

Just Retirement

Non-connected analysts presentation

13 January 2014

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Agenda

1. Introduction to Just Retirement
2. Market potential and a scalable operating model
3. Unrivalled proprietary IP
Coffee Break
4. Demonstration of PrognoSys™
5. A robust financial model and strong track record
6. Conclusion and outlook
Drinks

Rodney Cook

David Cooper

Shayne Deighton

Dr. Tim Crayford

Simon Thomas

Rodney Cook

Today's presenting team



Rodney Cook

Chief Executive
Officer

- Joined Just Retirement in July 2010
- Formerly Managing Director of Life and Pensions at Liverpool Victoria (LV=)
- Previously at AMP, Pearl, Zurich Insurance Group and Prudential
- A qualified actuary with over 34 years experience in financial services



Shayne Deighton

Group Chief Actuary

- Joined Just Retirement in October 2008 and has held positions as Group Chief Actuary and CRO
- Formerly Group Financial Management Director at Aviva and UK Life Finance Director at Zurich Financial Services
- With over 32 years experience, Shayne has also been a Partner at E&Y and Principal at Tillinghast



Dr. Tim Crayford

Medical Director

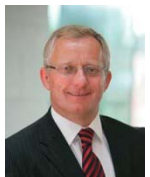
- Joined Just Retirement in May 2011
- Formerly Chief Medical Advisor to The Department for Transport & Medical Director at Croydon Primary Care NHS Trust
- Has over 25 years of medical experience and academic epidemiological knowledge



David Cooper

Group Distribution &
Marketing Director

- Joined Just Retirement in April 2006
- Over 30 years in financial services including retail banking, actuarial consulting and retirement
- Previously at GE Capital, Centrica plc and Bradford & Bingley



Simon Thomas

Group Finance
Director

- Joined Just Retirement in July 2006
- Formerly Finance and Customer Services Director at Canada Life
- Spent 10 years at Nationwide Building Society, latterly as Group Financial Controller
- A qualified Chartered Accountant with over 13 years experience in the UK life assurance industry

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Overview of Just Retirement

What we are

- Market leading and fast-growing provider of Individually Underwritten Annuities (“IUA”) and Lifetime Mortgages (“LTM”) in the United Kingdom
 - IUA: Offer better rates (compared to standard annuities) to those who suffer from conditions which may detrimentally impact life expectancy
 - LTM: Designed for individuals in retirement who wish to realise some of the equity value in their home
- Innovative provider of other retirement income products with significant market potential, including DB de-risking, fixed-term annuities and care annuities
- Established in August 2004, acquired by funds advised by Permira LLP in November 2009
- **Office:** Reigate, United Kingdom
- **Employees:** 819 as at 30 June 2013
- **Customers:** Over 240,000 customers
- **Management:** Over 100 years of combined relevant experience

Award winning product and service propositions



Annuity provider

Mortgage provider

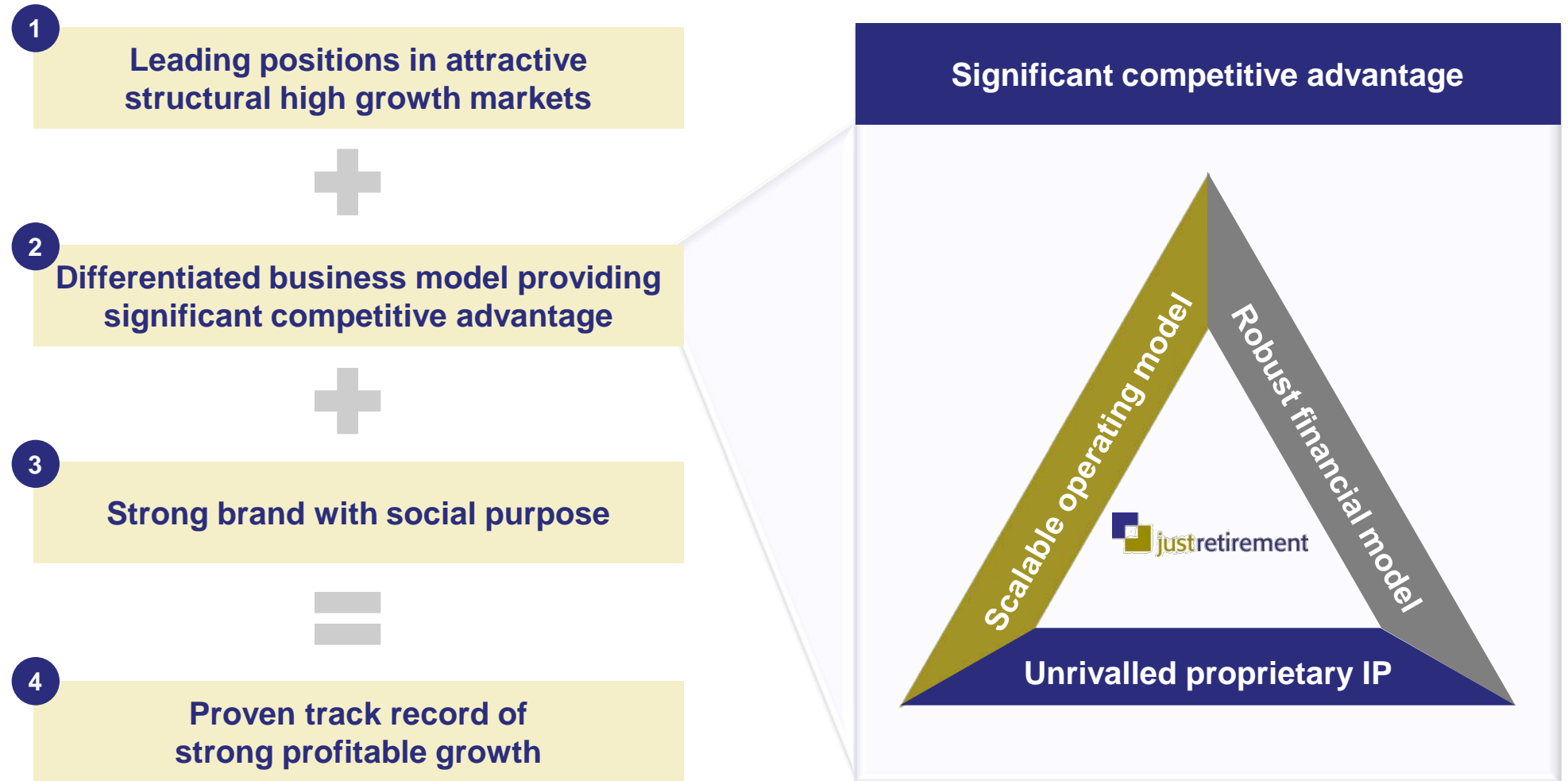
Financial service provider

Top 100 company to work for

Key financials (year ended June 2013)

| | |
|--|---------|
| Total annuity premiums | £1,344m |
| Lifetime mortgage advances | £310m |
| IFRS new business operating profit | £59m |
| IFRS in-force operating profit | £41m |
| Total IFRS underlying operating profit | £100m |
| Embedded value | £504m |
| Assets under management | £6,037m |

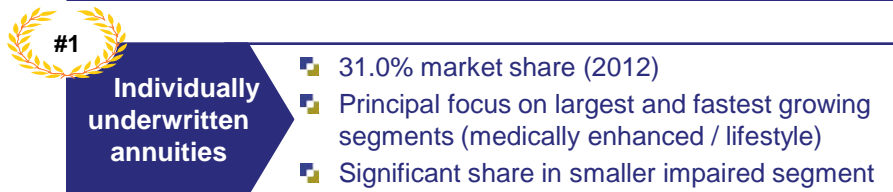
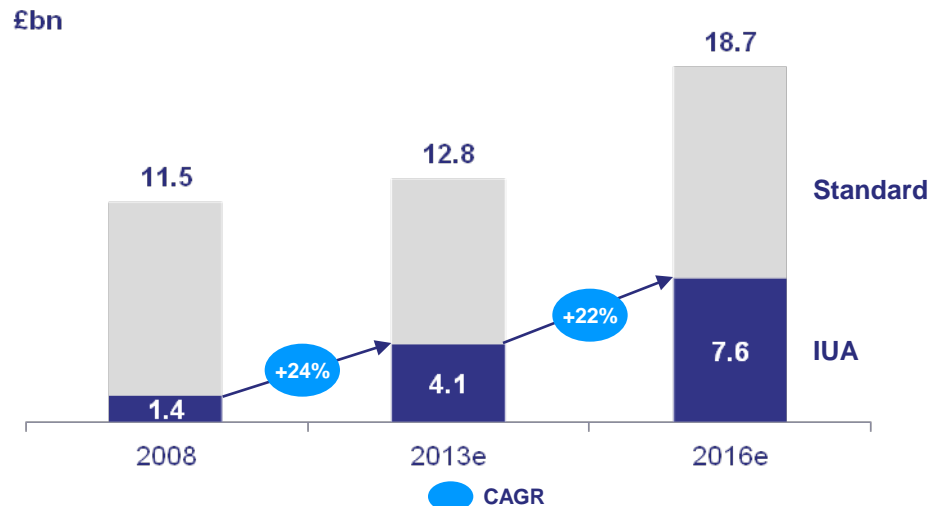
Just Retirement's investment case



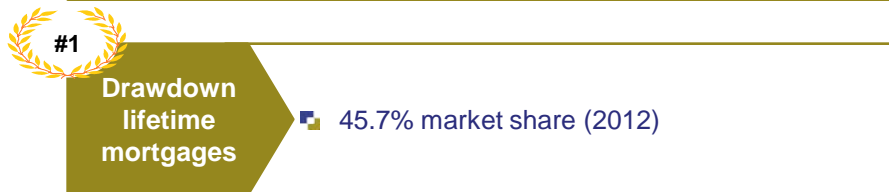
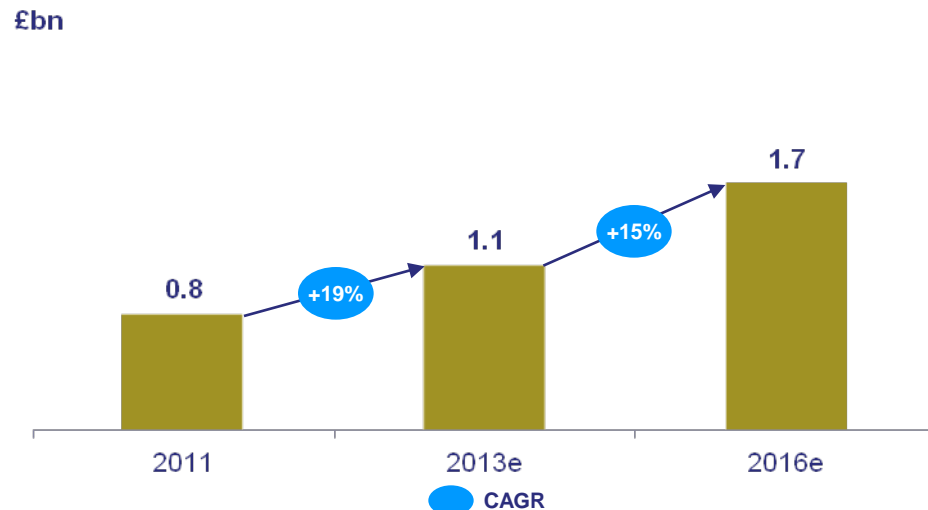
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Leading positions in attractive structural high growth markets

The fast-growing UK annuity market



UK lifetime mortgage market



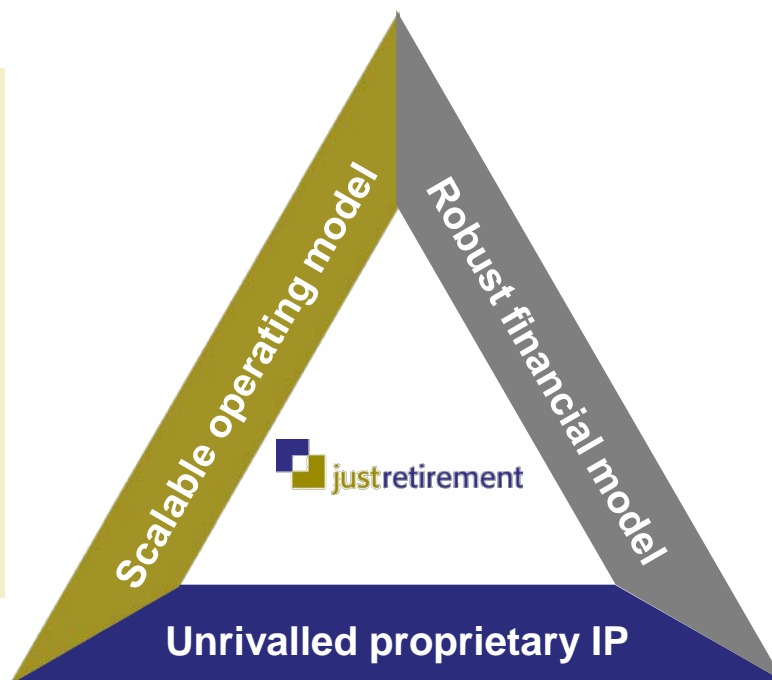
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Expanding product proposition delivering growth in broader retirement income market

| Product | Market opportunity | Our position |
|--------------------------------------|--|--|
| Fixed term annuities | <ul style="list-style-type: none"> A segment of the £1bn+ per annum income drawdown market Market expected to grow at double digit rate⁽¹⁾ | <ul style="list-style-type: none"> Launched June 2011 37% market share # 2 position |
| Small scheme DB annuities | <ul style="list-style-type: none"> Small scheme DB market c. £1.1bn⁽²⁾ | <ul style="list-style-type: none"> Launched October 2012 First sale completed mid-September 2013 |
| Care annuities | <ul style="list-style-type: none"> £6.9bn annual private long term care spend (2013)⁽³⁾ Currently underexploited (£120m p.a.)⁽⁴⁾ | <ul style="list-style-type: none"> Launched August 2013 Distribution contract signed |
| Individually underwritten LTM | <ul style="list-style-type: none"> Growing share in c.£1bn LTM market | <ul style="list-style-type: none"> Launched August 2013 |

Differentiated business model providing significant competitive advantage

- Highly automated processes
- Multi-channel distribution
- Leading service
- Experienced and motivated team
- Strong operational risk management



- Capital efficient model
- Sophisticated investment management strategy
- Fully embedded financial risk management

- Unrivalled proprietary data in the core IUA segments
- Experienced medical team
- Next generation underwriting system: Prognosis™

Our overriding company philosophy has created a strong and trusted brand delivering a social purpose

Leading brand

- Delivering a “Just” Retirement for customers
- #1 brand for sales achievement in the IUA market
- #1 brand for service recognition in the IUA market

Market pioneer

- Championing the Open Market Option
- Recognised for innovation e.g. LTM drawdown product
- Introduced the UK's first convertible fixed term annuity

Products delivering significant benefits to customers

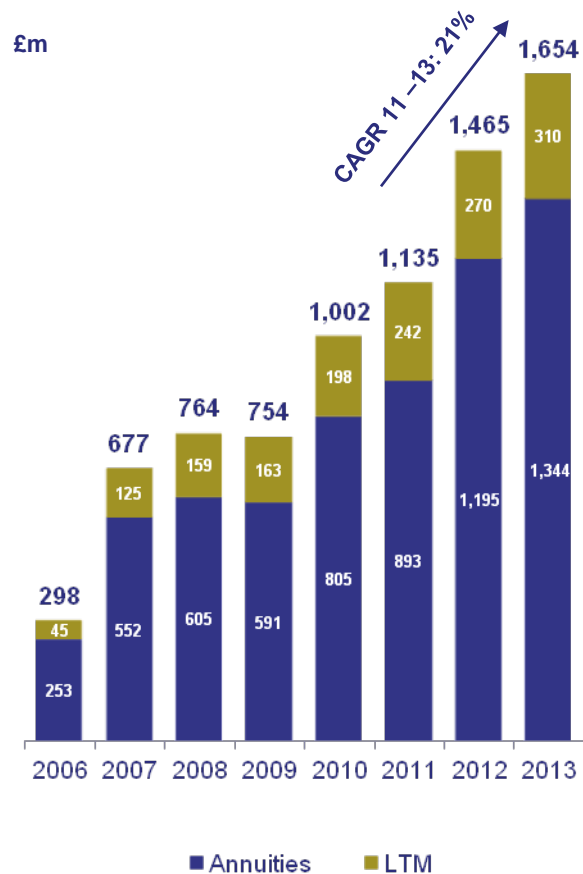
- Supporting the cause of delivering better results for customers
- Typical income enhancement of 20% to 25% to our annuity customers⁽¹⁾
 - Equivalent to over £300m of additional retirement income to customers⁽²⁾
- Access to over £1.5bn of household equity to our Lifetime Mortgage customers⁽²⁾

Committed to the highest standard of business values

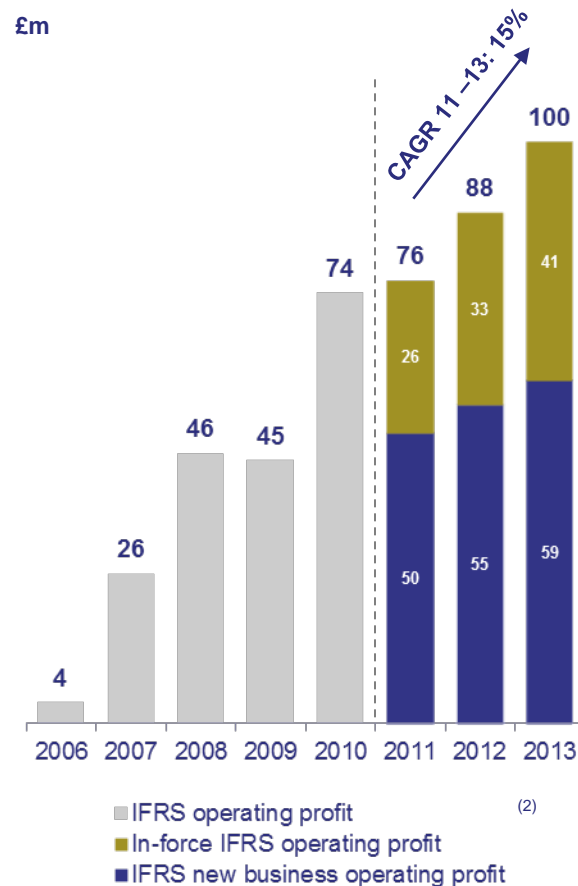
- Consistently achieved top decile performance against TCF regulatory standards
- Very low volumes of referrals to Financial Ombudsman Service (“FOS”) – 51 referrals out of a total of 420,000 policy quotes
 - Total compensation instructed by FOS is £1,390 in 9 years

Proven track record of strong profitable growth

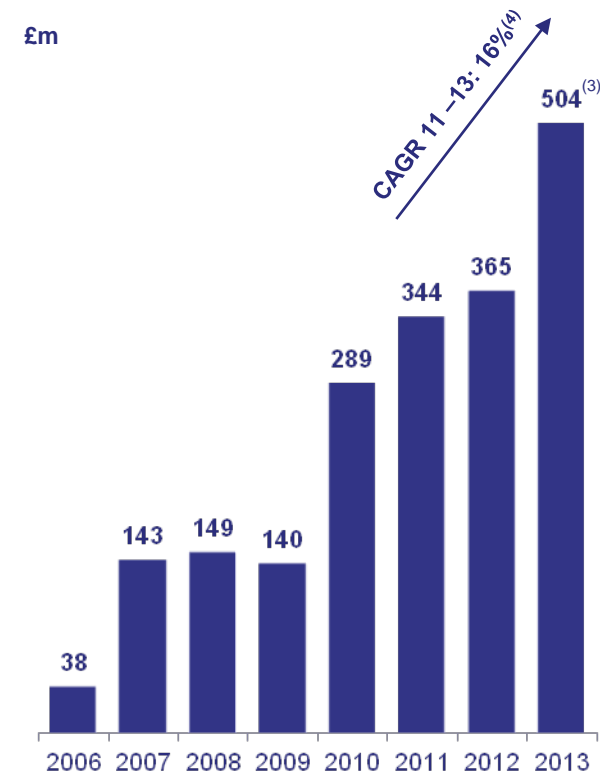
New business sales (FY)



IFRS underlying operating profit (FY)⁽¹⁾



Embedded value (FY)



Source: Just Retirement. Note: FY represents Just Retirement's financial year to 30 June. 1. 2006 figure is Just Retirement's IFRS pre-tax profit. 2007 – 2010 IFRS operating profit figures as stated in Just Retirement published accounts. Figures from 2011 onwards are Just Retirement's underlying operating profit. 2. Normalised new business operating profit for the year ended 30 June 2011 shown (excludes exceptional profit of £14m). 3. Excluding IPO proceeds. 4. CAGR excludes £40m of capital injected over 2011-13.

Strategy is to provide positive outcomes for all key stakeholders

| | |
|------------------------------|---|
| Intellectual property | <ul style="list-style-type: none">■ Continue to strengthen and leverage unrivalled IP■ Implement Phase II of Prognosis™ rollout in 2014<ul style="list-style-type: none">– Apply innovative individual mortality curve underwriting approach to pricing– Improve competitive pricing and profitability in core IUA market– Aim to increase share of segments currently under-represented |
| Distribution | <ul style="list-style-type: none">■ Further embed service and solutions into key intermediary partners<ul style="list-style-type: none">– Secure increased share from existing channels■ Develop emerging distribution channels<ul style="list-style-type: none">– Continue to establish long-term distribution agreements with affinity brands / life insurers– Further access to digital channels |
| Product development | <ul style="list-style-type: none">■ Use unrivalled IP to extend products in retirement income market<ul style="list-style-type: none">– Complex issues faced by retirees: generally poorly served– Already demonstrated track record of innovation: LTM drawdown, FTAs, Individually Underwritten LTMs■ Expand internationally: exclusive arrangements to enter one new country (modest investment required) |
| Operating model | <ul style="list-style-type: none">■ Continue to optimise robust and capital efficient model:<ul style="list-style-type: none">– Investment management: further diversify portfolio by currency / industry via BlackRock– Continue to seek “best-of-breed” reinsurance agreements– Continue to improve operating model efficiency |

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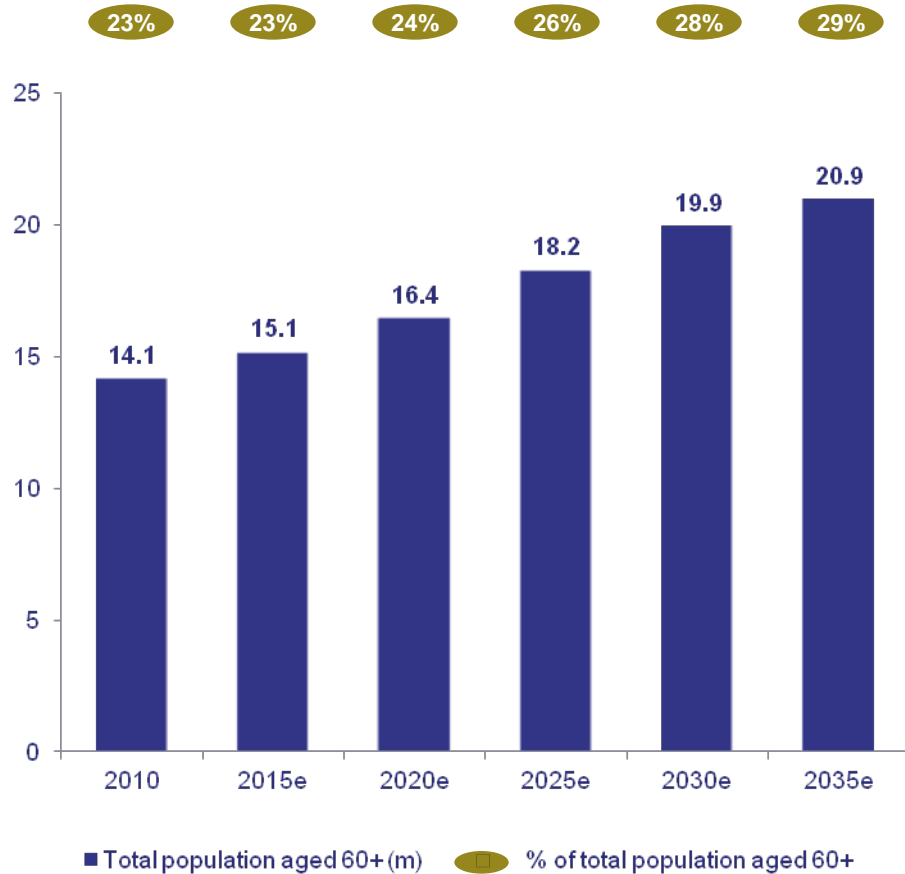
Leading positions in chosen markets benefiting from attractive structural high growth

| Structural high growth markets | | Leading market positions |
|--|---|--|
| <div>A</div> <p>Retirement income market fuelled by £1.2tn of net non-pension assets held by 65+ age group which have grown at c.11% per annum between 2009 and 2012</p> | ➡ | Just Retirement has leading positions in the high value retirement income markets |
| <div>B</div> <p>Annuity market expected to grow at c.14% CAGR between 2013 and 2016</p> <p>The IUA segment is the fastest growing within the annuity market with expected 22% CAGR between 2013 and 2016</p> <p>Medically enhanced and lifestyle offer most scope for growth</p> | ➡ | <p>Third largest overall annuity provider with 10.9% market share (Q3 2013)⁽¹⁾</p> <p>Largest annuity provider in the Open Market with 18.7% market share (Q3 2013)</p> <p>Largest IUA provider in the UK with 32.3% market share (Q3 2013)</p> |
| <div>C</div> <p>LTM market potential estimated to be over £300 billion with strong growth fundamentals</p> | ➡ | Second largest LTM provider in the UK with 34.4% market share (Q3 2013) |
| <div>D</div> <p>Care annuity and individually underwritten DB de-risking markets are fledgling and are expected to have significant mid-term growth prospects</p> | ➡ | Growing position in the FTA, care annuities and DB de-risking market segments |

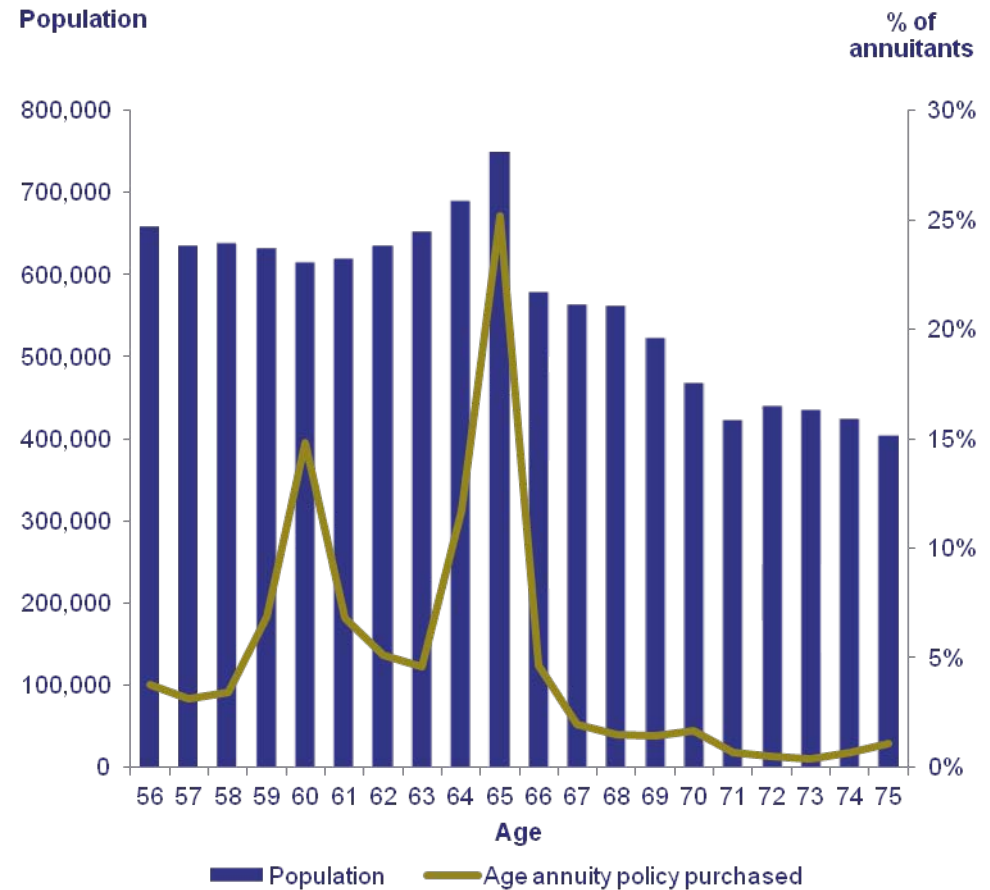
1. Market share excludes fixed term annuities.

A Sustainable growth in retirement assets being driven by long-term demographic trends

UK population is ageing⁽¹⁾



Baby boomers approaching retirement⁽²⁾



Current distribution and product segmentation for annuities

Distribution

Captive internal vestings

- At retirement, customers' accumulated pension pots are converted into their existing pension provider's annuity products

Open market option ("OMO")

- At retirement, customers have the option of shopping around for the best annuity rate on offer in the open market
- Regulatory and industry bodies supportive in promoting the use of the open market option with customers
- OMO penetration is increasing
- Greater OMO usage driving increasing IUA penetration

2012 total annuities: £14.0bn

Captive internal vestings
£5.5bn
(39%)

OMO
£8.5bn
(61%)

Standard
£9.5bn
(68%)

Lifestyle incl. smoker
£0.85bn

Medically enhanced
£3.15bn

"Impaired" IUA
£0.50bn

IUA market: £4.5bn (32%)

Product

Standard annuities

- Based on a limited number of rating factors (e.g. age, post code)
- Take no account of individual lifestyle or medical conditions
- Typical life expectancy⁽¹⁾ – 25 years

Individually underwritten annuities

- Take account of individual circumstances: significant number of rating factors

Core IUA: for medical / lifestyle factors which may lead to shortened life expectancy (e.g. Angina, asthma, smoking)

- Typical life expectancy⁽¹⁾: 17-24 years

Impaired: for significant medical conditions that impair life expectancy (e.g. cancer, Parkinson's)

- Typical life expectancy⁽¹⁾: 5 – 16 years

B

Increasing OMO penetration of a growing annuity market

Key drivers of growth

Overall annuity market:

- Continuing high number of retirees
- Increasing amount of assets held in individual DC pension schemes
- Unwind of deferrals and minimum age changes
- Continued demand for annuities relative to other retirement income choices

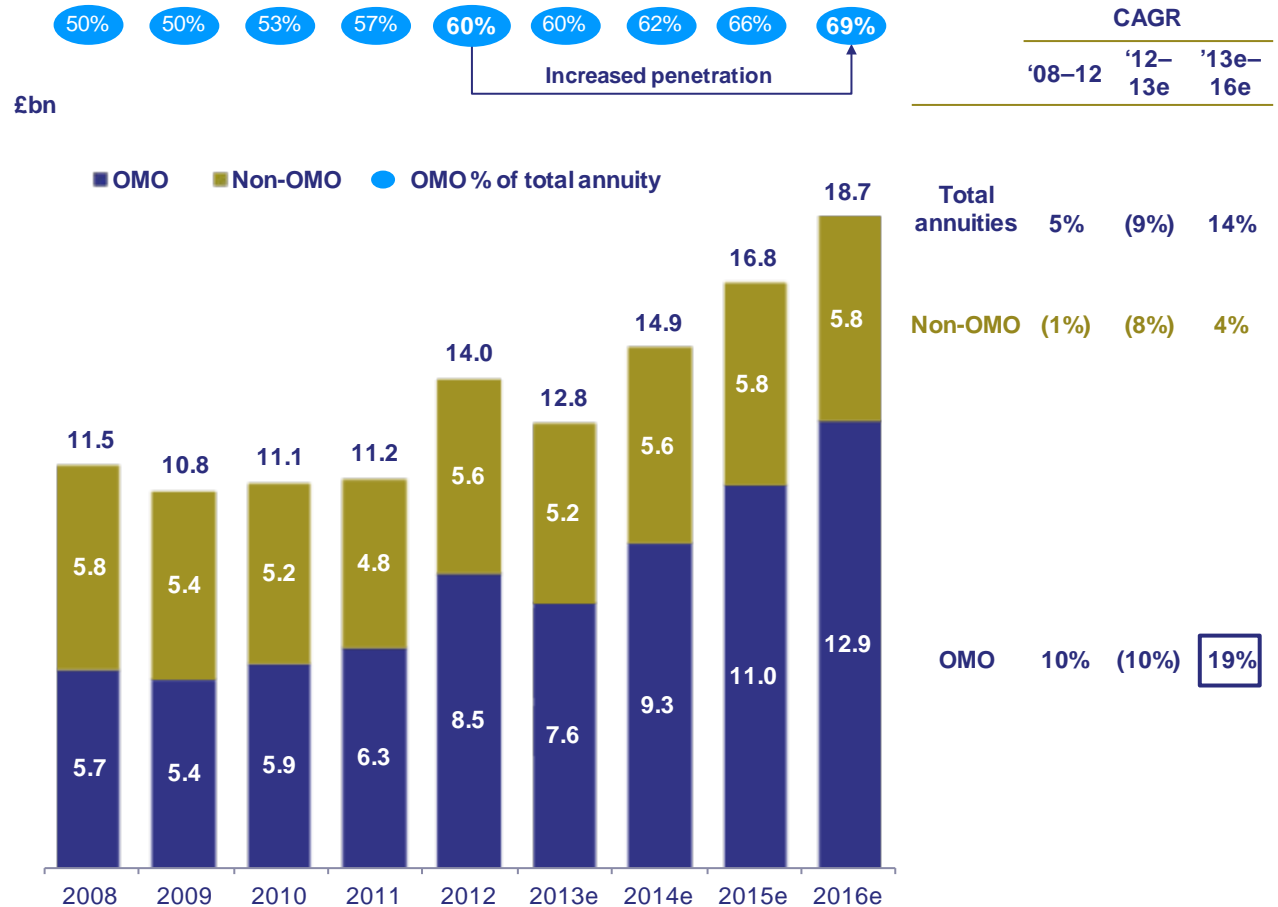
Increase in OMO:

- Pressure from political, regulatory and industry bodies to encourage shopping around, e.g.:
 - ABI code of conduct on retirement choices
 - FCA thematic review of annuity pricing
 - “Treating customers fairly”

Short-term impact in 2012/2013 from:

- RDR
- Gender neutral pricing
- Increases to GAD limit (allowing people to take higher pension incomes from their drawdown funds)

OMO penetration of a growing annuities market is increasing



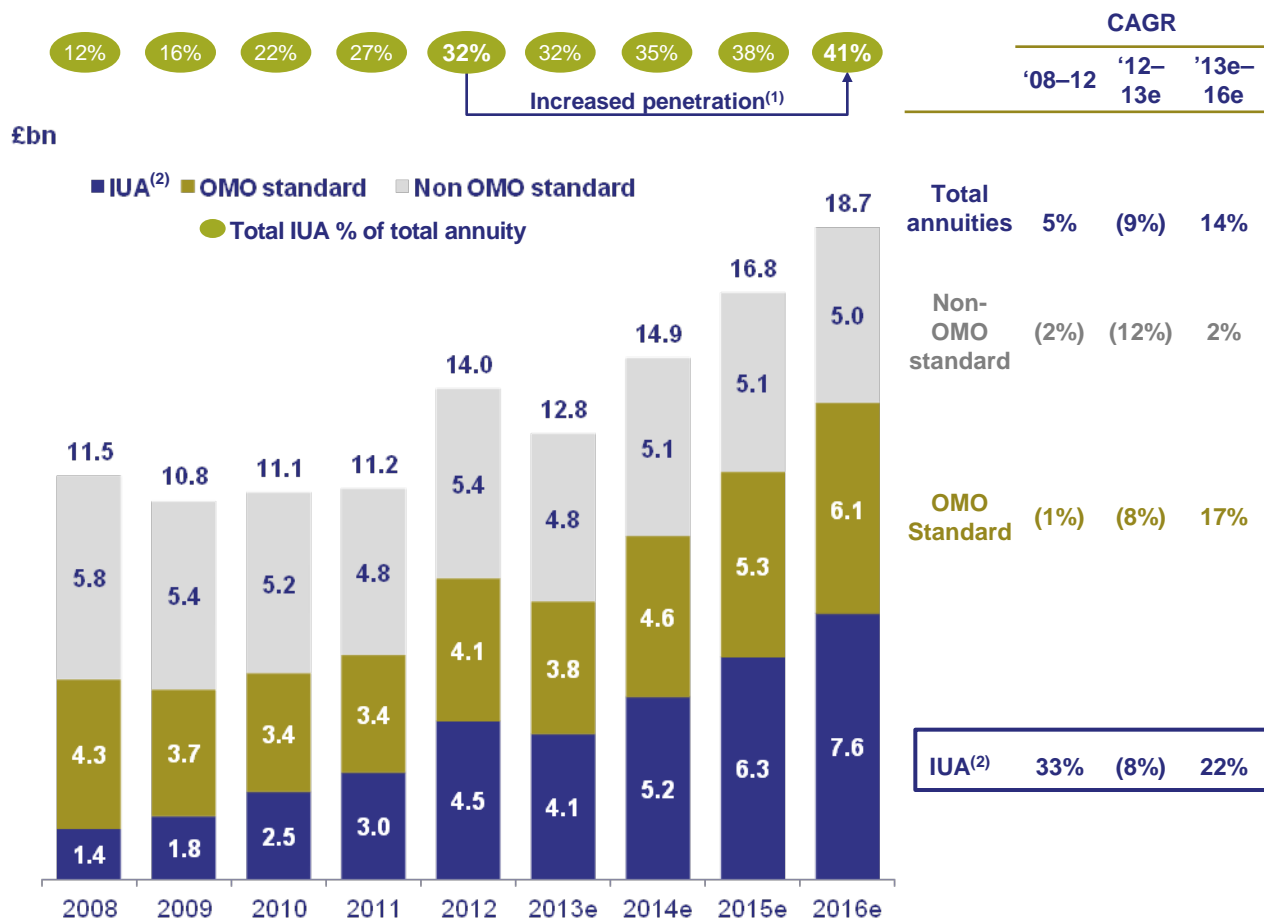
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IUA is the fastest growing segment of the annuity market

Key drivers of growth

- Increasing number of customers becoming aware of the benefits of IUA
 - IUA generally offers better rates to people with certain lifestyle / medical conditions resulting in a higher number of OMO customers opting for IUA
 - Greater media attention
- FCA thematic review into annuity pricing also positive for IUA writers
- ABI code of conduct should also be positive for IUA writers: compulsory questions on medical and lifestyle conditions

IUA penetration is increasing

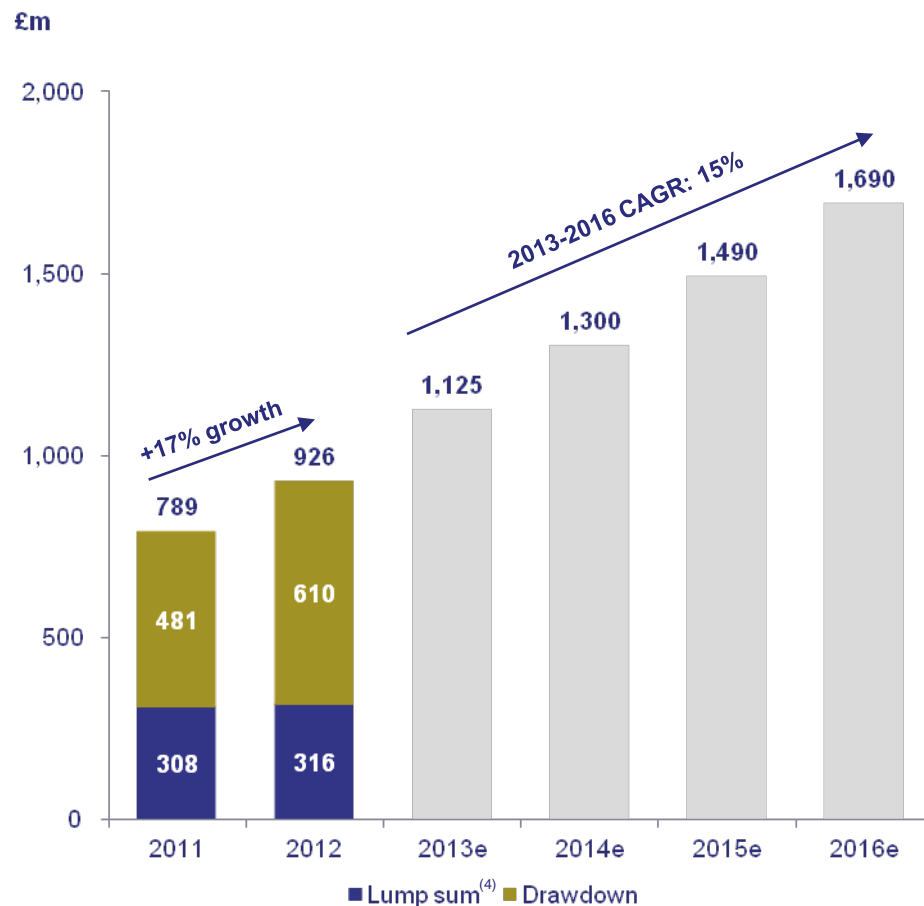


c Favourable conditions supporting LTM market growth

Key drivers of growth

- **Large and underpenetrated potential market**
 - Potential £300bn⁽¹⁾ of home equity available for release
- **Government support**
 - “Ready for Ageing” Select Committee Paper
- **Demand-side drivers**
 - Supplement low savings rates / retirement income
 - Repay outstanding debt / mortgages (particularly interest only)
 - Trusted brand names (e.g. Saga) entering the market
- **Changing attitudes toward retirement**
 - New retiree generation less concerned about leaving wealth to offspring
- **Supply-side drivers**
 - Increased number of market participants
 - Product innovation (e.g. drawdown)⁽²⁾
 - Broadening distribution

Strong annual lifetime mortgage market growth⁽³⁾



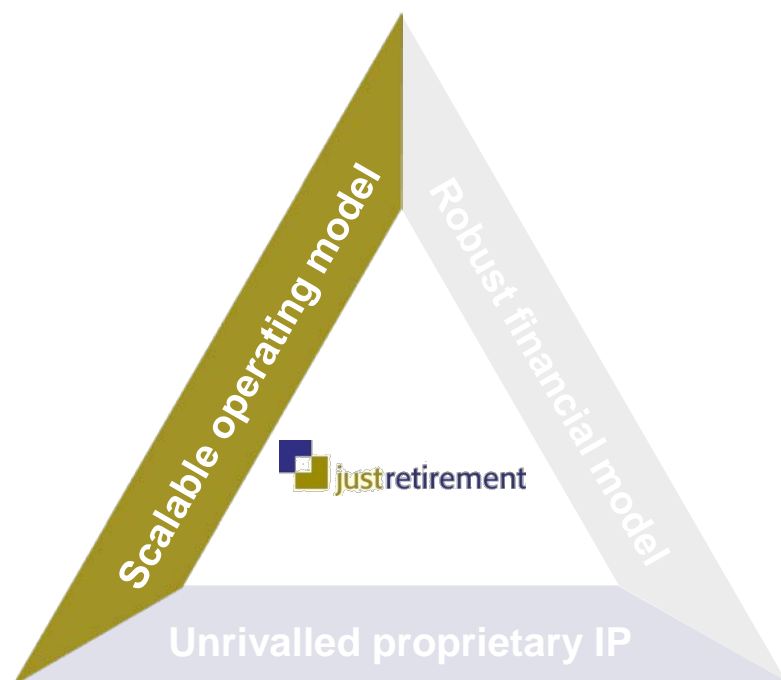
Source: Equity Release Council. 1. Management estimates, based on Pensions Policy Institute, *Retirement income and assets: outlook for the future*, February 2010. 2. Drawdown LTM allows cash to be released based on a pre-agreed time period and overall drawdown limit (which may be reviewed as property price increases). 3. Data based on calendar year. Forecasts are management estimates. 4. Includes reversion sales.

D

Expanding product proposition to extend future growth in broader retirement income market

| | Fixed term annuities | Small scheme DB annuities | Care annuity | Individually underwritten LTM products |
|-----------------------------|---|--|--|---|
| Product description | <ul style="list-style-type: none"> Fixed-term guaranteed income (within government limits) Guaranteed maturity amount at end of agreed term | <ul style="list-style-type: none"> Defined benefit de-risking solutions | <ul style="list-style-type: none"> Guaranteed income to pay residential care home fees Tax free if paid to care home | <ul style="list-style-type: none"> Lump sum lifetime mortgage Maximum LTV |
| Market opportunity | <ul style="list-style-type: none"> A segment of the £1bn+ per annum income drawdown market | <ul style="list-style-type: none"> Estimated total DB market size of c.£4.4bn⁽¹⁾, of which small scheme DB market £1.1bn p.a.⁽²⁾ Small schemes offer most scope for medical underwriting | <ul style="list-style-type: none"> £6.9bn⁽³⁾ annual private long term care spend in 2013 Care annuity size only £120m p.a. (2011)⁽⁴⁾ Significant growth potential given underlying demographic trends and declining State funding | <ul style="list-style-type: none"> Growing share of the c.£1bn LTM market |
| Just Retirement proposition | <ul style="list-style-type: none"> New product with attractive conversion feature Enables Just Retirement to capture customers seeking to defer buying annuities and build IUA pipeline | <ul style="list-style-type: none"> Introduced the first deep underwritten approach aimed at smaller schemes Supported by tele-underwriting | <ul style="list-style-type: none"> New product with shortened sales process and exclusive long-term distribution arrangement with Saga | <ul style="list-style-type: none"> Individually underwritten LTM product Single solution which maximises LTV on either underwritten or non-underwritten basis |
| Progress | Grown to New Business Sales of £79m in 2012/13 since launch in June 2011 | First sale completed mid-September 2013 | Launched in August 2013 | Launched in August 2013 |

Scalable operating model



| | Key features | Benefits |
|--------------------------------|---|---|
| Automated processes | <ul style="list-style-type: none"> Fully automated and highly scalable underwriting systems Efficient data capture and turnaround times | <ul style="list-style-type: none"> Continued efficiency benefits as business grows No substantial investment planned to maintain current capabilities |
| Multi-channel distribution | <ul style="list-style-type: none"> Not dependent on customers preferred route to buy Well positioned for digital channels | <ul style="list-style-type: none"> Maintains top line growth and market share Delivers sales from emerging channels |
| Leading service | <ul style="list-style-type: none"> Award winning service proposition | <ul style="list-style-type: none"> Creates trusted intermediary relationships supporting top line growth Very low customer complaints / redress costs |
| Experienced and motivated team | <ul style="list-style-type: none"> Management team has over 100 years of combined experience Sunday Times "Top 100 Employer" | <ul style="list-style-type: none"> Capitalise on growth opportunities Reduced staff turnover costs |
| Operational risk management | <ul style="list-style-type: none"> Strong risk management compliance culture Three lines of defence | <ul style="list-style-type: none"> Controlled risk taking to maximise profits £1,390 FOS directed compensation in 9 years |

Our systems are already configured for high growth market opportunities

Why automated systems are important

■ Scalable and cost efficient

- Over 99% of our quotes are automated
- Enables us to provide binding quotes off standardised forms from all distributors
- Designed to cope with significant growth in core IUA market
- No substantial investment planned
- Cost per policy declines as new business added

■ Supports service proposition

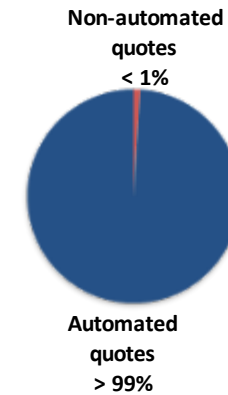
- Industry leading turnaround times
- Consistent service uptime of over 99% over last four years
- Over 99% quote accuracy

■ Allows easy expansion into new markets

- Provides better service to intermediaries
- Access to emerging distribution channels (e.g. digital)
- Already extended to Lifetime Mortgages and fixed term annuities

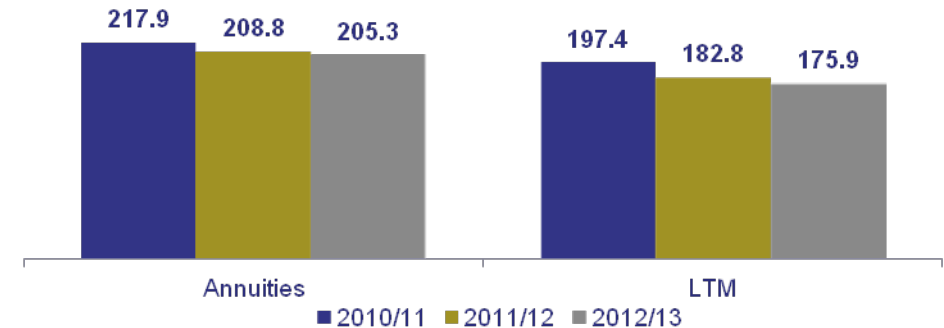
■ Realising operational efficiency with decreasing acquisition costs per policy year-on-year since 2010 / 2011

Quote generation



Scalable infrastructure is already delivering cost efficiencies























Operational acquisition cost per policy (£)



Distribution strategy configured to accelerate IUA penetration

| | Strategy | Action |
|----------------------|--|---|
| Awareness and access | Increase awareness and accessibility to IUAs | <ul style="list-style-type: none"> Active lobbying with government and media to drive positive reform to the way annuities are sold Execute strategies to promote market transparency and open architecture distribution Promoting benefits of multiple provider panels |
| Penetration | Deepen relationships with financial intermediaries | <ul style="list-style-type: none"> Utilise technology to embed Just Retirement's key advantages into intermediary processes Delivery of training and promotional materials to support IFAs through RDR transition |
| Diversification | Leverage growth in workplace distribution | <ul style="list-style-type: none"> Deploying The Open Market Annuity Service ("TOMAS") with volume annuity distributors to promote an efficient, open and transparent market Equipping largest trustees with turn-key shopping around service Continue working with leading EBCs to gain access to growing volume trustee based DC schemes |
| | Prepare for shift in consumer buying behaviour | <ul style="list-style-type: none"> Leverage relationship with 1 of the 4 main price comparison websites Continue to invest in the Annuity Service to access customer bases of powerful consumer brands entering the market, to penetrate the affinity sector and fast emerging digital / aggregator channels |

Multi-channel distribution for IUAs

| | Channel | Outlook on future importance | % of JR premiums | | Examples of JR relationships |
|----------------------|--|------------------------------|------------------|---------|--|
| | | | 2011/12 | 2012/13 | |
| Traditional channels | Financial intermediaries | ↔ | | | |
| | - Networks ⁽¹⁾ | | 62.6% | 56.1% |     |
| | - Regionals | | 15.2% | 15.0% |   |
| | Specialists | ↑↑ | 15.1% | 19.9% |     |
| | Employee benefit consultants | ↑↑ | 5.1% | 4.1% |     |
| | Banks & building societies | ↑ | 0.3% | 2.3% |    |
| Emerging channels | Life insurance companies | ↑↑ | 0.7% | 1.7% |    |
| | Price comparison websites ⁽²⁾ | ↑ | 0.8% | 0.9% |   |

Capabilities in place to target emerging distribution channels

Overview

The Annuity Service

A top 25 annuity distributor

- A leading provider of software and telephone support services for price comparison websites and other affinity partners
- Exclusive service contracts with 2 aggregator websites (including 1 of the main 4, in advanced negotiations with one other)
- Online experience recently overhauled, which has led to significant increase in lead flow
- Positions Just Retirement to capture increasing share from fast growing digital channels

Just Retirement Solutions

A top 3 UK LTM distributor

- A leading provider of LTM advice and sales capability for customers of affinity partners
- Employs 28 regulated financial advisers
- Recently extended advice capability to cover care annuities to support Just Retirement's entry to this market
- Exclusive ties with relevant high profile brands for introduction of new business including Saga for both LTM and care
- Provides useful capability to support extension of Just Retirement products set into new product markets where advice capabilities are not readily available

Key clients



Financial advisers consistently recognise the strength of Just Retirement's sales and service execution

Financial Adviser awards



Customer feedback

"The reason I'm writing to you is to say a big THANK YOU for what you did for me. I never thought I'd meet someone as warm and friendly as you in the world of finance and pensions"

"We would like to take this opportunity to thank you for all the help and advice given by you in a way which made it possible for us to feel relaxed and completely confident in a matter totally outside our experience"

"The title "Just" Retirement is very fitting!"

"[Competitor 1] just spoke gobbledygook. Just Retirement explained everything in plain English and gave me different quotes to compare."

Differentiated service proposition supports strong relationships with distributors and customers

A differentiated approach

Service oriented systems

- Processes which are robust, tailored and scalable
- Continuing strong service levels

Embedded service culture

- Consistent top decile performance against TCF regulatory standards
- Strong set of underpinning values, attitudes and behaviours

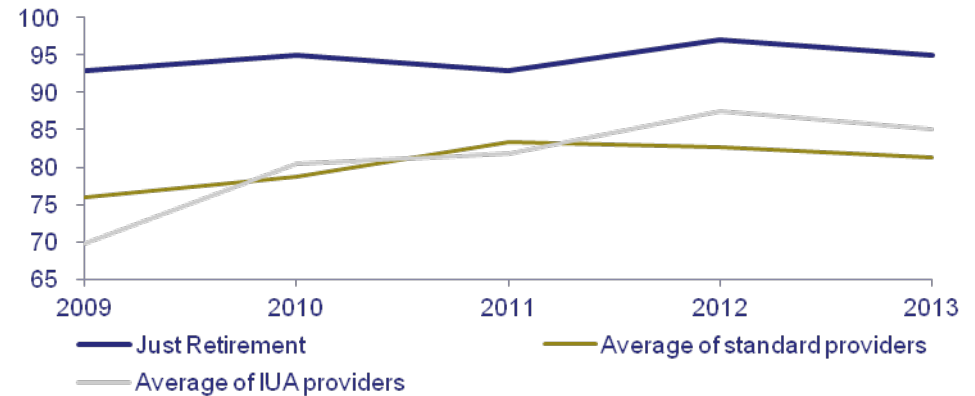
Genuine customer insights

- Organised feedback
- Focus groups
- Fully integrated complaints process

Continual improvement

- New service features delivered in the last 12 months include:
 - Online age verification
 - Improved end customer 1st call resolution
 - 1 day SLA for death processing

IUA providers – overall average service quality ratings



Key performance indicators

| Key performance indicator | | Just Retirement targets | Just Retirement actual |
|---------------------------|---|-------------------------|------------------------|
| 1 | 24 hour quote production | ≥90% | 98% |
| 2 | Quote accuracy | ≥98% | 99% |
| 3 | Annuity cycle time | 24 days | 22 days |
| 4 | Post-sale complaints as % of transactions | ≤0.5% | 0.41% |

Agenda

1. Introduction to Just Retirement
2. Market potential and a scalable operating model
- 3. Unrivalled proprietary IP**
Coffee Break
4. Demonstration of PrognoSys™
5. A robust financial model and strong track record
6. Conclusion and outlook

Drinks

Rodney Cook

David Cooper

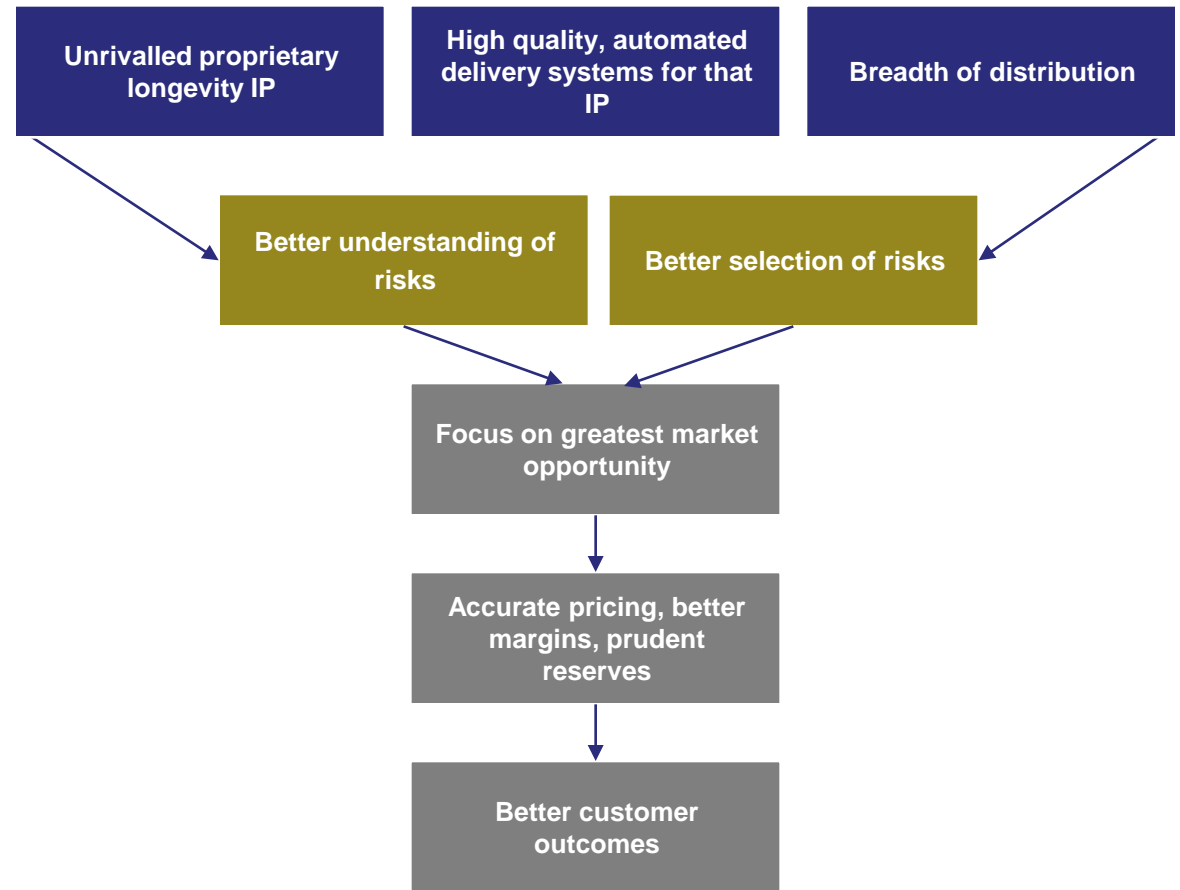
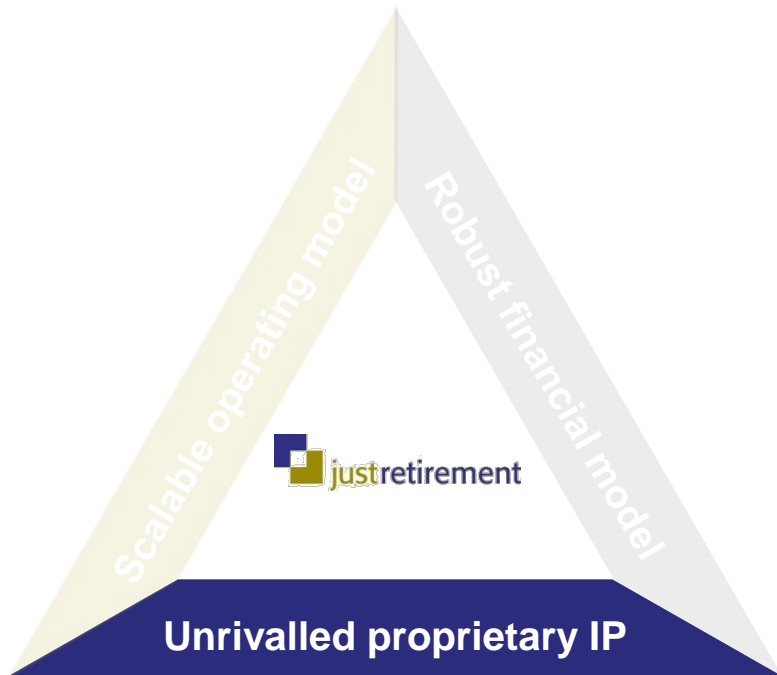
Shayne Deighton

Dr. Tim Crayford

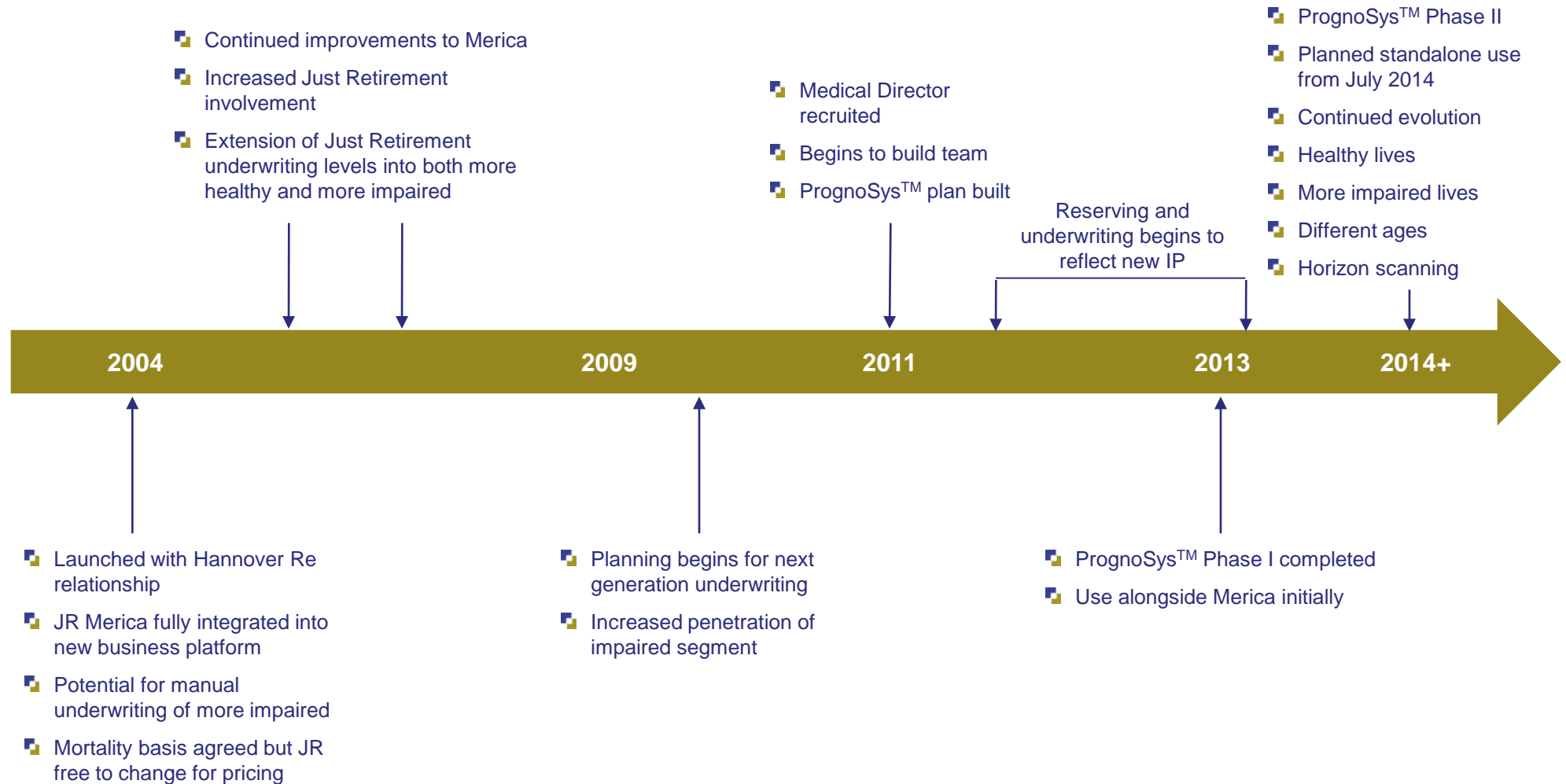
Simon Thomas

Rodney Cook

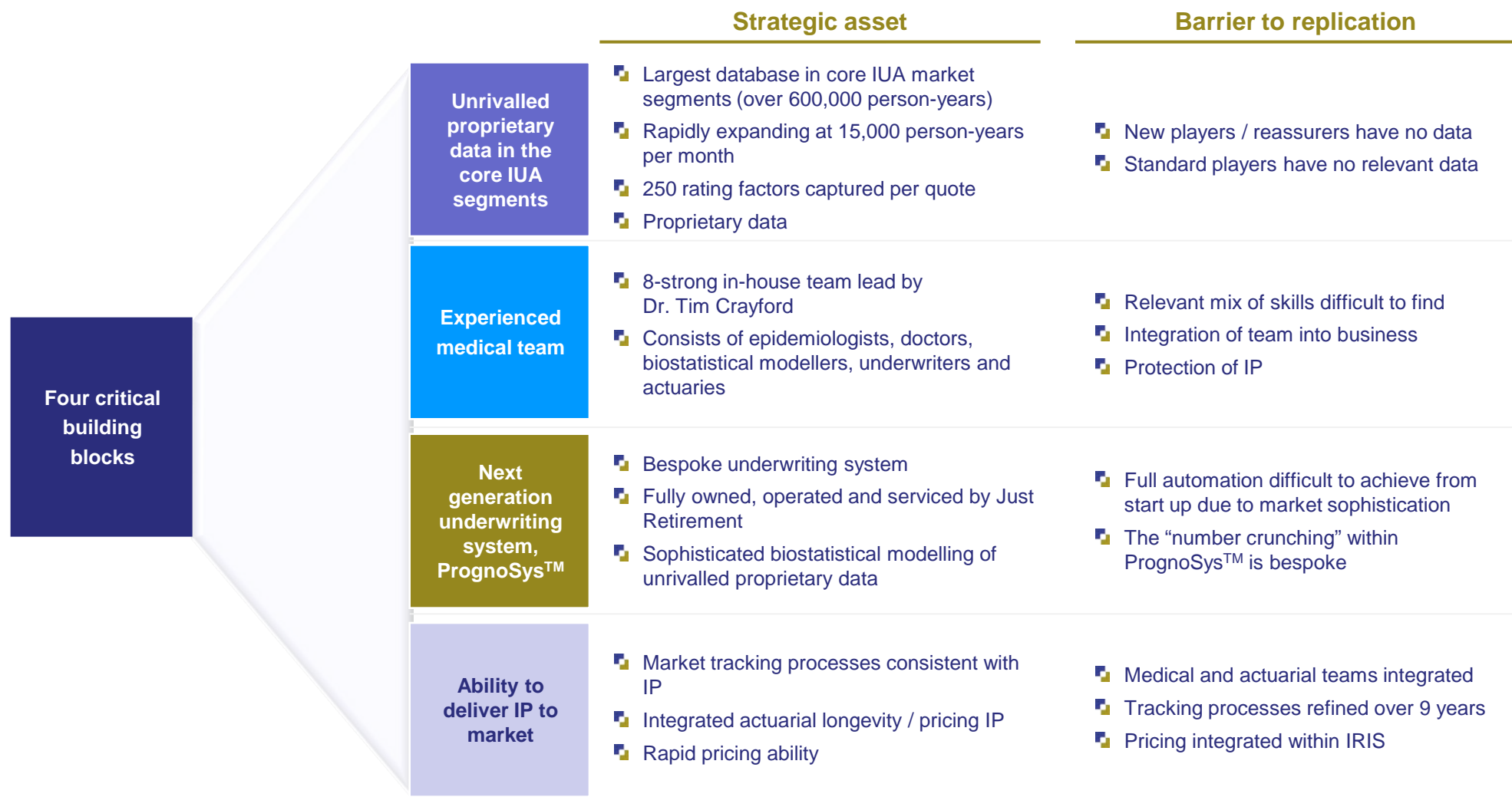
Unrivalled proprietary IP



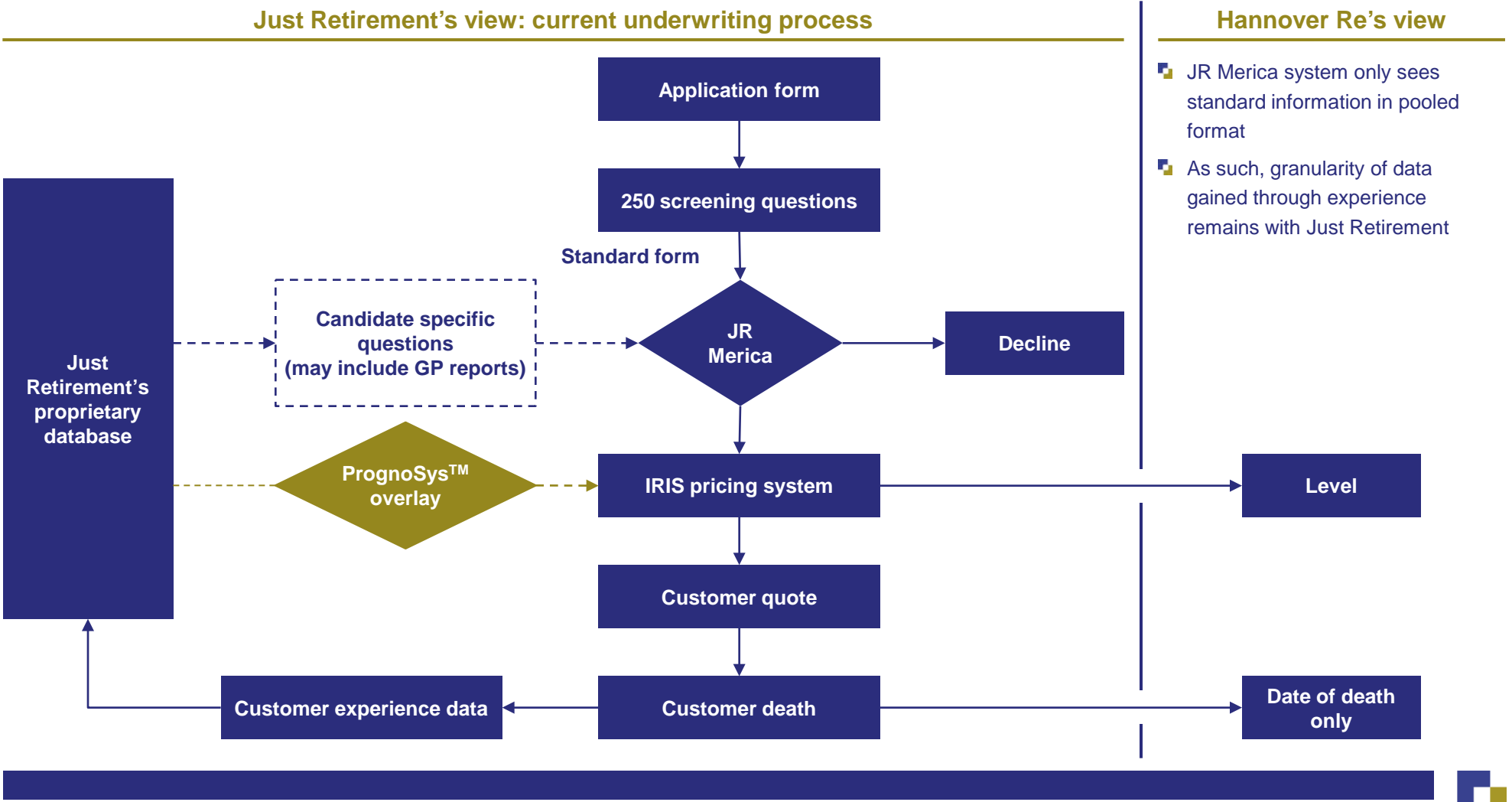
Continual evolution of approach to IP and underwriting



Our IP is difficult to replicate

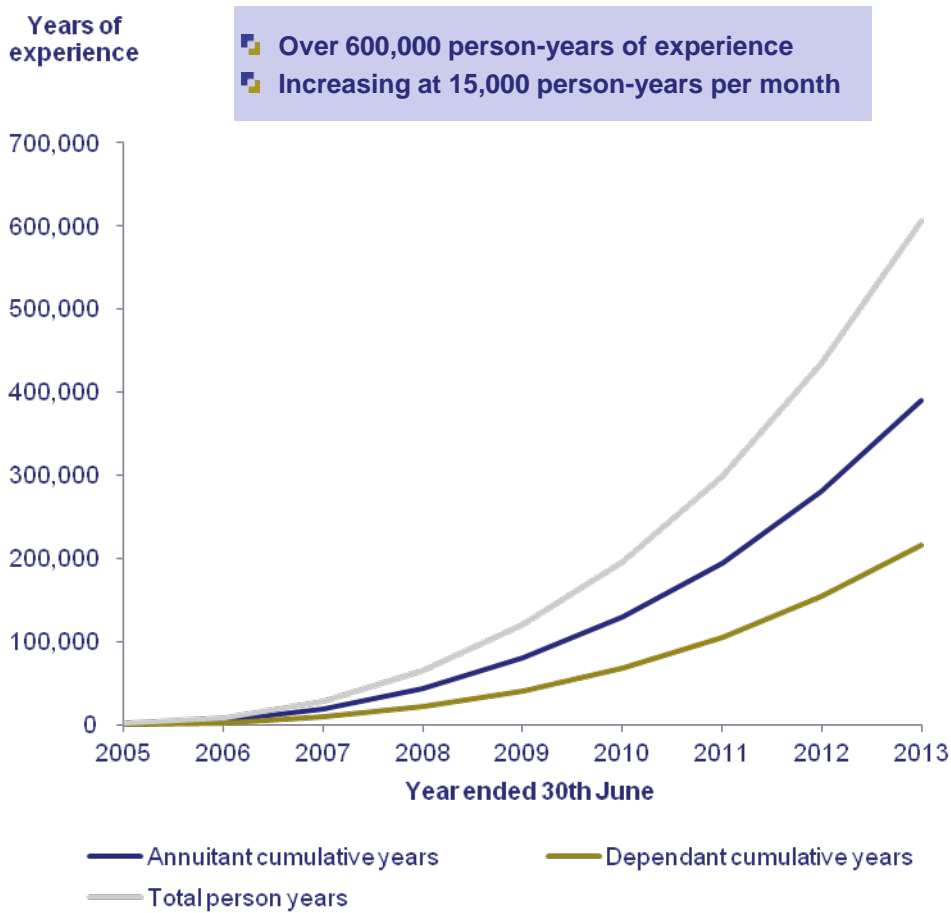


Underwriting process already uses Prognosis™ and keeps data proprietary



Just Retirement has the largest experience database focused on the core IUA market

Increasing experience data



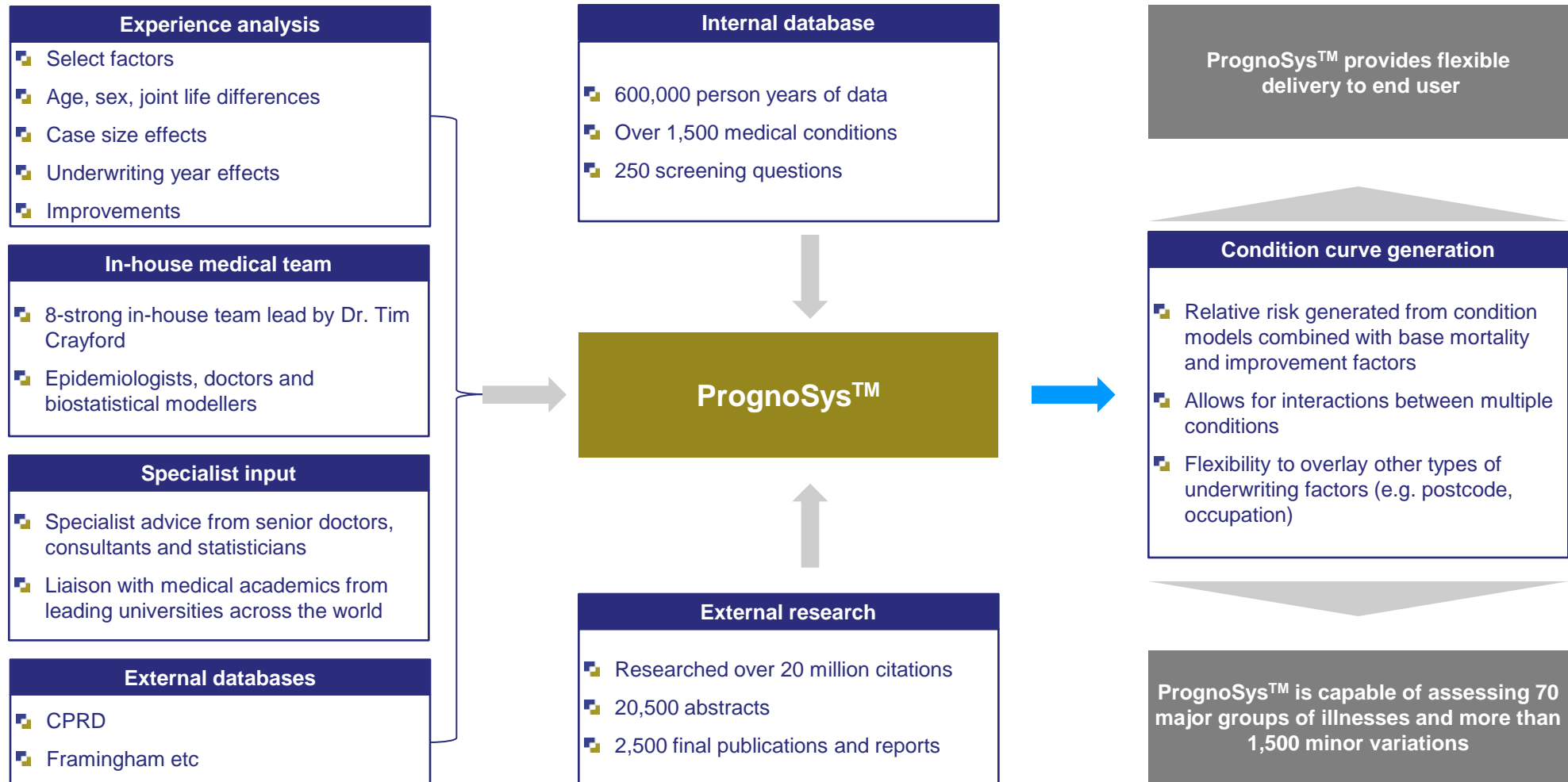
Key statistics

| Statistic (June 2013) | Total |
|---|-------------|
| Years of data collection | 9 years |
| Lives assessed per month ⁽¹⁾ | 21,365 |
| Total lives assessed to date | c.1,130,000 |
| Total number of annuity policies | 124,817 |
| Total number of lives written | 192,882 |
| Current average number of deaths per month ⁽²⁾ | 133 |

Systems

- Bespoke experience analysis system allows unlimited slicing and dicing of data
- System under development to interrogate CPRD, giving Just Retirement access to much wider pool of population medical and death data
- Actuarial reserving systems capable of processing complex mortality bases (including curves)

PrognosisTM: synthesis of a variety of knowledge sources



Outcome: focus on the greatest market opportunity and better customer rates

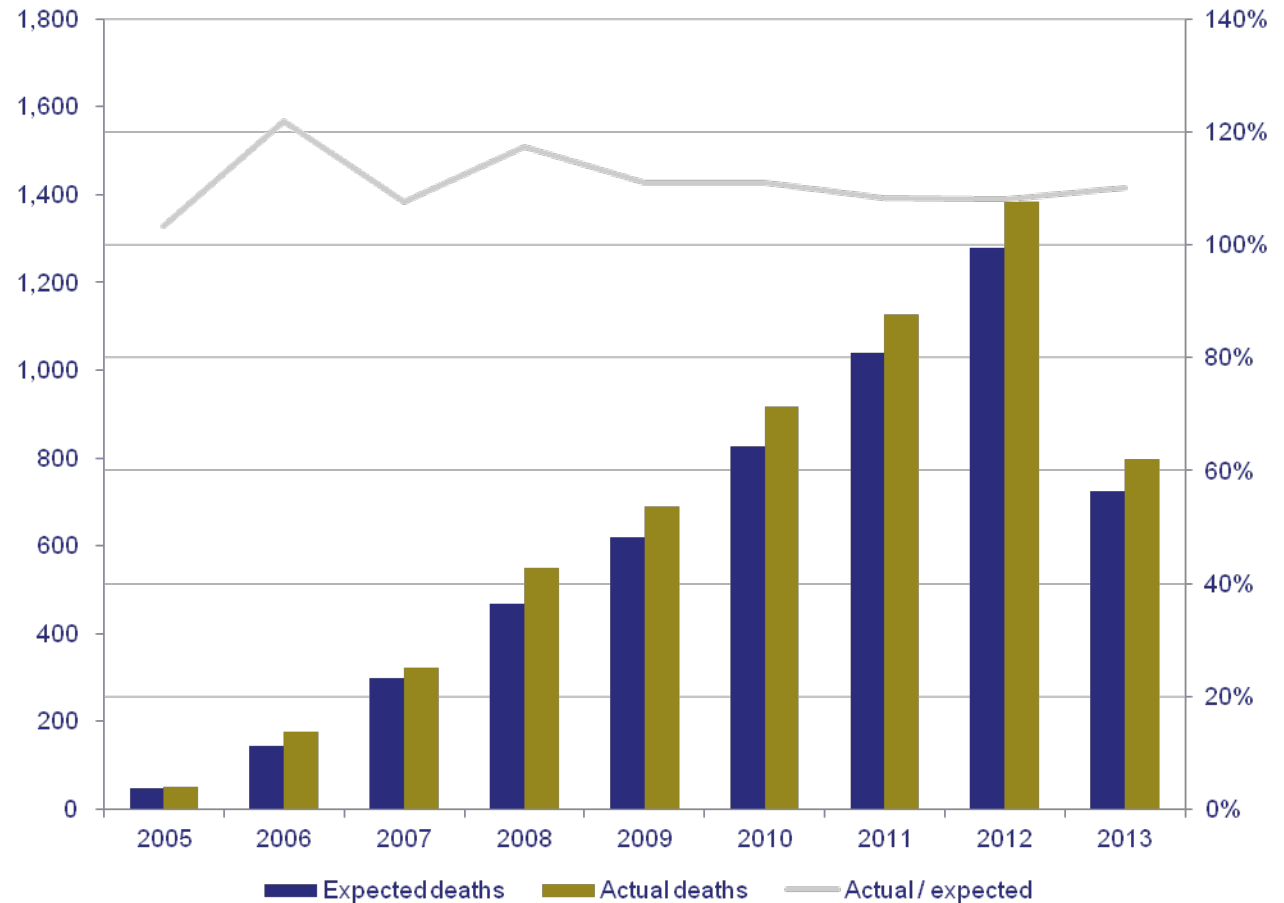
| IUA category | | Typical conditions | Typical life expectancy range (years) | Typical customer enhancement | Estimated market size (2012) ⁽¹⁾ | % of JR annuity premium (2012) ⁽¹⁾⁽²⁾ | JR market share ⁽²⁾ |
|--------------|-------------------------|--|---------------------------------------|------------------------------|---|--|--------------------------------|
| Core IUA | Lifestyle (inc. smoker) | <ul style="list-style-type: none">■ Hypertension■ Overweight■ Cholesterol■ Excessive alcohol■ Smoker (10 per day for ten years) | 20 – 24 | 5% - 25% | £0.85bn (19%) | 17% | 28% |
| | Medically enhanced | Moderate / serious conditions and combinations such as: <ul style="list-style-type: none">■ Diabetes with complications■ Recent heart attack, with surgery■ Recent stroke with mobility problems■ Minor cancers | 17 – 21 | 15% - 35% | £3.15bn (70%) | 71% | 31% |
| Impaired | Impaired | Very serious conditions and combinations such as: <ul style="list-style-type: none">■ Recent cancers■ Chronic obstructive pulmonary disease■ Several recent strokes■ Advanced Crohn's disease | 5 – 16 | 30% - 50%+ | £0.50bn (11%) | 12% | 33% |

Outcome: accuracy of reserving

Prudent IFRS reserving basis

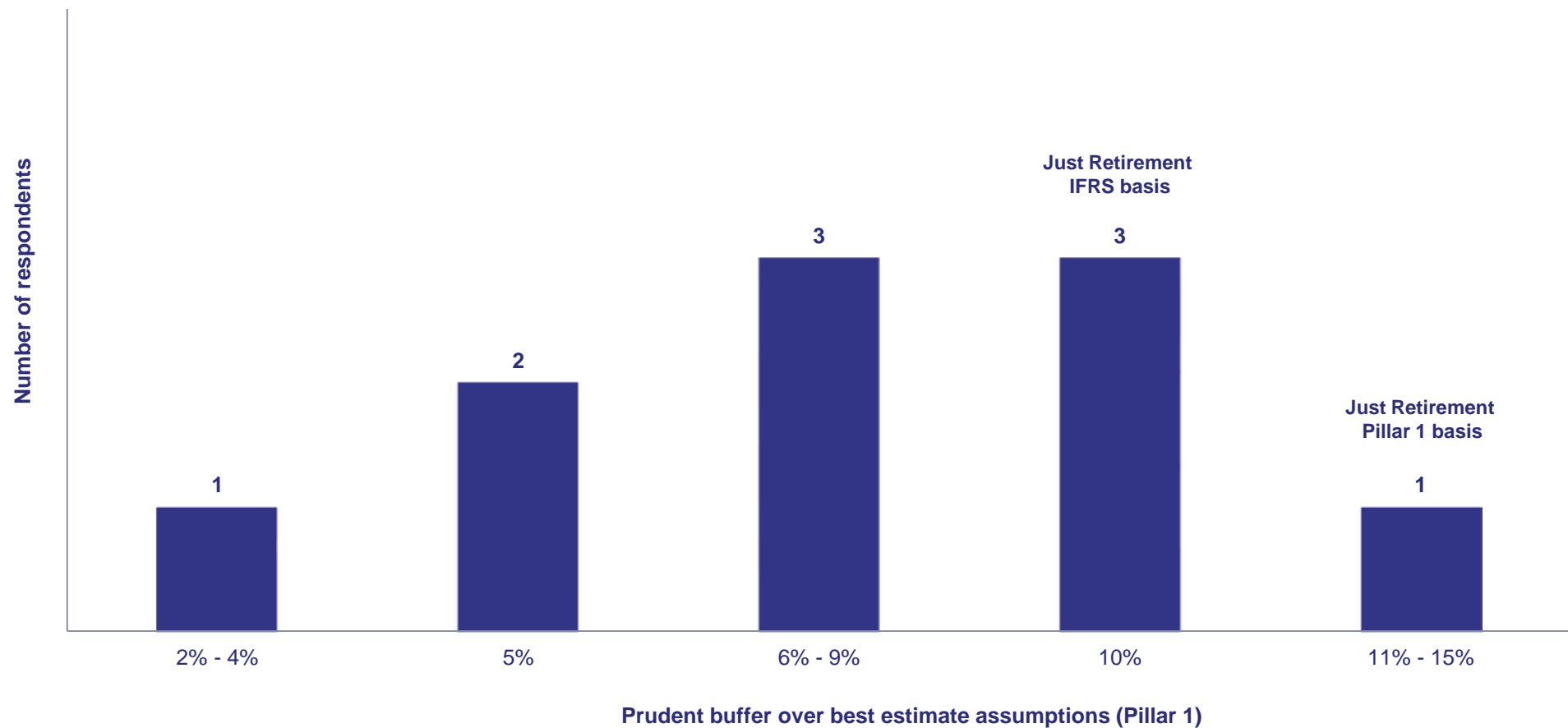
- Change to reserving approach due to impact of Prognosys™ research
- Just Retirement target 10% buffer over best estimate mortality table in IFRS reserve assumptions
- Further buffers exist in the mortality improvement assumptions
- Actual vs. expected on this basis has accurately tracked 110% in recent years and has always been in excess of 100%
- This prudent buffer is released over time contributing to the in-force profits (along with unwind of default provision)
- It also provides a cushion for future adverse mortality experience
- Even larger buffers exist in the Pillar 1 reserve assumptions

Annuity historical mortality experience by year of death (IFRS lives basis)⁽¹⁾



Just Retirement's prudent buffer for mortality is at the conservative end of peers

Peer analysis: Margin for adverse deviation – base mortality

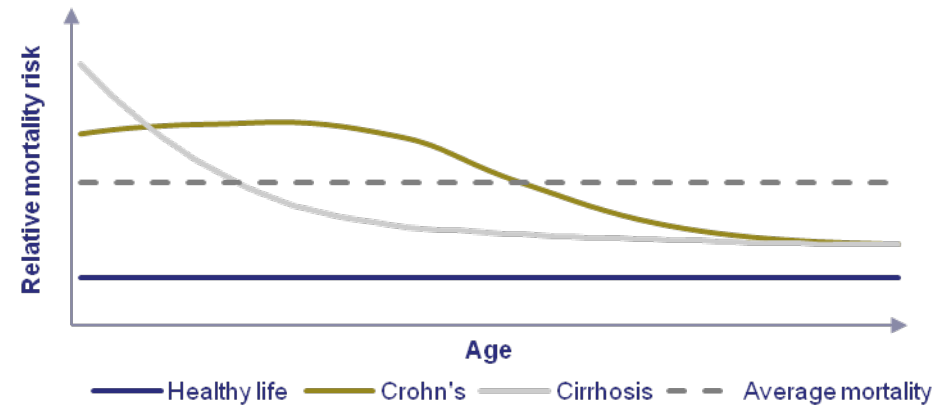


Importance of using curves

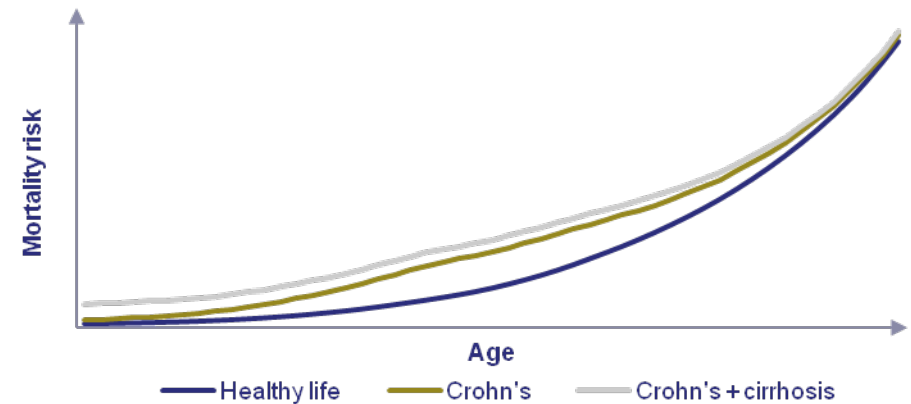
Impact on reserving

- Merica produces a simple multiple of base mortality. On a relative risk graph, this can be shown as a horizontal line
- Proper biostatistical modelling of the relative risk of medical conditions does NOT yield horizontal lines
- Interpreting historic experience data without this insight leads to the wrong conclusion, even if the horizontal line is “right” on average
 - If the curve is above the horizontal line in the early years, A / E will look good and could lead to unjustified reserve releases
- If the curve slopes down, reserves in early years have to be higher to allow for this

Condition curves



Overall mortality curves



Just Retirement's approach to reinsurance

Approach to reinsurance

- Diversity of reinsurers
- Leveraging IP, experience and strong relationships to gain commercially attractive contracts
- Using reinsurer expertise to support entry into new markets

Benefits of reinsurance

- De-risks annuity portfolio through the transfer of the majority (66%) of longevity risk of qualifying IUA business
- Flexibility to re-capture if mortality is higher than expected: one way option for Just Retirement
- Facilitates strong and sustainable growth with minimal cash and capital strain
- Enhances returns through the retention of investment risk

Summary of reinsurance cover

| IUA business | | | | |
|---|-------------------------------|--------------------------|--|-------------|
| Reinsurer | Hannover Re | RGA | Achmea Re | Total cover |
| Mortality risk of qualifying IUA business covered | 46.2% | 19.8% | 19.8% ⁽¹⁾ | 66% |
| Investment risk | 100% retained | 100% retained | 100% retained | |
| Comment | Exclusive access to JR Merica | Replaced Achmea Re cover | Withdrew from UK longevity reinsurance | |

| DB scheme de-risking | | Care annuities |
|---------------------------------------|----------------------------|--|
| Reinsurer | RGA | General Re |
| % reserves reinsured (mortality only) | Up to 55% | Up to 90% |
| Comment | Structured on a swap basis | Provides significant risk transfer for this new market opportunity |



Questions?

Coffee break

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Rodney Cook

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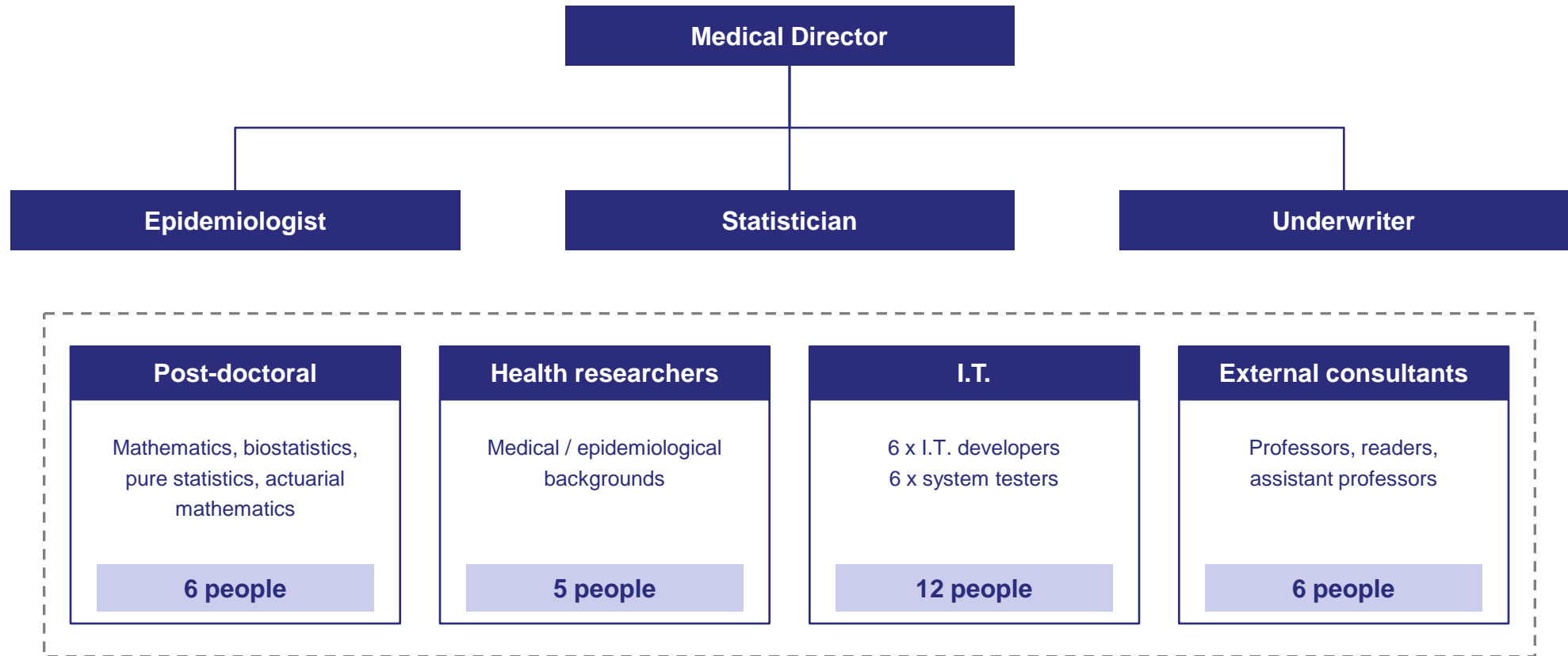
Shayne Deighton

Dr. Tim Crayford

Simon Thomas

Rodney Cook

Medical IP development team



Our experience and data sets us apart

Common Quotation Form (CQF)⁽¹⁾



- High blood pressure, high cholesterol
- Smoking
- Heart conditions – angina, bypass surgery
- Diabetes
- Strokes
- Cancer, leukaemia, lymphoma, growths, tumours
- Respiratory, lung disease
- Multiple sclerosis
- Neurological conditions

- Every IUA provider receives the same input data from the industry standard common quotation form

■ The difference is we have:

- Entered it;
- Stored it; and
- Analysed it

- 600,000 person-years of data from the core IUA market – more than any other provider

- Framingham Heart Study 1948

- Growing at over 15,000 person-years every month

Amplifying the value of the raw data

Searching: 1 database | 3 Recent searches | 0 Selected items | My Research | Exit

< All databases | Healthcare databases | Preferences | English | Help

ProQuest MEDLINE® Basic Search | Advanced | Command Line

(ti(COPD OR Chronic Obstructive Pulmonary Disease)) AND (ti(mortality OR survival)) AND (ab(simulation OR model OR long-term OR excess OR relative OR matched))

Additional limits - Date: After 1999 | Modify search | Tips

216 Results * Search within | Create alert | Create RSS feed | Save search | Download all results

0 Selected items [Clear] | Save to My Research | Email | Print | Cite | Export/Save

Select 1-100 | Brief view | Detailed view

1 Long-term mortality in patients with chronic obstructive pulmonary disease following extracorporeal membrane oxygenation for cardiac assist after cardiovascular surgery | Preview

Distelmaier, Klaus; Niessner, Alexander; Haider, Dominik; Lang, Irene M; Heinz, Gottfried; et al. Intensive care medicine 39. 8: 1444-51. (Aug 2013)

...Information on predisposing risk factors influencing long-term survival after ...were due to cardiovascular causes. Long-term survival was decreased in patients ...strong and independent predictor of long-term all-cause mortality and

Found in: MEDLINE® (1946 - current)

Brief citation | Citation/Abstract | Full Text

2 Development, validation, and results of a risk-standardized measure of hospital 30-day mortality for patients with exacerbation of chronic obstructive pulmonary disease | Preview

Lindenauer, Peter K; Grosso, Laura M; Wang, Changqin; Wang, Yun; Krishnan, Jerry A; et al. Journal of hospital medicine : an official publication of the Society of Hospital Medicine 8. 8: 428-35. (Aug 2013)

...mortality rates. RESULTS The model development sample consisted ...development and validation models had good discrimination ... CONCLUSIONS A 30-day mortality model based on administrative

Found in: MEDLINE® (1946 - current)

Brief citation | Citation/Abstract | Full Text

3 Resting heart rate is a predictor of mortality in COPD | Preview

Jensen, Magnus Thorsten; Marott, Jacob L; Lange, Peter; Vestbo, Jørgen; Schnohr, Peter; et al. The European respiratory journal 42. 2: 341-9. (Aug 2013)

...performed using time-dependent Cox models and net reclassification index (NRI).

Found in: MEDLINE® (1946 - current)

Brief citation | Citation/Abstract | Full Text

4 Associations of depression diagnosis and antidepressant treatment with mortality among young and disabled Medicare beneficiaries with COPD | Preview

Qian, Jingjing; Simoni-Wastila, Linda; Rattinger, Gail B; Lehmann, Susan; Langenberg, Patricia; et al. General hospital psychiatry (Jul 18, 2013)

...2007-2008. Cox proportional hazards models were used to examine the associations

Found in: MEDLINE® (1946 - current)

Sort results by: Publication date (most recent first) | Sort

Duplicate document settings | Duplicates are removed. Change database order | Include duplicates

Narrow results by: Document type | Author | CAS Registry number | Language | MeSH subjects | Major MeSH | Publication title | Journal classification | Publication date | 2000 - 2013 (years)

20 million citations

20,000+ abstracts screened

2,500+ publications and reports reviewed and used

Data carefully transcribed

Additional, unpublished data obtained from authors

COPD = Chronic Obstructive Pulmonary Disease

– Gold⁽¹⁾ Stage I

– Gold⁽¹⁾ Stage II

– Gold⁽¹⁾ Stage III

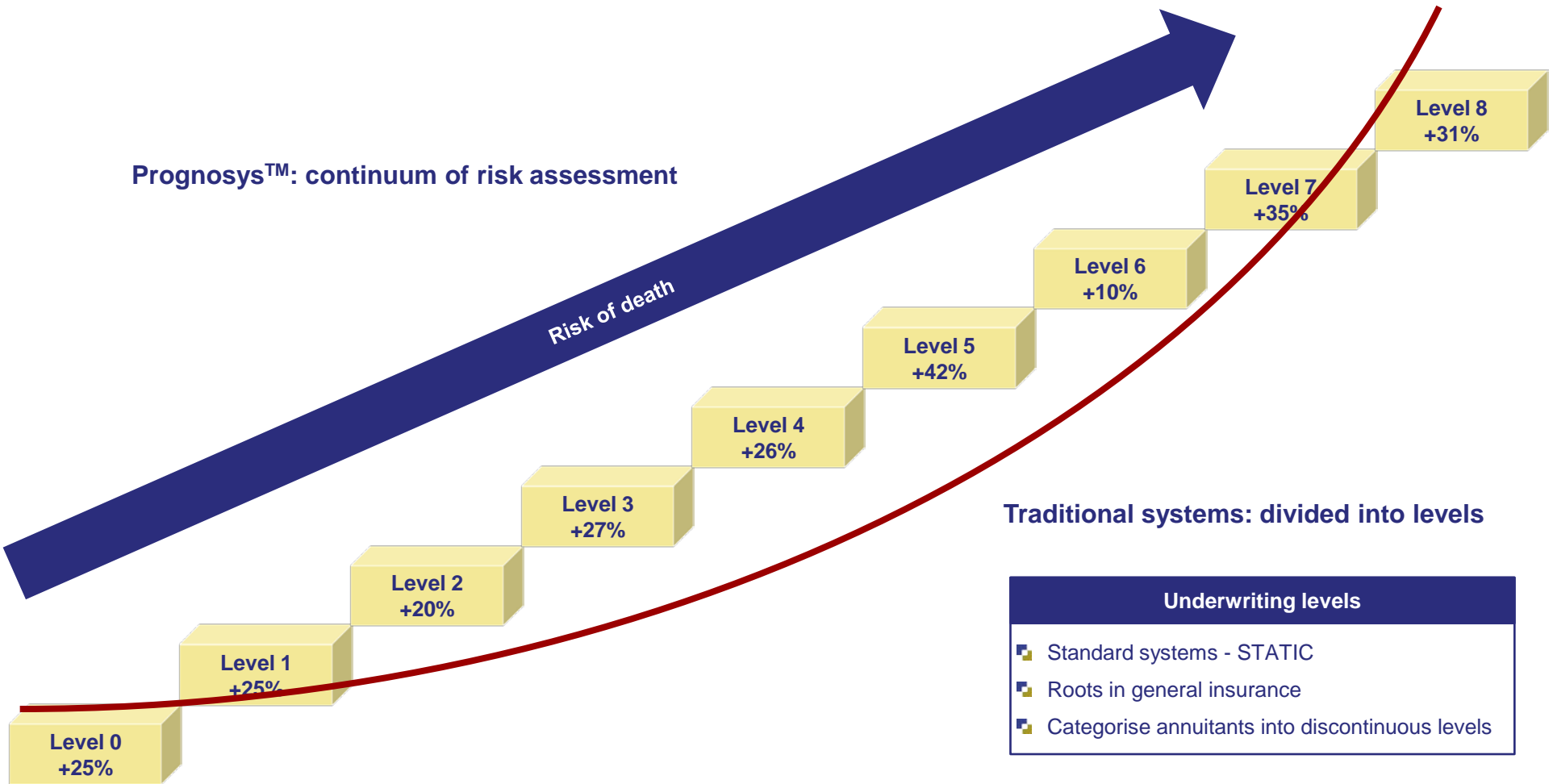
– Gold⁽¹⁾ Stage IV

Discontinuous → Continuous functions

Prognosys™: the shape of a life

Prognosys™: continuum of risk assessment

Risk of death



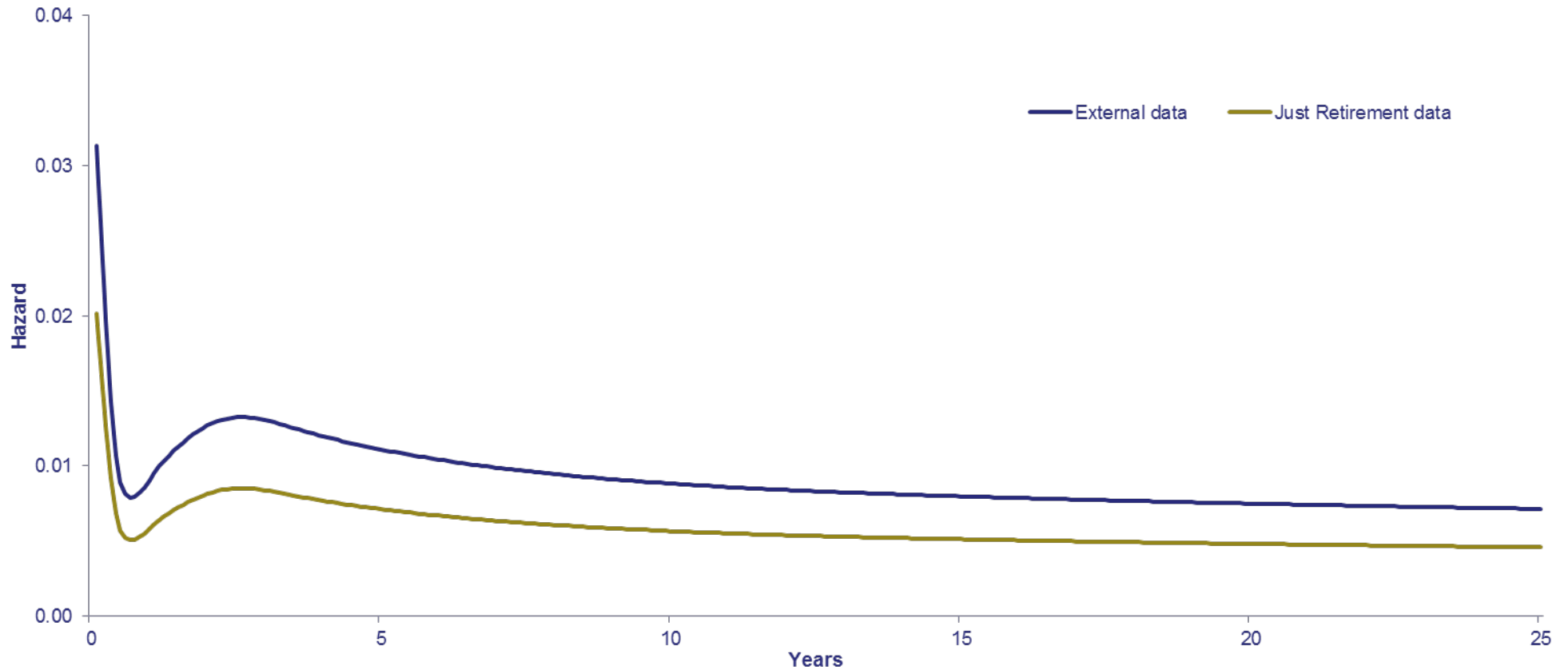
Traditional systems: divided into levels

Underwriting levels

- Standard systems - STATIC
- Roots in general insurance
- Categorise annuitants into discontinuous levels

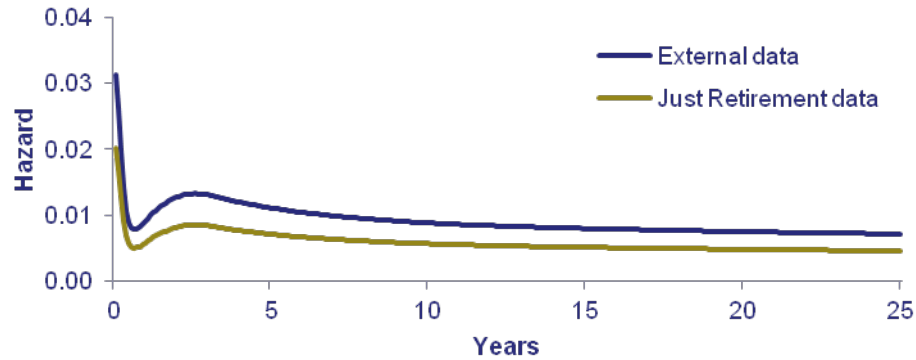
Prognosis™: colon cancer excess mortality

Stage 1

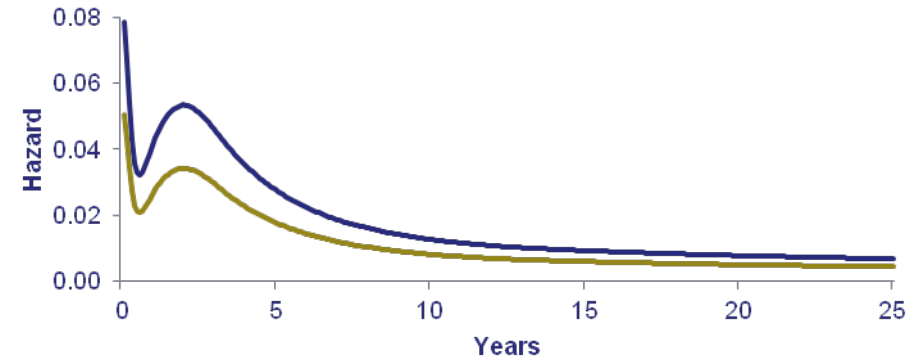


Prognosis™: colon cancer excess mortality

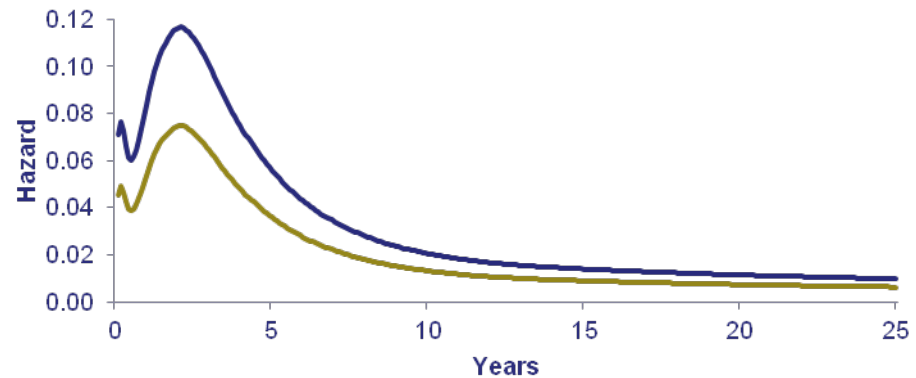
Stage 1



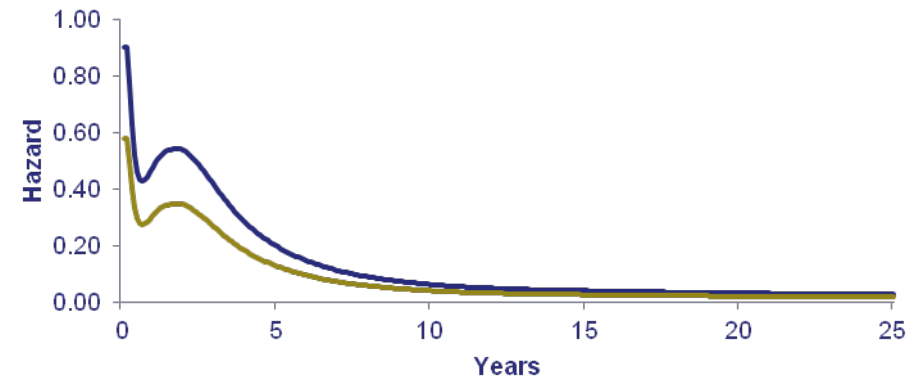
Stage 2



Stage 3



Stage 4



Demonstration of Prognosis™



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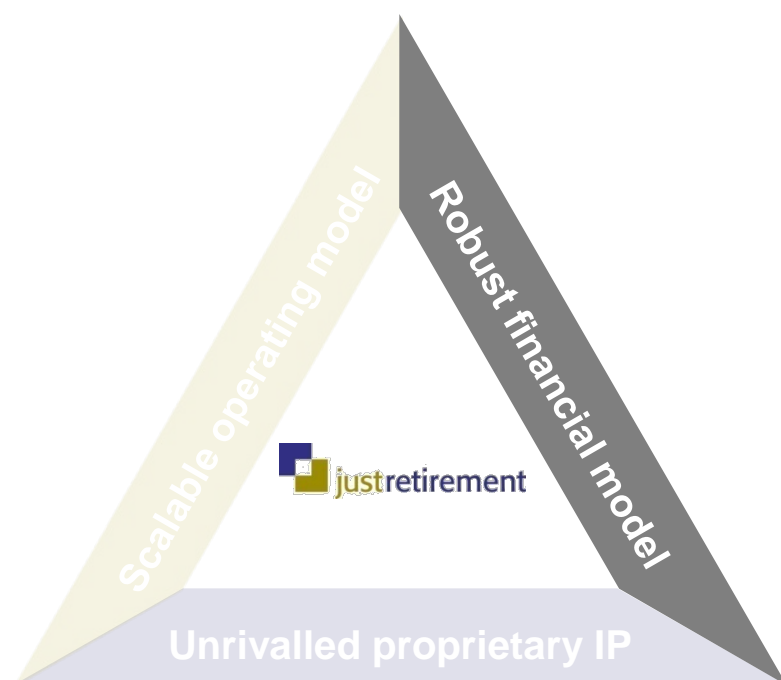
Shayne Deighton

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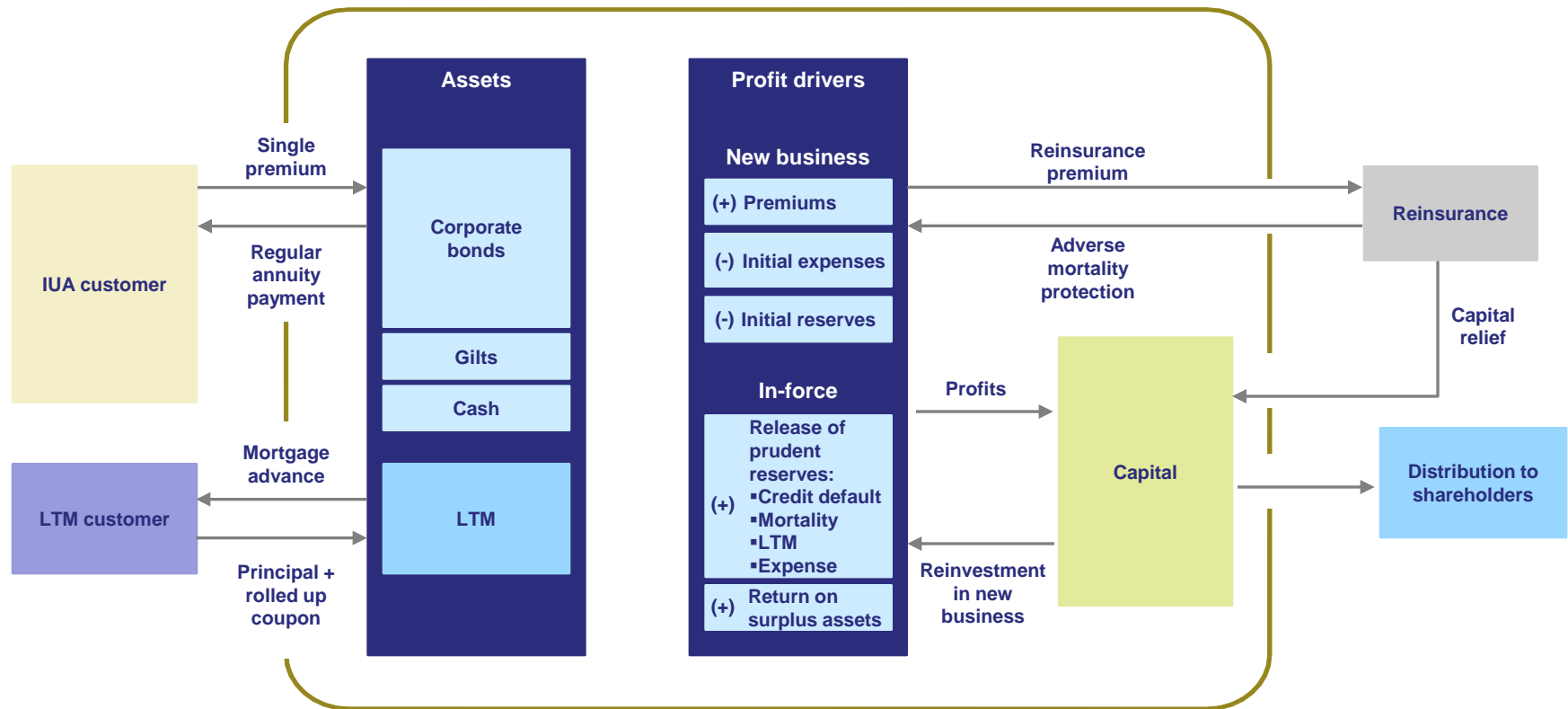
Rodney Cook

Robust financial model



| | Key Features | Benefits |
|--|---|---|
| Capital efficient | <ul style="list-style-type: none"> New and in-force business reinsured Capital financing from reinsurers Synergistic product suite | <ul style="list-style-type: none"> Mortality exposure reduced Reserving and capital requirements reduced Capital synergies LTM yield uplift |
| Sophisticated investment management strategy | <ul style="list-style-type: none"> Robust investment management policy Outsourced fixed income management High yielding LTM assets | <ul style="list-style-type: none"> Optimised risk-adjusted investment returns Strong delivery of in-force profits |
| Financial risk management | <ul style="list-style-type: none"> Diversified low-risk investment portfolio High quality LTM assets Hedging strategy Reinsurance Prudent reserving policies | <ul style="list-style-type: none"> No corporate bond defaults NNEG never crystallised Strong delivery of in-force profits |

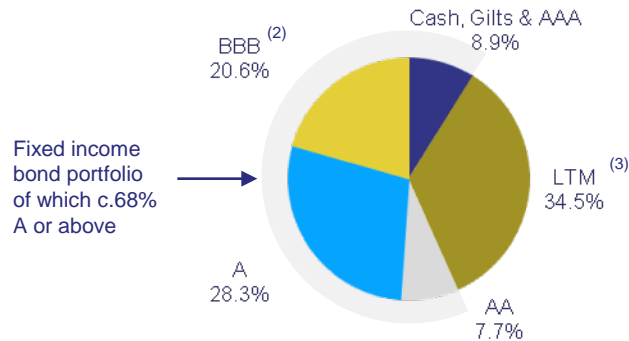
Robust financial model: profit drivers



Robust investment policy

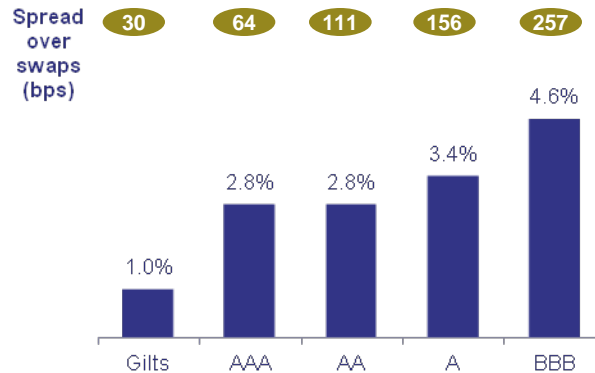
Robust
financial
model

Fixed income portfolio by asset quality⁽¹⁾

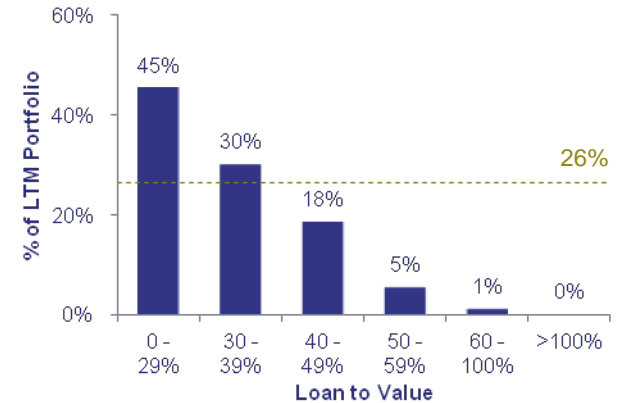


311 corporate bonds held across 133 counterparties
Total size: £6,037m⁽¹⁾

Total investment portfolio by asset class



LTM Breakdown by LTV⁽¹⁾⁽⁴⁾



- No defaults on any of corporate bonds
- No exposure to Euro sovereign bonds, No equities, RMBS or CDOs and no direct exposure to Ireland, Greece, Portugal or Cyprus
 - Exposure to Italy and Spain constitutes only 2.1% of total bond portfolio
 - 0.3% of total investment portfolio rated below BBB-
- Asset / liability matching directed by Just Retirement
- “Buy and Maintain” strategy:
 - Majority of bonds are held-to-maturity in order to capture illiquidity spread
 - Target percentages by credit grade leads to an average spread of approximately A grade
- Regular review of the market and investment performance with Blackrock and Robeco on a weekly basis

- Average LTV at commencement: 18%
- Average loan size: £39K⁽⁵⁾ vs. average property value: £227K⁽⁵⁾
- Out of 31K mortgages, only 5 have an LTV over 75%
- NNEG never been triggered
- 98% of loans sourced from individuals

Investment portfolio conservatively provided for

Fixed income portfolio (30 June 2013)

- Consistently applied methodology
- No defaults experienced to date
- Default provision
 - Pillar 1: 81 bps
 - Economic capital: 81 bps
- Equivalent to a 45% spread over swaps

| | |
|-------------------------------------|-------|
| Default provision (Pillar 1) | £221m |
| Default provision as % of portfolio | 5.9% |

LTM portfolio 30 June 2013

- NNEG never been triggered
- Pillar 1: NNEG provision represents 8% of total portfolio
- Economic capital allows for:
 - 2.5% NNEG provision; and
 - An immediate and permanent fall of 37% in property values in stress test

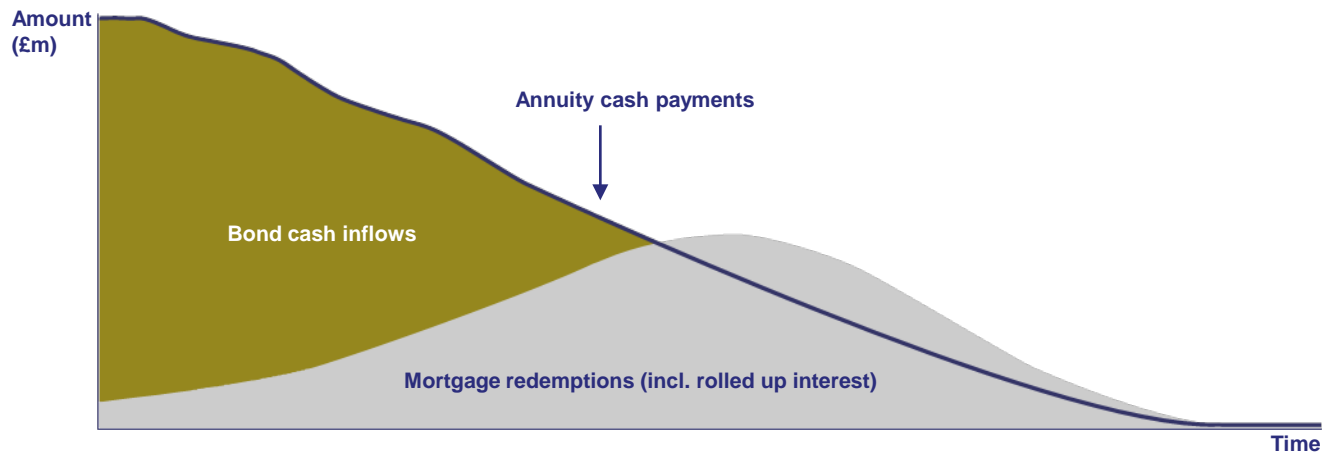
| | |
|---|-------|
| NNEG provision (Pillar 1) | £213m |
| NNEG provision as % of portfolio ⁽¹⁾ | 7.9% |

Synergistic product suite

Enhanced risk-adjusted yield

- Higher net yield than gilts / corporate bonds even after NNEG⁽¹⁾
- High quality, low risk assets

Long duration and good longevity hedge



Efficient funding model

- Annuity business funds all our equity release lifetime mortgages
- Effective substitute for scarce, high yield, low risk, long dated assets

Hedge on new business margins

- The IUA margin and LTM margin move in opposite directions with change in interest rates, thereby providing a natural hedge

1. NNEG (No Negative Equity Guarantee): A guarantee of Just Retirement's equity release plans that ensures that the customer will never owe more than the value of the property and no debt will ever be left to the estate.

Summary IFRS results

| IFRS operating profit (£m, FY) | 2011 | 2012 | 2013 |
|---|-----------|-----------|------------|
| IFRS new business operating profit ⁽¹⁾ | 50 | 55 | 59 |
| IFRS in-force operating profit | 26 | 33 | 41 |
| IFRS underlying operating profit | 76 | 88 | 100 |
| Operating variances and assumption changes | (1) | 11 | (12) |
| Reinsurance and bank finance costs | (8) | (8) | (9) |
| IFRS operating profit | 67 | 90 | 79 |
| Non-recurring and project expenditure | (5) | (7) | (7) |
| Investment and economic profits/(losses) | (25) | (21) | 49 |
| Profit before tax (Group) | 37 | 62 | 121 |
| Finance and other costs incurred by HoldCo ⁽²⁾ | (35) | (37) | (43) |
| Profit before tax (HoldCo) | 3 | 25 | 78 |

Summary of key performance indicators

| (£m, FY) | KPIs | 2011 | 2012 | 2013 | CAGR 11 – 13 |
|---|----------|-------------------|--------------|--------------------------|--------------------------|
| Total annuity premiums | 1a | 893 | 1,195 | 1,344 | 23% |
| LTM advances | 1b | 242 | 270 | 310 | 13% |
| Total new business sales | | 1,135 | 1,465 | 1,654 | 21% |
| IFRS new business operating profit | 2 | 50 ⁽¹⁾ | 55 | 59 | 9% ⁽²⁾ |
| IFRS in-force operating profit | 3 | 26 | 33 | 41 | 26% |
| IFRS underlying operating profit | 4 | 76 | 88 | 100 | 15% |
| Group embedded value | 5 | 344 | 365 | 504⁽³⁾ | 16%⁽⁴⁾ |

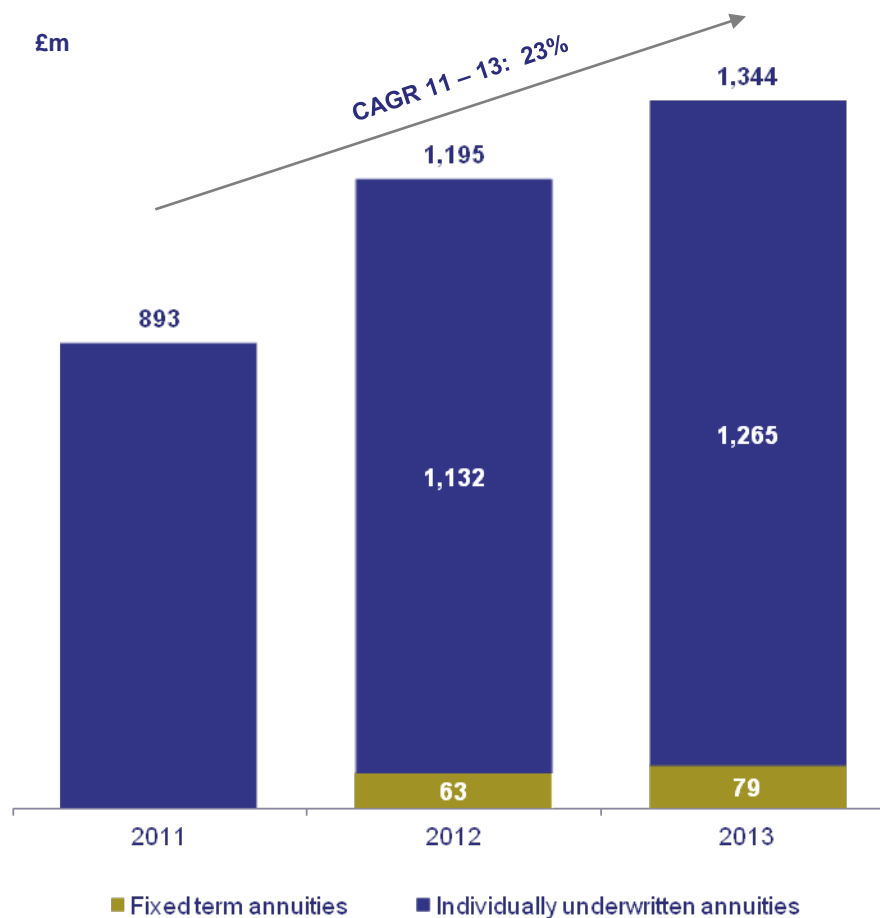
Source: Just Retirement. Note: FY represents Just Retirement's Financial Year to 30 June. 1. Normalised new business operating profit for the year ended 30 June 2011 shown (excludes exceptional profit of £14m). 2. Normalised CAGR over 2011 – 13. 3. Excluding IPO proceeds 4. CAGR excludes £40m of capital injected over 2011-13.

Strong organic growth in total annuity premiums

■ 23% CAGR over FY 2011 – 2013 reflecting:

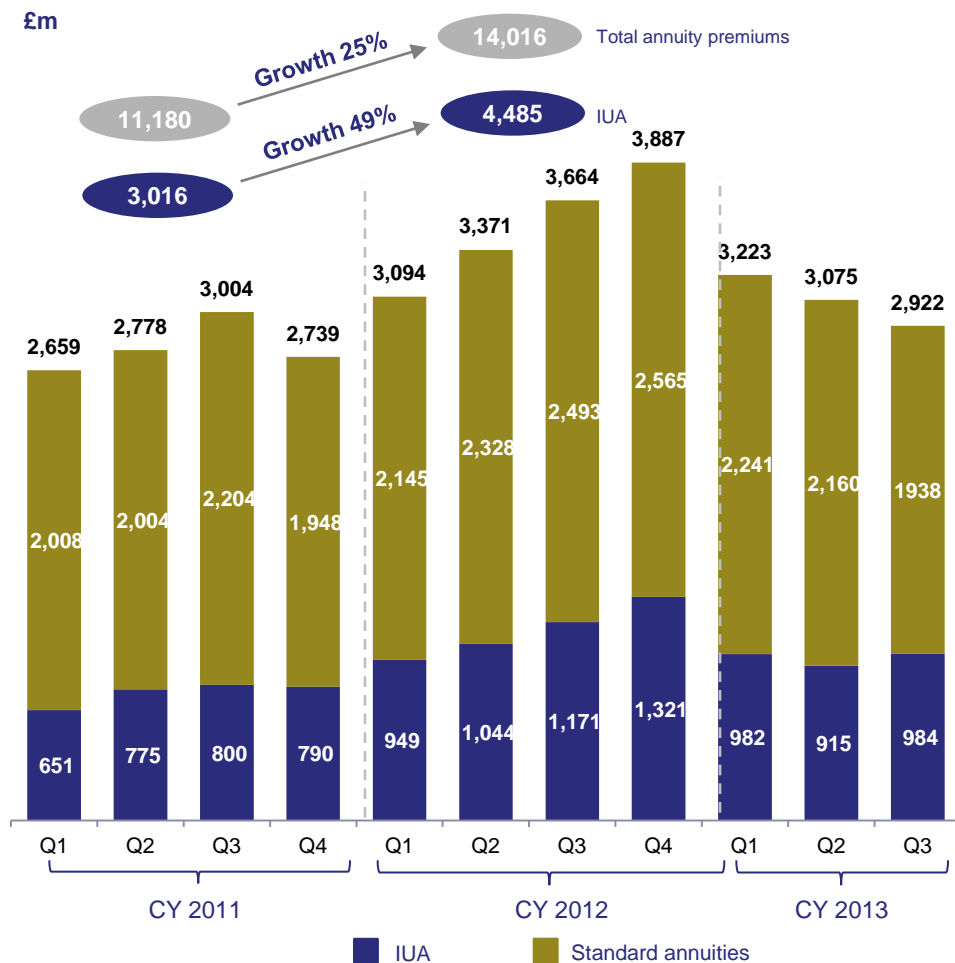
- Continued strong underlying IUA market growth
- Increased market share of the total annuity market
- Launch of fixed term annuities in June 2011
- FY 2013: a year of discontinuity impacted by RDR and gender directive changes
- However, structural reasons for growth beyond FY 2014 remain intact
- Product pipeline from care annuity and DB de-risking provides future growth opportunities

Total annuity premiums (FY)

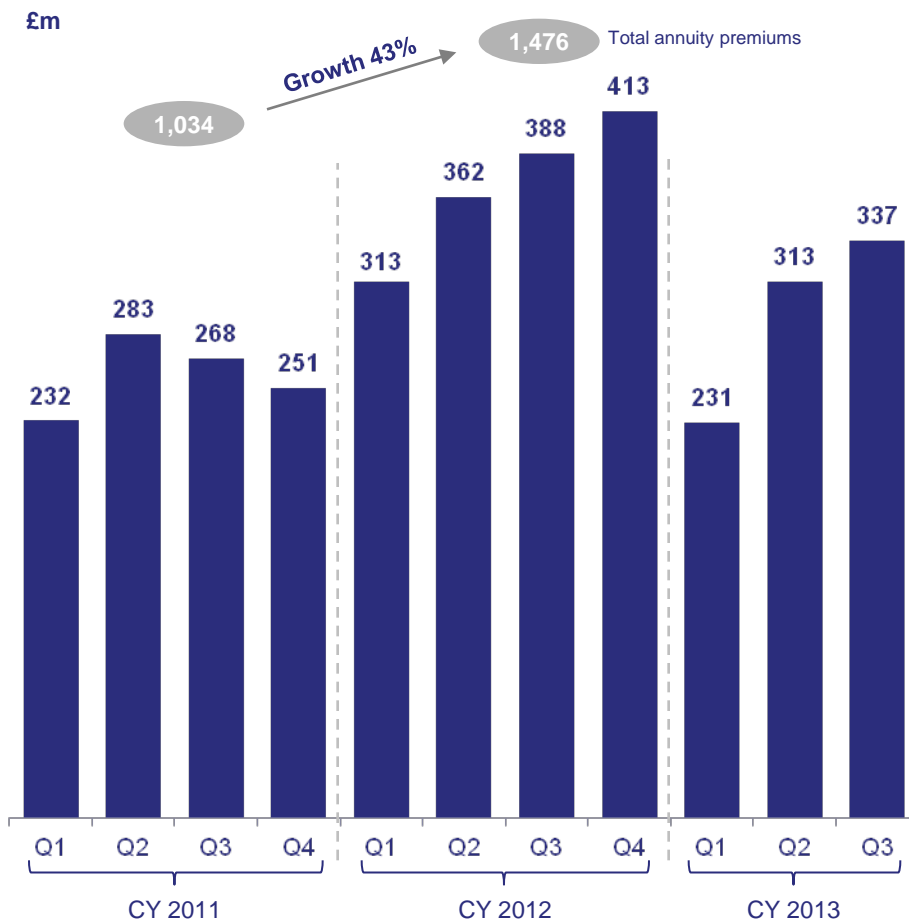


Just Retirement's annuity premium sales in context of the market

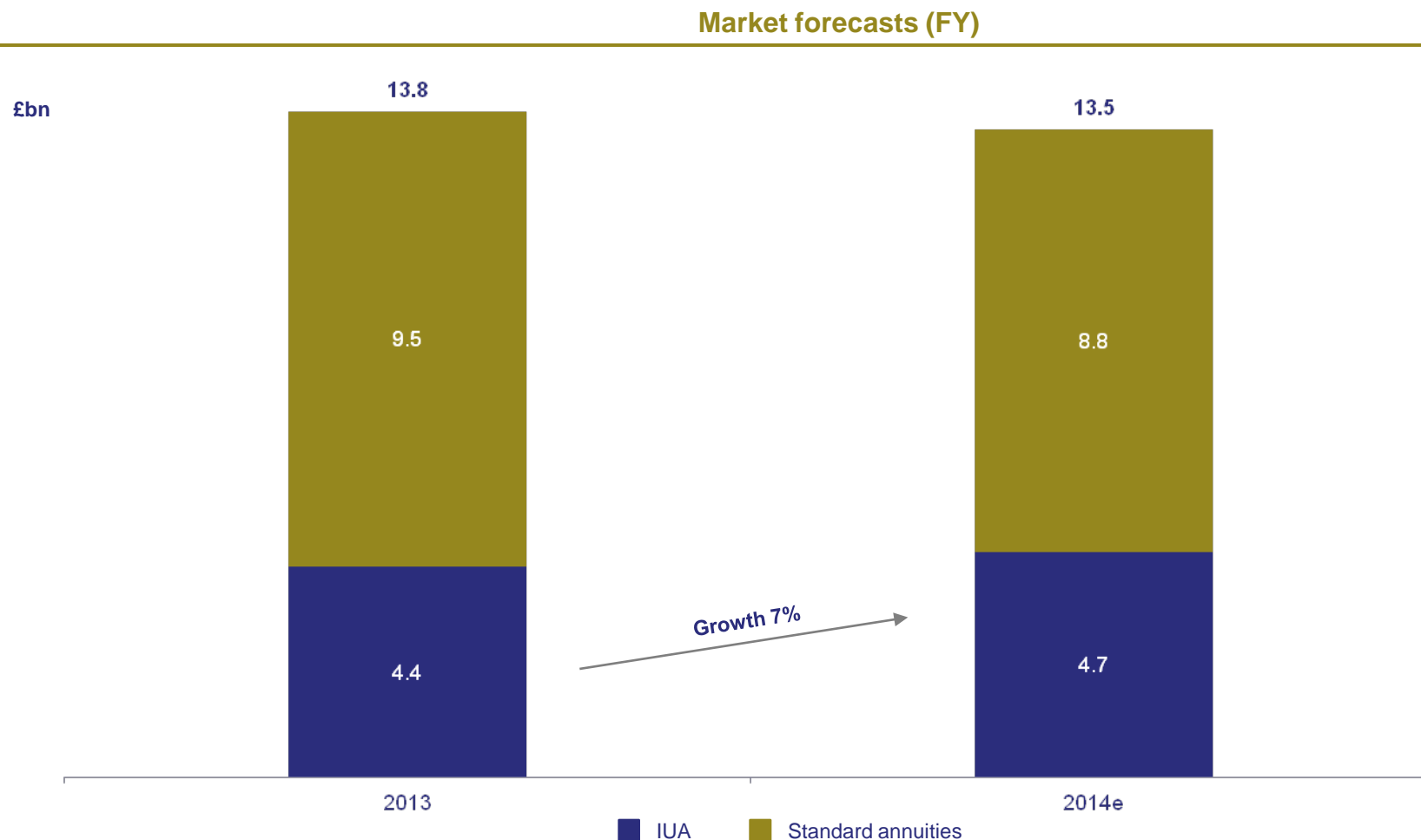
Market – total annuity premiums (CY)



Just Retirement – total annuity premiums⁽¹⁾ (CY)



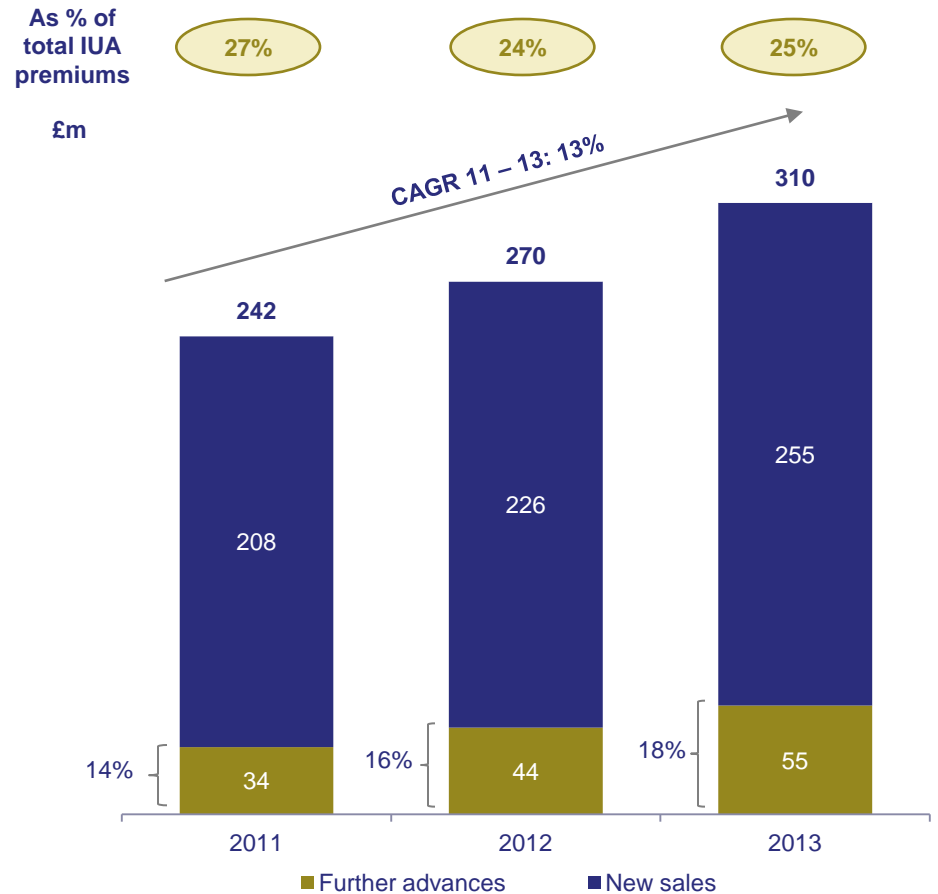
Market forecasts: regulatory changes distort short-term progression but growth trend beyond FY 2014 remains intact



Consistent growth in LTM advances

- Target LTM advances to represent around 25% of Just Retirement's total new business sales
- 13% CAGR over FY 2011 – 2013 reflecting:
 - Growth in the LTM market
 - Just Retirement's desire to achieve appropriate business mix
- In FY 2011, we experienced unusually strong demand for LTM at very attractive margins
- Normalising FY 2011 LTM advances to 25% of total annuity premiums would imply 18% CAGR over FY 2011 – 2013
- Growing proportion of total advances met by further drawdowns on existing LTM advances provides highly predictable underpin to volumes

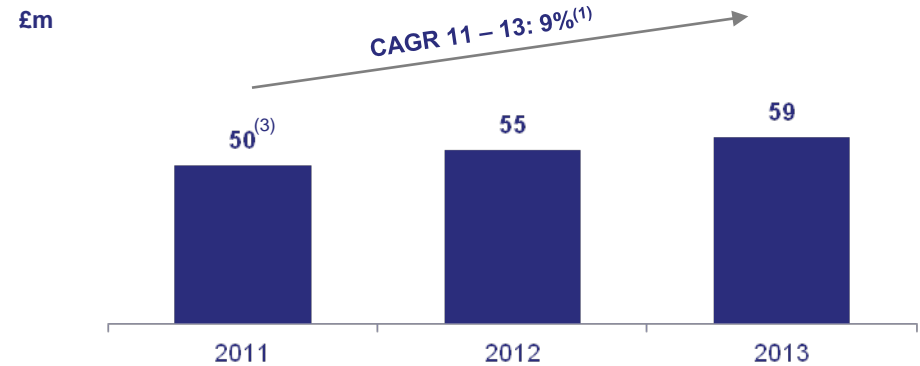
LTM advances (FY)



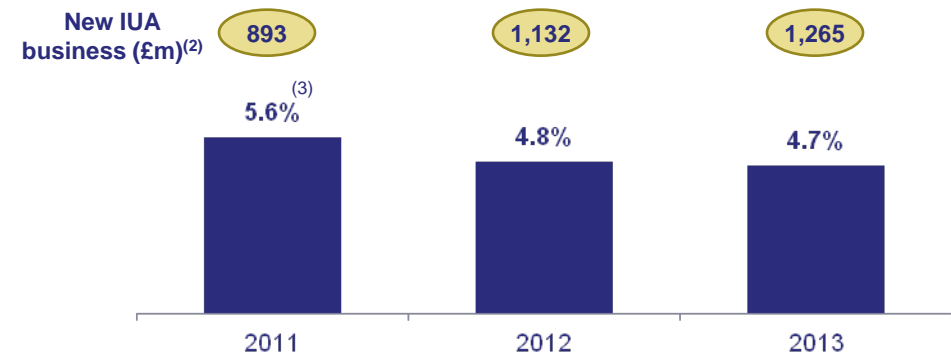
IFRS new business operating profit

- 9%⁽¹⁾ CAGR over FY 2011 – 2013 as a result of significant growth in new business volumes
- Margins and pricing continuously monitored to take into account interest rates, bond spreads, competition, pricing movements and demand
- FY 2011 normalised to remove impact of unusually high volume of LTM advances and margin
- LTM advances normalised to 25% of total annuity premiums

New business operating profit (FY)

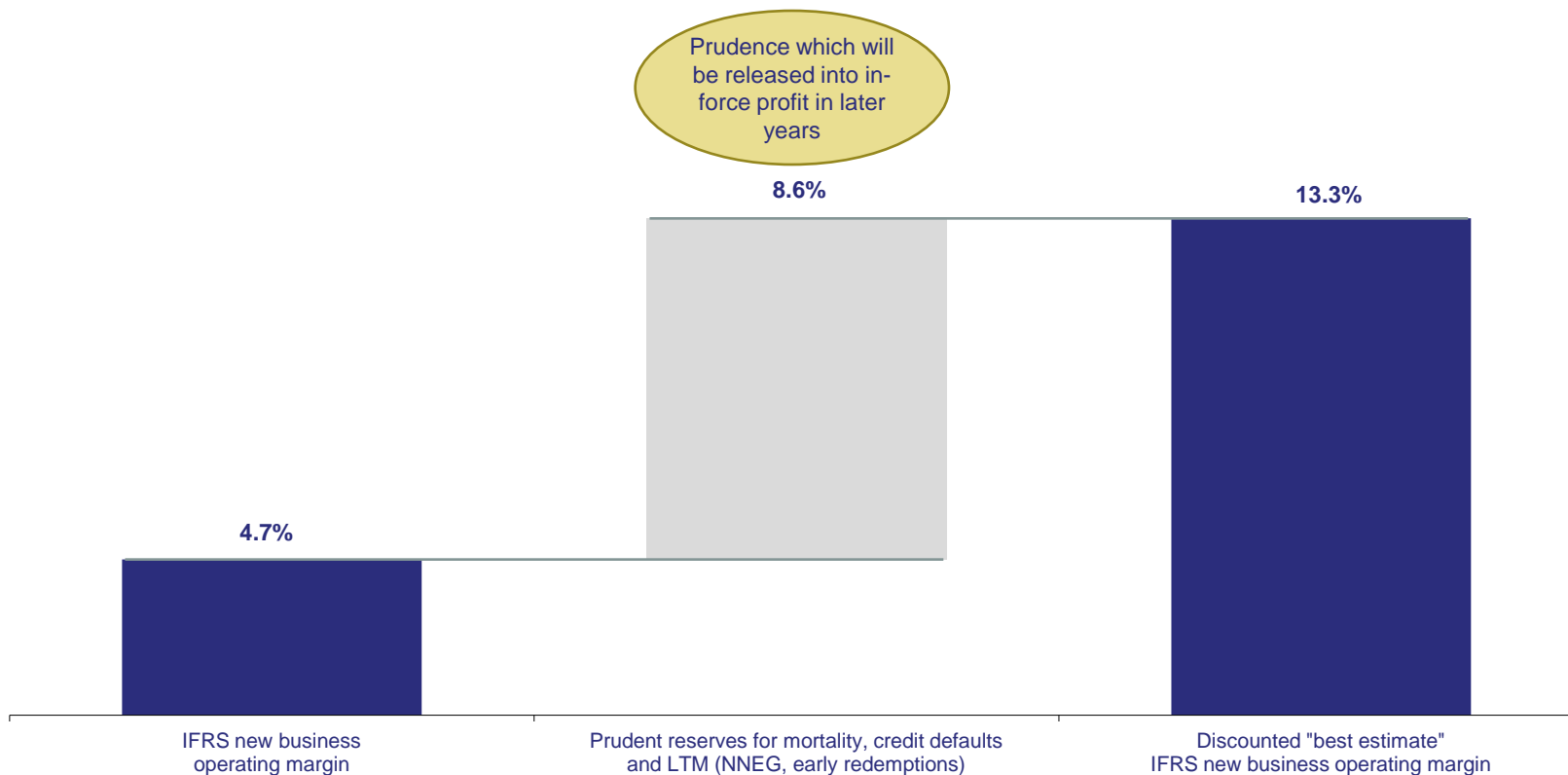


Margin (% , FY)



Prudent recognition of IFRS new business operating margin

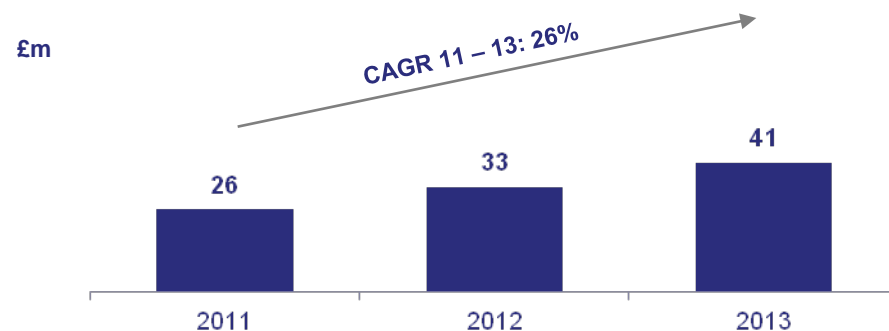
FY 2013 IFRS new business operating margin (pre tax)⁽¹⁾



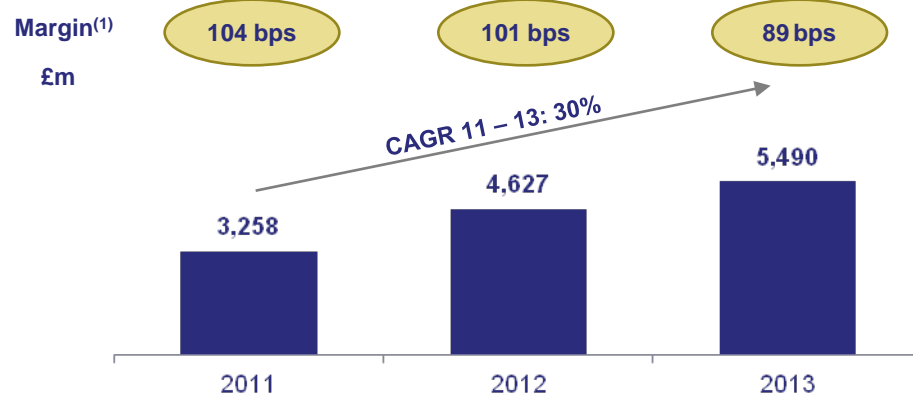
Significant and growing contribution from IFRS in-force operating profit

- 26% CAGR over FY 2011 – 2013 driven primarily by release of prudent reserves above best estimates
- IFRS in-force operating profit is a function of:
 - Corporate bond spread income
 - Mortality margin income
 - Emergence of prudent margins on LTM
 - Expense
 - Expected return on surplus assets
- Large and growing in-force book creates a high quality and predictable earnings stream which will increase over time
- Reduced dependency on new business earnings
- Relatively stable margin on gross reserves over FY 2011 – 2013
 - Typically 90-100bp of gross reserves
 - Margins in FY 2013 impacted by tightening of bond spreads

IFRS in-force operating profit (FY)

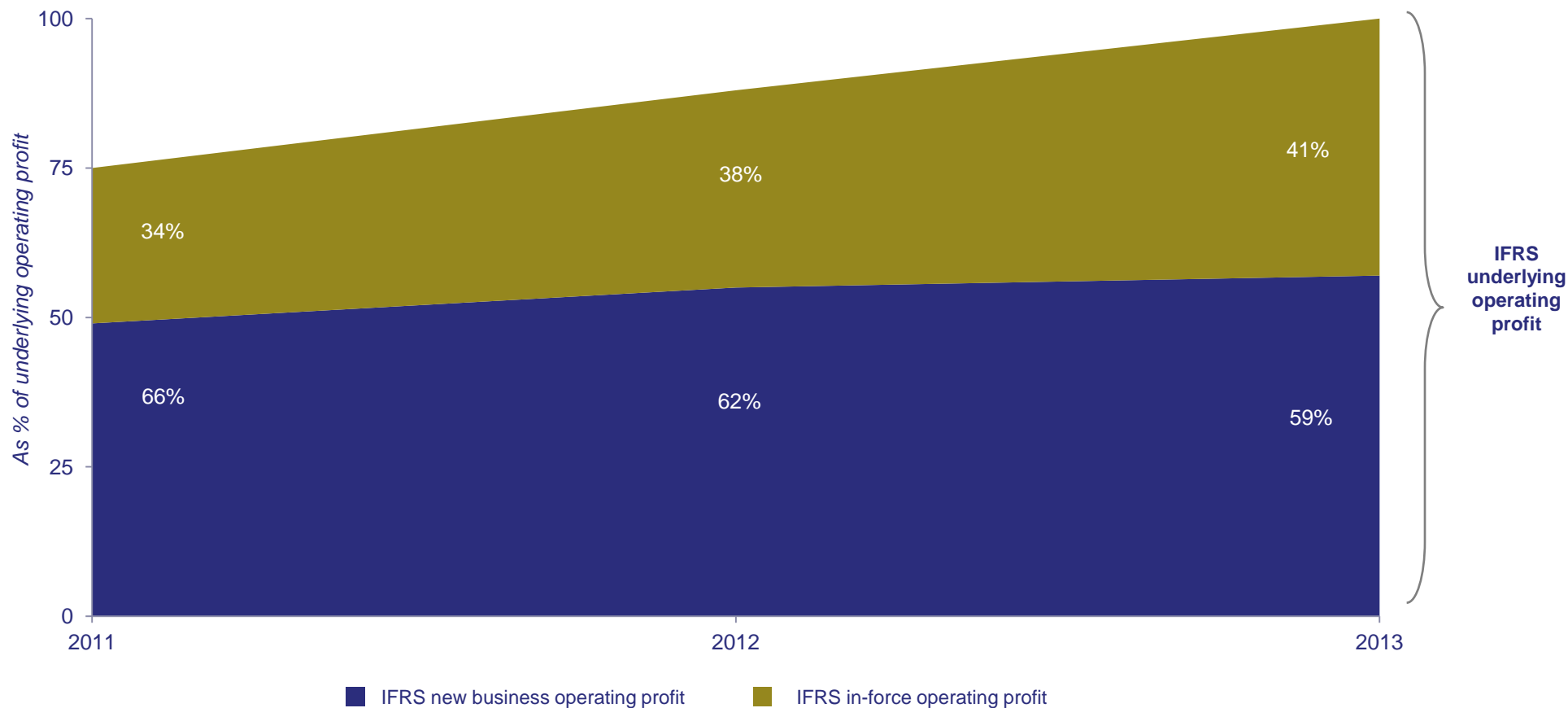


Gross reserves (FY)



High quality and predictable IFRS underlying operating profit

Underlying operating profit (£m, FY)



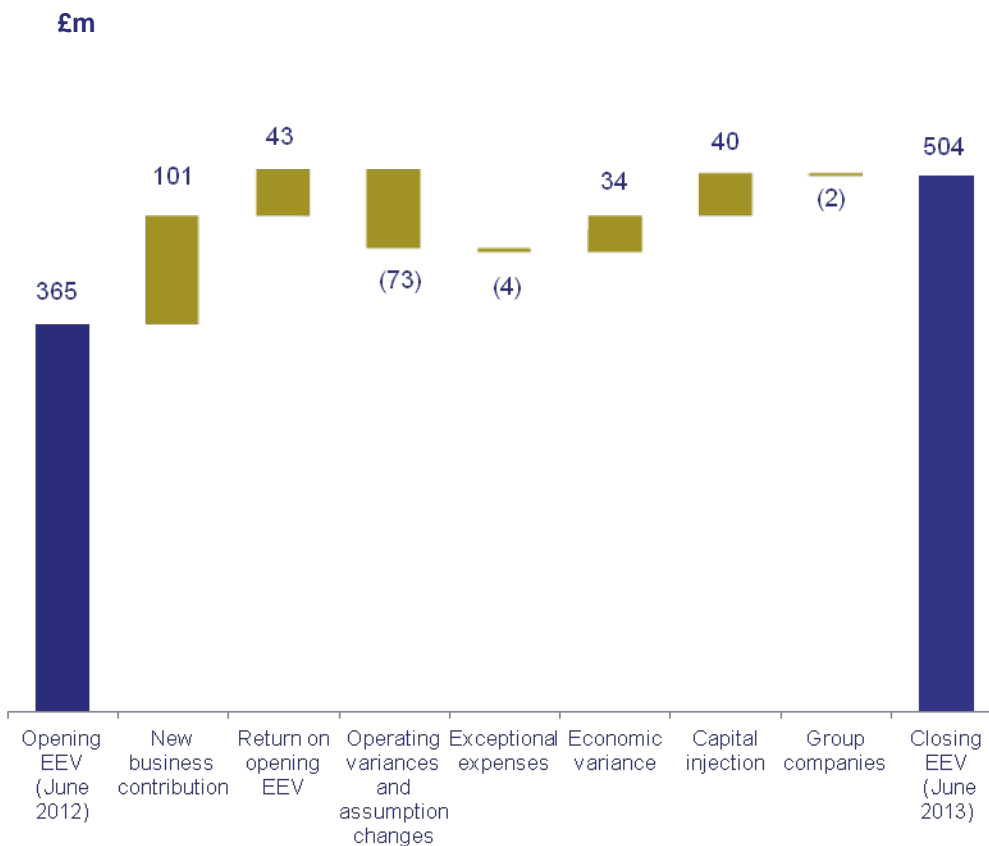
Movement in embedded value at Group level

- Strong new business contribution driven by higher sales of both annuities and LTM products
- Increase in return on opening embedded value in FY 2013, as a result of growth in the size of the overall book and achievement of spreads
- Operating variances and assumption changes primarily due to strengthening of the mortality assumptions, reflecting insights gained from Phase I of Prognosys™
- Positive economic variance resulting mainly from tightening of credit spreads
- Conservative approach to liquidity premium

EEV sensitivity

| EEV (30 June 2013) | Liquidity premium | Implied default rate |
|--------------------|-------------------|----------------------|
| £504m | 77bps | 104bps |
| £590m | 131bps | 50bps |

Movement in embedded value in FY 2013 (post tax, pre IPO proceeds)



Capital ratios

Pillar 1 capital and coverage ratio⁽¹⁾ – Just Retirement Limited

| (£m) | June 2013 |
|-------------------------|-----------|
| | Pro Forma |
| Total capital available | 586 |
| Capital required | 241 |
| Excess surplus | 345 |
| Pillar 1 coverage ratio | 243% |

Economic Capital position and coverage ratio⁽²⁾ - Just Retirement Group Plc

| (£m) | June 2013 |
|---------------------------------|-----------|
| | Pro Forma |
| Total capital available | 858 |
| Capital required | 467 |
| Excess surplus | 391 |
| Economic Capital coverage ratio | 184% |

Progressive dividend policy expected

- A progressive dividend policy having regard to:
 - The future underlying earnings of the Group
 - Its ongoing capital requirements
- Dividend payments to be made on a 1/3 : 2/3 split for interim and final dividends respectively
- Dividend payments to start with a dividend in respect of the six months to 30 June 2014, representing a full final dividend for the year to 30 June 2014, payable in the second half of calendar year 2014
- If the company had been listed during the full year to 30 June 2013 (having benefited from the net proceeds of the Offer from 1 July 2012) the Directors would have declared a dividend of £15m for the full year
- Initial dividend payment of the year to 30 June 2014 expected to be set at a level consistent with the Group's strategy of reinvestment in new business growth

Agenda

1. Introduction to Just Retirement
2. Market potential and a scalable operating model
3. Unrivalled proprietary IP
- Coffee Break
4. Demonstration of PrognoSys™
5. A robust financial model and strong track record

Rodney Cook

David Cooper

Shayne Deighton

Dr. Tim Crayford

Simon Thomas

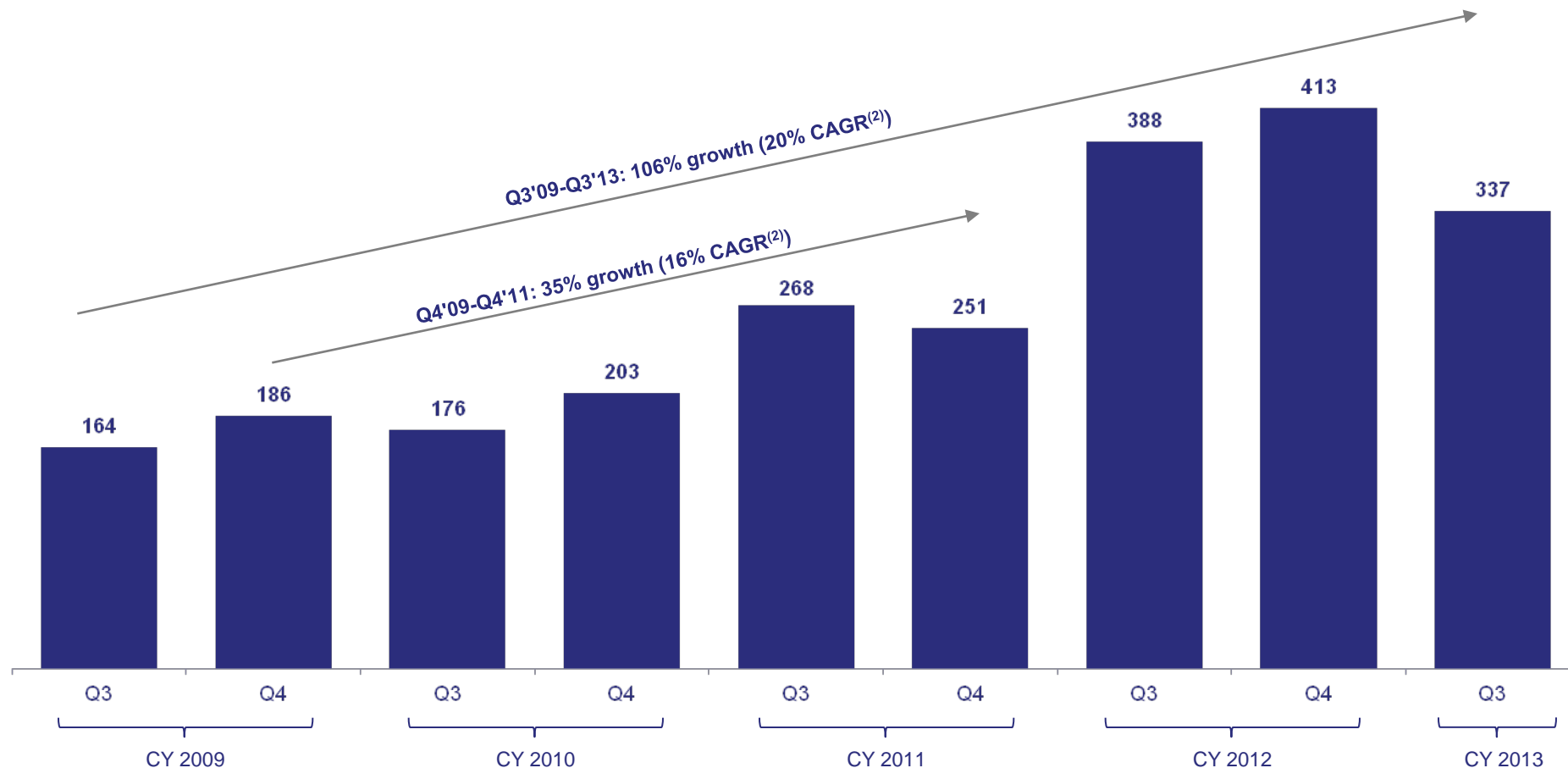
6. Conclusion and outlook

Rodney Cook

Drinks

Further detail on Just Retirement's annuity premium sales

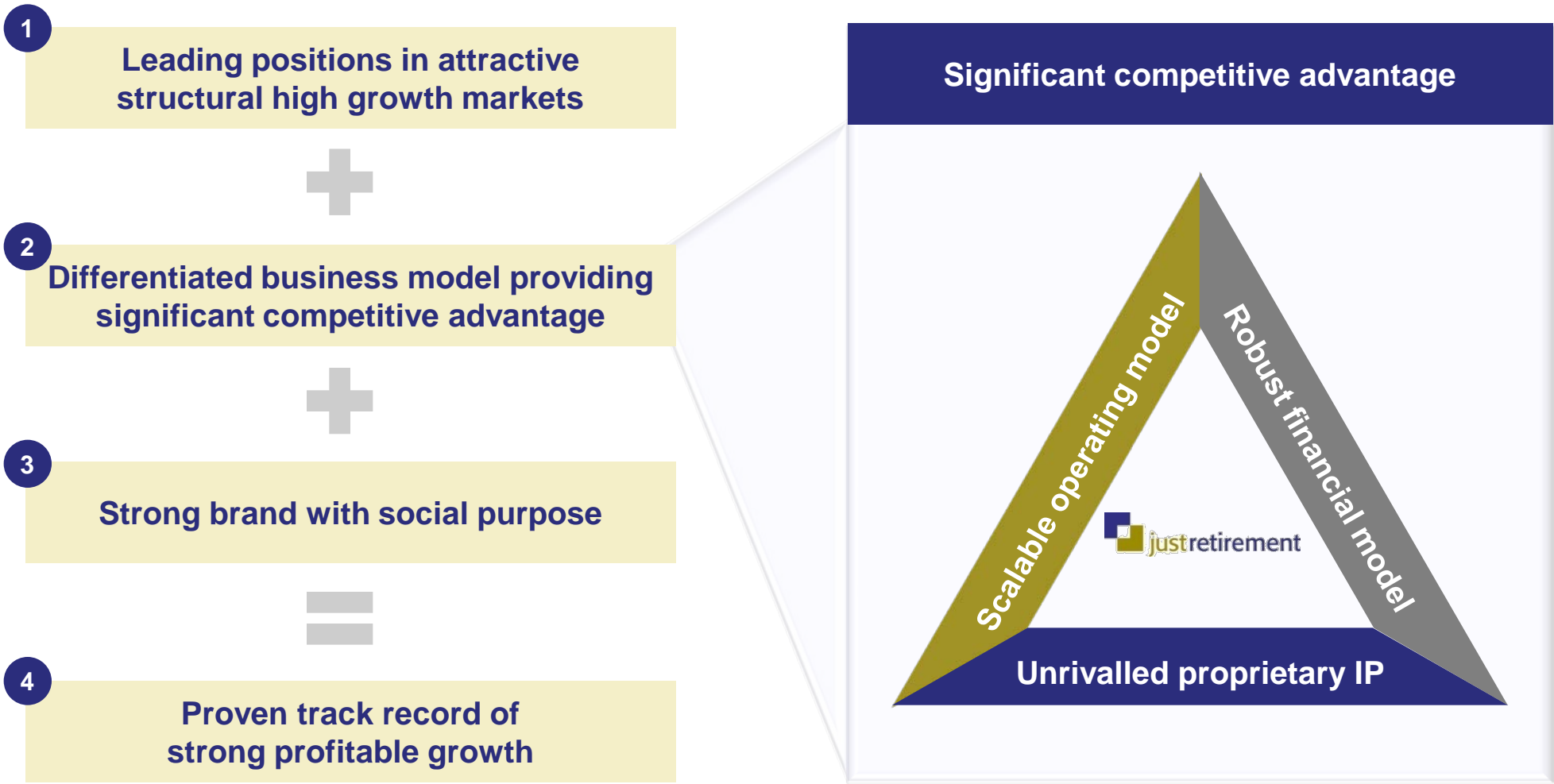
Just Retirement – total annuity premiums⁽¹⁾ (CY)



Outlook

| | Historical trends | Outlook |
|--------------------------------------|---|--|
| New business sales | <ul style="list-style-type: none"> Proven track record of strong organic growth with a 23% CAGR over FY 2011 – 2013 Strong organic growth of LTM advances (13% CAGR over FY 2011 – 2013) Successful launch of FTAs, long-term care and DB de-risking in FY 2011 – 2013 | <ul style="list-style-type: none"> Market disruption in 2013 will impact the growth rate in the FY 2014 Growth beyond FY 2014 driven by long term growth in the IUA market New products will provide incremental growth opportunity |
| New business operating profit | <ul style="list-style-type: none"> Recent margins at around 4.7% | <ul style="list-style-type: none"> Seek to maintain margins through the pricing of new business |
| In-force operating profit | <ul style="list-style-type: none"> Relatively stable margin over 2011 – 2013, between 89bps and 104bps of gross reserves | <ul style="list-style-type: none"> Expectations in line with historical levels, dependent upon credit spread |
| Embedded value | <ul style="list-style-type: none"> 16%⁽¹⁾ CAGR over FY 2011 – 2013 | <ul style="list-style-type: none"> Value creation in the business drives further growth |

Just Retirement's investment case





Questions?

Agenda

1. Introduction to Just Retirement
2. Market potential and a scalable operating model
3. Unrivalled proprietary IP
Coffee Break
4. Demonstration of PrognoSys™
5. A robust financial model and strong track record
6. Conclusion and outlook

Rodney Cook

David Cooper

Shayne Deighton

Dr. Tim Crayford

Simon Thomas

Rodney Cook

Drinks

Appendix

Strong, experienced management team

Rodney Cook*
CEO

2010
34 years

LV=, AMP,
Pearl, Zurich,
Prudential

| |
|---|
| <div>Simon Thomas* Group Finance Director</div> <div>2006 23 years</div> <div><div></div> Canada Life</div> <div><div></div> Nationwide</div> <div><div></div> Price Waterhouse</div> |
|---|

| Name Title |
|---------------------------------|
| Year joined |
| Relevant industry experience |
| Previous employers |

* Executive Board Director
** Founding Directors

What are annuities and lifetime mortgages?

Annuities

- Typically offered to people at retirement but can be taken from age 55
- Premium is large up-front payment (funded from annuitant's accumulated pension fund)
- Insurer provides a series of guaranteed regular payments until death

■ Individually Underwritten Annuities ("IUAs")

- **Enhanced annuities:** medical and / or lifestyle factors (e.g. smoking) which may lead to shortened life expectancy, and;
- **Impaired annuities:** significant medical conditions that impair life expectancy (e.g. heart attacks or cancer)

- **Care annuities:** guaranteed income to pay residential care home fees (tax free if paid to care home)

Lifetime mortgages

- Allow home owners to release cash from home ownership

- **Lifetime mortgages**, where cash advanced is secured against the equity in the property

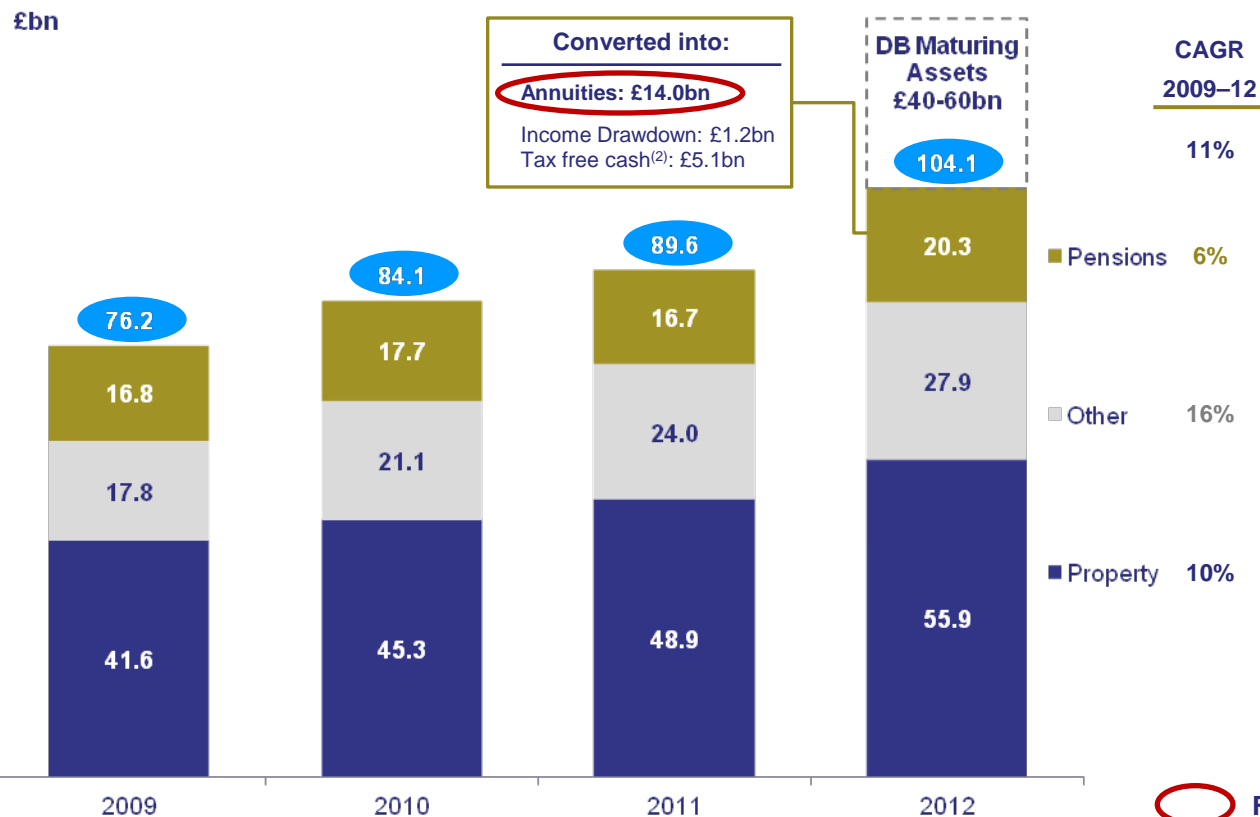
- **Roll Up:** the original advance and any subsequent advances are rolled up at a fixed rate of interest. The loan is payable on death or upon vacation of the property into nursing care
- **Individually Underwritten LTM:** provide customers with the opportunity to achieve a higher loan value compared to a standard roll-up LTM
- **Interest Choice:** similar to roll up, except customers can choose to pay part of the interest in cash per month and over what term

- Both roll up and interest choice products are available as lump sum and draw down variants

A Assets held by people at-or-in retirement are over £1.2tn and growing fast

Annual wealth flowing into the at-or-in retirement market is growing

Annual inflow in retirement income by type



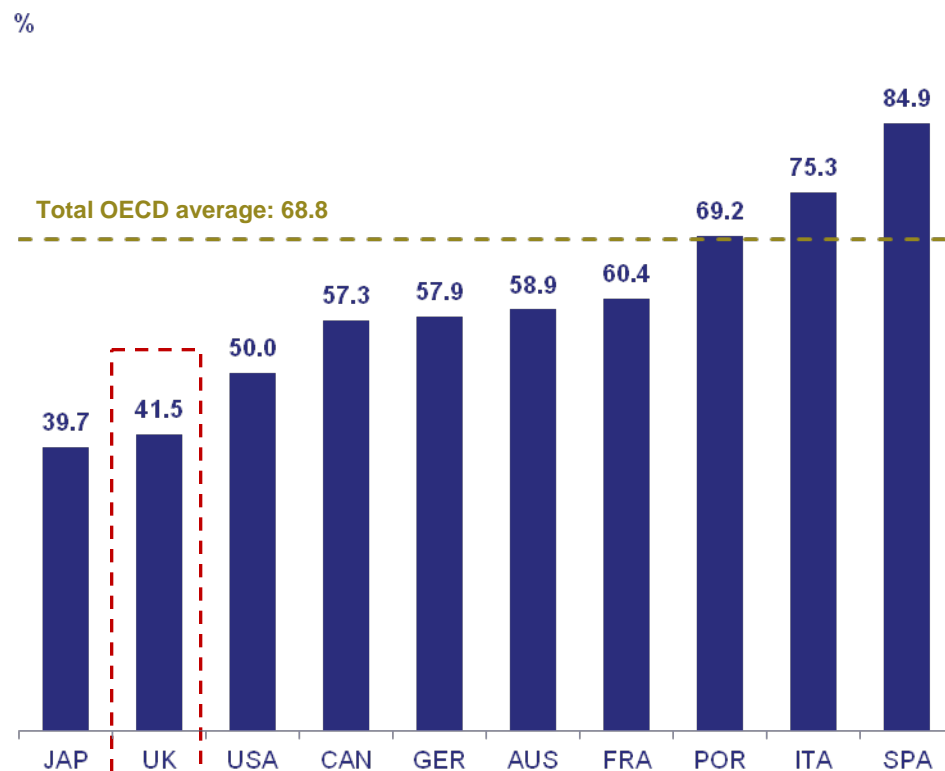
Large market opportunity

Total assets held by people aged 65+: £1.2tn⁽¹⁾



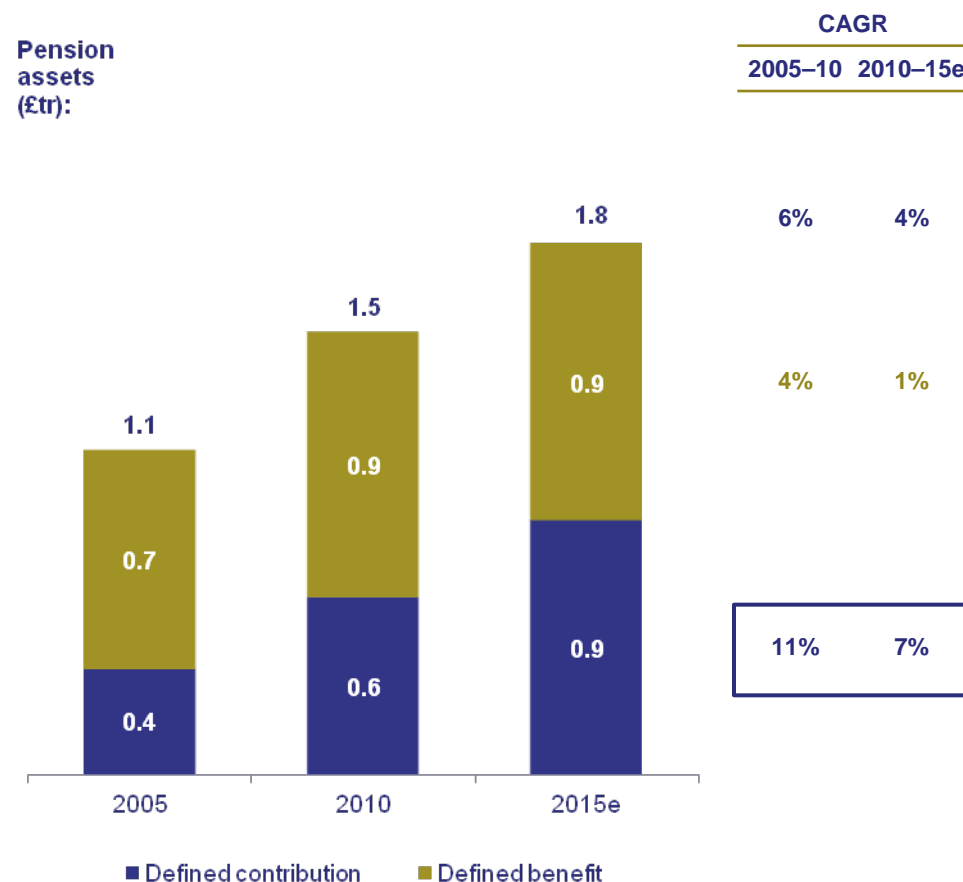
A Fundamental shifts in pension provisions driving growth of retirement income market

State pension entitlement as % of pre-retirement earnings (Male)



- Government support for private savings (e.g. auto-enrolment and NEST)
 - Just Retirement is one of only five providers on NEST's annuity panel

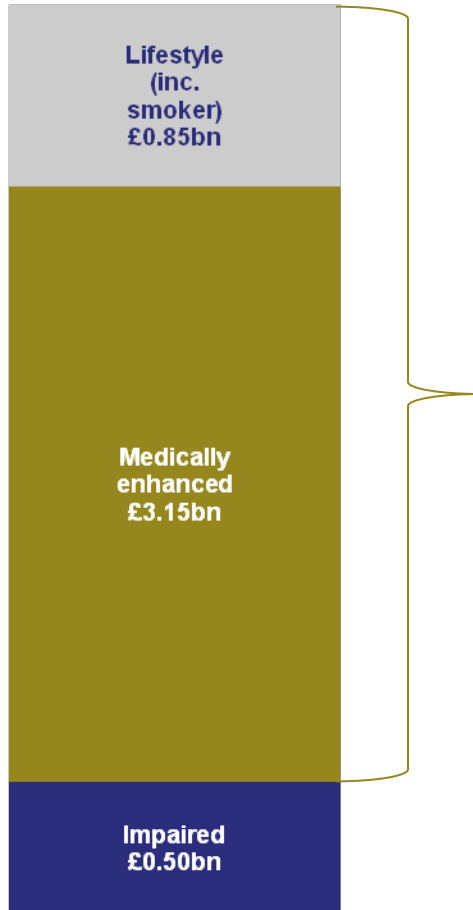
Shift in private pension provisions from DB to DC schemes



B

Within the IUA segment, medically enhanced and lifestyle offer greater scope for growth

2012 total IUA market: £4.50bn



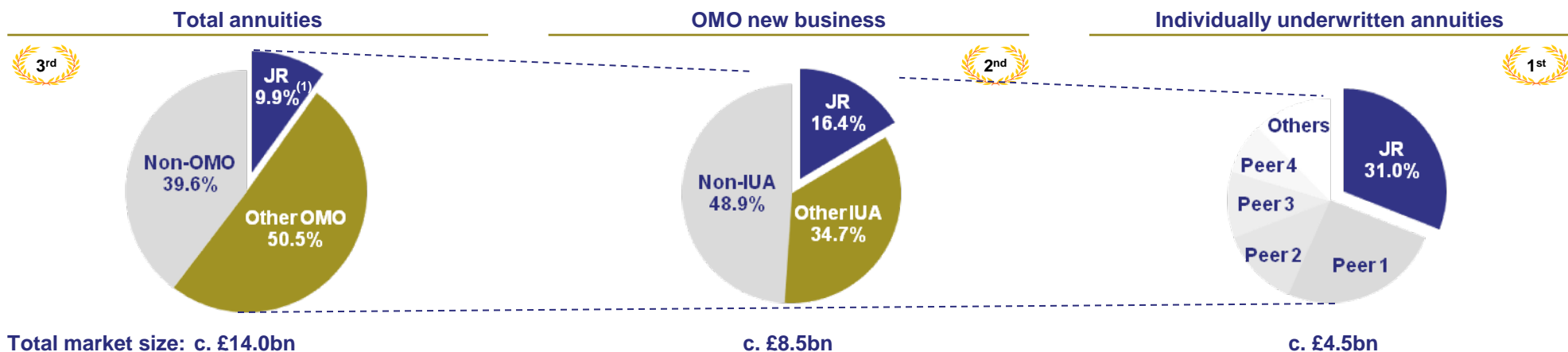
Core IUA:

- As more conditions are underwritten, we expect the medically enhanced and lifestyle segments to grow faster than the smaller impaired segment
- At present, 60% of annuitants are eligible for some form of enhancement, although only 21% of annuitants currently take up an individually underwritten annuity
- Increasing life expectancy results in increased number of people with medical conditions who take out annuity later in life

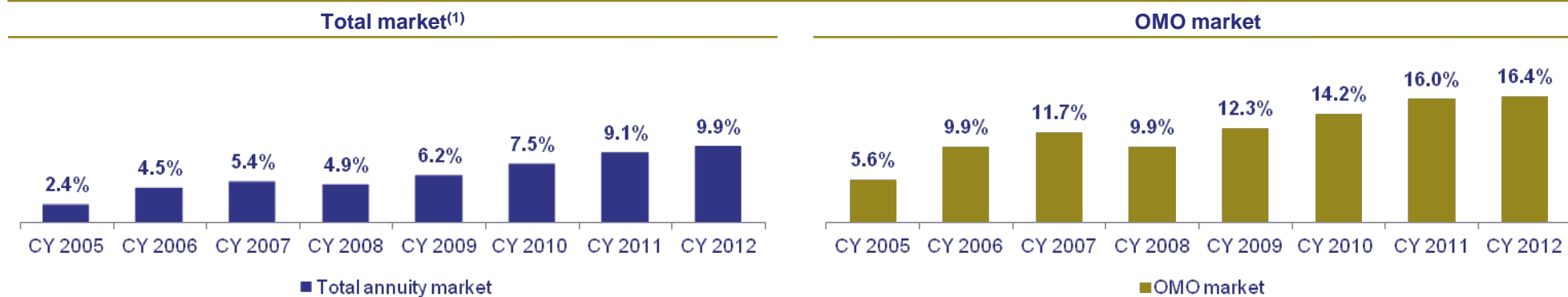
- Impaired annuity segment has existed for a long time; awareness of impaired annuities already exists among intermediaries

B Just Retirement is the market leader in the IUA segment

Just Retirement is the largest provider of individually underwritten annuities (2012)

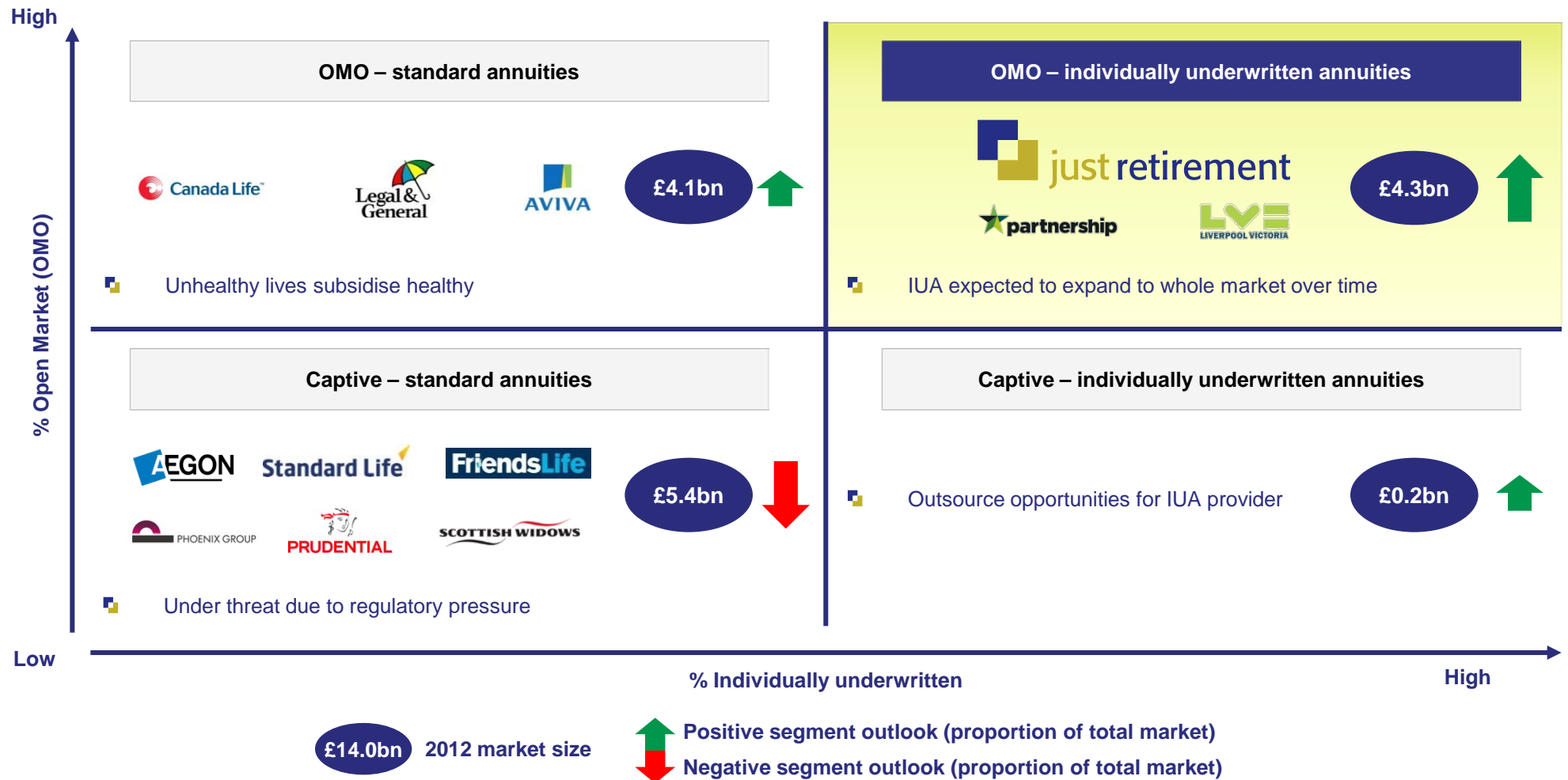


Market share evolution



B

Potential market evolution plays to Just Retirement's strengths as a specialist IUA writer

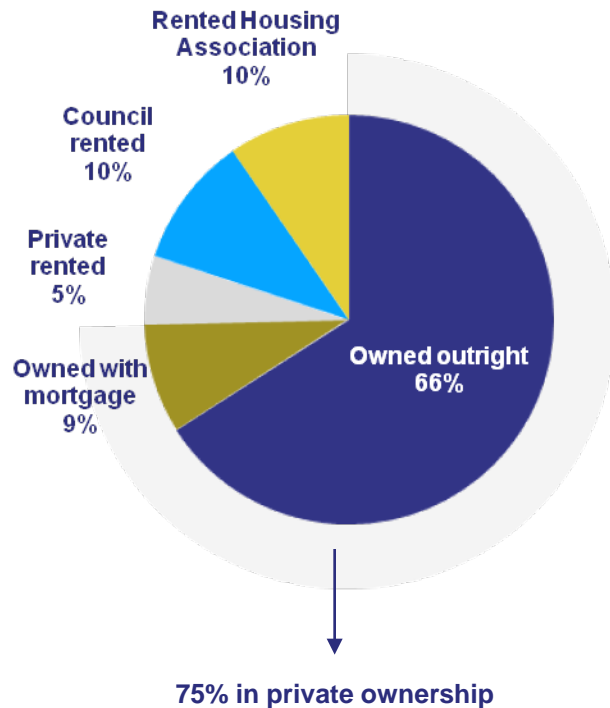


B Standard annuity writers do not have the capabilities to capture material market share in the IUA market

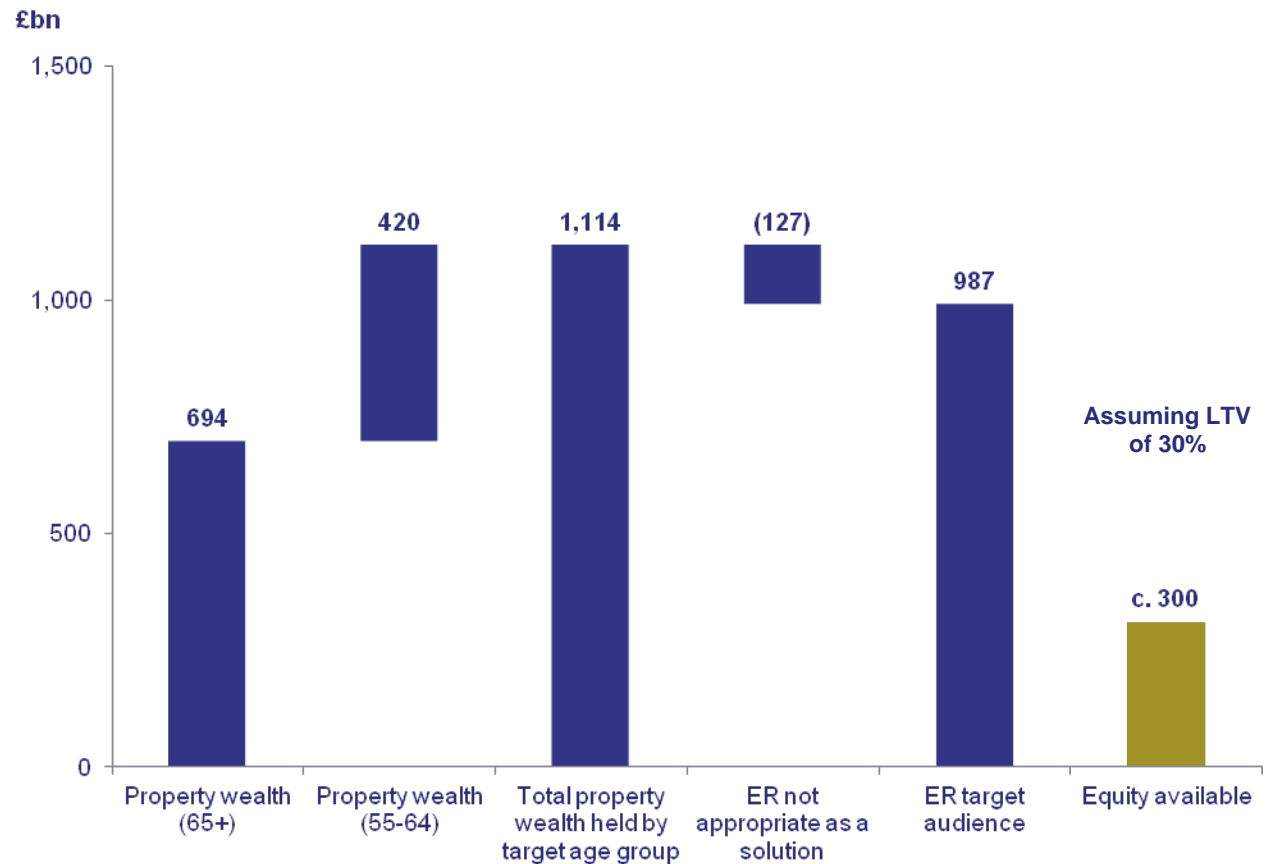
| Key success factors | Just Retirement |
|--|---|
| Established market position | <div><div><div>0%</div><div>31%</div></div><div>Share of IUA market</div></div> |
| Unrivalled proprietary IP | ✓ |
| IP-led automated underwriting expertise | ✓ |
| Trusted IUA brand amongst key distributors | ✓ |
| Strong distribution relationships | ✓ |

c Addressable market potential for lifetime mortgages is material and increasing

The majority of over-65s own their property

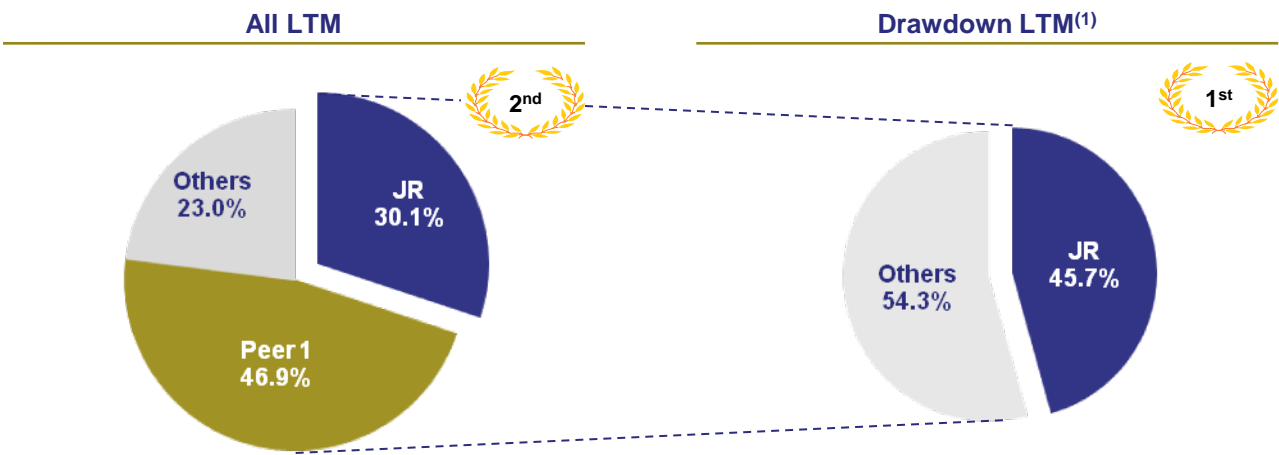


Potential equity available for release of c. £300bn

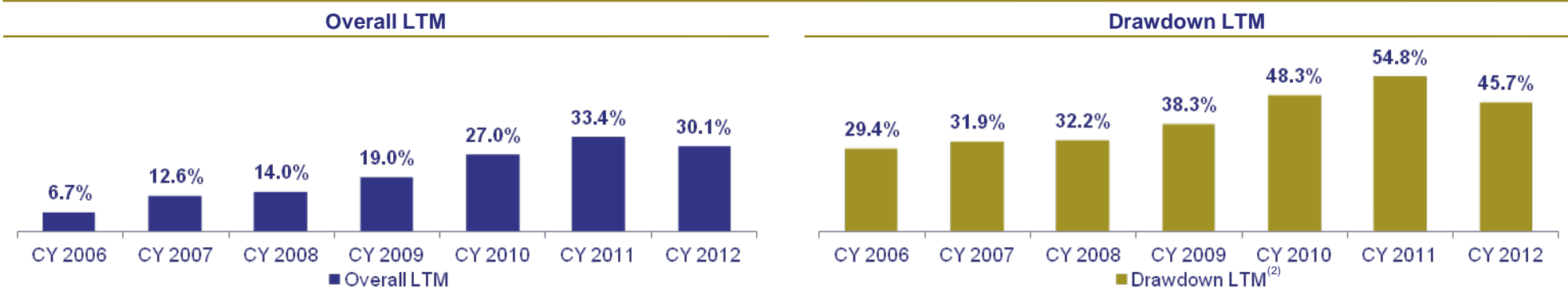


c Just Retirement is a leader in the LTM market

Just Retirement is the 2nd largest lifetime mortgage provider (2012)

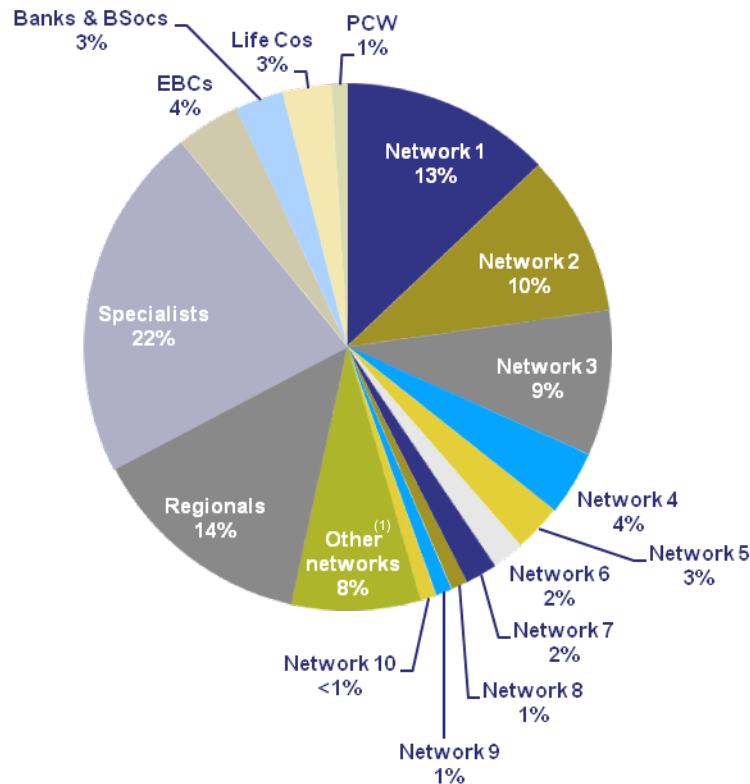


Market share evolution

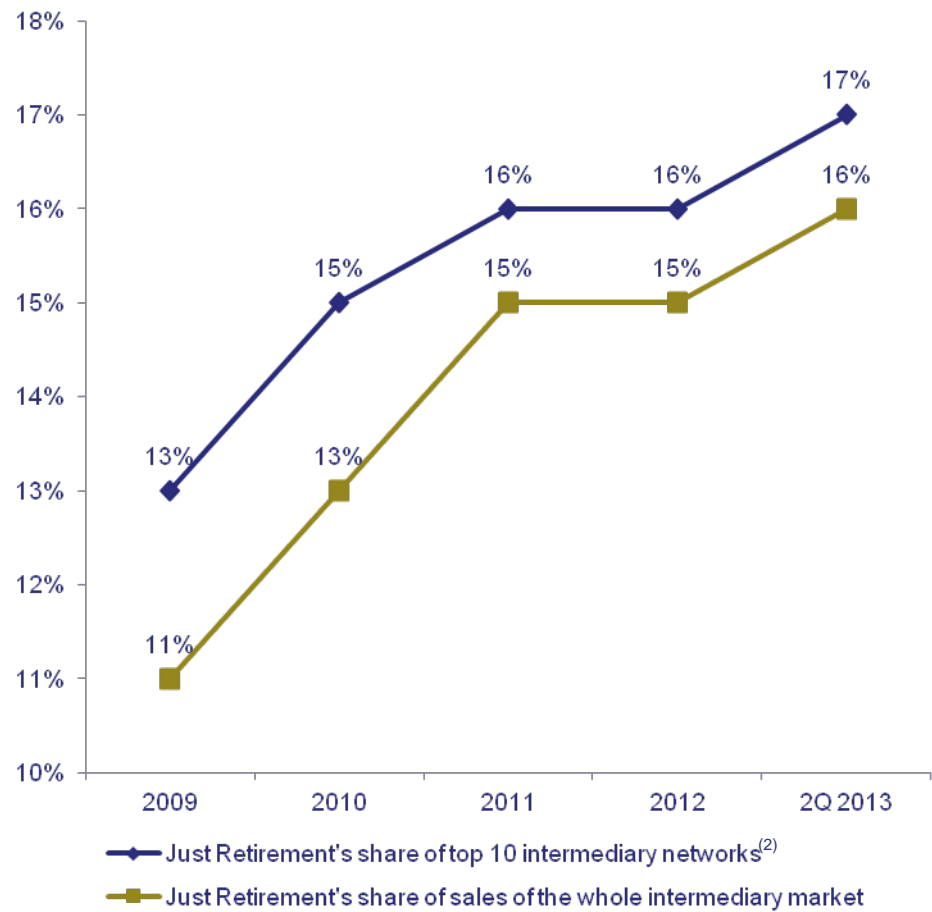


Growing market share in leading intermediary networks

Broadly based sales via intermediaries (Q2 2013)



Growing share of key intermediary networks



Growing market share in leading intermediary networks

Growing share of key intermediary network

| Network | 2009 | Q2 2013 | Change |
|----------------|-------|---------|--------|
| Distributor 1 | 13.7% | 17.5% | ↑ |
| Distributor 2 | 13.7% | 18.5% | ↑ |
| Distributor 3 | 10.9% | 16.1% | ↑ |
| Distributor 4 | 15.0% | 18.9% | ↑ |
| Distributor 5 | 11.2% | 15.3% | ↑ |
| Distributor 6 | 12.0% | 15.6% | ↑ |
| Distributor 7 | 17.8% | 17.0% | ↔ |
| Distributor 8 | 19.6% | 13.2% | ↓ |
| Distributor 9 | 13.3% | 15.5% | ↑ |
| Distributor 10 | 10.4% | 21.1% | ↑ |

TOMAS keeps the annuity market open and transparent

| TOMAS overview | Key clients |
|--|---|
| <ul style="list-style-type: none">■ The Open Market Annuity Service (“TOMAS”) was acquired in November 2010■ Provides bespoke and standard software and telephone support services enabling its B2B customers to deliver innovative whole-of-market annuity broking services■ Supports Group distribution strategy■ Majority-owned but managed as an independent business■ In 12 months ending August 2013, over £500m of new annuity sales (more than 6% of the intermediated market) were brokered by TOMAS<ul style="list-style-type: none">– Provides annuity purchasing solutions for 11 of the FTSE 100 pension schemes– 35% of volume of the top 20 financial intermediary brokers of annuities is via firms that use TOMAS service and software solutions■ TOMAS capabilities are extendable to additional markets | <div>Intermediaries<div>Origen Financial Servicespositive solutions[®]altogether individualBluefin</div></div> <div>EBC<div>MERCERLIGHTHOUSEGROUPTOWERS WATSONCAPITA</div></div> <div>Banking<div>RBSThe Royal Bank of ScotlandBARCLAYSNationwideLloyds TSB</div></div> <div>Direct to corporate<div>itvJMJohnson MattheygskGlaxoSmithKlinebhpbillitonnationalgridDIAGEO</div></div> |

PrognSys™ – exhaustive global research



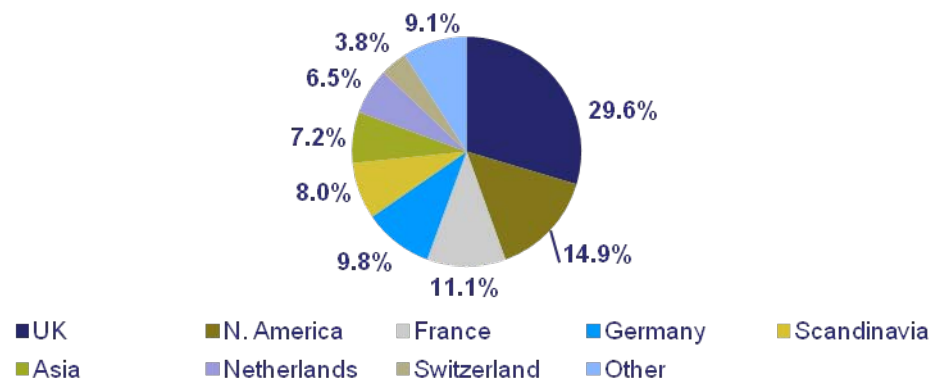
Real outcomes: our customer rates vs. standard providers

| Illustrative example | | Provider | Annual income | Enhancement if chose Just Retirement |
|----------------------|--|-----------------------|---------------|--------------------------------------|
| Lifestyle | 65 year old with high blood pressure and high cholesterol, 1 medication for both conditions | Just Retirement quote | | £3,083 |
| | | Best standard quote | £2,891 | +7% |
| | | Worst standard quote | £2,477 | +24% |
| | | | | |
| Medically Enhanced | 65 year old with heart attack within the last 5 years and admitted to hospital, 1 medication daily | Just Retirement quote | | £3,381 |
| | | Best standard quote | £2,891 | +17% |
| | | Worst standard quote | £2,477 | +36% |
| | | | | |
| Impaired | 65 year old with end stage renal failure diagnosed more than 10 years ago, hospitalised in the last 12 months, bedridden with dialysis | Just Retirement quote | | £3,805 |
| | | Best standard quote | £2,891 | +32% |
| | | Worst standard quote | £2,477 | +54% |
| | | | | |

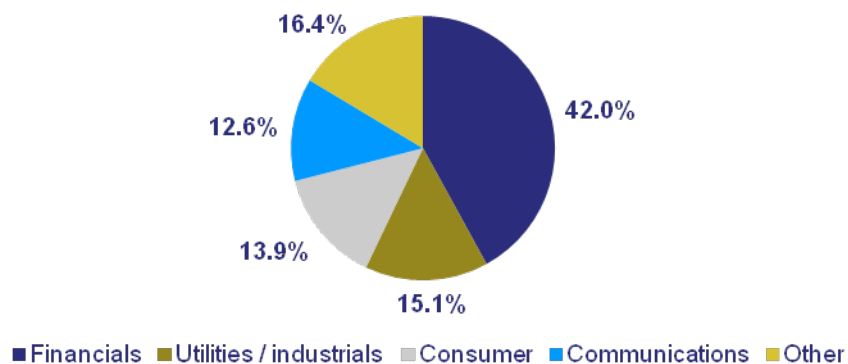
Fixed income portfolio is lower risk than iBoxx

Bond portfolio split by geography⁽¹⁾

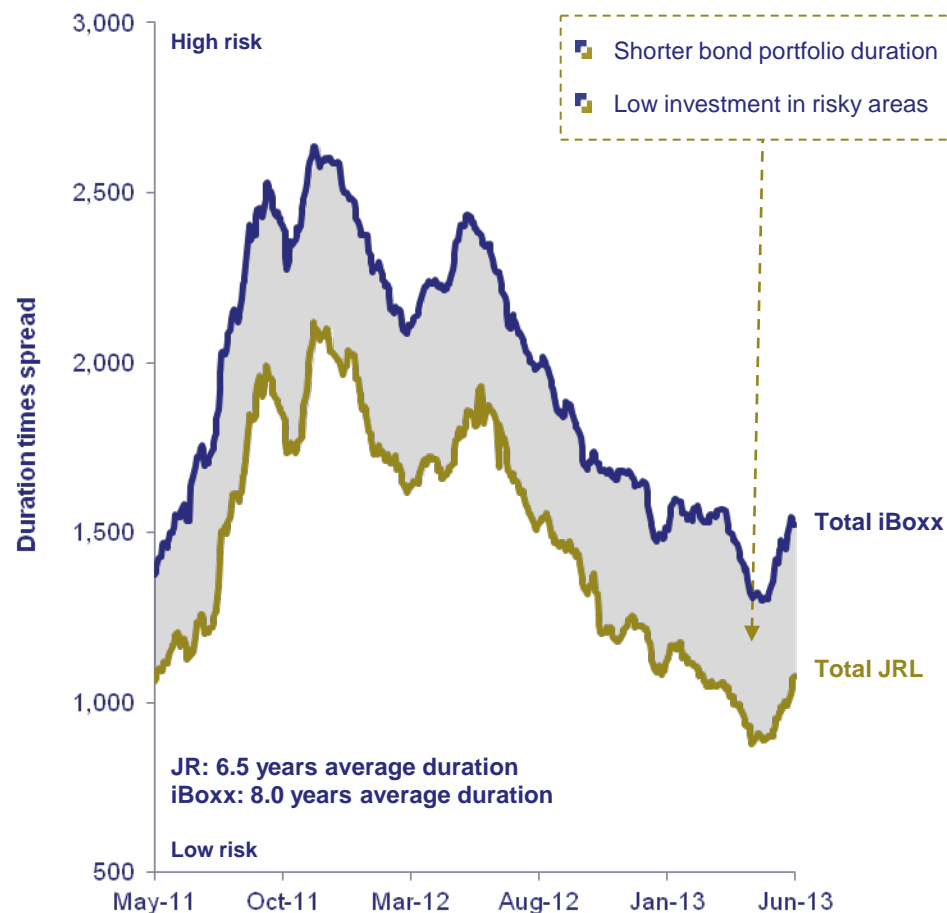
98% of the portfolio is in Sterling denominated bonds



Bond portfolio split by sector⁽¹⁾

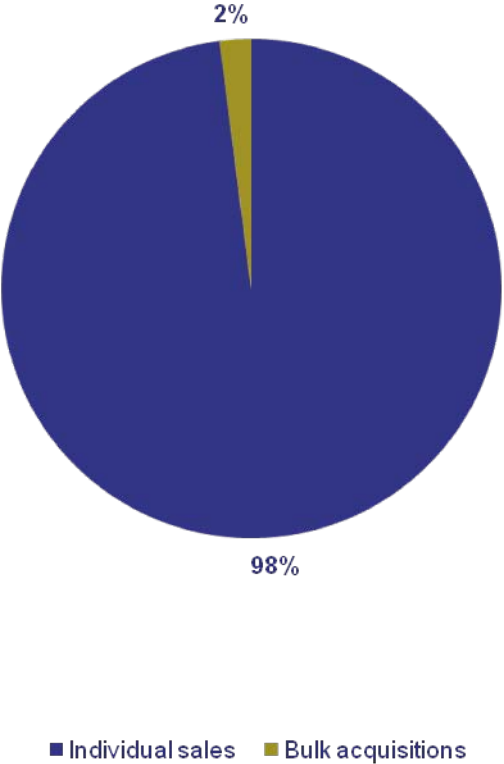


Lower risk than iBoxx



We source almost all of our LTM business directly from customers, retaining greater control over asset quality & flow

Source of LTM (2010 – 2012)



Rigorous sales process ensures we have strong understanding of risks

- Just Retirement clients are typically not owners of properties hardest hit by the recessionary decline in the property market (i.e. inner city new build flats)
- Just Retirement's lending criteria are very robust, resulting in the maintenance of a strong portfolio of good quality properties:
 - Each property is inspected by an independent valuer from an established panel made up of the UK's major firms (including Countrywide and Connells)
 - Valuation reports are reviewed and underwritten by internal Property team, who have extensive experience in the property and LTM market and are able to maintain rigorous objectivity
 - Any property issues (such as structural concerns) must be investigated and resolved prior to agreeing any advance
 - A check is made to ensure that the applicant maintains buildings insurance throughout the life of the mortgage
 - Title insurance is maintained by Just Retirement to protect against losses arising from problems with the ownership of the property
- Specific limits on lending (age dependent)

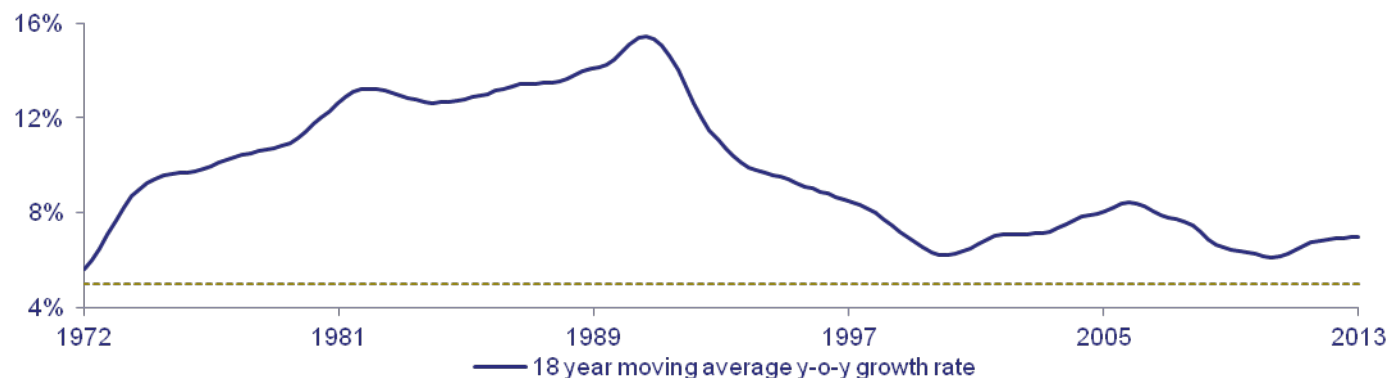
| | Limits |
|---------------------------|--------------|
| Maximum loan | £1.5 million |
| Maximum initial LTV range | 20% – 52% |

LTM portfolio is low risk – LTV of 26%

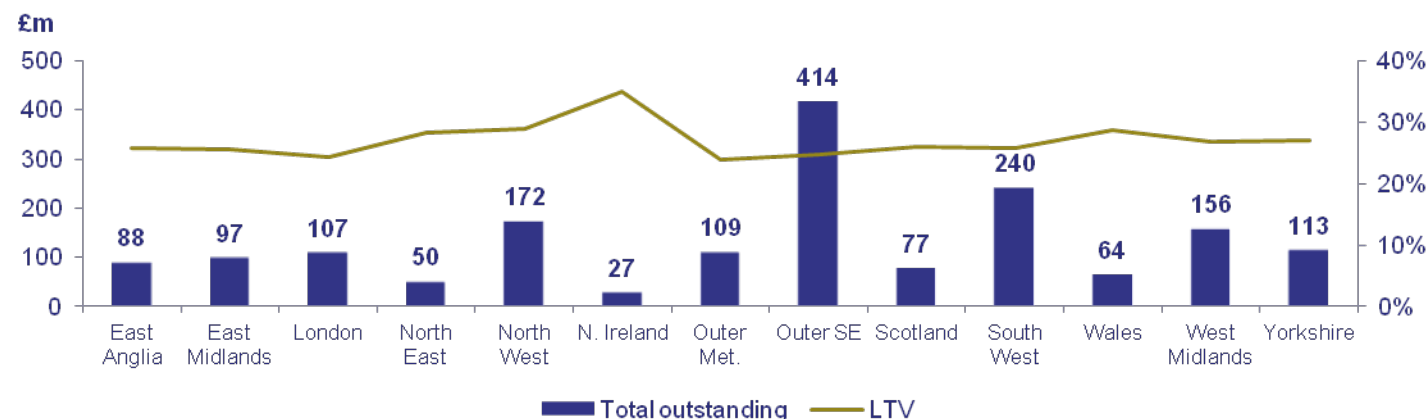
Key statistics

- Just Retirement has been active in the LTM market since 2005
- Average age of customer: 71 years at commencement, 73 years now⁽¹⁾
 - Expected life expectancy on current book: 18 years
- Average LTV at commencement very prudent at 18%
- Even with mortgage interest, current average LTV still only 26%
- Very low collateral risk – average UK house price growth (y-o-y) over successive 18 year periods has not been below 5% in over 40 years
- Just Retirement has not had a mortgage case that has crystallised a NNEG
- Out of 31,323 mortgages, only 5 have an LTV over 75%
- Average loan size⁽²⁾: £39,602
- Average property value⁽²⁾: £227,549

Historic UK house price growth

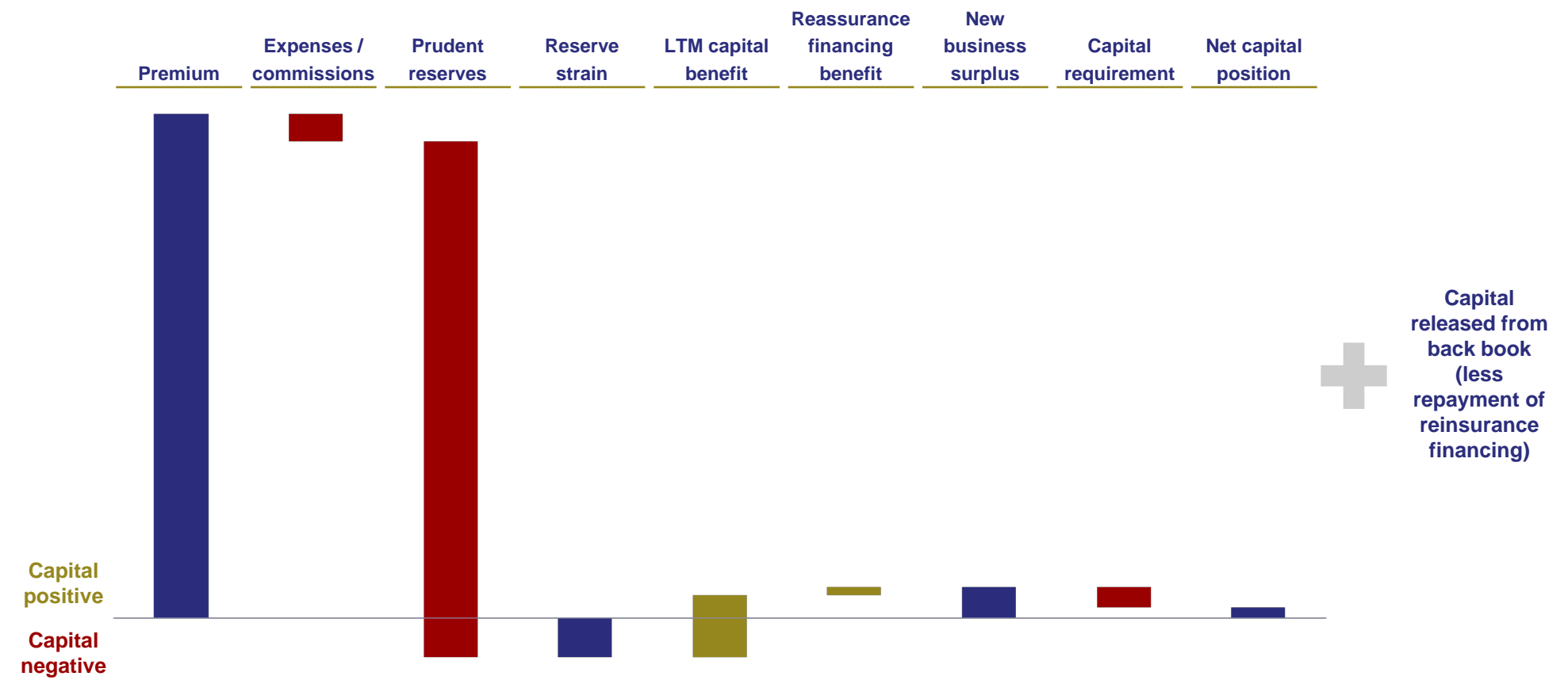


LTM & LTV breakdown by geography⁽³⁾



Reinsurance and yield pickup from LTM assets significantly reduce capital required for IUA business on day 1

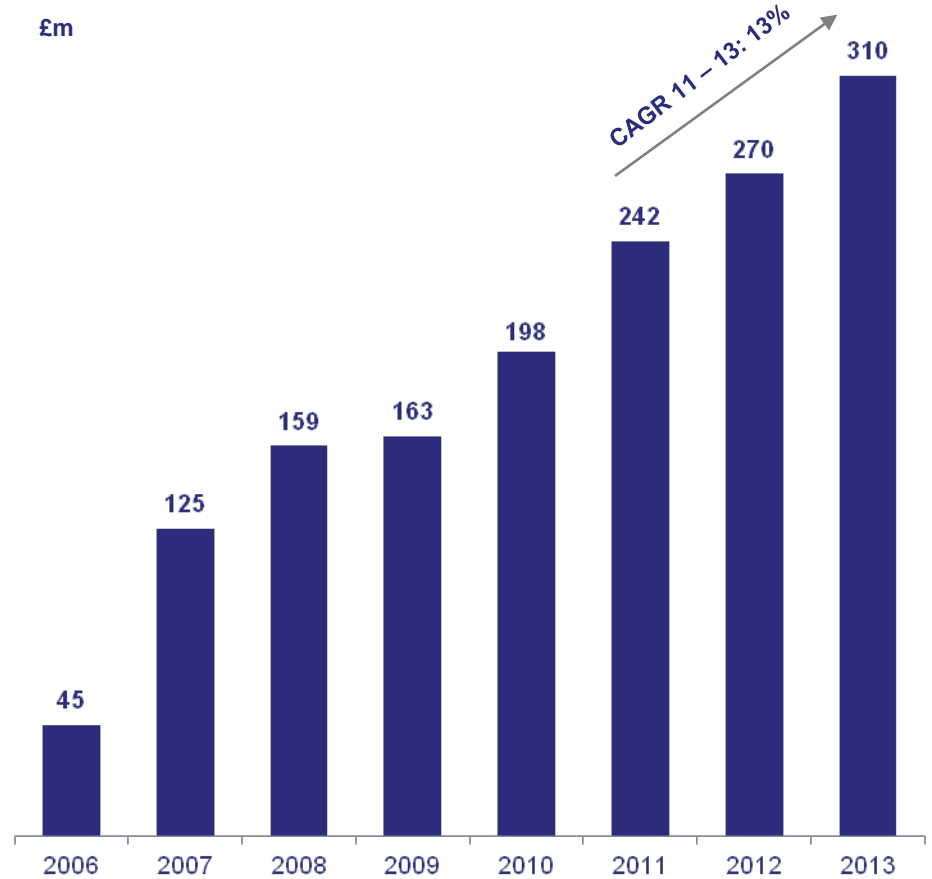
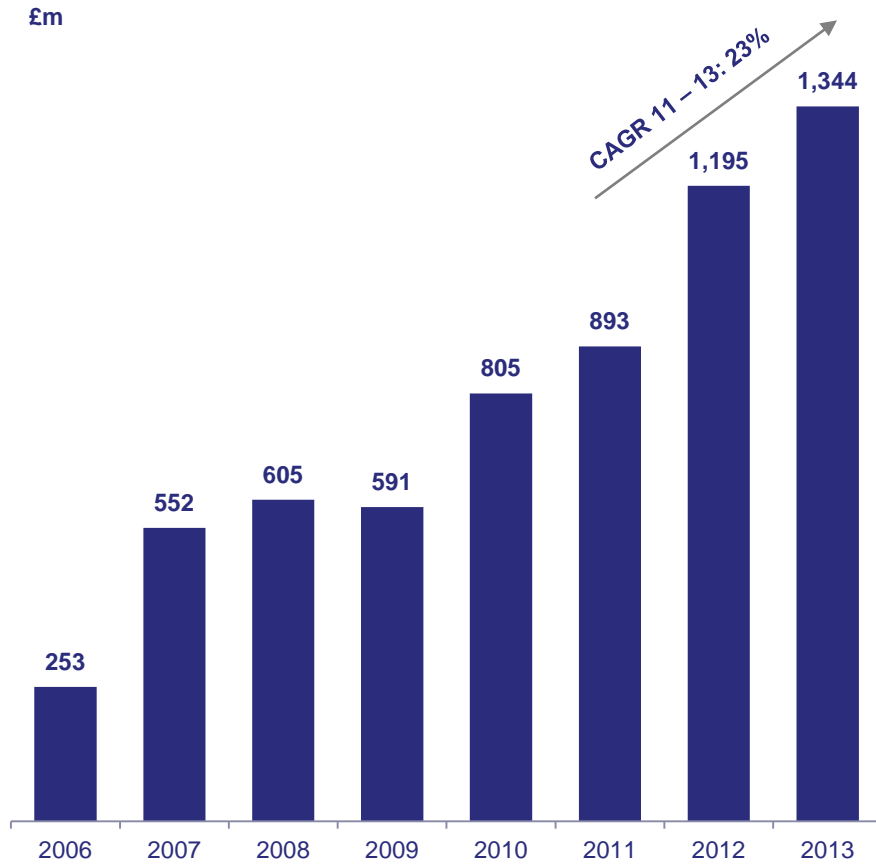
Illustrative capital impact of new IUA policy: Pillar 1 (as % of premium)



Strong growth in new business sales

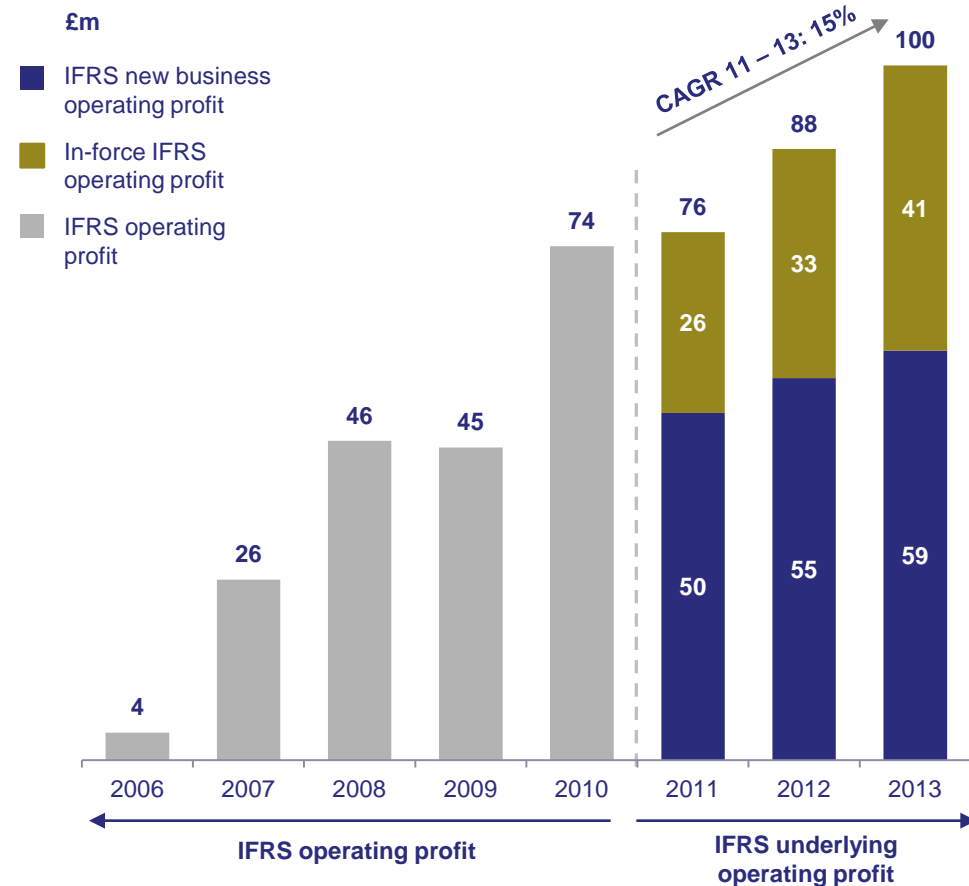
Total annuity premiums⁽¹⁾ (FY)

LTM advances (FY)

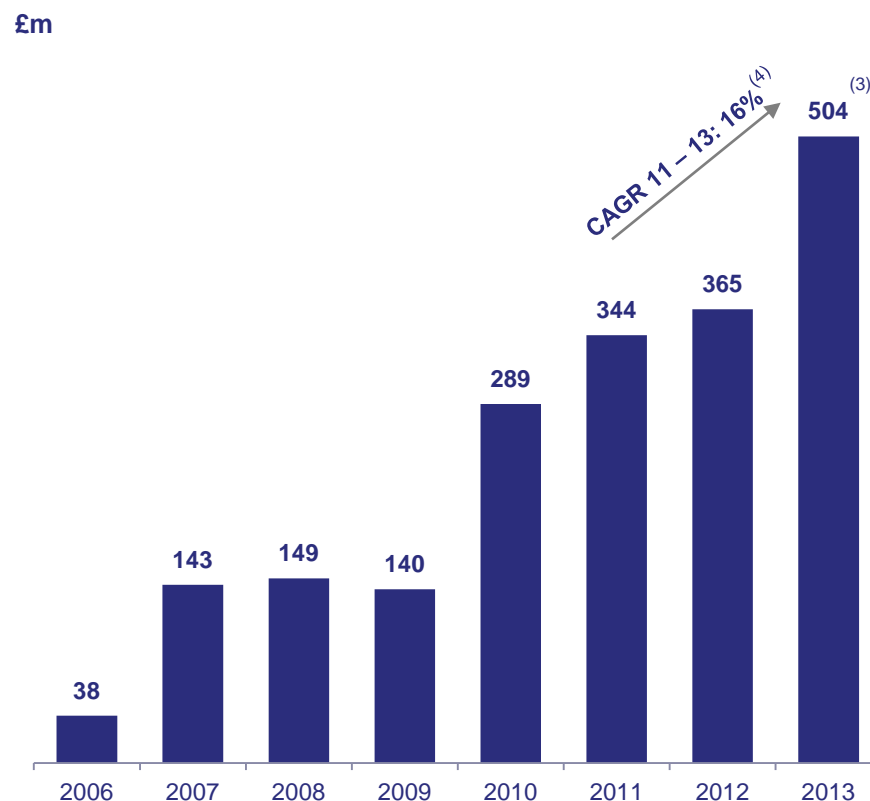


Strong growth in IFRS underlying operating profit and embedded value

IFRS underlying operating profit⁽¹⁾ (FY)

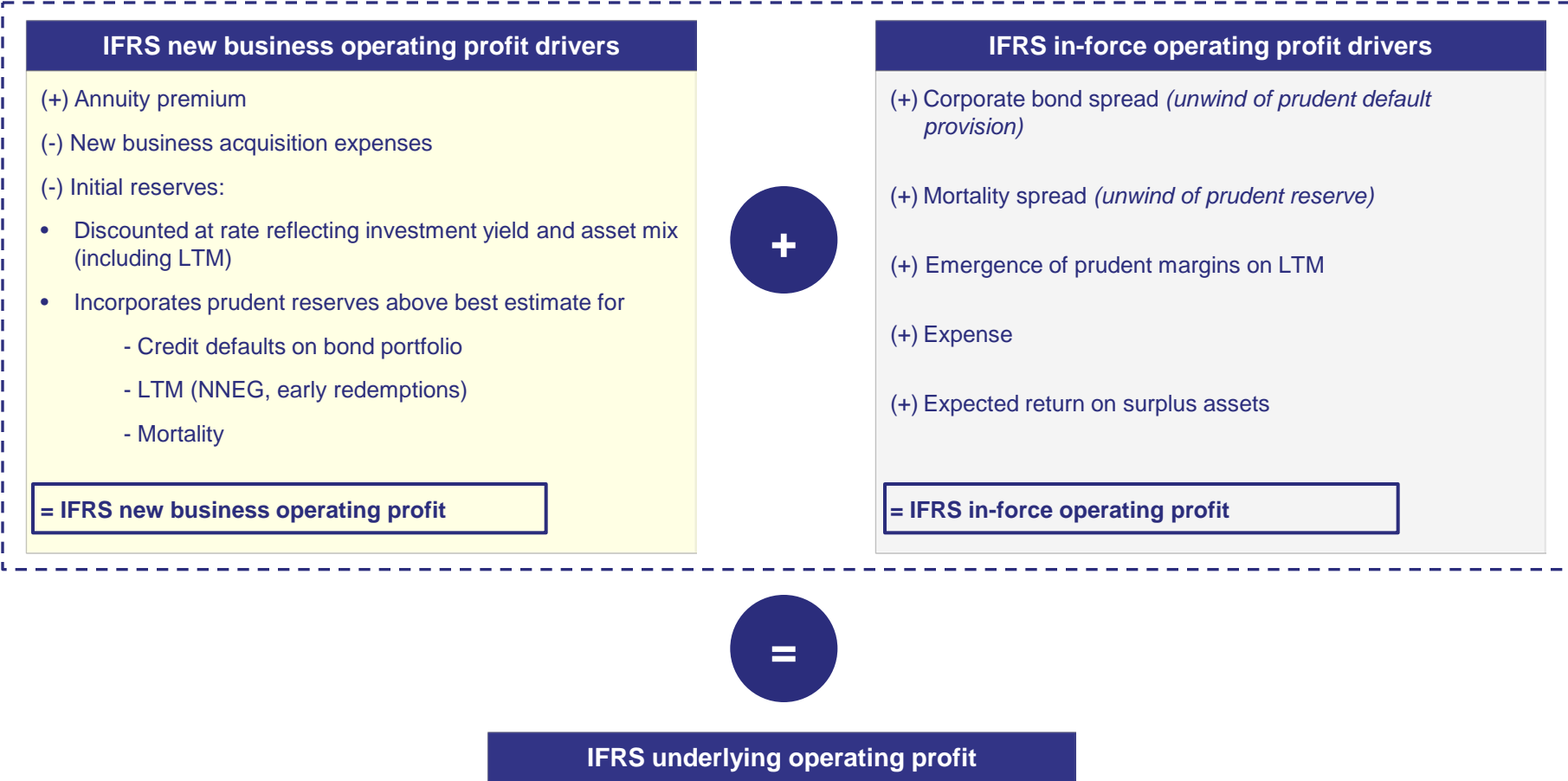


Group embedded value⁽³⁾ (FY)



Source: Just Retirement. Note: FY represents Just Retirement's financial year to 30 June. 1. 2006 figure is Just Retirement's IFRS pre-tax profit. 2007 – 2010 IFRS operating profit figures as stated in Just Retirement published accounts. Figures from 2011 onwards are Just Retirement's underlying operating profit. 2. Normalised new business operating profit for the year ended 30 June 2011 shown (excludes exceptional profit of £14m). 3. Excluding IPO proceeds. 4. CAGR excludes £40m of capital injected over 2011-13.

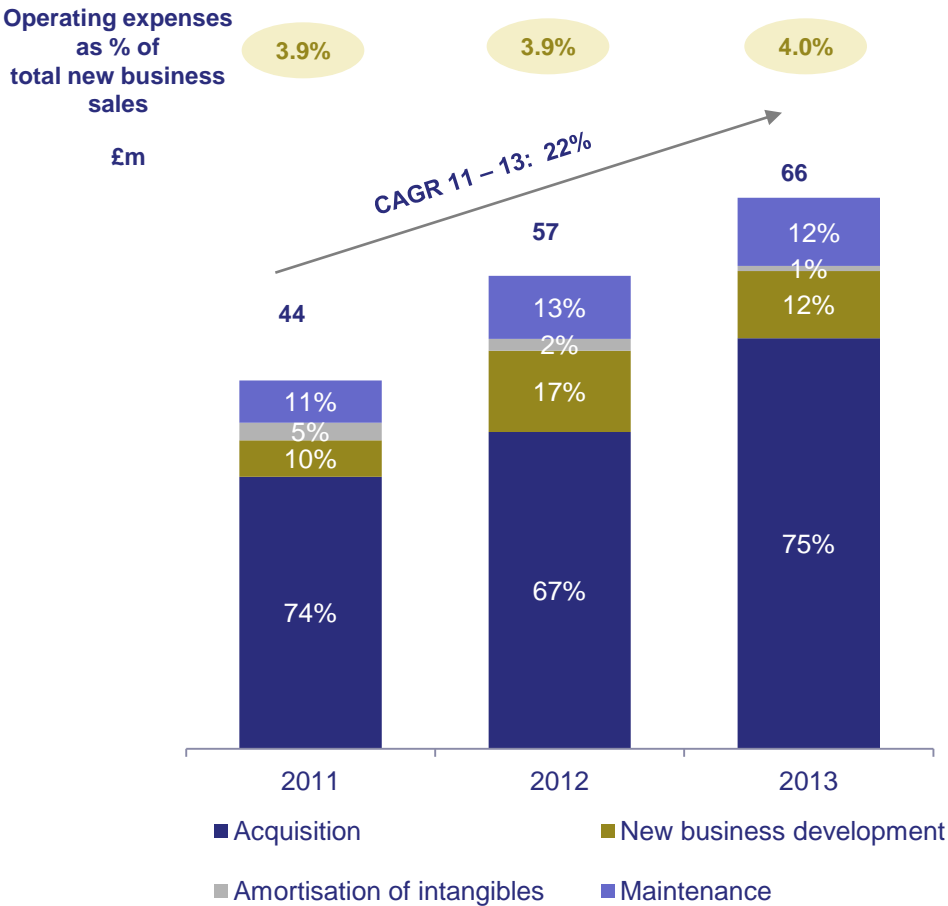
Approach to IFRS underlying operating profit



Expenses in line with sales growth despite significant recent investment

- Operating expenses include new business and in-force operating costs but exclude commissions
- 22% CAGR in operating expenses over FY 2011-13, broadly in line with total sales growth of 21% over the same period, despite:
- Significant investment in our financial, risk and actuarial teams
- Significant investment in regulatory projects of Solvency 2, RDR and gender directive
- Significant investment in new projects development, including PrognoSys™, fixed term annuities, care annuity and DB de-risking
- Prudent approach to capitalisation
- Scale effect driving reduced acquisition cost per policy

Operating expenses at the life company level (FY)

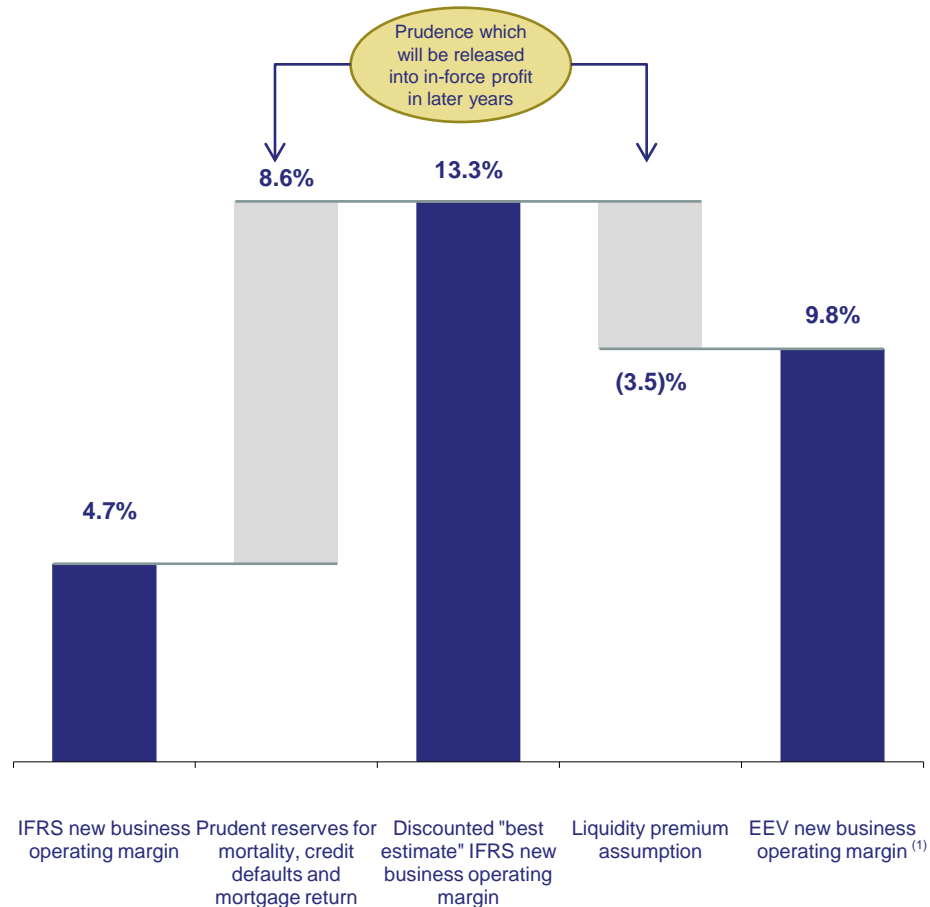


KPI 5 Embedded value is a valuable KPI

Just Retirement's approach to EEV

- Just Retirement uses a bottom-up EEV approach, although largely consistent with MCEV principles
- EEV assumptions based on "best estimate" (compared to prudent IFRS assumptions) with the exception of liquidity premium
- Key debate for annuities is use of liquidity premiums in discount rate
- Liquidity premium set as 50% x (iBOXX sterling corporate spread – 40bps) in accordance with CFO Forum
- Liquidity premium for in-force at 30 of June 2013 was 77bps, implying a very prudent default rate of 104bps, or 57.5% of the spread

Prudent recognition of EEV new business operating margin (pre tax)

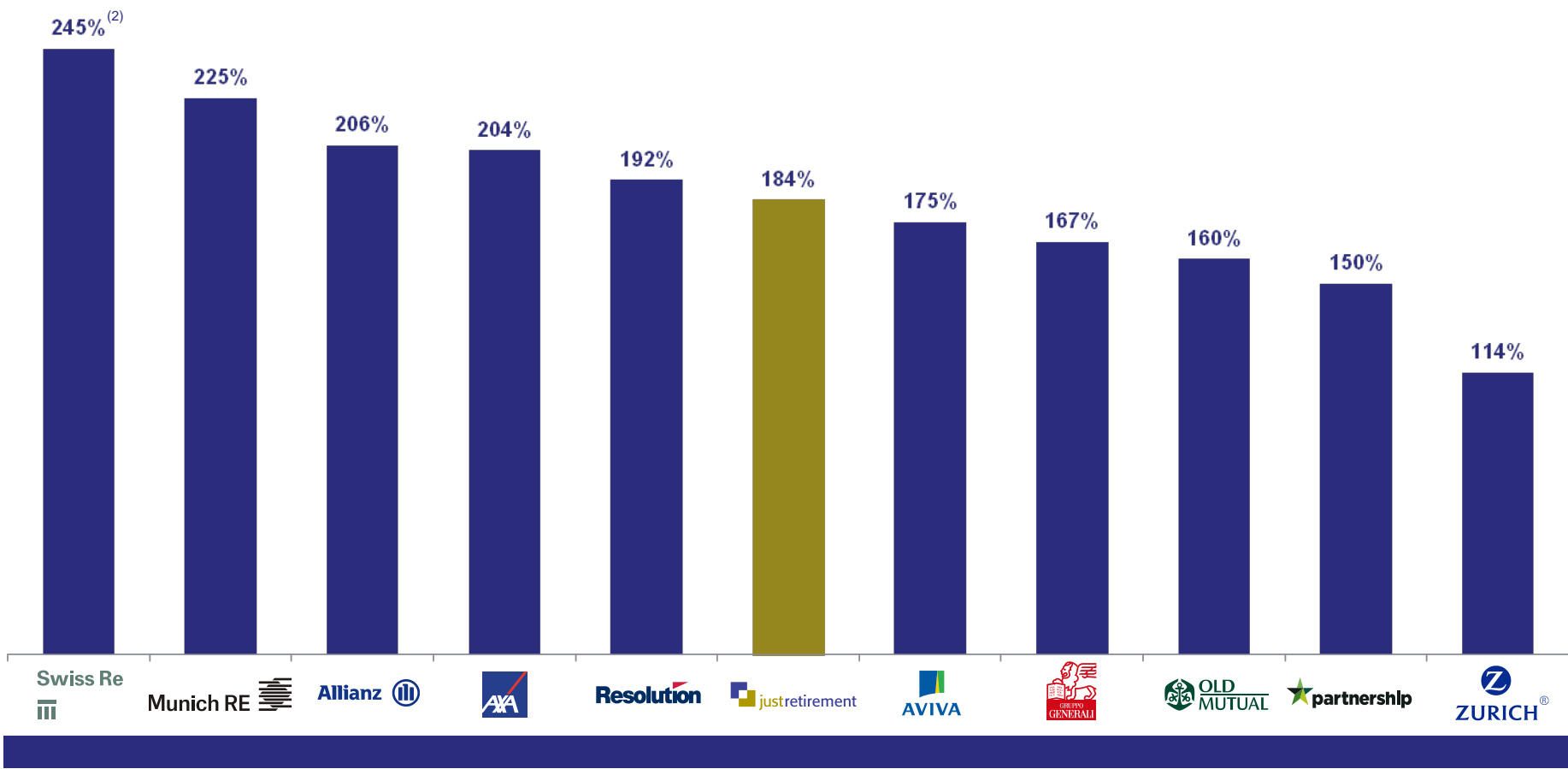


Capital management policy

| | |
|----------------------------------|--|
| Capital management policy | <ul style="list-style-type: none">■ Group capital managed on Economic Capital basis■ Life company to meet regulatory requirements under Pillar 1 and Pillar 2 regimes■ Objective of ensuring appropriate level of capitalisation and solvency with respect to underlying risk drivers, regulatory requirements and the Board's risk appetite |
| Economic Capital | <ul style="list-style-type: none">■ Board's realistic internal assessment of capital required to maintain an appropriate balance sheet after sustaining adverse events⁽¹⁾■ Minimum target ratio of 140%, under normal circumstances |
| Pillar 1 | <ul style="list-style-type: none">■ Calculated at the life company level■ Calculated by applying fixed percentages to reserves |
| Pillar 2 | <ul style="list-style-type: none">■ Individual capital assessment (ICA) framework set by PRA■ Results not publicly disclosed |
| Capital management | <ul style="list-style-type: none">■ Use of reinsurance significantly reduces longevity exposure and provides regulatory capital funding■ £55m of senior debt used to improve Pillar 1 and Pillar 2 capital position in the life company |
| Solvency 2 | <ul style="list-style-type: none">■ Just Retirement's Solvency 2 project significantly advanced■ Although implementation not expected before 2016 at the earliest |

Benchmarking Just Retirement's Economic Capital position

Benchmarking Just Retirement's Economic Capital position – selected peers⁽¹⁾



100 Source: Companies data (as at 30 June 2013). Notes: 1. May not be directly comparable to similarly named metrics used by other companies. 2. Swiss Solvency Test.

Pillar 1 and Economic Capital sensitivities

Pillar 1 capital sensitivities

| Pillar 1 capital sensitivities | Pillar 1 capital | Impact |
|------------------------------------|------------------|--------|
| Pillar 1 capital ratio (June 2013) | 243% | – |
| Longevity -5% | 214% | -29% |
| Spread +50bps | 236% | -7% |
| Swaps +100bps | 271% | +28% |
| Swaps -100bps | 217% | -26% |
| Property -10% | 224% | -19% |

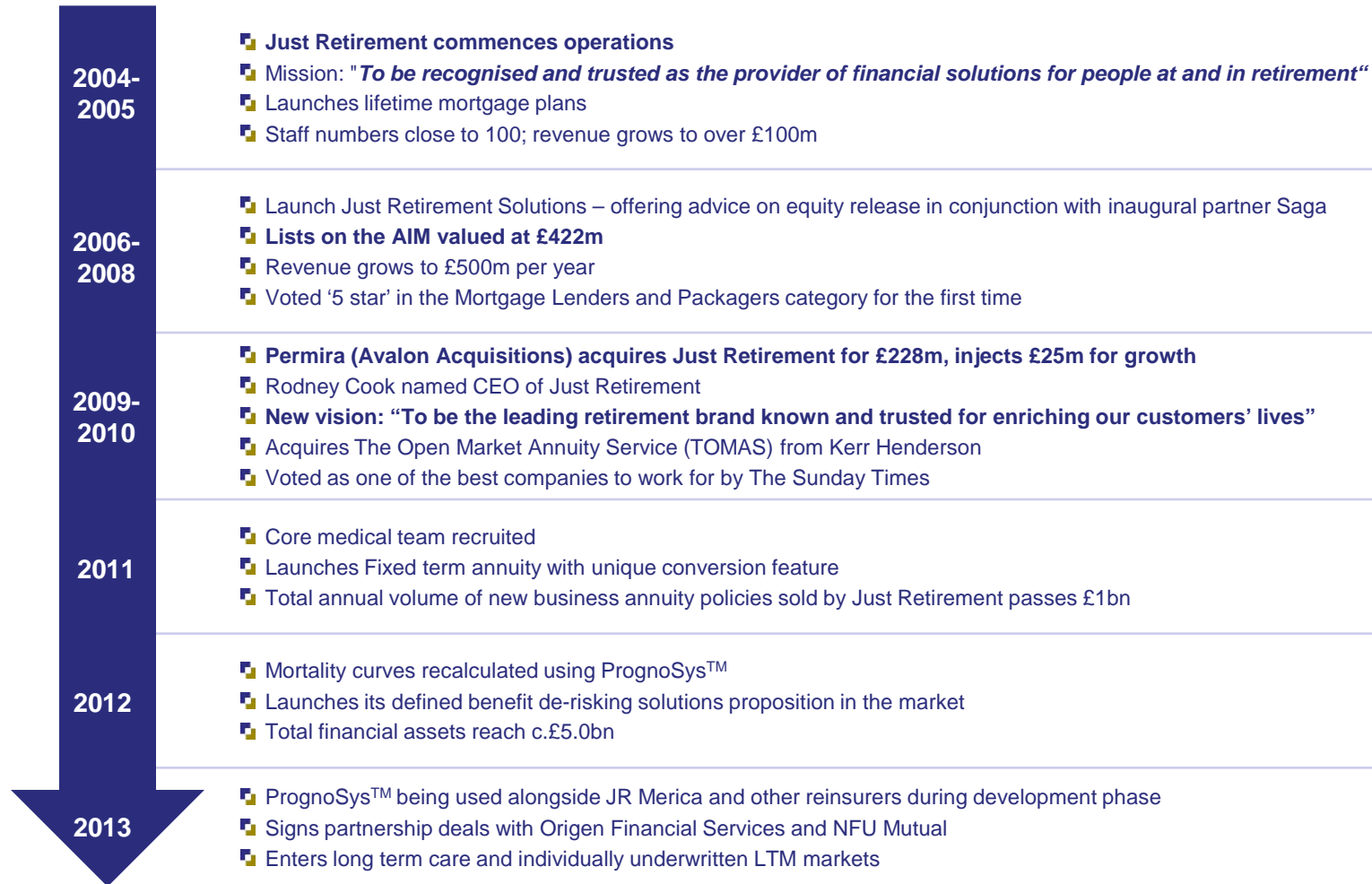
Economic Capital sensitivities

| Economic Capital sensitivities | Economic Capital | Impact |
|------------------------------------|------------------|--------|
| Economic Capital ratio (June 2013) | 184% | – |
| Longevity -5% | 172% | -12% |
| Spread +50bps | 184% | 0% |
| Swaps +100bps | 183% | -1% |
| Swaps -100bps | 186% | +2% |
| Property -10% | 178% | -6% |

IFRS profit – protected from mortality risk by prudent reserving and reinsurance

| | IFRS | EEV |
|---|--------------------|-------------------|
| Mortality basis | "Prudent" | "Best estimate" |
| Reinsurance impact | 66% ⁽¹⁾ | Assumed no impact |
| Prudent buffer over best estimate reserves? | Yes | No |
| Release of prudent mortality reserves into in-force profit? | Yes | No |

Company history



Chairman and Executive Board members

Tom Cross Brown Independent Non-Executive Chairman

- Appointed as a Non-Executive Director of Just Retirement in October 2006 and became Chairman on its admission to AIM
- Formerly Chief Executive Officer of ABN AMRO Asset Management and Chief Executive Officer of Lazard Brothers Asset Management (prior to joining ABN in 1997)
- Currently a Non-Executive Director of Phoenix Group Holdings, Artemis Alpha Trust Plc and a Non-Executive member of the Management Committee of Artemis Investment Management LLP

Rodney Cook Chief Executive Officer

- Joined Just Retirement in July 2010
- Formerly Managing Director of Life and Pensions at Liverpool Victoria (LV=)
- Previously at AMP, Pearl, Zurich Insurance Group and Prudential
- A qualified actuary with over 34 years experience in financial services

Simon Thomas Finance Director

- Appointed Finance Director of Just Retirement in July 2006
- Formerly Finance and Customer Services Director at Canada Life
- Spent 10 years at Nationwide Building Society, latterly as Group Financial Controller
- A qualified Chartered Accountant with over 13 years experience in the UK life assurance industry

Shayne Deighton Group Chief Actuary

- Appointed Group Chief Actuary of Just Retirement in October 2008 and also acted as Chief Risk Officer until October 2012
- Formerly Group Financial Management Director at Aviva and UK Life Finance Director at Zurich Financial Services
- With over 32 years experience, Shayne has also been a Partner at E&Y and Principal at Tillinghast

Other Executive management

Steve Kyle Regulatory & Audit Director

- Founded Just Retirement (with five other directors) in 2004 and was appointed as Regulatory & Audit Director in January 2010
- Previously in senior roles at Commercial Union, Aviva and Britannic Retirement Solutions
- Director of the Equity Release Council and member of various ABI groups
- Over 30 years life and pensions experience in the United Kingdom and Europe

Chris Berryman Group Operations Director

- Founded Just Retirement (with five other directors) in 2004
- Previously worked at NPI, GE and Britannic Group
- 20 years' experience in the Financial Services industry, 15 of which have been in the retirement sector

David Cooper Group Distribution & Marketing Director

- Joined Just Retirement in 2006
- Previously at GE Capital, Centrica plc and Bradford & Bingley
- Over 30 years in Financial Services including retail banking, actuarial consulting and retirement

Alex Duncan Chief Risk Officer

- Joined Just Retirement in September 2012
- Previously at Old Mutual, where he spent eight years in a number of positions including Head of UK acquisitions, Head of Corporate Finance and Development and, for the last four years, Director of Finance – Capital

Anne Ridge HR Director

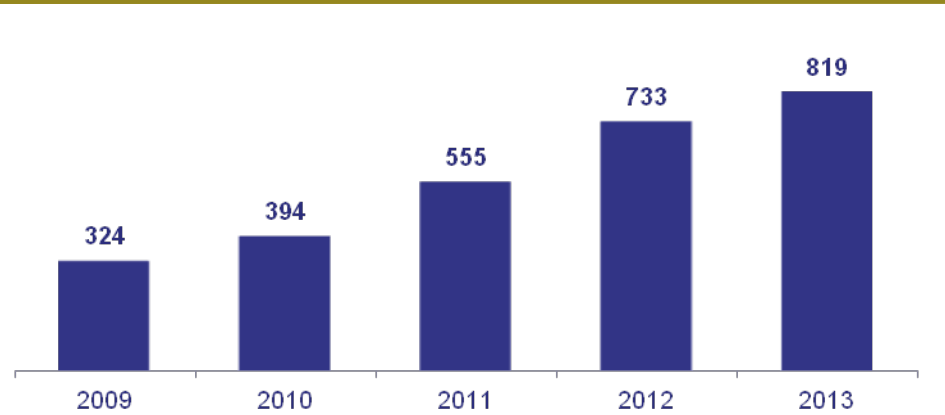
- Joined Just Retirement in March 2010 as an interim Head of HR and was appointed HR Director in September 2010
- Previously worked at Marks & Spencer, BP and the Britannic Group
- Fellow of the Chartered Institute of Personnel and Development with over 25 years' experience in Human Resources

Dr. Tim Crayford Medical Director

- Joined Just Retirement in May 2011
- Formerly Chief Medical Advisor to The Department for Transport & Medical Director at Croydon Primary Care NHS Trust
- Has over 25 years of medical experience and academic epidemiological knowledge

Growing workforce remains highly motivated and engaged

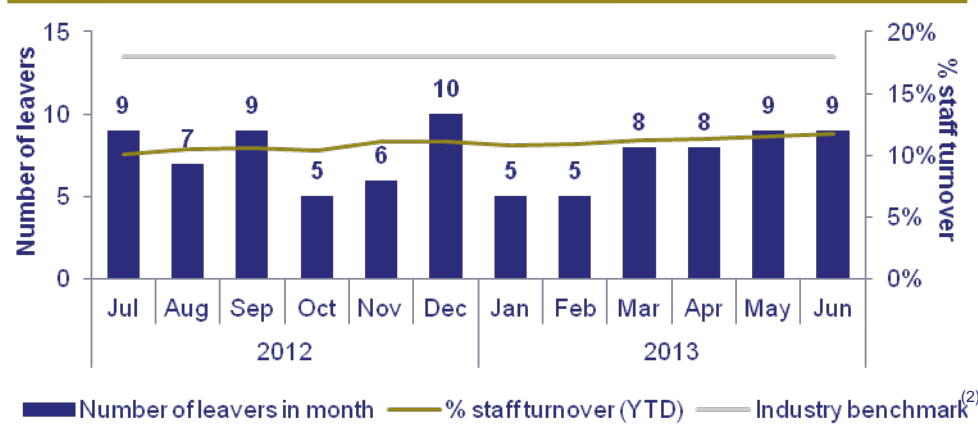
Headcount (FTE)⁽¹⁾



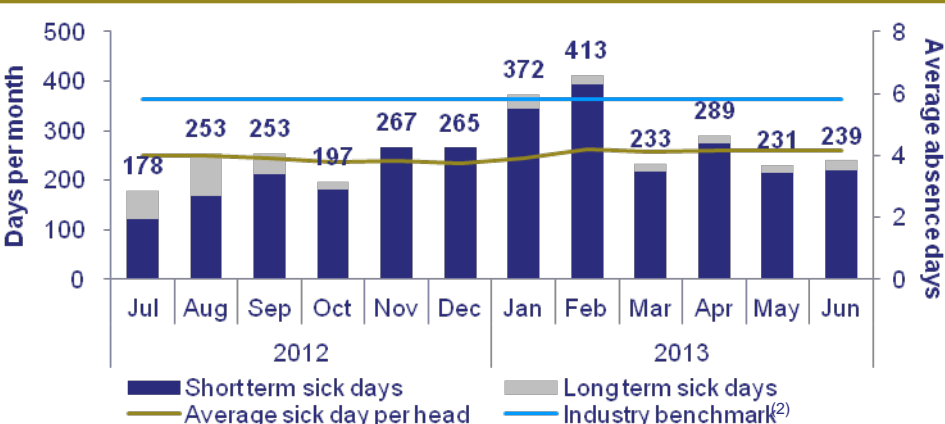
Employee Awards



Total staff turnover excluding redundancies and FTC



Staff absence



Offer structure summary

■ The IPO was priced at 225p, in the middle of the 200-250p range. Conditional dealings commenced 12/11/13

| | |
|----------------------|---|
| Issuer | ■ Just Retirement Group plc |
| Offering structure | ■ Initial public offering of ordinary shares (comprising primary and secondary capital) |
| Selling shareholders | ■ Avallux Sàrl (“Avallux”; investment vehicle for funds advised by Permira Advisers LLP) ■ Other minority shareholders, including management |
| Listing | ■ London Stock Exchange (premium listing) ■ FTSE250 index eligibility anticipated |
| Distribution | ■ Institutional offering under Reg. S outside the US and under Rule 144A within the US |
| Offering size | ■ Primary raise of £300m ■ Secondary raise £43m |
| Lock-Up | ■ 180 days in respect of Avallux ■ 365 days in respect of the directors and senior management |

What the IPO achieves for Just Retirement

Use of proceeds

- IPO proceeds support growth to capture market opportunity
 - £175m allocated to life company to:
 - ❖ Support growth in new business
 - ❖ Strengthen capital ratios
 - ❖ Better position company to accommodate future regulatory changes (including Solvency 2)
 - Remaining £125m for Group solvency and liquidity, general corporate purposes and issue costs⁽¹⁾

Other benefits

- Strengthening profile and market position
 - Raises Just Retirement's profile and enhances brand
 - Improves perception of financial strength and rating due to access to public market capital
- Listed equity supports continued recruitment and retention of key staff
- Provides liquidity for shareholders

Contact and next results

James Pearce

Director – Investor Relations

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