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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION.

### Chesnara PLC

3 July 2025

#### ACQUISITION OF HSBC LIFE (UK)

#### FULLY UNDERWRITTEN RIGHTS ISSUE TO RAISE APPROXIMATELY £140 MILLION

#### AMENDED REVOLVING CREDIT FACILITY AGREEMENT

Chesnara plc ("Chesnara" or the "Company" and, together with its subsidiaries, the "Group") today announces that it has entered into an agreement to acquire HSBC Life (UK) Limited ("HSBC Life (UK)"), a specialist life protection and investment bond provider in the United Kingdom for a total consideration of £260 million, from HSBC Bank plc ("HSBC Bank") (the "Acquisition").

#### Highlights:

- Agreement with HSBC Bank to acquire HSBC Life (UK), a specialist life protection and investment bond provider in the UK with Eligible Own Funds of £314 million as at 31 December 2024.
- Expected incremental lifetime cash generation in excess of £800 million from HSBC Life (UK) with cash generation of over £140 million during the first five years post-acquisition<sup>(1)</sup>.
- Cash consideration of £260 million funded through a combination of (i) £55 million of existing internal cash resources, (ii) £65 million drawdown from the Group's increased £150m revolving credit facility ("Amended RCF"); and (iii) equity raised via a fully underwritten rights issue at 176p per share to raise gross proceeds of approximately £140 million (the "Rights Issue") on the basis of 10 New Ordinary Shares for every 19 Existing Ordinary Shares.
- Anticipated increase in final FY25 and interim FY26 dividend by an adjusted 6% and enhanced support for Chesnara's future dividend trajectory from incremental cash generation<sup>(2)</sup>.
- Potential further value creation opportunities from additional expense and capital synergies, management actions and new business.
- Scale in the UK transformed by adding approximately £4 billion of assets under administration<sup>(3)</sup> ("AuA") and approximately 454,000 policies<sup>(3)</sup>.
- Increased free float and expected eligibility for FTSE 250 inclusion increasing liquidity in the Company's Ordinary Shares.
- Completion is expected in early 2026, subject to customary regulatory approvals.

#### Commenting on the Acquisition

Steve Murray, Chief Executive Officer, Chesnara stated:

*"The proposed acquisition of HSBC Life (UK) represents a material step up in scale for Chesnara Group. HSBC Life (UK) is a high-quality business operating in products that we know well and is capable, under our ownership, of generating substantial cash flows for many years. This highly accretive transaction will allow us to build on our strong, 20-year track record of uninterrupted dividend growth. It is also a further example of a major financial*

*institution choosing to work with us, enhancing our reputation as a leading life and pensions consolidator. We are continuing to see a strong M&A pipeline across our group which we are well-positioned to execute on.*

*We look forward to welcoming HSBC Life (UK) policyholders and the HSBC Life (UK) team to Chesnara and working closely with HSBC Bank plc to ensure the smooth transition of the business into the Group."*

### **Summary of background to and reasons for the Acquisition**

Chesnara's primary focus is consolidating life and pensions books in the UK and the Netherlands, complemented by profitable new business written across the Group's businesses in Sweden, the Netherlands and the UK. The Group's business model is based on seeking out and delivering value-enhancing M&A opportunities which can be efficiently integrated into the Group with the objective to grow future cash generation through additional scale and, in doing so, enhance the sustainability of the Group's strong dividend trajectory. Chesnara proactively and diligently assesses deals on a regular basis by applying well-established criteria and a robust risk-based due diligence process. The board of directors of the Company (the "Board") believes that the Acquisition is strategically compelling and offers significant financial benefits as set out below.

- **Increased cash generation:** With lifetime cash generation in excess of £800 million, achieved through the delivery of future profits and run off of capital requirements over time, the Acquisition is expected to enhance the future cash generation of the Group. £140 million of cash generation is expected to emerge during the first five years post-acquisition over the period 2025 - 2029, with significant cash generation expected to emerge in future years, enhancing the sustainability and longevity of the Group's cash generation.
- **Attractive transaction pricing:** The total consideration for the Acquisition of £260 million represents 83% of HSBC Life (UK)'s Eligible Solvency II Own Funds as at 31 December 2024<sup>(4)</sup>.
- **Efficient financing structure:** Chesnara will fund the Acquisition utilising: (a) £55 million of own cash resources; (b) £65 million from the Group's Amended RCF which is currently completely undrawn; and (c) a fully underwritten rights issue to raise gross proceeds of £140 million from its shareholders. The proposed financing structure would have resulted in a leverage ratio of 29%<sup>(5)</sup> if the transaction had occurred on 31 December 2024 (compared to 31% reported at 2024 year-end), consistent with the Group's investment grade rating<sup>(6)</sup>. In the medium term, the Group's leverage ratio is expected to reduce further as Chesnara pays down the Amended RCF.
- **Robust balance sheet maintained:** On a pro forma basis, if the transaction had occurred on 31 December 2024, the Group's Solvency II Surplus would have been £361 million (compared to £327 million reported at 2024 year-end) and the Solvency Coverage Ratio would have been 169% (compared to 203% reported at 2024 year-end), which is above the Group's normal operating range of 140% - 160%.
- **Step-up in dividend:** Supported by the strong financial profile of the Acquisition, it is anticipated that there will be an increase in the Group's dividend trajectory. The final FY25 dividend and interim FY26 dividend is expected to be increased by 6%, representing a one-year acceleration in the Group's recent historic track record of 3% per annum increases<sup>(2)</sup>.
- **Value creation through operating efficiencies and capital optimisation:** The Acquisition is expected to create value for shareholders through operating efficiencies from the migration of the policy administration of the HSBC Life (UK) policies to our strategic outsourcing partner SS&C Technologies Limited ("SS&C"). This activity will be part of the ongoing migration of the policy administration for Chesnara's UK business from the existing range of outsourced providers to SS&C.

The Acquisition is also expected to enable incremental value creation for shareholders through management actions and capital synergies including, for example, the Part VII transfer of HSBC Life (UK) to a single UK entity over time, mass lapse reinsurance, FX hedging and capital diversification benefits.

- **New business opportunity:** The HSBC Life (UK) product suite is complementary and well-aligned to the Group's existing products, particularly its open onshore bond. HSBC Life (UK) offers potential to generate further value from new business which the Company will assess carefully over the coming months.
- **Reinforces Chesnara's position as a leading life and pensions consolidator:** The Acquisition represents the Group's largest transaction to date with approximately £4 billion of assets under administration<sup>(3)</sup> and approximately 454,000 policies<sup>(3)</sup> being acquired by Chesnara, creating a combined Group with approximately £18 billion<sup>(7)</sup> of total AuA and approximately 1.4 million policies<sup>(7)</sup>. The Acquisition is also expected to result in Chesnara's inclusion in the FTSE 250 index and further supports Chesnara's position as one of the leading life and pensions consolidators.

### **Summary of background to and reasons for the Rights Issue**

The Board decided to undertake the Rights Issue to raise capital to support the Acquisition as part of establishing an optimal financing structure, comprising use of existing cash, drawdown of the Amended RCF and equity raised from the proposed Rights Issue, to align with the Group's financing framework and to support additional M&A in the future. The Rights Issue would ensure that, if Qualifying Shareholders (other than, subject to limited exceptions, Shareholders with a registered address in, or resident in, one of the Excluded Territories) buy all of the New Ordinary Shares to which they are entitled, their shareholdings would not be diluted. This means that Shareholders who subscribe for all of the New Ordinary Shares to which they are entitled under the Rights Issue will have the same percentage interest in the Company both before and after the Rights Issue, subject to the rounding down of fractional share entitlements.

The Company is proposing to raise gross proceeds of approximately £140 million by way of a rights issue of 79,539,337 New Ordinary Shares. The Company entered into an underwriting agreement today with RBC Europe Limited ("RBC") and ABN AMRO Bank N.V., in cooperation with ODDO BHF SCA, ("ABN AMRO") acting as underwriters (the "Underwriters") and Panmure Liberum Limited ("Panmure

**Liberum**", and together with RBC and ABN AMRO, the "**Joint Bookrunners**") in connection with the Rights Issue (the "**Underwriting Agreement**"). This Rights Issue will be on the basis of:

### **10 New Ordinary Shares for every 19 Existing Ordinary Shares**

held on the Record Time (and so in proportion for any other number of Existing Ordinary Shares then held) and otherwise on the terms and conditions as set out in the Prospectus.

The offer is to be made at 176 pence per New Ordinary Share (the "**Issue Price**"), payable in full on acceptance by no later than 11 a.m. on 22 July 2025. The Issue Price represents a discount of 40.0 per cent. to the closing price of 293.50 pence per Ordinary Share on 2 July 2025 (the last Business Day before the publication of this announcement), and a discount of 30.4 per cent. to the theoretical ex-rights price of 252.98 pence per Ordinary Share by reference to the closing price on the same basis.

The New Ordinary Shares, when issued and fully paid, will rank pari passu in all respects with the Existing Ordinary Shares, including the right to receive dividends or distributions made, paid or declared after the date of this announcement. Applications will be made to the FCA and to the London Stock Exchange ("**LSE**") for the New Ordinary Shares to be admitted to the Official List and to trading on the LSE's main market for listed securities ("**Admission**"). It is expected that Admission will occur and that dealings in the Rights (Nil and Fully Paid) on a multi-lateral trading facility of the LSE will commence at 8.00 am on 8 July 2025. It is expected that dealings in the New Ordinary Shares (fully paid) will commence on the LSE at the time and date shown in the Indicative Summary Timetable of Principal Events set out below.

If the Rights Issue were to proceed but the Acquisition does not complete, the Board intends to retain the net proceeds of the Rights Issue for use within the following 12 months on the general commercial activities of the Group and alternative acquisitions in pursuit of the Group's strategy as a consolidator of closed life and pension funds, currently focusing on the UK and Dutch insurance markets as well as exploring potential opportunities in the wider European insurance market. Failing this, the Board will either seek to return the net proceeds of the Rights Issue to Shareholders in a tax efficient and practicable manner or seek Shareholders' approval to continue to hold the net proceeds of the Rights Issue for general corporate purposes.

The Rights Issue is fully underwritten by the Underwriters pursuant to the terms and conditions of the Underwriting Agreement.

### **Amended and Restated Facility Agreement and other Acquisition Details**

Alongside the announcement of the Acquisition and the Rights Issue, earlier today the Company entered into an amendment and restatement deed with National Westminster Bank plc as arranger, original lender and facility agent and ABN AMRO Bank N.V. as an original lender to amend and restate the existing credit facility agreement originally dated 2 July 2024 (the "**Amended and Restated Facility Agreement**") pursuant to which a three year increased £150,000,000 multicurrency revolving facility ("**Amended RCF**") is made available to the Company. The Company will draw down £65 million from the Amended RCF for the purposes of part funding the consideration for the Acquisition.

The Amended RCF may also be applied towards certain other acquisitions that are permitted under the Amended and Restated Facility Agreement and general corporate and working capital purposes of the Group. The Amended RCF is unsecured, and the Company is the only borrower under the Amended and Restated Facility Agreement but the Company can on-lend amounts borrowed to other members of the Group.

The Acquisition is expected to bring the Group an additional approximately £4 billion of assets under administration<sup>(3)</sup> and approximately 454,000 policies<sup>(3)</sup>, based on information as at 31 December 2024. This will result in an increase in the Group's existing AuA<sup>(7)</sup> to £18 billion and a total of approximately 1.4 million policyholders<sup>(7)</sup>.

Completion of the Acquisition is conditional upon customary regulatory approvals and Admission becoming effective.

### **Board Statement**

The Board unanimously considers the Acquisition to be in the best interests of the shareholders of the Company as a whole. The Board believes the Acquisition offers significant financial benefits for Shareholders and is a strong strategic fit for the Group.

### **UK Listing Rules**

The Acquisition, due to its size relative to the Group, constitutes a "significant transaction" for the purposes of the UK Listing Rules, and is therefore notifiable in accordance with UK Listing Rule 7.3.1R and 7.3.2R. Additional details as required under the UK Listing Rules are presented in Appendix 2.

### **Prospectus**

A Prospectus setting out the full details of the Rights Issue is expected to be published on the Company's website at [www.chesnara.co.uk/investors](http://www.chesnara.co.uk/investors) later today.

The Prospectus will be submitted to the National Storage Mechanism and will be available for inspection at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism> following publication.

The preceding summary should be read in conjunction with the full text of the following announcement, together with the Prospectus.

Unless the context otherwise requires, words and expressions defined in the Prospectus shall have the same meanings in this announcement.

### **Expected Summary Timetable of Principal Events**

Rights Issue Record Date	6.00 p.m. on 1 July
Announcement of the Rights Issue	3 July
Publication of the Prospectus	3 July
Despatch of Provisional Allotment Letters (to Qualifying Non-CREST Shareholders only)	4 July
Existing Ordinary Shares marked "ex-rights" by the London Stock Exchange	8.00 a.m. on 8 July
Admission of New Ordinary Shares, and admission of and commencement of dealings in, Nil Paid Rights on a multi-lateral trading facility of the London Stock Exchange	8.00 a.m. on 8 July
Latest time and date for acceptance and payment in full and registration of renounced Provisional Allotment Letters	11.00 a.m. on 22 July
Expected date of announcement of the results of the Rights Issue through a Regulatory Information Service	by 8.00 a.m. on 23 July
<b>Dealings in New Ordinary Shares (fully paid) commence on the London Stock Exchange</b>	8.00 a.m. on 23 July

*The times and dates set out in the expected timetable above may be subject to change and based on London time.*

#### **Webcast and Conference Call**

A presentation for analysts and investors will be held today, 3 July 2025, at 8.30 a.m. (BST).

A link to a live webcast of the presentation, with the facility to raise questions, and a copy of the presentation will be available at [www.chesnara.co.uk/investors](http://www.chesnara.co.uk/investors).

To access the live webcast please go to: [https://brmedia.news/CSN\\_IP](https://brmedia.news/CSN_IP).

To access the conference call please dial: +44 (0) 33 0551 0200 or 0808 109 0700 (UK Toll Free) and quote 'Chesnara' when prompted by the operator.

A replay of the presentation will also be available through the website.

#### **Notes:**

- (1) Incremental cash generation arising from the acquisition of HSBC Life (UK) is calculated using Chesnara's assumptions and reporting bases on an undiscounted basis
- (2) Increase in Final FY25 dividend per share compared to re-stated Final FY24 dividend per share; Increase in Interim FY26 dividend per share compared to expected Interim FY25 dividend per share. See Appendix I, Paragraph 2 for further details
- (3) HSBC Life (UK)'s approximate assets under administration and number of policies as at 31 December 2024
- (4) Eligible Solvency II Own Funds of £314 million after Tier 3 tiering restriction as at 31 December 2024
- (5) Leverage ratio calculated as debt divided by debt plus equity with the equity denominator adding back the net of tax CSM liability
- (6) In reference to Fitch's investment grade rating of Chesnara
- (7) Pro forma assets under administration and number of policies for Chesnara are calculated as at 31 December 2024

#### **Enquiries**

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The person responsible for arranging for the release of this announcement on behalf of Chesnara is Al Lonie, Company Secretary.

**Notes to Editors**

**LEI Number: 213800VFRMBRTSZ3SJ06**

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 (as it forms part of domestic law as defined in the European Union (Withdrawal) Act 2018).

**About Chesnara plc**

Chesnara (CSN.L) is a European life and pensions consolidator listed on the London Stock Exchange. It administers just under one million policies and operates as Countrywide Assured in the UK, as The Waard Group and Scildon in the Netherlands and as Movestic in Sweden.

Following a three-pillar strategy, Chesnara's primary responsibility is the efficient administration of its customers' life and savings policies, ensuring good customer outcomes and providing a secure and compliant environment to protect policyholder interests. It also adds value by writing profitable new business in the UK, Sweden and the Netherlands and by undertaking value-adding acquisitions of either companies or portfolios.

Consistent delivery of the Company strategy has enabled Chesnara to increase its dividend for 20 years in succession.

Further details are available on the Company's website ([www.chesnara.co.uk](http://www.chesnara.co.uk)).

**IMPORTANT NOTICES**

This announcement has been issued by and is the sole responsibility of the Company. The information in this announcement is for background purposes only and does not purport to be full or complete. No reliance may or should be placed by any person for any purpose whatsoever on the information contained in this announcement or on its accuracy, fairness or completeness. The information in this announcement is subject to change without notice.

This announcement is an advertisement for the purposes of the Prospectus Regulation Rules of the FCA and does not constitute a prospectus (or prospectus equivalent document) and investors should not subscribe for, purchase, otherwise acquire, sell or otherwise dispose of any securities referred to in this announcement except on the basis of information in the Prospectus to be published by the company in due course. Neither this announcement nor anything contained in it shall form the basis of, or be relied upon in conjunction with, any offer or commitment whatsoever in any jurisdiction.

A copy of the Prospectus will, following publication, be available from the registered office of the Company and on its website at [www.chesnara.co.uk/investors](http://www.chesnara.co.uk/investors), save that the Prospectus will not be available to shareholders in the United States, Australia, Canada, Japan, the Republic of South Africa or any other jurisdiction where such release, publication or distribution would be unlawful. Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this announcement. The Prospectus will provide further details of the New Ordinary Shares, the Nil Paid Rights and the Fully Paid Rights being offered pursuant to the Rights Issue.

This announcement is for information purposes only and is not intended to and does not constitute an offer or an invitation to apply to acquire any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares in any jurisdiction. No offer or invitation to purchase or subscribe for, or any solicitation to purchase or subscribe for, Nil Paid Rights, Fully Paid Rights or New Ordinary Shares or to take up any entitlements to Nil Paid Rights will be made in any jurisdiction in which such an offer or solicitation is unlawful. The information contained in this announcement is not for release, publication or distribution to shareholders in the United States, Australia, Canada, Japan, the Republic of South Africa or any other jurisdiction where such release, publication or distribution would be unlawful. The distribution of this announcement, the Prospectus, the Provisional Allotment Letter and the offering or transfer of Nil Paid Rights, Fully Paid Rights or New Ordinary Shares into jurisdictions other than the United Kingdom may be restricted by law, and therefore persons into whose possession this announcement comes should inform themselves about and observe any such restrictions.

Any failure to comply with any such restrictions may constitute a violation of the securities laws of such jurisdiction. In particular, subject to certain exceptions, this announcement, the Prospectus (once published) and the Provisional Allotment Letters (once printed) should not be distributed, forwarded to or transmitted in or into the United States, Australia, Canada, Japan, the Republic of South Africa. Recipients of this announcement and/or the Prospectus should conduct their own investigation, evaluation and analysis of the business, data and property described in this announcement and/or if and when published the Prospectus.

This announcement does not constitute a recommendation concerning any investor's options with respect to the Rights Issue. The price and value of securities can go down as well as up. Past performance is not a guide to future performance. The contents of this announcement are not to be construed as legal, business, financial or tax advice. Each shareholder or prospective investor should consult his, her or its own legal adviser, business adviser, financial adviser or tax adviser for legal, financial, business or tax advice. Acquiring investments to which this announcement relates may expose an investor to a significant risk of losing all of the amount invested

This announcement is not for publication or distribution in or into the United States of America. This announcement is not an offer of securities for sale into the United States. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States, except pursuant to an applicable exemption from registration. No public offering of securities is being made in the United States.

RBC Europe Limited ("RBC") is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom. ABN AMRO Bank N.V. ("ABN AMRO") is regulated by the European Central Bank in close cooperation with the Dutch Central Bank (*De Nederlandsche Bank*) and the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*) in the Netherlands. Panmure Liberum Limited ("Panmure Liberum", and together with ABN AMRO and RBC, the "Joint Bookrunners") is authorised and regulated in the United Kingdom by the FCA. Each of the Joint Bookrunners is acting exclusively for the Company and no-one else in connection with this announcement and the Rights Issue and will not regard any other person (whether or not a recipient of this announcement) as a client in connection with the Rights Issue and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for providing advice to any person in relation to the Rights Issue or any other matter, transaction or arrangement referred to in this announcement.

None of RBC, ABN AMRO or Panmure Liberum, nor any of their respective subsidiaries, branches or affiliates, nor any of their respective directors, officers, employees or advisers accepts any responsibility or liability whatsoever for the contents of this announcement, or makes any representation or warranty, express or implied, as to its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letter, the New Ordinary Shares or the Rights Issue. Subject to applicable law, each of RBC, ABN AMRO and Panmure Liberum disclaims all and any liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, contract or otherwise) which it might otherwise have in respect of the Rights Issue, this announcement, or any statement contained herein, or otherwise.

### **Forward Looking Statements**

This announcement may contain forward-looking statements that reflect the Company's current views and expectations regarding future events. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "envisages", "estimates", "anticipates", "projects", "expects", "intends", "may", "will", "could", "seeks" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. By their nature, forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by the forward-looking statements. These forward-looking statements include matters that are not historical facts and speak only as of the date of this announcement. Accordingly, undue reliance should not be placed on these forward-looking statements.

Readers are advised to read the Prospectus when published and the information incorporated by reference therein in their entirety, and, in particular, the section of the Prospectus headed Part II (Risk Factors), for a further discussion of the factors that could affect the Group's and following Completion, the Enlarged Group's future performance and business. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this announcement, the ~~Prospectus and/or the information incorporated by reference into the Prospectus may not prove to be~~

Prospectus and/or the information incorporated by reference into the Prospectus may not prove to be accurate or may not occur. Prospective investors should therefore carefully review the Prospectus when published. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future.

Nothing in this announcement is intended as a profit forecast or estimate for any period, and no statement in this announcement should be interpreted to mean that earnings or earnings per share or dividend per share for the Company for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share or dividend per share for the Company.

To the extent required by applicable law or regulation (including as may be required by the Companies Act, the Prospectus Regulation Rules, the UK Listing Rules, MAR, the Disclosure Guidance and Transparency Rules and FSMA), the Company will update or revise the information in this announcement. Otherwise, neither the Company nor the Joint Bookrunners assume any obligation to update or provide any additional information in relation to such forward-looking statements. Additionally, statements of the intentions or beliefs of the Board and/or the Directors reflect the present intentions and beliefs of the Board and/or Directors, respectively, as at the date of this announcement and may be subject to change as the composition of the Board alters, or as circumstances require.

## INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the UK Product Governance Requirements) may otherwise have with respect thereto, the New Ordinary Shares have been subject to a product approval process, which has determined that the New Ordinary Shares are: (a) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in Chapter 3 of the FCA Handbook Conduct of Business Sourcebook; and (b) eligible for distribution through all permitted distribution channels (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, "distributors" (for the purposes of the UK Product Governance Requirements) should note that: the price of the New Ordinary Shares may decline and investors could lose all or part of their investment; the New Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the New Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to any contractual, legal or regulatory selling restrictions in relation to the offer of New Ordinary Shares. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (i) an assessment of suitability or appropriateness for the purposes of Chapters 9A or 10A, respectively, of the FCA Handbook Conduct of Business Sourcebook; or (ii) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to, the New Ordinary Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the New Ordinary Shares and determining appropriate distribution channels.

## APPENDIX 1 RIGHTS ISSUE

### 1. Principal Terms and Conditions of the Rights Issue

Today the Board of Chsnara announces a proposed capital raise of approximately £140 million by way of a fully underwritten Rights Issue of 79,539,337 New Ordinary Shares. Subject to the fulfilment of the conditions of the Underwriting Agreement, the New Ordinary Shares will be offered under the Rights Issue by way of rights at 176 pence per New Ordinary Share (the "**Issue Price**") payable in full on acceptance by no later than 11 a.m. on 22 July 2025. This Rights Issue will be on the basis of:

held on the Record Time (and so in proportion for any other number of Existing Ordinary Shares then held) and otherwise on the terms and conditions as set out in the Prospectus.

The Issue Price represents a discount of 40.0 per cent. to the closing price of 293.50 pence per Ordinary Share on 2 July 2025 (the last Business Day before the publication of this announcement), and a discount of 30.4 per cent. to the theoretical ex-rights price of 252.98 pence per Ordinary Share by reference to the closing price on the same basis.

The Rights Issue is expected to raise approximately £140 million in gross proceeds and approximately £130 million in net proceeds (after deduction of estimated commissions, fees and expenses). These net proceeds will be to part fund the Acquisition, as described in detail above in this announcement.

Qualifying Shareholders who do not (or who are not permitted to) take up their entitlements to New Ordinary Shares will have their proportionate shareholdings in the Company diluted by approximately 34.5 per cent. Those Qualifying Shareholders who take up the New Ordinary Shares provisionally allotted to them in full will, subject to the rounding down and sale of any fractions, retain the same proportionate voting and distribution rights as held by them at the Record Time.

The Nil Paid Rights (also described as New Ordinary Shares, nil paid) are entitlements to acquire the New Ordinary Shares subject to payment of the Issue Price. The Fully Paid Rights (also described as New Ordinary Shares, fully paid) are entitlements to receive the New Ordinary Shares, for which a payment has already been made.

Applications will be made to the FCA and to the LSE for the New Ordinary Shares to be admitted to listing on the equity shares (commercial companies) category of the Official List and to trading on the LSE's main market for listed securities, respectively. It is expected that the Rights (Nil and Fully Paid) will be admitted to trading on a multi-lateral trading facility of the London Stock Exchange. It is expected that Admission will become effective at 8.00 am on 8 July 2025, that dealings in the Rights (Nil and Fully Paid) will commence as soon as possible after 8.00 am on that date, and that dealings in the New Ordinary Shares (fully paid) will commence on the London Stock Exchange at the time and date shown in the Expected Indicative Summary Timetable of Principal Events set out above.

The International Securities Identification Number ("ISIN") for the New Ordinary Shares will be the same as that of the Existing Ordinary Shares, being GB00B00FPT80. The ISIN for the Nil Paid Rights will be GB00BR0W1Q72 and for the Fully Paid Rights will be GB00BR0W1R89.

None of the New Ordinary Shares are being offered to the public other than pursuant to the Rights Issue. The Company reserves the right to decide not to proceed with the Rights Issue at any time before Admission and the commencement of dealings of the Nil Paid Rights and Fully Paid Rights on a multi-lateral trading facility of the London Stock Exchange.

The Rights Issue is conditional, *inter alia*, upon:

- (i) the Underwriting Agreement having become unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms prior to Admission; and
- (ii) Admission becoming effective by not later than 8.00 am on 8 July 2025 (or such later time and/or date as the Company may agree with the Global Coordinator).

The Rights Issue is fully underwritten by the Underwriters pursuant to the terms and subject to the conditions of the Underwriting Agreement. The Underwriting Agreement is conditional upon certain matters being satisfied prior to Admission. The Underwriting Agreement may be terminated by the Underwriters prior to Admission upon the occurrence of certain specified events, in which case the Rights Issue will not proceed. For the avoidance of doubt, Admission will not proceed in the event the conditions are not satisfied or the Underwriting Agreement is terminated. The Underwriting Agreement is not capable of termination following Admission. The Underwriters may arrange sub-underwriting for some, all or none of the New Ordinary Shares.

The New Ordinary Shares will, when issued and fully paid, rank pari passu in all respects with the Existing Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared after the date of their issue. There will be no restrictions on the free transferability of the New Ordinary Shares save as provided in the Articles.

If the Rights Issue were to proceed but the Acquisition does not complete, the Board intends to retain the net proceeds of the Rights Issue for use within the following 12 months on the general commercial activities of the Group and alternative acquisitions in pursuit of the Group's strategy as a consolidator of closed life and pension funds, currently focusing on the UK and Dutch insurance markets as well as exploring potential opportunities in the wider European insurance market. Failing this, the Board will either seek to return the net proceeds of the Rights Issue to Shareholders in a tax efficient and practicable manner or seek Shareholders' approval to continue to hold the net proceeds of the Rights Issue for general corporate purposes.

**Overseas Shareholders, including Shareholders in the United States, should refer to paragraph 7 (Overseas Shareholders) of Part VIII (Terms and Conditions of the Rights Issue) of the Prospectus once published for further information regarding their ability to participate in the Rights Issue.**

Some questions and answers, together with details of further terms and conditions of the Rights Issue, including the procedure for acceptance and payment and the procedure in respect of rights not taken up, will be set out in Part IX (Questions and Answers about the Rights Issue) and Part VIII (Terms and Conditions of the Rights Issue) of the Prospectus once published.

## 2. Dividend Policy

Supported by the strong financial profile of the Acquisition, it is anticipated that there will be a step-up in the Group's dividend trajectory. The final FY25 dividend and interim FY26 dividend is expected to be increased by an adjusted 6%, representing a one-year acceleration in the Group's recent historic track record of 3% per annum increases.

The FY24 interim dividend was 8.6p and final dividend was 16.1p resulting in a total dividend of 24.7p. Following issue of 79,539,337 new shares in relation to the Rights Issue at a discount of 30.4% to the theoretical ex-rights price, the adjusted dividend per share for FY24 would have been 21.3p (interim dividend of 7.4p and final dividend of 13.9p) on the basis of a bonus factor of 1.16 being applied. The FY25 dividend is expected to increase to 22.3p (interim dividend of 7.6p and final dividend of 14.7p) and the interim dividend per share for FY26 is expected to increase to 8.1p, reflecting the one-year acceleration described above. This is set out in more detail in the table below.

Group dividend per share						
	FY24 actual	FY24 re-stated post-transaction	FY25 post-transaction	Annual change (FY25 vs. FY24 restated)	FY26 post-transaction	Annual change (FY26 vs. FY25)
Interim dividend	8.6p	7.4p	7.6p	+3.0%	8.1p	+6.0%
Final dividend	16.1p	13.9p	14.7p	+6.0%		
<b>Total dividend</b>	<b>24.7p</b>	<b>21.3p</b>	<b>22.3p</b>	<b>+5.0%</b>		

## 3. Current Trading and Prospects

The outlook for the current financial year remains consistent with the Board's expectations. The Group remains positive on the outlook for further M&A where it remains very active and continues to see a pipeline of opportunities. Chesnara believes it is well placed to execute further value accretive deals for Shareholders.

The Group is expecting to announce its interim results on 28 August 2025.

In addition to the Amended and Restated Facilities Agreement, the Group has additional financing options available, including, following the shareholder authorities given at the Company's annual general meeting in May 2025, the ability to issue restricted tier 1 ("RT1") instruments, which would provide flexibility to refinance existing debt facilities or to give the Group the ability to execute on further value enhancing opportunities as they arise. Accordingly, given its positive pipeline of opportunities, the Group continues actively to assess all such financing options including the issuance of RT1 instruments.

## 4. Directors' Intentions

The Directors are fully supportive of the Rights Issue and believe that the Rights Issue is in the best interest of the Company and the Shareholders as a whole. Each of the Directors who holds Ordinary Shares will, to the extent that he or she is able to, take up his or her rights in respect of his or her Ordinary Shares to subscribe for New Ordinary Shares under the Rights Issue as set out in the Prospectus, once published.

## 5. Risk Factors and Further Information

Shareholders' attention is drawn to the Risk Factors which will be set out in the Prospectus, once published. Shareholders should read the whole of the Prospectus once published before deciding on the action to take in respect of the Rights Issue.

## APPENDIX 2

### KEY TERMS OF THE ACQUISITION

#### Financial Impact of the Acquisition

The Acquisition will bring to the Group an additional approximately £4 billion of assets under administration<sup>(3)</sup> and approximately 454,000 policies<sup>(3)</sup>. This will result in an increase in Chesnara's existing total life company assets under administration<sup>(7)</sup> to approximately £18 billion and create a Group with approximately 1.4 million policies<sup>(7)</sup>.

The Acquisition is expected to lead to incremental lifetime cash generation in excess of £800 million with over £140 million of incremental cash generation during the first five years post-acquisition<sup>(1)</sup>.

On a pro forma basis, the Acquisition would have increased the Group's IFRS profit for the year ended 31 December 2024 from £3.9 million to £20.6 million had the transaction completed on 1 January 2024.

The proposed financing mix will maintain the Group's balance sheet strength, with the leverage ratio of the enlarged Group expected to be 29% as if the transaction had occurred on 31 December 2024 in line with the Group's investment grade rating.

The estimated Solvency II Surplus of the enlarged Group is expected to increase from £327 million to £361 million as if the transaction had occurred on 31 December 2024, with the Solvency Coverage Ratio decreasing from 203% to 169%, and continuing to be above our target operating range of 140% - 160%.

In addition, the liabilities for the enlarged Group are expected to increase from £12,441 million to £16,519 million as if the transaction had occurred on 31 December 2024.

The Company expects that the integration of HSBC Life (UK) will unlock significant value for Chesnara shareholders over time. The Acquisition is also expected to create value for the benefit of shareholders, through potential capital management actions such as the Part VII transfer to a single UK entity, mass lapse reinsurance, FX hedging and capital diversification benefits.

The Acquisition is subject to a non-refundable £20 million break fee payable by the Company on termination of the Share Purchase Agreement other than in certain limited circumstances.

#### Information on HSBC Life (UK)

HSBC Life (UK) is a specialist life protection and investment bond provider in the UK. HSBC Life (UK) operates both open and closed life assurance portfolios, with approximately 454,000 policies<sup>(3)</sup>, of which approximately 432,000 are protection products (as of 31 December 2024). HSBC Life (UK) is the UK life insurance arm of the HSBC Group and a wholly-owned subsidiary of HSBC Bank. The HSBC Group is one of the world's largest banking and financial services organisations.

HSBC Life (UK) provides two key products: (i) an onshore investment bond ("OIB") and (ii) certain protection products (including life, critical illness and income protection). HSBC Life (UK) is the second largest operator in the UK OIB market and provides individual investors with access to approximately 3,800 funds from 200+ fund managers (including investment trusts, unit trusts and OEICs). HSBC Life (UK) has key operations in Fareham, Bristol and London. HSBC Life (UK)'s key strategy is to be one of the top five (5) providers in the protection market in the UK, whilst continuing growth in the OIB sector.

HSBC Life (UK) is authorised and regulated by the FCA and the PRA in the UK.

#### *Key financial data for HSBC Life (UK):*

The financial information below has been extracted from the audited consolidated financial statements for HSBC Life (UK) as at and for the financial year ended 31 December 2024, prepared in accordance with IAS-GBP.

£ million, unless stated	31 December 2024
<b>Solvency II</b>	
Eligible Own Funds	314
Solvency Capital Requirement	210
Solvency Coverage Ratio (%) <sup>(4)</sup>	149
<b>IFRS</b>	
Profit After Tax	26
Total Equity	277
<b>Alternative performance measures</b>	
Assets under Administration (£ billion) <sup>(3)</sup>	c.4
Policies <sup>(3)</sup>	454,000

#### Key Terms of the Acquisition

##### *Share Purchase Agreement*

Today, the Company, as the buyer and HSBC Bank plc, as the seller entered into a share purchase agreement, to acquire the entire issued and to be issued share capital of HSBC Life (UK) (the "**Share Purchase Agreement**").

Completion of the Share Purchase Agreement is subject to certain conditions being satisfied (or waived by the agreement of each of the Company and the Seller under the terms of the Share Purchase Agreement): being the PRA having approved, or being treated as having approved, the acquisition of control of HSBC Life (UK) by the Company for the purposes of the FSMA; and Admission having become effective (the "**Admission Condition**"). The Company has agreed to use its best endeavours to take certain actions in connection with the satisfaction of the condition relating to the approval by the PRA. If each of the conditions has not been satisfied (or waived by mutual written consent between the Company and the Seller) by the date falling nine months after the date of the Share Purchase Agreement and the Company and the Seller have not otherwise agreed in writing within five Business Days thereof then the Share Purchase Agreement will terminate and the Acquisition will not proceed.

The total consideration for the Acquisition comprises: an amount equal to:

- a) £260 million (the "**Basic Amount**"); minus
- b) an amount equal to all dividend payments made by HSBC Life (UK) to the Seller in circumstances where the record date for such dividend falls between 31 December 2024 up the date of Completion; (the "**Dividend Amount**"); plus
- c) an amount equal to:

- a. 1 per cent. per annum calculated on a 365-day year, applied daily, from and including 1 January 2025 to and including the earlier of the date of Completion or 31 December 2025; and
- b. 5 per cent. per annum calculated on a 365-day year, applied daily, from and including 1 January 2026 to and including the date of Completion,

the "**Daily Amount**", calculated in accordance with the provisions set out in the Share Purchase Agreement; plus

- d) an amount equal to the aggregate of any capital equity contribution, or other capital amounts to be contributed by the Seller and/or any member of the Seller's group to HSBC Life (UK) in the form of cash between the date of the Share Purchase Agreement (included) and the date of Completion (included) ("**Capital Contributions**"); plus
- e) an amount for each Capital Contribution equal to the Daily Amount multiplied by the amount of the relevant Capital Contribution multiplied by the number of days elapsed from but excluding the date of payment of the relevant Capital Contribution up to and including the date of Completion,

together the ("**Consideration Amount**").

The Consideration Amount may be adjusted via a "locked box" mechanism.

Prior to the date of Completion, either the Company or the Seller may terminate the Share Purchase Agreement with immediate effect, upon becoming aware that the other party has become a sanctioned person (as such term is defined within the Share Purchase Agreement); or has violated or would cause the other party to violate certain laws relating to anti-terrorism, anti-money laundering, economic sanctions or other legislation as set out in the Prospectus.

If the Admission Condition is not satisfied within four Business Days of the date of the Share Purchase Agreement, the Company shall use best endeavours to seek alternative financing for the Acquisition. In such circumstances, the Seller may terminate the Share Purchase Agreement, from the fortieth Business Day following the date of the Share Purchase Agreement provided that HSBC Bank plc must give not less than 10 Business Days' notice to the Company of its intention to exercise the termination right and further provided that such termination right shall lapse if the Company has been able to obtain alternative financing for the Acquisition to the reasonable satisfaction of the Seller.

On termination of the Share Purchase Agreement (other than in certain limited circumstances), a non-refundable break payment of an amount equal to £20,000,000 shall become payable within 5 Business Days of termination of the Share Purchase Agreement.

The Seller and the Company have given each other certain customary representations and warranties in relation to the Acquisition and the issue of the New Ordinary Shares. The Seller has also given to the Company an indemnity in respect of potential liabilities associated with certain enhanced redundancy or early retirement benefits under occupational pension schemes that may transfer to the Company upon Completion. The Company's recourse in respect of warranties and certain indemnities in relation to HSBC Life (UK) is, save in respect of fraud, limited to recovery under warranty and indemnity insurance policy which was also entered into between the Company and RiskPoint Solutions Limited on 3 July 2025.

Save as set out above, the Seller's liability in respect of claims made pursuant to the Share Purchase Agreement is subject to certain customary limitations including that the Seller's total liability in respect of all claims (other than specific claims relating to adjustments to the Consideration Amount via the "locked box" mechanism) relating to the Acquisition is not to exceed 100% of the Consideration Amount. Certain sub-caps on the Seller's liability also apply.

The Seller has undertaken that HSBC Life (UK) will be run in the ordinary course of business until Completion and will not make any material change to the nature of the business. The Share Purchase Agreement contains customary restrictions on the conduct of certain activities by HSBC Life (UK) prior to Completion. The Share Purchase Agreement is governed by English law.

Fenchurch Advisory Partners is acting as the lead financial adviser, RBC is acting as Sponsor, global coordinator, lead Underwriter and joint financial adviser and Pinsent Masons is acting as legal adviser, to Chasnara in connection with the Acquisition.

## OTHER INFORMATION

### Part A - Material Contracts - Company

#### *Share Purchase Agreement*

Details of the Share Purchase Agreement are set out above.

#### *Underwriting Agreement*

The Company and the Joint Bookrunners entered into the Underwriting Agreement pursuant to which the Company has appointed RBC as sole sponsor, global coordinator, lead underwriter and joint bookrunner, ABN AMRO as joint underwriter and joint bookrunner and Panmure Liberum as joint bookrunner in connection with the Rights Issue and Admission.

Subject to the terms and conditions of the Underwriting Agreement, the Joint Bookrunners (as agents for the Company) have severally (and not jointly or jointly and severally) agreed to use reasonable endeavours to procure subscribers for all (or as many as possible of) the New Ordinary Shares which are not taken up as soon as reasonably practicable and in any event no later than 8.00 pm on the second dealing day after the last date for acceptances under the Rights Issue, for an amount which is not less than the total of the Issue Price multiplied by the number of such New Ordinary Shares for which subscribers are so procured and the expenses of procurement (including any commissions and related amounts in respect of VAT).

If and to the extent that the Joint Bookrunners are unable to procure subscribers on the basis outlined above, the Underwriters shall, as principals, subscribe on a several basis in the agreed proportions for any remaining New Ordinary Shares at the Issue Price.

In consideration for their services under the Underwriting Agreement, and subject to their obligations under the Underwriting Agreement having become unconditional and the Underwriting Agreement not having been terminated, the Joint Bookrunners will be paid a fee by reference to the gross proceeds of the Rights Issue in respect of the New Ordinary Shares. The Company has also agreed to pay a fee to RBC in consideration for its services as sponsor.

The Company has given certain customary representations and warranties and undertakings to the Joint Bookrunners, including a 180-day lock-up on issues of new shares from the date of settlement (save for permitted issuances in connection with the Rights Issue and existing employee share schemes and the issue of certain convertible securities following completion of the Rights Issue). The Company has also given customary indemnities to the Joint Bookrunners and to certain persons connected with the Joint Bookrunners.

If any condition is not satisfied (unless, where permissible, extended or waived by the Global Coordinator), or becomes incapable of being satisfied, by the required time and date then, save for certain exceptions, the parties' obligations under the Underwriting Agreement shall cease and terminate, without prejudice to any liability for any prior breach of the Underwriting Agreement. The Underwriting Agreement cannot be terminated once Admission has occurred.

Further details of the Underwriting Agreement will be contained in the Prospectus which is expected to be published later today by the Company.

#### *Previous Acquisitions*

Further details of the other material acquisition agreements which the Group has entered into in the previous two years will be contained in the Prospectus which is expected to be published later today by the Company.

#### *Amended and Restated Facility Agreement*

Earlier today, the Company entered into an amendment and restatement deed with National Westminster Bank plc as arranger, original lender and facility agent and ABN AMRO Bank N.V. as an original lender to amend and restate credit facility agreement originally dated 2 July 2024 (the "Amended

Original Lender to amend and restate credit facility agreement originally dated 2 July 2024 (the "Amended and Restated Facility Agreement") pursuant to which a three year £150,000,000 multicurrency revolving facility (the "Amended RCF") is made available to the Company.

The Amended RCF may be applied towards, amongst other things, the part funding of consideration and acquisition by the Company of the entire issued share capital of HSBC Life (UK) from HSBC Bank plc (the "Acquisition") under and pursuant to the Share Purchase Agreement as disclosed to the Amended RCF finance parties, certain other acquisitions that are permitted under the Amended and Restated Facility Agreement and general corporate and working capital purposes of the "Group" as defined in the Amended and Restated Facility Agreement (being the Company and each of its respective subsidiaries for the time being). The Amended RCF is unsecured, and the Company is the only borrower under the Amended and Restated Facility Agreement but the Company can on-lend amounts borrowed to other members of the Group.

The Amended and Restated Facility Agreement contains a certain funds concept which will apply to a utilisation of the Amended RCF to fund the Acquisition. In the context of the Acquisition, the "Agreed Certain Funds Period" will run from the effective date of the Amended and Restated Facility Agreement to the earlier of: (i) the date falling nine months from the date of the Amended and Restated Facility Agreement; (ii) the date on which the Share Purchase Agreement is terminated in accordance with its terms; and (iii) the date on which the Company notifies the Facility Agent that the Acquisition will not be proceeding.

To make a certain funds utilisation, the Company has to comply with certain notice requirements under the Amended and Restated Facility Agreement and it must have sufficient headroom to draw the amount requested. If these requirements are met, during the Agreed Certain Funds Period, subject to certain carve outs, there can be no acceleration of the loans, cancellation of undrawn commitments or refusal to make available a utilisation of the loans in each case to the extent that such acceleration, cancellation or refusal to fund would prevent or limit the making of any loan to fund the Acquisition. The carve outs to certain funds are illegality, a "Major Event of Default" is continuing (on the date of the utilisation request, on the proposed utilisation date or would result from the proposed utilisation) and a change of control in relation to the Company.

Loans under the Amended RCF may be drawn in sterling, US dollars or euro. Interest is payable on the loans at a percentage rate per annum which is equal to the aggregate of the relevant reference rate (SONIA for sterling loans, SOFR for US dollar loans and EURIBOR for euro loans) plus a margin which is subject to change depending on the total debt to economic value for the 12 month period ending on the most recent financial quarter date. If an event of default is continuing the highest possible margin applies. Each interest period is one month and interest is payable at the end of each interest period. The Company is also required to pay a commitment fee equal to 35 per cent. of the applicable margin on available commitments under the Amended RCF for the period that the Amended RCF is available. The commitment fee is calculated on the last day of each month but is payable quarterly in arrears.

The Amended and Restated Facility Agreement includes standard information undertakings. These include the delivery of annual audited consolidated financial statements, half yearly interim consolidated financial statements relative the first half of each financial year, quarterly consolidated management accounts and copies of regulatory returns required to be delivered by a member of the Group to any financial services regulator.

In addition, the Amended and Restated Facility Agreement contains certain other customary representations, warranties and undertakings including, without limitation, a restriction on certain acquisitions, a restriction on certain sales and other disposals of assets, a restriction on the creation or subsistence of security subject to certain exceptions, a restriction on financial indebtedness subject to certain exceptions, a requirement that if any reinsurer providing reinsurance services to a member of the Group becomes insolvent, ceases business or whose certain credit rating falls below a certain level to replace that reinsurer or recapture the reinsurance provided by that reinsurer and a requirement to maintain certain regulatory authorisations.

Further details of the Amended and Restated Facility Agreement will be contained in the Prospectus which is expected to be published later today by the Company.

#### **Part B - Risk Factors**

The Acquisition is subject to a number of risks. The risks and uncertainties set out below are those which the

The Acquisition is subject to a number of risks. The risks and uncertainties set out below are those which the Directors believe are the material risks relating to the Acquisition, material new risks to the Group as a result of the Acquisition or existing material risks to the Group which will be impacted by the Acquisition. If any, or a combination of, these risks actually materialise, the business, results of operations, financial condition, cash flows or prospects of the Enlarged Group could be materially and adversely affected.

The risks and uncertainties described below are not intended to be exhaustive and are not the only ones that face the Group. The information given is as at the date of this announcement and, except as required by the FCA, the London Stock Exchange, the UK Listing Rules, UK Market Abuse Regulations and/or any regulatory requirements or applicable law, will not be updated. Additional risks and uncertainties not currently known to the Directors or that they currently deem immaterial, may also have an adverse effect on the business, financial condition, results of operations and prospects of the Group. If this occurs, the price of the Ordinary Shares may decline and Shareholders could lose all or part of their investment.

**The Rights Issue is not conditional upon completion of the Acquisition; if the Rights Issue completes but the Acquisition does not, the proceeds of the Rights Issue will be retained by the Group**

It is possible that the Acquisition could cease to be capable of completion, in particular, if a condition precedent to Completion relating to regulatory approval is not satisfied in accordance with the Share Purchase Agreement following Admission and the Rights Issue becoming wholly unconditional. In this case, as the Rights Issue is not conditional upon completion of the Acquisition, the Rights Issue would still be completed, and funds would be raised by the Group.

In the unlikely event that the Rights Issue were to proceed but the Acquisition does not complete, the Directors intend to retain the net proceeds of the Rights Issue for use within the following 12 months on the general commercial activities of the Group and alternative acquisitions in pursuit of the Group's strategy as a consolidator of closed life and pension funds, currently focusing on the UK and Dutch insurance markets as well as exploring potential opportunities in the wider European insurance market. Failing this, the Directors will either seek to return the net proceeds of the Rights Issue to Shareholders in a tax efficient and practicable manner or seek Shareholders' approval to continue to hold the net proceeds of the Rights Issue for general corporate purposes. Any such return to Shareholders could carry fiscal costs for certain Shareholders, will have costs for the Group and would be subject to applicable securities laws. As a result, in such circumstances, Shareholders may not receive a return in full (or at all) of any amounts invested pursuant to the Rights Issue. This could, in turn, result in the Group experiencing negative reactions from the financial markets, its Shareholders and its other stakeholders which could cause the market value of the Ordinary Shares to fall.

**Completion of the Acquisition is subject to the satisfaction of certain conditions, which may not be satisfied or waived**

Completion of the Acquisition is subject only to the satisfaction (or waiver, where applicable) of the following conditions:

- (a) the PRA having approved, or being treated as having approved, the acquisition of control of HSBC Life (UK) by Chesnara for the purposes of the Financial Services and Markets Act 2000; and
- (b) Admission having become effective.

There is no guarantee that these conditions will be satisfied. Failure to satisfy any of these conditions may result in the Acquisition not completing. If the Acquisition does not complete, the Group will not benefit from the expected benefits of the Acquisition. The Company has agreed to use its best endeavours to take certain actions in connection with the satisfaction of the condition relating to the approval by the PRA. As a result, there is a risk that the Company may incur significant expenditure in connection with, or to satisfy, such condition which will be in addition to the actual costs of the Acquisition and the integration process.

If the condition related to Admission is not satisfied within four Business Days of the date of the Share Purchase Agreement, the Company is required to use best endeavours to seek alternative financing for the Acquisition. Such alternative financing may not be forthcoming or may only be available on terms which are not as advantageous. In such circumstances, the Company may not be able to complete the Acquisition or, if it does complete the Acquisition, it may not be able to not achieve the expected benefits of it. Failure to complete an acquisition could adversely impact the Group's reputation as a successful consolidator leading to difficulty in acquiring future targets and an adverse effect on the business and financial condition of the Group.

In addition to the risks highlighted above, on termination of the Share Purchase Agreement (other than: (i) as a result of the Seller becoming sanctioned under relevant sanctions legislation; or (ii) having violated or caused the Company to violate certain legislation; or (iii) completion not occurring due to a failure of the Seller to comply with its completion obligations), a non-refundable break payment of an amount equal to £20,000,000 shall become payable within 5 Business Days. All of these events could cause the market price of the Company's shares to decline.

**Only limited and capped warranties and indemnities are provided by the Seller and such warranties are subject to a warranty and indemnity insurance policy ("W&I Policy") which may not cover all of the potential liabilities associated with the Target, which could in turn impact the Group's ability to recover in full from the Seller any losses which it may suffer in respect of a breach of those warranties and/or the indemnities**

The Company has put in the W&I Policy to provide insurance coverage for breach of the warranties and tax covenant given by the Seller in respect of the Target. The W&I Policy is subject to certain customary and specific exclusions and to agreed policy limits. As a result, there is a risk that the Company may not be able to recover amounts in respect of claims brought in respect of breach of the warranties.

In addition, the Group would be dependent on the financial position of the Seller in the event that it sought to recover amounts in respect of any claims for which the Seller is liable.

In either circumstance mentioned above, if claims arose but losses could not be recovered, this could adversely affect the Enlarged Group's business, prospects, financial condition and results of operations.

**The Group has limited management resources and thus may become distracted or overstretched by the process of integrating and managing the Group. There may be unforeseen integration difficulties which could mean that, following completion of the Acquisition, the implementation of the Group's strategy may not proceed as expected**

The Group has been, and will be, required to devote significant management attention and resources to executing the Acquisition and subsequently integrating the Target into the Group's business. While the Group has carried out significant planning in respect of the Acquisition, there is a risk that the Group may encounter difficulties when seeking to integrate the Target, as a result of differences in management and operation of the Target prior to the Acquisition. If such integration difficulties are significant, this could result in management distraction or overstretch and the deferral of certain planned management actions and adversely affect the Group's business, prospects, financial condition and results of operations. Should any of these integration difficulties occur, the Enlarged Group's businesses may not perform in line with management or Shareholder expectations, which could have an adverse effect on the Group's business, results, financial condition and prospects.

**The Group may incur higher than expected Acquisition-related costs and integration costs**

The Group has incurred and will incur legal, accounting, financing and transaction fees and other costs related to the Acquisition. Some of these costs are payable regardless of whether the Acquisition is completed. The actual costs of the Acquisition and the integration process may exceed those estimated and there may be further additional and unforeseen expenses incurred in connection with the Acquisition or the integration, or in complying with the ongoing United Kingdom company and listing requirements post-Acquisition. In addition, in connection with the Acquisition, the Seller and the Target will enter into the Transitional Services Agreement at Completion pursuant to which the Seller will provide certain services to the Target for an agreed transitional period. If the Seller fails to provide the services to be provided under the Transitional Services Agreement in a timely manner or as required under the agreement, this could extend the agreed transitional period which, under the agreement, would require the Target to pay additional costs. As a result, there is a risk that the actual costs of the Transitional Services Agreement could be higher than expected. Any of the above factors could materially adversely affect the Group's results of operations.

**The value of the Target may be less than the consideration paid**

Prior to completion of the Acquisition, the Company has limited rights to terminate the Acquisition. Accordingly, in the event that there is an adverse event affecting the value of the Target or the value of the Target otherwise declines prior to completion of the Acquisition, the value of the Target purchased by the Group may be less than the consideration agreed to be paid and, accordingly, the net POL of the Group could be reduced. There can be no assurance that the Company will be able to renegotiate the consideration paid for the Target and the Company may therefore pay an amount in excess of market value for the Target, which could have an adverse effect on the business and financial condition of the Enlarged Group.

**Risks of executing the Acquisition could cause the market price of Ordinary Shares to decline**

The market price of Ordinary Shares may decline as a result of the Acquisition if, among other reasons, the Group does not achieve the expected benefits of the Acquisition as rapidly or to the extent anticipated or at all, the effect of the Acquisition on Chesnara's financial results is not consistent with the expectations of investors, or Shareholders sell a significant number of Ordinary Shares after completion of the Acquisition.

**The terms of the financing arrangements of the Enlarged Group may limit its commercial and financial flexibility**

The commercial and financial flexibility of the Enlarged Group will be restricted by certain covenants under the terms of the Amended and Restated Facility Agreement. These covenants include customary restrictions relating to mergers and acquisitions, the granting of security over or disposal of assets, the incurrence of financial indebtedness, guarantees and indemnities, the extension of loans or credit by members of the Enlarged Group and derivative transactions. Any inability to exploit commercial opportunities as a result of such covenants may have a material adverse effect on the Enlarged Group.

**Part C - Legal or arbitration proceedings**

*Group*

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) during a period covering at least the previous 12 months preceding the date of this announcement which may have, or have had in the recent past, a significant effect on the Group's financial position or profitability.

*HSBC Life (UK)*

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) during a period covering at least the previous 12 months preceding the date of this announcement which may have, or have had in the recent past, a significant effect on HSBC Life (UK)'s financial position or profitability.

**Part D - Related Party Transactions**

*Group*

There have been no related party transactions between the Group and its related parties during the period since 31 December 2024.

## DEFINITIONS

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

<b>"Acquisition"</b>	means the acquisition by the Company of the HSBC Life (UK) from HSBC Bank pursuant to the Share Purchase Agreement
<b>"Admission"</b>	means Admission of the New Ordinary Shares and Admission of the Rights (Nil and Fully Paid);
<b>"Admission of the New Ordinary Shares"</b>	means the admission of the New Ordinary Shares to: (i) listing on the equity shares (commercial companies) category of the Official List; and (ii) trading on the London Stock Exchange's main market for listed securities
<b>"Admission of the Rights (Nil and Fully Paid)"</b>	means the admission of the Rights (nil and fully paid) to trading on a multi-lateral trading facility of the London Stock Exchange
<b>"Amended and Restated Facilities Agreement"</b>	means the amended and restated facility agreement entered into by the Company, National Westminster Bank plc and ABN AMRO Bank N.V on 3 July 2025
<b>"Amended RCF"</b>	means the three year £150,000,000 multicurrency revolving facility made available to the Company under the Amended and Restated Facilities Agreement
<b>"Board"</b>	means the board of directors of the Company
<b>"Company" or "Chesnara"</b>	means Chesnara plc a company incorporated in England and Wales (Company Registration Number: 04947166) and having its registered office at 2 <sup>nd</sup> Floor, Building 4 West Strand, Preston, PR1 8UY
<b>"Completion"</b>	means completion of the Acquisition pursuant to the terms of the Share Purchase Agreement
<b>"Countrywide Assured"</b>	means Countrywide Assured plc, a company incorporated in England and Wales (Company Registration Number 02261746) and having its registered office at 2 <sup>nd</sup> Floor, Building 4 West Strand Road, Preston, Lancashire, England, PR1 8UY
<b>"CSM"</b>	means Contractual Service Margin as recognised under IFRS 17
<b>"Directors"</b>	means the statutory directors of the Company, from time to time
<b>"Eligible Own Funds"</b>	means Own Funds that can be used to meet the Solvency Capital Requirement
<b>"Eligible Solvency II Own Funds"</b>	means Solvency II Own Funds that can be used to meet the Solvency Capital Requirement
<b>"Enlarged Group"</b>	means the Group following Completion of the Acquisition
<b>"Excluded Shareholders"</b>	means, subject to certain exceptions, Shareholders who have registered addresses in, who are incorporated in, registered in, or otherwise resident or located or resident in, any Excluded Territory or, subject to certain limited exceptions in the United States of America
<b>"Excluded Territories"</b>	means Australia, Canada, Japan, South Africa and any other jurisdiction where the extension or availability of the Rights Issue (or any transaction contemplated thereby and any activities carried out in connection therewith) would breach applicable law and "Excluded Territory" means one of them
<b>"Existing Ordinary Shares"</b>	means, in relation to a particular date, the Ordinary Shares in issue at that date
<b>"FCA"</b>	means the Financial Conduct Authority
<b>"Fully Paid Rights"</b>	means the rights to acquire New Ordinary Shares, fully paid

<b>"Global Coordinator"</b>	means RBC Europe Limited
<b>"HSBC Life (UK)" or "Target"</b>	means HSBC Life (UK) Limited
<b>"HSBC Bank" or "Seller"</b>	means HSBC Bank plc
<b>"Joint Bookrunners"</b>	means RBC Europe Limited, ABN AMRO Bank N.V., in cooperation with ODDO BHF SCA, and Panmure Liberum Limited
<b>"LSE" or "London Stock Exchange"</b>	means London Stock Exchange Group plc
<b>"New Ordinary Shares"</b>	means the new Ordinary Shares to be issued by the Company pursuant to the Rights Issue
<b>"Nil Paid Rights"</b>	means rights to acquire New Ordinary Shares, nil paid
<b>"Official List"</b>	means the official list maintained by the FCA
<b>"Ordinary Shares"</b>	means the ordinary shares of 5 pence each in the capital of the Company and includes, where the context requires, the New Ordinary Shares
<b>"Own Funds"</b>	means, in accordance with the UK's regulatory regime for insurers, the sum of the individual capital resources for each of the regulated related undertakings less the book-value of investments by the Company in those capital resources
<b>"PRA"</b>	means the Prudential Regulatory Authority
<b>"Prospectus"</b>	means the prospectus to be published by the Company in connection with the Rights Issue
<b>"Qualifying Shareholder"</b>	means holders of Ordinary Shares on the register of members of the Company at the Record Time with the exclusion of the Excluded Shareholders
<b>"Record Time"</b>	means 6.00 pm on 1 July 2025, being the date on which a Shareholder must hold Ordinary Shares to be a Qualifying Shareholder
<b>"Rights Issue"</b>	means the offer by way of rights to Qualifying Shareholders to acquire New Ordinary Shares in the Company, subject to the terms and conditions of the Prospectus
<b>"Silicon"</b>	means Silicon NV
<b>"Shareholder"</b>	means a holder of Ordinary Shares from time to time (and Shareholders shall be construed accordingly)
<b>"Share Purchase Agreement"</b>	the share purchase agreement entered into by the Company, as the buyer and HSBC Bank, as the seller to acquire the entire issued and to be issued share capital of HSBC Life (UK)
<b>"Solvency II"</b>	means the fundamental review of the capital adequacy regime for the European insurance industry. Solvency II aims to establish a set of EU-wide capital requirements and risk management standards and has replaced the Solvency I requirements
<b>"Solvency Coverage Ratio"</b>	means the ratio of an insurance company's eligible capital to its regulatory capital requirement
<b>"Transitional Services Agreement"</b>	means the transitional services agreement to be entered into between the Company and the Seller on or around the date of Completion;
<b>"UK Listing Rules"</b>	means the UK Listing Rules made under Part VI of FSMA (as set out in the FCA Handbook), as amended from time to time
<b>"Underwriters"</b>	means RBC Europe Limited and ABN AMRO Bank N.V., in

cooperation with ODDO BHF SCA

**"VAT"**

means value added tax

**ENDS**

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**END**

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