

CONFIDENTIALITY LETTER

Strictly Private & Confidential

To: Intrinsic Financial Services Limited
Millenium Bridge House
2 Lambeth Hill
London
EC4V 4AJ

17 January 2019

Dear Sirs

1. INTRODUCTION

- 1.1 I am writing on behalf of Lighthouse Group plc ("**Company**") regarding the request made by or on behalf of Intrinsic Financial Services Limited ("**Potential Offeror**") to the board of the Company to be given the opportunity to investigate making a takeover offer for the entire issued share capital of the Company ("**Potential Offer**").
- 1.2 It is contemplated that in the course of our discussions regarding the making of the Potential Offer it will be necessary for each party (a "**Discloser**") and certain of the Discloser's Representatives to share certain Confidential Information, either directly or indirectly, with the other party (a "**Recipient**") and certain of the Recipient's Representatives.
- 1.3 In order adequately to protect each party's rights in this information, a written agreement is required to ensure that each party maintains the confidentiality of such information.
- 1.4 Accordingly, in consideration of each party making Confidential Information available to the other party, each party undertakes that it will comply with the terms of this letter. This undertaking is given for the benefit of the other party and each member of its Group.

2. DEFINITIONS AND INTERPRETATION

2.1 Definitions

In this agreement, the following terms shall have the following meanings:

"**Affiliate**" means, in relation to a person, each or any other person who for the time being directly or indirectly controls, is controlled by or is under common control with such person, and "control" for these purposes means (a) holding the majority of the voting rights or share capital of such person or (b) otherwise having the power to direct the management and policies of such person;

"Confidential Information" means, save as provided in clause 3.4, all information of whatever nature supplied to the Recipient (or its Representatives) by or on behalf of the Discloser (or its Representatives), whether orally, in writing or in any other medium for the purpose of considering, negotiating and advising in relation to or furthering the Potential Offer, including:

- (a) all information recorded in any medium relating to the Group's business, financial or other affairs (including future plans);
- (b) all notes, memoranda, analyses, compilations, studies and other documents prepared by either party to the extent that they contain the information specified in paragraph (a) above or in relation to the Potential Offer;
- (c) the fact and content of the communications and discussions between the parties; and
- (d) the existence and the contents of this agreement;

"Group" means, in relation to a company, that company, its parent undertakings and its subsidiary undertakings (as defined in the Companies Act 2006) from time to time and references to **"members of the Group"** shall be construed accordingly;

"Representatives" means in relation to each party, each or any of (a) its officers, employees, agents, representatives, legal advisers, financial advisers and other professional advisers, (b) its Affiliates and (c) its Affiliates' officers, employees, agents, representatives, legal advisers, financial advisers and other professional advisers;

"Takeover Code" means the City Code on Takeovers and Mergers; and

"Third Party" means each party's Affiliates.

2.2 Interpretation

Except where the context requires otherwise:

- 2.2.1 where this agreement requires any consent, request, notice or direction to be given by the Company or any member of its Group (written or otherwise) this shall be construed as meaning a consent, request, notice or direction given by Richard Last, Malcolm Streatfield and Peter Smith ("**Authorised Persons**") and where this agreement requires any notice to be given to the Company or any member of its Group this shall be construed as meaning a notice given to the Authorised Persons; and
- 2.2.2 in this agreement, the terms "acting in concert", "offer" and "interests in securities" have the meanings set out in the Takeover Code.

3. UNDERTAKINGS

- 3.1 The Recipient undertakes to the Discloser (for the benefit of it and each member of its Group) that:
 - 3.1.1 the Confidential Information will be kept confidential and that it will not disclose the Confidential Information to any third party other than those of its

Representatives to whom disclosure is necessary for the purpose of evaluating the Potential Offer;

- 3.1.2 the Confidential Information will be kept safe in a secure place and properly protected against theft, damage, loss and unauthorised access (including, but not limited to, access by electronic means);
- 3.1.3 the Confidential Information will not be used, directly or indirectly, for any purpose other than to evaluate, negotiate or advise in connection with the Potential Offer and then only on the terms of this agreement;
- 3.1.4 subject always to clause 3.1.1, the Recipient will disclose the Confidential Information only to those of its Representatives who:
 - 3.1.4.1 need to know the Confidential Information for the purpose of evaluating, negotiating and advising in connection with the Potential Offer; and
 - 3.1.4.2 are informed by the Recipient of the confidential nature of the Confidential Information;
- 3.1.5 the Recipient will provide to the Discloser's financial advisers promptly a written record of each piece of Confidential Information and other factual information which has been furnished directly by the Recipient to its providers or potential providers of finance (whether debt or equity). This means, in the case of documents or electronically transmitted information, sending the Discloser's financial advisers a complete copy of the document or a computer disk containing the information in an easily accessible form; and
- 3.1.6 the Recipient will:
 - 3.1.6.1 as soon as practicable, and in any event within 14 days, following written notice from the Discloser; or
 - 3.1.6.2 in relation to the Potential Offeror only and without request, as soon as practicable, and in any event within 14 days, following the Potential Offeror ceasing to be interested in continuing with the Potential Offer,

use its best endeavours to procure, at the Recipient's option, either (i) the return to the Discloser of all Confidential Information supplied or disclosed to, or received by, the Recipient or its Representatives and any written record (recorded in any medium) of such Confidential Information (without keeping any copies, extracts or other reproductions thereof) or (ii) the destruction of the same and the provision to the Discloser of a declaration, made after due and careful enquiry and signed by a duly authorised officer, certifying that the Discloser and its Representatives have complied with this clause.

- 3.2 In circumstances where automated computer back-up procedures create copies of Confidential Information, the Recipient may retain such copies for the period it normally archives backed-up computer records, provided that the Recipient and/or its Representatives, except as otherwise required by applicable laws or regulations, shall not attempt to access such copies and shall take all reasonable steps to prevent such copies from being accessed inadvertently.

- 3.3 The Recipient and/or its Representatives shall be entitled to retain Confidential Information that such party is required by applicable laws, regulations, insurance policies or to evidence performance of its obligations under this agreement, provided that (a) any such retention shall not be for any period longer than that required to evidence compliance with such laws, regulations, insurance policies or this agreement and (b) the Recipient and/or its Representatives shall not attempt to access (and shall take all reasonable steps to prevent inadvertent access to) any Confidential Information retained in accordance with this clause, except as required by applicable laws or regulations. For the avoidance of doubt, the obligations of confidentiality in this letter will continue to apply to such retained Confidential Information.
- 3.4 For the purposes of this agreement, Confidential Information shall not include information where the Recipient can demonstrate to the Discloser that such information:
- 3.4.1 is in the public domain otherwise than as a result of a direct or indirect breach by the Recipient of the terms of this agreement;
 - 3.4.2 is obtained by the Recipient other than pursuant to this agreement free from restriction from a source lawfully permitted to disclose the same; or
 - 3.4.3 is independently developed by the Recipient or on its behalf without any use, reliance or reference to the Confidential Information,
- and the undertakings in clause 3.1 shall not prohibit any disclosure of information required by law or regulation or by any competent judicial, governmental or competent supervisory or regulatory body, including without limitation any recognised investment exchange (subject to clause 3.5).
- 3.5 If any proceedings are commenced or any action is taken which could result in the Recipient becoming required to disclose Confidential Information, it will, unless prohibited by law or regulation, promptly notify the Discloser in writing of such proceedings or action. The Recipient will: (a) furnish only that portion of the Confidential Information which it is advised by its legal counsel is legally required; (b) exercise reasonable efforts to obtain assurance that confidential treatment will be accorded to the Confidential Information; and (c) to the extent it is lawful and reasonably practicable to do so prior to such disclosure, consult with the Discloser as to such requirements.
- 3.6 Unless otherwise required by law and so far as is reasonably practicable, prior to any disclosure of Confidential Information, the Recipient will furnish the Discloser with a written description of the information to be disclosed and the applicable legal authority under which the Recipient's legal counsel advised it that such disclosure was required, subject in each case to the maintenance of the attorney-client or similar privilege that would prevent the disclosure of such written description.
- 3.7 The Recipient also undertakes to the Discloser (for the benefit of it and each member of its Group) that:
- 3.7.1 it will not, without the prior written consent of the Discloser, disclose its interest in the Potential Offer to (or discuss the same with) any of the Discloser's directors, officers, employees, agents, consultants, contractors, finance providers, professional advisers or shareholders except for such of those persons as may be nominated by the Discloser from time to time, in each case only for such purposes and using only such means of communication as may be specified by the Discloser;

- 3.7.2 it will not, without the prior written consent of the Discloser, make any approach of any kind whatsoever to any person who has a business relationship with the Discloser (including, without limitation, customers, suppliers, distributors, landlords, sub-contractors or licensors) save to the extent that such an approach relates to matters conducted in the ordinary course of the Recipient's business unconnected with its evaluation of the Potential Offer;
- 3.7.3 it will not, without the prior written consent of the Discloser, visit or inspect any property owned, used or occupied by any member of the Discloser's Group (other than in the ordinary course of the Recipient's business);
- 3.7.4 it will not, during the evaluation of the Potential Offer and, if such evaluation ceases, for a period of twelve months thereafter, directly or indirectly solicit for employment any person who is, at the date of this agreement, or who becomes, during the course of such negotiations, a director, employee or consultant of any member of the Discloser's Group and who:
- 3.7.4.1 holds office in a managerial or executive capacity; or
 - 3.7.4.2 participates in the evaluation of the Potential Offer,
- provided that the foregoing restriction shall not apply to any director, employee or consultant:
- (a) that initiates contact with the Recipient (without any encouragement or solicitation by the Recipient or any of its Representatives);
 - (b) that responds to a general recruitment or employment advertisement (without any encouragement or solicitation by the Recipient or any of its Representatives);
 - (c) whose annual cash remuneration is not in excess of £75,000 (or equivalent); or
 - (d) whose primary responsibilities and duties are clerical and/or secretarial in nature.
- 3.7.5 it will notify the Discloser immediately on becoming aware that Confidential Information has been disclosed or obtained by a third party (otherwise than as permitted by this agreement); and
- 3.7.6 it will procure that each of its Representatives acts, or omits to act, as if he had agreed with the Discloser in the same terms *mutatis mutandis* as this agreement and the Recipient will assume responsibility for any breach by any Representative of the terms of this agreement.

4. APPROACHES

- 4.1 The Potential Offeror shall ensure that all communications regarding the Potential Offer and all requests for Confidential Information are directed to Malcolm Streatfield and Peter Smith (or to such other persons as the Company may nominate in writing) and to no other person.
- 4.2 The Company shall ensure that all communications regarding the Potential Offer and all requests for Confidential Information are directed to Andy Thompson and Darren Sharkey (or

to such other persons as the Potential Offeror may nominate in writing) and to no other person.

5. INSIDER DEALING

5.1 Each party recognises that the Proposed Offer and some or all of the Confidential Information may be inside information and/or price sensitive information and/or material non-public information relating to one or both parties and/or to the securities of one or both parties and that, accordingly, provisions of applicable securities laws may restrict or prohibit the use and/or disclosure of such information.

5.2 Each party agrees to:

5.2.1 not disclose any of the Confidential Information to another person except in accordance with the terms of this agreement; or

5.2.2 not use the Confidential Information to deal or procure a dealing in securities of either party, or in any securities whose price or value may be related to or affected by the price or value of securities of either party or in any derivative products related to any such securities or interest in any of them or to encourage another person to deal in such securities or to communicate any such information to any other person, except as permitted by applicable law and in accordance with the terms of this agreement.

6. MARKET ABUSE

6.1 Each party acknowledges that it is passing and receiving the Confidential Information in connection with the negotiation of the Proposed Offer, for the purpose of facilitating negotiations regarding the Proposed Offer.

6.2 In accordance with the requirements of the EU Market Abuse Regulation (EU 596/2014), each party agrees that the Confidential Information received is given in confidence in accordance with the terms of this agreement, and each party will not disclose the Confidential Information to another person except in accordance with the terms of this agreement, nor use the Confidential Information by acquiring or disposing of, for their own accounts or for the account of a third party, directly or indirectly, financial instruments to which the Confidential Information relates (nor cancel or amend an order concerning financial instruments to which the Confidential Information relates) unless and until such Confidential Information has been made public without any breach of the terms of this agreement, except as permitted by applicable law.

7. STANDSTILL

7.1 For a period of 12 months from the date of this letter, the Potential Offeror will not, and will procure that its Affiliates will not, whether directly or indirectly, alone or acting in concert with others, without the prior written consent of the Company:

7.1.1 acquire any interest in the securities of the Company;

7.1.2 enter into any agreement, arrangement or understanding (whether or not legally binding) to do or omit to do any act as a result of which the Potential Offeror or any other person may acquire any interest in the securities of the Company;

- 7.1.3 announce or make, or cause any other person to announce or make, any firm offer for any or all of the securities of the Company (whether under Rule 2.7 of the Takeover Code or otherwise);
- 7.1.4 make an approach to, solicit or enter into discussions with any of the Company's shareholders in connection with any offer for all or any of the securities of the Company, solicit or in any way participate in the solicitation of, any of the Company's shareholders to vote in a particular manner at any meeting of the shareholders of the Company or solicit or in any way participate in the solicitation of any of the Company's shareholder to requisition or join in the requisitioning of any general meeting of the Company or to control, direct or influence the management, board of directors, shareholders, policies or affairs of the Company or any member of the Group or assist, participate in, facilitate, encourage or solicit any attempt by any person to do or seek to do any of the foregoing or to place a representative on the board of directors of the Company or seek the removal of any member of the board of directors of the Company; or
- 7.1.5 put itself, any of its Affiliates or any person acting in concert with it or them in a position where it or they are obliged to make an offer for all or any of the securities of the Company (whether under Rule 9 of the Takeover Code or otherwise);
- 7.2 The provisions of paragraphs 7.1 shall cease to apply if any third party (other than the Potential Offeror or any of its Affiliates or any person acting in concert with it or them) announces a firm intention to make an offer for the Company pursuant to Rule 2.7 of the Takeover Code.
- 7.3 The provisions of paragraph 7.1 shall cease to apply if the Potential Offeror (or any of its Affiliates or any person acting in concert with it or them) announces a firm intention to make an offer for the Company pursuant to Rule 2.7 of the Takeover Code and such offer is recommended by the board of directors of the Company.
- 7.4 The provisions of paragraph 7.1 shall not prevent or restrict any dealing in securities in the ordinary course of share trading, dealing, fund management, investment banking or other banking business by any of the Potential Offeror's professional advisers or providers of finance, provided that such action is not taken on the instructions of, or otherwise in conjunction with or on behalf of, the Potential Offeror or any other person who is in receipt of or becomes aware of any Confidential Information.

8. ACKNOWLEDGEMENTS

- 8.1 Each party acknowledges and confirms to the other party (for the benefit of it, each member of its Group and each of its Representatives) that:
- 8.1.1 neither it nor its directors, officers, employees, consultants, agents and professional advisers:
- 8.1.1.1 accept responsibility or liability for or make any representation, statement or expression of opinion or warranty, express or implied, with respect to the accuracy or completeness of the Confidential Information or any oral communication in connection therewith unless and save to the extent that such representation, statement, expression of opinion or

warranty is expressly incorporated into any legally binding contract between the parties; or

- 8.1.1.2 are under any obligation to provide access to any Confidential Information or to update, or correct any inaccuracies which may become apparent in the Confidential Information disclosed;
- 8.1.2 subject to clause 9.1, the provisions of this agreement shall continue in effect notwithstanding any decision not to proceed with the Potential Offer or any other related transaction and notwithstanding any return or destruction of the Confidential Information;
- 8.1.3 the Company is under no obligation to accept any proposal which is made by the Potential Offeror (or on its behalf) in the course of the discussions in relation to the Potential Offer and that each member of the Company's Group remains free to enter into any transaction or agreement with any other person (or to enter into any related discussions);
- 8.1.4 damages alone would not be an adequate remedy for any breach by either party of the provisions of this agreement and accordingly without prejudice to any other rights or remedies that a person with rights under this letter might have it shall be entitled without proof of special damage to the remedies of injunction, specific performance and other equitable relief for any threatened or actual breach of the provisions of this agreement;
- 8.1.5 no failure or delay by either party or time or indulgence given in exercising any remedy or right in relation to this agreement shall operate as a waiver of the same nor shall any single or partial exercise of any remedy or right preclude any further exercise of the same or the exercise of any other remedy or right;
- 8.1.6 the rights and benefits afforded to each party pursuant to this agreement are given to and held by each party for it and as agent for and on behalf of each other member of its Group and (where appropriate) each of its Representatives; and
- 8.1.7 it and its Representatives will acquire no right, title or interest to or in, and are responsible for making its own evaluation of, the Confidential Information disclosed.
- 8.2 The Potential Offeror acknowledges and confirms that it is acting as principal, not as an agent or broker for any other person.
- 8.3 Nothing in this agreement shall restrict the ability of the Company to make an announcement pursuant to Rule 2.3(d) of the Takeover Code.
- 9. TERM**
- 9.1 The obligations set out in this agreement shall cease to have effect upon completion of the Potential Offer. In the event of termination of discussions relating to the Potential Offer, the obligations set out in this agreement will continue notwithstanding the return or destruction of Confidential Information until the expiry of 24 months from the date of this agreement. The termination of negotiations in connection with the Potential Offer and the return or destruction of Confidential Information in accordance with the terms of this agreement will not release any party from its continuing obligations under this agreement.

- 9.2 If either party decides not to become, or continue to be, involved in the Potential Offer, it shall notify the other party in writing immediately. Termination of the obligations in this agreement will not release any party from any liability for breach before such termination.

10. NOTICES

Any notice or any other communication required hereunder will only be effective if it is in writing (which shall include electronic communications) and if it is sent, faxed or hand delivered to the address of each party set out in this clause 10 or to such other address as a party notifies to the other party in writing from time to time or if sent by email to such email address as a party notifies to the other party in writing from time to time.

To the Company:

Lighthouse Group plc
26 Throgmorton Street
London
EC2N 2AN

Attention: Peter Smith, Group Finance Director and Company Secretary

Email: Peter.Smith@lighthousegroup.plc.uk

To the Potential Offeror:

Intrinsic Financial Services Limited
Millennium Bridge House
2 Lambeth Hill
London EC4V 4AJ

Attention: Andy Thompson, Chief Executive Officer

Email: Andy.Thompson@intrinsicfs.com, with copies to: Company Secretary, Patrick.gonsalves@quilter.com and Chief Legal Officer, Kevin.lee-crossett@quilter.com.

11. ENTIRE AGREEMENT

This agreement constitutes the entire agreement between the parties relating to the matters discussed herein and supersedes the confidentiality agreement between the Potential Offeror and the Company dated 27 November 2017. In the event of any conflict between the terms of this agreement and the terms of any other agreement entered into by the parties in relation to the Potential Offer, the terms of this agreement shall prevail. Should any provision of this agreement be determined to be void, invalid, or otherwise unenforceable by any court or tribunal of competent jurisdiction, such determination shall not affect the remaining provisions hereof, which shall remain in full force and effect. All additions or modifications to this agreement must be made in writing and must be signed by all parties hereto.

12. THIRD PARTY RIGHTS

- 12.1 Each Third Party shall be entitled to the benefit of and to enforce the terms of this letter in accordance with the Contract (Rights of Third Parties) Act 1999.
- 12.2 The parties may, without the consent of any Third Party, rescind or vary this letter in such a way as to extinguish or alter the benefits or rights conferred by clause 12.1.
- 12.3 Except as provided in clause 12.1, this agreement is made for the benefit of the parties to it and their successors and permitted assigns and is not intended to benefit, or be enforceable by, anyone else.

13. GOVERNING LAW

This Agreement and our respective rights and obligations shall be governed by and construed in accordance with the laws of England and the parties irrevocably submit to the exclusive jurisdiction of the courts of England in connection with any dispute arising out of this agreement.

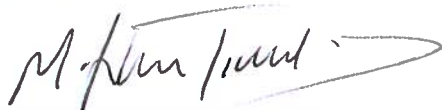
14. ASSIGNMENT

Neither party shall be entitled to assign the benefit or burden of any provision of this agreement without the prior written consent of the other party.

15. ACCEPTANCE

Please indicate acceptance of this agreement by signing, dating and returning the enclosed copy by post or email.

Yours faithfully



.....

Name: MALCOLM STRETORD

Title: C.E.O.

Lighthouse Group plc

We hereby acknowledge and agree to the above.

.....

Name:

Title:

For and on behalf of **Intrinsic Financial Services Limited**

Date:

13. GOVERNING LAW

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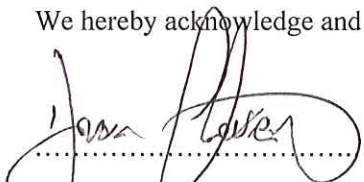
.....

Name:

Title:

Lighthouse Group plc

We hereby acknowledge and agree to the above.


.....
Name: DARREN SHARKEY

Title: DIRECTOR

For and on behalf of **Intrinsic Financial Services Limited**

Date: 17/1/19