

**THIS SCHEME DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PART II OF THIS SCHEME DOCUMENT COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 897 OF THE COMPANIES ACT 2006.** This Scheme Document contains a proposal which, if implemented, will result in the cancellation of the listing of Novae Shares on the Official List and of trading of Novae Shares on the London Stock Exchange.

If you are in any doubt as to the contents of this Scheme Document or the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, accountant or other independent financial 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 taking advice in a territory outside the United Kingdom.

If you sell or have sold or otherwise transferred all of your Novae Shares, please send this Scheme Document together with the accompanying documents (other than documents or forms personal to you) at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into or from any jurisdiction in which such act would constitute a violation of the relevant laws of such jurisdiction.

If you sell or have sold or otherwise transferred only part of your holding of Novae Shares, you should retain these documents and contact the bank, stockbroker or other agent through whom the sale or transfer was effected.

The release, publication or distribution of this Scheme Document and any accompanying documents (in whole or in part) in or into or from jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this Scheme Document comes should inform themselves about, and observe, any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

Neither this Scheme Document nor any of the accompanying documents do or are intended to constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval pursuant to the Scheme or otherwise, in any jurisdiction in which such offer, invitation or solicitation is unlawful. This Scheme Document is not a prospectus.

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Recommended Cash Offer for

**Novae Group plc**

by

**AXIS Specialty UK Holdings Limited**

(a wholly-owned subsidiary of AXIS Capital Holdings Limited)

by means of a scheme of arrangement of Novae Group plc  
under Part 26 of the Companies Act 2006

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**This Scheme Document (including all information incorporated into this Scheme Document by reference to another source) should be read as a whole and in conjunction with the Forms of Proxy. Your attention is drawn to the letter from the Chairman of Novae in Part I of this Scheme Document, which contains the unanimous recommendation of the Novae Directors that you vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the General Meeting. A letter from Evercore Partners International LLP explaining the Scheme appears in Part II of this Scheme Document.**

Notices of the Court Meeting and the General Meeting, both of which will be held at 21 Lombard Street, London EC3V 9AH on 29 August 2017, are set out in Parts IX and X of this Scheme Document. The Court Meeting will start at 10.00 a.m. on that date and the General Meeting at 10.15 a.m. or as soon thereafter as the Court Meeting is concluded or adjourned.

**Action to be taken by Novae Shareholders is set out on pages 7 to 9 and at section 17 of Part II (*Explanatory Statement*) of this Scheme Document. Whether or not they intend to attend the General Meeting or the Court Meeting in person, Novae Shareholders are asked to complete and return the enclosed blue and yellow Forms of Proxy (or appoint a proxy electronically, as referred to in this Scheme Document) in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received by Novae's registrars, Computershare, not later than 48 hours before the relevant meeting (excluding any part of such 48 hour period falling on a non-working day). Novae Shareholders who hold Novae Shares in CREST may also appoint a proxy using CREST by following the instructions set out on page 8 of this Scheme Document. If the blue Form of Proxy for the Court Meeting is not lodged by the relevant time, it may be handed to the Chairman of the Court Meeting at the Court Meeting. However, in the case of the General Meeting, if the yellow Form of Proxy is not lodged by the relevant time, it will be invalid. The return of a completed Form of Proxy or the appointment of a proxy electronically through CREST will not prevent a Novae Shareholder from attending the General Meeting or the Court Meeting and voting and speaking at the relevant Meeting in person if they are entitled and wish to do so.**

Certain terms used in this Scheme Document are defined in Part VIII (*Definitions*).

If you have any questions about this Scheme Document, the Court Meeting or the General Meeting, or are in any doubt as to how to complete the Forms of Proxy, please call Computershare between 8.30 a.m. and 5.30 p.m. Monday to Friday (except UK public holidays) on +44 (0) 370 707 1327. Calls will be charged at national or international rates as the case may be. Different charges may apply to calls from mobile telephones. Please note that calls may be monitored or recorded and Computershare cannot provide legal, tax or financial advice or advice on the merits of the Scheme.

Evercore Partners International LLP ("**Evercore**"), which is authorised and regulated in the United Kingdom by the FCA, is acting as financial adviser exclusively for Novae and no one else in connection with the Acquisition and accordingly will not be responsible to anyone other than Novae in providing the protections afforded to clients of Evercore nor for providing advice in relation to the Acquisition, the content of this Scheme Document 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 Scheme Document, any statement contained herein or otherwise. Apart from the responsibilities and liabilities, if any, which may be imposed on Evercore by FSMA, or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, neither Evercore nor any of its affiliates accepts any responsibility or liability whatsoever for the contents of this document, and no representation, express or implied, is made by it, or purported to be made on its behalf, in relation to the contents of this document, including its accuracy, completeness or verification of any other statement made or purported to be made by it, or on its behalf, in connection with Novae or the matters described in this document. To the fullest extent permitted by applicable law, Evercore and its affiliates accordingly disclaim all and any responsibility or liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this document or any statement contained therein.

Canaccord Genuity Limited ("**Canaccord**"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for Novae as corporate broker and no one else in connection with the Acquisition and accordingly will not be responsible to anyone other than Novae in providing the protections afforded to clients of Canaccord nor for providing advice in relation to the Acquisition, the content of this Scheme Document or any matter referred to herein.

RBC Europe Limited ("**RBC**"), which is authorised by the PRA and regulated in the United Kingdom by the FCA and the PRA, is acting exclusively for Novae as corporate broker and no one else in connection with the Acquisition and accordingly will not be responsible to anyone other than Novae in providing the protections afforded to clients of RBC nor for providing advice in relation to the Acquisition, the content of this Scheme Document or any matter referred to herein.

Credit Suisse International ("**Credit Suisse**"), which is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom, is acting as financial adviser exclusively for AXIS and AXIS Specialty UK Holdings Limited ("**AXIS BidCo**") and no one else in connection with the Acquisition and the matters set out in this Scheme Document. Except for the responsibilities and liabilities, if any, which may be imposed on Credit Suisse by FSMA or the regulatory regime established thereunder, Credit Suisse will not be responsible to anyone other than AXIS and AXIS BidCo for providing the protections afforded to clients of Credit Suisse, nor for providing advice in relation to the Acquisition or any matter referred to herein. Neither Credit Suisse 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 Credit Suisse in connection with this Scheme Document, any statement contained herein or otherwise.

Fenchurch Advisory Partners LLP ("**Fenchurch**"), which is authorised and regulated by the FCA in the United Kingdom, is acting as financial adviser exclusively for AXIS and AXIS BidCo and no one else in connection with the Acquisition and accordingly will not be responsible to anyone other than AXIS and AXIS BidCo for providing the protections afforded to clients of Fenchurch or for providing advice in relation to the Acquisition, the content of this Scheme Document or any matter referred to herein. Neither Fenchurch 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 Fenchurch in connection with this Scheme Document, any statement contained herein or otherwise.

## IMPORTANT NOTICE

The release, publication or distribution of this Scheme Document in or into or from jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. This Scheme Document does not constitute an offer or invitation to purchase or subscribe for any securities or a solicitation of an offer to buy any securities pursuant to this Scheme Document or otherwise in any jurisdiction in which such offer or solicitation is unlawful. This Scheme Document has been prepared for the purposes of complying with English law, the Code and the Listing Rules and the information disclosed may not be the same as that which would have been disclosed if this Scheme Document had been prepared in accordance with the laws of jurisdictions outside England and Wales.

The Acquisition relates to shares in a UK company and is proposed to be made by means of a scheme of arrangement under English company law. US holders of Novae Shares should note that the Scheme relates to the shares of a UK company that is a “foreign private issuer” as defined under Rule 3b-4 under the US Exchange Act and will be governed by English law. Accordingly, neither the US proxy solicitation rules nor the tender offer rules under the US Exchange Act will apply to the Scheme. Moreover, the Scheme will be subject to the disclosure requirements and practices applicable in the UK to schemes of arrangement, which differ from the disclosure requirements of the US proxy solicitation rules and tender offer rules. Neither the SEC nor any securities commission of any state of the United States, has approved the Acquisition, passed upon the fairness of the Acquisition or passed upon the adequacy or accuracy of this Scheme Document. Any representation to the contrary is a criminal offence in the United States. Financial information included in this Scheme Document has been prepared in accordance with accounting standards applicable in the UK that may not be comparable to financial statements of US companies. If AXIS exercises its right to implement the acquisition of the Novae Shares by way of a takeover offer, such offer will be made in compliance with applicable US securities laws and regulations, including US tender offer rules.

In accordance with normal UK practice, AXIS or its nominees, or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, Novae Shares outside of the US, other than pursuant to the Acquisition, until the date on which the Acquisition and/or Scheme becomes effective, lapses or is otherwise withdrawn. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com).

It may be difficult for US holders of Novae Shares to enforce their rights and any claim arising out of the US federal securities laws, since Novae, AXIS and AXIS BidCo are each located in a non-US jurisdiction, and some or all of their officers and directors are residents of non-US jurisdictions.

The statements contained in this Scheme Document are made as at the date of this Scheme Document, unless some other time is specified in relation to them, and service of this Scheme Document shall not give rise to any implication that there has been no change in the facts set forth in this Scheme Document since such date. Nothing in this Scheme Document shall be deemed to be a forecast, projection or estimate of the future financial performance of Novae, the Novae Group, AXIS, AXIS BidCo or the AXIS Group except where otherwise stated.

## **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Scheme Document includes “forward-looking statements”, including statements about the expected timing of the Scheme, the expected effects on Novae of the Scheme, anticipated earnings enhancements, estimated cost savings and other synergies, potential strategic options, plans for and benefits of integration, productivity improvements, estimated future growth and market position and all other statements in this Scheme Document other than statements of historical fact.

Forward-looking statements include, without limitation, statements that typically contain words such as “can be”, “target”, “expect”, “estimate”, “aim”, “opportunity”, “create”, “represent”, “extend”, “provide”, “enable”, “achieve”, “intend”, “will”, “would”, “could”, “should”, “proposed”, “enhancing”, “synergies”, “believe” or similar expressions. By their nature, forward-looking statements involve known or unknown risks and uncertainties because they relate to events and depend on circumstances that may occur in the future. Actual results may differ materially from those expressed in the forward-looking statements depending on a number of factors, including, but not limited to, the enactment of legislation or regulation that may impose costs or restrict activities, the satisfaction of the conditions to the offer, future market conditions, the behaviour of other market participants, an adverse change in the economic climate, a fluctuation in the level of clients’ commercial activity, appropriate consultation with employee representative bodies, a loss of key personnel and the extent to which the Novae and the AXIS Group businesses are successfully integrated. Many of these risks and uncertainties relate to factors that are beyond the companies’ abilities to control or estimate precisely, such as future market conditions and the behaviours of other market participants. The forward-looking statements contained in this Scheme Document are made as of the date hereof. None of Novae, any member of the Novae Group, AXIS, AXIS BidCo or any member of the AXIS Group assumes any obligation or intends publicly to update or revise these forward-looking statements, whether as a result of future events, new information or otherwise except as required pursuant to applicable law.

## **NO PROFIT FORECASTS OR ESTIMATES**

No statement in this Scheme Document is intended as a profit forecast or profit estimate and no statement in this Scheme Document should be interpreted to mean that earnings per Novae Share or AXIS Share for the current or future financial years would necessarily match or exceed the respective historical published earnings per Novae Share or AXIS Share or to mean that the Enlarged Group’s earnings in the first 12 months following the Acquisition, or in any subsequent period, would necessarily match or be greater than those of Novae or AXIS for the relevant preceding financial period or any other period.

## **ROUNDING**

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

## **ELECTRONIC COMMUNICATIONS**

Please be aware that addresses, electronic addresses and certain other information provided by Novae Shareholders, persons with information rights and other relevant persons for the receipt of communications from Novae may be provided to AXIS during the Offer Period as required under Section 4 of Appendix 4 of the Code to comply with Rule 2.12(c).

## **DEALING DISCLOSURE REQUIREMENTS**

Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th Business Day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3. Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities, Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should consult the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

## **PUBLICATION ON WEBSITE AND AVAILABILITY OF HARD COPIES**

A copy of this Scheme Document will be made available on the Novae website at [www.novae.com](http://www.novae.com) and the AXIS website at [www.axiscapital.com](http://www.axiscapital.com) by no later than 12.00 p.m. (London time) on the Business Day following the date of publication of this Scheme Document (subject to any applicable restrictions relating to persons resident in Restricted Jurisdictions). For the avoidance of doubt, save as expressly referred to in this Scheme Document, the contents of those websites are not incorporated into and do not form part of this Scheme Document.

If you have received this Scheme Document electronically, you may request a hard copy of this Scheme Document, free of charge, by calling Computershare on +44 (0) 370 707 1327 or by writing to Computershare at The Pavilions, Bridgwater Road, Bristol BS99 6ZZ stating your name and the address to which the hard copy should be sent. You may also request that all future documents, announcements and information sent to you in relation to the Acquisition should be in hard copy form.

This Scheme Document is dated 2 August 2017.

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## ACTION TO BE TAKEN

**For the reasons set out in this Scheme Document, the Novae Board unanimously recommends that you vote in favour of the Scheme at the Court Meeting and the Special Resolution proposed at the General Meeting, as the Novae Directors who hold Novae Shares in their own name or through a nominee (other than solely through the Novae Tax-Advantaged Share Plans) have irrevocably undertaken to do in respect of all of their own beneficial holdings of Novae Shares, and that you take the action described below.**

This page should be read in conjunction with the rest of this Scheme Document, and in particular, section 9 of Part I (*Letter from the Chairman of Novae Group plc*) and section 17 of Part II (*Explanatory Statement*) of this Scheme Document and the notices of the Court Meeting and the General Meeting at the end of this Scheme Document.

**Novae Shareholders – please check that you have received the following:**

- a blue Form of Proxy for use in respect of the Court Meeting on 29 August 2017; and
- a yellow Form of Proxy for use in respect of the General Meeting on 29 August 2017.

### **1. Voting at the Court Meeting and the General Meeting**

**IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF SCHEME SHAREHOLDER OPINION. YOU ARE THEREFORE STRONGLY URGED TO COMPLETE, SIGN AND RETURN YOUR FORMS OF PROXY (OR APPOINT A PROXY ONLINE OR THROUGH CREST ELECTRONIC PROXY APPOINTMENT SERVICE) AS SOON AS POSSIBLE.**

The Scheme will require approval at a meeting of Novae Shareholders convened with the permission of the Court to be held at 21 Lombard Street, London EC3V 9AH at 10.00 a.m. (London time) on 29 August 2017. Implementation of the Scheme will also require approval by Novae Shareholders of the Special Resolution relating to the Acquisition to be proposed at the General Meeting. The General Meeting will be held at the same place as the Court Meeting on 29 August 2017 at 10.15 a.m. (London time) (or as soon thereafter as the Court Meeting shall have been concluded or adjourned).

Novae Shareholders entitled to attend and vote at the Meetings are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote at the Court Meeting and/or General Meeting. A proxy need not be a Novae Shareholder.

Whether or not you plan to attend the Meetings, you should:

1. complete, sign and return the blue Form of Proxy for use at the Court Meeting or, alternatively, submit a proxy by electronic means, so as to be received by no later than 10.00 a.m. on 24 August 2017; and
2. complete, sign and return the yellow Form of Proxy for use at the General Meeting or, alternatively, submit a proxy by electronic means, so as to be received by no later than 10.15 a.m. on 24 August 2017.

#### **(a) Sending Forms of Proxy by post or by hand**

Please complete and sign the Forms of Proxy in accordance with the instructions printed on them and return them, either (i) by post, or (ii) during normal business hours only, by hand, to Novae's registrars, Computershare, at The Pavilions, Bridgwater Road, Bristol BS99 6ZY, so as to be received as soon as possible and in any event not later than the relevant times set out below:

Blue Forms of Proxy for the Court Meeting	10.00 a.m. (London time) on 24 August 2017
Yellow Forms of Proxy for the General Meeting	10.15 a.m. (London time) on 24 August 2017

or, if in either case the Meeting is adjourned, the relevant Form of Proxy should be received not later than 48 hours (excluding any part of such 48 hour period falling on a non-working day) before the time fixed for the adjourned Meeting.

If the blue Form of Proxy for the Court Meeting is not returned by the above time, it may be handed to Computershare on behalf of the Chairman of the Court Meeting at the Court Meeting before the taking of the poll. However, in the case of the General Meeting, if the yellow Form of Proxy is not returned so

as to be received by the time mentioned above and in accordance with the instructions in the Form of Proxy, it will be invalid.

The completion and return of Forms of Proxy, or the appointment of a proxy electronically using CREST (or any other procedure described below), will not prevent you from attending and voting at the Court Meeting and/or General Meeting, or any adjournments thereof, in person should you wish to do so and should you be so entitled.

**(b) Online appointment of proxies**

As an alternative to completing and returning the printed Forms of Proxy, proxies may be appointed electronically by logging on to the following website: [www.investorcentre.co.uk](http://www.investorcentre.co.uk) and following the instructions there. For an electronic proxy appointment to be valid, the appointment must be received by Computershare no later than 10.00 a.m. (London time) on 24 August 2017 for the Court Meeting and 10.15 a.m. (London time) on 24 August 2017 for the General Meeting (or, in the case of adjournment(s), not later than 48 hours (excluding any part of such 48 hour period falling on a non-working day) before the time fixed for the adjourned Meeting(s)). Full details of the procedure to be followed to appoint a proxy electronically are given on the website.

In the case of the Court Meeting only, if you have not appointed a proxy electronically by such time, you may complete the blue Form of Proxy and hand it to a representative of Computershare or the Chairman of the Court Meeting, before the start of that Meeting.

**(c) Electronic appointment of proxies through CREST**

If you hold Novae Shares in uncertificated form through CREST and wish to appoint a proxy or proxies for the Court Meeting or the General Meeting (or any adjourned Meeting) by using the CREST electronic proxy appointment service, you may do so by using the procedures described in the CREST Manual (please also refer to the accompanying notes to the notices of the Meetings set out in Part IX and Part X of this Scheme Document). CREST personal members or other CREST sponsored members, and those CREST members who have appointed any voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with the specifications of Euroclear and must contain the information required for such instructions as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by Computershare (ID 3RA50) not later than 48 hours (excluding any part of such 48 hour period falling on a non-working day) before the time fixed for the Court Meeting or the General Meeting (or adjourned Meeting), as applicable. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which Computershare is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed any voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Novae may treat as invalid a CREST Proxy Instruction in the circumstances set out in the CREST Regulations.

**Novae Share Plans**

Participants in the Novae Share Plans will be contacted separately regarding the effect of the Scheme on their rights under the Novae Share Plans.

**Shareholder helpline**

If you have any questions about this Scheme Document, the Court Meeting or how to complete the Forms of Proxy or to submit your proxies electronically, please call Computershare between 8.30 a.m. and 5.30 p.m. Monday to Friday (except UK public holidays) on +44 (0) 370 707 1327. Calls will be charged at national or international rates as the case may be. Different charges may apply to calls from mobile telephones. Please note that calls may be monitored or recorded and Computershare cannot provide legal, tax or financial advice or advice on the merits of the Scheme.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The following indicative timetable is based on Novae's and AXIS' current expected dates for the implementation of the Scheme and is subject to change. If any of the dates and/or times in this expected timetable change, the revised dates and/or times will be notified to Novae Shareholders by announcement through the Regulatory Information Service of the London Stock Exchange.

Event	Time and/or date
Publication of this Scheme Document	2 August 2017
Latest time for lodging Forms of Proxy for the:	
Court Meeting (blue form)	10.00 a.m. on 24 August 2017 <sup>(1)</sup>
General Meeting (yellow form)	10.15 a.m. on 24 August 2017 <sup>(2)</sup>
Voting Record Time	6.00 p.m. on 24 August 2017 <sup>(3)</sup>
<b>Court Meeting</b>	10.00 a.m. on 29 August 2017
<b>General Meeting</b>	10.15 a.m. on 29 August 2017 <sup>(4)</sup>
<b>The following dates are indicative only and are subject to change<sup>(5)</sup></b>	
Scheme Court Hearing	A date expected to be in the fourth quarter of 2017, subject to regulatory and merger control clearances ("D")
Last day of dealings in, and for the registration of transfers of, Novae Shares	D+1
Scheme Record Time	6.00 p.m. on D+1
Suspension of dealings in and disablement of CREST of Novae Shares	7.30 a.m. on D+2
<b>Effective Date of the Scheme</b>	By 8.00 a.m. on D+2
Cancellation of listing of Novae Shares	By 8.00 a.m. on D+2
Latest date for despatch of cheques and crediting of CREST accounts for cash consideration due under the Scheme	within 14 days of the Effective Date
Long Stop Date	31 March 2018 <sup>(6)</sup>
<p>(1) It is requested that blue Forms of Proxy for the Court Meeting be lodged not later than 48 hours prior to the time appointed for the Court Meeting or, if the Court Meeting is adjourned, the time fixed for any adjourned Court Meeting (excluding in either case any part of such 48 hour period falling on a non-working day). If the blue Form of Proxy for the Court Meeting is not returned by the above time, it may be handed to a representative of Computershare or to the Chairman of the Court Meeting before the start of that Meeting.</p> <p>(2) In order to be valid, the yellow Forms of Proxy for the General Meeting must be received by 10.15 a.m. on 24 August 2017 or, if the General Meeting is adjourned, 48 hours prior to the time fixed for the adjourned General Meeting (excluding any part of such 48 hour period falling on a non-working day).</p> <p>(3) If either the Court Meeting or the General Meeting is adjourned, the Voting Record Time for the relevant adjourned Meeting will be 6.00 p.m. on the day which is two days (excluding non-working days) prior to the date set for such adjourned Meeting.</p> <p>(4) To commence at 10.15 a.m. or as soon thereafter as the Court Meeting shall have concluded or adjourned.</p> <p>(5) These dates are indicative only and will depend, among other things, on the date upon which (i) the Conditions are satisfied or (if capable of waiver) waived; (ii) the Court sanctions the Scheme; and (iii) the Court Order is delivered to the Registrar of Companies.</p> <p>(6) This is the latest date by which the Scheme may become effective. However, the Long Stop Date may be extended to such later date as Novae and AXIS may agree in writing (with the Panel's consent and as the Court may approve (should such approval(s) be required)).</p> <p>All references in this Scheme Document to times are to London time unless otherwise stated. All dates by reference to "D+1" and "D+2" will be to the Business Day falling immediately after the date indicated.</p>	

**PART I**  
**LETTER FROM THE CHAIRMAN OF NOVAE GROUP PLC**

Novae Group plc  
*Registered office:*  
21 Lombard Street  
London EC3V 9AH

*(Incorporated in England and Wales with registered number 05673306)*

*Director:*

John Hastings-Bass (*Chairman*)  
Matthew Fosh (*Chief Executive Officer*)  
Reeken Patel (*Chief Financial Officer*)  
Laurence Adams (*Non-Executive Director*)  
Mary Phibbs (*Non-Executive Director*)  
Justin Dowley (*Non-Executive Director*)  
Andrew Torrance (*Non-Executive Director*)  
Steven Burns (*Non-Executive Director*)

2 August 2017

*To the holders of Novae Shares and, for information only, to holders of awards under the Novae Share Plans and persons with information rights*

Dear Shareholder,

**RECOMMENDED CASH ACQUISITION OF NOVAE GROUP PLC  
BY AXIS CAPITAL HOLDINGS LIMITED**

**1. Introduction**

On 5 July 2017, the boards of Novae and AXIS announced that they had agreed the terms of a recommended cash offer pursuant to which AXIS (or, at AXIS' election, a wholly-owned subsidiary of AXIS) will acquire the entire issued and to be issued ordinary share capital of Novae, to be effected by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act.

I am writing to you today to set out the background to the Acquisition and the reasons why your directors consider the terms of the Acquisition to be fair and reasonable and are unanimously recommending that you vote in favour of the Scheme at the Court Meeting and in favour of the Special Resolution at the General Meeting, as the Novae Directors who hold Novae Shares in their own name or through a nominee intend to do in relation to all of their own individual beneficial holdings, which amount in total to 1,034,590 Novae Shares as at the Latest Practicable Date. I draw your attention to the letter from Evercore set out in Part II (*Explanatory Statement*) of this Scheme Document which gives details about the Acquisition and to the additional information set out in Part VII (*Additional Information on Novae and AXIS*) of this Scheme Document.

AXIS has elected to use an acquisition vehicle, AXIS Specialty UK Holdings Limited, a wholly-owned subsidiary of AXIS (referred to throughout this Scheme Document as "**AXIS BidCo**") to acquire the entire issued and to be issued ordinary share capital of Novae. In order to approve the terms of the Acquisition, Novae Shareholders will need to vote in favour of the resolutions to be proposed at the Court Meeting and the General Meeting, to be held on 29 August 2017 at 10.00 a.m. and 10.15 a.m. (or immediately after the conclusion or adjournment of the Court Meeting), respectively, at 21 Lombard Street, London EC3V 9AH. Details of the actions you should take are set out in section 17 of Part II (*Explanatory Statement*) of this Scheme Document. The recommendation of the Novae Directors is set out in section 13 of this letter.

## 2. Summary of the terms of the Acquisition

Under the terms of the Acquisition, which will be subject to the Conditions and further terms set out in Part III (*Conditions to the Implementation of the Scheme and to the Acquisition*) of this Scheme Document, Novae Shareholders whose names appear on the register of members of Novae at the Scheme Record Time will be entitled to receive:

**for each Novae Share                      700 pence in cash**

The terms of the Acquisition value the entire existing issued and to be issued ordinary share capital of Novae at approximately £467.6 million on the basis of a fully diluted share capital of 66,795,621 Novae Shares, calculated on the bases set out in section 19 of Part VII (*Additional Information on Novae and AXIS*) of this Scheme Document.

This price represents:

- a premium of approximately 20 per cent. to the Closing Price of 581 pence per Novae Share on 4 July 2017, being the last Business Day before the date of the Rule 2.7 Announcement; and
- a premium of approximately 29 per cent. to the volume weighted average closing price per Novae Share for the one month period up to and including 4 July 2017, being the last Business Day before the date of the Rule 2.7 Announcement.

The consideration also implies a multiple of 1.5x Novae's reported net tangible book value of £318.8 million as at 31 December 2016 and a multiple of 1.6x Novae's reported net tangible book value of £300.6 million as at 30 June 2017 (in each case on a fully diluted basis).

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*). For the avoidance of doubt, any payments made in cash or by way of the delivery of shares on the vesting of awards calculated by reference to dividends accrued in respect of those underlying vested shares are not to be construed as a dividend, distribution or return of capital for these purposes.

If AXIS exercises its right to reduce the amount of consideration payable by AXIS BidCo for each Novae Share by all or part of the amount of dividend (or other distribution) that has not been paid, Novae Shareholders will be entitled to receive and retain that dividend (or other distribution).

Further information about the Acquisition is provided in Part II (*Explanatory Statement*) of this Scheme Document.

## 3. Background to and reasons for the recommendation

Novae is a diversified property and casualty (re)insurance business that has been operating in the Lloyd's market for over 30 years. It has made strong progress in terms of the scale of its franchise (with total gross written premiums of £901 million for 2016), driving value for shareholders by focusing on underwriting excellence.

However, Novae remains a relatively small player within the global insurance industry, which itself has seen considerable consolidation over recent years. In response to challenging market conditions, the business has been proactively reducing its exposure to less profitable classes of business (as highlighted by Novae's trading update announced on 10 May 2017), exiting certain classes where premium rates are no longer generating adequate financial returns. Other factors, outside of the control of the business, notably the Lord Chancellor's decision to materially cut the personal injury discount rate ("**Ogden**") earlier this year (adversely impacting Novae's reserves), have compounded the headwinds from a difficult trading environment.

The increased prevalence of large and catastrophic losses during 2016, together with the one-off impact of the Ogden provision and other accounting charges taken in the year, have resulted in a decline in Novae's net assets and capital. As a consequence, Novae's scope to take full advantage of the profitable growth opportunities within its core classes on a stand-alone basis will be constrained, with the resulting profit recovery likely more muted than if Novae had greater capital resources at its disposal.

The Novae Board is aware that having increased scale, broader diversification and improved broker access will be key determinants of success in current market conditions. The Novae Board has also evaluated the proposed offer by AXIS against the backdrop of challenging markets and the specific factors that have impacted Novae itself. Whilst the Novae Board has confidence in Novae management's ability to meet these challenges, it considers that the Acquisition provides Novae Shareholders with a certain cash value which represents an attractive premium to Novae's share price and net tangible assets per share (in line with levels achieved in other transactions in the property and casualty sector in recent years), and fairly reflects Novae's longer-term prospects and potential.

In assessing the terms of the Acquisition, the Novae Board has also specifically considered the following:

- the strategic benefits from scale that Novae will achieve post-combining with AXIS, in an industry that has undergone considerable consolidation in recent years;
- the enhanced opportunities that Novae will have as part of a larger group, particularly in terms of the distribution of its specialty products, through access to the broader AXIS platform;
- increased relevance to brokers and intermediaries on a combined basis; and
- the cultural compatibility of the two organisations and the opportunities for Novae staff as part of the Enlarged Group.

#### **4. Directors irrevocable undertakings**

AXIS has received irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the General Meeting from those of the Novae Directors who hold Novae Shares in their own name or through a nominee (other than solely through the Novae Tax-Advantaged Share Plans) in respect of all of their own beneficial holdings of Novae Shares.

Copies of the irrevocable undertakings are available on AXIS' and Novae's websites ([www.axiscapital.com](http://www.axiscapital.com) and [www.novae.com](http://www.novae.com)) and will remain on display until completion of the Acquisition.

Further details of these irrevocable undertakings are set out in section 9 of Part VII (*Additional Information on Novae and AXIS*) of this Scheme Document.

#### **5. AXIS' Background to and reasons for the Acquisition**

The AXIS Board believes that the Acquisition is a compelling opportunity to combine a leading specialty Lloyd's franchise with a world-class international specialty (re)insurer, strengthening a broad, balanced and efficient global underwriting platform. AXIS believes that the international specialty insurance businesses of AXIS and Novae are highly complementary and the combination of expertise from both businesses can be leveraged through AXIS' scale and global platform. AXIS considers the Acquisition to represent a new milestone in AXIS' journey as a leading specialty (re)insurance franchise and that it strongly aligns with its insurance growth strategy. AXIS expects the Acquisition to:

- provide further scale and relevance in international specialty insurance, with the combined business representing a top 10 player at Lloyd's, with approximately \$2 billion of gross premium written in the London specialty market;
- represent the combination of two highly complementary international insurance businesses, providing AXIS with "lead" underwriting capability in a number of new classes of business, as well as broadened and deeper underwriting expertise in other specialty insurance classes; and
- significantly diversify and enhance AXIS' distribution platform, providing increased relevance with Lloyd's brokers and access to market-leading programs / binding authority business (over 50 per cent. of Novae business is produced through specialist coverholder distribution which provides access to attractive SME and specialty personal lines business and makes it a leading underwriter of binder business at Lloyd's).

AXIS also expects the Acquisition to result in enhanced top line growth through access to AXIS' broader global platform (including Singapore, Miami and Brussels), company paper and ability to increase writings and retentions of attractive business with AXIS' significantly larger capital base. The AXIS Board believes that the businesses are naturally suited for a combination and are also expected to accelerate AXIS reinsurance plans at Lloyd's, increase options for third party capital utilisation and increase reinsurance purchasing power.

The Acquisition is expected by AXIS to be a financially compelling transaction for AXIS Shareholders with access to expense synergies as well as top line growth. AXIS has identified up to \$50 million of run-rate pre-tax cost synergies that AXIS expect to be fully achieved within two years of completion of the Acquisition. The pre-tax cost of achieving these cost synergies is estimated by AXIS at \$40 million. The transaction is expected by AXIS to be:

- operating EPS accretive in the first year with high single digit accretion expected by year 2;
- immediately accretive to operating return on equity;
- neutral to book value per share at close with accelerated growth post-close; and
- minimal impact to tangible book value per share at close with accelerated growth post-close.

## **6. Management, employees and locations**

AXIS expects that Novae will operate within the international division of AXIS' insurance segment and that, as part of the process, Novae will adopt the AXIS Insurance International brand. Additionally, it is expected that Novae and AXIS will transition to a single managing agency and syndicate. It is envisaged that the integration process will take approximately one year to complete and will eventually lead to the relocation of Novae personnel to a single location in London alongside the current AXIS team.

AXIS attaches great importance to the skills and experience of the existing management and employees of the Novae Group.

AXIS confirms, that the existing contractual and statutory employment rights of, and pension obligations owed to, existing management and employees of the Novae Group will be fully safeguarded.

Novae operates a defined contribution plan (specifically, a group personal pension plan) for UK employees. Novae previously participated in a defined benefit plan for Swiss employees, however, when Novae closed its office in Zurich, Switzerland, this plan was closed and the related assets and liabilities transferred with the employees. There is no intention to make any changes in relation to the Novae Group's current pension schemes, including in relation to employer contributions, the accrual of benefits for existing members, or the admission of new members. All applicable laws will be observed in respect of any future proposals on pensions.

### *Management*

Following completion of the Acquisition, it is AXIS' expectation that Matthew Fosh (Chief Executive Officer of Novae) will be appointed as AXIS' Executive Chair, Europe. Among his responsibilities in his new role, Matthew Fosh will help guide the integration of the two businesses and will report to Albert Benchimol (President and Chief Executive Officer of AXIS). Additionally, it is expected that Robert Forster (Chief Underwriting Officer of Novae) will be appointed to a senior underwriting management role on the leadership team of AXIS Insurance's International Division.

### *Employees*

It is AXIS' intention to consider employees of both AXIS and Novae to fill roles within the Enlarged Group, based on a meritocratic approach. The synergy work conducted to date has confirmed the potential to generate cost savings for the Enlarged Group primarily through corporate, functional and administrative efficiencies, including reducing headcount, in those areas as well as indirect cost savings. However, as at the date of this Scheme Document, proposals remain in development as to how and where such headcount reductions will be implemented. Further detailed analysis will need to be undertaken by the AXIS Directors. AXIS expects that, as part of his role described above, Matthew Fosh will assist with the integration of the two businesses.

Until the integration planning and organisational design is complete and AXIS has engaged with the appropriate stakeholders (including, if applicable, having consulted with employee representative bodies), the detailed steps and outcomes of corporate, operational and administrative integration will not be certain and the impact they will have on the Enlarged Group is not yet known.

Save in respect of any redeployment of fixed assets in connection with the envisaged relocation of Novae personnel to shared office space in London alongside the current AXIS team as described above, AXIS has no intention to redeploy any fixed assets of Novae as a result of the Acquisition.

### *View of the Novae Board*

The Novae Board is pleased to note the statements made by AXIS in this section 6 that the existing contractual and statutory employment rights of, and pension obligations owed to, existing management and employees of the Novae Group will be fully safeguarded. Whilst the Novae Board notes that there is likely to be a reduction in headcount in the Enlarged Group, it is pleased to note that it is AXIS' intention to consider employees of both AXIS and Novae to fill roles, based on a meritocratic approach.

## **7. Novae Share Plans**

Details of the arrangements proposed to be implemented in relation to the Novae Share Plans in connection with the Acquisition, together with certain other matters relating to the incentivisation of key management and employees, are set out in section 7 of Part II (*Explanatory Statement*) of this Scheme Document.

## **8. Current trading**

### **Novae**

For the year ending 31 December 2016, Novae reported gross written premiums of approximately £901 million and profit before tax for the year of approximately £24 million. As at 31 December 2016, Novae had approximately £2,387 million of total assets and approximately £322 million of shareholders' equity.

For the half year ending 30 June 2017, Novae reported gross written premiums of approximately £599 million and loss before tax of approximately £14 million, including losses on foreign exchange of £10 million and non-recurring items of £2 million. The reported combined ratio of 101.6 per cent. was impacted by reserve deterioration in classes which Novae exited or placed in run-off over the last 18 months. The attritional loss ratio of 52.0 per cent. deteriorated compared with the first half of 2016 as rates remained under pressure in a number of classes. As at 30 June 2017, Novae had approximately £2,599 million of total assets and approximately £303 million of shareholders' equity.

Financial information and ratings information relating to Novae is set out in Parts A and B of Part V (*Financial and Ratings Information*) of this Scheme Document.

### **AXIS**

For the year ending 31 December 2016, AXIS reported gross written premiums of approximately \$4,970 million, net income available to common shareholders of approximately \$465 million and non-GAAP operating income of approximately \$410 million. As at 31 December 2016, AXIS had approximately \$20,814 million of total assets and approximately \$6,272 million of total shareholders' equity. For the three months ending 30 June 2017, AXIS reported gross written premiums of approximately \$1,362 million, net income available to common shareholders of approximately \$85 million and non-GAAP operating income of approximately \$110 million. As at 30 June 2017, AXIS had approximately \$21,500 million of total assets and approximately \$5,893 million of total shareholders' equity.

On 26 July 2017, AXIS reported net income available to common shareholders for the second quarter of 2017 of \$85 million, or \$1.01 per diluted common share, compared to \$119 million, or \$1.29 per diluted common share, for the second quarter of 2016. Non-GAAP operating income for the second quarter of 2017 was \$110 million, or \$1.31 per diluted common share, compared to \$47 million, or \$0.51 per diluted common share, for the second quarter of 2016.

Financial information and ratings information relating to AXIS is set out in Parts C and D of Part V (*Financial and Ratings Information*) of this Scheme Document.

## **9. Action to be taken by Novae Shareholders**

Details of the approvals being sought at the Court Meeting and the General Meeting and the action to be taken by Novae Shareholders in respect of the offer are set out in sections 9 and 17 of Part II (*Explanatory Statement*) of this Scheme Document.

Details relating to the cancellation of listing of the Novae Shares and settlement of the cash consideration offered by AXIS BidCo are included in sections 12 and 13 of Part II (*Explanatory Statement*) of this Scheme Document.

## 10. Overseas shareholders

Overseas shareholders of Novae Shares should refer to Part VI (*Additional Information for Overseas Shareholders*) of this Scheme Document, which contains important information relevant to such holders.

## 11. United Kingdom taxation

Your attention is drawn to section 14 of Part II (*Explanatory Statement*) of this Scheme Document headed "*United Kingdom taxation*". Although this Scheme Document contains certain tax-related information, if you are in any doubt about your own tax position or you are subject to taxation in any jurisdiction other than the United Kingdom, you should consult an appropriately qualified independent professional adviser immediately.

## 12. Further information

Your attention is drawn to further information contained in Part II (*Explanatory Statement*), Part III (*Conditions to the Implementation of the Scheme and to the Acquisition*), Part IV (*The Scheme of Arrangement*) and Part VII (*Additional Information on Novae and AXIS*) of this Scheme Document which provides further details concerning the Scheme.

## 13. Recommendation

The Novae Directors, having been so advised by Evercore as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing advice to the Novae Directors, Evercore has taken into account the commercial assessments of the Novae Directors.

Accordingly, the Novae Directors believe that the terms of the Acquisition (including the Scheme) are in the best interests of Novae Shareholders as a whole and unanimously recommend that Novae Shareholders vote in favour of the resolutions to be proposed at the Court Meeting and the General Meeting, as those of them who hold Novae Shares in their own name or through a nominee (other than solely through the Novae Tax-Advantaged Share Plans) have irrevocably agreed to do in respect of all of their own beneficial holdings.

**You are advised to read the whole of this Scheme Document and not just rely on the summary information contained in this letter.**

Yours faithfully,



John Hastings-Bass  
*Chairman*

**Novae Group plc**

**PART II  
EXPLANATORY STATEMENT**

**(In compliance with section 897 of the Companies Act 2006)**

**EVERCORE**

2 August 2017

*To the holders of Novae Shares and, for information only, to holders of awards under the Novae Share Plans and persons with information rights*

Dear Shareholder,

**RECOMMENDED CASH ACQUISITION OF NOVAE GROUP PLC  
BY AXIS CAPITAL HOLDINGS LIMITED**

**1. Introduction**

On 5 July 2017, the boards of Novae and AXIS announced that they had agreed the terms of a recommended cash offer pursuant to which AXIS (or, at AXIS' election, a wholly-owned subsidiary of AXIS) will acquire the entire issued and to be issued ordinary share capital of Novae, to be effected by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act.

The Scheme requires, among other things, the approval of Novae Shareholders and the sanction of the Court.

**Your attention is drawn to the letter from the Chairman of Novae set out in Part I (*Letter from the Chairman of Novae Group plc*) of this Scheme Document, which forms part of this Explanatory Statement. The letter contains, among other things, the background to and reasons for the unanimous recommendation by the Novae Directors to Novae Shareholders to vote in favour of the resolutions to be proposed at the Court Meeting and the General Meeting.**

The Novae Directors have been advised by Evercore in connection with the Acquisition and the Scheme. We have been authorised by the Novae Directors to write to you to explain the terms of the Acquisition and the Scheme and to provide you with other relevant information.

The Scheme is set out in full in Part IV (*The Scheme of Arrangement*) of this Scheme Document. For overseas holders of Novae Shares, your attention is drawn to Part VI (*Additional Information for Overseas Shareholders*), which forms part of this Explanatory Statement.

Statements made or referred to in this letter regarding AXIS' reasons for the Acquisition, information concerning the business of the AXIS Group the financial effects of the Acquisition on AXIS and/or intentions or expectations of or concerning the AXIS Group, reflect the views of the AXIS Board.

Statements made or referred to in this letter regarding the background to and reasons for the recommendation of the Novae Board, information concerning the business of the Novae Group and/or intentions or expectations of or concerning the Novae Group prior to completion of the Acquisition, reflect the views of the Novae Board.

**2. Summary of the terms of the Acquisition and the Scheme**

***The Acquisition***

The Acquisition is to be effected by way of a scheme of arrangement between Novae and Scheme Shareholders under Part 26 of the Companies Act. Following the Scheme becoming effective, the entire issued share capital of Novae will be held by AXIS BidCo (a wholly-owned subsidiary of AXIS).

Under the terms of the Acquisition, Novae Shareholders will receive:

**for each Novae Share                      700 pence in cash**

This price represents:

- a premium of approximately 20 per cent. to the Closing Price of 581 pence per Novae Share on 4 July 2017, being the last Business Day before the date of the Rule 2.7 Announcement; and

- a premium of approximately 29 per cent. to the volume weighted average closing price per Novae share for the one month period up to and including 4 July 2017, being the last Business Day before the date of the Rule 2.7 Announcement.

The consideration also implies a multiple of 1.5x Novae's reported net tangible book value of £318.8 million as at 31 December 2016 and a multiple of 1.6x Novae's reported net tangible book value of £300.6 million as at 30 June 2017 (in each case on a fully diluted basis).

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*). For the avoidance of doubt, any payments made in cash or by way of the delivery of shares on the vesting of awards calculated by reference to dividends accrued in respect of those underlying vested shares are not to be construed as a dividend, distribution or return of capital for these purposes.

If AXIS exercises its right to reduce the amount of consideration payable by AXIS BidCo for each Novae Share by all or part of the amount of dividend (or other distribution) that has not been paid, Novae Shareholders will be entitled to receive and retain that dividend (or other distribution).

### **3. Background to and reasons for the recommendation**

Information relating to the background to and reasons for the Novae Board's recommendation of the Acquisition is set out in section 3 of Part I (*Letter from the Chairman of Novae Group plc*) of this Scheme.

AXIS has received irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the General Meeting from those of the Novae Directors who hold Novae Shares in their own names or through a nominee (other than solely through the Novae Tax-Advantaged Share Plans) in respect of all their own beneficial holdings of Novae Shares.

Further details of these irrevocable undertakings are set out in section 9 of Part VII (*Additional Information on Novae and AXIS*) of this Scheme Document.

### **4. Information on Novae**

Novae is a diversified property and casualty (re)insurer headquartered in London and operates through Syndicate 2007 at Lloyd's. It was established in 1986 and has been listed on the London Stock Exchange since 1998.

Novae writes both insurance and reinsurance for property, casualty and marine, aviation and political risk. The Novae Group employs approximately 350 people between its offices in London and Bermuda.

Novae is segmented into two main divisions:

- Property, including US, UK and European Property Facilities, Medical Malpractice and Property Reinsurance; and
- Marine, Aviation, Political Risk and Specialty, including Cyber, Marine & Energy, Political & Credit, US Excess Casualty and Aviation Reinsurance.

For the year ending 31 December 2016, Novae reported gross written premiums of approximately £901 million and profit before tax for the year of approximately £24 million. As at 31 December 2016, Novae had approximately £2,387 million of total assets and £322 million of shareholders' equity.

For the half year ending 30 June 2017, Novae reported gross written premiums of approximately £599 million and loss before tax of approximately £14 million, including losses on foreign exchange of £10 million and non-recurring items of £2 million. As at 30 June 2017, Novae had approximately £2,599 million of total assets and approximately £303 million of shareholders' equity.

The Novae Group's business has a strategy focused on expert underwriting, consistent performance and dynamic capital management. As part of this, Novae has re-focused on a select number of core lines of business where it has underwriting expertise and can produce sustainable profits (core lines comprise Novae's "Invest" and "Maintain" classes which delivered an average combined ratio of 80 per cent. between 2013 and 2016). Since 2013, this has resulted in Novae exiting 15 classes of business in lines where it does not hold leading offerings or where rates are under persistent market pressure, and growing its attractive core classes by approximately £410 million.

As at the Latest Practicable Date, Novae had in issue and admitted to trading on the main market of the London Stock Exchange 64,425,640 ordinary shares of £1.125 each. The ISIN of the Novae Shares is GB00B40SF849.

## 5. Information on AXIS

Established in 2001, AXIS is a Bermuda-based global insurer and reinsurer, providing clients and distribution partners with a broad range of specialised risk transfer products and services.

AXIS listed on the NYSE in 2003 and has a market capitalisation of approximately \$5.4 billion as at the Latest Practicable Date. Headquartered in Bermuda, AXIS operates through locations in the United States, Europe, Singapore, the Middle East, Canada and Latin America, with over 1,300 employees. AXIS has total managed capital of \$7.9 billion as at 31 December 2016 and its operating subsidiaries have been assigned a rating of “A+” (“Strong”) by Standard & Poor’s and “A+” (“Superior”) by A.M. Best.

AXIS is segmented into two global underwriting platforms:

- AXIS Insurance, provides a customised coverage for property, liability, marine, energy, aviation, terrorism, professional lines, political risk, accident and health, credit risk and other specialty risks on a worldwide basis; and
- AXIS Reinsurance, provides non-life reinsurance to insurance companies on a worldwide basis.

For the year ending 31 December 2016, AXIS reported gross written premiums of \$4,970 million and net income for the year of \$513 million. As at 30 June 2017, AXIS had approximately \$5,893 million of total shareholders’ equity and approximately \$21,500 million of total assets.

AXIS BidCo is a wholly-owned subsidiary of AXIS incorporated in England and Wales. It is a non-trading intermediate holding company in the AXIS Group.

## 6. Financing of the Acquisition

The consideration will be funded from AXIS’ existing cash resources or, if market conditions are favourable, from new borrowings.

Each of Credit Suisse and Fenchurch, joint financial advisers to AXIS, has confirmed that they are satisfied that sufficient resources are available to AXIS to satisfy in full the payment of the cash consideration payable by AXIS BidCo in respect of the Scheme. Based on a fully diluted share capital of 66,795,621 Novae Shares at the Effective Date, full implementation of the Scheme would result in cash consideration amounting to approximately £467.6 million being payable by AXIS BidCo to Scheme Shareholders and participants in the Novae Share Plans.

## 7. Novae Share Plans and other incentive arrangements

### 7.1 Existing Novae Share Plans

The Novae Group operates a number of share plans to reward and retain its employees. Novae operates three discretionary plans: a three-year LTIP (“**2007 LTIP**”), a five-year LTIP (“**2017 LTIP**”) and a senior employee share plan (“**SESP**”). All plans operate as discretionary long-term incentive arrangements and are subject to continuous employment. In addition both LTIPs are subject to performance conditions. Novae Executive Directors and certain senior employees are required to defer 50 per cent. of their annual bonus into shares which vest in equal tranches over three years. From 2016 onwards, these awards were made under the Deferred Bonus Plan (“**DBP**”). In addition, certain exceptional share awards were made to senior underwriters in 2015 (known as EVA Awards). Novae also operates an HMRC registered and self-certified Share Incentive Plan.

Participants in the Novae Share Plans will be contacted separately regarding the effect of the Acquisition on their rights under the Novae Share Plans and appropriate proposals will be made to such participants in due course.

All Novae Shares issued or transferred on the vesting of awards under the Novae Share Plans before the Scheme Record Time will be subject to the terms of the Scheme and will constitute Scheme Shares.

The Acquisition will extend to any Novae Shares which are unconditionally allotted, issued or transferred on or prior to the Scheme Record Time to satisfy the vesting of existing awards under the Novae Share

Plans on or prior to the Scheme Record Time. The Acquisition will not extend to any Novae Shares or Novae Shares allotted, issued or transferred to satisfy such awards that vest at any time after the Scheme Record Time. Any Novae Shares allotted, issued or transferred after the Scheme Record Time to satisfy such awards will, if Novae Shareholders approve the relevant amendments to the Novae articles of association to be proposed at the General Meeting, be transferred to AXIS BidCo for the same consideration as Novae Shareholders will be entitled to receive under the Scheme.

#### *2007 LTIP, 2017 LTIP and the SESP*

Awards granted under the 2007 LTIP, the 2017 LTIP and the SESP (together, the “**LTIP/SESP Awards**”) will vest on the Court Sanction Date to the extent that any applicable performance conditions (measured, where appropriate, up to the Court Sanction Date) have been satisfied. Time pro-rating will then be applied to the LTIP/SESP Awards on such reasonable basis as the remuneration committee of Novae may determine, consistent with the rules of each plan. When an LTIP/SESP Award vests, any dividend equivalents will be paid in cash.

Where an LTIP/SESP Award has been reduced by reason of the application of time pro-rating, that proportion of the LTIP/SESP Award relating to the time pro-rated reduction, will not be lost. Instead the time pro-rated reduction will be exchanged for replacement awards over AXIS Shares. These replacement awards will be granted as soon as practicable following the Effective Date and will vest equally over a period of three years (“**Replacement Awards**”).

The number of AXIS Shares comprised in a Replacement Award will be calculated by reference to the number of Novae Shares that the time-pro-rated proportion equated to, the offer price and the market value of AXIS Shares as at the grant date of the relevant Replacement Award.

If a holder of a Replacement Award ceases employment with the Enlarged Group after the Effective Date in a number of ‘bad leaver’ circumstances (dismissal for gross misconduct; joining a competitor; voluntary resignation), then the Replacement Award shall lapse. In all other ‘good leaver’ circumstances, the Replacement Award will vest on the normal vesting date unless it is agreed that the award should vest earlier. Replacement Awards will be pro-rated to reflect the period of time that has elapsed between the Effective Date and the normal vesting date for the Replacement Award.

Evercore has reviewed the arrangements set out above in relation to the Replacement Awards and considers them to be fair and reasonable.

#### *The DBP*

Awards under the DBP will vest in full on the Court Sanction Date and so participants will acquire Novae Shares prior to the Scheme Record Time.

#### *EVA Awards*

The EVA Awards and the Annual Bonus Award will vest in full immediately before the Scheme is sanctioned by the Court. When the EVA Awards and the Annual Bonus Award vest, any dividend equivalents will be paid in cash.

#### *Novae Tax-Advantaged Share Plans*

The Novae Shares held in the SIP Trust under the Novae Tax-Advantaged Share Plans will participate in the Scheme on the same terms as for other Novae Shareholders.

## **7.2 Other incentive arrangements**

Following completion of the Acquisition, AXIS may make incentive awards to a small number of Novae employees on a discretionary basis. These awards would be to incentivise certain employees to contribute to the growth prospects of the Enlarged Group (the “**Incentivisation Awards**”).

The detailed terms of the Incentivisation Awards, including the form of the awards, any vesting periods or service conditions, quantum and the number and identity of Novae employees to whom such awards are awarded, if any, will be determined by AXIS having consulted with Novae.

## **8. The Novae Directors and the effect of the Scheme on their interests**

Details of the interests of the Novae Directors in the share capital of Novae, and awards in respect of such share capital, are set out in Part VII (*Additional Information on Novae and AXIS*) of this Scheme

Document. Scheme Shares held by the Novae Directors at the Scheme Record Time will be subject to the Scheme.

All of the Novae Directors who hold Novae Shares in their own name or through a nominee (other than solely through the Novae Tax-Advantaged Share Plans) have irrevocably undertaken to vote in favour of the Scheme at the Court Meeting and the resolution to be proposed at the General Meeting in respect of all of their own beneficial holdings of Novae Shares.

The undertakings from the Novae Directors will remain binding in the event that a higher competing offer for Novae is made and will cease to be binding only if: (i) AXIS announces, with the consent of the Panel, that it does not intend to make or proceed with the Acquisition and no new, revised or replacement scheme of arrangement is announced by AXIS in accordance with Rule 2.7 of the Code at the same time; (ii) the Scheme lapses or is withdrawn and no new, revised or replacement scheme of arrangement has been announced by AXIS in accordance with Rule 2.7 of the Code in its place or is announced, in accordance with Rule 2.7 of the Code, within 10 Business Days of such lapse or withdrawal; (iii) on the Long Stop Date; or (iv) any competing offer for the entire issued and to be issued share capital of Novae is declared wholly unconditional or, if proceeding by way of a scheme of arrangement, becomes effective.

Particulars of the service contracts (including termination provisions) and letters of appointment of the Novae Directors are set out in section 6 of Part VII (*Additional Information on Novae and AXIS*) of this Scheme Document. AXIS expects that the appointments of the Novae Non-Executive Directors will be terminated on the Effective Date and that appropriate payments will be made to the Novae Non-Executive Directors in lieu of the required three months' notice, such payments reflecting the fees payable under such letters of appointment.

In common with the other participants in the Novae Share Plans, the Novae Directors who hold awards will be able to receive shares under such awards, to the extent such awards vest.

Save as set out above, the effect of the Scheme on the interests of Novae Directors does not differ from its effect on the like interests of any other Novae Shareholder.

## **9. Description of the Scheme and the Meetings**

### **9.1 The Scheme**

The Acquisition is to be implemented by means of a Court-sanctioned scheme of arrangement between Novae and the Scheme Shareholders on the register of members at the Scheme Record Time, under Part 26 of the Companies Act. The procedure requires approval by Novae Shareholders at the Court Meeting and the General Meeting, and sanction of the Scheme by the Court. The Scheme is set out in full in Part IV (*The Scheme of Arrangement*) of this Scheme Document.

The purpose of the Scheme is to provide for AXIS BidCo (a wholly-owned subsidiary of AXIS) to become the holder of the entire issued and to be issued ordinary share capital of Novae not already directly or indirectly held by it (if any). This is to be achieved by transferring the Scheme Shares held by Novae Shareholders as at the Scheme Record Time to AXIS BidCo, in consideration for which AXIS BidCo will pay cash on the basis set out in this Part II.

### **9.2 Novae Meetings**

The Scheme will require the approval of Scheme Shareholders at the Court Meeting and Novae Shareholders at the separate General Meeting, both of which will be held on 29 August 2017 at 21 Lombard Street, London EC3V 9AH. The Court Meeting is being held at the direction of the Court to seek the approval of Scheme Shareholders for the Scheme. The General Meeting is being convened to seek the approval of Novae Shareholders to enable the Novae Directors to implement the Scheme and to amend the articles of association of Novae as described in paragraph 9.3 below.

Notices of both the Court Meeting and the General Meeting are set out at the end of this Scheme Document. Entitlement to attend and vote at these meetings and the number of votes which may be cast thereat will be determined by reference to the register of members of Novae at the Voting Record Time.

**If the Scheme becomes effective, it will be binding on all Scheme Shareholders holding Scheme Shares at the Scheme Record Time, irrespective of whether or not they attended or voted in favour of, or against, the Scheme at the Court Meeting or in favour of, or against, or abstained from voting on the Special Resolution at the General Meeting.**

Any Novae Shares which AXIS BidCo may acquire prior to the Court Meeting or the General Meeting (and any Novae Shares which any member of the AXIS Group (or their nominees) holds at the date of the Court Meeting or General Meeting) are not Scheme Shares and therefore no member of the AXIS Group (or their nominees) is entitled to vote at the Court Meeting in respect of the Novae Shares held or acquired by it and will not exercise the voting rights attaching to these Novae Shares at the General Meeting. Each such member of the AXIS Group will undertake to be bound by the Scheme.

*(a) Court Meeting*

The Court Meeting has been convened at the direction of the Court for 10.00 a.m. (London time) on 29 August 2017 for Scheme Shareholders on the register of members as at the Voting Record Time to consider and, if thought fit, approve the Scheme.

At the Court Meeting, voting will be by poll and each Scheme Shareholder present in person or by proxy will be entitled to one vote for each Scheme Share held as at the Voting Record Time. The approval required at the Court Meeting is a majority in number of those Scheme Shareholders present and voting (and entitled to vote) in person or by proxy, representing 75 per cent. or more in value of the Scheme Shares held by such Scheme Shareholders.

**It is important that, for the Court Meeting in particular, as many votes as possible are cast – so that the Court may be satisfied that there is a fair and reasonable representation of opinion of the Novae Shareholders. You are therefore strongly advised to sign and return your blue Form of Proxy or appoint a proxy electronically for the Court Meeting as soon as possible. The completion and return of the Forms of Proxy will not prevent you from attending, voting and speaking at either the Court Meeting or the General Meeting, or any adjournment thereof, in person if you are entitled and you wish to do so.**

*(b) General Meeting*

In addition, the General Meeting has been convened for the same date (to be held immediately after the Court Meeting) to consider and, if thought fit, pass the Special Resolution to:

- (i) authorise the Novae Directors to take all such actions as are necessary or appropriate for implementing the Scheme; and
- (ii) amend the articles of association of Novae in the manner described in paragraph 9.3 of this Part II below.

Voting at the General Meeting will be by poll and each Novae Shareholder present in person or by proxy will be entitled to one vote for each Novae Share held as at the Voting Record Time. The approval required for the Special Resolution to be passed is at least 75 per cent. of the votes cast on the Special Resolution (in person or by proxy).

Novae will announce the details of the votes at the Meetings as required under the Code through a Regulatory Information Service as soon as practicable after the conclusion of the Meetings and, in any event, by no later than 8.00 a.m. (London time) on the Business Day following the Meetings.

*(c) Scheme Court Hearing*

Under the Companies Act, the Scheme requires the sanction of the Court. The hearing by the Court to sanction the Scheme is currently expected to be held in the fourth quarter of 2017 subject to the prior satisfaction or waiver of the other Conditions set out in Part III (*Conditions to the Implementation of the Scheme and to the Acquisition*) of this Scheme Document.

The Court Hearing will be held at The Royal Courts of Justice, The Rolls Buildings, Fetter Lane, London, EC4A 1NL. Scheme Shareholders are entitled to attend the Court Hearing, should they wish to do so, in person or through counsel.

Following sanction of the Scheme by the Court, the Scheme will become effective in accordance with its terms upon a copy of the Court Order being delivered to the Registrar of Companies. This is presently expected to occur two Business Days after the date of the Court Hearing, subject to satisfaction (or, where applicable, waiver) of the Conditions.

Novae and/or AXIS will make an announcement through a Regulatory Information Service as soon as practicable following the Scheme becoming effective.

**Upon the Scheme becoming effective, it will be binding on all Scheme Shareholders holding Scheme Shares at the Scheme Record Time, irrespective of whether or not they attended or voted in favour of, or against, the Scheme at the Court Meeting or in favour of, or against, or abstained from voting on the Special Resolution at the General Meeting.**

If the Scheme does not become effective by 31 March 2018 (or such later date as may be agreed in writing by Novae and AXIS with the Panel's consent and as the Court may approve (should such approval(s) be required)), the Scheme will not become effective.

### **9.3 Amendments to Novae's articles of association**

It is proposed, as part of the Special Resolution relating to the Scheme, to amend Novae's articles of association to ensure that any Novae Shares issued under the Novae Share Plans (other than the Novae Tax-Advantaged Share Plans) or otherwise between the Voting Record Time and the Scheme Record Time will be subject to the Scheme. It is also proposed to amend Novae's articles of association so that any Novae Shares issued to any person other than AXIS BidCo or its nominee(s) at or after the Scheme Record Time will be automatically acquired by AXIS BidCo on the same terms as under the Scheme (other than terms as to timing and formalities). This will avoid any person (other than AXIS BidCo or its nominee(s)) being left with Novae Shares after the Scheme becomes effective). Part (b) of the Special Resolution set out in the notice of General Meeting in Part X of this Scheme Document seeks the approval of Novae Shareholders for such amendments.

### **9.4 Entitlement to vote at the Meetings**

Each Novae Shareholder who is entered in Novae's register of members at the Voting Record Time (expected to be 6.00 p.m. (London time) on 24 August 2017) will be entitled to attend and vote on all resolutions to be put to the Court Meeting and the General Meeting. If either Meeting is adjourned, only those Novae Shareholders on the register of members at 6.00 p.m. (London time) on the day which is two days (excluding non-working days) before the adjourned meeting will be entitled to attend and vote. Each eligible Novae Shareholder is entitled to appoint a proxy or proxies to attend, speak and, on a poll, to vote instead of him or her. A proxy need not be a Novae Shareholder.

Eligible Novae Shareholders who return completed Forms of Proxy or appoint a proxy electronically or through CREST may still attend the Meetings (or the adjourned Meeting(s), if applicable) instead of their proxies and vote in person if they wish and are entitled to do so.

If you are in any doubt as to whether or not you are permitted to vote at the Meetings, please call Computershare between 8.30 a.m. and 5.30 p.m. Monday to Friday (except UK public holidays) on +44 (0) 370 707 1327. Calls will be charged at national or international rates as the case may be. Different charges may apply to calls from mobile telephones. Please note that calls may be monitored or recorded and Computershare cannot provide legal, tax or financial advice or advice on the merits of the Scheme.

Further information on the actions to be taken is set out in section 17 of this Part II.

### **9.5 Modifications to the Scheme**

The Scheme contains a provision for Novae and AXIS BidCo jointly to consent (on behalf of all persons concerned) to any modification of, or addition to, the Scheme or to any condition which the Court may approve or impose. The Court would be unlikely to approve or impose any modification of, or addition or condition to, the Scheme which might be material to the interests of Scheme Shareholders unless Scheme Shareholders were informed of any such modification, addition or condition. It would be for the Court to decide, in its discretion, whether or not a further meeting of Scheme Shareholders should be held in those circumstances.

### **9.6 Implementation by way of a Takeover Offer**

Subject to obtaining the consent of the Panel, AXIS reserves the right to elect to implement the Acquisition by way of a Takeover Offer as an alternative to the Scheme. In such event, such Takeover Offer will be implemented on substantially the same terms and conditions, so far as applicable, as those which would apply to the Scheme subject to appropriate amendments to reflect the change in method of effecting the Takeover Offer, including (without limitation) the inclusion of an acceptance condition set at 75 per cent. (or such lower percentage as AXIS may, subject to the rules of the Code and with the consent of the Panel, decide) of the Novae Shares to which the Takeover Offer relates or, where any of

the circumstances set out in Note 2 of Section 8 of Appendix 7 of the Code applies, 90 per cent. of the Novae Shares to which the Takeover Offer relates (or such other percentage, being more than 50 per cent. of the Novae Shares to which the Takeover Offer relates, as AXIS may, subject to the rules of the Code and with the consent of the Panel, decide).

## 10. Conditions to the Acquisition

The Acquisition and, accordingly, the Scheme is subject to a number of conditions set out in full in Part III (*Conditions to the Implementation of the Scheme and to the Acquisition*) of this Scheme Document, including:

- (a) approval of the resolution proposed at the Court Meeting by the requisite majority of the Scheme Shareholders;
- (b) approval of the Special Resolution necessary to implement the Scheme by the requisite majority of the Novae Shareholders at the General Meeting;
- (c) the receipt of required regulatory, merger control and other necessary approvals (including from the PRA, FCA, BMA, Lloyd's and the European Commission);
- (d) the sanction of the Scheme by the Court; and
- (e) the delivery of a copy of the Court Order to the Registrar of Companies.

The Scheme will require approval by Scheme Shareholders at the Court Meeting and Novae Shareholders at the General Meeting and the sanction of the Court at the Scheme Court Hearing. The Meetings and the nature of the approvals required to be given at them are described in more detail in paragraph 9.2 of this Part II above. All Scheme Shareholders are entitled to attend the Scheme Court Hearing in person or through representation to support or oppose the sanctioning of the Scheme.

The Scheme can only become effective if all Conditions to the Scheme, including shareholder approvals and the sanction of the Court, have been satisfied (unless, where applicable, the relevant Condition is waived). The Scheme will become effective upon a copy of the Court Order being delivered to the Registrar of Companies for registration. This is expected to occur in the fourth quarter of 2017. Unless the Scheme becomes effective by the Long Stop Date, the Scheme will not become effective and the Acquisition will not proceed.

## 11. Offer-related arrangements

### 11.1 Confidentiality Agreement

Novae and AXIS entered into an agreement on 6 June 2017 (the "**Confidentiality Agreement**") under which AXIS has undertaken, among other things: (a) to keep information relating to the Acquisition and Novae confidential and not to disclose such information to third parties (other than to certain permitted recipients) unless required by law or regulation; and (b) to use the confidential information only in connection with the acquisition of the whole of the issued and to be issued share capital of Novae. The Confidentiality Agreement also includes other customary obligations on AXIS, including non-solicitation of Novae's employees. This agreement has been published on Novae's website at [www.novae.com](http://www.novae.com) and is available for inspection at the times and places indicated in section 18 of Part VII (*Additional Information on Novae and AXIS*) of this Scheme Document.

### 11.2 Share Scheme Letter

Novae and AXIS also entered into the Share Scheme Letter on 5 July 2017 which includes certain provisions that will apply in respect of the Novae Share Plans (as described in section 7 of this Part II), Directors' and Officers' Insurance and certain other arrangements relating to employees. This letter has been published on Novae's website at [www.novae.com](http://www.novae.com) and is available for inspection at the times and places indicated in section 18 of Part VII (*Additional Information on Novae and AXIS*) of this Scheme Document.

## 12. Cancellation of listing of Novae Shares

The last day of dealings in, and registration of transfers of, Novae Shares on the London Stock Exchange will be the Business Day immediately after the Scheme Court Hearing and the Novae Shares will be suspended from the Official List and from the London Stock Exchange's main market for listed securities from 7.30 a.m. on the second Business Day following the Scheme Court Hearing.

Prior to the Effective Date, it is intended that applications will be made to the London Stock Exchange for Novae Shares to cease to be admitted to trading on its main market for listed securities, and to the UK Listing Authority for the listing of Novae Shares on the Official List to be cancelled.

On the Effective Date, entitlements to Scheme Shares held within CREST will be cancelled, and share certificates in respect of Scheme Shares held in certificated form will cease to be valid documents of title and should be destroyed or, at the request of Novae, delivered up to Novae, or to any person appointed by Novae to receive the same.

### **13. Settlement**

Subject to the Acquisition becoming effective (and except as provided in Part VI (*Additional Information for Overseas Shareholders*) of this Scheme Document in relation to certain overseas Novae Shareholders), settlement of the consideration to which any Novae Shareholder is entitled under the Scheme will be effected in the following manner:

#### **13.1 Novae Shares held in uncertificated form (that is, in CREST)**

Where, at the Scheme Record Time, a Scheme Shareholder holds Novae Shares in uncertificated form, the cash consideration to which such Scheme Shareholder is entitled will be transferred to such person through CREST by AXIS BidCo instructing or procuring the instruction of Euroclear to create an assured payment obligation in favour of the appropriate CREST account through which the Scheme Shareholder holds such uncertificated Novae Shares in respect of the cash consideration due to him not later than the 14th day following the Effective Date.

As from 7.30 a.m. on the second Business Day following the Scheme Court Hearing, each holding of Novae Shares credited to any stock account in CREST will be disabled and all Novae Shares will be removed from CREST in due course.

AXIS BidCo reserves the right to pay all, or any part of, the cash consideration referred to above to all or any Scheme Shareholder(s) who hold Novae Shares in uncertificated form in the manner referred to in section 13.2 below if, for any reason, it wishes to do so.

In the case of joint holders, payment will be made to the holder whose name stands first in the register of members of Novae in respect of the joint holding concerned.

#### **13.2 Novae Shares held in certificated form**

Where, at the Scheme Record Time, a Scheme Shareholder holds Novae Shares in certificated form, settlement of the cash consideration due under the Scheme in respect of the Scheme Shares will be despatched:

- (i) by first class post, by cheque drawn on a branch of a UK clearing bank; or
- (ii) by such other method as may be approved by the Panel.

All such cash payments will be made in pounds sterling and drawn on a United Kingdom clearing bank. Payments made by cheque will be payable to the Scheme Shareholder(s) concerned. Cheques will be despatched not later than the 14th day following the Effective Date to the person entitled thereto at the address as appearing in the register of members of Novae at the Scheme Record Time or in accordance with any special standing instructions regarding communications. None of Novae, AXIS, AXIS BidCo, any nominee(s) of Novae, AXIS, AXIS BidCo or any of their respective agents shall be responsible for any loss or delay in the transmission of cheques sent in this way, and such cheques shall be sent at the risk of the person or persons entitled thereto.

#### **13.3 General**

All documents and remittances sent to Novae Shareholders will be sent at the risk of the person(s) entitled thereto.

On the Effective Date, each certificate representing a holding of Scheme Shares will cease to be a valid document of title and should be destroyed or, at the request of Novae, delivered up to Novae, or to any person appointed by Novae to receive the same. On the Effective Date, entitlements to Scheme Shares held within CREST will be cancelled.

Except with the consent of the Panel, settlement of the consideration to which any Novae Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme free

of any lien, right of set-off, counterclaim or other analogous right to which AXIS BidCo might otherwise be, or claim to be, entitled against such Novae Shareholder.

#### **13.4 Dividends**

Please refer to section 2 of this Part II for further information on dividends.

#### **14. United Kingdom taxation**

The comments set out below summarise certain limited aspects of the UK taxation treatment of certain Novae Shareholders under the Scheme and do not purport to be a complete analysis of all tax considerations relating to the Scheme. They are based on current UK legislation and what is understood to be current HM Revenue and Customs (“HMRC”) practice, both of which are subject to change, possibly with retrospective effect.

The comments are intended as a general guide and do not deal with certain types of Novae Shareholder such as charities, dealers in securities, persons who have or could be treated for tax purposes as having acquired their Novae Shares by reason of their employment or as carried interest, collective investment schemes, persons subject to UK tax on the remittance basis and insurance companies.

References below to “**UK Holders**” are to Novae Shareholders who are resident for tax purposes in the United Kingdom, who hold their Novae Shares as an investment (other than under a personal equity plan or individual savings account) and who are the absolute beneficial owners of their Novae Shares.

Overseas holders of Novae Shares are referred to Part VI (*Additional Information for Overseas Shareholders*) of this Scheme Document, which summarises certain UK tax consequences of the Scheme for such holders.

**IF YOU ARE IN ANY DOUBT ABOUT YOUR TAX POSITION OR YOU ARE SUBJECT TO TAXATION IN ANY JURISDICTION OTHER THAN THE UNITED KINGDOM, YOU SHOULD CONSULT AN APPROPRIATELY QUALIFIED INDEPENDENT PROFESSIONAL ADVISER IMMEDIATELY.**

#### ***UK taxation of chargeable gains (“CGT”)***

The transfer of Novae Shares under the Scheme in return for cash should be treated as a disposal of the UK Holder’s Novae Shares for CGT purposes and therefore may, depending on the UK Holder’s particular circumstances (including the availability of exemptions, reliefs and/or allowable losses), give rise to a liability to UK taxation on chargeable gains or, alternatively, an allowable capital loss.

#### ***Individual Novae Shareholders***

Subject to available reliefs or allowances, gains arising on a disposal of Novae Shares by an individual UK Holder will be taxed at the rate of 10 per cent. or 20 per cent. depending on the individual’s personal circumstances, including other taxable income and gains in the relevant year.

The capital gains tax annual exemption (£11,300 for 2017/18) may be available to individual UK Holders to offset against chargeable gains realised on the disposal of their Novae Shares.

#### ***Corporate Novae Shareholders***

For UK Holders within the charge to UK corporation tax (but which do not qualify for the substantial shareholding exemption in respect of their Novae Shares), indexation allowance will be available in respect of the full period of ownership of the Novae Shares to reduce any chargeable gain arising (but not to create or increase any allowable loss) on the transfer of their Novae Shares under the Scheme in return for cash.

The substantial shareholding exemption may apply to exempt from corporation tax any gain arising to UK Holders within the charge to UK corporation tax where a number of conditions are satisfied, including that the corporate UK Holder (together with certain associated companies) has held not less than 10 per cent. of the ordinary issued share capital of Novae for a period of at least one year prior to the date of disposal.

#### ***UK stamp duty and stamp duty reserve tax (“SDRT”)***

No UK stamp duty or SDRT should generally be payable by Novae Shareholders on the transfer of their Novae Shares under the Scheme.

## 15. Overseas holders

Overseas holders of Novae Shares should refer to Part VI (*Additional Information for Overseas Shareholders*) of this Scheme Document which contains important information relevant to such holders.

## 16. Further information

The terms of the Scheme are set out in full in Part IV (*The Scheme of Arrangement*) of this Scheme Document. Further information regarding Novae and AXIS is set out in Part VII (*Additional Information on Novae and AXIS*) of this Scheme Document. Documents published and available for inspection are listed in section 18 of Part VII (*Additional information on Novae and AXIS*) of this Scheme Document.

## 17. Actions to be taken

### ***Sending Forms of Proxy by post or by hand***

Novae Shareholders will receive a blue Form of Proxy for the Court Meeting and a yellow Form of Proxy for the General Meeting. Please complete and sign the Forms of Proxy in accordance with the instructions printed on them and return them, either (i) by post or (ii) during normal business hours only, by hand to Novae's registrars, Computershare, at The Pavilions, Bridgwater Road, Bristol BS99 6ZY, so as to be received as soon as possible and, in any event, not later than 10.00 a.m. and 10.15 a.m. respectively on 24 August 2017 (or, in the case of adjournment(s), not later than 48 hours (excluding any part of such 48 hour period falling on a non-working day) before the time fixed for the adjourned Meeting(s)). If the blue Form of Proxy for the Court Meeting is not returned by the above time, it may be handed to a representative of Computershare or to the Chairman of the Court Meeting before the start of that Meeting. However, in the case of the General Meeting, the yellow Form of Proxy must be received by the time mentioned above, or it will be invalid.

Novae Shareholders are entitled to appoint a proxy in respect of some or all of their Novae Shares and may also appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such holder. Novae Shareholders who wish to appoint more than one proxy in respect of their holding of Novae Shares should contact Computershare for further Forms of Proxy or photocopy the Forms of Proxy as required.

Completion and return of a Form of Proxy, or the appointment of a proxy electronically using CREST (or any other procedure described below), will not prevent you from attending, speaking and voting in person at either the Court Meeting or the General Meeting, or any adjournment thereof, if you are entitled and wish to do so.

### ***Electronic appointment of proxies through CREST***

If you hold Novae Shares in uncertificated form through CREST and wish to appoint a proxy or proxies for the Meetings (or any adjourned Meeting) by using the CREST electronic proxy appointment service, you may do so by using the procedures described in the CREST Manual (please also refer to the accompanying notes to the notices of Meetings set out in Part IX and Part X of this Scheme Document). CREST personal members or other CREST sponsored members, and those CREST members who have appointed any voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with the specifications of Euroclear and must contain the information required for such instructions as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by Computershare (ID 3RA50) not less than 48 hours (excluding any part of such 48 hour period falling on a non-working day) before the time fixed for the Court Meeting or General Meeting (or adjourned Meeting), as applicable. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which Computershare is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy

Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed any voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Novae may treat as invalid a CREST Proxy Instruction in the circumstances set out in the CREST Regulations.

### ***Online appointment of proxies***

As an alternative to completing and returning the printed Forms of Proxy, Novae Shareholders entitled to attend and vote at the Meetings may appoint a proxy electronically by logging on to the following website: [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) and entering the control number, shareholder reference number and PIN number shown on their Forms of Proxy. For an electronic proxy appointment to be valid, the appointment must be received by Computershare no later than 10.00 a.m. (London time) on 24 August 2017 for the Court Meeting and 10.15 a.m. London time on 24 August 2017 for the General Meeting (or, in the case of adjournment(s), not later than 48 hours (excluding any part of such 48 hour period falling on a non-working day) before the time fixed for the adjourned Meeting(s)). Full details of the procedure to be followed to appoint a proxy electronically are given on the website.

In the case of the Court Meeting only, if you have not appointed a proxy electronically by such time, you may complete the blue Form of Proxy and hand it to a representative of Computershare, on behalf of the Chairman of the Court Meeting, or to the Chairman of the Court Meeting, before the start of that Meeting.

**It is important that, for the Court Meeting in particular, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of opinion of the Novae Shareholders. You are therefore strongly advised to sign and return your blue Form of Proxy or appoint a proxy electronically for the Court Meeting as soon as possible. The completion and return of the Forms of Proxy will not prevent you from attending, voting and speaking at either the Court Meeting or the General Meeting, or any adjournment thereof, in person if you are entitled and wish to do so.**

### **Shareholder helpline**

If you have any questions in relation to this document, the Meetings, or the completion and return of the Forms of Proxy, please telephone Computershare between 8.30 a.m. and 5.30 p.m. Monday to Friday (except UK public holidays) on +44 (0) 370 707 1327. Calls will be charged at national or international rates as the case may be. Different charges may apply to calls from mobile telephones. Please note that calls may be monitored or recorded and Computershare cannot provide legal, tax or financial advice or advice on the merits of the Scheme.

The Novae Shareholder Helpline cannot provide advice on the merits of the Acquisition nor give any financial, legal or tax advice.

Yours faithfully,

Matthew Lindsey-Clark  
for and on behalf of Evercore Partners International LLP

**PART III**  
**CONDITIONS TO THE IMPLEMENTATION OF THE SCHEME AND TO THE ACQUISITION**

**A. CONDITIONS TO THE SCHEME AND THE ACQUISITION**

**SCHEME CONDITIONS**

1. The Acquisition will be conditional upon the Scheme becoming unconditional and becoming Effective, subject to the provisions of the Code, by no later than the Long Stop Date.
2. The Scheme will be subject to the following conditions:
  - 2.1 its approval by a majority in number of Scheme Shareholders who are on the register of members of Novae at the Voting Record Time, present and voting, whether in person or by proxy, representing 75 per cent. or more in value of the Scheme Shares held by those Scheme Shareholders, at the Court Meeting (or any adjournment thereof, provided that the Court Meeting may not be adjourned beyond the 22nd day after the expected date of the Court Meeting as set out in this Scheme Document, or such later date (if any) as AXIS and Novae may agree and the Court may allow);
  - 2.2 all resolutions required to approve and implement the Scheme (including, without limitation, the Special Resolution) being duly passed by the requisite majority at the General Meeting (or any adjournment thereof, provided that the General Meeting may not be adjourned beyond the 22nd day after the expected date of the General Meeting as set out in this Scheme Document, or such later date (if any) as AXIS and Novae may agree and the Court may allow); and
  - 2.3 the sanction (without modification or with modification on terms acceptable to AXIS and Novae) of the Scheme by the Court, provided that the Scheme Court Hearing may not be adjourned beyond the 22nd day after the expected date of the Scheme Court Hearing as set out in this Scheme Document or such later date (if any) as AXIS and Novae may agree and the Court may allow, and an office copy of the Scheme Court Order being delivered to the Registrar of Companies of England and Wales.

**GENERAL CONDITIONS**

3. AXIS and Novae have agreed that, subject as stated below and to the requirements of the Panel, the Acquisition will also be conditional upon, and accordingly the necessary actions to make the Acquisition Effective will only be taken on, the satisfaction or waiver of the following Conditions:

**Regulatory and merger control clearances**

***Prudential Regulation Authority***

- 3.1 the PRA:
  - (a) having given notice of its unconditional approval in writing under section 189(4)(a) of FSMA, or having given notice of its conditional approval by means of a decision notice under section 189(7) of FSMA on terms satisfactory to AXIS acting reasonably; or
  - (b) being treated as having given its approval by virtue of section 189(6) of FSMA, in respect of any increase in or acquisition of control (as defined in sections 181 and 182 of FSMA) over Novae Syndicates Limited which would take place as a result of the Acquisition becoming Effective;

***Financial Conduct Authority***

- 3.2 the FCA:
  - (a) having given notice of its unconditional approval in writing under section 189(4)(a) of FSMA, or having given notice of its conditional approval by means of a decision notice under section 189(7) of FSMA on terms satisfactory to AXIS acting reasonably; or
  - (b) being treated as having given its approval by virtue of section 189(6) of FSMA,

in respect of any increase in control (as defined in sections 181 and 182 of FSMA) over Novae Underwriting Limited which would take place as a result of the Acquisition becoming Effective;

#### ***Lloyd's of London***

- 3.3 Lloyd's (acting through the Council of Lloyd's or its Franchise Board, as the case may be) having given its consent in writing, pursuant to (i) paragraph 12 of the Lloyd's Membership Byelaw, in respect of each member of the AXIS Group that will become a controller of Novae Corporate Underwriting Limited and each Dormant Corporate Member; and (ii) paragraph 43 of the Lloyd's Underwriting Byelaw, in respect of each member of the AXIS Group that will become a controller of Novae Underwriting Limited, in each case in relation to such as would take place as a result of the Acquisition becoming Effective and where, in each case, the meaning of "controller" follows that of the relevant byelaw;

#### ***Bermuda Monetary Authority***

- 3.4 the BMA having given written notice that it has no objection to any change in the shareholder controller(s) of Novae Bermuda Limited notified by the relevant member(s) of the AXIS Group in accordance with Section 30D of the Bermuda Insurance Act 1978 which would take place as a result of the Acquisition becoming Effective;

#### ***Merger control***

- 3.5 the European Commission indicating that it does not intend to initiate proceedings under Article 6(1)(c) of the Council Regulation (or being deemed to have done so under Article 10(6) of the Council Regulation); and
- 3.6 to the extent that the European Commission refers any aspect of the Acquisition to a competent authority of any Member State of the European Union or EFTA, under Article 9 of the Council Regulation, all relevant notifications or filings having been made, all appropriate waiting periods having expired, lapsed or been terminated and all such clearances or approvals having been granted (or being deemed to have been granted in accordance with the relevant law) provided that each such clearance or approval has an equivalent effect to the decision referred to in Condition 3.5 above.

#### ***General Third Party clearances***

- 3.7 all notifications to, and filings with, Third Parties which are necessary in order to allow the Acquisition to close having been made, all necessary waiting and other time periods (including any extensions of such waiting and other time periods) under any applicable legislation or regulation of any relevant jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory or regulatory obligations in any relevant jurisdiction having been complied with in each case in connection with the Scheme or Acquisition or the acquisition of any shares or other securities in, or control of, Novae or any other member of the wider Novae Group by any member of the wider AXIS Group where the direct consequence of failure to make a notification or filing or to wait for the expiry, lapse or termination of any such waiting or time period is material in the context of the wider AXIS Group or the wider Novae Group, in each case, taken as a whole;
- 3.8 no Third Party whose consent or non-intervention is required in order to allow the Acquisition to close having intervened (as defined in paragraph 4.4 below) which would or might reasonably be expected to (in each case, which is material in the context of the wider AXIS Group or the wider Novae Group, in each case, taken as a whole):
  - (a) make the Scheme or the Acquisition or, in each case, its implementation or the acquisition or proposed acquisition by AXIS BidCo or any member of the wider AXIS Group of any shares or other securities in, or control of, Novae or any member of the wider Novae Group void, illegal or unenforceable in any relevant jurisdiction, or otherwise directly or indirectly materially restrain, prevent, prohibit, restrict or delay the same or impose additional material conditions or obligations with respect to the Scheme or the Acquisition or such acquisition, or otherwise materially impede, challenge or interfere with the Scheme or Acquisition or such acquisition, or require material amendment to the terms of the Scheme or Acquisition or the acquisition or proposed acquisition of any

Novae Shares or the acquisition of control of Novae or the wider Novae Group by AXIS BidCo or any member of the AXIS Group;

- (b) materially limit or delay, or impose any material limitations on, the ability of any member of the wider AXIS Group or any member of the wider Novae Group to acquire or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or other securities in, or to exercise voting or management control over, any member of the wider Novae Group or any member of the wider AXIS Group;
- (c) require, prevent or materially delay the divestiture by any member of the wider AXIS Group of any shares or other securities in Novae;
- (d) require, prevent or materially delay the divestiture by any member of the wider AXIS Group or by any member of the wider Novae Group of all or any portion of their respective businesses, assets or properties or materially limit the ability of any of them to conduct any of their respective businesses or to own or control any of their respective assets or properties or any part thereof;
- (e) except pursuant to sections 974 to 991 of the Companies Act, require any member of the wider AXIS Group or of the wider Novae Group to acquire, or to offer to acquire, any shares or other securities (or the equivalent) in any member, or repay any indebtedness of any member of the wider AXIS Group or the wider Novae Group owned by or owed to any third party;
- (f) materially limit the ability of any member of the wider AXIS Group or of the wider Novae Group to conduct or integrate or coordinate its business, or any part of it, with the businesses or any part of the businesses of any other member of the wider AXIS Group or of the wider Novae Group;
- (g) result in any member of the wider Novae Group or the wider AXIS Group ceasing to be able to carry on business under any name under which it presently does so; or
- (h) otherwise materially adversely affect any or all of the business, assets, value, profits, operational performance, financial or trading position or prospects of any member of the wider Novae Group or of the wider AXIS Group,

and all applicable waiting and other time periods (including extensions thereof) during which any Third Party whose consent is required in order to allow the Acquisition to close could intervene (as defined in 4.4 below) under the laws of any relevant jurisdiction having expired, lapsed or been terminated;

- 3.9 all material Authorisations which are necessary in order to allow the Acquisition to close in any relevant jurisdiction for or in respect of the Scheme or Acquisition or the acquisition or proposed acquisition of any shares or other securities in, or control of, Novae or any other member of the wider Novae Group by any member of the wider AXIS Group having been obtained, in terms and in a form reasonably satisfactory to AXIS, from all appropriate Third Parties or from any persons or bodies with whom any member of the wider Novae Group has entered into contractual arrangements, in each case where the absence of such Authorisation necessary to allow the Acquisition to close would have a material adverse effect on the wider Novae Group taken as a whole and all such Authorisations remaining in full force and effect and there being no notice or intimation of any intention to revoke, suspend, restrict, modify or not to renew any of the same;

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

- 3.10 except as Disclosed, there being no provision of any agreement, arrangement, licence, permit, franchise, lease or other instrument to which any member of the wider Novae Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject or any circumstance, which, in each case as a consequence of the Scheme or Acquisition or the acquisition or proposed acquisition of any shares or other securities in, or control of, Novae or any other member of the wider Novae Group by any member of the wider AXIS Group or because of a change in the control of Novae or any other member of the wider Novae Group or otherwise, would or might reasonably be expected to result (in each case to an extent which is material in the context of the wider Novae Group as a whole) in:

- (a) any monies borrowed by or any other indebtedness (actual or contingent) of, or grant available to any such member, being or becoming repayable or capable of being declared repayable immediately or earlier than their or its stated maturity date or repayment date or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
- (b) any such agreement, arrangement, licence, permit, franchise, lease or instrument or the rights, liabilities, obligations, interests or business of any such member thereunder being, or becoming capable of being, terminated or adversely modified or adversely affected or any obligation or liability arising thereunder or any adverse action being taken thereunder;
- (c) any assets or interests of any such member being or falling to be disposed of or charged or ceasing to be available to any such member or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available to any such member otherwise than in the ordinary course of business;
- (d) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any such member or any such mortgage, charge or other security interest (wherever created, arising or having arisen) being enforced or becoming enforceable otherwise than in the ordinary course of business;
- (e) the rights, liabilities, obligations or interests of any such member under any such agreement, arrangement, licence, permit, franchise, lease or other instrument, or the interests or business of any such member in or with, any person, firm, company or body (or any arrangement or arrangements relating to any such interests or business) being terminated, adversely modified or adversely affected or any onerous obligation or liability arising or any adverse action being taken or arising thereunder;
- (f) the business, assets, value, profits or operational performance of any such member or its financial or trading position being prejudiced or adversely affected;
- (g) any such member ceasing to be able to carry on business under any name under which it presently does so;
- (h) the creation or acceleration of any liability, actual or contingent, by any such member or for which any such member may be responsible other than liabilities incurred in the ordinary course of business;
- (i) the creation or acceleration of any liability to taxation of any such member other than liabilities incurred in the ordinary course of business; or
- (j) any liability of any such member to make any severance, termination, bonus or other payment to any of its directors or other officers other than where such liabilities are incurred in the ordinary course of business,

and no event having occurred which, under any provision of any agreement, arrangement, licence, permit, franchise, lease or other instrument to which any member of the wider Novae Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, would result in or would reasonably be expected to result in any of the events or circumstances as are referred to in sub-paragraphs (a) to (j) of this Condition 3.10 (in each case to an extent which is or would be material in the context of the wider Novae Group as a whole);

3.11 except as Disclosed, no member of the wider Novae Group having, since 31 December 2016:

- (a) save as between Novae and wholly-owned subsidiaries of Novae or for Novae Shares issued pursuant to the exercise of options, awards and other rights granted under the Novae Share Plans, issued, agreed to issue, authorised the issue or proposed the issue of additional shares of any class;
- (b) sold or transferred or agreed to sell or transfer any Novae Shares held by Novae as treasury shares except for the issue or transfer out of treasury of Novae Shares on the exercise of employee share options or vesting of employee share awards;

- (c) save as between Novae and wholly-owned subsidiaries of Novae or for the grant of options, awards and other rights under the Novae Share Plans, issued or agreed to issue, authorised or proposed the issue of securities convertible or exchangeable into shares of any class or rights, warrants or options to subscribe for, or acquire, any such shares or convertible or exchangeable securities;
- (d) except in relation to necessary changes made or agreed as a result of or arising from, changes to legislation, made or agreed or consented to any significant change to: (i) the terms of the trust deeds, rules, policy or other governing documents constituting any pension scheme or other retirement or death benefit arrangement established for the directors, former directors, employees or former employees of any entity in the wider Novae Group or their dependants (a “**Relevant Pension Plan**”); (ii) the basis on which benefits accrue, pensions which are payable or the persons entitled to accrue or be paid benefits, under any Relevant Pension Plan; (iii) the basis on which the liabilities of any Relevant Pension Plan are funded or valued; (iv) the manner in which the assets of any Relevant Pension Plan are invested; or (v) the basis or rate of employer contribution to a Relevant Pension Plan;
- (e) carried out any act: (i) which would or could reasonably be expected to lead to the commencement of the winding up of any Relevant Pension Plan; (ii) which would or might create a material debt owed by an employer to any Relevant Pension Plan; or (iii) which would or might accelerate any material obligation on any employer to fund or pay additional contributions to any Relevant Pension Plan;
- (f) other than to another member of the Novae Group, recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution whether payable in cash or otherwise;
- (g) other than pursuant to the Acquisition and save as between Novae and its wholly-owned subsidiaries or between wholly-owned subsidiaries of Novae and save for any transaction in the ordinary course of business, merged or demerged with any body corporate, partnership or business or acquired or disposed of or transferred, mortgaged or charged or created any security interest over any assets or any right, title or interest in any asset (including shares and trade investments) or authorised or proposed or announced any intention to propose any merger, demerger, acquisition or disposal, transfer, mortgage, charge or security interest, in each case to an extent which is material in the context of the wider Novae Group as a whole;
- (h) save as between Novae and its wholly-owned subsidiaries or between wholly-owned subsidiaries of Novae, made or authorised or proposed or announced an intention to propose any change in its loan capital, in each case, (i) other than in the ordinary course of business and (ii) to an extent which is material in the context of the wider Novae Group as a whole;
- (i) issued or authorised or proposed the issue of, or made any change in or to, any debentures or (except as between Novae and its wholly-owned subsidiaries or between wholly-owned subsidiaries of Novae) incurred or increased any indebtedness or become subject to any guarantee or liability (actual or contingent), in each case (i) other than in the ordinary course of business and (ii) to an extent which is material in the context of the wider Novae Group as a whole;
- (j) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or made any other change to any part of its share capital, in each case, to an extent which is material in the context of the wider Novae Group as a whole;
- (k) other than pursuant to the Acquisition (and except for transactions between Novae and its wholly-owned subsidiaries or between wholly-owned subsidiaries of Novae or transactions in the ordinary course of business) implemented, or authorised, proposed or announced its intention to implement, any reconstruction, amalgamation, scheme, commitment or other transaction or arrangement, in each case, to an extent which is material in the context of the wider Novae Group as a whole;

- (l) entered into or varied the terms of any contract, agreement or arrangement with any director or senior executive of any member of the wider Novae Group, save for salary increases, bonuses or variation of terms in the ordinary course of business which, in each case, is material in the context of the wider Novae Group;
- (m) entered into or varied or authorised, proposed or announced its intention, other than in the ordinary course of business, to enter into or vary any contract, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, onerous or unusual nature or magnitude or which involves an obligation of such a nature or magnitude, and in each such case is or would be reasonably likely to be material in the context of the wider Novae Group or which is or is reasonably likely to be restrictive on the business of any member of the wider Novae Group to an extent which is reasonably likely to be material in the context of the wider Novae Group;
- (n) other than in respect of a member which was dormant and solvent at the relevant time, taken any corporate action or had any legal proceedings started or threatened in writing against it or petition presented or order made for its winding-up (voluntarily or otherwise), striking off, dissolution or reorganisation or for the appointment of a receiver, administrative receiver, administrator (including the filing of an administration application, notice of intention to appoint an administrator or notice of appointment of an administrator), trustee or similar officer of all or any material part of its assets or revenues or any analogous proceedings in any jurisdiction or had any such person appointed which in any case is material in the context of the Novae Group taken as a whole;
- (o) been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or proposed or entered into any composition or voluntary arrangement with its creditors (or any class of them) or the filing at court of documentation in order to obtain a moratorium prior to a voluntary arrangement or, by reason of actual or anticipated financial difficulties, commenced negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness, in each case, to an extent which is material in the context of the wider Novae Group as a whole or ceased or threatened to cease carrying on all or a substantial part of its business;
- (p) entered into any contract, transaction or arrangement which would be restrictive on the business of any member of the wider Novae Group other than to a nature and extent which is normal in the context of the business concerned, to an extent which is or would be reasonably likely to be material in the context of the wider Novae Group as a whole;
- (q) otherwise than in respect of claims between Novae and its wholly-owned subsidiaries, waived or compromised any claim which is or would be reasonably likely to be material in the context of the wider Novae Group as a whole;
- (r) made any alteration to its memorandum or articles of association which is material in the context of the Scheme or the Acquisition or the acquisition by any member of the wider AXIS Group of any shares or other securities in, or control of, Novae or any other member of the wider Novae Group;
- (s) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any person employed by the wider Novae Group, in each case, in a manner which is material in the context of the Novae Group taken as a whole; or
- (t) other than in the ordinary course of business, entered into any contract, commitment, arrangement or agreement or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced any intention to, or to propose to, effect any of the transactions, matters or events referred to in this Condition 3.11;

### **No adverse change, litigation or regulatory enquiry**

3.12 since 31 December 2016 and save as Disclosed:

- (a) no material adverse change or deterioration having occurred in the business, assets, value, financial or trading position, profits, operational performance or prospects of the wider Novae Group taken as a whole;
- (b) other than as a result of the Acquisition, no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the wider Novae Group is or may become a party (whether as a plaintiff, defendant or otherwise) and no investigation by any third party against or in respect of any member of the wider Novae Group having been instituted, announced or threatened in writing by or against or remaining outstanding in respect of any member of the wider Novae Group which in any such case is material in the context of the wider Novae Group as a whole;
- (c) (other than as a result of or in connection with the Acquisition) no enquiry or investigation by, or complaint or reference to, any Third Party having been threatened, announced, implemented, instituted by or against or remaining outstanding against or in respect of any member of the wider Novae Group which in any case is material in the context of the Novae Group taken as a whole;
- (d) no contingent or other liability having arisen which would have or would reasonably be expected to have a material adverse effect on the wider Novae Group as a whole;
- (e) no steps having been taken and no omissions having been made which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the wider Novae Group which is necessary for the proper carrying on of its business and the absence of which in any case is material in the context of the wider Novae Group as a whole;
- (f) other than with the consent of AXIS, no action having been taken or proposed by any member of the wider Novae Group, either (i) following the approval of the Novae Shareholders in respect of such action or (ii) where the Panel has not been consulted and the approval of the Novae Shareholders has not been sought in respect of such action, in either case under Rule 21.1 of the Code where such action would be materially inconsistent with the implementation by AXIS BidCo of the Acquisition on the basis contemplated as at 5 July 2017; and
- (g) no member of the wider Novae Group having conducted its business in breach of any applicable laws and regulations which in any case is material in the context of the wider Novae Group as a whole;

### **No discovery of certain matters**

3.13 save as Disclosed, AXIS not having discovered:

- (a) that any financial, business or other information concerning the wider Novae Group as contained in the information publicly disclosed or disclosed to any member of the wider AXIS Group or its advisers in connection with the Acquisition, in each case by or on behalf of any member of the wider Novae Group at any time prior to 5 July 2017, is materially misleading, contains a misrepresentation of fact or omits to state a fact necessary to make that information not materially misleading and which was not subsequently corrected before 5 July 2017 by public disclosure or by disclosure to any member of the wider AXIS Group or its advisers (as applicable) to an extent which in any case is material in the context of the wider Novae Group as a whole;
- (b) that any member of the wider Novae Group is subject to any liability (contingent or otherwise) which is material in the context of the Novae Group as a whole and which is not disclosed in the annual report or accounts of Novae for the year ended 31 December 2016; or
- (c) any information which affects the import of any information Disclosed at any time prior to 5 July 2017 by or on behalf of any member of the wider Novae Group to any member of the wider AXIS Group, in each case which is material in the context of the wider Novae Group as a whole; and

## Anti-corruption, sanctions and criminal property

3.14 save as Disclosed, AXIS not having discovered:

- (a) that any past or present member, director, officer or employee of the wider Novae Group or any person that performs or has performed services for or on behalf of the wider Novae Group is or has at any time engaged in any or has paid or agreed to pay any bribe including any "inducement fee" given or agreed to give any similar gift or benefit or paid or agreed to pay to a concealed bank account or fund to or for the account of, any customer, supplier, governmental official or employee, representative of a political party, or other person for the purpose of obtaining or retaining business or otherwise engaged in any activity, done such things (or omitted to do such things) in contravention of the Bribery Act 2010, as amended, or the US Foreign Corrupt Practices Act 1977, as amended or any other anti-corruption legislation applicable to the wider Novae Group which, in each case, is material in the context of the wider Novae Group taken as a whole;
- (b) any material asset of any member of the wider Novae Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition);
- (c) that any past or present member, director, officer or employee of the wider Novae Group has engaged in any business with or made any investments in, or made any payments, funds or assets available, to or received any funds or assets from: (i) any government, entity or individual in respect of which US or European Union persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by US or European Union laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control or HM Treasury & Customs; or (ii) any government, entity or individual named by any of the economic sanctions of the United Nations or the European Union or any of their respective member states which, in each case, is material in the context of the wider Novae Group taken as a whole; or
- (d) a member of the Novae Group has engaged in any transaction which would cause AXIS BidCo to be in breach of any law or regulation upon its acquisition of Novae, including the economic sanctions of the United States Office of Foreign Assets Control, or HM Treasury & Customs, or any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the European Union or any of its member states which, in each case, is material in the context of the wider Novae Group taken as a whole.

4. For the purposes of these Conditions:

- 4.1 "**Authorisations**" means authorisations, orders, grants, recognitions, determinations, certificates, confirmations, consents, licences, clearances, notifications, filings, permissions and approvals, in each case, of a Third Party;
- 4.2 "**Council Regulation**" means the Council Regulation (EC) 139/2004;
- 4.3 "**Disclosed**" means information which has been fairly disclosed by or on behalf of Novae: (i) in the annual report and accounts of the Novae Group for the year ended 31 December 2016; (ii) in the Rule 2.7 Announcement; (iii) in any other public announcement by, or on behalf of, Novae in accordance with the Market Abuse Regulation or the Listing Rules or Disclosure and Transparency Rules (as applicable) prior to 5 July 2017; (iv) in writing prior to 5 July 2017 by or on behalf of Novae to AXIS or AXIS BidCo (or its or their respective officers, employees, agents or advisers in their capacity as such); or (v) in the virtual data room operated by or on behalf of Novae in respect of the Acquisition prior to 5 July 2017;
- 4.4 "**Third Party**" means any central bank, government, government department or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body, authority (including any national or supranational anti-trust or merger control authority), court, trade agency, association, institution or professional or environmental body or any other body or person whatsoever in any jurisdiction (including, for the avoidance of doubt, the Panel);

- 4.5 a Third Party shall be regarded as having “**intervened**” if it has decided to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference or made, proposed or enacted any statute, regulation, decision or order or taken any measures or other steps or required any action to be taken or information to be provided and “**intervene**” shall be construed accordingly; and
- 4.6 the “**wider Novae Group**” means Novae and its subsidiary undertakings, associated undertakings and any other undertaking in which Novae and/or such undertakings (aggregating their interests) have a significant interest and the “**wider AXIS Group**” means AXIS and its subsidiary undertakings, associated undertakings and any other undertaking in which AXIS and/or such undertakings (aggregating their interests) have a significant interest and for these purposes “subsidiary undertaking”, “undertaking” and “associated undertaking” have the meanings given by the Companies Act and “associated undertaking” has the meaning given to it by paragraph 19 of Schedule 6 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 other than paragraph 19(1)(b) of Schedule 6 to those Regulations which shall be excluded for this purpose, and “significant interest” means a direct or indirect interest in ten per cent. or more of the equity share capital (as defined in the Companies Act).

## **PART B: FURTHER TERMS AND CONDITIONS**

### **Waiver and invocation of the Conditions**

5. The Scheme will not become Effective unless the Conditions have been fulfilled or (if capable of waiver) waived or, where appropriate, have been determined by AXIS to be or remain satisfied by no later than the Long Stop Date.
6. Subject to the requirements of the Panel, AXIS reserves the right to waive, in whole or in part, all or any of the above Conditions, except Condition 2.
7. Conditions 3.1 to 3.14 (inclusive) must be fulfilled, or waived, by no later than 11:59 p.m. on the day immediately preceding the date of the Scheme Court Hearing, failing which the Scheme will lapse. AXIS shall not be obliged: (i) to waive or treat as satisfied any Condition that AXIS is entitled, with the permission of the Panel where required by the Code, to invoke; or (ii) where AXIS has given notice to Novae that it considers it is or may be entitled to invoke a Condition, to waive or treat as satisfied any Condition before the date on which the Panel rules (or if any such ruling is capable to appeal, AXIS confirms that it does not intend to appeal) that any such Condition may not be invoked.
8. AXIS undertakes that it will, immediately before the Scheme Court Hearing, provide notice in writing to Novae that either (i) the Conditions (except Condition 2) have each been satisfied or that AXIS has waived or treated as satisfied such Conditions or (ii) to the extent permitted by the Panel, it intends to invoke or treat as incapable of satisfaction each or any Condition.
9. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

### **Implementation by way of Takeover Offer**

10. Subject to obtaining the consent of the Panel, AXIS reserves the right to elect to implement the Acquisition by way of a Takeover Offer as an alternative to the Scheme. In such event, such Takeover Offer will be implemented on substantially the same terms and conditions, so far as applicable, as those which would apply to the Scheme subject to appropriate amendments to reflect the change in method of effecting the Takeover Offer, including (without limitation) the inclusion of an acceptance condition set at 75 per cent. (or such lower percentage as AXIS may, subject to the rules of the Code and with the consent of the Panel, decide) of the Novae Shares to which the Takeover Offer relates or, where any of the circumstances set out in Note 2 of Section 8 of Appendix 7 of the Code applies, 90 per cent. of the Novae Shares to which the Takeover Offer relates (or such other percentage, being more than 50 per cent. of the Novae Shares to which the Takeover Offer relates, as AXIS may, subject to the rules of the Code and with the consent of the Panel, decide).

### **Certain further terms of the Acquisition**

11. Under Rule 13.5(a) of the Code, AXIS may not invoke a Condition to the Acquisition so as to cause the Acquisition not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the Condition are of material significance to AXIS in the context of the Acquisition. Condition 2 and, if applicable, any acceptance condition if the Acquisition is implemented by means of a Takeover Offer, are not subject to this provision of the Code.
12. If AXIS is required by the Panel to make an offer for Novae Shares under the provisions of Rule 9 of the Code, AXIS may make such alterations to any of the above Conditions as are necessary to comply with the provisions of that Rule.
13. The Scheme will lapse and will not become Effective if:
  - (a) insofar as the Acquisition constitutes, or is deemed to constitute, a concentration with an EU dimension within the scope of the Council Regulation, the European Commission either initiates proceedings under Article 6(1)(c) of the Council Regulation or makes a referral to the CMA under Article 4(4) or Article 9(1) of the Council Regulation and there is then a reference of the Acquisition or matter arising from or relating to it to the chair of the CMA for the constitution of a group under schedule 4 to the Enterprise and Regulatory Reform Act 2013; or
  - (b) in so far as the Acquisition does not constitute, or is not deemed to constitute, a concentration with an EU dimension within the scope of the Regulation, the Acquisition or any matter arising from or relating to it becomes subject to a reference to the chair of the CMA for the constitution of a group under schedule 4 to the Enterprise and Regulatory Reform Act 2013,in either case, before the date of the Court Meeting and the General Meeting.
14. Novae Shares will be acquired by AXIS BidCo fully paid and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and other third party rights of any nature whatsoever and together with all rights attaching to them as at 5 July 2017 or subsequently attaching or accruing to them, including the right to receive and retain, in full, all dividends and other distributions (if any) paid or payable, or any other return of capital made, on or after 5 July 2017.
15. If, on or after 5 July 2017, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Novae Shares, AXIS reserves the right (without prejudice to any right of AXIS to invoke Condition 3.11(f)), to reduce the consideration payable by AXIS BidCo for the Novae Shares by an amount up to the amount of such dividend and/or distribution and/or return of capital so announced, declared or paid, in which case any reference in the Rule 2.7 Announcement or in this Scheme Document to the consideration for the Novae Shares will be deemed to be a reference to the consideration as so reduced. To the extent that any such dividend and/or distribution and/or other return of capital is announced, declared or paid and it is: (i) transferred pursuant to the Acquisition on a basis which entitles AXIS BidCo to receive the dividend or distribution and to retain it; or (ii) cancelled, the consideration will not be subject to change in accordance with this paragraph. Any exercise by AXIS of its rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the Acquisition. For the further avoidance of doubt, any payments made in cash or by way of the delivery of shares on the vesting of awards calculated by reference to dividends accrued in respect of those underlying vested shares are not to be construed as a dividend, distribution or return of capital for these purposes.
16. The Acquisition will be subject, inter alia, to the Conditions and certain further terms which are set out in this Part III and such further terms as may be required to comply with the Listing Rules and the provisions of the Code.
17. The availability of the Acquisition to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction. Any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about and observe any applicable requirements. Further information in relation to overseas Novae Shareholders is contained in Part VI (Additional Information for Overseas Shareholders).
18. The Rule 2.7 Announcement and any rights or liabilities arising thereunder, the Acquisition, the Scheme and any rights or liabilities arising hereunder, and proxies will be governed by English law and be subject to the exclusive jurisdiction of the courts of England and Wales. This Scheme is subject to the applicable requirements of the Code, the Panel, the London Stock Exchange and the FCA.

**PART IV  
THE SCHEME OF ARRANGEMENT**

IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
COMPANIES COURT

CR-2017-005163

IN THE MATTER OF NOVAE GROUP PLC  
and  
IN THE MATTER OF THE COMPANIES ACT 2006  
SCHEME OF ARRANGEMENT  
*(under Part 26 of the Companies Act 2006)*  
between  
NOVAE GROUP PLC  
AND  
THE HOLDERS OF THE SCHEME SHARES  
*(as hereinafter defined)*

**PRELIMINARY**

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings:

<b>“associated undertaking”</b>	has the meaning given in section 344(3) of the Companies Act;
<b>“AXIS”</b>	AXIS Capital Holdings Limited, incorporated under the laws of Bermuda with registered number 33024;
<b>“AXIS BidCo”</b>	AXIS Specialty UK Holdings Limited, incorporated in England and Wales with registered number 04328229;
<b>“AXIS Group”</b>	AXIS and its subsidiary and associated undertakings;
<b>“Business Day”</b>	a day (other than a Saturday, Sunday or public or bank holiday) on which clearing banks in London are generally open for normal business;
<b>“certificated form” or “in certificated form”</b>	a share or other security which is not in uncertificated form (that is, not in CREST);
<b>“Code”</b>	The City Code on Takeovers and Mergers;
<b>“Companies Act”</b>	the Companies Act 2006, as amended;
<b>“Court”</b>	the High Court of Justice in England and Wales;
<b>“Court Meeting”</b>	the meeting of Novae Shareholders (and any adjournment thereof) convened pursuant to an order of the Court pursuant to section 896 of the Companies Act for the purpose of considering and, if thought fit, approving (with or without modification) this Scheme;
<b>“Court Order”</b>	the order of the Court sanctioning this Scheme under section 899 of the Companies Act;
<b>“CREST”</b>	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the relevant system (as defined in the CREST Regulations) of which Euroclear is the Operator (as defined in the CREST Regulations);

<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended;
<b>“Effective Date”</b>	the date on which this Scheme becomes effective in accordance with its terms;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited;
<b>“Excluded Shares”</b>	(i) any Novae Shares which are registered in the name of or beneficially owned by AXIS, AXIS BidCo or any other member of the AXIS Group or any of their respective nominees; and (ii) any Novae Shares held in treasury;
<b>“holder”</b>	a registered holder and includes any person(s) entitled by transmission;
<b>“Latest Practicable Date”</b>	close of business on 31 July 2017, being the latest practicable date before publication of the Scheme Document;
<b>“Meeting”</b>	the Court Meeting and/or the General Meeting, as the case may be;
<b>“Novae” or “Company”</b>	Novae Group plc, incorporated in England and Wales with registered number 05673306;
<b>“Novae Shareholders”</b>	the holders of Novae Shares;
<b>“Novae Shares”</b>	ordinary shares of £1.125 each in the capital of Novae;
<b>“Scheme”</b>	this scheme of arrangement in its present form or with or subject to any modification, addition or condition approved or imposed by the Court;
<b>“Scheme Court Hearing”</b>	the hearing at which the Court sanctions the Scheme under section 899 of the Companies Act;
<b>“Scheme Document”</b>	the circular to the Novae Shareholders published by the Company on 2 August 2017 in connection with this Scheme;
<b>“Scheme Record Time”</b>	6.00 p.m. on the Business Day immediately after the date of the Scheme Court Hearing;
<b>“Scheme Shareholders”</b>	holders of Scheme Shares whose names appear in the register of members of Novae at the Scheme Record Time;
<b>“Scheme Shares”</b>	<p>the Novae Shares:</p> <ul style="list-style-type: none"> <li>(i) in issue at the date of this Scheme Document;</li> <li>(ii) (if any) issued after the date of this Scheme Document and prior to the Voting Record Time; and</li> <li>(iii) (if any) issued at or after the Voting Record Time and prior to the Scheme Record Time in respect of which the original or any subsequent holder thereof shall be bound by this Scheme or shall by such time have agreed in writing to be bound by this Scheme,</li> </ul> <p>in each case, remaining in issue at the Scheme Record Time but excluding any Excluded Shares at any relevant date or time;</p>
<b>“uncertificated form” or “in uncertificated form”</b>	a share or other security recorded on the relevant register as being held in uncertificated form in CREST, and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST; and
<b>“Voting Record Time”</b>	6.00 p.m. on the day which is two days prior to the date of the Court Meeting (excluding non-working days) or, if the Court Meeting is adjourned, 6.00 p.m. on the day which is two days (excluding non-workings) before the date of such adjourned Meeting.

- (B) As at the Latest Practicable Date, the issued ordinary share capital of the Company was £72,478,845 divided into 64,425,640 ordinary shares of £1.125 each, all of which are credited as fully paid up.
- (C) As at the Latest Practicable Date, options and awards to acquire up to 2,369,981 Novae Shares have been granted pursuant to the Novae Share Plans (other than the Novae Tax-Advantaged Share Plans).
- (D) AXIS BidCo was incorporated on 23 November 2001 under the laws of England and Wales as a private company limited by shares.
- (E) As at the Latest Practicable Date, no member of the AXIS Group holds any Novae Shares.
- (F) AXIS BidCo has agreed to appear by Counsel at the hearing to sanction this Scheme and to undertake to the Court to be bound by the provisions of this Scheme and to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it to give effect to this Scheme.

## THE SCHEME

### 1. Transfer of Scheme Shares

- (A) Upon and with effect from the Effective Date, AXIS BidCo (or such of its nominee(s) as are agreed between AXIS and the Company) shall acquire all the Scheme Shares fully paid up with full title guarantee, free from all liens, equities, charges, encumbrances, rights of pre-emption and any other third party rights or interests of any nature, and together with all rights at the Effective Date or thereafter attached thereto, including the right to receive and retain all dividends and other distributions (if any) and any return of capital (whether by reduction of share capital of the share premium account or otherwise) announced, declared, or paid in respect of the Scheme Shares by reference to a record date on or after the Effective Date.
- (B) For the purposes of such acquisition, the Scheme Shares shall be transferred to AXIS BidCo (or such of its nominee(s) as are agreed between AXIS and the Company) and such transfer shall be effected by means of a form of transfer or other instrument or instruction of transfer and to give effect to such transfer(s) any person may be appointed by AXIS BidCo as attorney and/or agent and shall be authorised as such attorney and/or agent on behalf of the relevant holder of Scheme Shares to execute and deliver as transferor a form of transfer or other instrument of transfer (whether as a deed or otherwise) of such Scheme Shares and every form, instrument or instruction of transfer so executed or instruction given shall be effective as if it had been executed or given by the holder or holders of the Scheme Shares thereby transferred.
- (C) Pending the transfer of the Scheme Shares pursuant to sub-clauses 1(A) and 1(B) of this Scheme, each Scheme Shareholder irrevocably appoints AXIS BidCo (or such of its nominee(s) as are agreed between AXIS and the Company) as its attorney and/or agent to exercise on its behalf (in place of and to the exclusion of the relevant Scheme Shareholder) any voting rights attached to its Scheme Shares and any or all rights and privileges attaching to its Scheme Shares, to sign any consent to short notice of any general or separate class meeting of Novae and to execute a form of proxy in respect of its Scheme Shares appointing any person nominated by AXIS BidCo to attend general and separate class meetings of Novae and authorises Novae to send to AXIS BidCo and/or its nominee(s) any notice, circular, warrant or other document or communication which may be required to be sent to them as a member(s) of Novae, such that from the Effective Date, no Scheme Shareholder shall be entitled to exercise any voting rights attached to the Scheme Shares or any other rights or privileges attaching to the Scheme Shares.

### 2. Consideration for the transfer of Scheme Shares

- (A) In consideration for the transfer of the Scheme Shares to AXIS BidCo and/or its nominee(s) referred to in sub-clause 1(B) of this Scheme, AXIS BidCo shall, subject as hereinafter provided, pay or procure that there shall be paid to or for the account of each Scheme Shareholder as appearing on the register of members of Novae at the Scheme Record Time:

**for each Scheme Share**

**700 pence in cash**

- (B) If, on or after 5 July 2017 and prior to the Effective Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Novae Shares, AXIS reserves the right to reduce the consideration payable by AXIS BidCo for the Novae Shares by an amount up to the amount of such dividend and/or distribution and/or return of capital so announced, declared or paid.
- (C) If AXIS exercises the right referred to in sub-clause 2(B) of this Scheme to reduce the consideration payable by AXIS BidCo for each Scheme Share by all or part of the amount of dividend (or other distribution) that has not been paid:
  - (i) Scheme Shareholders will be entitled to receive and retain that dividend (or other distribution) in respect of the Novae Shares they hold;
  - (ii) any reference in this Scheme and the Scheme Document to the consideration payable under the Scheme shall be deemed a reference to the consideration as so reduced; and
  - (iii) the exercise of such rights shall not be regarded as constituting any revision or variation of the terms of the Scheme.
- (D) To the extent that any such dividend and/or distribution and/or other return of capital is announced, declared or paid and it is: (i) transferred pursuant to the Acquisition on a basis which entitles AXIS BidCo to receive the dividend or distribution and to retain it; or (ii) cancelled, the consideration will not be subject to change in accordance with clause 2 of this Scheme.

### **3. Settlement and despatch of consideration**

- (A) As soon as practicable after the Effective Date, and in any event not more than 14 days after the Effective Date, AXIS BidCo shall:
  - (i) in the case of the Scheme Shares, which at the Scheme Record Time are in certificated form, despatch or procure the despatch of, to the persons entitled thereto, cheques for the sums payable to each of them in accordance with clause 2 of this Scheme;
  - (ii) in the case of the Scheme Shares which at the Scheme Record Time are in uncertificated form, instruct, or procure the instruction of, Euroclear to create an assured payment obligation in respect of the sums payable in accordance with the CREST assured payment arrangements provided that AXIS BidCo reserves the right to make payment of the said consideration by cheque as aforesaid in sub-clause 3(A)(i) of this Scheme if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with this sub-clause 3(A)(ii).
- (B) As from 7.30 a.m. on the second Business Day following the Scheme Court Hearing, each holding of Scheme Shares credited to any stock account in CREST shall be disabled and all Scheme Shares will be removed from CREST in due course.
- (C) All deliveries of notices, cheques, statements of entitlement or certificates required to be made pursuant to this Scheme shall be effected by sending the same by first class post in pre-paid envelopes or by international standard post if overseas (or by such method as may be approved by the Panel) addressed to the persons entitled thereto at their respective registered addresses as appearing in the register of members of Novae at the Scheme Record Time or, in the case of joint holders, to the address of the holder whose name stands first in such register in respect of the joint holding concerned at such time and none of Novae, AXIS, AXIS BidCo or their respective agents or nominees shall be responsible for any loss or delay in the transmission of any notices, cheques, statements of entitlement or certificates sent in accordance with this sub-clause 3(C), which shall be sent at the risk of the person or persons entitled thereto.
- (D) All cheques shall be in pounds sterling and drawn on a United Kingdom clearing bank and shall be made payable to the person or persons to whom, in accordance with the foregoing provisions of this clause 3, the envelope containing the same is addressed, and the encashment of any such cheque shall be a complete discharge of AXIS BidCo's obligation under this Scheme to pay the monies represented thereby. AXIS BidCo shall despatch or procure the despatch of cheques within 14 days of the Effective Date.

- (E) In respect of payments made through CREST, AXIS BidCo shall instruct, or procure the instruction of, Euroclear to create an assured payment obligation in accordance with the CREST assured payment arrangements within 14 days of the Effective Date. The instruction of Euroclear shall be a complete discharge of AXIS BidCo's obligation under this Scheme with reference to the payments made through CREST.
- (F) None of Novae, AXIS, AXIS BidCo or their respective agents or nominees shall be responsible for any loss or delay in the transmission of any notices, cheques, statements of entitlement or certificates sent in accordance with this clause 3, which shall be sent at the risk of the person or persons entitled thereto.
- (G) The preceding sub-clauses of this clause 3 of this Scheme shall take effect subject to any prohibition or condition imposed by law.

#### **4. Certificates in respect of Scheme Shares and cancellation of CREST entitlements**

With effect from and including the Effective Date:

- (A) all certificates representing Scheme Shares shall cease to be valid as documents of title to the shares represented thereby and every holder of Scheme Shares shall be bound by the request of Novae to deliver up the same to Novae, or, as it may direct, to destroy the same;
- (B) Euroclear shall be instructed to cancel or transfer the entitlements to Scheme Shares of holders of Scheme Shares in uncertificated form;
- (C) following the cancellation of the entitlements to Scheme Shares of holders of Scheme Shares in uncertificated form, Novae's registrars, Computershare, shall be authorised to rematerialise entitlements to such Scheme Shares; and
- (D) subject to the completion of such transfers, forms, instruments or instructions as may be required in accordance with clause 1 of this Scheme and the payment of any UK stamp duty thereon, Novae shall make, or procure to be made, the appropriate entries in its register of members to reflect the transfer of the Scheme Shares to AXIS BidCo and/or its nominee(s).

#### **5. Mandates**

All mandates and other instructions given to Novae by Scheme Shareholders in force at the Scheme Record Time relating to Scheme Shares shall, as from the Effective Date, cease to be valid.

#### **6. Operation of this Scheme**

- (A) This Scheme shall become effective as soon as a copy of the Court Order shall have been delivered to the Registrar of Companies for England and Wales.
- (B) Unless this Scheme has become effective on or before 31 March 2018, or such later date, if any, as Novae and AXIS BidCo may agree in writing (with the Panel's consent and as the Court may approve (if such approval(s) are required)), this Scheme shall never become effective.

#### **7. Modification**

Novae and AXIS may jointly consent on behalf of all persons concerned to any modification of or addition to this Scheme or to any condition which the Court may approve or impose.

#### **8. Governing law**

This Scheme is governed by English law and is subject to the exclusive jurisdiction of English courts. The rules of the Code apply to this Scheme.

Dated 2 August 2017

## **PART V FINANCIAL AND RATINGS INFORMATION**

### **Part A: Financial information relating to Novae**

The following sets out financial information in respect of Novae as required by Rule 24.3 of the Code. The documents referred to below, the contents of which have previously been announced through a Regulatory Information Service, are incorporated into this Scheme Document by reference pursuant to Rule 24.15 of the Code:

- the audited accounts of Novae for the financial year ended 31 December 2015 are set out on pages 92 to 146 (both inclusive) of Novae's Annual Report 2015 available from Novae's website at [www.novae.com](http://www.novae.com);
- the audited accounts of Novae for the financial year ended 31 December 2016 are set out on pages 86 to 139 (both inclusive) of Novae's Annual Report 2016 available from Novae's website at [www.novae.com](http://www.novae.com); and
- the unaudited interim financial results of the Novae Group for the six months ended 30 June 2017 (available from Novae's website at [www.novae.com](http://www.novae.com)).

### **Part B: Novae ratings information**

Prior to the Offer Period, Novae (as part of the Lloyd's market, Syndicate 2007) has been assigned the overall "A" (A.M. Best), "AA-" (Fitch) and "A+" (Standard & Poor's) Lloyd's ratings. As at the Latest Practicable Date, there has not been any change to these ratings.

### **Part C: Financial information relating to AXIS**

The following sets out financial information in respect of AXIS (the ultimate parent company of AXIS BidCo) as required by Rule 24.3 of the Code. The documents referred to below, the contents of which have previously been announced through a Regulatory Information Service and/or uploaded to AXIS' website, are incorporated into this Scheme Document by reference pursuant to Rule 24.15 of the Code:

- the audited accounts of AXIS for the financial year ended 31 December 2015 are set out on pages 112 to 175 (both inclusive) of AXIS' Form 10-K 2015, available from AXIS' website at [www.axiscapital.com](http://www.axiscapital.com);
- the audited accounts of AXIS for the financial year ended 31 December 2016 are set out on pages 112 to 209 (both inclusive) of AXIS' Form 10-K 2016 available from AXIS' website at [www.axiscapital.com](http://www.axiscapital.com); and
- copies of the preliminary announcements made by AXIS since the date of its last published accounts (including AXIS' Form 10-Q for the quarterly period ended 31 March 2017, the Q4 2016 Financial Supplements, the Q1 2017 Financial Supplements and the Q2 2017 Financial Supplements) available from AXIS' website at [www.axiscapital.com](http://www.axiscapital.com).

### **Part D: AXIS ratings information**

Prior to the Offer Period, AXIS and its operating subsidiaries have been assigned a rating of "A+" ("Strong") by Standard & Poor's and "A+" ("Superior") by A.M. Best. As at the Latest Practicable Date, there has not been any change to these ratings.

### **Part E: No incorporation of website information**

Save as expressly referred to herein, neither the content of Novae's or AXIS' websites, nor the content of any website accessible from hyperlinks on Novae's or AXIS' websites, is incorporated into, or forms part of, this Scheme Document.

**PART VI**  
**ADDITIONAL INFORMATION FOR OVERSEAS SHAREHOLDERS**

**1. General**

This Scheme Document has been prepared for the purposes of complying with English law, the Code and the Listing Rules and the information disclosed may not be the same as that which would have been disclosed if this Scheme Document had been prepared in accordance with the laws of jurisdictions outside the UK.

It is the responsibility of any person into whose possession this Scheme Document comes to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the Acquisition, including the obtaining of any governmental, exchange control or other consents which may be required and/or compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes or levies due in such jurisdiction.

This Scheme Document does not constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for shares in any jurisdiction in which such offer or solicitation is unlawful.

**Overseas shareholders should consult their own legal and tax advisers with respect to the legal and tax consequences of the Scheme.**

**2. US securities laws**

US holders of Novae Shares should note that the Scheme relates to the shares of a UK company that is a “foreign private issuer” as defined under Rule 3b-4 under the US Exchange Act and will be governed by English law. Accordingly, neither the proxy solicitation rules nor the tender offer rules under the US Exchange Act will apply to the Scheme. Moreover, the Scheme will be subject to the disclosure requirements and practices applicable in the UK to schemes of arrangement, which differ from the disclosure requirements of the US proxy solicitation rules and tender offer rules. Financial information included in this Scheme Document has been prepared in accordance with accounting standards applicable in the UK that may not be comparable with the accounting standards applicable to financial statements of US companies. If AXIS exercises its right to implement the acquisition of the Novae Shares by way of a takeover offer, the offer will be made in compliance with applicable US securities laws and regulations, including US tender offer rules.

In accordance with normal UK practice, AXIS or its nominees, or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, Novae Shares outside the US, other than pursuant to the Acquisition, until the date on which the Acquisition and/or Scheme becomes effective, lapses or is otherwise withdrawn. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com).

**3. UK taxation of certain overseas shareholders**

Non-UK Holders should not be subject to United Kingdom taxation of chargeable gains in respect of the Scheme, however they may be subject to foreign taxation depending on their personal circumstances. No UK stamp duty or SDRT should generally be payable by Non-UK Holders on the transfer of their Novae Shares under the Scheme.

References above to “Non-UK Holders” are to Novae Shareholders who are not resident for tax purposes in the United Kingdom, have not within the past five years been resident or ordinarily resident for tax purposes in the United Kingdom and are not carrying on a trade (or profession or vocation) in the United Kingdom.

**PART VII**  
**ADDITIONAL INFORMATION ON NOVAE AND AXIS**

**1. Responsibility**

- 1.1 The Novae Directors, whose names are set out in paragraph 2.1 below, accept responsibility for the information contained in this Scheme Document other than the information for which responsibility is taken by others pursuant to paragraph 1.2 of this Part VII. 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 Scheme Document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The AXIS Directors and the AXIS BidCo Directors, whose names are set out in paragraphs 2.2 and 2.3 below, respectively, accept responsibility for the information contained in this Scheme Document relating to the AXIS Group, the AXIS Directors, the AXIS BidCo Directors and their respective immediate families and the related trusts of and persons connected with the AXIS Directors or the AXIS BidCo Directors, and persons deemed to be acting in concert (as such term is defined in the Code) with AXIS or AXIS BidCo. To the best of the knowledge and belief of the AXIS Directors and the AXIS BidCo Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Scheme Document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

**2. Directors**

- 2.1 The Novae Directors and their respective positions are:

John Hastings-Bass	<i>Chairman of the Board</i>
Matthew Fosh	<i>Chief Executive Officer</i>
Reeken Patel	<i>Chief Financial Officer</i>
Laurence Adams	<i>Non-Executive Director</i>
Mary Phibbs	<i>Non-Executive Director</i>
Justin Dowley	<i>Non-Executive Director</i>
Andrew Torrance	<i>Non-Executive Director</i>
Steven Burns	<i>Non-Executive Director</i>

The business address of each of the Novae Directors is 21 Lombard Street, London EC3V 9AH.

The Group General Counsel and Company Secretary of Novae is Alexandra Moon.

- 2.2 The AXIS Directors and their respective positions are:

Michael A. Butt	<i>Chairman of the Board</i>
Albert A. Benchimol	<i>President and Chief Executive Officer</i>
Jane Boisseau	<i>Director</i>
Charles A. Davis	<i>Director</i>
Robert L. Friedman	<i>Director</i>
Christopher V. Greetham	<i>Director</i>
Maurice A. Keane	<i>Director</i>
Cheryl-Ann Lister	<i>Director</i>
Thomas C. Ramey	<i>Director</i>
Henry B. Smith	<i>Director</i>
Wilhelm Zeller	<i>Director</i>

The business address of each of the AXIS Directors is 92 Pitts Bay Road, AXIS House, Pembroke HM 08, Bermuda.

The Group General Counsel and Company Secretary of AXIS is Conrad D. Brooks.

AXIS is a public limited company incorporated in Bermuda with its registered office at 92 Pitts Bay Road, AXIS House, Pembroke HM 08, Bermuda.

2.3 The AXIS BidCo Directors and their respective positions are:

Tim Hennessy *Director*

Alistair Robson *Director*

Mark Gregory *Director*

The business address of each of the AXIS BidCo Directors is c/o Willkie Farr & Gallagher (UK) LLP, CityPoint, 1 Ropemaker Street, London EC2Y 9AW.

The Company Secretary of AXIS BidCo is Nicholas Bugler.

AXIS BidCo is a private limited company incorporated in England and Wales with its registered office at c/o Willkie Farr & Gallagher (UK) LLP, CityPoint, 1 Ropemaker Street, London EC2Y 9AW.

### 3. Interests in Novae Shares

3.1 For the purposes of this section 3 and sections 4 and 5:

- (A) “**acting in concert**” has the meaning given to it in the Code;
- (B) “**arrangement**” includes indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to securities which may be an inducement to deal or refrain from dealing;
- (C) “**dealing**” has the meaning given to it in the Code;
- (D) “**derivative**” has the meaning given to it in the Code;
- (E) “**interest**” or “**interests**” in relevant securities shall have the meaning given to it in the Code and references to interests of AXIS Directors, AXIS BidCo Directors or interests of Novae Directors in relevant securities shall include all interests of any other person whose interests in shares the AXIS Directors, the AXIS BidCo Directors or, as the case may be, the Novae Directors, are taken to be interested in pursuant to Part 22 of the Act;
- (F) “**relevant AXIS securities**” mean relevant securities (such term having the meaning given to it in the Code in relation to an offeror) of AXIS including equity share capital of AXIS (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof;
- (G) “**relevant Novae securities**” mean relevant securities (such term having the meaning given to it in the Code in relation to an offeree) of Novae including equity share capital of Novae (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof;
- (H) “**short position**” means any short position (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

3.2 As at the Latest Practicable Date, neither AXIS, any AXIS Director, AXIS BidCo, any AXIS BidCo Director nor any person acting in concert with AXIS or AXIS BidCo, had any interest in, right to subscribe for, or had borrowed or lent any Novae Shares or securities convertible or exchangeable into Novae Shares, nor did any such person have any short position (whether conditional or absolute and whether in money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to take delivery, or any dealing arrangement of the referred to in Note 11 of the definition of acting in concert in the Code, in relation to Novae Shares or in relation to any securities convertible or exchangeable into Novae Shares; and no such person had dealt in any Novae Shares or any securities convertible or exchangeable into Novae Shares during the Disclosure Period.

- 3.3 As at the Latest Practicable Date, the Novae Directors held the following interests in, or rights to subscribe in respect of, relevant Novae securities:

*Issued Share Capital*

<b>Name</b>	<b>Number of Novae Shares</b>	<b>Nature of Interest</b>
John Hastings-Bass	41,666	Beneficial Shares
Laurence Adams	23,952	Beneficial Shares
Matthew Fosh	968,972	Beneficial Shares

- 3.4 As at the Latest Practicable Date, the Novae Directors held the following outstanding awards over relevant Novae securities under the Novae Share Plans set out below:

*The 2007 LTIP [See note 1]*

<b>Director</b>	<b>Maximum number of ordinary shares awarded</b>	<b>Date of grant</b>	<b>Share price at grant (£)*</b>	<b>Vesting date</b>	<b>Expiry date</b>
Matthew Fosh	105,219	09/04/2015	£7.38	09/04/2018	–
Matthew Fosh	99,087	15/03/2016	£8.44	15/03/2019	–
Reeken Patel	80,299	09/04/2015	£7.38	09/04/2018	–
Reeken Patel	68,744	15/03/2016	£8.44	15/03/2019	–

*The 2017 LTIP [See note 1]*

<b>Director</b>	<b>Maximum number of ordinary shares awarded</b>	<b>Date of grant</b>	<b>Share price at grant (£)*</b>	<b>Vesting date</b>	<b>Expiry date</b>
Matthew Fosh	144,636	17/05/2017	£5.78	15/03/2022	–
Reeken Patel	103,806	17/05/2017	£5.78	15/03/2022	–

*The DBP [See note 1]*

<b>Director</b>	<b>Maximum number of ordinary shares awarded</b>	<b>Date of grant</b>	<b>Share price at grant (£)*</b>	<b>Vesting date</b>	<b>Expiry date</b>
Matthew Fosh	24,588	15/03/2016	£8.50	15/03/2018	–
Matthew Fosh	24,588	15/03/2016	£8.50	15/03/2019	–
Reeken Patel	17,059	15/03/2016	£8.50	15/03/2018	–
Reeken Patel	17,058	15/03/2016	£8.50	15/03/2019	–
Reeken Patel	14,408	15/03/2017	£6.29	15/03/2018	–
Reeken Patel	14,408	15/03/2017	£6.29	15/03/2019	–
Reeken Patel	14,407	15/03/2017	£6.29	15/03/2020	–

*The Annual Deferred Bonus Award*

<b>Director</b>	<b>Maximum number of ordinary shares awarded</b>	<b>Date of grant</b>	<b>Share price at grant (£)*</b>	<b>Vesting date</b>	<b>Expiry date</b>
Matthew Fosh	30,128	09/04/2015	£7.38	09/04/2018	–

*The Novae Tax-Advantaged Share Plans*

<b>Director</b>	<b>Number of Shares purchased and held in the Trust</b>	<b>% of Novae Group plc Share Capital</b>
Matthew Fosh	19,530	0.03
Reeken Patel	2,271	0.004

Note 1: Dividends equivalents may be payable in cash to the extent that awards vest.

#### 4. Interests in AXIS

As at the Latest Practicable Date, the following persons held the following interests in AXIS such that each of them has a potential indirect interest in 5 per cent. or more in the share capital of Novae:

<b>Name</b>	<b>Number of Shares</b>	<b>Nature of Interest</b>	<b>Percentage of common shares in issue</b>
BlackRock, Inc.	6,753,390	Common shares in the capital of AXIS	8.12%
FMR LLC and related entities	6,629,514	Common shares in the capital of AXIS	7.97%
Pzena Investment Management, LLC	4,740,492	Common shares in the capital of AXIS	5.70%
The Vanguard Group	8,152,301	Common shares in the capital of AXIS	9.80%
Vulcan Value Partners, LLC	6,475,573	Common shares in the capital of AXIS	7.78%

#### 5. Interests and dealings general

5.1 Save as disclosed in sections 3 and 4 above, as at the Latest Practicable Date:

- (A) no member of the AXIS Group had any interest in, right to subscribe in respect of, any short position under a derivative in relation to any, or had any delivery obligation or any right to require another person to take delivery of relevant Novae securities nor has any member of the AXIS Group dealt in any relevant Novae securities during the Disclosure Period;
- (B) none of the AXIS Directors or AXIS BidCo Directors had any interest in, right to subscribe in respect of any short position under a derivative in relation to any, or had any delivery obligation or any right to require another person to take delivery of relevant Novae securities, nor has any such person dealt in any relevant Novae securities or during the Disclosure Period;
- (C) no person deemed to be acting in concert with AXIS or AXIS BidCo had any interest in, right to subscribe in respect of, or any short position under a derivative in relation to any, or had any delivery obligation or any right to require another person to take delivery of relevant Novae securities, nor has any such person dealt in any relevant Novae securities, during the Disclosure Period;
- (D) no person who has an arrangement with AXIS had any interest in, right to subscribe in respect of, or any short position under a derivative in relation to any, or had any delivery obligation or any right to require another person to take delivery of relevant Novae securities, nor has any such person dealt in any relevant Novae securities during the Disclosure Period; and
- (E) neither AXIS nor AXIS BidCo, nor any person acting in concert with AXIS or AXIS BidCo, has borrowed or lent any relevant Novae securities, save for any borrowed shares which have been either on-lent or sold.

5.2 Save as disclosed in sections 3 and 4 above, as at the Latest Practicable Date:

- (A) no member of the Novae Group had any interest in, right to subscribe in respect of or any short position in relation to relevant AXIS securities nor has any such person dealt in any relevant Novae securities or relevant AXIS securities during the Offer Period;
- (B) none of the Novae Directors had any interest in, right to subscribe in respect of, or any short position under a derivative in relation to any, or had any delivery obligation or any right to require another person to take delivery of relevant Novae securities or relevant AXIS securities, nor has any such person dealt in any relevant Novae securities or any relevant AXIS securities during the Offer Period;

- (C) no person deemed to be acting in concert with Novae had any interest in, right to subscribe in respect of, any short position under a derivative in relation to any, or had any delivery obligation or any right to require another person to take delivery of relevant Novae securities, nor has any such person dealt in any relevant Novae securities during the Offer Period; and
  - (D) neither Novae nor any person acting in concert with Novae has borrowed or lent any relevant Novae securities, save for any borrowed shares which have been either on-lent or sold.
- 5.3 Save as disclosed herein, no persons have given any irrevocable or other commitment to vote in favour of the Scheme or the resolutions to be proposed at the General Meeting.
- 5.4 Save as disclosed herein, none of (i) AXIS, AXIS BidCo or any person acting in concert with AXIS or AXIS BidCo; or (ii) Novae or any person acting in concert with Novae has any arrangement in relation to relevant securities.
- 5.5 No agreement, arrangement or understanding (including any compensation arrangement) exists between AXIS, AXIS BidCo or any person acting in concert with either of them and any of the Novae Directors or the recent directors, shareholders or recent shareholders of Novae having any connection with or dependence upon or which is conditional upon the Acquisition.
- 5.6 There is no agreement, arrangement or understanding whereby the beneficial ownership of any Novae Shares to be acquired by AXIS BidCo pursuant to the Scheme will be transferred to any other person.
- 5.7 No relevant securities of Novae have been redeemed or purchased by Novae during the Disclosure Period.

## **6. Directors' service contracts and letters of appointment**

### **6.1 Novae Executive Directors**

The Novae Executive Directors have entered into service agreements with the Novae Group as summarised below:

- (A) Matthew Fosh's appointment as Group Chief Executive commenced on 11 November 2002 and he is currently engaged under a service contract with Novae dated 7 April 2017, under which he receives an annual base salary of £418,000. Reeken Patel is engaged as Group Chief Financial Officer under a service contract with Novae dated 16 March 2017 under which he receives an annual base salary of £300,000. He first became an Executive Director when appointed as Group Chief Financial Officer on 2 March 2017. Each Novae Executive Director's basic salary is reviewed (but not necessarily increased) annually.
- (B) Matthew Fosh receives an annual lump sum payment of 18.5 per cent. of his base salary as a cash allowance in lieu of the Company's pensions contributions into the Novae Group personal pension scheme. Reeken Patel receives monthly payments of 14.5 per cent. of his base salary in lieu of the Company's pensions contributions (rising to 16.5 per cent. from age 40 and 18.5 per cent. from age 50). Novae makes no other pensions contributions in respect of the Novae Executive Directors.
- (C) The benefits available to Novae Executive Directors, which do not form part of their contracts of employment and are subject to variation or withdrawal at the Company's discretion, include permanent health insurance, private medical care, life assurance, season ticket loan, gym subsidy, childcare vouchers, cycle-to-work scheme, group income protection, eye test vouchers and a confidential assistance programme. The Novae Executive Directors are entitled to directors' and officers' insurance cover during their employment and a sufficient period post-termination.
- (D) Each Novae Executive Director participates in Novae's annual discretionary performance-based reward arrangement. 50 per cent. of the bonus paid under the plan is normally paid in cash and the remaining 50 per cent. is normally deferred into awards under the DBP, which vest in equal tranches over three years and are subject to malus and clawback provisions. 25 per cent. of the bonus opportunity is driven by personal performance and 75 per cent. by profit before tax targets.

- (E) The Novae Executive Directors also participate in the 2007 LTIP, 2017 LTIP, the DBP, the 2007 SIP and the 2017 SIP. There is only one Executive Director who holds an Annual Bonus Award and one Executive Director who holds shares under the AESOP.
- (F) Each Novae Executive Director's service contract is terminable by either party on 12 months' written notice. As an alternative to giving notice, Novae may in its discretion terminate the employment of a Novae Executive Director immediately by making him a payment in lieu of notice equal to his salary, pensions contributions (or corresponding cash allowance) and benefits in respect of any unexpired period of notice.
- (G) Each Novae Executive Director is subject to post-termination restrictions for a period of 12 months after termination (which, in the case of certain restrictions, is reduced by the length of any period spent on garden leave).

## **6.2 The Chairman and the other Novae Non-Executive Directors**

The Novae Non-Executive Directors have entered into letters of appointment with the Novae Group as summarised below:

- (A) John Hastings-Bass is engaged as Novae's non-executive Chairman under a letter of appointment dated 20 April 2016 under which he receives an annual fee of £150,000 (which also covers his service as member or chairman of any Board Committees). His appointment as Chairman commenced on 16 May 2008.
- (B) Each of the other five Novae Non-Executive Directors is engaged under a letter of appointment under which he or she receives an annual fee of £50,000. The fee covers all duties (including service on any Board Committees) with the exception of Committee chairmanships and certain additional responsibilities, such as acting as a Senior Independent Director, in respect of each of which the Company pays an additional annual fee of £10,000.
- (C) The initial term of office of each Novae Non-Executive Director, including the Chairman, runs until the conclusion of the Company's annual general meeting occurring approximately three years from the date of appointment unless terminated earlier by either party on three months' written notice. Each appointment is also subject to annual re-election by the Company's shareholders.
- (D) Each Novae Non-Executive Director, including the Chairman, is subject to six-month post-termination restrictions on carrying on or being engaged, concerned or interested in any business similar to or in competition with that carried on by Novae or the Novae Group.
- (E) Novae maintains directors' and officers' insurance for the benefit of each Novae Non-Executive Director.
- (F) Steven Burns is engaged as a non-executive director of Novae Syndicates Limited, a company in the Novae Group. His appointment commenced on 31 March 2017 and is for an initial term of three years unless terminated earlier by either party on three months' written notice. His annual fee for this role is £30,000.

## **6.3 Other service contracts**

Save as disclosed above, there are no service contracts or letters of appointment, between any Novae Director or proposed director of Novae and Novae and no such contract or letter of appointment has been entered into or amended within the six months preceding the date of this Scheme Document.

- 6.4 The effect of the Scheme on the interests of the Novae Directors does not differ from its effect on the like interests of any other holder of Scheme Shares.

## 7. Market quotations

The following table shows the Closing Price for Novae Shares as derived from the Official List for the first dealing day of each month from February 2017 to July 2017 inclusive, for 4 July 2017 (being the last Business Day prior to the Rule 2.7 Announcement) and for the Latest Practicable Date:

Date	Novae Share price (p)
1 February 2017	630.0
1 March 2017	632.5
3 April 2017	632.0
2 May 2017	619.0
1 June 2017	548.0
3 July 2017	573.0
4 July 2017	581.0
31 July 2017	705.5

## 8. Material contracts

### 8.1 Novae material contracts

Save as disclosed below, no member of the Novae Group has, during the period beginning on 5 July 2015 and ending on the Latest Practicable Date, entered into any material contract otherwise than in the ordinary course of business.

The following contracts, not being contracts entered into in the ordinary course of business, and which are or may be material, have been entered into by members of the Novae Group in the period beginning on 5 July 2015 and ending on the Latest Practicable Date.

#### (A) Confidentiality Agreement

Novae and AXIS entered into an agreement on 6 June 2017 (the “**Confidentiality Agreement**”) under which AXIS has undertaken, among other things: (a) to keep information relating to the Acquisition and Novae confidential and not to disclose such information to third parties (other than to certain permitted recipients) unless required by law or regulation; and (b) to use the confidential information only in connection with the acquisition of the whole of the issued and to be issued share capital of Novae.

The Confidentiality Agreement also includes other customary obligations on AXIS, including non-solicitation of Novae’s employees.

#### (B) Share Scheme Letter

Novae and AXIS entered into the Share Scheme Letter on 5 July 2017 which includes certain provisions that will apply in respect of the Novae Share Plans (as described in section 7 of Part II (*Explanatory Statement*) of this Scheme Document), Directors’ and Officers’ Insurance and certain other arrangements relating to employees.

### 8.2 AXIS material contracts

Save as disclosed below, no member of the AXIS Group has, during the period beginning on 5 July 2015 and ending on the Latest Practicable Date, entered into any material contract otherwise than in the ordinary course of business.

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by members of the AXIS Group in the period beginning on 5 July 2015 and ending on the Latest Practicable Date.

#### (A) Confidentiality Agreement

See paragraph 8.1(A) above for details of the Confidentiality Agreement between AXIS and Novae.

#### (B) The Share Scheme Letter

See paragraph 8.1(B) above for details of the Share Scheme Letter entered into by AXIS and Novae.

### (C) Citibank First and Second Committed Facility Letters

On 18 December 2015, AXIS Specialty Limited (“**ASL**”), AXIS Re SE, AXIS Specialty Europe SE, AXIS Insurance Company, AXIS Surplus Insurance Company and AXIS Reinsurance Company (the “**AXIS Companies**”) renewed their \$500 million secured letter of credit facility with Citibank Europe plc (“**Citibank**”) for a four-year term commencing 31 December 2015 (the “**Facility**”) pursuant to a Committed Facility Letter. The Facility is subject to the terms of a Master Reimbursement Agreement among the AXIS Companies and Citibank dated 14 May 2010, as amended (the “**Master Agreement**”). ASL also entered into certain security documents in relation to the Facility, including a Pledge Agreement dated 14 May 2010 and a Collateral Account Control Agreement dated 19 May 2015. The Facility serves as the principal secured letter of credit facility for the AXIS Companies.

Under the terms of the Facility, the letters of credit are primarily intended to be used to support the reinsurance obligations of the AXIS Companies in the United States and elsewhere. The Master Agreement contains customary covenants with which the AXIS Companies must comply, including a requirement to maintain sufficient collateral over all of the obligations under the Facility and reimbursement obligations for outstanding letters of credit issued and fees payable to Citibank. Interest on any unreimbursed amount is payable at a rate per annum of LIBOR plus 1 per cent. until the date of reimbursement. In the case of an event of default, Citibank may exercise certain remedies, including the exercise of control over pledged collateral and the termination of the availability of the Facility to any or all of the AXIS Companies.

On 27 March 2017, the AXIS Companies amended the Facility to include an additional \$250 million secured letter of credit capacity pursuant to a second Committed Facility Letter and a corresponding amendment to the Master Agreement (the “**Additional Facility**”). The terms and conditions of the Facility remain unchanged. The AXIS Companies may only request that Citibank issue a letter of credit under the Additional Facility if and when the Facility has been fully utilised.

### 9. Irrevocable undertakings

AXIS has received irrevocable undertakings from those of the Novae Directors who hold Novae Shares in their own name or through a nominee (other than solely through the Novae Tax-Advantaged Share Plans) in respect of all of their own beneficial holdings of Novae Shares, to cast (or procure the casting of) all voting rights attaching to such Novae Shares in favour of the Scheme at the Court Meeting and in favour of the Special Resolution to be proposed at the General Meeting. Such beneficial holdings totalling 1,034,590 Novae Shares are comprised as follows at the Latest Practicable Date:

<b>Novae Director</b>	<b>Number of Novae Shares</b>	<b>Number of Novae Shares under Novae Share Plans</b>
Matthew Fosh	968,972	428,246
John Hastings-Bass	41,666	–
Laurence Adams	23,952	–
<b>Total</b>	<b>1,034,590</b>	<b>428,246</b>

### 10. Financial effects of the Acquisition

With effect from the Effective Date, the earnings, assets and liabilities of the Enlarged Group will include the consolidated earnings, assets and liabilities of Novae on the Effective Date. Absent changes in market and economic conditions, the transaction is expected to be:

- operating EPS accretive in the first year with high single digit accretion expected by year 2;
- immediately accretive to operating return on equity;
- neutral to book value per share at close with accelerated growth post-close; and
- minimal impact to tangible book value per share at close with accelerated growth post-close.

## 11. Offer-related fees and expenses

### 11.1 AXIS Fees and Expenses<sup>(1)</sup>

The aggregate fees and expenses expected to be incurred by AXIS BidCo and AXIS in connection with the Acquisition (excluding any applicable VAT) are expected to be:

<b>Category</b>	<b>Amount</b>
Financial and corporate broking advice	£6,100,000
Legal advice <sup>(2)</sup>	£935,000 - £1,685,000
Accounting advice	£200,000
Public relations advice	£91,500
Other professional services	£0
Other costs and expenses	£2,290,000
<b>Total</b>	<b>£9,616,500 - £10,366,500</b>

(1) Fees and expenses that will be invoiced in US dollars have, for the purposes of this table, been converted into pounds sterling at an exchange rate of \$1 : £0.7579, which was derived from the daily spot rate provided by Bloomberg as at the Last Practicable Date.

(2) These services are charged primarily by reference to hourly rates. Amounts included here reflect the time incurred up to the Last Practicable Date, an estimate of the further time required and a discretionary element payable at the discretion of AXIS.

### 11.2 Novae Fees and Expenses

The aggregate fees and expenses expected to be incurred by Novae in connection with the Acquisition (excluding any applicable VAT) are expected to be:

<b>Category</b>	<b>Amount</b>
Financial and corporate broking advice	£4,350,000
Legal advice	£1,980,000
Accounting advice	£0
Public relations advice	£0
Other professional services	£66,000 <sup>1</sup>
Other costs and expenses	£15,000
<b>Total</b>	<b>£6,411,000</b>

(1) These services are charged based on the service volumes provided. Amounts included here reflect an estimate of the expected service volumes required.

## 12. Financing arrangements relating to AXIS

The consideration payable in connection with the Acquisition will be funded from AXIS' existing cash resources or, if market conditions are favourable, from new borrowings. Full implementation of the Scheme will result in cash consideration amounting to approximately £467.6 million being payable by AXIS BidCo to Novae Shareholders and participants of the Novae Share Plans, based on a fully diluted share capital of 66,795,621 Novae Shares at the Effective Date.

## 13. Cash confirmation

Credit Suisse and Fenchurch, as joint financial advisers to AXIS, are satisfied that sufficient resources are available to satisfy in full the consideration payable to Novae Shareholders under the Scheme.

## 14. No significant change

There has been no significant change in the financial or trading position of Novae since 30 June 2017 being the date to which the latest interim financial information published by Novae was prepared.

## 15. Persons acting in concert

15.1 In addition to the AXIS Directors and the AXIS BidCo Directors (together with their close relatives and related trusts) and members of the AXIS Group (and their related pension schemes), the persons who, for the purposes of the Code, are acting in concert with AXIS are:

<b>Name</b>	<b>Registered Office</b>	<b>Relationship with AXIS</b>
Credit Suisse International	One Cabot Square London E14 4QJ	Connected adviser
Fenchurch Advisory Partners LLP	32 <sup>nd</sup> Floor 25 Old Broad Street London EC2N 1HQ	Connected adviser

15.2 In addition to the Novae Directors (together with their close relatives and related trusts) and members of the Novae Group (and their related pension schemes), the persons who, for the purposes of the Code, are acting in concert with Novae are:

<b>Name</b>	<b>Registered Office</b>	<b>Relationship with Novae</b>
Evercore Partners International LLP	15 Stanhope Gate London W1K 1LN	Connected adviser
Canaccord Genuity Limited	88 Wool Street London EC2V 7QR	Connected adviser
RBC Europe Limited	Riverbank House 2 Swan Lane London EC4R 3BF	Connected adviser

## 16. Consent

Evercore has given and not withdrawn its written consent to the issue of this Scheme Document with the inclusion of references to its name in the form and context in which they are included.

Credit Suisse has given and not withdrawn its written consent to the issue of this Scheme Document with the inclusion of references to its name in the form and context in which they are included.

Fenchurch has given and not withdrawn its written consent to the issue of this Scheme Document with the inclusion of references to its name in the form and context in which they are included.

Canaccord has given and not withdrawn its written consent to the issue of this Scheme Document with the inclusion of references to its name in the form and context in which they are included.

RBC has given and not withdrawn its written consent to the issue of this Scheme Document with the inclusion of references to its name in the form and context in which they are included.

## 17. Documents incorporated by reference

17.1 Parts of other documents are incorporated by reference into, and form part of, this Scheme Document.

17.2 Part V (*Financial and Ratings Information*) of this Scheme Document sets out which sections of certain documents are incorporated by reference into, and form part of, this Scheme Document.

17.3 A person who has received this Scheme Document may request a copy of such documents incorporated by reference. A copy of any such documents or information incorporated by reference will not be sent to such persons unless requested by calling Novae's registrars, Computershare, on +44 (0) 370 707 1327 or by writing to Computershare at The Pavilions, Bridgwater Road, Bristol BS99 6ZZ, stating your name and the address to which the hard copy should be sent.

## 18. Documents available for inspection

18.1 Copies of the following documents will be available for viewing on Novae's website at [www.novae.com](http://www.novae.com) and on AXIS' website at [www.axiscapital.com](http://www.axiscapital.com) by no later than 12.00 p.m. (London time) on the Business Day following the date of publication of this Scheme Document (subject to any applicable restrictions relating to persons resident in Restricted Jurisdictions). These documents are also available for inspection at the registered office of Novae, being 21 Lombard Street, London, EC3V 9AH, and at the offices of Slaughter and May, being One Bunhill Row, London EC1Y 8YY, during usual business hours on Monday to Friday of each week (UK public holidays excepted), in each case up to and including the Effective Date or the date that the Scheme lapses or is withdrawn, whichever is earlier:

(A) this Scheme Document and the Forms of Proxy;

- (B) the memorandum and articles of association of each of Novae and AXIS BidCo;
- (C) a draft of the articles of association of Novae as proposed to be amended at the General Meeting;
- (D) the consolidated audited report and accounts of the Novae Group for the two financial years ended 31 December 2015 and 31 December 2016 and the unaudited interim financial results of the Novae Group for the six months to 30 June 2017;
- (E) the consolidated audited report and accounts of the AXIS Group for the two financial years ended 31 December 2015 and 31 December 2016, AXIS' Form 10-Q for the quarterly period ended 31 March 2017, the Q4 2016 Financial Supplements, the Q1 2017 Financial Supplements and the Q2 2017 Financial Supplements;
- (F) the service agreements and letters of appointment of the Novae Directors referred to in section 6 of this Part VII;
- (G) the written consents referred to in section 16 of this Part VII;
- (H) the material contracts referred to in section 8 of this Part VII;
- (I) the Confidentiality Agreement;
- (J) the Share Scheme Letter; and
- (K) copies of the irrevocable undertakings referred to section 9 of this Part VII.

18.2 Copies of documents setting out the Rule 15 proposals that have been made to participants in the Novae Share Plans (other than those in the Novae Tax-Advantaged Share Plans) will also be available for viewing on Novae's website at [www.novae.com](http://www.novae.com) and on AXIS' website at [www.axiscapital.com](http://www.axiscapital.com) by no later than 12.00 p.m. (London time) on the Business Day following the date on which they are sent.

## 19. Sources of information and bases of calculation

In this Scheme Document, unless otherwise stated, or the context otherwise requires, the following bases and sources have been used:

1. Financial information relating to Novae has been extracted or derived (without material adjustment) from the audited consolidated financial statements for the Novae Group for the financial year ended 31 December 2016 and the unaudited interim results of the Novae Group for the six months to 30 June 2017.
2. Financial information relating to AXIS has been extracted or derived (without material adjustment) from the audited consolidated financial statements for the AXIS Group for the financial year ended 31 December 2016, AXIS' Form 10-Q for the quarterly period ended 31 March 2017, the Q4 2016 Financial Supplements, the Q1 2017 Financial Supplements and the Q2 2017 Financial Supplements.
3. The value of the Acquisition is calculated on the basis of the fully diluted number of Novae Shares (at the price of 700 pence per Novae Share) in issue referred to in sub-paragraph 19.4 below.
4. As at the close of business on the Latest Practicable Date, Novae had in issue 64,425,640 Novae Shares. The ISIN for Novae Shares is GB00B40SF849.
5. The fully diluted share capital of Novae (being 66,795,621 Novae Shares) is calculated on the basis of 64,425,640 Novae Shares in issue on the Latest Practicable Date (which includes (i) 1,027,994 Novae Shares held by Sanne Trust Company Limited, Novae's employee benefit trust in relation to the Novae Share Plans other than the Novae Tax-Advantaged Share Plans and (ii) 964,342 Novae Shares held by Equiniti Share Plan Trust, Novae's employee benefit trust in relation to the Novae Tax-Advantaged Share Plans) and in addition up to 2,369,981 further Novae Shares based on the maximum position under scheme rules which could be issued pursuant to such rules on or after the date of this Scheme Document via the vesting of awards, or settled via alternative means, under the Novae Share Plans (other than the Novae Tax-Advantaged Share Plans) on the basis explained in this Scheme Document. The calculation of the fully diluted share capital of Novae does not take into account (i) the arrangements relating to the vesting of awards under the Novae Share Plans contained in the Share Scheme Letter, or (ii) any amount which could be payable on the vesting of awards

under the Novae Shares Plans in respect of dividends that would have accrued in respect of the underlying vested shares under those awards and which could be settled in Novae Shares.

6. The price per Novae Share set out in sub-paragraph 19.3 above, values the entire issued and to be issued ordinary share capital of Novae at approximately £467.6 million on the basis of a fully diluted share capital of 66,795,621 Novae Shares, assuming that all rights in respect of the vesting of awards under the Novae Share Plans are exercised, or settled via alternative means, on the basis explained in sub-paragraph 19.5 above.
7. The reported net tangible book value of Novae of £318.8 million referred to in this Scheme Document is extracted from the audited consolidated financial statements for the Novae Group for the financial year ended 31 December 2016.
8. The total managed capital amount of \$7.9 billion referred to on page 19 of this Scheme Document is composed of common equity of \$5.1 billion, debt of \$1 billion, third party capital of \$1 billion and preferred equity of \$0.8 billion. The common equity and debt figures are extracted from the audited consolidated financial statements for the AXIS Group for the financial year ended 31 December 2016 and the third party capital and preferred equity figures are extracted from an insurance conference presentation by AXIS to Bank of America Merrill Lynch dated 15 February 2017.
9. The reference to approximately \$2 billion of gross premium written in the London specialty market on page 13 of this Scheme Document is composed of \$291 million written at Lloyd's by AXIS, \$1,222 million written at Lloyd's by Novae and \$487 million written on AXIS company paper.
10. Unless otherwise stated, all prices and Closing Prices for Novae Shares are closing middle market quotations derived from the daily Official List of the London Stock Exchange.
11. Certain of the figures included in this Scheme Document have been subject to rounding to the nearest decimal point or nearest two decimal points (as applicable).
12. The exchange rates used for the conversion of sterling amounts to US dollar amounts (and vice versa) in this Scheme Document (where relevant) are (i) a spot exchange rate of GBP 1 : USD 1.292 (source: Bloomberg on 4 July 2017); and (ii) a 2016 yearly average exchange rate of GBP 1 : USD 1.356 (source: OFX).

## PART VIII DEFINITIONS

<b>“2007 LTIP”</b>	the Novae Long Term Incentive Plan 2007, as amended from time to time;
<b>“2017 LTIP”</b>	the Novae Long Term Incentive Plan 2017, as amended from time to time;
<b>“2007 SIP”</b>	the Novae Share Incentive Plan 2007, as amended from time to time;
<b>“2017 SIP”</b>	the Novae Share Incentive Plan 2017, as amended from time to time;
<b>“Acquisition”</b>	the proposed acquisition of Novae by AXIS BidCo, proposed to be effected by the Scheme as described in this Scheme Document (or by the Takeover Offer under certain circumstances described in this Scheme Document);
<b>“AESOP”</b>	the SVB Holdings plc All-Employee Share Ownership Plan, as amended from time to time;
<b>“Annual Bonus Award”</b>	the deferred bonus award granted to Novae Executive Director, Matthew Fosh, under the terms set out in the Annual Bonus Agreement dated 9 April 2015;
<b>“associated undertaking”</b>	has the meaning given in section 344(3) of the Companies Act;
<b>“Authorisations”</b>	authorisations, orders, grants, recognitions, determinations, certificates, confirmations, consents, licences, clearances, notifications, filings, permissions and approvals, in each case, of a Third Party;
<b>“AXIS”</b>	AXIS Capital Holdings Limited, incorporated under the laws of Bermuda with registered number 33024;
<b>“AXIS BidCo”</b>	means AXIS Specialty UK Holdings Limited (a wholly owned subsidiary of AXIS), incorporated in England and Wales with registered number 04328229;
<b>“AXIS BidCo Directors”</b>	the persons whose names are set out in paragraph 2.3 of Part VII ( <i>Additional Information on Novae and AXIS</i> ) of this Scheme Document or, where the context so requires, the directors of AXIS BidCo from time to time;
<b>“AXIS Board”</b>	the AXIS Directors collectively;
<b>“AXIS Directors”</b>	the persons whose names are set out in paragraph 2.2 of Part VII ( <i>Additional Information on Novae and AXIS</i> ) of this Scheme Document or, where the context so requires, the directors of AXIS from time to time;
<b>“AXIS Group”</b>	AXIS and its subsidiaries and subsidiary and associated undertakings;
<b>“AXIS Shareholders”</b>	holders of AXIS Shares from time to time;
<b>“AXIS Shares”</b>	shares in the capital of AXIS;
<b>“BMA”</b>	the Bermuda Monetary Authority;
<b>“Board”</b>	as the context requires, the AXIS Board or the Novae Board;
<b>“Business Day”</b>	any day (other than a Saturday, Sunday or public or bank holiday) on which clearing banks in London are generally open for normal business;
<b>“Canaccord”</b>	Canaccord Genuity Limited;

<b>“certificated” or “in certificated form”</b>	a share or other security which is not in uncertificated form (that is, not in CREST);
<b>“Closing Price”</b>	the closing middle market quotation of a Novae Share as derived from the Daily Official List of the London Stock Exchange;
<b>“CMA”</b>	the Competition and Markets Authority;
<b>“Code”</b>	The City Code on Takeovers and Mergers;
<b>“Companies Act”</b>	the Companies Act 2006, as amended;
<b>“Computershare”</b>	Computershare Investor Services PLC, Novae’s registrars;
<b>“Conditions”</b>	the conditions to the Acquisition and to the implementation of the Scheme set out in Part III ( <i>Conditions to the Implementation of the Scheme and to the Acquisition</i> ) of this Scheme Document;
<b>“Court”</b>	the High Court of Justice in England and Wales;
<b>“Court Meeting”</b>	the meeting of Novae Shareholders (and any adjournment thereof) convened pursuant to an order of the Court pursuant to section 896 of the Companies Act, notice of which is set out in Part IX of this Scheme Document, for the purpose of considering and, if thought fit, approving (with or without modification) the Scheme;
<b>“Court Order”</b>	the order of the court sanctioning the Scheme under section 899 of the Companies Act;
<b>“Court Sanction Date”</b>	the date the Court sanctions the Scheme at the Scheme Court Hearing;
<b>“Credit Suisse”</b>	Credit Suisse International;
<b>“CREST”</b>	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the relevant system (as defined in the CREST Regulations) of which Euroclear is the Operator (as defined in the CREST Regulations);
<b>“CREST Manual”</b>	the CREST Manual published by Euroclear, as amended from time to time;
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended;
<b>“DBP”</b>	the Novae Deferred Bonus Plan, as amended from time to time;
<b>“Disclosure Period”</b>	the period commencing on 5 July 2016 (being the date 12 months prior to the start of the Offer Period) and ending on 31 July 2017 (being the latest practicable date prior to the publication of this Scheme Document);
<b>“Dormant Corporate Member”</b>	each of Syndicate Capital (No.1) Limited, Syndicate Capital (No. 2) Limited, Syndicate Capital (No.3) Limited, Syndicate Capital (No.4) Limited, Syndicate Capital (No.5) Limited, CLM A Limited, CLM B Limited, CLM C Limited, CLM D Limited, CLM E Limited, CLM F Limited, CLM G Limited, CLM H Limited, CLM I Limited, CLM J Limited and CLM K Limited;
<b>“Effective”</b>	<ul style="list-style-type: none"> <li>(i) if the Acquisition is implemented by way of the Scheme, means the Scheme having become effective pursuant to its terms; or</li> <li>(ii) if the Acquisition is implemented by way of a Takeover Offer, means the Takeover Offer having been declared or become unconditional in all respects in accordance with the requirements of the Code;</li> </ul>

<b>“Effective Date”</b>	the date on which the Scheme becomes effective in accordance with its terms;
<b>“Enlarged Group”</b>	the AXIS Group including the Novae Group after the Effective Date;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited;
<b>“EVA Awards”</b>	the exceptional Novae share awards granted to senior underwriters in 2015 to buy out their contractual commitments under a historical bonus scheme;
<b>“Evercore”</b>	Evercore Partners International LLP;
<b>“Excluded Shares”</b>	(i) any Novae Shares which are registered in the name of or beneficially owned by AXIS, AXIS BidCo or any other member of the AXIS Group or any of their respective nominees; and (ii) any Novae Shares held in treasury;
<b>“Explanatory Statement”</b>	the explanatory statement (in compliance with section 897 of the Companies Act) relating to the Scheme, as set out in this Scheme Document;
<b>“FCA”</b>	the UK Financial Conduct Authority or its successor from time to time;
<b>“Fenchurch”</b>	Fenchurch Advisory Partners LLP;
<b>“Form(s) of Proxy”</b>	either or both (as the context demands) of the blue Form of Proxy in relation to the Court Meeting and the yellow Form of Proxy in relation to the General Meeting;
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 (as it may have been, or may from time to time be, amended, modified, re-enacted or replaced);
<b>“General Meeting”</b>	the general meeting of Novae convened by the notice set out in Part X ( <i>Notice of General Meeting</i> ) of this Scheme Document, including any adjournment thereof;
<b>“holder”</b>	a registered holder and includes any person(s) entitled by transmission;
<b>“HMRC”</b>	HM Revenue and Customs;
<b>“Latest Practicable Date”</b>	close of business on 31 July 2017, being the latest practicable date before publication of this Scheme Document;
<b>“Listing Rules”</b>	the listing rules made under FSMA by the UK Listing Authority and contained in the UK Listing Authority’s publication of the same name, as amended from time to time;
<b>“Lloyd’s”</b>	Lloyd’s of London;
<b>“London Stock Exchange”</b>	London Stock Exchange plc;
<b>“Long Stop Date”</b>	31 March 2018 or such later date as may be agreed in writing by AXIS BidCo and Novae (with the Panel’s consent and as the Court may approve (if such approval(s) are required));
<b>“Meeting(s)”</b>	the Court Meeting and/or the General Meeting, as the case may be;
<b>“Novae”</b>	Novae Group plc, incorporated in England and Wales with registered number 05673306;
<b>“Novae Board”</b>	the Novae Directors collectively;
<b>“Novae Group”</b>	Novae and its subsidiary and associated undertakings;

<b>“Novae Directors”</b>	the persons whose names are set out in paragraph 2.1 of Part VII ( <i>Additional Information on Novae and AXIS</i> ) of this Scheme Document or, where the context so requires, the directors of Novae from time to time;
<b>“Novae Executive Directors”</b>	Matthew Fosh and Reeken Patel;
<b>“Novae Non-Executive Directors”</b>	John Hastings-Bass, Laurence Adams, Steven Burns, Andrew Torrance, Mary Phibbs and Justin Dowley;
<b>“Novae Shareholders”</b>	the holders of Novae Shares;
<b>“Novae Share Plans”</b>	the 2007 LTIP, the 2017 LTIP, the DBP, the SESP, the EVA Awards, the Annual Bonus Award, the 2007 SIP, the 2017 SIP and the AESOP;
<b>“Novae Shares”</b>	the ordinary shares of £1.125 each in the capital of Novae;
<b>“Novae Tax-Advantaged Share Plans”</b>	the 2007 SIP, the 2017 SIP and the AESOP;
<b>“Offer Period”</b>	the period commencing on 5 July 2017 and ending on the earlier of the date on which it is announced that the Scheme has become effective and/or the date on which it is announced that the Scheme has lapsed or has been withdrawn (or such other date as the Code may provide or the Panel may decide);
<b>“Official List”</b>	the list maintained by the UK Listing Authority;
<b>“Ogden”</b>	the personal injury discount rate;
<b>“Panel”</b>	The Panel on Takeovers and Mergers;
<b>“PRA”</b>	the Prudential Regulation Authority as defined by FSMA;
<b>“RBC”</b>	RBC Europe Limited;
<b>“Registrar of Companies”</b>	the registrar of companies in England and Wales;
<b>“Restricted Jurisdiction”</b>	any jurisdiction where the relevant action would constitute a violation of the relevant laws and regulations of such jurisdiction;
<b>“Rule 2.7 Announcement”</b>	the joint announcement made by AXIS and Novae in relation to the Acquisition on 5 July 2017;
<b>“Scheme” or “Scheme of Arrangement”</b>	the proposed scheme of arrangement under Part 26 of the Companies Act between Novae and holders of Scheme Shares, as set out in Part IV ( <i>The Scheme of Arrangement</i> ) of this Scheme Document, with or subject to any modification, addition or condition approved or imposed by the Court;
<b>“Scheme Court Hearing”</b>	the hearing at which the Court sanctions the Scheme under section 899 of the Companies Act;
<b>“Scheme Document”</b>	this Scheme Document dated 2 August 2017 addressed to Novae Shareholders containing the Scheme and an explanatory statement in compliance with section 897 of the Companies Act;
<b>“Scheme Record Time”</b>	6.00 p.m. on the Business Day immediately following the date of the Scheme Court Hearing;

<b>“Scheme Shares”</b>	<p>means the Novae Shares:</p> <ul style="list-style-type: none"> <li>(i) in issue at the date of this Scheme Document;</li> <li>(ii) (if any) issued after the date of this Scheme Document and prior to the Voting Record Time; and</li> <li>(iii) (if any) issued at or after the Voting Record Time and prior to the Scheme Record Time in respect of which the original or subsequent holder thereof shall be bound by the Scheme or shall by such time have agreed in writing to be bound by the Scheme,</li> </ul> <p>in each case, remaining in issue at the Scheme Record Time but excluding any Excluded Shares at any relevant date or time;</p>
<b>“Scheme Shareholders”</b>	holders of Scheme Shares whose names appear in the register of members of Novae at the Scheme Record Time;
<b>“SEC”</b>	the US Securities and Exchange Commission;
<b>“SESP”</b>	the Novae Senior Employee Share Plan, as amended from time to time;
<b>“Share Scheme Letter ”</b>	the letter dated 5 July 2017 between AXIS and Novae relating to, among other things, to the treatment of outstanding awards and shares held under the Novae Share Plans;
<b>“SIP Trust”</b>	the Equiniti Share Plan Trust whose shares are used to satisfy outstanding awards granted under the 2007 SIP, the 2017 SIP and the AESOP;
<b>“Special Resolution”</b>	the special resolution to be proposed at the General Meeting in connection with, among other things, the approval of the Scheme and the alteration of the articles of association of Novae and such other matters as may be necessary to implement the Scheme and the delisting of the Novae Shares;
<b>“Takeover Offer”</b>	if (subject to the consent of the Panel and the terms of this Scheme Document) the Acquisition is effected by way of a takeover offer as defined in Part 28 of the Companies Act, the offer to be made by or on behalf of AXIS to acquire the issued and to be issued ordinary share capital of Novae on the terms and subject to the conditions to be set out in the related offer document;
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“UK Listing Authority”</b>	the FCA in its capacity as the authority for listing in the United Kingdom;
<b>“uncertificated form” or “in uncertificated form”</b>	a share or other security recorded on the relevant register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
<b>“US” or “United States”</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
<b>“US Exchange Act”</b>	the US Securities Exchange Act of 1934, as amended;
<b>“US Securities Act”</b>	the US Securities Act of 1933, as amended, and rules and regulations promulgated thereunder; and
<b>“Voting Record Time”</b>	6.00 p.m. on the day which is two days (excluding non-working days) prior to the date of the Court Meeting or, if the Court Meeting is adjourned, 6.00 p.m. on the day which is two days (excluding non-working days) before the day of such adjourned Meeting.

All references to “**GBP**”, “**pence**”, “**sterling**”, “**£**” or “**p**” are to the lawful currency of the United Kingdom.

All references to “**US dollar**” or “**USD**” are to the lawful currency of the United States.

All references to statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

A reference to “**includes**” shall mean “**includes without limitation**”, and references to “**including**” and any other similar term shall be interpreted accordingly.

For the purposes of this Scheme Document, “**subsidiary**”, “**subsidiary undertaking**” and “**undertaking**” have the meanings given by the Companies Act.

**PART IX  
NOTICE OF COURT MEETING**

IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
COMPANIES COURT

Claim No. CR-2017-005163

**IN THE MATTER OF NOVAE GROUP PLC**

and

**IN THE MATTER OF THE COMPANIES ACT 2006**

NOTICE IS HEREBY GIVEN that, by an order dated 27 July 2017 made in the above matters, the Court has directed a meeting (the “**Court Meeting**”) to be convened of the holders of Scheme Shares as at the Voting Record Time (each as defined in the Scheme defined below) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement proposed to be made pursuant to Part 26 of the Companies Act 2006 (the “**Act**”) between Novae Group plc (the “**Company**”) and the holders of Scheme Shares (the “**Scheme**”) and that such meeting will be held at 21 Lombard Street, London EC3V 9AH on 29 August at 10.00 a.m. (London time) at which place and time all holders of Scheme Shares are requested to attend.

A copy of the said Scheme and a copy of the explanatory statement required to be published pursuant to section 897 of the Companies Act 2006 are incorporated in the document of which this notice forms part.

Voting on the resolution to approve the Scheme will be by poll, which shall be conducted as the Chairman of the Court Meeting may determine.

*Right to Appoint a Proxy; Procedure for Appointment*

**Holders of Scheme Shares entitled to attend and vote at the Court Meeting may vote in person at the Court Meeting or they may appoint another person or persons, whether a member of the Company or not, as their proxy or proxies, to exercise all or any of their rights to attend, speak and vote at the Court Meeting.**

**A blue Form of Proxy, for use at the Court Meeting, has been provided with this Notice. Instructions for its use are set out on the form. It is requested that the blue Form of Proxy (together with any power of attorney or other authority, if any, under which it is signed, or a duly certified copy thereof) be returned to the Company’s registrars, Computershare Investor Services PLC (“**Registrars**” or “**Computershare**”), at The Pavilions, Bridgwater Road, Bristol BS99 6ZY, either (i) by post or (ii) (during normal business hours only) by hand, to be received not later than 10.00 a.m. (London time) on 24 August 2017 or, in the case of an adjournment of the Court Meeting, 48 hours (excluding any part of such 48 hour period falling on a non-working day) before the time appointed for the adjourned meeting. However, if not so lodged, blue Forms of Proxy (together with any such authority, if applicable) may be handed to the Chairman of the Court Meeting or to the Registrars, on behalf of the Chairman of the Court Meeting, before the start of the Court Meeting.**

As a member of the Company you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote on your behalf at the Court Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares. A space has been included in the blue Form of Proxy to allow holders of Scheme Shares to specify the number of shares in respect of which that proxy is to be appointed. A proxy need not be a member of the Company but they must attend the Court Meeting to represent you. If you require additional proxy forms, please contact the Company’s registrar, Computershare on +44 (0) 370 707 1327 or photocopy the blue Form of Proxy as required.

Members who hold their shares in uncertificated form through CREST who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (which can be viewed at [www.euroclear.com](http://www.euroclear.com)).

In order for a proxy appointment or instruction made using CREST to be valid, the appropriate CREST message must be properly authenticated in accordance with Euroclear’s specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a

previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Computershare (ID 3RA50) by 10.00 a.m. (London time) on 24 August 2017 (or if the Court Meeting is adjourned, 48 hours (excluding any part of such 48 hour period falling on a non-working day) before the time fixed for the adjourned Court Meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Computershare is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

Forms of Proxy may alternatively be submitted electronically by logging on to the following website [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) and following the instructions there. For an electronic proxy appointment to be valid, the appointment must be received by Computershare no later than 10.00 a.m. (London time) on 24 August 2017.

**Completion and return of a Form of Proxy, or the appointment of a proxy electronically using CREST (or any other procedure described in the document of which this Notice forms part), will not prevent a holder of Scheme Shares from attending, speaking and voting in person at the Court Meeting, or any adjournment thereof, if such holder of Scheme Shares wishes and is entitled to do so.**

#### *Voting Record Time*

Entitlement to attend, speak and vote at the Court Meeting or any adjournment thereof and the number of votes which may be cast at the Court Meeting, will be determined by reference to the register of members of the Company at 6.00 p.m. (London time) on 24 August 2017 or, if the Court Meeting is adjourned, 6.00 p.m. (London time) on the date which is two days (excluding non-working days) before the date fixed for the adjourned meeting. Changes to the register of members after the relevant time shall be disregarded in determining the rights of any person to attend, speak and vote at the Court Meeting.

#### *Joint Holders*

In the case of joint holders of Scheme Shares, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s). For this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

#### *Corporate Representatives*

As an alternative to appointing a proxy, any holder of Scheme Shares which is a corporation may appoint one or more corporate representatives who may exercise on its behalf all its powers as a member, provided that if two or more corporate representatives purport to vote in respect of the same shares, if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way, and in other cases the power is treated as not exercised.

By the said order, the Court has appointed John Hastings-Bass or, failing him, Matthew Fosh, or failing him, any other director of the Company to act as chairman of the Court Meeting and has directed the chairman to report the result thereof to the Court.

The Scheme of Arrangement will be subject to the subsequent sanction of the Court.

Dated 2 August 2017  
Slaughter and May  
One Bunhill Row  
London EC1Y 8YY  
*Solicitors for the Company*

#### **Nominated Persons**

Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a “**Nominated Person**”) does not, in that capacity, have a right to appoint a proxy, such right only being exercisable by shareholders of the Company. However, Nominated Persons may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Court Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

**PART X**  
**NOTICE OF GENERAL MEETING**

NOTICE IS HEREBY GIVEN that a general meeting of Novae Group plc (the “**Company**”) will be held at 21 Lombard Street, London EC3V 9AH on 29 August at 10.15 a.m. (London time) (or as soon thereafter as the Court Meeting (as defined in the document of which this notice forms part) shall have concluded or been adjourned) for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as a special resolution.

**SPECIAL RESOLUTION**

**THAT:**

- (a) for the purpose of giving effect to the scheme of arrangement dated 2 August 2017 (the “**Scheme**”) between the Company and the holders of the Scheme Shares (as defined in the Scheme), a copy of which has been produced to this meeting and for the purposes of identification signed by the chairman of this meeting, in its original form or with or subject to any modification, addition, or condition agreed by the Company and AXIS Specialty UK Holdings Limited and approved or imposed by the High Court of Justice of England and Wales, the directors of the Company (or a duly authorised committee thereof) be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect; and
- (b) with effect from the passing of this resolution, the articles of association of the Company be and are hereby amended by the adoption and inclusion of the following new Article 144:

**“144. Scheme of Arrangement**

- (A) In this Article 144, references to the “**Scheme**” are to the Scheme of Arrangement under Part 26 of the Companies Act 2006 between the Company and the holders of Scheme Shares (as defined in the Scheme) dated 2 August 2017 (with or subject to any modification, addition or condition approved or imposed by the Court and agreed by the Company and AXIS Specialty UK Holdings Limited (“**AXIS**”)) and (save as defined in this article) terms defined in the Scheme shall have the same meanings in this article.
- (B) Notwithstanding any other provisions in these Articles, if the Company issues any Novae Shares (other than to AXIS, any subsidiary of AXIS, any parent undertaking of AXIS or any subsidiary of such parent undertaking, or any nominee of AXIS (each an “**AXIS Company**”)) on or after the date of the adoption of this Article and prior to the Scheme Record Time such Novae Shares shall be issued subject to the terms of the Scheme and the holder or holders of such Novae Shares shall be bound by the Scheme accordingly.
- (C) Notwithstanding any other provision of these Articles, subject to the Scheme becoming effective, any shares issued, or transferred pursuant to Article 144(D) below, to any person (other than an AXIS Company) after the Scheme Record Time (a “**New Member**”) (each a “**Post-Scheme Share**”) shall be issued on terms that they shall (on the Effective Date (as defined in the Scheme) or, if later, on issue (but subject to the terms of Articles 144(D) and 144(E) below)), be immediately transferred to AXIS (or such person as it may direct) (the “**Purchaser**”), who shall be obliged to acquire each Post-Scheme Share in consideration of and conditional upon the payment by or on behalf of AXIS to the New Member of an amount in cash for each Post-Scheme Share equal to the consideration to which a New Member would have been entitled had such Post-Scheme Share been a Scheme Share.
- (D) Any New Member (other than, for the avoidance of doubt, a person who becomes a New Member by virtue of a transfer pursuant to this Article 144(D)) may, prior to the issue of Post-Scheme Shares to him or her pursuant to the exercise of an option or satisfaction of an award under one of the Novae Share Plans, give not less than two business days’ written notice to the Company in such manner as the board shall prescribe of his or her intention to transfer some or all of such Post-Scheme Shares to his or her spouse or civil partner and may, if such notice has been validly given, on such Post-Scheme Shares being issued to him or her, immediately transfer to his or her spouse or civil partner any such Post-Scheme Shares, provided that such Post-Scheme Shares will then be immediately transferred by that spouse or civil partner (as applicable) to the Purchaser pursuant to Article 144(C) above. If notice has been validly given pursuant to this Article 144(D) but the New Member does not immediately

transfer to his or her spouse or civil partner the Post-Scheme Shares in respect of which notice was given, such shares will be transferred to the Purchaser and/or its nominee(s) pursuant to Article 144(C) above.

- (E) On any reorganisation of, or material alteration to, the share capital of the Company (including, without limitation, any subdivision and/or consolidation) carried out after the Effective Date (as defined in the Scheme), the value of the consideration per Post-Scheme Share to be paid under Article 144(C) shall be adjusted by the Company in such manner as the auditors of the Company may determine to be appropriate to reflect such reorganisation or alteration. References in this Article to such shares shall, following such adjustment, be construed accordingly.
- (F) To give effect to any transfer of Post-Scheme Shares required pursuant to Article 144(C), the Company may appoint any person as attorney and/or agent for the New Member to transfer the Post-Scheme Shares to the Purchaser and/or its nominees and do all such other things and execute and deliver all such documents or deeds as may in the opinion of such attorney or agent be necessary or desirable to vest the Post-Scheme Shares in the Purchaser and pending such vesting to exercise all such rights attaching to the Post-Scheme Shares as the Purchaser may direct. If an attorney or agent is so appointed, the New Member shall not thereafter (except to the extent that the attorney or agent fails to act in accordance with the directions of the Purchaser) be entitled to exercise any rights attaching to the Post-Scheme Shares unless so agreed in writing by the Purchaser. The attorney or agent shall be empowered to execute and deliver as transferor a form of transfer or instructions of transfer on behalf of the New Member (or any subsequent holder) in favour of the Purchaser and the Company may give a good receipt for the consideration for the Post-Scheme Shares and may register the Purchaser as holder thereof and issue to it certificate(s) for the same. The Company shall not be obliged to issue a certificate to the New Member for the Post-Scheme Shares. The Purchaser shall settle the consideration due to the New Member pursuant to Article 144(C) above by sending a cheque drawn on a UK clearing bank in favour of the New Member (or any subsequent holder) for the purchase price of such Post-Scheme Shares as soon as practicable and in any event no later than 14 days after the date on which the Post-Scheme Shares are issued to the New Member.
- (G) If the Scheme shall not have become effective by the applicable date referred to in (or otherwise set in accordance with) paragraph 6(B) of the Scheme, this Article 144 shall cease to be of any effect.
- (H) Notwithstanding any other provision of these Articles, both the Company and the board shall refuse to register the transfer of any Scheme Shares effected between the Scheme Record Time and the Effective Date other than to the Purchaser and/or its nominees pursuant to the Scheme.”

2 August 2017

By Order of the Board  
Alexandra Moon  
*Company Secretary*

Registered Office: Novae Group plc 21 Lombard Street London EC3V 9AH  
Registered in England and Wales No. 05673306

**Notes:**

1. Only holders of ordinary shares of £1.125 in the capital of Novae are entitled to attend and vote at this meeting and may appoint a proxy to attend, speak and vote instead of them. A Novae Shareholder may appoint more than one proxy in relation to the general meeting provided that each proxy is entitled to exercise the rights attaching to a different share or shares held by that member. A proxy need not be a member of the Company.
2. As at 31 July 2017, being the latest practicable date prior to the publication of this notice, the Company's issued share capital consists of 64,425,640 ordinary shares, carrying one vote each. There is no other class of shares in the Company. Therefore the total voting rights in the Company as at 31 July 2017 are 64,425,640.
3. A yellow form of proxy is enclosed for use at this meeting. To be valid, completed forms of proxy must be returned so as to arrive at the offices of the Company's registrar, Computershare, not later than 10.15 a.m. on 24 August 2017, or if the meeting is adjourned, at least 48 hours before the start of the adjourned meeting (excluding any part of such 48 hour period falling on a non-working day).
4. As an alternative to completing and returning the printed Form of Proxy, Shareholders may also appoint a proxy to vote on the resolution being put to the meeting electronically at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) Shareholders who are not registered to vote electronically will need to enter the control number, shareholder reference number and PIN number set out in their personalised proxy form. Alternatively, shareholders who have already registered to receive electronic communications can appoint a proxy by logging on to their portfolio at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) and clicking on the link to vote. The on-screen instructions give details on how to complete the appointment process. Please note that, to be valid, your proxy instructions must be received by Computershare no later than 10.15 a.m. (London time) on 24 August 2017. If you have any difficulties with online voting, you should contact the Shareholder Helpline on 0370 707 1327 or 0044 370 707 1327 for overseas shareholders. Any electronic communication, including the lodgement of an electronic Form of Proxy received by the Company or its agents that is found to contain any virus will not be accepted.
5. Novae Shareholders who hold shares through CREST and who wish to appoint a proxy or proxies for the General Meeting or any adjournment(s) by using the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual, which can be viewed at [www.euroclear.com](http://www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service providers, who will be able to take the appropriate action on their behalf. Novae Shareholders who wish to appoint more than one proxy in respect of their holdings of Novae Shares should contact Computershare for further forms of proxy or photocopy the yellow forms of proxy as required.
6. For a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Registrar (ID 3RA50) not later than 10.15 a.m. on 24 August 2017, or, if the meeting is adjourned, at least 48 hours before the start of the adjourned meeting (excluding any part of such 48 hour period falling on a non-working day). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
7. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or if the CREST member is a CREST personal member or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, the CREST sponsor or voting service provider are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
8. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
9. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
10. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
11. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the general meeting.
12. Completion and return of a form of proxy, or the appointment of proxies through CREST, will not preclude a shareholder from attending and voting in person if they are entitled to and wish to do so.
13. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes that may be cast thereat will be determined by reference to the register of members of the Company at 6.00 p.m. on the day which is two days (excluding non-working days) before the date of the meeting. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

14. In the case of joint holders of ordinary shares the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding (the first-named being the most senior).
15. The statement of rights of Novae Shareholders in relation to the appointment of proxies described in these notes does not apply to nominated persons. Such rights can only be exercised by Novae Shareholders.
16. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a “**nominated person**”) may, under an agreement between him/her and the member by whom he/she was nominated have a right to be appointed (or to have someone else appointed) as a proxy for the general meeting. If a nominated person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.
17. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
18. Any member attending the meeting (in person or by proxy) has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
19. As an alternative to appointing a proxy, any corporation which is a member may appoint one or more corporate representatives who may exercise on its behalf all its powers as a member, provided that if two or more corporate representatives purport to vote in respect of the same shares, if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way, and in other cases the power is treated as not exercised.
20. A copy of this notice and other information required by section 311A of the Companies Act 2006 can be found on the Company’s website at [www.novae.com](http://www.novae.com).
21. Each of the resolutions to be put to the meeting will be voted on by poll and not by show of hands. A poll reflects the number of voting rights exercisable by each member and so the Board considers it a more democratic method of voting. It is also in line with recommendations made by the Shareholder Voting Working Group and Paul Myners in 2004. Members and proxies will be asked to complete a poll card to indicate how they wish to cast their votes. These cards will be collected at the end of the meeting. The results of the poll will be published on the Company’s website and notified to the National Storage Mechanism once the votes have been counted and verified.
22. Except as provided above, members who have general queries about the general meeting should use the following means of communication (no other methods of communication will be accepted): calling Computershare on +44 (0) 370 707 1327. Lines are open from 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (except UK public holidays). Please note that calls may be recorded and Computershare cannot provide legal, tax or financial advice, or advice on the merits of the Scheme.
23. You may not use any electronic address provided in either this Notice of Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.





