Financial instruments

Movement in impairment allowance for trade receivables

	31 March 2014 £'000	31 March 2015 £'000	31 March 2016 £'000	30 September 2016 £'000
Balance at start of the period	—	212	167	139
Acquired during the period	231	—	—	—
(Decrease)/increase during the period	160	55	(10)	28
Receivable written off during the period as uncollectable	(80)	(50)	(14)	(2)
Reversal of allowance	(99)	(50)	(4)	(27)
Balance at end of the period	212	167	139	138

Based on historical performance of these contracts, the Group believes that an impairment allowance of £138,000 (31 March 2016 – £139,000; 31 March 2015 – £167,000; 31 March 2014 – £212,000) is adequate in respect of trade receivables. All impaired debts are more than 90 days past due. Those debts which have not been provided against are considered recoverable by the Group.

Interest rate risk

The interest rate on long-term borrowings is a margin over LIBOR and as such the Company is at risk from LIBOR increases. This risk has been mitigated by hedging 100% of the bank debt using two fixed rate interest rate swap derivatives. The rates are fixed at 0.671%, 1.079% and 0.895%.

The loss on the interest rate swap recognised in the consolidated statement of comprehensive income for the period ended 30 September 2016 was £712,000 (year ended 31 March 2016 – loss of £58,000; year ended 31 March 2015 – loss of £769,000; period ended 31 March 2014 – income of £725,000).

Derivative financial instruments:

	31 March 2014 Asset £'000	31 March 2015 Liability £'000	31 March 2016 Liability £'000	30 September 2016 Liability £'000
Fair value interest rate swap (note 16)	726	(44)	(102)	(814)

Liquidity risk

Liquidity risk arises from the Group's working capital and the finance charges and principal repayments on its debt instruments. It is the risk the Group will encounter difficulty in meeting its financial obligations as they fall due.

The following table sets out the contractual maturities (representing undiscounted cash flows) of financial liabilities:

	Up to 3 months £'000	Between 3-12 months £'000	Between 1-2 year £'000	Between 2-5 years £'000	Over 5 years £'000	30 September 2016 £'000
Trade and other payables	3,502	—	—	—	—	3,502
Finance leases	8	25	35	25	—	93
Loans and borrowings	—	—	—	86,000	—	86,000
Bank interest	—	5,157	5,157	12,893	—	23,207
	<u>3,510</u>	<u>5,182</u>	<u>5,192</u>	<u>98,918</u>	<u>—</u>	<u>112,802</u>
	<u><u>3,510</u></u>	<u><u>5,182</u></u>	<u><u>5,192</u></u>	<u><u>98,918</u></u>	<u><u>—</u></u>	<u><u>112,802</u></u>
	Up to 3 months £'000	Between 3-12 months £'000	Between 1-2 year £'000	Between 2-5 years £'000	Over 5 years £'000	31 March 2016 £'000
Trade and other payables	4,736	—	—	—	—	4,736
Finance leases	9	25	34	42	—	110
Loans and borrowings	—	—	—	86,000	—	86,000
Bank interest	—	5,201	5,216	15,419	—	25,836
	<u>4,745</u>	<u>5,226</u>	<u>5,250</u>	<u>101,461</u>	<u>—</u>	<u>116,682</u>
	<u><u>4,745</u></u>	<u><u>5,226</u></u>	<u><u>5,250</u></u>	<u><u>101,461</u></u>	<u><u>—</u></u>	<u><u>116,682</u></u>
	Up to 3 months £'000	Between 3-12 months £'000	Between 1-2 year £'000	Between 2-5 years £'000	Over 5 years £'000	31 March 2015 £'000
Trade and other payables	5,895	—	—	—	—	5,895
Finance leases	9	25	34	75	—	143
Loans and borrowings	2,749	2,747	5,472	48,950	10,659	70,577
Bank interest	850	2,457	3,007	5,826	—	12,140
	<u>9,503</u>	<u>5,229</u>	<u>8,513</u>	<u>54,851</u>	<u>10,659</u>	<u>88,755</u>
	<u><u>9,503</u></u>	<u><u>5,229</u></u>	<u><u>8,513</u></u>	<u><u>54,851</u></u>	<u><u>10,659</u></u>	<u><u>88,755</u></u>
	Up to 3 months £'000	Between 3-12 months £'000	Between 1-2 year £'000	Between 2-5 years £'000	Over 5 years £'000	31 March 2014 £'000
Trade and other payables	6,845	—	—	—	—	6,845
Finance leases	9	25	34	109	—	177
Loans and borrowings	1,620	1,620	3,442	36,284	35,044	78,010
Bank interest	567	1,640	2,047	4,730	—	8,984
	<u>9,041</u>	<u>3,285</u>	<u>5,523</u>	<u>41,123</u>	<u>35,044</u>	<u>94,016</u>
	<u><u>9,041</u></u>	<u><u>3,285</u></u>	<u><u>5,523</u></u>	<u><u>41,123</u></u>	<u><u>35,044</u></u>	<u><u>94,016</u></u>

The Group's objectives when managing capital is to maximise shareholder value whilst safeguarding the Group's ability to continue as a going concern. Total capital is calculated as total equity in the statement of financial position.

Management of capital

	31 March 2014 £'000	31 March 2015 £'000	31 March 2016 £'000	30 September 2016 £'000
Total equity	(1,903)	(1,123)	(21,346)	(20,392)

28 Operating leases

The future aggregate minimum lease payments are payable as follows:

	31 March 2014 £'000	31 March 2015 £'000	31 March 2016 £'000	30 September 2016 £'000
Within one year	629	809	852	834
Between two and five years	360	2,461	1,836	1,430
More than five years	—	42	—	—
	989	3,312	2,688	2,264

Leasing commitments in respect of land and buildings amounted at 30 September 2016 to £2,261,000 (31 March 2016 – £2,681,000; 31 March 2015 – £3,296,000; 31 March 2014 – £929,000).

29 Finance leases

The Group holds a lease for some of its photocopying and printing equipment. These assets are classified as finance leases as the rental period amounts to the useful economic life of the assets.

Future lease payments are due as follows:

	Minimum lease payments £'000	Interest £'000	Present Value £'000
30 September 2016			
Not more than one year – current assets	34	14	19
Between one and five years – non-current liabilities	59	12	48
	93	26	67

	Minimum lease payments £'000	Interest £'000	Present Value £'000
31 March 2016			
Not more than one year – current assets	34	16	18
Between one and five years – non-current liabilities	76	19	57
	110	35	75

31 March 2015	Minimum lease payments £'000	Interest £'000	Present Value £'000
Not more than one year – current assets	34	20	14
Between one and five years – non-current liabilities	109	35	74
	<u>143</u>	<u>55</u>	<u>88</u>

31 March 2014	Minimum lease payments £'000	Interest £'000	Present Value £'000
Not more than one year – current assets	34	23	11
Between one and five years – non-current liabilities	143	55	88
	<u>177</u>	<u>78</u>	<u>99</u>

30 Related party transactions

Key management emoluments during the period

	Period ended 31 March 2014 £'000	Year ended 31 March 2015 £'000	Year ended 31 March 2016 £'000	6 months ended 30 September 2015 £'000	6 months ended 30 September 2016 £'000
Emoluments	1,803	1,420	1,478	798	731
Termination payments	—	—	43	—	—
Company contributions to money purchase pension plan	59	38	82	24	38
Social security costs	238	176	194	57	37
	<u>2,100</u>	<u>1,634</u>	<u>1,797</u>	<u>879</u>	<u>806</u>

Non-Executive fees during the period

	Period ended 31 March 2014 £'000	Year ended 31 March 2015 £'000	Year ended 31 March 2016 £'000	6 months ended 30 September 2015 £'000	6 months ended 30 September 2016 £'000
Fees for non-executive directors	91	160	160	77	69

Throughout the review period these fees represent charges from shareholders in respect of monitoring services provided by non-executive directors. In addition, in 2015 an independent non-executive director was also appointed.

Interest on shareholder loans during the period

	Period ended 31 March 2014 £'000	Year ended 31 March 2015 £'000	Year ended 31 March 2016 £'000	6 months ended 30 September 2015 £'000	6 months ended 30 September 2016 £'000
Interest expense during the period on investor loan notes	5,751	2,273	1,535	785	—
Interest paid during the period on investor loan notes	2,275	3,039	1,162	410	—

Shareholder loan repayments during the period

	Period ended 31 March 2014 £'000	Year ended 31 March 2015 £'000	Year ended 31 March 2016 £'000	6 months ended 30 September 2015 £'000	6 months ended 30 September 2016 £'000
Principal loan capital repaid	3,925	24,682	11,607	—	—

During the year ended 31 March 2016 £12,769,000 was repaid to shareholders in respect of loan notes. £1,162,000 related to accrued interest with the remaining £11,607,000 repaying loan capital.

During the year ended 31 March 2015 £27,721,000 was repaid to shareholders in respect of loan notes. £3,039,000 related to accrued interest with the remaining £24,682,000 repaying loan capital.

During the period ended 31 March 2014 £6,200,000 was repaid to shareholders in respect of loan notes. £2,275,000 related to accrued interest with the remaining £3,925,000 repaying loan capital.

Shares issued to management during the period

	Period ended 31 March 2014 £'000	Year ended 31 March 2015 £'000	Year ended 31 March 2016 £'000	6 months ended 30 September 2015 £'000	6 months ended 30 September 2016 £'000
Issues of shares to management	153	34	50	47	—

Amounts receivable from related parties at the balance sheet date

	31 March 2014 £'000	31 March 2015 £'000	31 March 2016 £'000	30 September 2016 £'000
Amounts receivable from related parties	28	—	—	—

Amounts payable to related parties at the balance sheet date

	31 March 2014 £'000	31 March 2015 £'000	31 March 2016 £'000	30 September 2016 £'000
Loans and related interest from related parties	35,036	10,663	—	—
Payables to related parties	20	43	34	286
	35,036	10,706	34	286

Loans from related parties represented loan notes held by shareholders which were fully repaid during the year ended 31 March 2016. Payables to related parties for all periods represent outstanding non-executive director fees from shareholders, CBPE Capital LLP.

All transactions with related parties are made in the ordinary course of business and balances outstanding at the reporting date are unsecured.

31 Ultimate parent company

CBPE Capital LLP is the ultimate parent company incorporated in the UK.

32 Subsidiaries

The following is the list of wholly owned companies consolidated within the historical financial information of Xafinity Group Holdings (Reading) Limited. This list has remained consistent throughout the review period.

Company Name	Company Number	Principal activity
Xafinity Financing (Reading) Limited	08279274	Holding company
Xafinity (Reading) Limited	08279362	Holding company
Xafinity Consulting (Reading) Limited	08287502	Holding company
Xafinity Consulting Limited	02459442	Employee benefit consultancy
Xafinity SIPP Services Limited	SC069096	Employee benefit consultancy
Xafinity Pensions Consulting Limited	04436642	Employee benefit consultancy
HR Trustees Limited	00745598	Independent trustee services
Xafinity PT Limited	00232565	Dormant
Entegria Limited	05777554	Dormant
Xafinity Pensions Trustees Limited	01450089	Dormant
Hazell Carr (AT) Services Limited	SC420031	Employee benefit consultancy
Hazell Carr (SG) Services Limited	01867603	Dormant
Hazell Carr (ES) Services Limited	02372343	Dormant
Hazell Carr (PN) Services Limited	00236752	Dormant
Hazell Carr (SA) Services Limited	SC086807	Dormant
Xafinity Trustees Limited	04305500	Dormant

33 Dividend

	31 March 2014 £'000	31 March 2015 £'000	31 March 2016 £'000	30 September 2015 £'000	30 September 2016 £'000
A dividend of £0.21 (2015 – £Nil) per ordinary share was proposed and paid	—	—	20,597	—	—

Included within the above dividend is an amount of £403,000 which was paid to the Group's Employee Benefit Trust and therefore eliminated within the consolidated historical financial information. No other dividends were paid during the periods presented.

34 Earnings/(Loss) per share

	31 March 2014 £'000	31 March 2015 £'000	31 March 2016 £'000	30 September 2015 £'000	30 September 2016 £'000
Profit/(loss) for the year	(2,841)	746	2,991	1,787	954
	'000s	'000s	'000s	'000s	'000s
Weighted average number of ordinary shares in issue	3,661	3,743	3,924	3,744	3,971

The calculation of basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period. In accordance with IAS 33 the weighted average number of shares in issue during the period has been retrospectively adjusted for the proportionate change in the number of the shares outstanding as a result of the cancellation of shares in March 2016, as if the event had occurred at the beginning of the earliest period presented.

There are no instruments in issue that would give rise to the above earnings per share being diluted.

35 Post balance sheet events

Subsequent to the balance sheet date the directors of Xafinity Group Holdings (Reading) Limited commenced the process of an application for the Company's ordinary shares to be admitted to the London Stock Exchange. On 24 January 2017 the terms of the Xafinity Employment Benefit Trust were revised to include an Initial Public Offering as an exit event under the terms of the Trust. At the time of Admission the issue of equity awards to certain management and employees, who are participants in the Existing Incentive Share Plan, will be made under the revised terms of the Xafinity Employment Benefit Trust by the transfer of 9,069,282 Ordinary Shares held by the trustee of the Xafinity EBT. Due to the Initial Public Offering being considered probable a share based payment charge of approximately £12.6 million and related Employers National Insurance charge of approximately £1.7 million crystallised at that date, based on the anticipated Offer Price. Should Admission proceed and the awards be granted these charges will be included within the consolidated income statement for the year ending 31 March 2017.

On 3 February 2017 the Company made a bonus issue of 1,028,823 ordinary shares of £0.01 per share for £10,288 through the capitalisation of reserves.

On 6 February 2017 Xafinity Group Holdings (Reading) Limited changed its name to Xafinity plc and the Company re-registered as a public limited company.

PART X

CAPITALISATION AND INDEBTEDNESS

The tables below set out the Group's capitalisation as at 30 September 2016 and indebtedness as at 31 December 2016.

The capitalisation information as at 30 September 2016 has been extracted from the financial information for the period as set out in Part IX (*Historical Financial Information on the Group*) of this Prospectus.

The indebtedness information as at 31 December 2016 has been extracted without material adjustment from the Group's unaudited accounting records. The indebtedness statement has been prepared using accounting policies that are consistent with those used in preparing the Group's financial information for the period ended 30 September 2016 as set out in Part IX (*Historical Financial Information on the Group*).

The following tables do not reflect the impact of the Offer on the Group's capitalisation and indebtedness, including receipt of the Net Proceeds. Please refer to the analysis of the impact of the Offer on the consolidated net assets of the Company, included at paragraph 4 (*Financial Impact of the Offer*) of Part XI (*Details of the Offer*).

Gross Indebtedness

	As at 31 December 2016 (unaudited) £'000
Total current debt	
Guaranteed and secured ⁽¹⁾	257
Unguaranteed and unsecured ⁽²⁾	21
Total current debt	278
Total non-current debt (excluding current portion of long-term debt)	
Guaranteed and secured ⁽¹⁾	84,005
Unguaranteed and unsecured	41
	84,046
Total indebtedness	84,324
	As at 30 September 2016 (audited)
Capitalisation⁽³⁾	
Share capital ⁽⁴⁾	39
Other reserves ⁽⁵⁾	(2,717)
Total capitalisation	(2,678)

Note:

- (1) The Group's credit facilities and hedging facilities are guaranteed and secured by each of: Xafinity (Reading) Limited; Xafinity Consulting (Reading) Limited; Xafinity Consulting Limited; Xafinity Pensions Consulting Limited; and Xafinity SIPP Services Limited. Each entity has granted full fixed and floating security over its assets to secure its obligations under the credit facilities. In addition, Xafinity SIPP Services Limited has granted a Scots law bond and floating charge in respect of its assets located in Scotland but no Scots law security has been created over the shares in Xafinity SIPP Services Limited.

- (2) Unguaranteed and unsecured debt represents finance lease liabilities.
- (3) Capitalisation does not include the accumulated deficit.
- (4) Comprises the ordinary share capital of the Group.
- (5) Comprises investment in own shares held in trust.

There has been no material change in the Group's capitalisation since 30 September 2016 to the date of this document.

The following table sets out the net consolidated financial indebtedness of the Group as at 31 December 2016.

Net Indebtedness

	As at 31 December 2016 (unaudited)
	£'000
Cash	8,420
Total liquidity	8,420
Current financial receivable⁽¹⁾	701
Current portion of non-current debt	257
Other current financial debt	21
Current financial debt	278
Net current financial liquidity	8,843
Non-current bank loans	83,751
Other non-current loans	295
Non-current financial indebtedness	84,046
Net financial indebtedness	75,203

As at 31 December 2016, the Group had no material indirect or contingent indebtedness.

Note:

- (1) Represents the unwinding of the Group's capitalised debt arrangement fees.

PART XI

DETAILS OF THE OFFER

1. THE OFFER

The Offer comprises an offer of 129,207,141 Ordinary Shares. Of these:

- 36,896,244 are New Shares being offered for subscription by the Company; and
- 92,310,897 are Existing Shares being offered for sale by the Selling Shareholders.

The Company will raise £51.3 million of primary gross proceeds and the Selling Shareholders will raise secondary gross proceeds of £128.3 million. The Company will not receive any proceeds from the sale of the Existing Shares (all of which will be paid to the Selling Shareholders). The number of Ordinary Shares to be issued pursuant to the Offer will represent approximately 94.4 per cent of the Company's enlarged share capital immediately following Admission.

Immediately following Admission, 45.8 per cent of the Ordinary Shares will be held in public hands. When admitted to trading, the Ordinary Shares will be registered with ISIN number GB00BDDN1T20 and SEDOL number BDDN1T2 and it is expected that the Ordinary Shares will be traded under ticker symbol XAF.

Under the Offer, the Offer Shares will be offered to certain institutional and professional investors in the United Kingdom. The Offer Shares are being offered and sold outside the United States in "offshore transactions" as defined in and in reliance on Regulation S.

Certain restrictions that apply to the distribution of this Prospectus and the Offer Shares in jurisdictions outside the United Kingdom are described in paragraph 10 (*Selling and Transfer Restrictions*) of this Part XI.

The New Shares being issued or sold pursuant to the Offer will, on Admission, rank *pari passu* in all respects with the Existing Shares and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company. The Ordinary Shares will, immediately on and from Admission, be freely transferable, subject to the Articles.

The rights attaching to the Offer Shares issued or sold pursuant to the Offer will be uniform in all respects, including the right to vote and the right to receive all dividends and other distributions declared, made or paid in respect of the Company's share capital after Admission.

Completion of the Offer will be subject, *inter alia*, to the satisfaction of certain conditions contained in the Sponsor and Placing Agreement, including Admission occurring and the Sponsor and Placing Agreement not having been terminated. The Offer cannot be terminated once dealings in the Ordinary Shares have commenced. The Offer Shares subject to the Offer have not been underwritten.

2. ALLOCATION

Allocations under the Offer will be determined at the discretion of Zeus Capital following consultation with the Company and the Major Selling Shareholder. All Ordinary Shares issued or sold pursuant to the Offer will be issued or sold, payable in full, at the Offer Price. Subject to Zeus Capital and the Company agreeing allocations, there is no minimum or maximum number of Ordinary Shares which could be applied for and multiple subscriptions by investors are permitted.

No commissions, fees, expenses or taxes will be charged to investors by the Company or the Selling Shareholders under the Offer. Liability for UK stamp duty and stamp duty reserve tax is described in paragraph 12 (*Taxation*) of Part XIII (*Additional Information*).

Upon accepting any allocation, prospective investors will be contractually committed to acquire the number of Offer Shares allocated to them at the Offer Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from such commitment. Dealing may not begin before notification is made. A number of factors have been considered in determining the Offer Price and the basis of allocation, including the prevailing market conditions, the level and nature of demand for the Offer Shares, the prices bid to acquire the Offer Shares and the objective of establishing an orderly and liquid after-market in the Ordinary Shares. The Offer Price and the number of Offer Shares have been established at a level determined in accordance with these arrangements, taking into account indications of interest received from prospective investors.

In the event that demand for the Offer Shares being offered exceeds the number of Offer Shares made available in the Offer, allocations in respect of the Offer may be scaled down in any manner at Zeus Capital's discretion, in consultation with the Company and the Major Selling Shareholder, and applicants under the Offer may be allocated Offer Shares having an aggregate value which is less than the sum applied for. Zeus Capital, in consultation with the Company and the Major Selling Shareholder, may allocate such shares at its discretion and there is no obligation on Zeus Capital to allocate such shares proportionately.

3. REASONS FOR THE OFFER AND USE OF PROCEEDS

The Directors believe that the Offer and Admission will position the Group for its next stage of development and will provide it with an optimal capital structure for future growth. In particular, the Directors believe that the Offer and Admission will:

- (a) enhance the Group's public profile and status with existing and potential clients;
- (b) provide access to the capital markets to aid future growth if required;
- (c) create a liquid market in the Ordinary Shares for Existing Shareholders;
- (d) assist in the incentivisation and retention of key management and employees; and
- (e) provide the Selling Shareholders with an opportunity for a partial realisation of their respective shareholdings in the Company.

The Group will receive approximately £51.3 million from the subscription of New Shares in the Offer before commissions and other fees and expenses incurred in connection with the Offer of approximately £5.3 million. As a result, the Group will receive net proceeds of approximately £46.0 million from the Offer. The entire Net Proceeds raised in the Offer will be used to repay the Existing Facilities Agreement. Further details of the Existing Facilities Agreement and the New Facilities Agreement are set out in paragraph 14 (*New Facilities Agreement and Existing Facilities Agreement*) of Part XIII (*Additional Information*).

4. FINANCIAL IMPACT OF THE OFFER

The Group will use the proceeds of the Offer to pay down £46.0 million of debt. Together with the use of the Group's existing cash resources this will result in a reduction of the debt of the Group from £86.0 million immediately prior to completion of the Offer, to £33.0 million immediately following the Offer.

5. LISTING, DEALING AND SETTLEMENT ARRANGEMENTS

The Offer is subject to the satisfaction of certain conditions contained in the Sponsor and Placing Agreement, including Admission occurring and becoming effective by 8.00 a.m. on 16 February 2017 (or such later date as Zeus Capital, Deloitte and the Company may agree), and to the Sponsor and Placing Agreement not having been terminated. Further details of the Sponsor and Placing Agreement are set out in paragraph 7 (*Sponsor and Placing Arrangements*) of this Part XI and paragraph 13 (*Sponsor and Placing Agreement*) of Part XIII (*Additional Information*).

Application has been made to the Financial Conduct Authority for all the Ordinary Shares to be listed on the premium listing segment of the Official List and application has been made to the London Stock Exchange for all the Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities.

It is expected that dealings in the Ordinary Shares will commence on the London Stock Exchange at 8.00 a.m. on 16 February 2017. Settlement from that date will be on a two-day rolling basis.

Each investor will be required to undertake to pay the Offer Price for the Offer Shares issued or sold to such investor in such manner as shall be directed by Zeus Capital.

It is expected that Offer Shares allocated to investors in the Offer will be delivered in uncertified form and settlement will take place through CREST on Admission; no temporary documents of title will be issued. Dealings in advance of crediting at the relevant CREST stock account shall at the sole risk of the persons concerned.

6. CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. With effect from Admission, the

Articles will permit the holding of Ordinary Shares under the CREST system. The Directors have applied for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if the relevant Shareholders so wish.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so. Investors applying for Ordinary Shares in the Offer may, however, elect to receive Ordinary Shares in uncertificated form if that investor is a system-member (as defined in the Regulations) in relation to CREST.

7. SPONSOR AND PLACING ARRANGEMENTS

The Company, the Major Selling Shareholder, the Directors, Zeus Capital and Deloitte have entered into the Sponsor and Placing Agreement pursuant to which Deloitte has agreed to act as sponsor to the Company in connection with Admission (as required by Listing Rule 8) and Zeus Capital has agreed, subject to certain conditions, to use reasonable endeavours to procure subscribers for the New Shares to be issued by the Company and purchasers for the Existing Shares to be sold by the Selling Shareholders, in each case under the Offer. Further details of the Sponsor and Placing Agreement are set out in paragraph 13 (*Sponsor and Placing Agreement*) of Part XIII (*Additional Information*).

8. LOCK-UP ARRANGEMENTS

Pursuant to the Lock-in Deed:

- (a) the Company has undertaken, for a period of 12 months from the date of Admission without the prior written consent of Zeus Capital, not to issue, offer, lend, mortgage, assign, charge, sell or contract to sell, or otherwise dispose of (or publicly announce any such issuance, offer, loan, mortgage, assignments, charge, sale or disposal) directly or indirectly, any Ordinary Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing;
- (b) the Executive Directors, Senior Managers and Group employee Small Selling Shareholders who hold Ordinary Shares directly in the Company have each undertaken, for a period of 12 months from the date of Admission without the prior written consent of Zeus Capital, not to offer, lend, mortgage, assign, charge, sell or contract to sell, or otherwise dispose of (or publicly announce any such offer, loan, mortgage, assignments, charge, sale or disposal) directly or indirectly, any Ordinary Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing; and
- (c) the Senior Managers, senior Group employees and Executive Directors who are entitled to receive Ordinary Shares from the Xafinity EBT as a result of the vesting on Admission of awards previously granted to them under the Existing Incentive Share Plan have each undertaken, for a period of 12 months from the date of Admission without the prior written consent of Zeus Capital, not to offer, lend, mortgage, assign, charge, sell or contract to sell, or otherwise dispose of (or publicly announce any such offer, loan, mortgage, assignments, charge, sale or disposal) directly or indirectly, an agreed proportion of their Ordinary Shares (or any other interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing.

All lock-up arrangements are subject to certain customary exceptions.

9. WITHDRAWAL RIGHTS

If the Company is required to publish any supplementary prospectus, applicants who have applied for Ordinary Shares pursuant to the Offer shall have at least two clear Business Days following the publication of the relevant supplementary prospectus within which to withdraw their application to acquire Offer Shares in its entirety. The right to withdraw an application to acquire Offer Shares in these circumstances will be available to all investors under the Offer. If the application is not withdrawn within the stipulated period, any application to apply for Offer Shares under the Offer will remain valid and binding.

10. SELLING AND TRANSFER RESTRICTIONS

The distribution of this Prospectus and the offer of Offer Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow.

Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been or will be taken in any jurisdiction (other than the United Kingdom) that would permit a public offering of the Offer Shares, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Offer Shares may be distributed or published, in or from any country or jurisdiction except in circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on the distribution of this Prospectus and the Offer. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus does not constitute an offer to subscribe for or purchase any of the Offer Shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

No Offer Shares have been marketed to, or are available for purchase in whole or in part by, the public in the United Kingdom or elsewhere in conjunction with the Offer. This Prospectus does not constitute a public offer or the solicitation of a public offer in the United Kingdom to subscribe for or to buy any securities in the Company or any other entity.

10.1 European Economic Area

Save in relation to the United Kingdom, in relation to each EEA State which has implemented the Prospectus Directive (each a “**Relevant Member State**”), no Ordinary Shares have been offered or will be offered pursuant to the Offer to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Ordinary Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in the Relevant Member State, all in accordance with the Prospectus Directive, except that offers of Ordinary Shares may be made to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (a) to any legal entity which is a “qualified investor” as defined under the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) per Member State; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Ordinary Shares will result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State and each person who initially acquires any Ordinary Shares or to whom any offer is made under the Offer will be deemed to have represented, warranted, acknowledged and agreed that it is a “**qualified investor**” within the meaning of Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression “**an offer of any Ordinary Shares to the public**” in relation to any Ordinary Shares in any Relevant Member State means the communication to persons in any form and by any means presenting sufficient information on the terms of the Offer and any Ordinary Shares to be offered so as to enable an investor to decide to acquire any Ordinary Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

In the case of any Ordinary Shares being offered outside the United Kingdom to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Ordinary Shares acquired by it in the Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Ordinary Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of Zeus Capital and Deloitte has been obtained to each such proposed offer or resale. The Company, the Selling Shareholders, Zeus Capital and Deloitte and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified Zeus

Capital and Deloitte of such fact in writing may, with the prior consent of Zeus Capital and Deloitte, be permitted to acquire Ordinary Shares in the Offer.

10.2 United States

The Ordinary Shares have not been and will not be registered under the Securities Act or under the securities laws or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred or delivered, directly or indirectly, in, into or within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of the Ordinary Shares in the United States. The Ordinary Shares are being offered and sold outside the United States in “offshore transactions” as defined in and in reliance on Regulation S.

10.3 Other overseas territories

Investors in other jurisdictions should consult their professional advisers as to whether they require any governmental or other consents or need to observe any formalities to enable them to purchase any Ordinary Shares under the Offer.

10.4 Investor representations and warranties in relation to Regulation S

Each investor, by accepting delivery of this Prospectus and the Ordinary Shares, will be deemed to have represented, warranted, agreed and acknowledged that:

- (a) The investor understands that the Ordinary Shares have not been, nor will they be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, resold or transferred in, into or within the United States absent registration or an exemption from registration under the Securities Act.
- (b) The investor:
 - (i) is aware that the sale of the Ordinary Shares to it is being made pursuant to and in accordance with Regulation S; and
 - (ii) is purchasing such Ordinary Shares in an “offshore transaction” as defined in, and meeting the requirements of, Regulation S.
- (c) The investor understands that the Company, Zeus Capital, Deloitte, the Selling Shareholders, their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements.

11. TERMS AND CONDITIONS OF THE OFFER

These terms and conditions apply to investors agreeing to subscribe for New Shares or purchase Existing Shares under the Offer. Each investor agrees with each of the Company, the Selling Shareholders, Zeus Capital and Deloitte to be bound by these terms and conditions as being the terms and conditions upon which Ordinary Shares will be issued or sold under the Offer.

11.1 Agreement to acquire Offer Shares

Conditional on (i) Admission occurring on or prior to 16 February 2017 (or such later date as Zeus Capital, Deloitte and the Company may agree), and (ii) the investor being allocated Offer Shares, each investor agrees to become a member of the Company and agrees to acquire Offer Shares at the Offer Price. The number of Offer Shares allocated to such investor under the Offer will be in accordance with the arrangements described in paragraph 2 (*Allocation*) of this Part XI. To the fullest extent permitted by law, each investor acknowledges and agrees that it will not be entitled to exercise any rights to rescind or terminate or, subject to any statutory withdrawal rights, otherwise withdraw from, such commitment.

11.2 Payment for Offer Shares

Each investor undertakes to pay the Offer Price for the Offer Shares issued to or acquired by such investor in such manner as shall be directed by Zeus Capital. In the event of any failure by any investor to pay as so directed by Zeus Capital, the relevant investor will be deemed thereby to have appointed Zeus Capital or any nominee of Zeus Capital to sell (in one or more transactions) any or all of the Offer Shares in respect of which payment will not have been made as directed by Zeus

Capital and indemnifies on demand Zeus Capital and/or any relevant nominee of Zeus Capital in respect of any liability for stamp duty and/or stamp duty reserve tax (“SDRT”) arising in respect of any such sale or sales.

Liability for stamp duty and SDRT is described in paragraph 12 (*Taxation*) of Part XIII (*Additional Information*).

11.3 Representations and warranties

Each investor and, in the case of sub-paragraphs (j) and (l) below, any person confirming an agreement to subscribe for or to purchase Offer Shares on behalf of an investor or authorising Zeus Capital to notify the investor’s name to the Registrars, represents, warrants and acknowledges to each of the Company, Deloitte, the Selling Shareholders and Zeus Capital that:

- (a) the content of this Prospectus is exclusively the responsibility of the Company and the Directors and that neither the Selling Shareholders, Zeus Capital, Deloitte nor any person acting on their behalf or any of their respective affiliates is responsible for or will have any liability for any information, representation or statement contained in this Prospectus or any information published by or on behalf of the Company or any member of the Group and will not be liable for any decision by an investor to participate in the Offer based on any information, representation or statement contained in this Prospectus or otherwise;
- (b) in agreeing to subscribe for or purchase Offer Shares under the Offer, the investor is relying on this Prospectus and any supplementary prospectus that may be issued by the Company, and not on any other information or representation concerning the Group, the Selling Shareholders, the Offer Shares or the Offer. Such investor agrees that none of the Company, the Selling Shareholders, Zeus Capital, Deloitte nor any of their respective officers, partners, directors or employees will have any liability for any such other information or representation and irrevocably and unconditionally waives any rights it may have in respect of any such other information or representation. This paragraph 11.3 of this Part XI will not exclude any liability for fraudulent misrepresentation;
- (c) Zeus Capital and Deloitte are not making any recommendations to investors or advising any of them regarding the suitability or merits of any transaction they may enter into in connection with the Offer, and each investor acknowledges that participation in the Offer is on the basis that it is not and will not be a client of Zeus Capital or Deloitte and that Zeus Capital and Deloitte are acting for the Company and no one else, and they will not be responsible to anyone else for the protections afforded to their respective clients, and that Zeus Capital will not be responsible to anyone other than the Company for providing advice in relation to the Offer, the contents of this Prospectus or any transaction, arrangements or other matters referred to herein, and Zeus Capital and Deloitte will not be responsible to anyone other than the relevant parties to the Sponsor and Placing Agreement in respect of any representations, warranties, undertakings or indemnities contained in the Sponsor and Placing Agreement or for the exercise or performance of the rights and obligations of Zeus Capital and Deloitte thereunder, including any right to waive or vary any condition or exercise any termination right contained therein;
- (d) if the laws of any place outside the United Kingdom are applicable to the investor’s agreement to subscribe for or purchase Offer Shares, such investor has complied with all such laws and none of the Company, the Selling Shareholders, Deloitte or Zeus Capital will infringe any laws outside the United Kingdom as a result of such investor’s agreement to subscribe for or purchase Offer Shares or any actions arising from such investor’s rights and obligations under the investor’s agreement and under the Articles to subscribe for or purchase Offer Shares (and, in making this representation and warranty, the investor confirms that it is aware of the selling and transfer restrictions set out in paragraph 10 (*Selling and Transfer Restrictions*) of this Part XI);
- (e) the investor understands that no action has been or will be taken in any jurisdiction other than the United Kingdom by the Company or any other person that would permit a public offering of the Offer Shares, or possession or distribution of this Prospectus, in any country or jurisdiction where action for that purpose is required;
- (f) the investor is located in the United Kingdom and is (a) a person having professional experience in matters relating to investments who falls within the definition of “investment professionals” in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005,

as amended (the “**Order**”); or (b) a high net worth body corporate, unincorporated association or partnership or trustee of a high value trust as described in Article 49(2) of the Order, or is otherwise a person to whom an invitation or inducement to engage in investment activity may be communicated without contravening section 21 of FSMA;

- (g) the investor is not a national, resident or citizen of Australia, Canada, Japan or South Africa (the “**Restricted Jurisdictions**”) or a corporation, partnership or other entity organised under the laws of any of the Restricted Jurisdictions, that the investor will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Ordinary Shares in the Restricted Jurisdictions or to any national, resident or citizen of the Restricted Jurisdictions and the investor acknowledges that the Ordinary Shares have not been and will not be registered under the applicable securities laws of any of the Restricted Jurisdictions and that the same are not being offered for subscription or sale, and may not, directly or indirectly, be offered, sold, transferred or delivered, in the Restricted Jurisdictions;
- (h) the investor is participating in the Offer in compliance with the selling and transfer restrictions set out in paragraph 10 (*Selling and Transfer Restrictions*) of this Part XI, including the representations and acknowledgements contained therein. The investor acknowledges that the Ordinary Shares have not been and will not be registered under the Securities Act, or qualified for sale under the laws of any state or other jurisdiction of the United States, and may not be offered, sold, resold or transferred in, into or within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The investor represents and warrants that it is, and at the time the Ordinary Shares are acquired will be, outside the United States and acquiring the Ordinary Shares in an “offshore transaction” as defined in, and in accordance with, Regulation S;
- (i) the investor is liable for any capital duty, stamp duty, stamp duty reserve tax and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by it or any other person on the acquisition by it of any Offer Shares or the agreement by it to acquire any Offer Shares;
- (j) in the case of a person who confirms to Zeus Capital, on behalf of an investor, an agreement to subscribe for or purchase Offer Shares and who authorises Zeus Capital to notify the investor’s name to the Registrars, that person represents and warrants that he, she or it has authority to do so on behalf of the investor;
- (k) the investor has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the UK Money Laundering Regulations 2007 (the “**Money Laundering Regulations**”) and, if it is making payment on behalf of a third party, it has obtained and recorded satisfactory evidence to verify the identity of the third party as required by the Money Laundering Regulations;
- (l) the investor is not, and is not applying as nominee or agent for, a person which is, or may be, mentioned in any of sections 67, 70, 93 and 96 of the Finance Act 1986 (depository receipts and clearance services);
- (m) if the investor is acquiring Offer Shares as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and
- (n) in the case of a person who confirms to Zeus Capital, on behalf of an investor which is an entity other than a natural person, an agreement to subscribe for or to purchase Ordinary Shares and who authorises the notification of such investor’s name to the Registrars, that person warrants that he, she or it has authority to do so on behalf of the investor.

The Company, the Selling Shareholders, Deloitte and Zeus Capital and their affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties and undertakings.

11.4 Supply and disclosure of information

If the Company, the Selling Shareholders, Deloitte or Zeus Capital or any of their agents request any information about an investor’s agreement to subscribe for or purchase Ordinary Shares, such

investor must promptly disclose it to them and ensure that such information is complete and accurate in all respects.

11.5 Miscellaneous

- (a) The rights and remedies of the Company, the Selling Shareholders, Deloitte and Zeus Capital under these terms and conditions are in addition to any rights and remedies which would otherwise be available to them, and the exercise or partial exercise of one will not prevent the exercise of others.
- (b) On application, each investor may be asked to disclose, in writing or orally, to Zeus Capital:
 - if he or she is an individual, his or her nationality; or
 - if he, she or it is a discretionary fund manager, the jurisdiction in which the funds are managed or owned.
- (c) All documents will be sent at the investor's risk. They may be sent by post to such investor at an address notified to Zeus Capital.
- (d) Each investor agrees to be bound by the Articles (as amended from time to time) once the Ordinary Shares which such investor has agreed to subscribe for or purchase have been issued or transferred to such investor.
- (e) The contract to subscribe for or purchase Offer Shares and the appointments and authorities mentioned herein will be governed by, and construed in accordance with, English law. For the exclusive benefit of the Company, the Selling Shareholders, Deloitte and Zeus Capital, each investor irrevocably submits to the exclusive jurisdiction of the English courts in respect of these matters. This does not prevent an action being taken against an investor in any other jurisdiction.
- (f) In the case of a joint agreement to subscribe for or purchase Offer Shares, references to an investor in these terms and conditions are to each of such investors and any investors' liability is joint and several.

The Company, the Selling Shareholders, Deloitte and Zeus Capital expressly reserve the right to modify the Offer (including, without limitation, its timetable and settlement) at any time before the Offer Price and allocations are determined.

PART XII

REGULATORY OVERVIEW

1. REGULATORY OVERVIEW

The Regulated Subsidiaries are authorised and regulated by the FCA in the United Kingdom.

2. REGULATORY FRAMEWORK IN THE UNITED KINGDOM

The Financial Services Act 2012 has reformed the UK's system of financial regulation. In addition to effecting a structural reorganisation of the UK regulatory framework and the reallocation of the Financial Services Authority's ("FSA", the predecessor to the FCA) powers, the Financial Services Act 2012 conferred new powers on the FCA.

Following the implementation of the Financial Services Act 2012 the FSA ceased to exist and the following three new regulators were established in its place:

- the Financial Policy Committee;
- the PRA; and
- the FCA.

The Financial Policy Committee, which sits within the Bank of England, is responsible for the macro-prudential regulation of the entire financial services sector.

The PRA, a subsidiary of the Bank of England, is responsible for overseeing the micro-prudential regulation of banks, insurers and some large investment firms.

The FCA is responsible for the conduct of business regulation of all authorised firms and the prudential regulation of firms not regulated by the PRA. The FCA has also inherited the majority of the FSA's market regulatory functions. The Financial Services Act 2012 also conferred new powers on the FCA, for example the FCA has new early intervention powers which enable it to intervene directly in the market and make product intervention rules with the aim of preventing harm to consumers (for example, the FCA could potentially make rules to restrict the promotion of a particular product to only certain types of consumers). These new powers have the potential to subject the Regulated Subsidiaries to a regulatory regime more rigorous and intrusive than that supervised by the former FSA.

3. AUTHORISATION TO CARRY OUT REGULATED ACTIVITIES IN THE UK

In the UK, the provision of financial services by way of business is governed by certain requirements under the Financial Services and Markets Act 2000, as amended ("FSMA"), together with secondary legislation and other rules made under it, for example the FCA Handbook of Rules and Guidance (the "**FCA Rules**"). Under section 19 of FSMA, it is an offence for any person to carry on "regulated activities" in the UK unless they are an authorised person or exempt from the need to be authorised.

The various "regulated activities" are set out in the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (as amended). They include (among other regulated activities):

- dealing in investments as principal or agent;
- managing investments (including portfolio management);
- arranging deals in investments;
- advising on investments; and
- the safeguarding and administration of assets (including the arranging of such safeguarding and administration).

In granting an application by a firm for authorisation, the FCA may delineate the scope of, and include such restrictions on, the grant of permission as it deems appropriate. In granting or varying the terms of a firm's permissions, the FCA must ensure again that the firm meets certain threshold conditions (see below). In addition, under FSMA the FCA can impose such requirements on a firm as it considers appropriate to require it to take or refrain from taking specified action. These requirements may relate to a range of matters, including the scope of the firm's business, capital, liquidity and interactions with affiliates.

4. THRESHOLD CONDITIONS

Firms must at all times meet specified “threshold conditions” set out in FSMA, which relate to matters including the adequacy of the firm’s financial and other resources and whether a firm is a fit and proper person to conduct its regulated activities, having regard to all the circumstances (including whether the firm’s affairs are conducted soundly and prudently). Firms solely regulated by the FCA need to ensure that they meet, on an ongoing basis, the FCA’s threshold conditions.

5. REQUIREMENTS FOR AUTHORISED FIRMS IN THE UK

The Regulated Subsidiaries are obliged to comply with, among other things, FSMA (and secondary legislation made under it), other relevant UK and directly effective European Union legislation and the FCA Rules. The rules and guidance in the FCA Handbook are contained in a number of sourcebooks. The most relevant sourcebooks (and parts thereof) for the Regulated Subsidiaries are the Principles for Businesses (“**PRIN**”), the Senior Management Arrangements, Systems and Controls Sourcebook (“**SYSC**”); the Conduct of Business Sourcebook (“**COBS**”); and the Insurance: Conduct of Business Sourcebook (“**ICOBS**”).

5.1 The Principles for Businesses

The Principles for Businesses (the “**Principles**”) are high-level principles which are a general statement of the fundamental obligations of FCA authorised firms under the regulatory system. The Principles form the foundation of authorised firms’ responsibilities to their clients and reflect the FCA’s statutory objectives. The Principles are binding “rules” in their own right, and the rest of the FCA Rules flow from them. The Principles have two purposes:

- they provide authorised firms with a clear and concise statement of their fundamental obligations under the FSMA regulatory regime and the standards that the FCA expects firms to meet in the day-to-day conduct of their business; and
- they provide a basis for supervisory activity and enforcement action by the FCA. As a result, firms can be disciplined for committing a breach of a Principle, even if they have not breached any of the FCA’s other rules.

The Principles require authorised firms to set high standards but allow them flexibility as to how they achieve those standards. The measures taken and the resources required by firms to achieve those standards will depend on the nature and risks of the relevant firm’s business, but the Principles acknowledge that the measures taken should be proportionate to those risks.

If a breach of the Principles occurs the FCA has the power to take a wide range of disciplinary actions against regulated firms and any FCA approved persons (see below), including public censure, the imposition of fines, the variation, suspension or termination of the firm’s authorisations or the removal of approved status from individuals.

5.2 Conduct of Business Rules

The COBS rules apply to every authorised firm carrying on relevant regulated activities. These rules regulate the day-to-day conduct of business standards to be observed by authorised firms in carrying on regulated activities.

The scope and range of obligations imposed on an authorised firm under the COBS rules vary according to the scope of the firm’s business and the nature of its clients. Generally speaking, however, the obligations imposed on an authorised firm by the COBS rules will include: the need to provide retail clients with information about the firm; meet certain standards of disclosure about the products and the services; ensure that promotional materials which it produces are clear, fair and not misleading; assess suitability when advising on certain products; manage conflicts of interest; and report appropriately to its clients.

The ICOBS rules apply to insurance undertakings and insurance intermediaries and contain provisions which are similar to those in the COBS rules, but relate specifically to the conduct of insurance business, including mediation.

5.3 Prudential Standards

It is an ongoing requirement for authorised firms carrying on regulated activities to comply with the prudential standards imposed by (in the case of the Regulated Subsidiaries) the FCA. It is a

fundamental requirement of the FCA's prudential rules and Principle 4 of the FCA's Principles for Businesses that firms maintain adequate financial resources.

Rules relating to the calculation of capital resources applicable to the Regulated Subsidiaries are currently contained in various provisions within the FCA handbook.

5.4 The Approved Persons Regime

There are certain "controlled functions" that are undertaken by individuals for (or on behalf of) an authorised firm. The individuals who perform these functions must be approved by the FCA as fit and proper. These are known as approved persons.

An approved person must abide by the rules and principles set out in the Statements of Principle and Code of Practice for Approved Persons ("APER"). These include acting with integrity, observing proper standards of market conduct, and dealing with regulators in an open and cooperative way. Failing to do so can lead to enforcement action against the individual including public censure, fines, and removal of approved status. This could also lead to enforcement action being taken against the firm itself.

From 2018 the Senior Managers and Certification Regime will extend to all authorised firms, including the Regulated Subsidiaries. Under this regime, which will replace the Approved Persons Regime, senior managers will be mapped into one or more of the Senior Management Functions (SMFs) and will have a statutory duty of responsibility to take reasonable steps to prevent regulatory breaches in their area of responsibility. Some roles will also require internal certification. These certified persons are also subject to FCA rules and sanctions.

5.5 Change of Control Regime for Authorised Firms

Under the FSMA change of control regime a person who has decided to acquire "control" over a UK firm authorised and regulated under FSMA is required to seek consent from the FCA before doing so. A FSMA authorised and regulated firm must also notify the FCA when the transaction which results in that acquisition takes place. Any acquisition of control over the Company, would be subject to this regime.

A proposed "controller" for the purposes of the controller regime is any natural or legal person (or such persons "acting in concert") who decides to acquire, directly or indirectly, control over a UK authorised firm. "Control" over the Regulated Subsidiaries is acquired if the acquirer:

- holds 20 per cent or more of the shares or voting rights in that company or in its parent undertaking; or
- is able to exercise significant influence over the management of the firm by virtue of the acquirer's shares or voting power in the company or its parent undertaking.

The FCA has up to 60 working days from the date of submission of such a notification to approve any such acquisition. The FCA is permitted to serve a notice of objection to the acquisition of control and, if it does serve such a notice, is required to specify in the notice its reasons for the objections.

A person who ceases to be a 20 per cent controller is required only to provide written notice to the FCA. FCA approval is not required for cessation of control.

These laws may change. In addition, a more onerous controller approval regime applies to banks, insurers and investment firms in scope of MiFID, amongst others. If the Regulated Subsidiaries vary their regulatory permissions, they may become subject to the more onerous regime.

Breach of the notification and approval regime imposed by FSMA on controllers is a criminal offence.

5.6 Regulatory Capital

Regulatory capital requirements form an integral part of the FCA's prudential supervision of UK authorised firms. The regulatory capital rules oblige firms to hold a certain amount of capital at all times (taking into account the particular risks to which the firm may be exposed given its business activities), thereby helping to ensure that firms can meet their liabilities as they fall due and safeguarding their (and their counterparties') financial stability. The FCA also expects firms to take a pro-active approach to monitoring and managing risks, consistent with its high level requirement for firms to have adequate financial resources.

Regulatory capital requirements exist on two levels. The first is a solo requirement aimed at individual authorised entities (with the relevant firm being required to submit periodic returns to demonstrate compliance with the relevant requirement). The second is a consolidated (or group) requirement and relates to a part of or the entire group of which an authorised firm or firms form part. Generally, the FCA exercises consolidated supervision up to the level of the top most EEA entity in the group.

Whilst there is discretion for the FCA to grant a consolidated supervision waiver on receipt of an application to this effect and subject to certain requirements being met, there is no such waiver in place at this time and the Group does not intend to seek such waiver. Consequently, capital requirements apply to each of the Regulated Subsidiaries. These requirements will consider the position of the Group with the capital and assets (and hence capital requirements) of subsidiaries consolidated as appropriate. Exposures to group undertakings which are not consolidated as subsidiaries will be assessed individually and may be included in the capital requirements or may be required to be deducted from the Group capital base. Other deductions from the capital base will also be required.

6. SUPERVISION AND ENFORCEMENT

6.1 Supervision

The FCA has wide powers under FSMA to supervise, and intervene in, the affairs of an authorised firm. The FCA can, for instance, require firms to provide particular information or documents to it, require the production of a report by a “skilled person” appointed by the FCA or formally investigate a firm. The nature and extent of the FCA’s supervisory relationship with a firm depends on how much of a risk that firm is considered to pose to the FCA’s statutory objectives.

6.2 Enforcement

Currently, the FCA has the power to take a range of enforcement actions, including the ability to sanction companies and individuals carrying out functions within them. Most notably, enforcement actions may include public censure, restitution, fines and, ultimately, revocation of permission to carry on regulated activities or of an Approved Person’s status. The FCA can also vary or cancel the permissions of an authorised firm that has not engaged in regulated activities for 12 months, or fails to meet the threshold conditions.

In addition to the above, the FCA can also impose sanctions on any person who is found to have committed market abuse and it has the power to prosecute (i) criminal offences arising under FSMA; (ii) insider dealing under Part V of the Criminal Justice Act 1993; and (iii) breaches of the UK’s money laundering legislation.

6.3 Consumer Complaints and Compensation

All FCA regulated firms and certain other unregulated businesses, are under the compulsory jurisdiction of the Financial Ombudsman Service (“FOS”) which has been set up under FSMA. Authorised firms must have appropriate complaints handling procedures but, where these are exhausted, the FOS provides for dispute resolution in respect of certain categories of customer complaints brought against applicable firms by individuals and small business customers.

The FOS provides an alternative to customers bringing complaints in the courts and is empowered, upon determining a dispute in favour of a customer, to order a firm to pay fair compensation for any loss or damage it caused to the customer, or to direct a firm to take such steps in relation to the customer as the FOS considers just and appropriate, and irrespective of whether a similar award could be made by a court. The FOS is funded by levies and case fees payable by firms covered by the FOS.

The Financial Services Compensation Scheme (“FSCS”) was established under FSMA and provides compensation to certain categories of customers who suffer losses as a consequence of the inability of a regulated firm to meet its liabilities arising from claims made in connection with regulated activities. The FSCS is funded by means of levies on all its participating financial services firms. The levy is calculated separately for each class of financial services with each class divided into sub-classes based on provider or intermediation activities.

The levy operates on the basis that a sub-class makes contributions, up to a specified threshold, to compensate investors upon the default of a market participant in that sub-class. It should be noted,

however, that such contributions are not restricted to failures in the sub-classes to which a particular firm belongs, as there is the possibility that cross-subsidy between sub-classes may be required.

6.4 Money Laundering and Other Financial Crime

All FCA authorised and regulated firms are required under the Money Laundering Regulations to observe and apply certain administrative procedures and checks that are designed to prevent money laundering and financial crime.

SYSC contains rules requiring firms to take reasonable care to establish and maintain effective systems and controls for countering the risk that the firm might be used to further financial crime. For these purposes, financial crime includes any offence involving fraud or dishonesty, misconduct in, or misuse of information relating to, a financial market, handling the proceeds of crime or the financing of terrorism, as well as bribery and corruption offences.

Failure to maintain the necessary procedures is a criminal offence. The Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Counter-Terrorism Act 2008 also contain a number of offences in relation to money laundering.

PART XIII

ADDITIONAL INFORMATION

1. RESPONSIBILITY

The Company and its Directors (whose names appear in paragraph 1.1 (*Directors*) of Part VII (*Directors, Senior Management and Corporate Governance*) accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

2. INCORPORATION

- 2.1** The Company was duly incorporated and registered as a private limited company in England and Wales under the Companies Act 2006 of England and Wales under the name Xafinity Group Holdings (Reading) Limited with registered number 08279139 and incorporated on 2 November 2012. The principal legislation under which the Company operates and the Ordinary Shares have been created is the 2006 Act. The Company was reregistered as a public limited company in England and Wales under the 2006 Act under the name of Xafinity plc on 6 February 2017 and adopted new articles of association for a public limited company.
- 2.2** The registered office and the principal place of business in the United Kingdom of the Company is at Phoenix House, 1 Station Hill, Reading RG1 1NB (telephone number 0118 918 5000 or, if dialling from outside the United Kingdom, +44 (0) 118 918 5000).
- 2.3** The business of the Company, and its principal activity, is to act as the ultimate holding company of the Group.

3. SHARE CAPITAL

- 3.1** On incorporation, the Company had 2 ordinary shares of £0.01 each.
- 3.2** By the passing of resolutions dated 20 February 2013, the Directors were granted authority to allot shares with a nominal value of up to £1,005,000.
- 3.3** By the passing of a resolution dated 20 February 2013, the 2 ordinary shares of £0.01 each were re-designated as 2 A ordinary shares of £0.01 each (the “**A Ordinary Shares**”), following which the Company increased its share capital as set out below (on 20 February 2013) and on 21 February allotted:
- (a) 73,512,198 A Ordinary Shares;
 - (b) 380,400 B ordinary shares of £0.01 each (the “**B Ordinary Shares**”);
 - (c) 17,000,000 C ordinary shares of £0.01 each (the “**C Ordinary Shares**”); and
 - (d) 317,000 D ordinary shares of £0.01 each (the “**D Ordinary Shares**”).
- 3.4** On 9 January 2014, the Directors’ authority to allot shares was updated, granting them authority to allot shares with a nominal value of up to £1,032,146, following which, on 10 January 2014, the Company issued 4,750,000 C Ordinary Shares and 2,844,000 D Ordinary Shares.
- 3.5** On 24 June 2014, the Company issued 1,500,000 C Ordinary Shares and on 26 June 2014 the Company issued a further 1,000,000 C Ordinary Shares and 161,000 D Ordinary Shares.
- 3.6** On 6 January 2015, the Company issued 750,000 C Ordinary Shares.
- 3.7** On 9 June 2015, the Directors’ authority to allot shares was further updated, granting them authority to allot shares with a nominal value of up to £1,069,336, following which, on 12 June 2015, the Company issued 1,372,000 D Ordinary Shares and on 13 June 2015 the Company issued 1,000,000 C Ordinary Shares.
- 3.8** On 29 June 2015, the Company issued 2,347,000 D Ordinary Shares.
- 3.9** By resolutions passed on 16 March 2016, the share capital of the Company was reduced from £1,069,336 to £37,426.76 by the cancellation of 103,190,924 shares (being A Ordinary Shares, B Ordinary Shares, C Ordinary Shares and D Ordinary Shares). Following the capital reduction, there were:
- (a) 2,572,927 A Ordinary Shares;

- (b) 13,314 B Ordinary Shares of £0.01 each;
 - (c) 910,000 C Ordinary Shares of £0.01 each; and
 - (d) 246,435 D Ordinary Shares of £0.01 each.
- 3.10** Also on 16 March 2016, and following the capital reduction referred to above, the Company issued a further 228,501 D Ordinary Shares.
- 3.11** The total issued share capital of the Company as at 30 September 2016 was 3,971,177 shares of £0.01 with an aggregate nominal value of £39,711.77 (compared to a total issued share capital of 106,933,600 shares of £0.01 with an aggregate nominal value of £1,069,336 as at 30 September 2015), comprising of:
- (a) 2,572,927 A Ordinary Shares of £0.01 each;
 - (b) 13,314 B Ordinary Shares of £0.01 each;
 - (c) 910,000 C Ordinary Shares of £0.01 each; and
 - (d) 474,936 D Ordinary Shares of £0.01 each,
- of which 393,750 C Ordinary Shares were held by Xafinity EBT.
- 3.12** By resolutions passed on 20 December 2016, various dividends were paid by various companies within the Group through the corporate structure, with the final dividend being paid to the Company. The dividend payments were made in order to clear negative reserves within the corporate structure.
- 3.13** By resolutions passed on 3 February 2017, the Company undertook a bonus issue of shares in order to increase the aggregate nominal value of the Company (the “**Bonus Issue**”). The bonus issue was satisfied by way of the allotment and issue of A Ordinary Shares, B Ordinary Shares, C Ordinary Shares and D Ordinary Shares, deemed to be fully paid, to each of the holders of A Ordinary Shares, B Ordinary Shares, C Ordinary Shares and D Ordinary Shares at the date of the bonus issue *pro rata* to their shareholding in the Company. Following the Bonus Issue, the aggregate nominal value of the Company had been increased and accordingly there were 5,000,000 A Ordinary Shares, B Ordinary Shares, C Ordinary Shares and D Ordinary Shares (in aggregate) in issue.
- 3.14** Following the Bonus Issue, by resolutions passed on 6 February 2017, the Company adopted new articles of association for a public limited company and reregistered as a public limited company in England and Wales under the 2006 Act.
- 3.15** By resolutions passed on 10 February 2017, subject to and conditional upon Admission occurring, the A Ordinary Shares, B Ordinary Shares, C Ordinary Shares and D Ordinary Shares were converted into ordinary shares of £0.01 each in the capital of the Company (the “**£0.01 Ordinary Shares**”) (the “**Conversion**”). The Conversion was carried out in accordance with the capital rights of the A Ordinary Shares, B Ordinary Shares, C Ordinary Shares and D Ordinary Shares as set out in the articles of association of the Company at the date of the Conversion. The Conversion did not affect the aggregate nominal value of the share capital of the Company and accordingly there were 5,000,000 £0.01 Ordinary Shares in issue following the Conversion.
- 3.16** Immediately upon the occurrence of the Conversion, by resolutions passed on 10 February 2017 and subject to and conditional upon Admission occurring, each £0.01 Ordinary Share was sub-divided into an Ordinary Share (the “**Sub-division**”). The Sub-division did not affect the aggregate nominal value of the share capital of the Company and accordingly there were 100,000,000 Ordinary Shares in issue.
- 3.17** Following the Sub-division, by a special resolutions passed on 10 February 2017, subject to and conditional upon Admission, the Company adopted new articles of association for a public limited company with a single class of shares.
- 3.18** By resolutions dated 10 February 2017, the Directors were generally and unconditionally authorised in accordance with section 551(1) of the 2006 Act to allot Ordinary Shares up to an aggregate nominal amount of £18,448.12 in connection with the Offer as if section 561 of the 2006 Act did not apply to such allotment, such authority expiring on the earlier of (i) Admission and (ii) 31 December 2017.

3.19 By resolutions passed on 10 February 2017, conditional upon Admission occurring:

- (a) in addition to the authorities granted under paragraph 3.18 above, the Directors were generally and unconditionally authorised in accordance with section 551 of the 2006 Act to allot Ordinary Shares or grant rights to subscribe for, or convert any security into, Ordinary Shares:
- (i) up to an aggregate nominal amount of £22,816.04 (such amount to be reduced by the nominal amount of any equity securities (as defined in the 2006 Act) allotted under paragraph 3.19 (b)(ii) below in excess of such sum), being approximately one-third of the aggregate nominal amount of the issued share capital of the Company immediately following Admission; and
 - (ii) up to an aggregate nominal amount of £45,632.08 equal to approximately two thirds of the aggregate nominal amount of the share capital of the Company immediately following Admission (such amount to be reduced by any shares allotted or rights granted under paragraph 3.19 (b)(i) above) in connection with a rights issue in favour of the holders of Ordinary Shares in proportion (as nearly as may be practicable) to the respective number of Ordinary Shares held by them on the record date for such allotment and so that the Directors may make such exclusions or other arrangements as they consider expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange or any other matter,
- such authorities to apply until the end of the next annual general meeting of the Company (or, if earlier, until the close of business on 31 December 2017) but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Board may allot shares or grant rights to subscribe for or convert securities into shares in the Company under any such offer or agreement as if the authority had not ended;
- (b) the Directors were empowered pursuant to sections 570(1) and 573 of the 2006 Act to allot equity securities (as defined in section 560(1) of the 2006 Act) for cash pursuant to the authorities referred to in paragraph 3.19(a) above and to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the 2006 Act did not apply to any such allotment or sale, such power being limited to:
- (i) the allotment of Ordinary Shares with an aggregate nominal value of up to £3,422.41, being approximately five per cent of the issued ordinary share capital immediately following Admission; and
 - (ii) the allotment of equity securities in connection with an offer of equity securities (but in case of a sale of treasury shares by way of a rights issue only) in favour of holders of shares in the capital of the Company in proportion (as nearly as may be) to their existing holdings of shares and to holders of other equity securities as required by the rights attached to those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Directors deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange,
- such authorities to apply until the end of the next annual general meeting of the Company (or, if earlier, until the close of business on 31 December 2017) but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Board may allot shares or grant rights to subscribe for or convert securities into shares in the Company under any such offer or agreement as if the authority had not ended;
- (c) the Company was generally and unconditionally authorised for the purposes of section 701 of the 2006 Act to make market purchases (within the meaning of section 693(4) of the 2006 Act) of Ordinary Shares on such terms and in such manner as the directors of the Company may determine subject to the following conditions:

- (i) the maximum aggregate number of Ordinary Shares authorised to be purchased is 13,689,624, or, if less, 10 per cent of the Company's issued ordinary share capital immediately following Admission;
 - (ii) the minimum price (excluding expenses) which may be paid for each Ordinary Share is £0.0005 (being the nominal value of an Ordinary Share);
 - (iii) the maximum price (excluding expenses) which may be paid for each Ordinary Share is the higher of (i) 105 per cent of the average of the middle market quotations for the Ordinary Shares as derived from the London Stock Exchange Daily Official List for the five Business Days immediately preceding the day on which the share is contracted to be purchased and (ii) an amount equal to the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for Ordinary Share as derived from the London Stock Exchange Trading System,
 - (iv) this authority shall apply until the end of the next annual general meeting of the Company (or, if earlier, 31 December 2017); and
 - (v) the Company may enter into a contract to purchase Ordinary Shares which will or may be completed or executed wholly or partly after the power ends and the Company may purchase Ordinary Shares pursuant to any such contract as if the power had not ended; and
- (d) a general meeting of the Company other than an annual general meeting may be called on not less than 14 days' notice.

3.20 The following table shows the existing ordinary share capital of the Company and the ordinary share capital as it is expected to be immediately following Admission:

	<u>Amount (£)</u>	<u>Number</u>
Existing	50,000.00	100,000,000
	<u>Amount (£)</u>	<u>Number</u>
Immediately following Admission	68,448.12	136,896,244

3.21 On 16 February 2017, 36,896,244 New Shares will, subject to Admission, be issued pursuant to the Offer. This will dilute Existing Shareholders by 27.0 per cent.

3.22 As at 10 February 2017 (being the latest practicable date prior to the publication of this Prospectus), the Company held no treasury shares. No Ordinary Shares have been issued other than fully paid.

3.23 The provisions of section 561 of the 2006 Act confer on shareholders rights of pre-emption in respect of the allotment of equity securities (as defined in section 560 of the 2006 Act) which are, or are to be, paid up in cash and apply to the ordinary share capital of the Company, except to the extent disapplied. Statutory rights of pre-emption have been disapplied in the manner described in paragraph 3.19(b) above.

3.24 Save as disclosed in this Part XIII:

- (a) the Company does not hold any treasury shares and no Ordinary Shares are held by, or on behalf of, any member of the Group;
- (b) no shares of the Company have been issued otherwise than as fully paid;
- (c) there has been no change in the amount of the share capital of the Company since 2 November 2012;
- (d) no commissions, discounts, brokerages or other special terms have been granted by the Company or any of its subsidiaries in connection with allotment of any share or loan capital of the Company or any of its subsidiaries from 2 November 2012 until the date of this Prospectus; and
- (e) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed, conditionally or unconditionally, to be put under option.

- 3.25** Application has been made to the FCA for all of the Ordinary Shares to be admitted to the premium listing segment of the Official List. Application has also been made to the London Stock Exchange for the Ordinary Shares to be admitted to trading on its main market for listed securities. The Ordinary Shares are not listed or traded on, and no application has been or is being made for the admission of the Ordinary Shares to listing or trading on, any other stock exchange or securities market.
- 3.26** With effect from Admission, the Ordinary Shares are in registered form and, subject to the provisions of the Regulations, the Directors may permit the holding of Ordinary Shares of any class in uncertificated form and title to such shares may be transferred by means of a relevant system (as defined in the Regulations). Where Ordinary Shares are held in certificated form, share certificates will be sent to the registered members by first class post. Where Ordinary Shares are held in CREST, the relevant CREST stock account of the registered members will be credited.
- 3.27** The New Shares being issued pursuant to the Offer will be issued at a price of £1.39 per New Share, representing a premium of £1.3895 over their nominal value of £0.0005 each, which price is payable in full on application.
- 3.28** Subject to the 2006 Act, any equity shares issued by the Company for cash must first be offered to Existing Shareholders in proportion to their holdings of Ordinary Shares. Both the 2006 Act and the Listing Rules allow for disapplication of pre-emption rights which may be waived by a special resolution of the Shareholders, either generally or specifically, for a maximum period not exceeding five years.
- 3.29** Each New Share will rank in full for all dividends and distributions declared made or paid after their issue and otherwise *pari passu* in all respects with each Existing Share and will have the same rights (including voting and dividend rights and rights on a return of capital) and restrictions as each Existing Share, as set out in the Articles. The New Shares will be denominated in Pounds Sterling.
- 3.30** Save as disclosed in paragraph 7.2 of this Part XIII (*Additional Information*) in respect of Tom Cross Brown and Alan Bannatyne, as Non-Executive Directors of the Company and in respect of Jeff Hunt as an Existing Shareholder who has agreed to acquire 179,856 Ordinary Shares at the Offer Price under the Offer, so far as the Company is aware, none of the Company's other Existing Shareholders or Directors intend to subscribe for, or purchase, Ordinary Shares in the Offer.

4. SUMMARY OF THE ARTICLES OF ASSOCIATION

- 4.1** The objects of the Company, in accordance with section 31(1) of the 2006 Act, are unrestricted.
- 4.2** The Articles contain provisions, *inter alia*, to the following effect:
- (a) Voting Rights in respect of Ordinary Shares
- (i) Shareholders shall have the right to receive notice of, to attend and to vote at all general meetings of the Company. Save as otherwise provided in the Articles, on a show of hands each holder of shares present in person or by proxy shall have one vote and upon a poll each such holder who is present in person or by proxy shall have one vote in respect of every share held by him.
 - (ii) No member shall be entitled to vote at any general meeting if any call or other sum presently payable by him in respect of shares remains unpaid or if a member has been served by the Directors with a restriction notice in the manner described in paragraph 4.2(b) below.
- (b) Restrictions on Ordinary Shares
- If a member or any person appearing to be interested in shares in the Company has been duly served with a notice pursuant to section 793 of the 2006 Act and is in default in supplying to the Company information thereby required within 14 days from the date of service of such notice the Company may serve on such member or on any such person a notice (a “**restriction notice**”) in respect of the shares in relation to which the default occurred (“**Default Shares**”) and any other shares held at the date of the restriction notice directing that the member shall not be entitled to be present or to vote, either in person or by proxy, at any general meeting or class meeting of the Company. Where the Default Shares represent at least 0.25 per cent in nominal value of the issued shares of the Company of the same class (excluding any shares of that class

held as treasury shares) the restriction notice may in addition direct, *inter alia*, that any dividend or any part thereof or other money which would otherwise be payable on the Default Shares shall be retained by the Company without liability to pay interest; where the Company has offered the right to elect to receive shares instead of cash in respect of any dividends any election by such member of such restricted shares will not be effective; and no transfer of any of the shares held by the member shall be recognised or registered unless the transfer is a permitted transfer or the member is not himself in default in supplying the information requested and the transfer is part only of the member's holding and is accompanied by a certificate given by the member in a form satisfactory to the Directors to the effect that after due and careful enquiry the member is satisfied that none of the shares which is the subject of the transfer is a restricted share.

(c) Variation of Class Rights

If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class of shares may, subject to certain company law acts as defined in the 2006 Act (the “**Statutes**”), be abrogated or varied either with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of Chapter 3 of part 13 of the 2006 Act (save as stated in section 334(2) to (3)) and the provisions of the Articles relating to general meetings shall apply, *mutatis mutandis*, but so that the necessary quorum at any such meeting other than an adjourned meeting shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the relevant class (excluding any shares of that class held as treasury shares) and at an adjourned meeting one person holding shares of the class or his proxy. Any holder of shares of the relevant class present in person or by proxy may demand a poll upon which every holder of shares of that class shall be entitled to one vote for every such share held by him. The rights attached to any class of shares shall, unless otherwise expressly provided by the terms of issue of such shares of that class or by the terms upon which such shares are for the time being held, be deemed not to be abrogated or varied by the creation or issue of further shares ranking *pari passu* therewith.

(d) Alteration of Capital

- (i) The Company may by a resolution authorising it to do so in accordance with the 2006 Act consolidate all or any of its share capital into shares of larger nominal amount, subdivide all or any of its shares into shares of smaller nominal amount.
- (ii) Subject to the provisions of the Statutes, the Company may by special resolution reduce its share capital, any capital redemption reserve, any share premium account and any redenomination reserve in any way.
- (iii) Subject to the provisions of the Statutes, any shares may be allotted on terms that they are redeemed or liable to be redeemed at the option of the Company or the Shareholders on the terms and in the manner provided for by the Articles.
- (iv) Subject to the provisions of the Statutes, the Company may purchase its own shares (including any redeemable shares).

(e) Transfer of Shares

- (i) Subject to paragraph 4.2(e)(ii) below, the instrument of transfer of a certificated share shall be signed by or on behalf of the transferor (and, in the case of a share which is not fully paid, by or on behalf of the transferee) and, in relation to the transfer of any share (whether a certificated or an uncertificated share), the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register in respect thereof. All transfers of certificated shares shall be effected by instrument in writing in any usual or common form or any other form which the Directors may approve. The Directors may, in their absolute discretion, refuse to register the transfer of a share which is not fully paid (whether certificated or uncertificated) provided that where such shares are admitted to the Official List, such discretion may not be exercised in a way which the FCA regards as preventing dealings in the shares of the relevant class or classes from taking place on an open and proper basis. The Directors may likewise refuse to register any transfer of a share (whether certificated or uncertificated) in favour of more than four persons jointly. In relation to certificated shares, the Directors may decline to recognise

any instrument of transfer unless it is left at the registered office of the Company or such other place as the Directors may determine, accompanied by the relevant certificate and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do), and unless the instrument is in respect of only one class of share.

- (ii) Notwithstanding any other provision of the Articles to the contrary, unless otherwise determined by the Directors, any shares in the Company may be held in uncertificated form and title to shares may be transferred by means of a relevant system (in each case as defined in the Regulations) such as CREST.

(f) General Meetings

- (i) An annual general meeting shall be convened by not less than 21 clear days' notice. All other general meetings shall be called by not less than 14 clear days' notice. As the Company is a traded company (as defined in section 360C of the 2006 Act), the provisions of section 307A must be complied with if the meeting is to be called by less than 21 clear days' notice, unless the meeting is of holders of a class of shares. The notice shall specify the place, the day and time of meeting and the general nature of that business. A notice calling an annual general meeting shall specify the meeting as such and a notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as such and shall include the text of the resolution.
- (ii) The accidental omission to give notice of a meeting, or of a resolution intended to be moved at a meeting, or to issue an invitation to appoint a proxy with a notice where required by these Articles, to any person entitled to receive notice, or the non-receipt of notice of a meeting or of such a resolution or of an invitation to appoint a proxy by any such person, shall not invalidate the proceedings at that meeting.
- (iii) All Shareholders present in person (and their duly appointed proxy or proxies) or by duly appointed corporate representative shall be entitled to attend all general meetings of the Company.

(g) Directors

- (i) Unless and until the Company in general meeting shall otherwise determine, the number of Directors shall be not more than 12 and not fewer than two. A Director shall not be required to hold any shares in the capital of the Company. A Director who is not a member shall nevertheless be entitled to receive notice of and attend and speak at all general meetings of the Company and all separate general meetings of the holders of any class of shares in the capital of the Company.
- (ii) No Director shall be disqualified by his office from entering into or being otherwise interested in any contract, arrangement or transaction with the Company or in which the Company has a (direct or indirect) interest. Subject to the provisions of the Statutes and save as therein provided, no such contract, arrangement, transaction or proposal entered into by or on behalf of the Company in which any Director or person connected with him is in any way interested, whether directly or indirectly, shall be liable to be avoided, nor shall any Director who enters into any such contract, arrangement or transaction or who is so interested be liable to account to the Company for any remuneration or other benefit realised by any such contract, arrangement, transaction or interest by reason of such Director holding that office or of the fiduciary relationship thereby established, but such Director shall declare the nature of his interest in accordance with the Statutes.
- (iii) A Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:
 - (A) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
 - (B) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

- (C) any proposal concerning an offer of securities of or by the Company or any of its subsidiary undertakings in which offer he is, or may be entitled to, participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
 - (D) any contract, arrangement or transaction concerning any other body corporate in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he or any person connected with him do not to his knowledge hold an interest (within the meaning of sections 820 to 825 of the 2006 Act) in one per cent or more of any class of the equity share capital of such body corporate or of the voting rights available to members of the relevant body corporate;
 - (E) any contract, arrangement or transaction for the benefit of employees of the Company or any of its subsidiary undertakings which does not accord him any privilege or advantage not generally accorded to the employees to whom the scheme relates; and
 - (F) any contract, arrangement or transaction concerning any insurance which the Company is to purchase or maintain for the benefit of Directors or for the benefit of persons who include Directors.
- (iv) If any question shall arise at any meeting as to an interest or as to the entitlement of any Director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to any other Director other than himself shall be final and conclusive except in a case where the nature or extent of the interests of the Director concerned have not been fairly disclosed.
 - (v) Save as provided in the Articles, a Director shall not vote or be counted in the quorum present on any motion in respect of any contract, arrangement or transaction in which he has an interest which is to his knowledge a material interest otherwise than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.
 - (vi) Each of the Directors shall be paid a fee at such rate as may from time to time be determined by the Directors, but the aggregate of all such fees so paid to the Directors shall not exceed (excluding amounts payable under any other provision of the Articles) £500,000 per annum or such larger amount as may from time to time be decided by ordinary resolution of the Company. Any Director who is appointed to any executive office or who serves on any committee or who devotes special attention to the business of the Company, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration (whether by way of salary, percentage of profits or otherwise) as the Directors may determine. Each Director may be paid his reasonable travelling, hotel and other expenses properly incurred in attending and returning from meetings of the Directors, or any committee of the Directors or general meeting of the Company or of the holders of any class of shares or debentures of the Company or otherwise in connection with the business of the Company. The Articles do not permit a Director to vote on, or be counted in the quorum in relation to, any resolution of the board concerning his own appointment.
 - (vii) There shall be no age limit for Directors.
 - (viii) Each Director shall have the power at any time to appoint as an alternate Director either (A) another Director or (B) any other person approved for that purpose by a resolution of the Directors, and, at any time, to terminate such appointment.
 - (ix) Each Director shall retire from office at the third annual general meeting after the annual general meeting at which he was last elected. A retiring Director shall be eligible for reelection.
 - (x) The Directors may exercise all the powers of the Company to give or award pensions, annuities, gratuities or other retirement, superannuation, death or disability allowances or benefits to, *inter alia*, any Directors, ex-directors, employees or ex-employees of the

Company or of any subsidiary undertaking or parent undertaking of the Company or to the wives, widows, children, other relations and dependants of any such person and may establish, maintain, support, subscribe to and contribute to all kinds of schemes, trusts and funds for the benefit of any such persons.

(h) Dividends and Distributions on Liquidation to Shareholders

- (i) The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors. Subject to the Statutes and any priority, preference or special rights, all dividends shall be declared and paid according to the amounts paid up on the shares and shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion of the period in respect of which the dividend is paid.
- (ii) Subject to the provisions of the Statutes, the Directors may pay such interim dividends as they think fit and may pay the fixed dividends payable on any shares of the Company half-yearly or otherwise on fixed dates.
- (iii) The Directors may, with the sanction of an ordinary resolution of the Company in general meeting, offer the holders of Ordinary Shares the right to elect to receive new Ordinary Shares credited as fully paid instead of cash in respect of the whole or part of any dividend.
- (iv) Any dividend unclaimed for a period of 12 years after it became due for payment shall be forfeited and shall revert to the Company.
- (v) On a liquidation, the liquidator may, subject to the Statutes, with the sanction of a special resolution of the Company divide amongst the members in specie or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided and may determine how such division shall be carried out.

(i) Non-United Kingdom Shareholders

There are no limitations in the Articles on the rights of non-United Kingdom Shareholders to hold, or to exercise voting rights attached to, the Ordinary Shares. However, non-United Kingdom Shareholders are not entitled to receive notices unless they have given an address in the United Kingdom to which such notices may be sent.

(j) Borrowing Powers

- (i) The Directors may, save as the Articles otherwise provide, exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property, assets and uncalled capital, or any part thereof, and, subject to the Statutes, to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.
- (ii) The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure (so far, as regards subsidiary undertakings, as by such exercise they can secure) that the aggregate amount for the time being remaining outstanding of all monies borrowed by the Group and for the time being owing to persons outside the Group shall not at any time, without the previous sanction of an ordinary resolution of the Company in general meeting, exceed a sum equal to two times the aggregate of (A) the amount paid up on the issued share capital of the Company; and (B) the total of the capital and reserves of the Group (including, without limitation, any share premium account, merger reserve, capital redemption reserve and credit balance on the profit and loss or retained earnings account) in each case, whether or not such amounts are available for distribution, all as shown in the latest audited and consolidated balance sheet of the Group but after such adjustments and deductions (including any debit balance on the profit and loss or retained earnings account) as are specified in the relevant Article.

(k) Forfeiture of Shares

If the whole or any part of any call or instalment remains unpaid on any share after the due date for payment, the Board may give a notice to the holder requiring him to pay so much of the call or instalment as remains unpaid, together with any accrued interest.

If the requirements of a notice are not complied with, any share in respect of which it was given may (before the payment required by the notice is made) be forfeited by a resolution of the Board. The forfeiture shall include all dividends declared and other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.

Every share which is forfeited or surrendered shall become the property of the Company and (subject to the applicable statutory provisions) may be sold, re-allotted or otherwise disposed of, upon such terms and in such manner as the Board shall decide either to the person who was before the forfeiture the holder of the share or to any other person and whether with or without all or any part of the amount previously paid upon the share being credited as so paid up.

(l) **Directors' Indemnity, Insurance and Defence**

Subject to the provisions of the Statutes, the Company may:

- (i) indemnify any Director of the Company against any liability;
- (ii) indemnify a Director of a company that is a trustee of an occupational pension scheme for employees (or former employees) of the Company (or of an associated body corporate) against liability incurred in connection with the Company's activities as trustee of the scheme;
- (iii) purchase and maintain insurance against any liability for any Director referred to in (i) or (ii) above; and
- (iv) provide any Director referred to in (i) or (ii) above with funds (whether by loan or otherwise) to meet expenditure incurred or to be incurred by him in connection with any actual or threatened or alleged claims, demands, investigations or proceedings, whether civil, criminal or regulatory or in connection with an application for relief (or to enable any such Director to avoid incurring such expenditure).

5. MANDATORY BIDS, SQUEEZE-OUT AND SELL-OUT RULES IN RELATION TO ORDINARY SHARES

Other than as provided by the Takeover Code and Chapter 28 of the 2006 Act, there are no rules or provisions relating to mandatory bids or squeeze-out and sell-out rules that apply to the Ordinary Shares.

5.1 Mandatory bid

The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if an acquisition of interests in shares were to increase the aggregate holding of the acquirer and its concert parties to interests in shares carrying 30 per cent or more of the voting rights in the Company, the acquirer and, depending on circumstances, its concert parties would be required (unless the acquirer has been granted an exception by the Panel on Takeovers and Mergers (the "**Panel**")) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for interests in shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of interests in shares by a person holding (together with its concert parties) shares carrying between 30 per cent and 50 per cent of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the total voting rights in the Company.

"**Interests in shares**" is defined broadly in the Takeover Code. A person who has long economic exposure, whether absolute or conditional, to changes in the price of shares will be treated as interested in those shares. A person who only has a short position in shares will not be treated as interested in those shares.

In particular, people will be treated as having an interest in shares if:

- (a) they own them;
- (b) they have the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attached to them or have general control of them;
- (c) by virtue of any agreement to purchase an option or derivative they:
 - (i) have the right or option to acquire them or call for their delivery; or
 - (ii) are under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or

- (d) they are party to any derivative:
 - (i) whose value is determined by reference to its price; and
 - (ii) which results, or may result, in their having a long position in it.

“**Voting rights**” for these purposes means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting.

Persons acting in concert comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. Certain categories of people will be deemed to be acting in concert with each other (unless the contrary is established).

5.2 Squeeze-out

Under the 2006 Act, if a “takeover offer” (as defined in section 974 of the 2006 Act) is made for the Ordinary Shares and the offeror were to acquire, or unconditionally contracts to acquire, not less than 90 per cent in value of the Ordinary Shares to which the offer relates and not less than 90 per cent of the voting rights carried by the Ordinary Shares to which the offer relates, it could, within three months of the last day on which its takeover offer can be accepted, compulsorily acquire the remaining 10 per cent. The offeror would do so by sending a notice to the remaining shareholders telling them that it will compulsorily acquire their Ordinary Shares and then, six weeks later, it would execute a transfer of the outstanding Ordinary Shares in its favour and pay the consideration to those remaining shareholders. The consideration offered to the shareholders whose shares are compulsorily acquired under this procedure must, in general, be the same as the consideration that was available under the original offer unless a shareholder can show that the offer value is unfair.

5.3 Sell-out

The 2006 Act also gives minority shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer relating to all the Ordinary Shares is made and, at any time before the end of the period within which the offer could be accepted, the offeror holds or has agreed to acquire 90 per cent or more in value of the Ordinary Shares and not less than 90 per cent of the voting rights carried by the Ordinary Shares, any holder of Ordinary Shares to whom the offer relates who has not accepted the offer could (by a written communication to the offeror) require it to acquire its Ordinary Shares. The offeror is required to give any shareholder notice of its right to be bought out within one month of such right arising. The offeror may impose a time limit on the rights of minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on shareholders notifying them of their sell-out rights. If a shareholder exercises its rights, the offeror is entitled and bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

6. MAJOR SHAREHOLDERS AND SELLING SHAREHOLDERS

6.1 Major Shareholders

Insofar as was known to the Company, as at 10 February 2017 (being the latest practicable date prior to the publication of this Prospectus), the Shareholders identified below will, following Admission and completion of the Offer, be directly or indirectly interested in three per cent or more of the issued share capital of the Company.

Shareholder	Number of Ordinary Shares following Admission	Percentage of issued share capital following Admission
Schroder Investment Management Limited	18,562,086	13.56%
Funds and accounts under management by direct and indirect investment management subsidiaries of Blackrock, Inc	11,391,851	8.32%
Invesco Asset Management Limited	10,755,395	7.86%
AXA Investment Managers UK Limited	9,175,899	6.70%
Franklin Templeton Fund Management Limited	8,309,352	6.07%
Columbia Threadneedle Asset Management Limited	8,276,708	6.05%
River and Mercantile Asset Management LLP	5,611,510	4.10%
Artemis Investment Management LLP	5,143,884	3.76%
Unicorn Asset Management Limited	4,964,028	3.63%

Save as disclosed in this paragraph 6.1, the Company is not aware of any person who will, immediately following Admission, hold three per cent or more of the voting rights in the Company as a shareholder or through a direct or indirect holding of financial instruments (in each case for the purposes of Chapter 5 of the Disclosure and Transparency Rules of the FCA). The Company is not aware of any person who, directly or indirectly owns or controls the Company. The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company. None of those major Shareholders listed in this paragraph 6.1 have different voting rights to other Shareholders of the Company.

6.2 Selling Shareholders

92,310,897 Existing Shares will be sold by the Selling Shareholders pursuant to the Offer. The indicative interests in Ordinary Shares of the Selling Shareholders immediately prior to Admission, together with a corresponding estimate of their interests in Ordinary Shares immediately following Admission, are set out in the table below.

	Interests prior to Admission		Shares to be sold in Offer		Interests following Admission	
	No.	% of total ISC	No.	% of total ISC	No.	% of total ISC
CBPE	73,552,100	73.55%	73,552,100	53.73%	—	—
Xafinity EBT	2,186,758	2.19%	350,000	0.26%	1,836,758	1.34%
Robert Birmingham	3,132,900	3.13%	2,349,675	1.72%	783,225	0.57%
Jeff Hunt ⁽¹⁾	2,011,600	2.01%	2,011,600	1.47%	179,856	0.13%
James Thomas ⁽²⁾	1,025,260	1.03%	1,025,260	0.75%	—	—
Ben Bramhall	3,018,760	3.02%	1,509,380	1.10%	1,509,380	1.10%
Mike Ainslie ⁽³⁾	1,000,543	1.00%	747,906	0.55%	252,637	0.18%
Paul Cuff ⁽³⁾	3,001,628	3.00%	2,288,094	1.67%	713,534	0.52%
Jonathan Bernstein ⁽³⁾	1,250,678	1.25%	934,882	0.68%	315,796	0.23%
Others ⁽⁴⁾	9,819,773	9.82%	7,542,000	5.51%	2,277,773	1.66%

Notes:

- (1) Managing Director of the Company until April 2016, albeit the majority of responsibilities were passed to Ben Bramhall from April 2015. Jeff Hunt has stepped down from the Board and given notice of his resignation from employment with the Group, in each case, effective upon Admission.
- (2) Chief Operating Officer of the Company until April 2016, albeit the majority of responsibilities were passed to Jonathan Bernstein from January 2016.
- (3) Interests in Ordinary Shares are held by way of an award in the Xafinity EBT. Those Directors whose interests in Ordinary Shares are currently held by way of an award in Xafinity EBT are selling additional shares in the Offer for the purposes of settling associated liabilities to income tax and employees' national insurance contributions that arise on the vesting of these Directors' awards immediately following Admission (resulting in the transfer of the beneficial ownership of the Ordinary Shares to these Directors). Each Director will continue to hold shares equivalent to approximately 50 per cent of the value of their pre-Admission interest, post employment taxes and associated expenses.
- (4) Others includes interests in Ordinary Shares beneficially owned by certain current and former Group employees.

6.3 Rule 9 Disclosures

On Admission, the Takeover Code will apply to the Company. Rule 9 of the Takeover Code provides that if any person or group of persons acting in concert with each other (a “**concert party**”), acquire an interest in shares which, when taken together with shares in which that person or concert party are already interested: (i) would increase their aggregate interests to an amount carrying 30 per cent or more of the voting rights in the Company; or (ii) where the persons or concert party are interested in shares which in aggregate carry more than 30 per cent of the voting rights in the Company but do not hold shares carrying more than 50 per cent of such voting rights, would increase their percentage of shares carrying voting rights in which they are interested, the person and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel) to make a cash offer for the outstanding shares in the Company as well as any other class of transferable securities carrying voting rights in the Company at a price not less than the highest price paid for interests in shares in the Company by the acquirer or its concert parties during the previous 12 months.

When a company redeems or purchases its own voting shares, under Rule 37 of the Takeover Code any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purpose of Rule 9 of the Takeover Code. Rule 37 of the Takeover Code provides that, subject to prior consultation, the Panel will normally waive any resulting obligation to make a general offer if there is a vote of independent shareholders and a procedure along the lines of that set out in Appendix 1 to the Takeover Code is followed. Appendix 1 to the Takeover Code sets out the procedure which should be followed in obtaining that consent of independent shareholders. Under Note 1 on Rule 37 of the Takeover Code, a person who comes to exceed the limits in Rule 9.1 in consequence of a company's purchase of its own shares will not normally incur an obligation to make a mandatory offer unless that person is a director, or the relationship of the person with any one or more of the directors is

such that the person is, or is presumed to be, acting in concert with any of the directors. However, there is no presumption that all the directors (or any two or more directors) are acting in concert solely by reason of a proposed purchase by a company of its own shares, or the decision to seek shareholders' authority for any such purchase.

Under Note 2 on Rule 37 of the Takeover Code, the exception in Note 1 on Rule 37 described above will not apply, and an obligation to make a mandatory offer may therefore be imposed, if a person (or any relevant member of a group of persons acting in concert) has acquired an interest in shares at a time when he, she or it had reason to believe that such a purchase of its own shares by the company would take place. However, Note 2 will not normally be relevant unless the relevant person has knowledge that a purchase for which requisite shareholder authority exists is being, or is likely to be, implemented (whether in whole or in part).

The Panel must be consulted in advance in any case where Rule 9 of the Takeover Code might be relevant. This will include any case where a person or group of persons acting in concert is interested in shares carrying 30 per cent or more but does not hold shares carrying more than 50 per cent of the voting rights of a company, or may become interested in 30 per cent or more on full implementation of the proposed purchase of own shares. In addition, the Panel should always be consulted if the aggregate interests in shares of the directors and any other persons acting in concert, or presumed to be acting in concert, with any of the directors amount to 30 per cent or more, or may be increased to 30 per cent or more on full implementation of the proposed purchase of own shares.

7. DIRECTORS' AND SENIOR MANAGERS' INTERESTS

7.1 As at 10 February 2017 (being the latest practicable date prior to the publication of this Prospectus), the interests of the Directors and the Senior Managers in the share capital of the Company, were as follows:

Director/Senior Manager	Number of Ordinary Shares prior to Admission	Percentage of existing issued share capital prior to Admission	Number of Ordinary Shares following Admission	Percentage of issued share capital following Admission
Tom Cross Brown	—	—%	35,971	0.03%
Ben Bramhall	3,018,760	3.02%	1,509,380	1.10%
Paul Cuff ⁽¹⁾	3,001,628	3.00%	713,534	0.52%
Mike Ainslie ⁽¹⁾	1,000,543	1.00%	252,637	0.18%
Jonathan Bernstein ⁽¹⁾	1,250,678	1.25%	315,796	0.23%
Margaret Snowdon OBE	—	—%	—	—%
Alan Bannatyne	—	—%	32,374	0.02%
Robert Birmingham	3,132,900	3.13%	783,225	0.57%
Andrew Bowsher	500,280	0.50%	250,140	0.18%
Neil Macbeth	500,280	0.50%	250,140	0.18%
John Burns	350,194	0.35%	125,070	0.09%

Notes:

(1) Interests in Ordinary Shares are held by way of an award in Xafinity EBT.

7.2 Tom Cross Brown and Alan Bannatyne, as Non-executive Directors of the Company, have agreed to acquire 35,971 and 32,374 Ordinary Shares respectively, at the Offer Price under the Offer.

Save as disclosed in paragraph 7.1 above and this paragraph 7.2, none of the Directors nor any of the Senior Managers has any interest in the share capital of the Company.

7.3 The Directors and Senior Managers:

- (a) are or have been directors or partners of the following companies (other than the Company or its subsidiaries) and partnerships at any time in the previous five years:

Director / Senior Manager	Position	Company / Partnership	Position currently held?
Tom Cross Brown	Independent Non-executive Chairman	JRP Group plc	Yes
		Artemis Investment Management LLP	Yes
		Artemis Alpha Trust plc	Yes
		Alpha Securities Trading Limited	Yes
		Heathfield School	Yes
		Heathfield School Foundation	Yes
		Islip Consulting Limited (UK)	Yes
		Phoenix Group Holdings	No
		Phoenix Life Holdings Limited	No
		Financial Planning Standards Board Limited	No
		Trustee, Lazard London Directors Pension Scheme	No
		Trustee, Cancer Care & Haematology Fund, Stoke Mandeville Hospital	No
Ben Bramhall	Co-Chief Executive Officer	None	N/A
Paul Cuff	Co-Chief Executive Officer	KPMG LLP	No
		KPMG Europe Limited	No
Mike Ainslie	Chief Financial Officer	St Benedict's School Ealing	Yes
		Global World-Check Holdings Ltd	No
		Global World-Check	No
		Global Objectives Ltd	No
		Socialbakers UK Limited	No
Jonathan Bernstein	Head of Pensions	None	N/A
Margaret Snowden OBE	Independent Non-executive Director	The Pensions Regulator	Yes
		The Phoenix Group, Independent Governance Committee	Yes
		The Pensions Policy Institute	Yes
		The Pensions Administration Standards Association CIC	Yes
		55 Sutherland Street Limited	Yes
		The Pensions Practice Ltd	No
Alan Bannatyne	Independent Non-executive Director	Robert Walters plc	Yes
Robert Birmingham	Actuary	Equiniti Solutions Limited	No
		Equiniti Services Limited	No
		Hazell Carr Software Services Limited	No
		Informationlog.com Limited	No
Andrew Bowsher	Head of SSAS and SIPP Division	None	N/A
Neil Macbeth	Head of Reading Actuarial and Consulting	None	N/A
John Burns	Head of Leeds Actuarial and Consulting	None	N/A

- (b) have no convictions relating to fraudulent offences within the last five years;

- (c) have not within the previous five years been directors or senior managers of any company at the time of any bankruptcy, receivership or liquidation; and
- (d) have not within the previous five years received any official public incrimination or sanction by any statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.
- 7.4** None of the Directors or Senior Managers have any potential conflicts of interests between their duties to the Company and their private interests or other duties.

8. DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT, REMUNERATION AND OTHER MATTERS

8.1 Executive Directors

- (a) Each of the Executive Directors is employed pursuant to a service agreement with the Company. The terms of these service agreements, together with the effective dates of each service agreement, are set out below:

Executive Director	Position	Effective date of service agreement	Annual salary	Notice period (by either party)
Ben Bramhall	Co-Chief Executive Officer	Date of Admission	£240,000	9 months
Paul Cuff	Co-Chief Executive Officer	Date of Admission	£240,000	9 months
Mike Ainslie	Chief Financial Officer	Date of Admission	£210,000	6 months
Jonathan Bernstein	Head of Pensions	Date of Admission	£210,000	6 months

- (b) Description of Executive Directors' Service Agreements

The annual salaries of the Executive Directors are set out in the table above. The salaries will be reviewed, but not necessarily increased.

The Executive Directors will receive the following benefits under the terms of their service agreements:

- (i) reasonable expenses incurred by the Executive Directors in the course of their duties will be reimbursed by the Company;
- (ii) entitlements to participate in a private medical cover scheme (which includes cover for spouses and dependents), permanent health insurance, a life assurance scheme of up to four times annual salary for each of the Executive Directors and personal accident cover;
- (iii) entitlement to a car allowance of £7,500 per annum;
- (iv) in the event of sickness absence, entitlements to receive payment of full salary and contractual benefits for up to 26 weeks in aggregate in any consecutive 52 weeks; and
- (v) 25 days' annual leave per annum (plus public holidays) for each of the Executive Directors.

The Company may also pay a discretionary bonus for achieving expected performance to an Executive Director with a target of up to 75 per cent and a cap of 112.5 per cent of his annual salary (in the case of Ben Bramhall and Paul Cuff, the discretionary bonus target increases to up to 100 per cent of his annual salary and the discretionary bonus cap increases to 150 per cent of his annual salary).

On Admission, the Executive Directors will also receive initial awards under the PSP over shares of a value equal to 125 per cent of the Executive Director's annual salary (in the case of Ben Bramhall and Paul Cuff over shares of a value equal to 150 per cent of his annual salary). Awards under the PSP are subject to performance targets. The PSP is further described at paragraph 9 below.

The service agreements of the Executive Directors can be terminated by either party giving the other the amount of notice (in writing) specified in the table above. Each of the Executive Directors may be put on garden leave during this time and their employer can elect to terminate their employment by making a payment in lieu of notice equivalent to their basic salary at the time of termination and the cost to the Company of providing benefits.

The employment of each Executive Director will be terminable with immediate effect and without notice or payment in lieu of notice in certain circumstances, including where such Executive Director is disqualified from acting as a director, is guilty of a breach of the rules or regulations issued by the Group or regulations of any regulatory body relevant to the Group, is guilty of gross misconduct affecting the business of the Group, commits any serious breach of any of the provisions of his service agreement, is convicted of a criminal offence (excluding certain road traffic offences) or becomes of unsound mind.

The Executive Directors' service agreements also contain post-termination restrictions including: (i) a nine month restriction not to deal with clients or suppliers of the Group; (ii) a nine month restriction on soliciting clients or suppliers of the Group; (iii) a nine month restriction on soliciting or engaging key employees of the Group; and (iv) a restriction preventing the Executive Directors from holding themselves out as connected with the Group at any time following termination.

- (c) For the year ended 31 March 2016, the remuneration (including salary and other benefits and any contingent or deferred compensation) paid by members of the Group to the Executive Directors is set out below:

Name	Basic salary	Bonus / profit sharing	Award based payment	Benefits in kind	Pension contributions	2016 Total
Ben Bramhall ⁽¹⁾	£200,000	£71,075	—	£7,500	£11,700	£290,275
Paul Cuff ⁽²⁾	—	—	—	—	—	—
Mike Ainslie ⁽³⁾	£80,000	—	£105,113 ⁽⁵⁾	£3,750	£6,400	£195,263
Jonathan Bernstein ⁽⁴⁾	£127,154	—	£210,226 ⁽⁵⁾	£5,654	£11,400	£354,434

Notes:

- (1) While not categorised as remuneration, Ben Bramhall separately received a dividend of £630,677 in March 2016 on shares held in the Company, previously acquired by Ben Bramhall at fair value.
- (2) Paul Cuff did not commence employment until 1 October 2016 and therefore did not receive any remuneration in the year ended 31 March 2016.
- (3) Mike Ainslie commenced employment on 1 October 2015 and therefore only received 50 per cent of his annual entitlement.
- (4) Jonathan Bernstein commenced employment on 30 June 2015 and became Head of Pensions at Xafinity Consulting in January 2016.
- (5) As a result of a distribution made by the Xafinity EBT following a dividend paid by the Company on shares held by the Xafinity EBT in March 2016.

- (d) Description of Executive Director's entitlements under the Existing Incentive Share Plan and to a one-off bonus on Admission

As at the date of this Prospectus, Paul Cuff holds an award over 3,001,628 Ordinary Shares which will vest immediately following Admission in accordance with the terms of the Existing Incentive Share Plan. Of the Ordinary Shares acquired on vesting, 76 per cent will be sold pursuant to the Offer, and the remaining Ordinary Shares will be subject to lock-up restrictions, as set out in paragraph 8 (*Lock-Up Arrangements*) of Part IX (Details of the Offer). The Ordinary Shares to be sold pursuant to the Offer will give rise to sale proceeds of £3.2 million (prior to deduction of certain costs of sale and applicable employment taxes).

Paul's gross sale proceeds will be reduced in accordance with the terms of his service agreement, which prevents him from sharing in certain increases in the Company's share value attributable to the period prior to the commencement of Paul's employment on 1 October 2016. Such reduction will amount to £248,370. However, the reduction will be partly offset by a one-off bonus of £125,000 payable to Paul on Admission in accordance with the terms of his service agreement (which is calculated *inter alia* by reference to the value of the Company's Ordinary Shares on Admission).

Paul will continue to hold Ordinary Shares equivalent to approximately 50 per cent of the value of his pre-Admission interest, post employment taxes and associated expenses.

8.2 Non-executive Directors

- (a) Description of Non-executive Directors' Letters of Appointment and Fees

The Company has appointed three independent Non-executive Directors, including the Chairman and Senior Independent Director.

The Non-executive Directors do not have service agreements. They are each appointed by a letter of appointment reflecting their responsibilities and commitments. Under the Articles, all Directors must retire by rotation and seek re-election by Shareholders every three years; however, it is intended that the Directors shall each retire and submit themselves for re-election by Shareholders annually.

The principal terms of the Non-executive Directors' letters of appointment are summarised below.

Each Non-executive Director will be entitled to an annual fee, details of which are set out in the table below.

In addition, each Non-executive Director will be entitled to be reimbursed for all reasonable expenses incurred by him or her in the course of their duties to the Company and has the benefit of directors' and officers' insurance maintained by the Company on their behalf.

Each letter of appointment contains obligations of confidentiality which have effect during the appointment and after its termination.

Non-executive Director	Annual Fees	Initial Term	Committee Chairmanship/ Senior Independent Director
Tom Cross Brown	£120,000	3 years ⁽¹⁾	Chairman and Chairperson of Nomination Committee
Margaret Snowden OBE	£65,000	3 years ⁽¹⁾	Independent Director and Chairperson of Remuneration Committee
Alan Bannatyne	£75,000	3 years ⁽¹⁾	Senior Independent Director and Chairperson of Audit and Risk Committee

Note:

(1) Terminable upon three months' notice by either party.

For the year ended 31 March 2016, no fees or other remuneration were paid by members of the Group to the Non-executive Directors.

8.3 Senior Managers

For the year ended 31 March 2016, in respect of Robert Birmingham, Andrew Bowsher, Neil Macbeth and John Burns, the aggregate total remuneration paid (including contingent or deferred compensation) and benefits in kind paid to the Senior Managers by members of the Group was £857,622.

8.4 Pensions

The total amount set aside or accrued by the Group to provide pension, retirement or other benefits to the Directors and Senior Managers in the year ended 31 March 2016 was £107,480.

8.5 Termination Benefits

Save as set out in this paragraph 8 of this Part XIII, there are no existing or proposed service agreements between any Director or Senior Manager and any member of the Group providing for benefits upon termination of employment.

9. SHARE PLANS

9.1 Share Plans

(a) As at the date of this document, the Board has adopted the following employee share plans:

- the PSP; and
 - the Sharesave Plan,
- together the "Share Plans".

The Share Plans were adopted on 24 January 2017. In addition, the Xafinity EBT will remain in place.

(b) The Share Plans will be administered by the Remuneration Committee. The first awards will be made under the PSP on Admission. The Sharesave Plan will be communicated to employees to commence post-Admission. A summary of the main terms of the Share Plans is set out below.

- (c) Benefits provided under the Share Plans are not pensionable.
- (d) The Directors are entitled to make awards under the Share Plans provided that commitments to issue new shares or re-issue treasury shares to executives and employees, when aggregated with awards under all of the Group's share plans do not exceed 10 per cent of the issued ordinary share capital of the Company (adjusted for share issuances and cancellations) in any rolling 10 year period.
- (e) No awards have been made as of the date of this document. The Remuneration Committee intends to make awards under the PSP to the Executive Directors of 895,680 Ordinary Shares on Admission. These awards will not be included for the purposes of the dilution limits above.

No awards will be made under the Share Plans after the date falling ten years after the date of Admission.

Remaining Ordinary Shares held in the Xafinity EBT following Admission and completion of the Offer may also be used to satisfy bonus payments made to Group employees in the future through the payment of bonuses in cash or shares to employees.

(f) **Alteration of the Share Plans**

The Board has discretion from time to time to amend the Share Plans. However, alterations or additions that adversely affect the subsisting rights of an existing participant may only be made with the consent in writing of the relevant participant or consent of 75 per cent of the participants.

The provisions of the Share Plans relating to:

- (i) the persons to whom, or for whom, securities, cash or other benefits are provided under the Share Plans;
- (ii) limitations on the number or amount of the securities, cash or other benefits subject to the Share Plans;
- (iii) the maximum entitlement for any one participant; and
- (iv) the basis for determining a participant's entitlement to, and the terms of, securities, cash or other benefit to be provided and for the adjustment thereof (if any) if there is a capitalisation issue, rights issue or open offer, sub-division or consolidation of shares or reduction of capital or any other variation of capital,

cannot be altered to the advantage of participants without the prior approval of shareholders in general meeting (except for minor amendments to benefit the administration of the Share Plans, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for the Company or for members of its group).

9.2 Performance Share Plan ("PSP")

- (a) The PSP allows the Remuneration Committee to grant Executive Directors and employees the option to subscribe for ordinary shares at nominal value or at nil cost. The first awards will be made on Admission and will take the form of performance shares. These awards will vest shortly after the third anniversary of the date of grant to the extent that the performance conditions are met.
- (b) The main terms of the PSP are set out below.

(i) **Eligibility**

The PSP is designed for Executive Directors and other selected employees. Non-executive Directors are excluded.

The Remuneration Committee decides to whom awards are granted, the number of shares subject to an award, the exercise date(s) and the performance targets (if any) which must be achieved in order for the option to be exercisable.

(ii) **Types of Award**

Awards granted under the PSP are performance shares. “Performance shares” are either nil cost share options or share options with an exercise price equal to the nominal value of a share. The right to exercise the option is generally dependent upon the participant remaining an officer or employee throughout the performance period and the satisfaction of performance targets. This is subject to the good leaver provisions described below.

Dividend Equivalents

Participants will be entitled on or shortly after vesting to a payment (in cash or shares) of an amount which is equal to the aggregate amount of dividends paid during the vesting period on the number of shares which vested under the award.

(iii) **Individual Limits**

The value of shares over which an employee or Executive Director may be granted options under the PSP in any financial year of the Company shall not exceed 150 per cent of his basic rate of salary at the date of grant. However, in exceptional circumstances such as a new strategic hire awards may be made up to 200 per cent of basic salary.

(iv) **Performance Targets**

The Remuneration Committee will impose objective targets which will determine the extent to which options will vest.

Proposed targets for the first awards to be granted to Executive Directors are as follows:

Up to 50 per cent of each award will vest according to the Company’s growth in earnings per share (“**EPS**”) over the three financial years starting with the 2017-18 financial year and up to 50 per cent of each award will vest according to the Company’s total shareholder return (“**TSR**”) relative to that of the companies in the comparator group. The comparator group consists of approximately 20 companies (excluding investment trusts) whose shares are listed on the London Stock Exchange and whose market capitalisation is similar to that of the Company.

25 per cent (of 50 per cent) of an award will vest if EPS grows by an average of 3 per cent more than the Consumer Price Index (CPI) per year; 100 per cent (of 50 per cent) of an award will vest for annual growth of 7 per cent above CPI; vesting will be on a straight line between these two points.

25 per cent (of 50 per cent) of an award will vest if TSR is at the median of the comparator group; 100 per cent (of 50 per cent) of an award will vest for top quartile performance; vesting will be on a straight line between these two points.

The performance conditions for the first awards made to other senior managers are expected to be similar to those set out above save that (i) there will be no TSR condition; 100% of the award will vest based on the EPS target (ii) 50 per cent of the total award will vest at annual EPS growth of CPI plus 3 per cent, increasing on a straight line basis to 100 per cent at CPI plus 7 per cent per year.

The Remuneration Committee may modify or amend the performance targets if changes to the Company or its business mean that the targets are no longer relevant or appropriate or to ensure that the result does not produce outcomes that are not in line with the overall performance of the Company. However, any new or amended conditions will not be materially any more or less challenging than the original conditions were expected to be at the time they were imposed.

(v) **Variation of share capital**

Options granted under the PSP may be adjusted to reflect variations in the Company’s share capital.

(vi) **Vesting of options**

Options will vest on the third anniversary of the date of grant to the extent that the performance targets have been met. Vested options may generally be exercised between the third and tenth anniversaries of the date of grant.

Options may vest earlier:

- (A) if the participant ceases to be in employment due to injury, disability or redundancy or if he dies, his employing company or business is transferred out of the Company's group, or if the Remuneration Committee otherwise determines; options may be exercised during the six month period following cessation (or twelve months in the case of death) to the extent that the performance target (adjusted to take account of the shorter period from grant) has been met and scaled down (unless the Remuneration Committee determines otherwise) to reflect the proportion of the performance period that has elapsed; or
- (B) if the Company is taken over, or there is a scheme of arrangement or a voluntary winding up; options may then be exercised to the extent determined by the Remuneration Committee, taking into account the extent that the performance target has been met.

(vii) Holding Period

Once Options granted to an Executive Director have vested there is a holding period of a further two years (or such shorter period as means the period from grant until the end of the holding period will be equal to five years). Up until the end of the holding period, an Executive Director may only sell shares to cover the subscription cost and any income tax and national insurance contributions due on the share subscription.

(viii) Leavers

As a general rule, if a participant ceases to be an employee before the third anniversary of the date of grant of his option, it will lapse immediately.

However, if the participant leaves before the third anniversary of the date of grant due to injury, disability or redundancy or if he dies, his employing company or business is transferred out of the Company's group or if the Remuneration Committee otherwise determines; his option may then be exercised during the six month period following cessation (or twelve months in the case of death) to the extent that the adjusted performance target has been met and scaled down (unless the Remuneration Committee determines otherwise) to reflect the proportion of the performance period that has elapsed.

(ix) Rights and restrictions

Shares issued under the PSP will rank *pari passu* with existing ordinary shares and the Company shall apply for such shares to be admitted to trading on the London Stock Exchange's main market for listed securities.

(x) Alteration

The Remuneration Committee may amend the rules of the PSP provided that no amendments may adversely affect a participant as regards options granted before the date of amendment without the consent of the participant or of the holders of 75 per cent of the shares then subject to the options which are affected by the proposed amendment.

(xi) Clawback

The Remuneration Committee may apply clawback where at any time before or within two years of vesting it determines that the financial results of the Company were misstated, an error was made in any calculation or in assessing performance, which resulted in the number of shares in respect of which the Option was granted or vested being more than it should have been. The Remuneration Committee may also apply a clawback where at any time before the fifth anniversary of the date of grant it is discovered that the participant committed an act or omission prior to vesting that justified, or would have justified, summary dismissal from office or employment.

(xii) General

Options may not be assigned, charged or transferred.

Participants in the PSP are not entitled to compensation for loss of awards due to termination of their office or employment and their rights and obligations are not affected by participation in the PSP.

The existence of options does not affect the Company's ability to change its share capital structure or to merge, consolidate, issue bonds, debentures, or preferred stock or to dissolve or liquidate the Company, or to sell or transfer any part of its assets or business.

9.3 The Sharesave Plan

- (a) The Sharesave Plan is intended to be a savings related share option plan that satisfies the requirements of Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003 ("Schedule 3"), thus allowing participants to qualify for relief from income tax on the exercise of their share options under normal circumstances.
- (b) Employees agree to save a fixed amount each month from their net pay. The savings are transferred to a savings carrier. An option is granted over the maximum number of shares that the employee will be able to buy at the exercise price using his savings.
- (c) The main terms of the Sharesave Plan are set out below.

- (i) **Eligibility**

- All persons who at the start of the invitation period have been employees (or employees who are also office-holders) of a member of the Group for six months are eligible to participate.

- (ii) **Types of Award**

- The Board may grant options under the Sharesave Plan to subscribe for ordinary shares at a 20 per cent discount to the market value of a share at the date of invitation to participate.

- (iii) **Individual Limits**

- Employees will be able to save up to £500 per month. At times it may be necessary to limit this maximum limit to manage the number of shares required to service the Sharesave Plan.

- (iv) **Variation of share capital**

- Options granted under the Sharesave Plan may be adjusted to reflect variations in the Company's share capital.

- (v) **Savings period**

- The savings period will be three years. At the end of this time employees have six months to exercise their options or to receive a refund of their savings. Options may also be exercised earlier:

- (A) if the participant ceases to be in employment due to injury, disability, retirement or redundancy or if he dies; or
 - (B) if the Company is taken over, or there is a scheme of arrangement or a voluntary winding up; or
 - (C) if the company by which the participant is employed ceases to be a member of the Group or the employee's employment is transferred to a company which is not a member of the Group.

- Under such circumstances, the participant (or their personal representatives) can decide whether to exercise their option based on savings up until the above event or receive a refund of their savings.

- (vi) **Rights and restrictions**

- Shares issued under the Sharesave Plan will rank *pari passu* with existing ordinary shares and the Company shall apply for such shares to be admitted to trading on the London Stock Exchange's main market for listed securities.

- (vii) **Alteration**

- The Remuneration Committee may amend the rules of the Sharesave Plan however as the Sharesave Plan is designed to satisfy the requirements of Schedule 3, care must be taken not to amend a key feature and notice of any amendments must be reported to HM Revenue & Customs.

(viii) General

Options may not be assigned, charged or transferred.

Participants in the Sharesave Plan are not entitled to compensation for loss of awards due to termination of their office or employment and their rights and obligations are not affected by participation in the Sharesave Plan.

The existence of options does not affect the Company's ability to change its share capital structure or to merge, consolidate, issue bonds, debentures, or preferred stock or to dissolve or liquidate the Company, or to sell or transfer any part of its assets or business.

9.4 Employee Benefit Trust

The Xafinity EBT was established by the Company on 19 February 2013 as a discretionary employee benefit trust. The Xafinity EBT may hold Ordinary Shares and cash as required to satisfy awards and options granted under the terms of the Existing Incentive Share Plan. The class of beneficiaries of the Xafinity EBT includes employees and former employees of the Group. The trustee of the Xafinity EBT is currently JTC Trustees Limited although the Company has the power to appoint new and additional trustees or to remove any trustee.

As at the date of this Prospectus, the Xafinity EBT held 11,256,040 Ordinary Shares, representing approximately 11.26% of the entire issued share capital of the Company. Approximately 9,069,282 of the Ordinary Shares held by the Xafinity EBT will be used to satisfy the vesting on Admission of awards previously granted under the Existing Incentive Share Plan. Such vesting will result in a charge under IFRS2 of approximately £12.6 million and a charge to Employer's National Insurance contributions of approximately £1.7 million, as set out in Note 35 (*Post Balance Sheet Events*) of Section B of Part IX (*Historical Financial Information on the Group*). The Ordinary Shares will either be sold pursuant to the Offer or be subject to lock-up restrictions, as set out in paragraph 8 (*Lock-Up Arrangements*) of Part IX (*Details of the Offer*).

The Xafinity EBT will continue to hold any remaining Ordinary Shares (other than 350,000 which will be sold at Admission) and cash that are not required to satisfy awards previously granted under the Existing Incentive Share Plan. The Company will ask the Xafinity EBT to allocate the remaining Ordinary Shares and cash to staff over two to three years following Admission (rather than distribute the unallocated Ordinary Shares and cash to employees (or exiting shareholders) at the time of Admission as a 'deal bonus') to retain and incentivise employees through the payment of bonuses in cash or Ordinary Shares during the transition to life as a listed company. The use of the remaining Ordinary Shares and cash in this way will not dilute the Company's wider share capital, will not require any cash purchase of shares or impact on the ability of the Company to pay dividends.

These allocations and distributions from the Xafinity EBT will be in addition to the new PSP and Sharesave Plan being introduced on Admission. Further charges under IFRS2 and charges to Employer's National Insurance contributions will be required to be recognised by the Company in respect of the allocation or distribution of such Ordinary Shares and cash from the Xafinity EBT. These IFRS2 changes are expected to be of approximately £3 million in aggregate spread over the financial years ending 31 March 2017 through to 31 March 2020.

10. SUBSIDIARIES

The Company acts as the holding company of the Group. The Company has the following significant subsidiaries, being subsidiary undertakings which the Company considers are likely to have a significant effect on the assessment of the Company's assets and liabilities, financial position or profits and losses:

Name	Country of incorporation	Proportion of ownership interest	Principal activity
Xafinity Consulting (Reading) Limited	England	100 per cent	Holding company
Xafinity (Reading) Limited	England	100 per cent	Holding company
Xafinity Consulting Limited	England	100 per cent	Operating company
Xafinity SIPP Services Limited	England	100 per cent	Operating company
HR Trustees Limited	England	100 per cent	Operating company

11. PROPERTY

11.1 The Group's principal properties are located in Reading, Leeds, Stirling, Belfast, London and Manchester. Details of these arrangements in respect of its headquarters are set out below:

Floor	Property Address	Landlord	Tenant	Commencement date	End date	Current rent per annum
Second and Third Floor	Phoenix House 1 Station Hill Reading RG1 1NB	BNP Paribas Securities Services Trust Company (Jersey) Limited and BNP Paribas Securities Services Trust Company Limited acting as trustees for The Ediston Opportunity Fund	Xafinity Consulting Limited	16 May 2014	15 May 2024	£531,142
Part First Floor	10 South Parade Leeds LS1 5AL	East Parade Limited	Xafinity Consulting Limited	16 June 2010	15 June 2020	£205,447
Part First Floor	Scotia House Castle Business Park Stirling FK9 4TZ	Xafinity Solutions Limited (superior landlord is City of Stirling Business Parks (Investments) Limited)	Xafinity Consulting Limited	15 November 2014	14 November 2024	£76,893
7th Floor	Montgomery House 29 – 31 Montgomery Street Belfast BT1 4NX	Turley Associates Limited	Xafinity Consulting Limited	3 June 2013	4 March 2018	£56,643
First Floor	11-13 and 33-34 Crosswall London EC3N 2JY	Threadneedle Pensions Limited	Xafinity Consulting Limited	1 November 2013	31 October 2018	£83,209
Office 401	82 King Street Manchester M2 4WQ	Regus Management (UK) Limited	Xafinity Consulting Limited	1 August 2010	31 August 2017	£12,000 per month

11.2 There are currently no environmental or health and safety issues which will materially affect the Group's use of the assets described in paragraph 11.1 above.

12. UK TAXATION

The following statements do not constitute tax advice and are intended only as a general guide to current UK law and HM Revenue & Customs published practice (which are both subject to change at any time, possibly with retrospective effect). They relate only to certain limited aspects of the UK taxation treatment of Shareholders and are intended to apply only, except to the extent stated below, to persons who are resident and domiciled in the UK for UK tax purposes, who are absolute beneficial owners of the Ordinary Shares (otherwise than through an investment wrapper such as an Individual Savings Account or a Self-Invested Personal Pension) and who hold the Ordinary Shares as investments (and not as securities to be realised in the course of a trade). They may not apply to certain Shareholders, such as dealers in securities, insurance companies and collective investment schemes, Shareholders who are exempt from taxation and Shareholders who have (or are deemed to have) acquired their Ordinary Shares by virtue of an office or employment. Such persons may be subject to special rules.

Any person who is in any doubt as to their tax position, or who is subject to taxation in any jurisdiction other than the UK, should consult their own professional adviser without delay.

12.1 Taxation of dividends

(a) General

The Company will not be required to withhold amounts on account of UK tax at source when paying a dividend.

(b) Individual Shareholders

An individual Shareholder resident (for tax purposes) in the UK will not be subject to income tax on a dividend which he or she receives from the Company if the total amount of dividend income received by the individual in the tax year (including the dividend from the Company) does not exceed a dividend allowance of £5,000, which will be taxed at a nil rate (the “Dividend Allowance”).

In determining the income tax rate or rates applicable to a UK resident individual Shareholder’s taxable income, dividend income is treated as the highest part of his or her income. Dividend income that falls within the Dividend Allowance will count towards the basic or higher rate limits (as applicable), which may affect the rate of tax due on any dividend income in excess of the Dividend Allowance.

To the extent that a UK resident individual Shareholder’s dividend income for the tax year exceeds the Dividend Allowance and, when treated as the highest part of his or her income, falls above the individual’s personal allowance but below the basic rate limit, the individual Shareholder will be subject to tax on that dividend income at the dividend basic rate of 7.5 per cent. To the extent that such dividend income falls above the basic rate limit but below the higher rate limit, the individual Shareholder will be subject to tax on that dividend income at the dividend upper rate of 32.5 per cent. To the extent that such dividend income falls above the higher rate limit, the individual Shareholder will be subject to tax on that dividend income at the dividend additional rate of 38.1 per cent.

(c) Corporate Shareholders

Shareholders within the charge to UK corporation tax will not generally be subject to tax on dividends (including dividends from the Company) so long as the dividends fall within an exempt class and certain other conditions are met. Each Shareholder’s position will depend on its own individual circumstances, but it would normally be expected that the dividends paid by the Company would fall within an exempt class.

(d) Non-UK Shareholders

Shareholders who are not resident (for tax purposes) in the UK will not generally be liable to UK income tax on dividends received from the Company. However, they may be subject to tax on dividend income under any law to which they are subject outside the UK. Such Shareholders should consult their own tax advisers concerning their tax liabilities on dividends received from the Company.

12.2 Taxation of chargeable gains

(a) General

A disposal of Ordinary Shares by a Shareholder who is (at any time in the relevant UK tax year) resident in the UK for tax purposes may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains depending upon the Shareholder’s circumstances and subject to any available exemption or relief.

(b) Individual Shareholders

A disposal of Ordinary Shares may give rise to a chargeable gain (or allowable loss) for the purposes of UK capital gains tax, depending on the circumstances and subject to any available exemption or relief. Except as follows, the relevant rate of capital gains tax is 10 per cent for individuals. The relevant rate of capital gains tax is 20 per cent for individuals who are subject to income tax at the higher rate or dividend upper rate. In the case of individuals who are not subject to income tax at the higher rate or dividend upper rate but whose gains chargeable to capital gains tax exceed the unused portion of their basic rate band, the relevant rate of capital gains tax on the amount of the excess is 20 per cent. An individual Shareholder is entitled to realise an exempt amount of gains (currently £11,100) in each tax year without being liable to tax.

(c) Corporate Shareholders

Where a Shareholder is within the charge to corporation tax, a disposal of Ordinary Shares may give rise to a chargeable gain (or allowable loss) for the purposes of UK corporation tax, depending on the circumstances and subject to any available exemption or relief. Indexation allowance may reduce the amount of chargeable gain that is subject to corporation tax, but may not create or increase any allowable loss.

(d) Non-UK resident Shareholders

A Shareholder who is an individual and who is only temporarily resident outside the UK for UK tax purposes at the date of a disposal of Ordinary Shares may be liable to UK tax on chargeable gains on becoming resident in the UK again in respect of disposals made while he or she was temporarily resident outside the UK, depending on the circumstances and subject to any available exemption or relief.

A Shareholder who is not resident in the UK (and, in the case of an individual, is not merely temporarily resident outside the UK) will not be liable for UK tax on chargeable gains realised on a disposal of Ordinary Shares unless such Shareholder carries on:

- (i) (in the case of a Shareholder who is an individual) a trade, profession or vocation in the UK through a branch or agency and the Ordinary Shares either have been used in or for the purposes of the trade, profession or vocation, or have been used or held for the purposes of the branch or agency, or acquired for use by or for the purposes of the branch or agency; or
- (ii) (in the case of a Shareholder which is a company) a trade in the UK through a permanent establishment and the Ordinary Shares either have been used in or for the purposes of the trade carried on through the permanent establishment, or have been used or held for the purposes of the permanent establishment or acquired for use by or for the purposes of the permanent establishment.

12.3 Stamp duty and SDRT

The comments in this section relating to stamp duty and SDRT apply whether or not a Shareholder is resident or domiciled in the UK. These comments are intended as a guide to the general UK stamp duty and SDRT position and do not apply to persons such as market makers, brokers, dealers or intermediaries or to share transfers to or within depositary receipt systems or clearance services (who do not include CREST).

(a) Issue of New Shares and Sale of Existing Shares

No stamp duty or SDRT will be payable on the issue of New Shares pursuant to the Offer.

The sale of Existing Shares by Selling Shareholders pursuant to the Offer will generally give rise to a liability to stamp duty or SDRT for the purchaser at a rate of 0.5 per cent of the Offer Price (in the case of stamp duty, rounded up to the nearest multiple of £5). The Selling Shareholders will bear the cost of any such liability to stamp duty or SDRT. In practice, liability to only one of either stamp duty or SDRT would arise.

Where the Existing Shares are held in certificated form, no stamp duty or SDRT will arise on a transfer of such Existing Shares into CREST unless such transfer is made for a consideration in money or money's worth, in which case a liability to SDRT (usually at a rate of 0.5 per cent) will arise. No consideration in money or money's worth will be given for the transfer of the Existing Shares into CREST. Paperless transfers of Existing Shares within CREST will be liable to SDRT rather than stamp duty.

(b) Subsequent Dealings in Ordinary Shares

Any subsequent dealings in Ordinary Shares will generally be subject to stamp duty or SDRT in the normal way. An instrument effecting the transfer on sale of Ordinary Shares will generally be liable to stamp duty at the rate of 0.5 per cent (rounded up to the nearest multiple of £5) of the amount or value of the consideration payable. An unconditional agreement to transfer such shares will generally be liable to SDRT at the rate of 0.5 per cent of the amount or value of the consideration payable, but such liability will be cancelled, or a right to a repayment (generally, with interest) in respect of the payment of such SDRT liability will arise, if the agreement is completed by a duly stamped transfer within six years of the agreement having become unconditional. Stamp duty and SDRT are normally the liability of the purchaser.

No stamp duty or SDRT will arise on a transfer of Ordinary Shares into the CREST system provided that, in the case of SDRT, the transfer is not for money or money's worth. Paperless transfers of Ordinary Shares within CREST are liable to SDRT (at a rate of 0.5 per cent of the amount or value of the consideration payable) rather than stamp duty, and SDRT on relevant transactions settled within the system or reported through it for regulatory purposes will be collected by CREST.

12.4 Inheritance tax

The Ordinary Shares will be assets situated in the United Kingdom for the purposes of UK inheritance tax. A gift of such assets by, or the death of, an individual Shareholder may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax, even if the Shareholder is neither domiciled in the UK nor deemed to be domiciled there (under certain rules relating to long residence or previous domicile).

Generally, UK inheritance tax is not chargeable on gifts to individuals if the transfer is made more than seven complete years prior to the death of the donor. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit.

Special rules also apply to close companies and to trustees of settlements who hold shares, bringing them within the charge to inheritance tax. Shareholders should consult an appropriate professional adviser if they make a gift of any kind or intend to hold any Ordinary Shares through such a company or trust arrangement. They should also seek professional advice in a situation where there is potential for a double charge to UK inheritance tax and an equivalent tax in another country, or if they are in any doubt about their UK inheritance tax position.

13. SPONSOR AND PLACING AGREEMENT AND LOCK-UP ARRANGEMENTS

13.1 Sponsor and Placing Agreement

On 13 February 2017, the Company, the Directors, the Major Selling Shareholder, Deloitte and Zeus Capital entered into the Sponsor and Placing Agreement. Pursuant to the Sponsor and Placing Agreement:

- (a) Zeus Capital has agreed, subject to certain conditions, to act as financial adviser, bookrunner and sole broker to the Company and the Major Selling Shareholder, and to use its reasonable endeavours to procure placees to subscribe for and/or purchase (as the case may be) the Offer Shares and the New Shares at the Offer Price.
- (b) Deloitte has agreed, subject to certain conditions, to act as sponsor and financial adviser to the Company.
- (c) The Sponsor and Placing Agreement is conditional upon, *inter alia*, Admission occurring on or before 8.00 a.m. on 16 February 2017 (or such later date as the Company, Zeus Capital and Deloitte may agree, being not later than 8.00 a.m. on 2 March 2017). The Sponsor and Placing Agreement contains warranties from the Company and the Directors in favour of Zeus Capital and Deloitte in relation to, amongst other things, the accuracy of the information in this document and other matters relating to the Company and its business. It also contains warranties from the Major Selling Shareholder in favour of Zeus Capital and Deloitte in relation to, amongst other things, title to the Existing Shares.
- (d) The Company agrees to indemnify Zeus Capital and Deloitte in respect of certain liabilities it may incur in respect of the Offer. Zeus Capital and Deloitte have the right to terminate the Sponsor and Placing Agreement in certain circumstances prior to Admission, in particular, in the event of a breach of the warranties which Zeus Capital and Deloitte consider material in the context of the Offer and Admission or a force majeure event. The Company has also undertaken, that it will not, for a period of 12 months from the date of Admission, without the prior written consent of Zeus Capital, issue, offer, lend, mortgage, assign, charge, sell or contract to sell, or otherwise dispose of (or publicly announce any such issuance, offer, loan, mortgage, assignments, charge, sale or disposal) directly or indirectly, any Ordinary Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing.
- (e) The Company agrees to pay commission to Zeus Capital of 2 per cent on the gross aggregate value at the Offer Price of the New Ordinary Shares to be issued in the Offer together with the costs and expenses reasonably incurred in connection with the Admission and the Offer.

- (f) The Sponsor and Placing Agreement is governed by English law and is subject to the non-exclusive jurisdiction of the English courts.

14. MATERIAL CONTRACTS

In addition to the Sponsor and Placing Agreement referred to at paragraph 13.1 (*Sponsor and Placing Agreement*) of this Part XIII, the following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group (a) in the two years immediately preceding the date of this Prospectus and are, or may be, material or (b) contain provisions under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this Prospectus:

14.1 New Facilities Agreement

On 24 January 2017 the Company and HSBC Bank plc as arranger entered into a new £38,000,000 term and revolving facility agreement (the “**New Facilities Agreement**”).

The New Facilities Agreement will provide a £15,000,000 term loan facility (“**Facility B**”) and a £23,000,000 multicurrency revolving facility (the “**Revolving Facility**”) (together, the “**New Facilities**”). The New Facilities Agreement will also provide a further facility in an amount not exceeding £10,000,000, which will be uncommitted.

The New Facilities will be committed and available as at Admission and will be used, together with a portion of the proceeds of the Offer, to refinance the Existing Facilities Agreement, finance the transaction costs and to finance the working capital needs of the Group.

The New Facilities will be repayable in full, and scheduled to expire five years after the date on which the New Bank Facilities are first utilised.

Any loan drawn under the Revolving Facility will be required to be repaid on the last day of each of its interest periods. Amounts repaid may (subject to the terms of the New Facilities Agreement) be re-borrowed.

Subject to certain conditions, Xafinity Consulting (Reading) Limited may voluntarily prepay and/or permanently cancel all or part of the available commitments under the New Facilities Agreement by giving five business days’ prior notice to the Agent under the facility. No prepayment fee is payable under the New Facilities Agreement.

Loans under the New Facilities Agreement will bear interest at a rate per annum equal to LIBOR (or in relation to a loan in euros, EURIBOR) plus the applicable margin. The applicable margin means:

- (a) in relation to Facility B, 1.75 per cent per annum;
- (b) in relation to the Revolving Facility, 1.75 per cent per annum;

subject to the following ratchet calculated by reference to a margin net leverage test based on the ratio of the Group’s total net debt on the last day of the previous financial quarter against the Group’s Adjusted EBITDA in respect of that financial quarter:

Margin Net Leverage	Revolving Facility margin percentage per annum	Facility B margin percentage per annum
Greater than 2.25:1	2.00	2.00
Less than or equal to 2.25:1 but greater than 1.75:1	1.75	1.75
Less than or equal to 1.75:1 but greater than 1.25:1	1.50	1.50
Less than or equal to 1.25:1	1.25	1.25

A commitment fee will be payable from the date of first utilisation of the New Facilities on the available but undrawn amount of the Revolving Facility, at a rate equal to 40 per cent per annum of the applicable margin.

The New Facilities Agreement will be guaranteed by the Company, Xafinity Financing (Reading) Limited, Xafinity (Reading) Limited, Xafinity Consulting (Reading) Limited, Xafinity Consulting Limited, Xafinity Pensions Consulting Limited and Xafinity SIPP Services and secured against the assets of those entities.

The New Facilities Agreement contains certain customary events of default for facilities of this type including, without limitation, (a) non-payment, (b) breach of covenant or financial covenant, (c)

misrepresentation, (d) cross-default, (e) insolvency and insolvency proceedings, (f) unlawfulness and invalidity, (g) cessation of business of Group as a whole, (h) material audit qualification, (i) material adverse change.

The events of default are subject to certain grace periods, thresholds and exceptions described therein.

The New Facilities Agreement contains covenants by and restrictions upon the Group which are typical for loan facilities of this type. The Company and its subsidiaries are required to observe certain customary covenants, including, but not limited to: (i) maintenance of legal status; (ii) notification of default; (iii) maintenance of licences and authorisations; (iv) compliance with applicable laws; (v) maintenance of insurances; (vi) preservation of material Intellectual Property (vii) preservation of assets, in addition to restrictions on (a) incurrence of additional financial indebtedness; (b) grant of guarantees and indemnities; (c) making loans to others; (d) creating security interests; (e) making acquisitions and investments; (f) change of business of the Group as a whole and (g) disposing of assets. In each case the covenants in the New Facilities Agreement are subject to certain thresholds, exceptions and cure rights described therein.

The documentation does not contain a prohibition on the payment of lawful dividends and distributions by the Company to its shareholders.

In addition to the general covenants described above, the New Facilities Agreement also contains financial maintenance covenants in respect of net interest cover and net leverage.

14.2 Existing Facilities Agreement

On 8 March 2016 Xafinity Consulting (Reading) Limited as borrower entered into a senior facilities agreement with HSBC Bank plc, Lloyds Bank plc, The Governor and Company of the Bank of Ireland and certain funds controlled by Barings (formerly known as Babson) as lenders (the “**Lenders**”); and Lloyds Bank plc as agent and security agent (the “**Existing Facilities Agreement**”). All outstanding principal and accrued interest under the Existing Facilities Agreement will be repaid in full and cancelled upon Admission and completion of the Offering by way of payment as to (i) £46.0 million resulting from the issue of the New Shares; and (ii) £33.0 million resulting from the drawdown of the New Facility Agreement.

The Existing Facilities Agreement comprises an £86,000,000 term loan facility (“**Existing Facility B**”) and a £3,000,000 multicurrency revolving facility (the “**Existing Revolving Facility**”) (together the “**Existing Facilities**”). The Existing Facilities Agreement also provides for an uncommitted facility in an amount not exceeding £10,000,000. Existing Facility B was fully drawn on 15 March 2016. The uncommitted facility has not been established. The Existing Revolving Facility is not currently drawn.

Existing Facility B is repayable in full, and scheduled to expire, on 15 March 2021. The Existing Revolving Facility is scheduled to expire on 15 September 2020 and any amount still outstanding under the Existing Revolving Facility at that time will be due in full immediately on that date.

Any loan drawn under the Existing Revolving Facility is required to be repaid on the last day of each of its interest periods. Amounts repaid may (subject to the terms of the Existing Facilities Agreement) be reborrowed. The Existing Revolving Facility contains an annual minimum five business day “net clean down” in order to reduce outstanding Existing Revolving Facility loans to zero, net of certain credits.

Subject to certain conditions, Xafinity Consulting (Reading) Limited may voluntarily prepay or permanently cancel all or part of the available commitments under the Existing Facilities Agreement by giving five business days’ prior notice to the Agent under the facility. No prepayment fee is payable under the Existing Facilities Agreement.

The Existing Facilities Agreement provides for mandatory prepayment on the occurrence of: (i) a flotation, (ii) a Change of Control (as defined in the Existing Facilities Agreement) or (iii) the sale of all or substantially all of the assets of the group, upon the occurrence of which the facilities will be cancelled and all outstanding amounts together with accrued interest are immediately due and payable.

The Existing Facilities Agreement also provides for certain other mandatory prepayment events in certain circumstances and subject to certain conditions, including amounts received by the group pursuant to a disposal of assets by a member of the group, amounts received by a member of the group pursuant to an insurance claim and, commencing with the financial year beginning 1 April 2016, a percentage of Excess Cashflow (as defined in the Existing Facilities Agreement).

Loans under the Existing Facilities bear interest at a rate per annum equal to LIBOR (or in relation to a loan in euros, EURIBOR) plus the applicable margin. The applicable margin means:

- (a) in relation to Existing Facility B, 5.25 per cent per annum;
- (b) in relation to the Existing Revolving Facility, 4.50 per cent per annum;

except that if no event of default has occurred and is continuing, from 15 March 2017 it means the following, calculated by reference to a margin net leverage test based on the ratio of the Group's total net debt on the last day of the relevant period against the Group's Adjusted EBITDA during that period:

Margin Net Leverage Test (as defined in the Existing Facilities Agreement)	Existing Revolving Facility Margin percentage per annum	Existing Facility B Margin percentage per annum
Greater than or equal to 3.5:1	4.50	5.25
Less than 3.5:1 but equal to or greater than 3.0:1	4.25	5.00
Less than 3.0:1	4.00	4.75

A commitment fee is payable on the available but undrawn amount of the Existing Revolving Facility, at a rate equal to 40 per cent per annum of the applicable margin.

The Existing Facilities Agreement is guaranteed by Xafinity (Reading) Limited, Xafinity Consulting (Reading) Limited, Xafinity Consulting, Xafinity Pensions Consulting Limited and Xafinity SIPP Services and secured against the assets of those entities.

The Existing Facilities Agreement is based on the Loan Market Association Senior Multi-currency Term and Revolving Facilities Agreement for Leveraged Acquisition Finance Transactions and contains events of default typical in facility agreements of this type, as well as typical covenants including restrictions on incurring additional indebtedness, paying dividends or making other distributions, making acquisitions, disposing of assets and granting security. The covenants in the Existing Facilities Agreement are subject to certain thresholds and exceptions described therein.

In addition to the general covenants described above, the Existing Facilities Agreement also contains financial maintenance covenants in respect of cashflow cover and net leverage and annual limits on capital expenditure. The financial covenants are subject to certain cure rights.

There is no prepayment fee payable under the Existing Facilities Agreement. The Existing Facilities Agreement provided for 5 business days' notice of voluntary prepayment. Break costs are payable on any repayment which does not occur on the last day of an interest period.

Following Admission, the Existing Facilities Agreement will be repaid from the proceeds of the Offer and the New Bank Facilities drawn down under the New Facilities Agreement and cancelled.

15. LITIGATION

There are no governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Group is aware) which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the Company's or the Group's financial position or profitability.

16. WORKING CAPITAL

The Company is of the opinion that, taking into account the Net Proceeds of the issue of New Shares pursuant to the Offer and the New Facilities available to the Group, the Group has sufficient working capital for its present requirements; that is, for at least the next 12 months from the date of this Prospectus.

17. NO SIGNIFICANT CHANGE

There has been no significant change in the financial or trading position of the Group since 30 September 2016, being the latest date to which the consolidated financial information of the Company in Part IX (*Historical Financial Information on the Group*) was prepared.

18. RELATED PARTY TRANSACTIONS

Save as described in note 30 (Related Party Transactions) of Part IX (*Historical Financial Information*), there are no related party transactions between the Company or members of the Group that were entered into between 2 November 2012 and the date of this Prospectus.

19. CONSENTS

The Company has received a written consent, which is available for inspection at the times and locations set out in paragraph 22 (*Documents Available for Inspection*) below of this Part XIII, in connection with the publication of this Prospectus from BDO LLP, which has given and has not withdrawn its written consent to the inclusion in this Prospectus of its report set out in section A of Part IX (*Historical Financial Information on the Group*) in the form and context in which it appears and has authorised its report for the purposes of item 5.5.3R(2)(f) of the Prospectus Rules.

20. MISCELLANEOUS

- 20.1** The total costs and expenses of, and incidental to, the Offer and Admission payable by the Company amount to £5.3 million (excluding VAT).
- 20.2** The financial information contained in this Prospectus does not constitute statutory accounts within the meaning of section 434(3) of the 2006 Act.
- 20.3** The Ordinary Shares are in registered form and will, on Admission, be capable of being held in uncertificated form. The Ordinary Shares will be admitted with the ISIN GB00BDDN1T20.
- 20.4** Save as requested in the Offer, none of the Ordinary Shares have been marketed or are available in whole or in part to the public in conjunction with the application for the Ordinary Shares to be admitted to the premium listing segment of the Official List maintained by the FCA and to trading on the London Stock Exchange's main market for listed securities.

21. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturday, Sundays and public holidays excepted) at the offices of Reed Smith LLP, The Broadgate Tower, 20 Primrose Street, London EC2A 2RS for a period of 28 days from the date of this Prospectus:

- (a) the Articles;
- (b) the Accountant's Report;
- (c) Share Plans;
- (d) the consent letter referred to in paragraph 20 (*Consents*) of this Part XIII; and
- (e) this Prospectus.

Dated 13 February 2017

PART XIV

DEFINITIONS

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

“2006 Act”	the Companies Act 2006 of England and Wales, as amended
“ABI”	the Association of British Insurers
“Accountant’s Report”	accountants’ opinion relating to the Group contained in Part IX (<i>Historical Financial Information on the Group</i>) of this Prospectus
“Adjusted EBITDA”	profit from operating activities before depreciation, amortisation and exceptional items
“Admission”	the admission of the Ordinary Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities
“Approved Person”	a person approved by the FCA under the Approved Person Regime
“Approved Person Regime”	the regime pursuant to which certain persons are approved by the FCA to perform a “controlled function” for an authorised firm or an appointed representative firm
“Articles” or “Articles of Association”	the articles of association of the Company as in effect from Admission
“AUM”	assets under management
“Board” or “Directors”	the directors of the Company as at the date of this Prospectus whose names are set out in paragraph 1 of Part VII (<i>Directors, Senior Management and Corporate Governance</i>) of this Prospectus
“Bribery Act”	the Bribery Act 2010 of England and Wales, as amended
“Business Day”	a day (not being a Saturday, Sunday or public holiday) on which banks are generally open for business in London, United Kingdom
“CAGR”	compound annual growth rate
“Company”	Xafinity plc
“CREST”	the computerised settlement system operated by Euroclear UK & Ireland Limited to facilitate the transfer of title to shares in uncertificated form
“DB”	defined benefit
“DC”	defined contribution
“Deloitte” or “Sponsor”	Deloitte Corporate Finance, a division of Deloitte LLP
“Data Protection Act”	the Data Protection Act 1998 of England and Wales, as amended
“Disclosure and Transparency Rules”	the rules made by the FCA under Part VI of FSMA relating to the disclosure of information (as amended from time to time)
“EBT Deed”	has the meaning given in paragraph 9.4 (<i>Employee Benefit Trust</i>) of Part XIII (<i>Additional Information</i>) of this Prospectus
“EEA”	the European Economic Area
“EEA State”	a state which is a contracting party to the agreement on the European Economic Area signed at Oporto on 2 May 1992, as it has effect for the time being
“Equiniti Group”	Equiniti Group plc
“Existing Incentive Share Plan”	the Xafinity Employee Incentive Share Plan 2013
“EU”	the European Union
“Executive Directors”	the executive directors of the Company, being Ben Bramhall, Paul Cuff, Mike Ainslie and Jonathan Bernstein

“Existing Facilities Agreement”	means the senior facilities agreement entered into on 8 March 2016 between Xafinity Consulting (Reading) Limited (as borrower), HSBC Bank plc, Lloyds Bank plc, The Governor and Company of the Bank of Ireland and certain funds controlled by Barings (formerly known as Babson) as lenders, and Lloyds Bank plc as agent and security agent, as more particularly described in paragraph 14.2 (<i>Existing Facilities Agreement</i>) of Part XIII (<i>Additional Information</i>) of this Prospectus
“Existing Facility B”	means the £86,000,000 terms loan facility provided under the Existing Facilities Agreement
“Existing Revolving Facility”	means the £3,000,000 multicurrency revolving facility provided under the Existing Facilities Agreement
“Existing Shareholders”	holders of the Existing Shares immediately prior to Admission
“Existing Shares”	except where the context otherwise requires, Ordinary Shares to be sold in the Offer by the Selling Shareholders
“Facility B”	means the £15,000,000 term loan facility provided under the New Facilities Agreement
“FCA” or “Financial Conduct Authority”	the Financial Conduct Authority of the UK
“Financial Assistance Scheme”	the Financial Assistance Scheme administered by the Pension Protection Fund, which offers help to people who have lost out on their pension in certain prescribed circumstances
“Freedom and Choice”	the April 2015 changes to UK pension regulations that resulted in pension scheme members no longer being required to purchase an annuity upon retirement, providing additional flexibility as to how individuals may use their DC pension pots
“FSMA”	the Financial Services and Markets Act 2000 of England and Wales, as amended
“Global Consultancies”	includes Willis Towers Watson, Mercer and Aon Hewitt
“Group” or “Xafinity”	the Company and its subsidiary undertakings from time to time
“IFA”	means independent financial adviser
“IFPRU”	the Prudential Sourcebook for Investment Firms
“IFRS”	International Financial Reporting Standards
“Listing Rules”	the listing rules made by the FCA under Part VI of FSMA, as amended
“LLP”	limited liability partnership
“Lock-in Deed”	has the meaning given in paragraph 8 (<i>Lock-in Arrangements</i>) of Part XI (<i>Details of the Offer</i>) of this Prospectus
“London Stock Exchange”	London Stock Exchange plc
“Major Selling Shareholder” or “CBPE”	together, CBPE Capital Fund VIII A LP and CBPE Capital Fund VIII B LP, each holding their shares via CBPE Nominees Limited as nominee, and both being funds managed by CBPE Capital LLP
“Master Trust”	a trust-based arrangement where there is a common administration and investment platform for DC pension schemes that multiple employers share, enabling them to benefit from economies of scale
“Member State”	a member state of the European Union
“MiFID”	the Markets in Financial Instruments Directive (Directive 2004/39/EC), as amended
“MiFID II”	the Markets in Financial Instruments Directive II (Directive 2014/65/EU)
“Money Laundering Regulations”	the UK Money Laundering Regulations 2007

“Net Proceeds”	approximately £46.0 million, being the net proceeds receivable by the Company in respect of the Offer
“New Facilities”	means Facility B and the Revolving Facility
“New Facilities Agreement”	means the new facilities agreement entered into on 24 January 2017 with HSBC Bank plc as arranger and HSBC Bank plc as agent and security agent, as described in paragraph 14.1 (<i>New Facilities Agreement</i>) of Part XIII (<i>Additional Information</i>) of this Prospectus
“New Shares”	new Ordinary Shares proposed to be issued by the Company pursuant to the Offer
“Non-executive Directors”	the non-executive directors of the Company, being Tom Cross Brown, Margaret Snowden OBE and Alan Bannatyne
“NPT” or “National Pension Trust”	the defined contribution Master Trust platform called National Pension Trust, which Xafinity administers, advises and acts as investment consultant to
“Offer”	the offer of the Offer Shares to certain institutional and other investors in the United Kingdom as described in Part XI (<i>Details of the Offer</i>) of this Prospectus
“Offer Price”	the price at which each Ordinary Share is to be issued or sold under the Offer, being 139p per share
“Offer Shares”	the Existing Shares and the New Shares
“Official List”	the Official List of the Financial Conduct Authority
“Order”	the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended
“Ordinary Shares”	ordinary shares of £0.0005 each in the capital of the Company
“Panel”	the Panel on Takeovers and Mergers
“PD Regulation”	the Prospectus Directive Regulation (2004/809/EC)
“Pensions Regulator”	the UK Pensions Regulator established by the Pensions Act 2004
“PPF” or “Pension Protection Fund”	the Pension Protection Fund established by the UK Government to pay compensation to members of eligible DB pension schemes, when there is a qualifying insolvency event in relation to the employer and where there are insufficient assets in the pension scheme to cover Pension Protection Fund levels of compensation
“PRA” or “Prudential Regulation Authority”	the Prudential Regulation Authority of the UK established pursuant to the Financial Services Act 2012 and responsible for the micro-prudential regulation of banks, insurers and certain large investment firms
“Prospectus”	this prospectus
“Prospectus Directive”	EU Directive 2003/71/EC and any relevant implementing measures in each Member State of the European Economic Area which has implemented EU Directive 2003/71/EC
“Prospectus Rules”	the prospectus rules made by the FCA under Part VI of FSMA in relation to offers of transferable securities to the public and admission of transferable securities to trading on a regulated market, as amended
“PSP”	the Group’s performance share plan, described more fully in paragraph 9.2 of Part XIII (<i>Additional Information</i>) of this Prospectus
“Registrar”	Equiniti Limited
“Regulated Subsidiaries”	Xafinity Consulting and Xafinity SIPP Services
“Regulation S”	Regulation S under the Securities Act
“Regulations”	the Uncertificated Securities Regulations 2001, as amended

“Relevant Member State”	each Member State of the European Economic Area that has implemented the Prospectus Directive
“Revolving Facility”	the £23,000,000 multi-currency revolving facility provided under the New Facilities Agreement
“SDRT”	stamp duty reserve tax
“SEC”	the US Securities and Exchange Commission
“Scheme Actuary”	the actuary appointed to advise the trustee of an occupational pension scheme (who must be a Fellow of the Faculty of Institute of Actuaries (or else approved by the Secretary of State for Work and Pension) whose main task is to conduct and certify regular actuarial valuations of the scheme’s assets and liabilities
“Securities Act”	the US Securities Act of 1933, as amended
“Selling Shareholders”	the Existing Shareholders who sell Ordinary Shares as part of the Offer, in each case, in their capacity as selling Shareholders
“Senior Managers”	those members of the management bodies of the Group who are relevant to establishing that the Company has the appropriate expertise and experience for the management of its business for the purposes of item 14.1 of Annex 1 of the Prospectus Rules, being those persons named in paragraph 1.2 of Part VII (<i>Directors, Senior Management and Corporate Governance</i>), and each being a “Senior Manager”
“Share Plans”	the PSP and Sharesave Plan
“Shareholders”	holders of Ordinary Shares
“Sharesave Plan”	the Group’s sharesave plan, described more fully in paragraph 9.3 of Part XIII (<i>Additional Information</i>) of this Prospectus
“SIPP”	self-invested personal pensions
“Small Selling Shareholders”	the Selling Shareholders other than the Major Selling Shareholder
“Sponsor and Placing Agreement”	the conditional agreement entered into between the Company, the Directors, the Selling Shareholders, Deloitte and Zeus Capital, details of which are set out in paragraph 13.1 (<i>Sponsor and Placing Agreement</i>) of Part XIII (<i>Additional Information</i>) of this Prospectus
“SSAS”	small self-administered scheme
“subsidiary”	as defined in section 1159 and Schedule 6 of the 2006 Act
“subsidiary undertaking”	as defined in section 1162 and Schedule 7 of the 2006 Act
“Takeover Code”	the City Code on Takeovers and Mergers
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UK Corporate Governance Code”	the UK Corporate Governance Code published by the Financial Reporting Council in April 2016, as updated from time to time
“UK Defined Benefit Schemes” or “UK DB Schemes”	defined benefit pension schemes in the United Kingdom
“UK Defined Contribution Schemes” or “UK DC Schemes”	defined contribution pension schemes in the United Kingdom
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
“Xafinity Consulting”	Xafinity Consulting Limited
“Xafinity EBT”	the Group’s employee benefit trust constituted in Jersey, Xafinity Employee Benefit Trust 2013
“Xafinity SIPP Services”	Xafinity SIPP Services Limited
“Zeus Capital”	Zeus Capital Limited



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Zeus Capital

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