

**THIS DOCUMENT AND THE ACCOMPANYING FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent professional financial adviser immediately (being, in the case of Shareholders in Ireland, an organisation or firm authorised or exempted under the Investment Intermediaries Act, 1995 of Ireland (as amended) or the European Communities (Markets in Financial Instruments) Regulations 2007 (as amended) or, in the case of Shareholders in the United Kingdom, an adviser authorised pursuant to the Financial Services and Markets Act 2000 (as amended), (“FSMA”) or from another appropriately authorised independent financial adviser if you are in a territory outside Ireland or the UK).**

If you have sold or otherwise transferred all your FBD Holdings plc Shares, please send this document, together with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

Shore Capital, which is regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for FBD Holdings plc and no-one else in connection with the Proposed Transaction and will not be responsible to anyone other than FBD Holdings plc for providing the protections afforded to clients of Shore Capital or for providing advice in relation to the Proposed Transaction.

Goodbody Stockbrokers, which is regulated by the Central Bank of Ireland, is acting exclusively for FBD Holdings plc and no one else in connection with the Proposed Transaction and will not be responsible to anyone other than FBD Holdings plc for providing the protections afforded to clients of Goodbody Stockbrokers or for providing advice in relation to the Proposed Transaction.

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**F.B.D. Holdings plc**

*(Incorporated and registered in Ireland with registered number 135882)*

**Proposed Related Party Transaction Concerning  
FBD PROPERTY & LEISURE LIMITED**

**and**

**Notice of Extraordinary General Meeting**

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**This document should be read as a whole. Your attention is drawn to the letter from your Chairman which is set out on in Part I of this document. This document contains a recommendation that you vote in favour of the Resolution to be proposed at the Extraordinary General Meeting referred to below.**

Ordinary Shares in FBD Holdings plc are listed on the official list of the Irish Stock Exchange and the premium segment of the official list of the UK Listing Authority and are admitted to trading on the Irish Stock Exchange’s main securities market and the London Stock Exchange’s main market for listed securities.

Notice of an Extraordinary General Meeting of FBD Holdings plc to be held at 11 a.m. on 22 October 2015 at Irish Farm Centre, Bluebell, Dublin 12, Ireland is set out at the end of this document. Shareholders will find enclosed with this document a Form of Proxy for use at the EGM. To be valid, Forms of Proxy must be completed and signed in accordance with the instructions printed thereon and returned to Computershare Investor Services (Ireland) Limited, P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland so as to arrive no later than 11 a.m. on 20 October 2015.

Certain statements contained in this document are or may constitute “forward-looking statements”. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend upon future circumstances that may or may not occur, many of which are beyond the control of FBD Holdings plc and all of which are based on their current beliefs and expectations about future events. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of FBD Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the present and future business strategies of FBD Group and the environment in which FBD Group will operate in the future. These forward-looking statements speak only as at the date of this document.

Forward-looking statements are typically identified by the use of forward-looking terminology such as “believes”, “expects”, “may”, “will”, “would”, “should”, “intends”, “estimates”, “plans”, “assumes” or “anticipates” or the negative of such words or other variations on them or comparable terminology, or by discussions of strategy which involve risks and uncertainties. Such risks, uncertainties and other factors include, among others: general economic and business conditions changes in technology, government policy and ability to attract and retain personnel.

Except as required by applicable law, the Listing Rules, the Disclosure Rules and Transparency Rules and other regulations, the London Stock Exchange or the Irish Stock Exchange or by law or by any appropriate regulatory body, FBD Holdings plc expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in FBD Group’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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### **EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

Date of issue of this document	5 October 2015
Latest time and date for receipt of Forms of Proxy from Shareholders	11 a.m. on 20 October 2015
Extraordinary General Meeting	11 a.m. on 22 October 2015
Expected date of Completion of the Proposed Transaction	By 5 November 2015

**PART I**  
**LETTER FROM THE CHAIRMAN**

**FBD Holdings plc**

(Incorporated in Ireland. Registered number 135882)

**Registered Office and Head Office:** FBD House, Bluebell, Dublin 12, Ireland

**Directors:**

Michael Berkery (Chairman) \*  
Emer Daly \*  
Sean Dorgan \*  
Eddie Downey \*  
Liam Herlihy \*  
Brid Horan \*  
Fiona Muldoon (Interim Chief Executive)  
Ruairi O'Flynn \*  
Padraig Walshe \*†

\* denotes Non-Executive Director

† denotes Non-Independent Director for purposes of the Proposed Transaction

5 October 2015

*To: FBD Holdings plc Shareholders and, for information only, to all option holders*

Dear Shareholder,

***Proposed divestment by FBD Holdings plc of all of its joint venture interest in FBD Property & Leisure Limited***

**1. Introduction**

On 24 August 2015, the Company announced that it had entered into a conditional agreement for the divestment of all of its stake in its joint venture, Property & Leisure, through a sale of the Company's entire shareholding to Farmer Business Developments, the other shareholder in Property & Leisure, and the redemption of all of its Loan Notes in Property & Leisure (the "Proposed Transaction"). Property & Leisure owns and manages Irish and Spanish property and leisure operations including La Cala Resort and Sunset Beach Resort in Spain and three hotels in Ireland comprising Castleknock Hotel, Faithlegg House Hotel and Golf Club and the Tower Hotel. The total consideration, which shall be receivable in cash by the Company on completion of the Proposed Transaction, is €48.5 million.

Paragraph 5 of this letter and Part II of this document contain a summary of the principal terms and conditions of the Proposed Transaction.

Farmer Business Developments is an investment holding company which, as at the Latest Practicable Date, controlled 28.7% per cent. of the Voting Shares of the Company and accordingly is considered a "related party" under the Listing Rules. In addition, Padraig Walshe is a non-executive director on the boards of both the Company and Farmer Business Developments. For the avoidance of doubt, the Company has no interest in, and no connection with, Farmer Business Developments other than as described in this document.

As Farmer Business Developments is considered a “related party”, the Proposed Transaction is classified as a “related party transaction” under the Listing Rules and is therefore subject to and conditional upon the approval of Shareholders by way of an ordinary resolution.

**The purpose of this document is to provide details on the Proposed Transaction, to set out the reasons for the Proposed Transaction, to explain why the Board considers the Proposed Transaction to be in the best interests of the Shareholders as a whole and to recommend that Shareholders vote in favour of the Resolution to be proposed at the EGM. A notice convening the EGM, at which the Resolution will be proposed, is set out at the end of this document. If you would like to vote on the Resolution but cannot attend the EGM, you can appoint a proxy to exercise all or any of your rights to attend, vote and speak at the EGM by using one of the methods set out in the notes to the notice of the EGM.**

## **2. Background to and reasons for the Proposed Transaction**

On 24 August 2015, in its half yearly report for the six months ended 30 June 2015, the Company announced it had strengthened prior year claims reserves by €88m. This was deemed necessary due to the adverse claims development pattern, which was first evident in the second half of 2014, and became significantly more pronounced in the first half of 2015. The adverse development was driven by structural changes in the claims environment and a shift in settlement approach. It arose mainly in liability and motor bodily injury claims, and primarily related to outstanding claims from accident years 2011 onwards.

FBD Group has taken a number of steps to increase the capital available in FBD Insurance to fund the reserve strengthening ahead of the implementation of the Solvency II regime in January 2016. As announced on 16 September 2015, the Company has entered into an agreement with Fairfax for a €70 million Capital Investment. In addition, FBD Group has restructured its retirement benefit arrangement and the Company has entered into the Proposed Transaction.

The Board believes that the Proposed Transaction has a clear strategic and financial rationale. The key benefits resulting from the Proposed Transaction are as follows:

- (a) the Company will be able to focus its resources on insurance underwriting, its core strategic business in line with the strategy put forward at the establishment of the joint venture in 2011;
- (b) the Proposed Transaction will significantly reduce exposure to fluctuations in property values; and
- (c) the proceeds from the Proposed Transaction will be used by the Company to subscribe for new equity capital in the Company’s core general insurance underwriting subsidiary, FBD Insurance. The issue of this new equity will increase the capital available in FBD Insurance to provide an additional capital buffer ahead of the introduction of the Solvency II regime in January 2016.

If the Proposed Transaction does not proceed, the key benefits set out above would not be realised and the Company could not use the proceeds to subscribe for new equity capital in FBD Insurance. In this instance however, FBD Group would still expect to be compliant with the capital requirements of Solvency II on its introduction on 1 January 2016 as a result of the Capital Investment and the restructuring of retirement benefit arrangements. The Company has decided that, in the interests of capital prudence, it wants to maintain a buffer of capital over and above solvency capital requirements. While the Company’s current operations would not be materially impacted if the Proposed Transaction does not proceed, the Company may seek to raise alternative sources of finance, for example through the equity capital markets.

Further information on the risk factors is set out in Part III of this document. Paragraph 5 of this letter and Part II of this document contain a summary of the principal terms and conditions of the Proposed Transaction.

The Proposed Transaction is expected to lead to a marginal reduction in earnings per share and to be neutral in terms of net asset value per share.

### **3. Information on Property & Leisure**

Property & Leisure owns and manages Irish and Spanish property and leisure operations including La Cala Resort and Sunset Beach Resort in Spain and three hotels in Ireland. In the consolidated financial statements of FBD Holdings, the carrying value of the Company's 50% shareholding and Loan Notes in Property & Leisure as at 31 December 2014 was €47.2 million. For the year ended 31 December 2014, the Company's share of the results of the joint venture amounted to €1.9 million and as per the Half Yearly Results, the Company's share of profit from the joint venture during the six-month period ended 30 June 2015 was €0.5m.

### **4. Current trading**

On 24 August 2015, the Company announced its Half Yearly Results which included the following statements under the heading "Outlook" (extracted without material adjustment) on FBD Group's current trading:

*The first six months of 2015 have been very difficult for FBD Group. Despite taking the necessary steps to maintain underwriting reserving strength, uncertainty surrounding the claims environment remains. The trading environment for FBD Insurance and the insurance market generally will remain difficult for the remainder of 2015 and into 2016. FBD Group's sole focus is on returning the business to profitability.*

*FBD Group has a proud track record of profitable business. It has unrivalled relationships with its core customer groups in rural Ireland. FBD Group will focus its resources primarily on this book of business, ensuring it meets the insurance needs of farmers and direct business customers. FBD Insurance will also implement a consumer strategy for motorists and home owners that focusses solely on a single brand. This will deliver sustainable efficiencies and better returns. The business model remains sound, and it has the customers, infrastructure and underwriting experience to return to profitability.*

*FBD Group has a 40 year track record of delivering superior returns to shareholders. The nature of insurance is inherently cyclical. Although 2015 has been a very challenging year to date and market conditions remain difficult, the Board is confident that FBD Group is taking the necessary steps to refocus so that in the future it can again deliver strong returns for investors.*

Save for the Capital Investment, there has been no significant change in the financial or trading position of the Company since 30 June 2015 being the end of the last financial period for which either audited or interim financial information has been published.

The Half Yearly Results are available for inspection as described in Part IV of this document and are also available on the Company's website.

## **5. Principal terms and conditions of the Proposed Transaction**

The Company has entered into a conditional agreement for the Proposed Transaction. Under the terms of the agreement:

- (a) the Company will sell its shareholding in Property & Leisure to Farmer Business Developments for €10,000; and
- (b) Property & Leisure will redeem all of the Loan Notes held by the Company in Property & Leisure for consideration of €48.49m.

Completion of the Proposed Transaction is subject to the approval of the shareholders of both the Company and Farmer Business Developments. Assuming such approvals are obtained, the Company expects that the Proposed Transaction will complete by 5 November 2015.

Further details of the terms and conditions of the Proposed Transaction are set out in Part II of this document.

## **6. EGM**

Set out on page 20 of this document is a notice convening an EGM, to be held at 11 a.m. on 22 October 2015 at which the Resolution to approve the Proposed Transaction will be proposed. The full text of the Resolution, which will be proposed as an ordinary resolution, is set out in the Notice of EGM, and Completion is conditional upon the passing of the Resolution. Farmer Business Developments will not vote on the Proposed Transaction and has undertaken to take all reasonable steps to ensure that its associates will not vote on the Resolution.

The Resolution will be decided on a show of hands, unless a poll is validly demanded in accordance with the articles of association of the Company. On a show of hands, each Shareholder present in person will have one vote and on a poll each Shareholder present in person or by proxy will have one vote for each Voting Share held. The passing of the Resolution requires a majority of the votes cast in respect of the Resolution.

## **7. Action to be taken**

If you are a Shareholder, you will find enclosed with this document a Form of Proxy for use at the EGM. Whether you intend to be present at the EGM or not, you are asked to complete the Form of Proxy in accordance with the instructions printed thereon and to return it to the Company's registrar, Computershare Investor Services (Ireland) Limited, P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland as soon as possible and, in any event, so as to arrive not later than 11 a.m. on 20 October 2015. The completion and return of the Form of Proxy will not preclude you from attending the EGM and voting in person if you wish to do so.

## **8. Further information**

Your attention is drawn to Part II and Part III of this document, each of which provides additional information on matters referred to in this letter. You are advised to read the whole document and not merely rely on the key or summarised information in this letter.



## 9. Recommendation

The Board, having been so advised by Goodbody Stockbrokers and Shore Capital, considers that the Proposed Transaction is fair and reasonable as far as the Company's Shareholders are concerned. In giving its advice, Goodbody Stockbrokers and Shore Capital have taken into account the Board's commercial assessment of the Proposed Transaction. Since Pdraig Walshe is Chairman of Farmer Business Developments as well as a Director of the Company, he did not take part in the Board's consideration of the matter and has confirmed that he will not vote on the Resolution with regard to his own beneficial shareholding in the Company.

The Board believes the Proposed Transaction has a clear strategic and financial rationale. It is aligned to the Company's strategy of focusing on the Company's core insurance underwriting business and, as intended at the establishment of the joint venture in 2011, realising value from the joint venture over time. The Company intends to use the proceeds from the Proposed Transaction to subscribe for new equity capital in its core general insurance underwriting subsidiary, FBD Insurance.

As a result, the Board considers that the Proposed Transaction delivers Shareholder value and is in the best interests of the Company's Shareholders as a whole and unanimously recommends that you vote in favour of the Resolution to be proposed at the EGM as the Directors, other than Pdraig Walshe as noted above, intend to do with regard to their own respective beneficial holdings. Farmer Business Developments will not vote on the Proposed Transaction and has undertaken to take all reasonable steps to ensure that its associates will not vote on the Resolution.

Yours sincerely



Michael Berkery  
Chairman

For and on behalf of the Board

**PART II**  
**SUMMARY OF THE TRANSACTION AGREEMENT**

The following is a summary of the principal terms of the Transaction Agreement. The Transaction Agreement is available for inspection as described in Part IV of this document.

The Company, Farmer Business Developments and Property & Leisure have entered into a conditional Transaction Agreement pursuant to which the Company will sell its entire shareholding in Property & Leisure to Farmer Business Developments, and Property & Leisure will redeem all of the B-ICULN held by the Company in Property & Leisure.

**1. Sale of B Shares**

Under the terms of the Proposed Transaction, the Company will sell its entire shareholding in Property & Leisure, being 10,000 B Ordinary Shares of €1.00 each, to Farmer Business Developments for €10,000. Completion of the proposed Share Sale is conditional on receipt of shareholder approval of both the Company and Farmer Business Developments.

Each of the parties to the Transaction Agreement provide representations in relation to their capacity and authority to enter into and perform the Transaction Agreement.

The Company, in connection with its sale of the B Shares, also provides warranties relating to its ownership of the B Shares and the absence of any proceedings which would restrain the entry into and performance by the Company of its obligations under the Transaction Agreement.

**2. Redemption of B-ICULN**

Under the terms of the Proposed Transaction, Property & Leisure will redeem all of the B-ICULN held by the Company in consideration of the payment of €48,490,000 (the "Redemption Amount") by Property & Leisure to the Company. The completion of the redemption of the B-ICULN is conditional only on the completion of the Share Sale. While not a condition of the Proposed Transaction, the Company shall not be required to proceed to Completion unless it is satisfied that the Redemption Amount is fully funded and committed.

Following payment of the Redemption Amount, Property & Leisure shall have no further obligation, in relation to principal or interest, to the Company in respect of the B-ICULN.

**3. Termination of joint venture**

In connection with the Company's divestment of its joint venture interest in Property & Leisure, it shall terminate its services agreement with Property & Leisure. As part of such termination the Company shall provide a reduced level of services consisting of office space and IT support for a transitional six-month period.

All Company nominees to the boards of directors of Property & Leisure Group will resign on completion of the Share Sale.

The Shareholders' Agreement governing the relationship of Farmer Business Developments and the Company in relation to their interests in Property & Leisure will be terminated with effect from the completion of the Proposed Transaction. As part of the initial transaction which commenced the joint venture, the Company gave certain warranties and indemnities to Farmer Business Developments. These will also terminate with the exception of certain existing warranties and indemnities as to tax which expire in December 2015.

#### **4. Trade mark licence**

As part of the Proposed Transaction the Company will grant an exclusive non-transferrable licence to Property & Leisure to use the FBD Hotels & Resorts trade mark in order to allow it to continue to market its existing hotels and golf courses as FBD Hotels & Resorts.

The licence is for five-year terms which shall automatically renew at the end of each such term but may be terminated in the event of a material breach by Property & Leisure or in the event of a change of control or insolvency of Property & Leisure.

The Company has also agreed, for a three-year period, to continue its existing practice of promoting FBD Hotels & Resorts in certain circumstances.

#### **5. Indemnity and costs contribution**

If the Proposed Transaction does not complete in circumstances where the board of directors of either of the Company or Farmer Business Developments fails to recommend that its shareholders approve the Proposed Transaction or, having recommended the Proposed Transaction to its shareholders, withdraws or adversely modifies its recommendation, the party so failing shall indemnify the other parties to the Transaction Agreement in respect of the reasonable vouched costs and expenses suffered or incurred by such other parties in connection with the Proposed Transaction subject to a cap of €200,000 (excluding VAT).

In addition, subject to Completion, it has been agreed that the Company shall make a contribution of up to €125,000 (excluding VAT) to the costs and expenses incurred by Property & Leisure and/or Farmer Business Developments in connection with the financing of the redemption of the B-ICULN pursuant to the Transaction Agreement.

**PART III**  
**RISKS RELATING TO THE PROPOSED TRANSACTION**

**1. Conditions**

The Proposed Transaction is conditional on the approval by the shareholders of Farmer Business Developments and FBD Holdings. The approval of the shareholders of Farmer Business Developments is outside of the control of the Company and could delay or prevent Completion. There can be no assurance that this condition will be satisfied or waived and that the Proposed Transaction will take place.

**2. Financing**

Completion of the Proposed Transaction by Property & Leisure will be dependent on Property & Leisure's ability to secure financing to facilitate payment of the Redemption Amount. The Company does not have the ability to control the relevant financing of Property & Leisure and there is no certainty that Property & Leisure will be in a position to put in place the necessary facilities to meet its obligations which could delay or prevent Completion of the Proposed Transaction.

**3. Risks relating to the Proposed Transaction not proceeding**

If the Proposed Transaction does not proceed, the following risks and uncertainties may affect FBD Group's business and results.

*Inability to implement strategy*

The Company intends to use the proceeds from the Proposed Transaction to subscribe for new equity capital in its core general insurance underwriting subsidiary, FBD Insurance, as part of its strategy of focusing its resources on its insurance underwriting business. If the Proposed Transaction does not proceed, this may have a negative effect on FBD Group's ability to implement its preferred strategy as described.

To maintain and grow shareholder value, FBD Group would be required to continue to allocate time and resources to the ongoing management and development of Property & Leisure.

*Capital adequacy*

Like all insurance companies, FBD Insurance will be required, from 1 January 2016, to maintain sufficient capital available to meet new solvency capital requirements under Solvency II. FBD Insurance's regulatory capital requirements have both increased and decreased in the past, and may from time to time in the future increase and decrease for a number of reasons.

The proposed divestment of the Company's joint venture interest in Property & Leisure and the investment of the proceeds in FBD Insurance is a part of the Company's strategy to strengthen the capital of FBD Insurance ahead of the implementation of Solvency II.

If the Proposed Transaction does not proceed, the key benefits set out above would not be realised and the Company could not use the proceeds to subscribe for new equity capital in FBD Insurance. In this instance however, FBD Group would still expect to be compliant with the capital requirements of Solvency II on its introduction on 1 January 2016 as a result of the Capital Investment and the restructuring of retirement benefit arrangements. The Company has decided that, in the interests of capital prudence, it wants to maintain a buffer of capital over and above solvency capital requirements. While the Company's current operations would not be materially impacted if the

Proposed Transaction does not proceed, the Company may seek to raise alternative sources of finance, for example through the equity capital markets.

**4. FBD Group's operations will be less diversified**

Following Completion of the Proposed Transaction FBD Group's business will be less diversified and more focused on insurance underwriting. Weak performance in this division, or in any particular part of this division, or other part of FBD Group, will have a proportionately greater adverse impact on the financial condition of FBD Group. In addition FBD Group will have more concentrated exposure to the Irish market and any legal or regulatory changes or taxation changes in Ireland could have a proportionately greater adverse impact on the financial condition of FBD Group.

**PART IV  
ADDITIONAL INFORMATION**

**1. Directors and registered office**

The Directors of FBD Holdings are as follows:

Michael Berkery (Chairman) \*  
Emer Daly \*  
Sean Dorgan \*  
Eddie Downey\*  
Liam Herlihy\*  
Brid Horan\*  
Fiona Muldoon (Interim Chief Executive)  
Ruairi O'Flynn \*  
Padraig Walshe\* †

\* denotes Non-Executive Director

† denotes Non-Independent Director for purposes of the Proposed Transaction

The registered office of the Company is at FBD House, Bluebell, Dublin 12, Ireland (telephone number +353 1 409 3200). FBD Holdings is a public limited company incorporated under the laws of Ireland. Its registered number is 135882.

**2. Voting share capital of the Company**

The Company has three classes of Voting Share Capital in issue. These classes of Voting Shares and the percentage of the Voting Share Capital represented by each are as follows:

	<b>Number in Issue</b>	<b>% of Overall Voting Share Capital</b>
Ordinary Shares of €0.60 each	* 34,648,122	87.7
14% Non-Cumulative Preference Shares of €0.60 each	1,340,000	3.4
8% Non-Cumulative Preference Shares of €0.60 each	3,532,292	8.9
	<b>39,520,414</b>	<b>100.0</b>

\* excluding 813,084 Ordinary Shares held in treasury.

The Company's Ordinary Shares of €0.60 each are listed on the Official Lists of the Irish Stock Exchange and the UK Listing Authority and are traded on both the Irish Stock Exchange and the London Stock Exchange. Neither class of Preference Share is traded on a regulated market.

Each of the above classes of share enjoys the same rights to receive notice of, attend and vote at meetings of the Company.

Farmer Business Developments and Padraig Walshe will not vote on the Proposed Transaction.

**3. Major holdings in relevant Company securities**

(a) *Ordinary Shares*

As at the Latest Practicable Date, the Company had been notified of the following interests of Shareholders who own 3 per cent. or more of Ordinary Shares:-

<b>Name</b>	<b>Number of Ordinary Shares</b>	<b>% of Ordinary Shares *</b>	<b>% of Voting Shares</b>
Farmer Business Developments	8,531,948	24.62%	21.59%
FBD Trust Company Limited	2,984,737	8.61%	7.55%
FMR LLC	1,719,100	4.96%	4.35%
Schroders plc	1,716,564	4.95%	4.34%
M&G Investment Funds	1,066,993	3.08%	2.70%
Prudential plc group of companies	1,575,475	4.55%	3.99%

\*excluding Ordinary Shares held by the Company in treasury

*(b) Preference Shares*

As at the Latest Practicable Date, the interests of Shareholders who owned Preference Shares were as follows:-

*8% Non-Cumulative Preference Shares*

<b>Holder</b>	<b>No of Shares</b>	<b>% of Class</b>	<b>% of Overall Voting Shares</b>
Farmer Business Developments	1,470,292	41.62%	3.72%
FBD Trust Company Limited	2,062,000	58.38%	5.22%
<b>Total</b>	<b>3,532,292</b>	<b>100.00%</b>	<b>8.94%</b>

*14% Non-Cumulative Preference Shares*

<b>Holder</b>	<b>No of Shares</b>	<b>% of Class</b>	<b>% of Overall Voting Shares</b>
Farmer Business Developments	1,340,000	100.0%	3.39%
<b>Total</b>	<b>1,340,000</b>	<b>100.0%</b>	<b>3.39%</b>

**FBD Trust Company Limited**

As at the Latest Practicable Date, the interests of FBD Trust Company Limited in relevant Company securities were as follows:-

<b>Class of Voting Share</b>	<b>Existing Holding</b>	<b>% of Class</b>	<b>% of Overall Voting Shares</b>
Ordinary Shares	2,984,737	8.61%	7.55%
8% non-cumulative preference shares of €0.60	2,062,000	58.38%	5.22%
<b>Total Voting Shares</b>	<b>5,046,737</b>		<b>12.77%</b>

**4. Material contracts**

Save as disclosed in Part II of this document, no member of FBD Group has entered into any contracts (other than contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this document, which are or may be material and which constitutes information which Shareholders would reasonably require to make a properly informed assessment of how to vote on the Resolution and there are no other contracts (not being contracts entered into in the ordinary course of business) which contain any provision under which any member of FBD Group has any obligation or entitlement which may be material and which constitutes information which

Shareholders would reasonably require to make a properly informed assessment of how to vote on the Resolution.

## **5. Significant changes**

Save for the Capital Investment, there has been no significant change in the financial or trading position of the Company since 30 June 2015 being the end of the last financial period for which either audited or interim financial information has been published.

## **6. Consents**

- (a) Shore Capital has given and has not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they are included.
- (b) Goodbody Stockbrokers has given and has not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they are included.
- (c) Computershare Investor Services (Ireland) Limited has given and has not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they are included.

## **7. Documents available for inspection**

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Dillon Eustace, 33 Sir John Rogerson's Quay, Dublin 2, Ireland, from the date of this document up to and including the date of the EGM and for the duration of the EGM:

- (a) the Transaction Agreement;
- (b) the memorandum and articles of association of the Company;
- (c) the Half Yearly Results;
- (d) the consolidated audited statement of financial position of the FBD Holdings for the years ended 31 December 2013 and 2014;
- (e) the written consents referred to in paragraph 6 above; and
- (f) this Circular.



## DEFINITIONS

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

<b>B-ICULN or Loan Notes</b>	the B-Irredeemable Convertible Unsecured Loan Note of Property & Leisure held by the Company
<b>B Shares</b>	the 10,000 'B' Ordinary Shares in Property & Leisure held by the Company to be sold to Farmer Business Developments as part of the Proposed Transaction
<b>'B' Ordinary Shares</b>	'B' ordinary shares of €1.00 each in Property & Leisure
<b>Board or Directors</b>	the directors of the Company
<b>Capital Investment</b>	the issue by FBD Insurance, on 23 September 2015, of a 11.66% per annum, €70 million, 10 year, tier 2 debt instrument to Fairfax in connection with which it has also been agreed with Fairfax that, subject to the execution of a final, definitive agreement between, inter alios, the Company and Fairfax, and Shareholder approval, the foregoing tier 2 debt instrument will be amended such that it becomes a Convertible Bond of FBD Insurance or exchanged for a Convertible Bond of the Company, in each case within 7 days of Shareholders granting any necessary approvals required in connection with the issue of the Convertible Bond
<b>Circular</b>	this document
<b>Company, FBD Holdings or FBD Holdings plc</b>	F.B.D. Holdings plc (company number 135882) whose registered office is at FBD House, Bluebell, Dublin 12, Ireland
<b>Completion</b>	completion of the Share Sale and the redemption of the B-ICULN pursuant to the Transaction Agreement
<b>Convertible Bond</b>	a €70 million, 10 year instrument, which will carry a coupon of 7.0% per annum payable semi-annually and which, unless previously redeemed, will be automatically convertible into Ordinary Shares at a price per share of €8.50 (subject to adjustment) upon certain conversion trigger events including, during the period from year 3 to year 10, in the event that the 30 day volume weighted average Company share price exceeds €8.50 for a period of 180 days
<b>Disclosure and Transparency Rules</b>	the Transparency Rules issued by the Central Bank of Ireland and the Disclosure and Transparency Rules made by the UK Listing Authority under Part VI of the Financial Services and Markets Act 2000
<b>Euro, EUR or €</b>	Euro, the lawful currency of Ireland
<b>Extraordinary General Meeting or EGM</b>	the extraordinary general meeting of the Company to be held at 11 a.m. on 22 October 2015 at Irish Farm Centre, Bluebell, Dublin 12, Ireland, notice of which is set out at the end of this

	document
<b>Fairfax</b>	Fairfax Financial Holdings Limited
<b>Farmer Business Developments</b>	Farmer Business Developments plc (company number 122382) whose registered office is at Irish Farm Centre, Bluebell, Dublin 12, Ireland
<b>FBD Group</b>	FBD Holdings plc and its subsidiary undertakings
<b>FBD Insurance</b>	F.B.D. Insurance plc (company number 25475) whose registered office is at FBD House, Bluebell, Dublin 12, Ireland
<b>FBD Trust Company Limited</b>	F.B.D. Trust Company Limited (company number 50469) whose registered office is at FBD House, Bluebell, Dublin 12, Ireland
<b>Form of Proxy</b>	the form of proxy accompanying this document for use by Shareholders in connection with the EGM
<b>Goodbody Stockbrokers</b>	Goodbody Stockbrokers, of Ballsbridge Park, Ballsbridge, Dublin 4, the Company's financial adviser and Irish sponsor in relation to the Proposed Transaction
<b>Half Yearly Results</b>	the half yearly unaudited results of the Company for the six months ended 30 June 2015
<b>Latest Practicable Date</b>	2 October 2015 , being the latest practicable date prior to the publication of this Circular
<b>Listing Rules</b>	the listing rules of the Irish Stock Exchange and the listing rules of the UK Listing Authority
<b>Official List</b>	the Official List of the Irish Stock Exchange and the Official List of the UK Listing Authority
<b>Ordinary Shares</b>	ordinary shares of €0.60 each in the capital of FBD Holdings
<b>Preference Shares</b>	the 8% Non-Cumulative Preference Shares of €0.60 each and the 14% Non-Cumulative Preference Shares of €0.60 each in the capital of FBD Holdings, each individually a Preference Share
<b>Property &amp; Leisure</b>	FBD Property & Leisure Limited (company number 152819) whose registered office is at FBD House, Bluebell, Dublin 12, Ireland
<b>Property &amp; Leisure Group</b>	FBD Property & Leisure Limited and its subsidiary undertakings
<b>Proposed Transaction</b>	the proposed sale by the Company of its entire shareholding in Property & Leisure to Farmer Business Developments and the redemption by Property & Leisure of all of the B-ICULN held by the Company which constitutes a “related party transaction” under the Listing Rules and requires the approval of Shareholders at an Extraordinary General Meeting of the Company, as outlined in greater detail in Part II of this document

<b>Resolution</b>	the ordinary resolution to approve the Proposed Transaction to be proposed at the EGM, the full text of which is set out in the Notice of EGM at the end of this document
<b>Shareholder(s)</b>	holder(s) of Ordinary Shares and Preference Shares
<b>Shareholders' Agreement</b>	the share subscription and shareholders' agreement dated 23 August 2011 between the Company, Farmer Business Developments and Property & Leisure
<b>Shares</b>	ordinary shares of 60 cent each in the capital of the Company
<b>Shore Capital</b>	Shore Capital and Corporate Limited, of Bond Street House, 14 Clifford Street, London W1S 4JU, England, the Company's financial adviser and UK sponsor in relation to the Proposed Transaction
<b>Share Sale</b>	the sale by the Company of the B Shares in Property & Leisure to Farmer Business Developments
<b>Solvency II</b>	the Solvency II Directive (2009/138/EC), an insurance industry regulation agreed by the European Parliament in 2009
<b>Transaction Agreement</b>	the transaction agreement dated 23 August 2015 between (i) Property & Leisure, (ii) FBD Holdings, and (iii) Farmer Business Developments
<b>UK Listing Authority</b>	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the UK Financial Services and Markets Act 2000
<b>Voting Shares</b>	the Ordinary Shares and Preference Shares
<b>Voting Share Capital</b>	the Voting Shares in issue at the date of this document comprising 34,648,122 Ordinary Shares, 3,532,292 8% Non-Cumulative Preference Shares and 1,340,000 14% Non-Cumulative Preference Shares

## NOTICE OF EXTRAORDINARY GENERAL MEETING

### FBD Holdings plc

(Incorporated in Ireland. Registered number 135882)

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of the Company will be held at 11 a.m. on 22 October 2015 at Irish Farm Centre, Bluebell, Dublin 12, Ireland to consider and, if thought fit, pass the following Resolution as an ordinary resolution:

#### ORDINARY RESOLUTION

THAT the Proposed Transaction, the divestment by FBD Holdings plc of its joint venture interest in FBD Property & Leisure Limited and its subsidiary undertakings to Farmer Business Developments plc, pursuant to the Transaction Agreement (as defined in the circular to shareholders dated 5 October 2015, a copy of which has been produced to the meeting and initialled by the Chairman of the meeting for the purposes of identification only (the "**Circular**")), in the manner and on the terms and conditions of the Transaction Agreement and which, as described in the Circular, comprises a "related party transaction" under the Listing Rules, be and is hereby approved and that the Directors be and are hereby authorised to take all such steps as may be necessary or desirable in relation thereto and to carry the same into effect with such modifications, variations, revisions or amendments (providing such modifications, variations or amendments are not of a material nature) as they shall deem necessary or desirable.

BY ORDER OF THE BOARD

FBD House, Bluebell, Dublin 12, Ireland



Conor Gouldson  
Company Secretary  
5 October 2015

## Notes:

### 1. Conditions for participating in the EGM

Every shareholder, irrespective of how many FBD Holdings plc shares he/she holds, has the right to attend, speak, ask questions and vote at the EGM. Completion of a form of proxy will not affect your right to attend, speak, ask questions and/or vote at the meeting in person. The right to participate in the EGM is subject to the registration of the shares prior to the record date for the meeting (the "Record Date") – see Note 3 following.

### 2. Appointment of proxy

If you cannot attend the EGM in person, you may appoint a proxy (or proxies) to attend, speak, ask questions and vote on your behalf. For this purpose a Form of Proxy has been sent to all registered shareholders. A proxy need not be a member of the Company. You may appoint the Chairman of the Company or another individual as your proxy. You may appoint a proxy by completing the Form of Proxy, making sure to sign and date the form at the bottom and return it in the pre-paid envelope provided to the Company's Registrar, Computershare Investor Services (Ireland) Limited, P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland to be received no later than 11 a.m. on 20 October 2015. If you are appointing someone other than the Chairman as your proxy, then you must fill in the details of that person in the box located underneath the wording "I/We hereby appoint the Chairman of the Meeting OR the following person" on the Form of Proxy.

Alternatively, you may appoint a proxy via CREST, if you hold your shares in CREST, or you may do so electronically, by visiting the website of the Company's Registrar at [www.eproxyappointment.com](http://www.eproxyappointment.com). You will need your shareholder reference number, control number and your PIN number, which can be found on the Form of Proxy.

To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 11 a.m. on 20 October 2015. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Companies Act, 1990 (Uncertificated Securities) Regulations 1996.

If you appoint the Chairman or another person as a proxy to vote on your behalf, please make sure to indicate how you wish your votes to be cast by ticking the relevant boxes on the Form of Proxy.

Completing and returning a Form of Proxy will not preclude you from attending and voting at the meeting should you so wish.

### 3. Record date for EGM

Pursuant to Regulation 14 of the Companies Act, 1990 (Uncertificated Securities) Regulations, 1996, the Company has specified that only those Shareholders registered in the Register of Members as at 6 p.m. on the day which is two days before the date of the meeting shall be entitled to attend or vote at the EGM in respect of the number of shares registered in their name at that time. Changes in the Register after that time will be disregarded in determining the right of any person to attend and/or vote at the meeting or the number of votes any Shareholder may have in the case of a poll vote.

### 4. How to exercise your voting rights

As a Shareholder, you have several ways to exercise your right to vote:

By attending the EGM in person;

By appointing the Chairman or some other person as a proxy to vote on your behalf;

By appointing a proxy via the CREST System if you hold your shares in CREST.

In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other registered holder(s) and, for this purpose, seniority will be determined by the order in which the names stand in the register of members.

### 6. Right to ask questions

Pursuant to section 1107 of the Companies Act 2014, shareholders have a right to ask questions related to items on the EGM agenda and to have such questions answered by the Company subject to any reasonable measures the Company may take to ensure the identification of shareholders.

### 7. Voting rights

As at 5 October 2015, being the date of this Circular, the Company's issued share capital consists of 35,461,206 Ordinary Shares of €0.60 each, 3,532,292 8% Non-Cumulative Preference Shares of €0.60 each, 1,340,000 14% Non-Cumulative

Preference Shares of €0.60 each and 13,169,428 “A” Ordinary Shares of €0.01 each. Of the 35,461,206 Ordinary Shares of €0.60 each in issue, 813,084 are held as treasury shares and have no voting rights. The “A” Ordinary Shares of €0.01 each in issue have no voting rights either. Accordingly, the total number of shares in issue in the Company having voting rights, of one vote per share, at 5 October is 39,520,414.

**8. How to request/inspect documentation relating to the meeting**

Section 7 of Part IV of the Circular to shareholders dated 5 October details the documents available for inspection prior to the Meeting. These documents are available and may be inspected during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Dillon Eustace, 33 Sir John Rogerson’s Quay, Dublin 2, Ireland up to and including the date of the EGM and at the EGM itself.

Should you not receive a Form of Proxy, or should you wish to be sent copies of any documents relating to the meeting, you may request these by telephoning the Company’s Registrar on +353 1 4475 101 or by writing to the Company Secretary either by post at FBD House, Bluebell, Dublin 12, Ireland or by e-mail to [company.secretary@fbd.ie](mailto:company.secretary@fbd.ie).

**9. Further information**

This EGM notice and Circular, details of the total number of shares and voting rights at the date of giving this notice, the documents to be submitted to the meeting, copies of any draft resolutions and a copy of the Form of Proxy are available on the Company’s website at [www.fbdgroup.com](http://www.fbdgroup.com).



