

This document is important and requires your immediate attention.

If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice immediately from a stockbroker, bank manager, solicitor, accountant or other independent financial or legal adviser authorised under the Financial Services and Markets Act 2000, if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

2 August 2017



Dear Participant

The Novae Group plc Share Incentive Plan and the recommended all cash offer for Novae Group plc by AXIS Specialty UK Holdings Limited (a wholly owned subsidiary of AXIS Capital Holdings Limited)

SIP Shares

As you know, the boards of Novae Group plc ("**Novae**") and AXIS Capital Holdings Limited ("**AXIS**") announced on 5 July 2017 that they had reached agreement on the terms of a recommended all cash acquisition for the entire issued and to be issued share capital of Novae by AXIS Specialty UK Holdings Limited (a wholly owned subsidiary of AXIS Capital Holdings Limited) ("**AXIS BidCo**") (the "**Acquisition**").

Why are we writing to you?

We are writing to explain how the Acquisition will affect your Novae Shares held in the SVB Holdings All-Employee Share Ownership Plan, the Novae Group plc Share Incentive Plan and the Novae Group Share Incentive Plan ("**SIP Shares**") and the steps you may take in respect of such SIP Shares.

Please read everything in this pack. **This pack and its contents are very important.**

If you participate in other Novae share plans you are also being written to separately about the effect that the Acquisition will have on your awards granted under those plans. Please read those letters carefully.

How will the Acquisition work?

The Acquisition will result in Novae and its subsidiaries becoming wholly-owned subsidiaries of AXIS.

The Acquisition will take place through what is called a "scheme of arrangement" (the

“**Scheme**”). This is a procedure that is subject to approval by Novae Shareholders and the Court. Further information about the Scheme is set out in the Scheme Document dated 2 August 2017 sent to Novae Shareholders on 2 August 2017. Copies of the Scheme Document and of this letter are also available on the Novae website at <http://www.novae.com>.

This letter and its Appendices should be read together with the Scheme Document. A brief explanation of some of the key terms and definitions used in this letter is given in Appendix B to this letter.

What are the terms of the Acquisition?

The terms of the Acquisition are set out in full in the Scheme Document. However, in summary, Novae Shareholders will be entitled to receive, for each Novae Share they own:

- 700 pence in cash.

When is the Acquisition likely to take place?

The Acquisition is expected to become effective in the fourth quarter of 2017, subject to regulatory and merger control clearances. The proposed timeline is set out in Appendix A.

What will happen to my SIP Shares if the Acquisition becomes effective?

If the Acquisition becomes effective, you will receive the cash offer price of 700 pence for each SIP Share held on your behalf in the SIP, free of UK tax, i.e. free of income tax, National Insurance Contributions (“**NICs**”) and Capital Gains Tax (“**CGT**”). See Appendix C for further details.

Attachments to this letter

The following are provided as attachments to this letter:

- Appendix A explaining how the Acquisition affects your SIP Shares.
- Appendix B explaining some key terms and definitions.
- Appendix C summarising the tax treatment of your SIP Shares.

What do I need to do?

As a SIP participant, you already own the Novae Shares held in the SIP Trust through your SIP account. As a result, you can vote on the Acquisition. Details on how and when to vote are provided in Appendix A.

If you do not wish to vote, you do not need to do anything further for your SIP Shares to be sold to AXIS BidCo - their sale will happen automatically under the Acquisition. The sale proceeds for your SIP Shares will then be paid via payroll as soon as reasonably practical following receipt of the relevant amounts.

What if you have questions?

If you have any questions that relate to your SIP Shares, please contact Julie McLeod on jmcleod@novae.com or 020 7050 9238. No legal, tax or financial advice on the merits of the Acquisition or its effect on your SIP Shares can be provided.

You are strongly advised to seek your own independent financial and/or tax advice regarding your personal circumstances and the effect of the Acquisition on your SIP Shares.

Important notes

The Novae Board, which has been so advised by Evercore, consider the terms of the proposals described above to be fair and reasonable in the context of the Acquisition. In providing their advice to the Novae Board, Evercore has taken into account the commercial assessments of the Novae Directors.

Nothing in this pack constitutes financial advice to any holder of shares, share awards or share options in Novae or AXIS.

If there is any conflict between the information in this letter and the Appendices and the rules of the SIP or any relevant legislation or HMRC practice, the rules, the legislation and HMRC practice will prevail.

Yours faithfully

Yours faithfully



Alex Moon

Conrad Brooks

For and on behalf of
Novae Group plc

For and on behalf of
AXIS Capital Holdings Limited

The AXIS Directors and the AXIS BidCo Directors accept responsibility for the information contained in this letter and the accompanying documents, save that the only responsibility accepted by each of them in respect of such information as relates to Novae has been to ensure that such information has been correctly and fairly reproduced and compiled. The Novae Directors do not accept responsibility for the information contained in this letter and the accompanying documents as relates to the AXIS Group. To the best of the knowledge and belief of the Novae Directors, the AXIS Directors and the AXIS BidCo Directors (who have each taken all reasonable care to ensure that such is the case), the information contained in this letter and the accompanying documents for which they are each responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

Evercore, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting as financial adviser exclusively for Novae and no one else in connection with the matters referred to in this letter and will not regard any other person as its client in relation to the matters referred to in this letter and will not be responsible to anyone other than Novae for providing the protections afforded to clients of Evercore, nor for providing advice in relation to the content of this letter or any matter referred to herein. Neither Evercore nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Evercore in connection with this letter, any statement contained herein or otherwise. Evercore has given and not withdrawn its written consent to the issue of this document with the inclusion of references to its name in the form and context in which they are included.

The Novae Directors accept responsibility for the information contained in this letter and the accompanying documents, save that the only responsibility accepted by them in respect of such information as relates to the AXIS Group, has been to ensure that such information has been correctly and fairly reproduced and compiled. To the best of the knowledge and belief of the Novae Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this letter and the accompanying documents for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

Appendix A

Impact of the Acquisition on SIP Shares

1. The impact on your SIP Shares

As a SIP participant, you already own the Novae Shares held in your SIP account. As a result, you can vote on the Acquisition. Your SIP Shares are currently held by the Trustee of the SIP (Equiniti Share Plan Trustees Limited). This means that the Trustee, as the registered holder of your SIP Shares, will be able to cast your vote at the Novae Shareholder Meetings.

You should follow the instructions in the “**How do I vote?**” section below. If no voting instructions are received by the 15 August 2017, the Trustee will abstain from voting in respect of your SIP Shares.

If the Acquisition does not happen for any reason, all of your SIP Shares will remain in the SIP.

2. What needs to happen for the Acquisition to go ahead?

The Acquisition will be effected through the Scheme. In order for the Acquisition to become effective, the Scheme will first need to be approved by shareholders at two separate shareholder meetings, the Court Meeting and the General Meeting (together the “**Novae Shareholder Meetings**”) both to be held on 29 August 2017.

Once approved by Novae Shareholders, the Scheme then needs to be approved by the Court on the Court Sanction Date which is currently expected to take place effective in the fourth quarter of 2017, subject to regulatory and merger control clearances. The Effective Date of the Scheme is expected to be two days after the Court Sanction Date.

3. How do I vote?

As a SIP participant you are entitled to vote on the Acquisition, via the Trustee, at both the General Meeting and Court Meeting for each Plan under which you currently participate.

A Form is provided for each Meeting and each appropriate Plan: these forms must be completed, including your name and address, and be received by Equiniti Limited no later than 5.00 pm on Tuesday 15th August 2017.

Court Meeting Form of Direction

If you wish to vote for the Scheme, sign your name in the box marked ‘FOR the Scheme’. If you wish to vote against the Scheme, sign your name in the box marked ‘AGAINST the Scheme’

Date the form and include your name and address

General Meeting Form of Direction

Advise the Trustee how you wish to vote your Plan Shares (i.e. For, Against or Abstain) by marking an “x” in the appropriate box

Sign and date the form, and include your name and address

4. What will happen to my SIP Shares if the Acquisition becomes effective?

If the Acquisition becomes effective, you will receive the cash offer price of 700 pence for each SIP Share held in the SIP, free of UK tax, i.e. free of income tax, National Insurance Contributions (“**NICs**”) and Capital Gains Tax (“**CGT**”). See Appendix C for further details.

Please note that AXIS will have the right to reduce the amount of consideration payable by AXIS BidCo for each Novae Share by the amount of any dividend (or other distribution) which is paid or becomes payable by Novae to Novae Shareholders. For further details, please refer to section 15 of Part III (*Conditions to the Implementation of the Scheme and to the Acquisition*) of the Scheme Document.

The sale proceeds will be paid by the Trustee (who help administer the SIP) to Novae, who will then pay them to you via payroll, in each case as soon as reasonably practicable following receipt of the relevant amounts. The Trustee expect to receive this money within [14] days of the Effective Date.

5. Can I sell my SIP Shares now?

By participating in the SIP, you will have purchased some shares from your pay before it is taxed. These SIP Shares are known as Partnership Shares. In addition, for every Partnership Share you have purchased, you will have received two Matching Shares. You may also have received dividends paid on your SIP Shares in the form of additional shares. These SIP shares are known as Dividend Shares.

Subject to being allowed to deal under Novae’s Securities Dealing Code, a copy of which can be found on the intranet, you can sell your SIP Shares at any time except for any Matching Shares and Dividend Shares still in the three-year holding period. However, there would normally be UK Income Tax and NICs due on the sale of Partnership and Matching Shares that have been held for less than five years in the SIP trust. See Appendix C.

6. Can I still participate in the SIP?

You can continue to purchase Partnership Shares and receive Matching Shares until the completion of the Acquisition.

7. What will happen to any residual cash funds I have left in my SIP account?

Any residual cash funds that you have left in your SIP account following the last purchase of Partnership Shares, will also be refunded to you via payroll as soon as reasonably practicable, net of Income Tax and NICs.

8. What will happen if the Acquisition does not go ahead?

If the Acquisition does not go ahead for any reason, the SIP will continue as normal. If you currently purchase Partnership Shares, the monthly SIP payroll deductions will continue to be taken from your salary.

9. Leaving Novae before or after the Acquisition

Your SIP Shares will be dealt with as normal, subject to the SIP rules. How long you have held your SIP Shares and your reason for leaving Novae will determine whether you incur an income tax and NICs liability when you withdraw your shares from the SIP trust.

Leaving Novae and AXIS before the Acquisition

If you leave Novae before the Acquisition goes ahead, then your SIP Shares will be withdrawn from the SIP Trust.

If your leaver reason qualifies as a “good leaver” reason under the SIP rules, then there is no Income Tax or NICs liability.

If your leaver reason **does not qualify** as a “good leaver” reason under the SIP rules, then the Income Tax and NICs position is show in the table in Appendix C.

Leaving Novae and AXIS after the Acquisition

Your SIP Shares will not be affected if you leave employment after the Acquisition goes ahead as the relevant SIP Shares will have already been transferred to AXIS BidCo.

10. Expected timeline of principal events

The dates given below are indicative only and are based on Novae’s and AXIS’ current expectations and may be subject to change.

Date	Event
2 August 2017	Scheme Document sent to Novae Shareholders
15 August 2017 (deadline for SIP participants to direct the Trustee how to vote on the Acquisition)	Votes in relation to SIP Shares to be received
29 August 2017	Novae Shareholder Meetings to approve the Scheme
A date expected to be in the fourth quarter of 2017, subject to regulatory and merger control clearances (“D”) (the expected Court Sanction Date)	Novae awards under the Novae Share Plans (excluding the SIP) to vest

Date	Event
D + 2 (the expected Effective Date)	All Novae Shares are transferred to AXIS BidCo
D + 14 (14 days after the Effective Date)	Latest date by which the Trustee is expected to receive, on your behalf, the cash proceeds (less any necessary tax withholdings) for your SIP Shares. These will then be paid by the Trustee to Novae, and the proceeds will be paid via payroll as soon as reasonably practicable.

Appendix B

Keys terms and definitions

“Acquisition” means the recommended all cash acquisition for the entire issued and to be issued share capital of Novae by AXIS BidCo announced by the boards of Novae and AXIS on 5 July 2017;

“AXIS” means AXIS Capital Holdings Limited;

“AXIS BidCo” means AXIS Specialty UK Holdings Limited;

“AXIS BidCo Directors” means the directors of AXIS BidCo as at the date of this letter;

“AXIS Directors” means the directors of AXIS as at the date of this letter;

“AXIS Group” means AXIS and its subsidiaries and subsidiary undertakings from time to time;

“Court” means the High Court of Justice in England and Wales;

“Court Sanction Date” means the date on which the Court sanctions the Scheme under section 899 of the Companies Act 2006;

“Effective Date” means the date on which the Scheme becomes effective in accordance with its terms, which is expected to be in the fourth quarter of 2017, subject to regulatory and merger control clearances;

“Evercore” means Evercore Partners International LLP;

“HMRC” means HM Revenue & Customs;

“Novae” means Novae Group plc;

“Novae Board” means the board of directors of Novae collectively;

“Novae Directors” means the directors of Novae as at the date of this letter;

“Novae Group” means Novae and its subsidiaries and subsidiary undertakings from time to time;

“Novae Shareholders” means holders of Novae Shares;

“Novae Shares” means ordinary shares of £1.125 each in the capital of Novae;

“Scheme” means the procedure which requires the approval of the Court by which AXIS BidCo will become the holder of the entire issued and to be issued ordinary share capital of Novae;

“Scheme Document” means the document setting out the terms of the Scheme dated 2 August 2017 sent to Novae Shareholders and available on the Novae website at <http://www.novae.com>;

“SIP” means the SVB Holdings All-Employee Share Ownership Plan, the Novae Group plc Share Incentive Plan and the Novae Group Share Incentive Plan (to include the SIP Trust and related SIP accounts);

“SIP Shares” means the Shares granted under the SIP;

“SIP Trust” means the share plan trust for the SVB Holdings All-Employee Share Ownership Plan, the Novae Group plc Share Incentive Plan and the Novae Group Share Incentive Plan; and

“Trustee” means Equiniti Share Plan Trustees Limited.

Appendix C

Tax summary

Please note the tax information set out below assumes that you have been domiciled and resident in the United Kingdom for tax purposes at all relevant times. It is a general summary provided for guidance only. You should obtain your own independent advice from an appropriate independent professional adviser if you are in any doubt about your position or if you are subject to tax in a jurisdiction outside of the United Kingdom.

Tax treatment of SIP Shares under the terms of the Acquisition

No UK tax charge (income tax, NICs or CGT) is expected to arise when your SIP Shares are acquired by AXIS BidCo at the 700 pence per share offer price.

Tax treatment on sale of all my SIP Shares before the Acquisition becomes effective

The table below shows the expected tax position, if you choose to sell your SIP shares before the Acquisition becomes effective:

SIP Shares	Tax treatment
Dividend Shares held in SIP for less than three years	N/A. Dividend Shares have a three-year holding period. This means that it is not possible to sell these shares before the Acquisition becomes effective unless you have left employment with Novae.
Dividend Shares held in SIP for three years or more	There is no UK tax charge (income tax, NICs or CGT).
Partnership Shares or Matching Shares held in SIP for less than five years	There would be a liability to income tax and NICs due on the sale of these shares. No liability to CGT.
Partnership Shares or Matching Shares held in SIP for five years or more	There is no UK tax charge (income tax, NICs or CGT).
Matching Shares held less than three years	These shares would be forfeited.
Matching Shares held in SIP for more than three years but less than five years	There would be a liability to income tax and NICs due on the sale of these shares. No liability to CGT.
Matching Shares held in SIP for five years or more	There is no UK tax charge (income tax, NICs or CGT).

I leave Novae before the Acquisition becomes effective

If you leave Novae before the Acquisition becomes effective, then your SIP Shares will be withdrawn from the SIP Trust.

If your leaver reason qualifies as a “good leaver” reason under the SIP rules, then there is no liability to income tax or NICs.

If your leaver reason does not qualify as a “good leaver” reason under the SIP rules, then the liability to income Tax and NICs is summarised in the table below:

SIP Shares	Tax treatment
Dividend Shares held in SIP	There may income tax due BUT ONLY IF your total dividend

for less than three years	income (for all shares, not just SIP Shares) in the tax year is greater than £5,000. No liability to NICs.
Dividend Shares held in SIP for three years or more	There is no liability to income tax or NICs.
Partnership Shares or Matching Shares held in SIP for less than five years	There would be a liability to income tax and NICs due on the sale of these shares.
Partnership Shares or Matching Shares held in SIP for five years or more	There is no liability to income tax or NICs.
Matching Shares held less than three years	These shares would be forfeited.
Matching Shares held more than three years but less than five years	There would be a liability to income tax and NICs due on the sale of these shares.
Matching Shares held more than five years	There is no liability to income tax or NICs.

For CGT purposes, the base cost will be the market value of your SIP Shares on your leaving date. If you sell the SIP Shares at a higher share price, then there may be a CGT liability.

Any tax advice included in this written communication is not intended or written to be used, and it cannot be used by you, for the purpose of avoiding any penalties that may be imposed by any governmental taxing authority or agency.

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