AJBell

AJ BELL PLC PROSPECTUS

November 2018

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you should immediately consult a person authorised for the purposes of the Financial Services and Markets Act 2000 (as amended) (''**FSMA**'') who specialises in advising on the acquisition of shares and others securities.

This document comprises a prospectus (the ''**Prospectus**'') relating to AJ Bell plc (the ''**Company**'') and has been prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (the ''**FCA**'') made under section 73A of FSMA and has been filed with the FCA. This document has been made available to the public as required by the Prospectus Rules.

Applications will be made to the FCA for all of the issued ordinary shares of £0.000125 each of the Company (the ''**Ordinary Shares**'') to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for such Ordinary Shares to be admitted to trading on its main market for listed securities. Admission to trading on the London Stock Exchange constitutes admission to trading on a regulated market. It is expected that Admission will become effective and that unconditional dealings will commence in the Ordinary Shares on the London Stock Exchange at 8.00 a.m. on 12 December 2018. No application has been made, or is currently intended to be made, for the Ordinary Shares to be admitted to listing or traded on any other stock exchange.

The Company and the Directors (whose names appear on page 32 of this Prospectus) accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

Prospective investors should read the entirety of this Prospectus and, in particular, the section entitled ''Risk Factors'' for a discussion of certain risks and other factors that should be considered in connection with any investment in Ordinary Shares. Prospective investors should be aware that an investment in Ordinary Shares involves a degree of risk and that, if some or all of the risks described in the ''Risk Factors'' occur, investors may find their investment materially adversely affected. Accordingly, an investment in the Ordinary Shares is only suitable for investors who are particularly knowledgeable in investment matters and who are able to bear the loss of the whole or part of their investment.

AJBell

AJ Bell plc

(incorporated in England and Wales under the Companies Act 2006 with registered number 04503206)

Prospectus

Offer of up to 108,079,845 Ordinary Shares at an Offer Price expected to be between 154 pence and 166 pence per Ordinary Share

Admission to the premium segment of the Official List and to trading on the London Stock Exchange

Sponsor, financial adviser, sole bookrunner and broker

Numis Securities Limited

ORDINARY SHARE CAPITAL IMMEDIATELY FOLLOWING ADMISSION
(assuming the Offer Price is set at the mid-point of the Indicative Price Range)

Ordinary Shares of £0.000125 each issued and fully paid

Number	Amount
406,516,420	£50,814.55

The Selling Shareholders intend to sell in aggregate up to 107,968,513 existing Ordinary Shares at the bottom of the Indicative Price Range and up to 108,079,845 existing Ordinary Shares at the top of the Indicative Price Range. The Company will not receive any of the proceeds of any sale of existing Ordinary Shares, all of which will be received by the Selling Shareholders. The Offer is conditional, *inter alia*, on Admission taking place on or before 8.00 a.m. on 12 December 2018 (or such later time and/or date as the Company and Numis may agree).

The Indicative Price Range is indicative only, it may change during the course of the Offer and the Offer Price may be set within, above or below the Indicative Price Range. The amount to be sold by the Selling Shareholders may be increased or decreased during the course of the Offer. A number of factors will be considered in determining the Offer Price, the amount to be received by the Selling Shareholders pursuant to the Offer and the basis of allocation to prospective investors, including the level and nature of demand for the Offer Shares during the bookbuilding process, the level of demand in the Qualifying Offer, the prevailing market conditions and the objective of establishing an orderly and liquid market in the Ordinary Shares following Admission. Unless required to do so by law or regulation, the Company does not envisage publishing any supplementary prospectus or a pricing statement, as the case may be, until announcement of the Offer Price. A pricing statement containing the Offer Price, confirming the number of Ordinary Shares which are the subject of the Offer and containing any other outstanding information is expected to be published on or around 7 December 2018.

Numis Securities Limited has been appointed as sponsor, financial adviser, sole bookrunner and broker in connection with Admission and the Offer. Numis, which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company and no one else in connection with the Offer and will not regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the Offer or any transaction or arrangement referred to in this Prospectus. Numis and its affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services to, the Company for which they would have received customary fees. Apart from the responsibilities and liabilities, if any, that may be imposed on Numis by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, Numis accepts no responsibility whatsoever for, and makes no representation or warranty, express or implied, as to the contents of, this Prospectus or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the Offer and nothing in this Prospectus will be relied upon as a promise or representation in this respect, whether or not to the past or future. Numis accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this Prospectus or any such statement. Numis has given and not withdrawn its consent to the issue of this Prospectus with the inclusion of the references to its name in the form and context to which they are included.

Recipients of this Prospectus may not reproduce or distribute this Prospectus, in whole or in part, and may not disclose any of the contents of this Prospectus or use any information in it for any purpose other than considering an investment in Ordinary Shares. Recipients of this Prospectus agree to the foregoing by accepting delivery of this Prospectus.

This Prospectus does not constitute, or form part of, any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities by any person in any circumstances in which such offer or solicitation is unlawful and, in particular, is not for distribution in Australia, Canada, Japan, New Zealand, the Republic of South Africa or the United States. The Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933 (the "**Securities Act**"), or with any securities regulatory authority of any state or jurisdiction of the United States or under applicable securities laws in Australia, Canada, New Zealand, Japan or the Republic of South Africa. Securities may not be offered or sold in the United States absent registration under the Securities Act or an exemption from such registration and the Ordinary Shares offered by this Prospectus may not be offered, sold, transferred, delivered or distributed, directly or indirectly, in any form, within or into the United States or for the account or benefit of any person with a registered address in, or who is resident or ordinarily resident in, the United States. The Ordinary Shares offered by this Prospectus are being offered and sold outside the United States in "offshore transactions" within the meaning of, and in reliance on, Regulation S under the Securities Act. No public offer or sale of the Ordinary Shares in the United States will be made.

The Ordinary Shares offered by this Prospectus have not been approved or disapproved by the SEC, any state securities commission in the United States or any other United States regulatory authority, nor have any such authorities passed upon, or endorsed the merits of, the Offer or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

Prior to making any decision as to whether to invest in the Ordinary Shares, prospective investors should read this Prospectus in its entirety. In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company, the Ordinary Shares and the terms of the Offer, including the merits and risks involved. Prospective investors also acknowledge that:

(i) they have not relied on Numis or any person affiliated with Numis in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; and

(ii) they have relied only on the information contained in this Prospectus.

No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been so authorised. Neither the delivery of this Prospectus nor any sale or purchase made under it shall, under any circumstances, create any implication that there has been no change in the business affairs of the Company or AJ Bell since the date of this Prospectus or that the information in this Prospectus is correct as of any time subsequent to its date.

None of the Company, Numis or any of their respective representatives is making any representation to any prospective investor in the Ordinary Shares regarding the legality of an investment in the Ordinary Shares by such prospective investor under the laws applicable to such prospective investor. The contents of this Prospectus should not be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal, financial or tax adviser for legal, financial or tax advice.

In connection with the Offer, Numis and any of its affiliates acting as an investor for its own account may purchase Ordinary Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in Ordinary Shares, any other securities of the Company or other related investments in connection with the Offer or otherwise. Accordingly, references in this Prospectus to Ordinary Shares being offered, sold, purchased or otherwise dealt with should be read as including any offer or sale to, or purchase or dealing by, Numis or any of its affiliates acting as an investor for its or their own account(s). Numis does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

NOTICE TO CERTAIN INVESTORS

The Ordinary Shares are subject to selling and transfer restrictions in certain jurisdictions. Prospective investors should read the selling and transfer restrictions described under paragraph 11 of Part 7 (*Details of the Offer*) of this Prospectus. Each investor in Ordinary Shares will be deemed to have made the relevant representations described in paragraph 11.2 of Part 7 (*Details of the Offer*) and paragraphs 4 of Part A or paragraph 6 of Part B of Part 8 (*Terms and Conditions of the Offer*) of this Prospectus as relevant.

The distribution of this Prospectus and the offer of the Ordinary Shares in certain jurisdictions may be restricted by law. Other than in the United Kingdom, no action has been or will be taken by the Company, the Selling Shareholders or Numis to permit a public offering of the Ordinary Shares or to permit the possession or distribution of this Prospectus (or any other offering or publicity materials in connection therewith).

In particular, no actions have been taken to allow for a public offering of the Ordinary Shares under the applicable securities laws of Australia, Canada, Japan, New Zealand, the Republic of South Africa or the United States. Accordingly, neither this Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with all applicable laws and regulations. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

INTERPRETATION

Certain terms used in this Prospectus are defined in Part 10 (*Definitions*) of this Prospectus.

All references to time in this Prospectus are to London time unless otherwise stated.

CONTENTS

SUMMARY

Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of the words 'not applicable'.

Section A – Introduction and warnings		
Element		
A.1	Warnings	This summary should be read as introduction to this Prospectus. Any decision to invest in the Ordinary Shares should be based on consideration of this Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Ordinary Shares.
A.2	Resale by financial intermediaries	Not applicable. The Company has not given consent to the use of this Prospectus for subsequent resale or final placement of securities by financial intermediaries.

Section B – Issuer		
Element		
B.1	Legal and Commercial Name	AJ Bell plc
B.2	Domicile/ Legal Form/ Legislation/ Country of Incorporation	The Company was incorporated as a private limited company in England and Wales, under the Companies Act 1985 with registered number 04503206. The principal legislation which the Company now operates is the Companies Act 2006. It is domiciled in the UK. The Company was re-registered as a public company on 16 November 2018.
B.3	Current Operations/ Principal Activities and Markets	The Company is the holding company of the Group. The Group provides online investment platforms and operates in both the advised and D2C segments of the platform market through its flagship platform propositions: AJ Bell Investcentre and AJ Bell Youinvest.

		In addition, AJ Bell offers three non-platform services: • AJ Bell Platinum: providing adviser-led and D2C pension administration services to customers with Platinum SIPP and SSAS accounts. • White label SIPP administration: branded to Barclays Smart Investor and Halifax Share Dealing. • AJ Bell Securities stockbroking: providing dealing, settlement and custody services to institutional investment businesses.
B.4a	Significant Trends	AJ Bell's growth is underpinned by the following structural growth drivers in UK savings and investment market: • Demographics: the UK has an ageing population which is living and working longer. A combination of factors in this regard will require people to be more actively engaged in savings and investment from an earlier age. • Government and regulatory: there is a greater impetus for personal responsibility for long term saving and self-provision as evidenced by the UK government's changes in relation to pension freedoms, auto-enrolment, LISA and ISA subscriptions. • Technology: development of technology through various distribution channels continues to improve accessibility and drive both customer growth and asset flows. • Financial: there is a growing awareness of the UK savings gap and the impact of the shift away from DB to DC schemes. Within the UK savings and investment market, there are a number of growth drivers the Company is exposed to, present in both the advised and D2C market segments, including: • consolidation of non-platform investments, in particular in ISAs and pensions, onto platforms; • ongoing consolidation of DC pensions by consumers; • existing customers getting wealthier; and • re-pricing and re-platforming by other providers resulting in customers becoming dissatisfied with the value and service of their current provider and looking at alternatives, giving opportunities for AJ Bell to gain new customers.

B.5 | Group Structure

AJ Bell plc is the parent company of the Group. The following table contains a list of the principal subsidiaries of AJ Bell as at the date of this Prospectus.

Name of subsidiary	**Principal activity**	**Country of Incorporation**	**Proportion of ownership interest and voting rights held**
AJ Bell Business Solutions Limited	Group administration and SASS administration	England and Wales	100%
AJ Bell Management Limited	SIPP and investment administration	England and Wales	100%
AJ Bell Securities Limited	Investment, dealing, custody and administration	England and Wales	100%
AJ Bell Media Limited	Media	England and Wales	100%
AJ Bell Asset Management Limited	Investment management services	England and Wales	100%

B.6 | Shareholders

As at the date of this Prospectus, the Company is aware that Andrew James Bell, Invesco, Seneca and Fergus Lyons hold, directly or indirectly, 3% or more of the issued share capital or voting rights of the Company.

Immediately prior to Admission, on completion of the Share Capital Reorganisation, Andrew James Bell, Invesco, Seneca and Fergus Lyons will hold, directly or indirectly, 3% or more of the issued share capital or voting rights of the Company (calculated using the Mid-point Assumptions).

Insofar as is known to the Company as at the date of this Prospectus, each of the following persons will, on Admission, be, directly or indirectly, interested in 3% or more of the issued share capital or voting rights of the Company. The indicative interests in the Ordinary Shares of Andrew James Bell[1], Invesco and Fergus Lyons[2] in the table below have been calculated using the Mid-point Assumptions.

	Interests immediately prior to Admission		**Ordinary Shares to be sold pursuant to the Offer**		**Interests immediately following Admission**	
Shareholder	**No. of Ordinary Shares**	**% of issued share capital**	**No. of Ordinary Shares**	**% of shareholding**	**No. of Ordinary Shares**	**% of issued share capital**
Invesco	179,835,024	44.2	76,250,054	42.4	103,584,970	25.5
Andy Bell	114,927,668	28.3	11,342,698	9.9	103,584,970	25.5
Fergus Lyons	23,080,308	5.7	3,168,023	13.7	19,912,285	4.9

Save for the Concert Party, the Company is not aware of any other person who, immediately following Admission, will, directly or indirectly, exercise control over the Company. Following Admission, no Shareholder will have any special voting rights over any Ordinary Shares and all Ordinary Shares will rank *pari passu* in all respects with all other Ordinary Shares.

1 Shares held as to 20.0% by Andy Bell, 4.7% by Blythe Investments, a company owned and controlled by Andy Bell and his wife Tracey Bell, and 0.7% by Blythe Family Trust, a discretionary trust of which Andy Bell and Tracey Bell are both settlors and trustees.

2 Shares held as to 3.2% by Fergus Lyons and 1.7% by Bestfield Investments, a company owned and controlled by Fergus Lyons and his wife Caroline Anne Lyons.

B.7 | Selected key historical financial information

The selected financial information set out below has been extracted without material adjustment from the historical financial information set out in Part 6 *(Historical Financial Information)* of this Prospectus:

Statement of profit or loss and other comprehensive income

	Year ended 30 September		
	2016 **£'000**	**2017** **£'000**	**2018** **£'000**
Revenue	64,466	75,576	89,691
Profit before tax	16,779	21,697	28,359

Statement of financial position

	As at 30 September		
	2016 **£'000**	**2017** **£'000**	**2018** **£'000**
Assets			
Total non-current assets	9,993	11,722	11,589
Current assets			
Trade and other receivables	17,738	22,172	20,075
Cash and cash equivalents	39,510	42,138	49,695
Total current assets	57,248	64,310	69,770
Total assets	67,241	76,032	81,359
Liabilities			
Total current liabilities	(11,693)	(13,634)	(15,511)
Total non-current liabilities	(1,760)	(1,036)	(1,812)
Total Liabilities	(13,453)	(14,670)	(17,323)
Net assets	53,788	61,362	64,036
Total equity	53,788	61,362	64,036

Statement of cash flows

	Year ended 30 September		
	2016 **£'000**	**2017** **£'000**	**2018** **£'000**
Net cash generated from operating activities	15,590	16,399	28,848
Net cash used in investing activities	(845)	(3,517)	(829)
Net cash used in financing activities	(11,553)	(10,254)	(20,462)
Net increase in cash and cash equivalents	3,192	2,628	7,557
Cash and cash equivalents at end of year	39,510	42,138	49,695

Non-IFRS financial measures and other metrics

	As at 30 September		
	2016	**2017**	**2018**
Unaudited			
AUA (£bn)	31.8	39.8	46.1
Platform retail customers (000)	117	141	183
Non-Platform retail customers (000)	23	23	15
Total retail customers (000)	140	164	198
Customer retention rate (%)	94.2	94.4	95.1

	Year ended 30 September		
	2016	**2017**	**2018**
PBT margin (%)	26.0	28.7	31.6
Revenue per £AUA (bps)	22.6	21.1	21.0

The unaudited non-IFRS financial measures and other metrics have been derived from the following sources:

- Management accounts for the relevant accounting periods presented;
- Internal financial reporting systems supporting the preparation of financial statements; and
- AJ Bell's other business operating systems and records.

The following significant changes to the Group's financial condition and results of operations occurred during the years ended 30 September 2016, 2017 and 2018:

- Revenues increased from £64.4 million in FY2016 to £75.6 million in FY2017, with a corresponding increase in profit before tax from £16.8 million in FY2016 to £21.7 million in FY2017. These increases reflect a combination of the increase in AUA, higher cash balances retained by customers and changes in the pricing structure in October 2016, together with growth in platform customers and higher dealing volumes. During the same period, administrative expenses increased from £47.7 million in FY2016 to £53.8 million in FY2017 as the Group continued to invest in head count and operational structures; and
- Revenues increased from £75.6 million in FY2017 to £89.7 million in FY2018. During the same period, profit before tax increased to £28.4 million in FY2018 from £21.7 million in FY2017. The increase in revenue in FY2018 again reflects a combination of the increase in AUA, and a higher rate earned and retained on cash following increases in UK base rate in November 2017 and August 2018, together with growth in platform customers and higher dealing volumes. The Group continued to invest in headcount and operational structures such that administrative expenses increased to £61.4 million in FY2018 from £53.8 million. Administrative expenses for FY2018 included exceptional costs of £1.8 million relating to the cost of the initial public offering.

There has been no significant change in the financial condition or results of operations of the Group since 30 September 2018, the end of the period covered by the selected historical financial information set out above, save for the payment of a final ordinary dividend of £8.8 million on 13 November 2018.

B.8	Selected *pro forma* financial information	Not applicable. No *pro forma* financial information is included within this Prospectus.
B.9	Profit forecast/ estimate	Not applicable. No profit forecast or estimate is included within this Prospectus.
B.10	Audit report – qualifications	Not applicable. The audit reports on the historical financial information contained in Part 6 *(Historical Financial Information)* of this Prospectus are not qualified.
B.11	Insufficient working capital	Not applicable. The Company is of the opinion that the working capital available to AJ Bell is sufficient for its present requirements, that is for at least the 12 months from the date of this Prospectus.

Section C – Securities		
Element		
C.1	Type and class of securities	The Offer comprises an offer of existing Ordinary Shares to certain qualifying customers of AJ Bell in the United Kingdom and to institutional investors. The Selling Shareholders will sell up to 108,079,845 Ordinary Shares pursuant to the Offer, representing in aggregate 26.6% of the issued share capital of the Company on Admission. The Offer Price and number of Offer Shares will be set out in the Pricing Statement which is expected to be published on 7 December 2018 and will be available on www.ajbell.co.uk. Each of the existing Ordinary Shares offered pursuant to the Offer will be credited as fully paid and free from all liens, encumbrances, charges and other interests. When admitted to trading, the Ordinary Shares will have an ISIN of GB00BFZNLB60, SEDOL number BFZNLB6 and will trade under the symbol "AJB".
C.2	Currency of Issue	British pounds sterling.
C.3	Issued Share Capital	As at the date of this Prospectus, the issued share capital of the Company has a nominal value of £51,566.82, comprising: 373,132,243 Ordinary Shares of £0.000125 each; 720,000 Non-Voting Ordinary Shares of £0.000125 each; 11,699,160 A Non-Voting Ordinary Shares of £0.000125 each; 10,425,216 X Non-Voting Ordinary Shares of £0.000125 each; 1,525,360 B Non-Voting Ordinary Shares of £0.000125 each; 1,805,328 C Non-Voting Ordinary Shares of £0.000125 each; 2,449,752 D Non-Voting Ordinary Shares of £0.000125 each; 8,823,920 E Non-Voting Ordinary Shares of £0.000125 each; and 1,953,600 F Non-Voting Ordinary Shares of £0.000125 each. On Admission and immediately following the Share Capital Reorganisation, the issued share capital of the Company will be £51,566.82, comprising 406,516,420 Ordinary Shares of £0.000125 each and 6,018,159 deferred shares of £0.000125 each (calculated using the Mid-point Assumptions). All shares in issue on Admission will be fully paid.

C.4	Rights attaching to the Ordinary Shares	The Ordinary Shares will rank equally for voting purposes. On a show of hands, each Shareholder has one vote, and on a poll, each Shareholder will have one vote per Ordinary Share held. Following Admission, no Shareholder will have any special voting rights over any Ordinary Shares. Each Ordinary Share will rank equally for any dividend declared. Each Ordinary Share will rank equally for any distributions made on a winding-up of the Company. Each Ordinary Share will rank equally in the right to receive a relative proportion of shares in the event of a capitalisation of reserves. Subject to the provisions of the Companies Act, any equity securities issued by the Company for cash must first be offered to Shareholders in proportion to their holdings of Ordinary Shares. The Companies Act allows for the disapplication of pre-emption rights which may be waived by a special resolution of the Shareholders, either generally or specifically, for a maximum period not exceeding five years. Except in relation to dividends which have been declared and rights on a liquidation of the Company, the Shareholders have no rights to share in the profits of the Company. The Ordinary Shares will not be redeemable. However, the Company may purchase or contract to purchase any of the Ordinary Shares on or off-market, subject to the Companies Act and the requirements of the Listing Rules.
C.5	Restrictions on transfer	Not applicable. The Ordinary Shares will be freely transferable and there are no restrictions on transfer.
C.6	Admission to trading	Applications will be made to the FCA for all of the Ordinary Shares to be admitted to the premium listing segment of the Official List of the FCA and to the London Stock Exchange for the Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. No application has been made or is currently intended to be made for the Ordinary Shares to be admitted to listing or trading on any other exchange.
C.7	Dividend Policy	The Company intends to announce dividends at the time of publication of its interim and annual results each year. It is expected that the Company will pay an interim ordinary dividend equal to approximately 40% of the prior year's total ordinary dividend payment (excluding any special dividends paid) and a final ordinary dividend, or second interim ordinary dividend, equal to approximately 65% of AJ Bell's full year profit after tax, less any interim ordinary dividends already paid in respect of that financial year. Any surplus capital accrued over and above regulatory requirements or other specific needs will be considered by the Board, from time to time and, if appropriate, will be returned to shareholders in an appropriate form and at an appropriate time. The Board may, however, revise the Company's dividend policy from time to time in line with the actual results of the Group. The ability of the Company to pay dividends is dependent on a number of factors, including market conditions, prospective investment opportunities and the Group's regulatory and financial requirements

		as assessed by the Board at the time. As a result, there can be no assurance that the Company will pay dividends or, if a dividend is paid, what the amount of such dividend will be.

Section D – Risks		
Element		
D.1	Key information on the key risks specific to the Issuer or its industry	AJ Bell's business is directly influenced by net inflows and AUA held in its Platform and Products, as well as transactions in securities held on the Platform or in the Products. Net inflows, AUA and transactions in securities are in turn affected by a number of factors that are outside AJ Bell's control, such as a general deterioration in the global and/or UK economy including as a result of uncertainty caused by the UK's exit from the EU and/or fluctuations in capital markets affecting investor confidence. AJ Bell operates in a competitive market and there is no guarantee that it will be able to grow or maintain its current market share or revenue margin. Further, there is no guarantee that its competitors will not make changes to their pricing structures to seek to win business from AJ Bell. AJ Bell's business is affected by changes in UK government policy and applicable regulations. Any such changes which are or are perceived to be negative for the Platform market could potentially increase or decrease fund inflows or outflows. Should AJ Bell fail to comply with applicable regulations, or if applicable regulations should change making compliance more onerous and costly for AJ Bell, this could result in adverse publicity, restrictions on business activities or key personnel and fines and other penalties. There can be no guarantee that AJ Bell will continue its historic rate of growth, either as a failure to implement its growth strategy successfully or as a result of the cost of implementing that strategy. AJ Bell's operations are susceptible to cybercrime and any actual or perceived incident resulting in the loss or misuse of data could significantly disrupt AJ Bell's operations and/or damage its reputation.
D.3	Key information on the key risks specific to the Ordinary Shares	Substantial future sales of Ordinary Shares, particularly once lock-in arrangements expire, could affect the market price of the Ordinary Shares. There is not currently a trading market for the Ordinary Shares and there can be no assurance that an active trading market will develop or, if one does develop, that it will be maintained. The trading price of the Ordinary Shares may fluctuate in response to various factors, many of which are outside AJ Bell's control. There are no guarantees that the Company will pay dividends or the level of any such dividends. The Company's ability to pay dividends depends on the continued payment to it of dividends and other income from the Subsidiaries.

Section E – Offer		
Element		
E.1	Net Proceeds/ Expenses	The Company will not receive any proceeds from the sale of the Offer Shares pursuant to the Offer. The total expenses incurred (or to be incurred) by the Company in connection with the Offer and Admission are estimated to be between £3.1 million and £3.6 million. Through the sale of the Offer Shares pursuant to the Offer, it is expected that the Selling Shareholders will receive, in aggregate, net proceeds of approximately £168.9 million (after deducting underwriting commissions of approximately £3.0 million and stamp duty) calculated using the Mid-point Assumptions. Each Selling Shareholder will also bear the amount of any stamp duty or SDRT chargeable on the sale of his, her or its Ordinary Shares. No commissions, fees or expenses will be charged to investors in connection with Admission or the Offer by the Company or the Selling Shareholders.
E.2a	Reasons for the offer	The Directors believe that the Offer and Admission will: ● further enhance the Company's profile and brand recognition with customers and advisers; ● extend the Company's shareholder base to a wider group of institutional shareholder and AJ Bell customers; ● assist in the recruitment, retention and incentivisation of all employees; and ● support AJ Bell's growth strategy. The Offer and Admission will also provide liquidity for the Selling Shareholders, enabling them to realise part of their investment in the Company.
E.3	Terms and Conditions of the Offer	The maximum size of the Offer comprises 108,079,845 Offer Shares. The exact number of Offer Shares to be sold in the Offer will depend on, among other things, the Offer Price and the level of demand for Offer Shares from investors. The actual number of Offer Shares to be sold by the Selling Shareholders in the Offer will only be determined at the time the Offer Price is determined. Updated information will be published in the Pricing Statement. All Offer Shares will be sold at the Offer Price. Under the Offer, the Offer Shares are being offered for sale to certain qualifying customers of AJ Bell, and certain institutional and other investors in the United Kingdom and elsewhere outside the United States in reliance on Regulation S under the Securities Act. Admission is expected to become effective, and dealings in the Ordinary Shares are expected to commence on the London Stock Exchange's main market for listed securities, at 8.00 a.m. on 12 December 2018. The Offer is subject to the satisfaction of conditions contained in the Underwriting and Sponsor Agreement. These conditions include conditions which are customary for transactions of this type (including Admission becoming effective by no later than 8.00 a.m. on 12 December 2018 (or such later time and/or date as the

		Company and Numis may agree, not being later than 8.00 a.m. on 21 December 2018) and the Underwriting and Sponsor Agreement not having been terminated prior to Admission). The Institutional Offer will be fully underwritten by Numis in accordance with the terms of the Underwriting and Sponsor Agreement. In the event that the Company and Numis receive applications in excess of the number of Ordinary Shares available pursuant to the Offer, applications will be scaled back and allocations finally determined by the Board in accordance with an allocation policy to be determined by the Company and Numis.
E.4	Material Interests	There are no interests known to the Company that are material to the Offer or Admission or which are conflicting interests.
E.5	Selling Shareholder/ Restricted sale arrangements	Up to 108,079,845 Offer Shares will be sold by the Selling Shareholders pursuant to the Offer. For a 90 day period from and including the date of Admission, the Company has agreed that it will not issue any Ordinary Shares except pursuant to employee share plans. Invesco and Seneca are subject to a 180 day lock-in period in respect of their shareholding from the date of Admission. The Non-Employee Selling Shareholders are subject to a 180 day lock-in period from the date of Admission in respect of their shareholding at Admission (but excluding any Ordinary Shares they may purchase pursuant to the Qualifying Offer). The Employee Selling Shareholders are subject to a one year lock-in period for 100% of their shares and a two year lock-in period in respect of 50% of their shares from the date of Admission. In the case of the Management Selling Shareholders, this lock-in is inclusive of any Ordinary Shares they may purchase pursuant to the Qualifying Offer, but in the case of the other Employee Selling Shareholders this lock-in excludes any Ordinary Shares they may purchase pursuant to the Qualifying Offer. Each of the Selling Shareholders has agreed that they will not, during the relevant lock-in period, dispose of any interest in any Ordinary Shares they own or any rights to such Ordinary Shares which are subject to the lock-in arrangements. The lock-in arrangements summarised above are subject to certain customary exceptions. Numis may, in its sole discretion, waive all or part of these lock-in arrangements in respect of Invesco, Seneca and the Directors. The Company may waive all or part of these lock-in arrangements in respect of the Senior Managers, provided that if the waiver is in relation to the first year of the lock-in period the Company first obtains the consent of Numis. The Company may, in its sole discretion and having notified Numis, waive all or part of these lock-in arrangements in respect of the Other Selling Shareholders.
E.6	Dilution	Not applicable. The Company is not issuing any new Ordinary Shares in the Offer.
E.7	Estimated expenses charged to investor	Not applicable. No expense will be charged by the Company or the Selling Shareholders to any investor who purchases Ordinary Shares in the Offer.

RISK FACTORS

Investing in and holding Ordinary Shares involves financial risk. Prior to investing in the Ordinary Shares, prospective investors should consider carefully the factors and risks associated with any such investment in the Ordinary Shares, AJ Bell's business and the industry in which it operates, together with all other information contained in this Prospectus (including, in particular, the risk factors described below).

Prospective investors should note that the risks relating to AJ Bell, its business and industry and the Ordinary Shares summarised in the section of this Prospectus entitled "Summary" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which AJ Bell faces relate to events, and depend on circumstances, that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Prospectus entitled "Summary" but also, among other things, the risks and uncertainties described below.

The risks and uncertainties described below represent those that are known to the Directors and which they consider to be material as at the date of this Prospectus. However, the risks and uncertainties described below do not comprise an exhaustive list and do not necessarily include or explain all of the risks associated with AJ Bell, its business and the industry within which it operates and should be used as guidance only. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materialising or of the scope of any potential harm to AJ Bell's business, prospects, results of operation and/or financial position.

Additional risks and uncertainties not presently known to the Directors, or that the Directors currently consider to be immaterial, may individually or cumulatively also have a material adverse effect on AJ Bell's business, prospects, results of operations and/or financial position. If any or a combination of these risks actually occurs, the business, prospects, results of operations and/or financial position of AJ Bell's business could be materially and adversely affected. In such case, the market price of the Ordinary Shares could decline and investors may lose all or part of their investment. Investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in the light of the information in this document and their personal circumstances.

RISKS RELATING TO AJ BELL AND AJ BELL'S INDUSTRY

1. *AJ Bell's business may be adversely affected by fluctuations in the capital markets as well as economic, political and market factors that are beyond AJ Bell's control*

AJ Bell's revenue and business performance are directly influenced by net inflows and AUA in AJ Bell's Platform and Products, as well as transactions in securities held on the Platform or in the Products. A general deterioration in the global economy, and the UK economy in particular, including as a result of uncertainty caused by the UK's exit from the EU (see the risk factor headed "*Regulatory and other changes resulting from the UK's exit from the EU could impact AJ Bell's results*" below for further information) may have a negative impact on the disposable income of customers and the amount of individual savings that are likely to be able to be invested, and managed, through the Platform or in the Products. AJ Bell generates a significant portion of its revenues in the form of charges levied on an annual or other recurring basis calculated by reference to the value of AUA on the Platform or in the Products.

Fluctuations in capital markets may adversely affect the value of AJ Bell's AUA from which AJ Bell derives revenues, as well as investor confidence. A dramatic or sustained decline in capital markets may: (i) reduce the value of the AUA; (ii) prompt customers not to allocate further savings to the Platform or the Products or to withdraw money previously invested and (iii) make it more difficult for financial advisers to attract new clients to manage using the Platform, all or any of which could have a material adverse effect on AJ Bell's business, results of operations and/or financial condition.

AJ Bell generates a significant portion of its revenues in the form of recurring ad-valorem charges derived from the AUA held on behalf of its customers. Recurring ad-valorem charges principally comprise custody fees and retained interest income. Custody fees are derived from the market value of retail customers' assets, based on asset mix and portfolio size. Retained interest income is derived from the level of customer cash balances, which are influenced by customers' assets mix, portfolio size and prevailing interest rates. Custody fees and retained interest income are therefore subject to both market and economic risks.

2. *The investment platform market is competitive and AJ Bell may lose market share or revenue margin*

AJ Bell's competitors include global, national and local financial services firms, insurance companies, investment platforms, asset and fund management firms as well as specialist SIPP and SSAS providers.

The market in which AJ Bell operates is characterised by: (i) continued improvements in operational infrastructure resulting from changes in financial adviser and customer requirements and preferences; (ii) frequent product, tax wrapper and functionality introductions which may require the deployment of new technologies and (iii) the emergence of new industry standards and practices.

There is no guarantee that AJ Bell will be able to continue to design, develop, implement or utilise information systems that provide the capabilities necessary for AJ Bell to compete effectively or to anticipate and respond to the demand for new platform functionality, features and technologies, or for new investment products and/or wrappers to be made available on the Platform, in each case in a timely and cost-effective manner or at all.

In addition, the UK platform and pension market remains cost-sensitive and there can be no assurance that AJ Bell's competitors will not reduce their fees, or rebalance their charging structures, in order to seek to win business from AJ Bell or increase market share. Any of these factors may result in financial adviser and customer losses, fund outflows or further downward pressure on the fees that AJ Bell is able to charge.

The UK platform market is becoming increasingly vertically integrated as financial services firms, asset managers and other platform operators seek to consolidate the customer-facing elements of the retail savings and investment process through acquisitions of financial advisory firms (and moving AUA from other platforms onto their own platforms). If this trend continues, then AJ Bell may lose advisory relationships and suffer fund outflows from its Platform or fail to secure fund inflows onto its Platform.

The loss or deterioration of AJ Bell's relationships with its financial advisers, particularly those responsible for placing significant investment business with AJ Bell Investcentre, could have a material adverse effect on AJ Bell's business, results of operations and/or financial condition.

Competition in the UK advised platform market may also intensify further in response to advisory and, to a lesser extent, customer demand. In addition, technological changes and advances (such as the advancement of automated low-cost advice solutions), the impact of further consolidation in the UK platform market and the wider financial services sector, regulatory change aimed at increasing competition in the market, the entry of new players into the market (for example if high street banks decided to invest in further developing existing platform propositions or creating new competing propositions) and the emergence of new tax wrappers and financial products, including as may be encouraged by the UK government, regulatory actions and the introduction of new regulatory requirements, either singly or in aggregate, may increase competitive pressures.

Any failure by AJ Bell to maintain the competitive position of its Platform in the market and to compete effectively in the UK platform market, could lead to a reduction in AJ Bell's margins, a loss of business or a failure to win new business, each of which could have a material adverse effect on AJ Bell's results of operations and financial condition.

3. *AJ Bell's business is subject to risks relating to changes in UK government policy and applicable regulations*

The UK platform market is sensitive to changes in the policy of the UK government and EU and UK regulators, such as the FCA. For example, certain policies have been implemented to: (i) provide savers with greater flexibility in accessing their pensions by removing the requirement to purchase an annuity; and (ii) widen ISA applicability, which changes, on the whole, have been positive for the platform industry.

The FCA published the Investment Platform Market Study assessing whether competition between investment platforms works in the interests of consumers.

Whilst the FCA has indicated that many aspects of the investment platform market work well, it is considering remedies for areas where competition does not work as well in the market.

The FCA's consultation on remedies for the market focuses on the following main areas:

- barriers to customers switching between investment platforms;
- the transparency of information available to customers wanting to shop around for a lower-cost platform to be able to make an informed decision;
- clarity of labelling of model portfolios with concern over similar labelling applying to portfolios with very different risks and volatility;
- clients holding too much cash and not having sufficient information to appreciate the lost investment opportunity;
- "orphan" clients who no longer have a financial adviser paying more than advised clients but with the functionality available to them being restricted; and
- the role of platforms (and the information made available by them) in driving competition between fund managers on pricing.

The FCA expects to publish its final report and recommendations in the first quarter of 2019, following the end of the consultation on its interim proposals on 21 September 2018.

Any new governmental policies or EU or UK regulatory requirements introduced in relation to the UK platform market (including as a result of the final report of the Investment Platform Market Study), or the introduction of any additional regulation or changes to existing regulation in relation to aspects of AJ Bell's business which are already regulated (or, indeed, the introduction of any new regulation in relation to aspects of AJ Bell's business which are not currently regulated), may, whether inadvertently or by design, have the effect of making the Platform or the Products either more or less attractive and, potentially, either increase or decrease fund inflows and outflows. Any changes which are negative for the Platform and Product markets, or perceived to be negative, could therefore have a material adverse effect on AJ Bell's prospects and growth strategy, as well as its business, results of operations and/or financial condition.

4. ***AJ Bell is subject to regulation and benefits from regulatory approvals. AJ Bell may fail, or be held to have failed, to comply with regulations and such regulations and approvals may change, making compliance more onerous and costly***

AJ Bell's operations are subject to authorisation and supervision from the FCA, and supervision from bodies such as HMRC, the Pensions Regulator and the ICO. Changes in the laws and regulations to which AJ Bell's operations are subject could have a material adverse effect on AJ Bell's business. AJ Bell's activities are already subject to supervision by the FCA but any changes in the regulatory requirements may increase AJ Bell's compliance costs and lead to an adverse impact on the financial performance of AJ Bell.

There has been an increased focus in the EU and the UK on the fair treatment of customers and the transparency with which the financial services industry sells and administers its products or services.

The FCA, or other regulators, could conclude that the Regulated Subsidiaries, or their employees, have breached applicable regulations or regulatory principles or have not undertaken corrective action as required, and commence regulatory proceedings which could result in a public reprimand to, or fines, customer redress and compensation or other regulatory sanctions being imposed upon, one or more entities within the Group or any of the Directors or certain of the Regulated Subsidiaries' employees. AJ Bell has not historically been subject to material regulatory proceedings, investigations nor had material fines or sanctions imposed upon it. However, regulatory proceedings could result in adverse publicity or negative perceptions regarding AJ Bell, restrictions on business activities or key personnel and fines and other penalties, any of which could result in a loss of revenues and profits, as well as diverting the attention of the Directors and Senior Managers from the day-to-day management of AJ Bell.

In addition, following Admission, AJ Bell will be subject to new obligations as a result of being listed and the Directors and other Senior Managers will need to devote time to ensure that AJ Bell complies with the new reporting obligations and corporate governance practices to which it will be subject. Such compliance will also incur legal, accounting and other expenses to which AJ Bell was not exposed as a private company. There is a risk that the requirements of being a listed public limited company will impose unexpected challenges for AJ Bell. Moreover, any material breach of the regulatory obligations referred to above following Admission could give rise to sanctions or censure, financial penalties and, potentially, have a material adverse impact on AJ Bell's reputation, which, in turn, could have a material adverse effect on AJ Bell's business, results of operations and/or financial condition.

5. ***AJ Bell may not achieve levels of growth consistent with those that it has achieved historically***

There is no guarantee that AJ Bell will in the future be able to continue to achieve the growth levels it has enjoyed to date or that it will be able to maintain its financial performance either at historical or anticipated future levels.

There is no guarantee that AJ Bell will be able to implement its strategy for growth successfully. AJ Bell may also incur significant costs attempting to implement its growth strategies and initiatives and the Directors and Senior Managers could be diverted away from existing business functions in attempts to implement these strategies and initiatives. This could lead to AJ Bell suffering reputational damage and a loss of financial advisers and customers and could have a material adverse effect on AJ Bell's business, results of operations and/or financial condition.

6. ***AJ Bell's operations are subject to strict data protection and privacy laws, breach of which could lead to substantial regulatory fines or data subject claims (including class actions)***

AJ Bell is subject to strict data protection and privacy laws in the UK including the Data Protection Legislation. As part of its business AJ Bell processes personal data (including financial adviser and customer data (including name, address and bank details)), and financial transaction and investment holding data. Such laws control AJ Bell's ability to collect and use personal information relating to both financial adviser users and customers of its Platform and Products and potential financial adviser users and customers, including the use of that information for marketing purposes. Other laws and contractual commitments control the protection of non-personal data, such as financial transaction and investment holding data.

AJ Bell's policies and procedures relating to Data Protection Legislation and data risk management, if not fully implemented and followed by personnel, may not be successful in mitigating the risk that data controlled by AJ Bell could be lost, damaged or compromised (either in breach of data protection laws or otherwise) so as to cause loss or market exposure.

If AJ Bell, or any of the third party service providers on which it relies, fails in future, or has historically failed, to process, store or transmit data in a secure manner, or if any loss or damage or compromise to personal data or financial transaction or investment holding data were otherwise to occur, AJ Bell could face liability (including in relation to (i) data protection laws, (ii) financial services regulations, (iii) sanctions and increased supervision by its regulators, and (iv) loss of market share and other financial loss).

7. ***AJ Bell's operations are susceptible to cybercrime and loss or misuse of data which could damage AJ Bell's reputation***

AJ Bell could be the target of cybercrime and other fraudulent activity, by cybercriminals and other actors (including state-sponsored groups). Failure or circumvention of AJ Bell's data and cyber security measures could result in loss, including as a result of any of the following: denial-of-service or other interruptions to AJ Bell's business operations; unauthorised access to AJ Bell's systems or data; unauthorised access to, and loss, damage or compromise of, data (including confidential or proprietary information about AJ Bell, third parties with whom AJ Bell does business, financial advisers and customers that use the Platform or Products, AJ Bell's proprietary systems or transaction or investment holding data); or viruses, worms, spyware or other malware being placed in AJ Bell's systems. Techniques used to obtain unauthorised access to, or sabotage, systems and data change frequently, are becoming ever more sophisticated and may not be known until launched against AJ Bell or its third party service providers; therefore AJ Bell may be unable to anticipate these incidents, or otherwise not have in place adequate preventative measures (including those which would enable it to recover from such an incident).

Any actual or perceived incident could significantly disrupt AJ Bell's operations; damage AJ Bell's reputation; expose it to a risk of loss (including loss of market share), fine, sanction or litigation and possible exposure to the liability and loss suffered by financial advisers and/or customers; require AJ Bell to incur significant expenditure and divert the attention of the Directors and Senior Managers from the day-to-day management of AJ Bell in order to seek to resolve problems caused by such incidents; and have a material adverse effect on AJ Bell's business, results of operations and/or financial condition.

8. ***Growing sophistication in financial crime and fraud techniques and/or any failure by AJ Bell to identify and prevent financial crime and fraud***

AJ Bell could be a target for actual and attempted financial crime and fraud arising from the actions of third parties, customers and staff. Some staff have access to customer accounts and may attempt to misappropriate funds from the Platform and Products. Customers or third parties may attempt to use the Platform and Products to facilitate financial crimes such as money laundering and tax evasion and may fabricate or misrepresent material facts to AJ Bell or fail to provide full disclosure in respect of an application or instruction.

If AJ Bell does not provide effective training to its employees, does not continue to develop counter-financial crime and fraud measures or otherwise fails to implement or maintain effective counter-financial crime and fraud procedures, practices and strategies, the ability of AJ Bell to combat financial crime and fraud could be adversely affected.

There is no guarantee that AJ Bell's proactive measures will be successful in the prevention or detection of financial crime and fraud and any failure to combat these matters effectively could adversely affect the profits of AJ Bell. Further, where AJ Bell's costs increase as a result of financial crime or fraudulent activity, AJ Bell may be required to increase its charges which could result in its pricing becoming uncompetitive, which could have a material adverse effect on AJ Bell's business, results of operations and/or financial condition.

9. ***Some of the technology underpinning the Platform and Products is provided by third parties and is licensed to AJ Bell***

AJ Bell is dependent on the use of third-party IT software and hosting service providers for the provision of material IT services.

The principal information technology systems underpinning the Platform and Products use software designed and written by third party IT companies who license that technology to AJ Bell and also provide AJ Bell with ongoing support and maintenance services. AJ Bell requires these systems in order to be able to continue administering the Platform and Products. As such, AJ Bell is reliant upon these third parties for the maintenance and repair of such systems and also their development, upgrading and scalability in a way which keeps pace with the market generally and the growth of AJ Bell.

Any interruption in the services provided by these third parties, failure due to lack of system capacity or deterioration in their performance could impair the availability and quality of AJ Bell's services to its customers and financial advisers. Furthermore, if the contracts with any of these third party providers were terminated, AJ Bell may not find alternative service providers on a timely basis or on as favourable terms or may suffer disruption as a result of the transition to the new service provider. The occurrence of any of these events could have a material adverse effect on AJ Bell's business, reputation and brand, sales, results of operations and/or financial condition. This reliance means AJ Bell is at risk of substantial business and financial loss if the third parties do not provide an adequate service, fail or decide to end the licence agreements for the technology underpinning the Platform and Products.

10. ***AJ Bell's operational infrastructure and business continuity may be affected by failures, damage, breakdown or interruption from events, some of which are beyond AJ Bell's control***

The successful operation of AJ Bell's business depends upon maintaining the integrity of AJ Bell's computer, communication and information technology systems. These systems and operations are potentially vulnerable to damage, breakdown or interruption from events, some of which are beyond AJ Bell's control, such as fire, flood and other natural disasters; power loss or telecommunications or data network failures; improper or negligent operation of AJ Bell's systems by employees or service providers, or unauthorised physical or electronic access; and interruptions to network or wider system integrity generally (including as a result of cyber-attacks by computer hackers or viruses and other types of security incident).

Modifications or upgrades to any information technology systems, including those provided by third parties, could result in an interruption to AJ Bell's business. The continued growth of AJ Bell and one off events causing a spike in demand for AJ Bell's services could result in a failure of AJ Bell's systems to cope with the capacity pressures placed on them.

While AJ Bell has capacity planning, ongoing monitoring, security measures and business continuity and disaster recovery plans designed to mitigate the effects of any such events, should they occur, there can be no guarantee that such measures or plans will protect AJ Bell from all potential damage, breakdown or interruption arising from any of the events described above.

The occurrence of any such damage, breakdown or interruption could cause material disruption to the operations of AJ Bell and harm its business, operating results, financial condition and reputation as well as deterring financial advisers and customer from using its services.

11. ***AJ Bell is reliant on its ability to attract and retain staff of sufficient skill levels to run and operate the business***

AJ Bell's continued success depends on its ability to attract and retain skilled financial services sector employees. If AJ Bell is unable to do so, this could result in a decline in the service levels provided to both the end customers and financial advisers and wealth managers who use the Platform and Products. This could cause a reduction in AUA or revenues and negative market perception. This perception could in turn lead to a failure to attract new customers to the Platform and Products and to retain existing customers.

The loss of a material number of staff and/or the failure to recruit sufficiently skilled staff could have a material adverse effect on AJ Bell's business, results of operations and/or financial condition.

12. ***AJ Bell may be materially adversely affected by mistakes and/or misconduct by its personnel, including non-compliance with regulatory procedures or by any errors or omissions in any work undertaken previously by such personnel***

AJ Bell's reputation is one of its most important assets. Its relationships with its customers, financial advisers, financial institutions, investors and other significant market participants are very important to its business, and it operates in an industry where integrity and trust and confidence of customers are paramount. In addition, AJ Bell operates in a heavily regulated sector.

AJ Bell's personnel may make errors or omissions during the course of providing AJ Bell's services, make misrepresentations, breach applicable laws or regulations in the course of their duties or engage in other improper acts.

AJ Bell has systems in place designed to mitigate and limit the impact of these risks; however, such systems may fail to detect or prevent such acts. Such acts by AJ Bell's personnel could lead to losses for both financial advisers and customers, litigation, reputational damage, regulatory action or financial costs where such costs are not covered by insurance or to other regulatory censures or restrictions both of AJ Bell and the individual employee concerned, including the suspension or withdrawal of any authorisations that the relevant employee may require in order to perform his or her duties. Similar risks may arise in connection with work undertaken historically by such personnel. Errors or omissions often do not come to light for some time after they occur. Any current or historical errors, omissions, breaches or misconduct by AJ Bell or its personnel in connection with the provision of its services, could have a material adverse effect on AJ Bell's business, results of operations and/or financial condition.

13. ***AJ Bell may require additional regulatory capital in the longer term, depending on factors such as regulatory changes. Such additional regulatory capital may not be available or may only be available on unfavourable terms***

AJ Bell is currently required to comply with the ICAAP regulations under CRD IV and CRR, as well as the FCA's regulatory capital rules and policy statements.

The ICAAP regulations require certain financial institutions, including AJ Bell, and in particular its Regulated Subsidiaries, to undertake an ICAAP assessment in order to demonstrate that they have appropriate systems and processes to ensure they maintain adequate capital resources, considering the risks faced by the business.

A firm's ICAAP assessment is then reviewed by the FCA who may require the firm to take remedial actions if it is not satisfied with the soundness of the assessment. The FCA may also impose a capital add-on, requiring the firm to increase the amount of capital it holds, if it is of the view that the internal assessment does not adequately reflect the prudential risks faced by the firm.

The European Commission has proposed further changes to European capital adequacy requirements to further strengthen the resilience of certain aspects of the financial sector by introducing more risk-sensitive capital requirements in a revised Capital Requirements Directive and Capital Requirements Regulation ("**CRD V**" and "**CRR II**"). It is however difficult to assess how these proposals may impact AJ Bell as these requirements are unlikely to become effective before the UK's planned exit from the European Union (see risk factor headed "*Regulatory and other changes resulting from the UK's exit from the EU could impact AJ Bell's results*" for further details).

AJ Bell is currently in compliance with its regulatory capital requirements. The FCA carried out a Capital Assessment (SREP review) and wrote to AJ Bell on 17 August 2017 to advise that it planned to carry out its next review within 36 months of the date of its letter although it may undertake further work, or expect AJ Bell to undertake additional work and to inform the FCA of this work if, for example, additional risks are identified or crystallise at any time. If AJ Bell's capital requirements in the longer term were to vary materially from those which the Directors currently anticipate, or if it becomes a requirement to hold regulatory capital in relation to other areas of AJ Bell's activities, AJ Bell might require financing. There can be no guarantee that AJ Bell will be able to raise additional funds, whether in the form of debt or equity, when needed or that such funds will be available on terms favourable to AJ Bell.

A number of factors, including conditions in the credit, debt and equity markets and general economic conditions, may make it difficult for AJ Bell to obtain additional financing or raise regulatory capital on favourable terms or at all. If, in the longer term, AJ Bell fails to raise additional funds when needed or to obtain such funds on favourable terms, it could have a material adverse effect on AJ Bell's business, results of operations and/or financial condition and its ability to make distributions in compliance with its dividend policy.

14. ***Regulatory and other changes resulting from the UK's exit from the EU could impact AJ Bell's results***

The ongoing uncertainty relating to the terms on which the UK will exit from the EU is giving rise to some delays or deferrals of investment decisions by businesses and individuals. This uncertainty is likely to continue until further progress is made in the negotiations and more clarity is obtained in relation to the precise terms on which the UK will leave the EU, and the likely form of its trading relationships with the EU and other countries going forward.

In addition, as a significant proportion of the current and anticipated regulatory regime applicable to AJ Bell in the UK is derived from EU Directives and Regulations, the UK exiting the EU could materially change the legal and regulatory framework applicable to AJ Bell's operations because AJ Bell is no longer required to adhere to these Directives and Regulations, including in relation to its regulatory capital requirements, which could result in higher operating costs and could have a material adverse effect on AJ Bell's business, financial condition and results of operations as a result of the changes in regulation.

15. ***Exposure to complaints and claims from third parties and clients***

AJ Bell may be subject to complaints or claims from customers and third parties in the normal course of business.

If a large number of complaints, involving substantial customer and third party losses, were upheld against AJ Bell, because it is found not to have discharged its duties properly, it could have a material adverse effect on AJ Bell's business, financial condition and results of operations.

When FCA regulated financial advisers make recommendations to retail clients on the choice of investment products, the FCA requires those advisers to consider the suitability of the proposed investments for the client in question. AJ Bell is also obliged, in compliance with its obligations under the FCA's Principles for Business and related guidance, to have regard to the assets it permits to be held in its Platform and Products, for its advised and execution-only customers. Over the period between 2009 and 2018, the FCA has clarified its expectations of product providers, in particular the need for SIPP providers to carry out due diligence on non-standard investments before accepting them, with the FCA expectations on what constitutes due diligence being spelt out more clearly.

There is currently a lack of certainty as to precisely what liability attaches to SIPP operators in respect of SIPP investments which they have accepted at different times in the past, which have subsequently performed poorly. This uncertainty may have increased following the dismissal of Berkeley Burke's claim for judicial review of the Financial Ombudsman Service's decision on a complaint involving the loss suffered by a customer arising from an investment which turned out to be fraudulent introduced by an unregulated adviser.

16. ***AJ Bell's operations are dependent on the wider financial services industry, power providers and telecommunications operators and any material failure in these financial services systems and AJ Bell's network infrastructure could materially adversely affect AJ Bell's ability to conduct its business***

AJ Bell is dependent on a number of data providers and stock exchanges to provide market prices, asset valuations and other information necessary for the operation of its business. In addition, AJ Bell pays fees to data providers in connection with its business. There can be no guarantee that any of these providers will be able to meet AJ Bell's needs or to continue to provide these services in an efficient, cost-effective manner, or at all. In the event that such providers of information fail to provide the information or fulfil their contractual obligations, as a result of events outside their control or otherwise, AJ Bell will not be able to make the relevant information available through its Platform, which could have a material adverse impact on its own service provision and, in turn, a material adverse effect on its business, results of operations and/or financial condition.

AJ Bell also depends on the capacity and reliability of its operational infrastructure, which is, to a certain extent, provided by a range of third party suppliers such as power providers and telecommunications operators that transmit AJ Bell's traffic over local and wide area networks and the internet. If any of these suppliers were unable to fulfil the terms of their contracts for any reason, or if they terminated their contracts with AJ Bell and AJ Bell could not replace them with alternative suppliers in a timely fashion and on favourable commercial terms, it could impair the quality of, or make it impossible for AJ Bell to deliver, its own services. In addition, the networks of public telecommunications operators may experience capacity constraints causing customers and financial advisers that use the Platform difficulty in accessing it. Any material or prolonged access constraints could consequentially have a material adverse effect on AJ Bell's reputation, and, in turn, a material adverse effect on its business, results of operations and/or financial condition.

17. ***AJ Bell is dependent upon the continued services of its Directors and other Senior Managers and other key employees for the growth and success of the business***

AJ Bell's operations are dependent upon the experience, skills and knowledge of its Directors, Senior Managers and other key employees who are the architects and implementers of AJ Bell's strategy and are important to its ability to attract and retain its customers, business and staff.

The loss of a significant number of Directors, Senior Managers and/or other key employees, or the inability to recruit suitably experienced, qualified and trained staff, as needed, may cause significant disruption to AJ Bell's business, which could have a material adverse effect on AJ Bell's business, results of operations and/or financial condition.

18. ***AJ Bell may make acquisitions that prove unsuccessful or strain or divert its resources***

While it is not AJ Bell's strategy to grow its business by acquiring other businesses and/or assets, AJ Bell may in the future make ad hoc acquisitions. Successful growth through future acquisitions is dependent upon AJ Bell's ability to identify suitable acquisition targets, conduct appropriate due diligence, negotiate transactions on favourable terms and ultimately complete such transactions and integrate customers into the business successfully.

If AJ Bell makes acquisitions, there can be no guarantee that it will be able to generate the expected margins or cash flows, or to realise the anticipated benefits of such acquisitions, including growth or expected synergies. There can be no assurance that AJ Bell's assessments of, and assumptions regarding, acquisition targets will prove to be correct, and actual developments may differ significantly from its expectations. AJ Bell may not be able to integrate acquisitions successfully into its business and integration may require more investment and effort than anticipated and divert resources from other priorities. In addition, AJ Bell could incur or assume unknown or unanticipated liabilities or contingencies with respect to customers, employees, suppliers or to other parties. The occurrence of one or more of these risks in respect of any future acquisitions could have an adverse effect on AJ Bell's business.

19. ***AJ Bell is exposed to the risk of changes in taxation legislation and its interpretation and to increases in the rate of corporation and other taxes applicable to financial institutions***

Changes in taxation legislation can affect investment behaviour, making investment generally, and specific kinds of investment products and tax wrappers in particular, either more or less appealing. AJ Bell cannot predict the impact of future changes made to taxation legislation on its business nor can it predict the impact of future changes made to tax law on the attractiveness of the tax wrappers and financial products that it makes available. Amendments to existing legislation (such as the withdrawal of tax reliefs, increases in tax rates or the introduction of new taxes) or the introduction of new rules may impact upon the way in which customers' investment portfolios are managed by customers or their advisers. Changes from time to time in the interpretation of existing tax laws, regulation, guidance and practice, amendments to existing tax rates, or the introduction of new tax legislation, regulation, guidance and practice could have a material adverse effect on AJ Bell's business and financial condition.

In addition, all of the tax wrappers offered by AJ Bell are based upon, and subject to, current tax law, which is influenced by UK government. There can be no assurance that tax law and associated government policy will stay the same in the future and material changes in such laws and policies could have an impact on the levels of AUA held in such wrappers. This, in turn, could have a material adverse effect on AJ Bell's business and financial condition.

Furthermore, AJ Bell's activities are conducted within the UK and it is therefore subject to a range of UK corporation taxes at various rates. Future actions by the UK government to increase corporation tax rates or to impose new or additional taxes, would reduce AJ Bell's profitability. Revisions to tax legislation, or to its interpretation, might also affect AJ Bell's financial condition in the future.

20. ***Increases in the amounts that AJ Bell is required to contribute to compensation schemes in the UK in respect of authorised financial services firms that are unable to meet their obligations to clients could adversely affect its business***

In the UK, the FSCS can pay compensation to clients if a PRA or FCA-authorised firm is unable, or likely to be unable, to pay claims against it (for instance, an authorised bank is unable to pay claims by depositors). The FSCS is funded by levies on firms authorised by the PRA or FCA.

AJ Bell pays levies to the FSCS based on its revenue to enable them to meet claims under such schemes.

There can be no assurance that changes will not be made to the current levies made on AJ Bell, nor that new or additional levies will not be introduced. Were this to occur, it could lead to periods of uncertainty until the new arrangements, and levies, were finalised as well as involve AJ Bell in incurring additional costs and liabilities which may adversely affect AJ Bell's operating results, financial condition and prospects.

21. *AJ Bell may suffer losses and its insurance arrangements may not be adequate*

Although AJ Bell maintains appropriate insurance cover that includes property damage and business interruption, there can be no guarantee that a claim or claims will be covered by insurance or, if covered, will not exceed the limits of available insurance coverage, or that any insurer will remain solvent and will meet its obligations to provide AJ Bell with coverage or that insurance coverage will continue to be available with sufficient limits at a reasonable cost.

Renewals of insurance policies may expose AJ Bell to additional costs through higher premiums or the assumption of higher deductibles or claims thresholds. The future costs of maintaining insurance cover or meeting liabilities not covered by insurance could have a material adverse effect on AJ Bell's business, results of operations and/or financial condition.

RISKS RELATING TO THE OFFER AND THE ORDINARY SHARES

22. *There has been no public trading market for the Ordinary Shares, and an active trading market may not develop or be sustained*

Prior to Admission, there will have been no public trading market for the Ordinary Shares and Admission should not be taken as implying that there will be a liquid market for the Ordinary Shares. An active trading market for the Ordinary Shares might not develop or, if developed, might not be sustained. If an active and liquid trading market is not developed or sustained, the liquidity and trading price of the Ordinary Shares could be materially adversely affected and investors may have difficulty selling their Ordinary Shares. Even if an active trading market develops, the market price for the Ordinary Shares may fall below the Offer Price, perhaps substantially and for a substantial period. As a result of fluctuations in the market price of the Ordinary Shares, investors may not be able to sell their Ordinary Shares at or above the Offer Price, or at all.

23. *The price of the Ordinary Shares may fluctuate in response to a number of factors, many of which may be out of AJ Bell's control, and investors could lose all or part of their investment*

Publicly traded securities from time to time experience significant price and trading volume fluctuations that may be unrelated to the operating performance of the company that issued them. The market price of the Ordinary Shares may prove to be volatile, which may prevent Shareholders from being able to sell their Ordinary Shares at or above the price they paid for them. The market price for the Ordinary Shares could fluctuate for various reasons, many of which are outside AJ Bell's control. These factors could include: variations in operating results in AJ Bell's reporting periods; cyclical fluctuations in the performance of AJ Bell's business; changes in financial estimates by securities analysts; changes in market valuations of similar companies; announcements by AJ Bell or its competitors of significant contracts, acquisitions, joint ventures or capital commitments; speculation, whether or not well-founded, regarding the intentions of AJ Bell's major Shareholders or significant sales of shares by any such Shareholders or short selling of the Ordinary Shares; speculation, whether or not well-founded, regarding possible changes in AJ Bell's management team; additions or departures of key employees; any shortfall in revenue or net profit or any increase in losses from levels expected by securities analysts; and future issues or sales of Ordinary Shares. Any or all of these events could result in a material decline in the price of the Ordinary Shares. Investors may not be able to sell their Ordinary Shares at or above the Offer Price, or at all.

24. ***The issue of additional shares in the Company in connection with future growth opportunities, any share incentive or share option plan or otherwise will in certain circumstances dilute all other shareholdings***

AJ Bell may seek to raise financing to fund future other growth opportunities. AJ Bell may, for these and other purposes, such as in connection with share incentive and share option plans, issue additional equity or convertible equity securities. To the extent that such issues take place on a non-pre-emptive or partially non-pre-emptive basis, the Company's shareholders will suffer dilution in their percentage ownership and/or the price of the Ordinary Shares may be adversely affected. All growth initiatives planned by the Company, and set out in the description of the Group's strategy, are fully funded for at least the next 12 months.

25. ***Holders of Ordinary Shares in jurisdictions outside the UK may not be able to exercise their pre-emption rights unless the Company decides to take additional steps to comply with applicable local laws and regulations of such jurisdictions***

In the case of certain increases in the Company's issued share capital, the Company's existing Shareholders are generally entitled to pre-emption rights pursuant to the Companies Act unless such rights are waived by a special resolution of the Shareholders. However, holders of Ordinary Shares outside the UK may not be able to exercise their pre-emption rights over Ordinary Shares unless the Company decides to comply with applicable local laws and regulations. The Company cannot assure any Shareholders outside the UK that steps will be taken to enable them to exercise their pre-emption rights, or to permit them to receive any proceeds or other amounts relating to their pre-emption rights.

26. ***Future substantial sales of Ordinary Shares, or the perception that such sales might occur, could depress the market price of the Ordinary Shares***

Following the expiry of the lock-in arrangements (described in paragraph 10 of Part 7 (*Details of the Offer*) of this Prospectus), the Selling Shareholders, the Company or one or more of the Directors could sell a substantial number of Ordinary Shares in the public market. Such sales, or the perception that such sales could occur, may materially adversely affect the market price of the Ordinary Shares. This may make it more difficult for Shareholders to sell their Ordinary Shares at a time and price that they deem appropriate, and could also impede the Company's ability to issue equity securities in the future. During the periods immediately prior to and following the end of the periods of sales restriction provided for by these lock-in arrangements, the market price of the Ordinary Shares may fall in anticipation of a sale of Ordinary Shares. Following the expiry of these arrangements, there will be no contractual restriction on the sale of the Ordinary Shares owned by the Shareholders who were previously subject to them. AJ Bell cannot predict whether a substantial number of Ordinary Shares in addition to those which will be available in the Offer will be sold in the open market following the expiration or waiver of these restrictions. In particular, there can be no assurance that after the restrictions expire, such Shareholders will not reduce their holdings of the Ordinary Shares.

27. ***The Company's ability to pay dividends in the future depends, among other things, on AJ Bell's financial performance and is therefore not guaranteed***

The ability of the Company to pay a dividend on the Ordinary Shares is limited under English law to the extent that it has distributable reserves available for this purpose.

28. ***Exchange rate fluctuations may impact on the value of and the investment in the Ordinary Shares or any dividends in foreign currency terms***

The Ordinary Shares will be quoted and any dividends to be paid in respect of them will be paid in pounds sterling. An investment in Ordinary Shares by an investor in a jurisdiction whose principal currency is not pounds sterling exposes the investor to foreign currency exchange rate risk. Any depreciation of the pound sterling in relation to such foreign currency will reduce the value of the investment of the Ordinary Shares or any dividends in foreign currency terms.

PRESENTATION OF INFORMATION

PART A: PRINCIPAL CHANGES TO THE REGISTRATION DOCUMENT

This Prospectus contains the information from the Registration Document published by AJ Bell plc on 8 November 2018 and updates and replaces the Registration Document in full. Set out below is a summary of the principal changes made to the Registration Document. This summary of principal changes is no substitute for reading this Prospectus as a whole. Any investor participating in the Offer should invest solely on the basis of consideration of this Prospectus as a whole together with any supplement thereto and the Pricing Statement.

1 Additional Information

The following sections contain information not included in the Registration Document:

(A) Summary

(B) Expected Timetable of Principal Events

(C) Offer Statistics

(D) Part 5 *(Capitalisation and Indebtedness)*

(E) Part 7 *(Details of the Offer)*

(F) Part 8 *(Terms and Conditions of the Offer)*

2 Principal changes

The following principal changes have been made to the contents of the Registration Document. The Prospectus otherwise contains information extracted without material amendment from the Registration Document.

A. RISK FACTORS: additional risks relating to the Offer and the Shares have been included in this Prospectus (see risk factors 22 to 28 on pages 23 and 24).

B. DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS: details of the Sponsor, Sponsors' solicitors, advisers to the Company on the Qualifying Offer and the Company's Registrars have been included in this section.

C. PART 3 DIRECTORS, SENIOR MANAGERS AND CORPORATE GOVERNANCE: this section has been updated to include details of the Concert Party, including its aggregate shareholding immediately following Admission, its maximum potential control position and the obligations under the City Code, in particular Rules 9 and 37, as a result of the Concert Party holding between 30% and 50% of the voting rights in the Company.

D. PART 9 ADDITIONAL INFORMATION: this section has been updated as follows:

   a. to reflect completion of the Share Capital Reorganisation, in particular to show the resulting changes in the Directors' and Senior Managers' Interests and the major shareholders in paragraphs 7.1 and 7.5;

   b. to include details of options granted, and share awards made, to Directors and Senior Managers following the publication of the Registration Document in paragraph 7.3;

   c. to include the Company's material contracts in paragraph 11, specifically the Relationship Agreement, and the Underwriting and Sponsor Agreement; and

   d. to include reference to the dividend of £8.8 million paid on 13 November 2018 in paragrah 13.

PART B: PRESENTATION OF FINANCIAL AND OTHER INFORMATION

1. GENERAL

No person has been authorised to give any information or to make any representations other than those contained in this Prospectus in connection with the Company and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company or the Directors. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media or any other person regarding the Company or the Group.

The contents of this Prospectus are not to be construed as legal, business or tax advice. This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company or the Directors or any of the Company's affiliates and representatives that any recipient of this Prospectus should subscribe for or purchase any securities that may be issued by the Company. Investors seeking to make an informed assessment of an investment in any such securities that may be issued by the Company are advised to read the whole prospectus and in particular the risk factors included therein and herein.

The delivery of this Prospectus shall not, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or the Group since the date of this Prospectus or that the information contained in this Prospectus is correct as at any time subsequent to its date. As required by the Prospectus Rules, the Company will update the information provided in this Prospectus by means of a supplement to it if a significant new factor that may affect the evaluation by prospective investors of the Group occurs or if this Prospectus contains any material mistake or inaccuracy. Any supplement to this Prospectus will be subject to approval by the FCA and will be made public in accordance with the Prospectus Rules.

2. PRESENTATION OF FINANCIAL INFORMATION AND NON-FINANCIAL OPERATING DATA

2.1 Historical financial information

The historical financial information in Part 6 (*Historical Financial Information*) of this Prospectus has been prepared in accordance with the requirements of the Prospectus Directive Regulation, the Listing Rules and in accordance with IFRS. The basis of preparation is explained in more detail in Part 6 (*Historical Financial Information*) of this Prospectus.

The financial information included in this Prospectus includes some measures that are not recognised under IFRS and are unaudited. The Directors believe that each of these non-IFRS measures provides useful information with respect to the performance of the Group's business and operations. Prospective investors should not consider such non-IFRS measures as an alternative to the IFRS measures included in the Group's historical financial information.

The non-IFRS financial measures and other metrics, each as defined herein, may not be comparable to similarly titled measures presented by other companies as there are no generally accepted principles governing the calculation of these measures and criteria upon which these measures are based can vary form company to company. Even though the non-IFRS financial measures and other metrics are used by management to assess the Group's financial results and these types of measures are commonly used by investors, they have important limitations as analytical tools, and investors should not consider them in isolation or as substitutes for analysis of the Group's position or results as reported under IFRS.

These measures include:

- "AUA"

  is an operating metric that represents the value of assets whereby AJ Bell provides either an administration, custodian or transactional service;

- "Platform retail customers"

  is an operating metric that AJ Bell defines as customers of AJ Bell Youinvest and clients of advisers using AJ Bell Investcentre that have at least one funded account. A funded account is an account with a value of £0.01 or greater;

- "Non-Platform retail customers"

  is an operating metric that is defined as funded customers of AJ Bell Platinum and AJ Bell's white label SIPP administration services;

- "Total retail customers"

  is an operating metric that represents the sum of Platform retail customers and Non-Platform retail customers (non-funded customers, i.e. those with an account balance of zero, are not included in retail customer numbers);

- "Customer retention rate"

  is an operating metric based on the number of platform retail customers that have become unfunded during the year, as a percentage of the average monthly opening customers in the year. The resulting percentage of unfunded customers is deducted from 100% to give the percentage rate of customers that have retained a funded account;

- "PBT margin"

  represents profit before tax after deducting administration expenses, investment income and finance costs as a percentage of revenue;

- "Revenue per £AUA" or "revenue margin"

  represents revenue as a percentage of the average AUA in the year. Average AUA is calculated as the average of the opening and closing AUA in each quarter averaged for the year; and

- "Diluted EPS" represents profit after tax divided by the weighted average number of shares and unexercised options in issue during the period.

In this Prospectus, the financial years ended 30 September 2016, 30 September 2017 and 30 September 2018 are referred to as FY2016, FY2017 and FY2018, respectively.

2.2 Operational and statistical data

AJ Bell presents certain operational and statistical data in this Prospectus. Such data as presented in this Prospectus may not be comparable to similarly titled data presented by other companies operating in the platform industry and the method of calculation may differ across the platform industry. However, the Directors believe that such data is important to understanding AJ Bell's performance from period to period and that it may enable comparison with AJ Bell's competitors. This operational data is not intended to be a substitute for any IFRS measures of performance. The operational data is based on AJ Bell's estimates and is not part of AJ Bell's financial statements and has not been audited or otherwise reviewed by outside auditors, consultants or experts.

Unaudited operational information in relation to AJ Bell is derived from the following sources: (i) management accounts for the relevant accounting periods presented; (ii) internal financial reporting systems supporting the preparation of financial statements; and (iii) AJ Bell's other business operating systems and records. Management accounts are prepared using information derived from the accounting records used in the preparation of AJ Bell's historical financial information contained in Part 6 (*Historical Financial Information*) of this Prospectus, but may also include certain other assumptions and analyses.

2.3 Market, industry and economic data

Unless the source is otherwise identified, the market, economic and industry data and statistics in this Prospectus constitute Directors' estimates, using underlying data from third parties. The Company obtained market and economic data and certain industry statistics from internal reports as well as from third party sources as described in the footnotes to such information. The Company confirms that all third party information set out in this Prospectus has been accurately reproduced and that, so far as it is aware and has been able to ascertain from information published by the third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, the Company makes no representation or warranty as to the accuracy or completeness of such information as set out in this Prospectus. Such third party information has not been audited or independently verified. Where third-party information has been used in this Prospectus, the source of such information has been identified.

3. INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Company's control and all of which are based on the Directors' current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned" or "anticipates" or the negative of those terms, other variations on those terms or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the intentions, beliefs and current expectations of the Directors or AJ Bell concerning, among other things, the results of operations, financial condition, prospects, growth, strategies and dividend policy of the Company and the industries in which it operates.

In particular, the statements under the following headings, "*Risk Factors*" and Part 2 (*Information on the Company*) of this Prospectus regarding AJ Bell's strategy and other future events or prospects are forward-looking statements. These forward-looking statements and other statements contained in this Prospectus regarding matters that are not historical facts are not guarantees of future performance and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company and the Directors, are inherently subject to significant business, economic and competitive uncertainties and contingencies. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing AJ Bell. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. These risks and uncertainties include, but are not limited to, those described in the section of this Prospectus entitled "*Risk Factors*", which should be read in conjunction with the other cautionary statements that are included in this Prospectus.

The forward-looking statements contained in this Prospectus are made only as of the date of this Prospectus. The Company and the Directors expressly disclaim any obligation or undertaking to update these forward-looking statements contained in this Prospectus to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law (including but not limited to FSMA and the Market Abuse Regulation), the Prospectus Rules, the Listing Rules or the Disclosure Guidance and Transparency Rules.

4. INFORMATION NOT CONTAINED IN THIS PROSPECTUS

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been so authorised. Neither the delivery of this Prospectus nor any sale or purchase made under it, under any circumstances, will create any implication that there has been no change in the affairs of the Company or AJ Bell since the date of this Prospectus or that the information in this Prospectus is correct as of any time subsequent to the date of this Prospectus.

5. NO INCORPORATION OF WEBSITE INFORMATION

The contents of the Company's website, any website mentioned in this Prospectus or any website directly or indirectly linked to these websites have not been verified and do not form part of this Prospectus and investors should not rely on such information.

6. ROUNDING

Certain data contained in this Prospectus, including financial information, have been subject to rounding adjustments. As a result of this rounding, the totals of data presented in this Prospectus may vary slightly from the actual arithmetic totals of such data. In certain statistical and operating tables contained in this Prospectus, the sum of numbers in a column or a row may not conform to the total figure given for that column or row. Percentages in tables and elsewhere in this Prospectus may have been rounded and accordingly may not add up to 100%.

7. CURRENCIES

All references in this Prospectus to ''Pounds Sterling'', ''£'' or ''pence'' are to the lawful currency of the UK and references to ''Euro'' or ''EUR'' are to the lawful currency of the member states of the European Union that adopt the single currency in accordance with the EC Treaty. Unless otherwise indicated, the financial information contained in this Prospectus has been expressed in Pounds Sterling.

8. ADVICE

Prospective investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters. Prospective investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of shares. Prospective investors must rely upon their own representatives, including their own legal or financial advisers and accountants, as to legal, taxation, investment or any other related matters concerning the Company and an investment therein. Statements made in this Prospectus are based on the law and practice currently in force in England and Wales and are subject to changes therein.

9. CONSTITUTION

All Shareholders are entitled to the benefit of, and from the date of their adoption will be bound by, and are deemed to have notice of, the provisions of the Articles.

10. INTERPRETATION

Certain terms used in this Prospectus, including capitalised terms and certain technical and other items, are defined in the sections entitled *''Definitions''* and *''Glossary''.*

References to the singular in this Prospectus shall include the plural and vice versa where the context requires. Any references to time in this Prospectus are to London times unless otherwise stated.

DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	Leslie Michael Platts, *Non-Executive Chairman* Andrew James Bell, *Chief Executive Officer* Michael Thomas Summersgill, *Chief Financial Officer* Laura Martine Carstensen, *Non-Executive Director and Senior Independent Director* Eamonn Michael Flanagan, *Independent Non-Executive Director* Simon Turner, *Independent Non-Executive Director*
Company Secretary	Christopher Bruce Robinson
Registered and Head Office	4 Exchange Quay Salford Quays Manchester M5 3EE
Telephone Number	+44(0) 345 4089 100
Sponsor, financial adviser, sole bookrunner and broker	Numis Securities Limited 10 Paternoster Square London EC4M 7LT
Reporting Accountant	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL
Auditors to the Company	KPMG LLP 1 St Peter's Square Manchester M2 3AE
Solicitors to the Company	Pinsent Masons LLP 30 Crown Place Earl Street London EC2A 4ES
Solicitors to the sponsor, financial adviser, sole bookrunner and broker	Addleshaw Goddard LLP Milton Gate 60 Chiswell Street London EC1Y 4AG
Registrars	Link Asset Services The Registry 34 Beckenham Road Beckenham BR3 4TU
Financial public relations advisers to the Company	Instinctif Partners 65 Gresham Street London EC2V 7NQ
Advisers to the Company on the Qualifying Offer	Solid Solutions Associates 5 St Johns Lane London EC1M 4BH

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

All times are London time. Each of the times and dates in the table below is indicative only and is subject to change without further notice.

	Time and date
Publication of this Prospectus	27 November 2018
Latest time and date for receipt of completed applications from Qualifying Customers in respect of the Qualifying Offer	5.00pm on 5 December 2018
Latest time and date for receipt of indications of interest from institutional investors in respect of the Institutional Offer	5.00pm on 5 December 2018
Announcement of the Offer Price through a Regulatory Information Service, publication of the Pricing Statement and notification of allocations of Ordinary Shares(1)	7.00am on 7 December 2018
Commencement of conditional dealings in Ordinary Shares on the London Stock Exchange(2)	8.00am 7 December 2018
Admission and commencement of unconditional dealings in Ordinary Shares on the London Stock Exchange	8.00am 12 December 2018
CREST accounts credited with uncertificated shares	12 December 2018
Despatch of definitive share certificates (where applicable)(3)	21 December 2018

Notes:

1. The Pricing Statement will not be sent automatically to persons who receive this Prospectus but will (subject to certain restrictions) be available in electronic form at ajbell.co.uk. It will also be made available in printed form at the registered office of the Company and the offices of Pinsent Masons LLP at 30 Crown Place, Earl Street, London EC2A 4ES. If the Offer Price is set above or below the Indicative Price Range or the Indicative Price Range is revised, the Company will make an announcement via a Regulatory Information Service and prospective investors may have a statutory right to withdraw their application for Ordinary Shares to the extent provided in section 87Q of FSMA. In such circumstances, the Pricing Statement would not be published until the period for exercising such withdrawal rights has ended. Therefore, the expected date of publication of the Pricing Statement would be extended. The arrangements for withdrawing offers to purchase Offer Shares would be contained in the announcement.
2. It should be noted that if Admission does not occur, all conditional dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned.
3. No temporary documents of title will be issued.

OFFER STATISTICS

	Bottom of the Indicative Price Range[(2)]	*Top of the Indicative Price Range*[(3)]
Offer Price (per Ordinary Share)[(1)]	154p	166p
Number of Ordinary Shares to be sold by the Selling Shareholders in the Offer	107,968,513	108,079,845
Percentage of the Company's issued share capital to be sold pursuant to the Offer	26.6%	26.6%
Number of Ordinary Shares in issue immediately following Admission[(4)]	406,281,935	406,733,945
Estimated net proceeds of the Offer receivable by the Selling Shareholders[(5)]	£162.5 million	£175.3 million
Expected market capitalisation of the Company at the Offer Price[(6)]	£626 million	£675 million

Notes:

1. It is currently expected that the Offer Price will be set within the Indicative Price Range. The Company expects to publish the Pricing Statement containing the Offer Price on or around 7 December 2018. The Pricing Statement will (subject to certain restrictions) be available in electronic form at ajbell.co.uk. It will also be made available in printed form at the registered office of the Company and the offices of Pinsent Masons LLP. If the Offer Price is set above or below the Indicative Price Range or the Indicative Price Range is revised, the Company will make an announcement via a Regulatory Information Service and prospective investors may have a statutory right to withdraw their application for Ordinary Shares to the extent provided in section 87Q of FSMA. In such circumstances, the Pricing Statement would not be published until the period for exercising such withdrawal rights has ended. Therefore, the expected date of publication of the Pricing Statement would be extended. The arrangements for withdrawing offers to purchase Offer Shares would be contained in the announcement.
2. Assuming (a) the Offer Price is set at the bottom end of the Indicative Price Range; and (b) Andy Bell sells 9.8% of his Ordinary Shares through the Offer.
3. Assuming (a) the Offer Price is set at the top end of the Indicative Price Range; and (b) Andy Bell sells 9.9% of his Ordinary Shares through the Offer.
4. Assuming the Share Capital Reorganisation has completed. As at 26 November 2018, being the last practicable date prior to publication of this Prospectus, there are vested options under the CSOP over 1,410,661 Ordinary Shares which are capable of being exercised prior to Admission. Since those options have not yet been exercised, they have not been included in the figure stated.
5. Net proceeds receivable by the Selling Shareholders are stated after deduction of underwriting commissions of £2.9 at the bottom of the Indicative Price Range and £3.2 at the top of the Indicative Price Range and stamp duty in each case.
6. The market capitalisation of the Company at any given time will depend on the market price of the Ordinary Shares at that time. There can be no assurance that the market price of an Ordinary Share will equal or exceed the Offer Price.

PART 1

MARKET OVERVIEW

1. THE UK SAVINGS AND INVESTMENT MARKET

The UK savings and investment market is complex and made up of many different overlapping components. In 2016, the ONS estimated the value of private wealth in the UK to be about £7 trillion, including pension wealth but excluding property and other physical assets.

The components making up the savings and investment market include private and public pension arrangements; savings and deposit accounts; listed securities; funds and other collective investment schemes; and other investment products, held directly with investment providers, insurance companies, wealth management firms or on investment platforms. Individual investments may be held by an investor within a "tax wrapper", such as a pension or Individual Savings Accounts, or via a general investment account through a stockbroker.

The ONS estimated total UK pension wealth at over £5 trillion in 2016. Much of this is within public sector pension schemes. An estimated £1.32 trillion[2] was held under private sector defined benefit, or final salary, schemes and £376 billion in private sector defined contribution schemes. For some time, the trend has been away from provision under employer sponsored defined benefit schemes to defined contribution arrangements, including the Government's auto-enrolment arrangements. Individuals are now expected to take more responsibility for their own retirement provision, both in terms of ensuring sufficient pension savings are made and that they are invested appropriately to provide for their needs in later life. For those reaching retirement age, there is now greater choice over how they withdraw money from their pension arrangements or how they can pass them on to the next generation.

In addition to UK pension schemes, there are substantial sums saved, or invested, with banks, building societies, investment managers and insurance companies. This includes both investments held on investment platforms and the significant sums not yet administered on platforms, for example individual shares; ISAs and life insurance policies and bonds run directly by the insurance company or asset manager; and deposit accounts with banks or building societies.

Platforum[3] estimated the overall D2C investment market to be worth £559.6 billion, as at 30 September 2017, up 19.1% year on year. Of this, £205 billion was held on investment platforms, with the remainder held directly with pension and insurance providers, wealth management firms, asset managers and retail banks offering limited propositions. Platforum[4] also estimated total AUA on investment platforms used by advisers, for their clients' assets, of £490 billion, as at 31 March 2018. Although the total advised investment market is worth considerably more than this, an equivalent figure to that provided for the overall size of D2C investment market is not provided because of the wide variety of different assets held by advised clients and the difficulty of defining which should be treated as "advised".

Overall, the size of the UK savings and investment market is complex to quantify. That said, it is a substantial market and, for the reasons described below, its growth is expected to significantly outpace ONS estimates for growth in UK GDP in the coming years.

- **Demographics**: the UK has an ageing population which is living and working longer.

  The ONS estimates that on average approximately 32% of individuals born in the UK in 2016 will live to the age of 100, being a marked increase from an average of approximately 9% of those currently aged 50 who are expected to reach the same milestone. In addition, the Tax Incentivised Savings Association predicts that the ratio of working to retirement years is forecast to drop from 3 times to 2 times. This is coupled with employers shifting towards offering DC schemes instead of DB pension arrangements, resulting in a growing need for individuals to make more self-provision for their retirement, whether through savings and investments, or through other means (e.g. property).

2 Source: Spence Johnson: UK private DB, Number 39, October 2016.
3 Source: Platforum, UK D2C Market Size and Structure report, February 2018.
4 Source: Platforum, UK Adviser Platform Guide, May 2018.

The change in demographics outlined above is putting a strain on the state pension. When first introduced in 1948 it was expected a 65 year old would spend 13.5 years in receipt of the state pension. However in 2017 a 65 year old is expected to receive the state pension for 22.8 years. This has led the UK government to raise the state pension age and consider how to reduce the increased government spending in the future. Consequently people will become increasingly more reliant on their private pensions and savings if they wish to retire prior to the state pension age and to maintain their standard of living in retirement.

This combination of factors will require people to be more actively engaged in savings and investment from an earlier age.

- **Government and regulatory**: there is a greater impetus for personal responsibility for long term saving and self-provision as evidenced by the UK government's changes in relation to pension freedoms, auto-enrolment, LISA and ISA subscriptions.

  The changes to the pensions regime in the UK have made pensions more flexible and transferable, allowing consumers greater freedom to invest their pension savings in line with their own retirement plans and much more flexibility over how they draw benefits to meet their specific needs. The World Economic Forum has praised the UK government for its decision to ensure that 8% of earnings will automatically be saved in a pension for all individuals after 2019, noting that auto-enrolment had already boosted saving for 22-29 year olds and low income workers by £1.9 billion a year.

- **Technology**: development of technology through various distribution channels continues to improve accessibility and drive both customer growth and asset flows.

  The emergence of a digitally dependent generation who are increasingly managing their finances through mobile applications and more 'challenger' offerings has increased awareness of financial planning and the need for people to save for themselves.

  Mobile technology, in particular, is driving people's awareness of saving, but also revolutionising the way people manage and access their money. In 2016 there were 19.6 million users of mobile banking applications across the UK with 159 logins to banking applications occurring every second. This is driving access to a broader range of services with a 30% increase in access to saving products from 2015 to 2016 alone.

  This trend of digitisation means more people have access to information and support in relation to financial planning and investing, making it easier for people to self-manage their investments.

- **Financial**: there is a growing awareness of the UK savings gap, that is the gap between the level of current savings and that necessary to provide a reasonable standard of living in retirement and the impact of the shift away from DB to DC pension schemes.

  The World Economic Forum flagged the UK as one of several countries facing a pension dilemma, with analysis that estimates the UK pension savings gap increasing from £6 trillion in 2017 to £25 trillion by 2050 if action is not taken.

2. THE UK PLATFORM MARKET

The platform market is a fast growing retail market, within the UK savings and investment market, with attractive structural growth drivers and a number of barriers to entry. The growth in the UK platform market continues to outpace the wider UK savings and investment market.

An investment platform is a service that allows investors, or advisers acting on the investor's behalf, to buy, sell, hold and manage investments. Essentially, it sits between an investor and his or her investments. The investment platform provides the administrative support necessary to maintain portfolios of investments, both inside and outside tax wrappers (such as SIPPs and ISAs), allowing the investor or his or her adviser to focus on investment strategy, choice of individual investments and broader financial planning. The investment platform will, typically, provide access to a wide range of investments, including mainstream funds and collective investment schemes, and equities and bonds listed on the major world stockmarkets. In recent years platforms have become an increasingly popular way to manage investments across a portfolio whether held in SIPPs, ISAs or outside of a tax wrapper.

In the UK, investment platforms began as a distribution channel for the investment products of fund managers (''fund supermarkets''), with fund managers paying platforms and financial advisers for distribution of their investment products. This resulted in a model that allowed investment platforms to influence the direction of fund flows in return for a greater commission from fund managers, a model that the RDR brought to an end.

For investors and advisers who wanted access to more than just funds, new platforms emerged which allowed access to other forms of investment, such as quoted securities, together with a wider range of tax wrappers and additional functionality to support the management of these products and investments. These platforms used technology to enable customers and advisers to review, analyse, manage and administer their investment portfolios more easily and efficiently, taking much of the pain out of what was previously a paper-based and time-consuming administrative headache. A platform provides customers and advisers with up-to-date and instant access to data on their investments, across all applicable accounts and underlying securities, in one place.

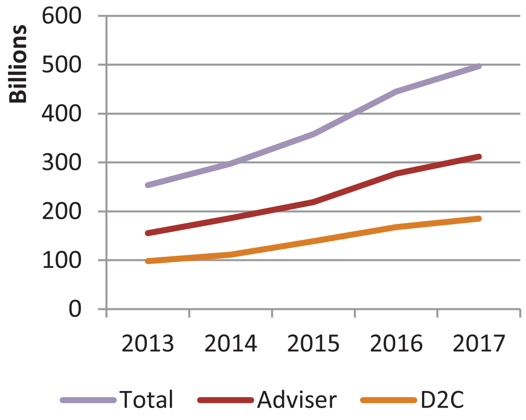
Following implementation of the RDR, platforms can now only be remunerated through charges paid by the investor, with much greater transparency over the services provided by the adviser, the fund manager and the investment platform and what each party receives for its services.

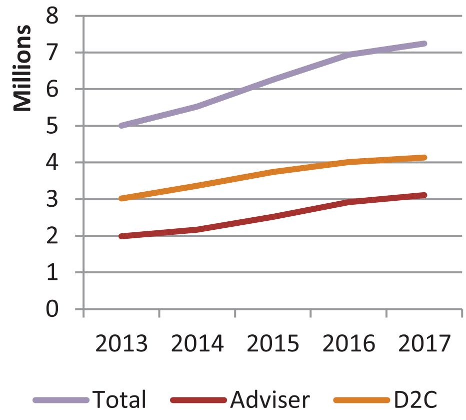
The FCA's Investment Platform Market Study reported that the platform service provider market doubled from £250 billion AUA at the end of 2013 to £500 billion AUA at the end of June 2017. This growth in AUA being driven by rising markets and increasing levels of investment. The FCA also noted that more consumers are using platforms, with an increase of around 2.2 million retail customer accounts between 2013 and 2017. Platform revenue from retail consumers reached £1.3 billion in 2017, up from £750m in 2013.

The FCA definition of a platform service is a service which: (a) involves arranging and safeguarding and administering investments; and (b) distributes retail investment products which are offered to clients by more than one product provider; but is neither (c) solely paid for by adviser charges; nor (d) ancillary to the activity of managing investments for the retail clients. Some asset managers provide their own online portals but they do not meet the FCA's definition because they do not give customers access to other providers' products.

There are two main types of investment platform. D2C platforms, designed for and marketed to investors who want to make their own investment choices, and advised platforms, which provide services to help financial advisers manage and administer their clients' investments. Both the advised and the D2C platform market segments continue to see significant growth with Platforum estimating growth of c. 22% and c. 21% respectively for these market segments in 2017. This rate of growth is expected to continue to outpace the growth of the wider savings and investment market, driven in particular by increasing demand for online access to investments from customers and advisers and the pension freedoms described above.

The charts below, from the FCA's Investment Platform Market Study, shows AUA (left panel) and customer numbers (right panel) on platforms from 2013 to 2017 and the relative size and growth of the advised and D2C investment platform market segments.





Source: FCA calculations based on firm data.

Notes: Figures from 2013 to 2016 refer to year-end stocks. Figures for 2017 refer to the stock at end of June. Totals obtained aggregating platforms' responses to RFI. Figures should be considered indicative. In detail: total does not include HSBC data (underestimation), ii) some smaller platforms could not provide complete time series (composition effect), iii) customer figures suffer from double counting due to prevalence of multi-homing. According to NMG research (Annex 2) 37% consumers use at least 2 platforms (multi-home) and, in particular, 14% of consumers multi-channel (that is, they use at least 1 direct and 1 adviser platform).

The FCA Investment Platform Market Study noted that there were 43 platform service providers, of whom 21 providers offered advised platform services, 18 D2C platforms and 4 provided both types of service.

The advised platform market segment is significantly larger than the D2C market segment by AUA. The largest advised platform is Aegon, following their acquisition of Cofunds which completed at the end of 2016, but the FCA noted that none of the top 4 platforms in the advised platform market segment achieved a 20% market share. The D2C market is dominated by Hargreaves Lansdown with approximately 39% of the market by AUA and over one million accounts.

The advised platform market segment is seeing an increase in the size of average portfolios as existing investors place new found wealth and other off platform assets on to advised platforms.

Following completion of the RDR in December 2012 the advised market showed an initial drop in the number of FCA adviser firms and individual advisers, but this number has since started to recover. There were 25,951 advisers as at November 2017, up from 22,168 in 2013.[5]

The increased regulatory cost of providing advice to consumers has led to a number of retail banks withdrawing from the advised space, and to banks traditionally targeting more affluent investors, such as JP Morgan, Coutts and Barclays, increasing their minimum investible assets advice thresholds for individuals. The RDR changes have allowed space for smaller independent financial advisers to take on those consumers that might previously have been eligible for advice from such larger firms.

The changes introduced by the RDR have also increased the potential market for D2C investment with increased numbers of consumers not being able to access, or able to afford, financial advice. The characteristics of these new customers may differ from the more established D2C platform customers, having less knowledge and experience of investing for themselves, and some D2C platforms now offer an increased range of investment solutions to support these less experienced investors.

As the platform market has matured more businesses have sought to enter the market to try and capitalise on its growth. However, there remain a number of barriers to entry:

- **Scale:** significant scale is required in order to achieve profitability in an increasingly cost conscious market.

5 "FCA reports increase in advice firm numbers" article on moneymarketing.co.uk

- **Technology:** in order to achieve a sustainable market position, significant investment is needed to create and maintain scalable, robust and secure systems such that a number of platforms have undergone upgrades of their technology or re-platforming in recent years, a process that Platforum describes as being "*incredibly complicated*"[6]. AJ Bell's re-platforming was completed in 2014.
- **Brand:** recognition and trust in a brand are required as investors navigate a complex and crowded market with a trustworthy brand being noted in the Platforum market survey in January 2018 as one of the most important factors in choosing an investment platform[7].
- **Regulatory capital and compliance:** as investment platforms have become more mainstream the regulatory focus on them has increased, as evidenced by the FCA's Investment Platform Market Study. The cost of compliance, to maintain the required regulatory standards, has also increased with the need to identify, recruit and retain technically proficient individuals with both relevant experience of regulatory requirements and an understanding of the platform market. The level of regulatory capital required is also becoming a more significant factor. For more detail of the regulatory regime see Part 4 (*Regulation*) of this Prospectus.
- **Financial:** cost and value for money are cited in market reviews[8] as being increasingly important for customers and several platform providers have found they are unable to reach a point where they can compete for business effectively and operate profitably.

As part of the FCA's Investment Platforms Market Study, the FCA identified only three investment platforms that had entered the market during the last 5 years (from 2012 to 2017): one adviser platform and two D2C platforms. However, as noted by the Investment Platforms Market Study, the AUA of these new entrants is negligible.

The Investment Platforms Market Study found that the market appears to be working well in many respects, for both advised and non-advised consumers, and customer satisfaction is currently high. The FCA commented that platform financial performance does not suggest widespread competition concerns in the market, although it noted that many platforms are loss making.

However, the Investment Platforms Market Study did highlight a number of areas of concern, including:

- switching between platforms can be difficult;
- shopping around can also be difficult;
- the risks and expected returns of model portfolios with similar risk labels are unclear;
- consumers may be missing out by holding too much cash;
- "orphan clients" may face higher charges and lower service; and
- the role of platforms in driving competition between fund managers on pricing.

The FCA will be consulting on potential ways to address these areas of concern before publishing its final report and recommendations in the first quarter of 2019. Although it is not yet clear what regulatory changes will be made following the conclusion of this process, the Directors believe that these will not have a significant negative impact on the growth in either the advised or D2C segments of the investment platform market or AJ Bell's competitive position in these market segments.

Although the platform market is highly competitive with significant numbers of providers fighting for business, given AJ Bell's established market position, its financial performance and competitive pricing policy, the Directors believe it is well placed to benefit from future growth in the market.

6 Platforum, UK Adviser Platform Guide issue 33 March.
7 Platforum, Consumer Insights, January 2018.
8 Platforum, Consumer Insights, January 2018.

PART 2

INFORMATION ON THE COMPANY

1. OVERVIEW OF AJ Bell

AJ Bell is one of the largest investment platforms in the UK, based on the value of its AUA. AJ Bell operates successfully in both the advised and D2C segments of the platform market through its flagship platform propositions: AJ Bell Investcentre and AJ Bell Youinvest.

AJ Bell intends to apply to the FCA for the admission of the Company's issued ordinary shares, as created under the Share Capital Reorganisation, to the premium listing segment of the Official List and to trading on the main market for listed securities of London Stock Exchange plc. At the date of this Prospectus AJ Bell intends to make such application before the end of the calendar year.

AJ Bell offers SIPPs, ISAs and general investment/dealing accounts. Customers and advisers are provided with additional support in the form of various investment solutions, tools and investment content. AJ Bell offers access to a broad range of investments including shares and other instruments traded on the major stock exchanges around the world, as well as all mainstream collective investments available in the UK and a range of in-house investment solutions.

AJ Bell Investcentre is one of the UK's fastest growing platforms in the advised market segment. It provides regulated financial advisers and wealth managers with a suite of online tools to help manage their retail clients' portfolios. It also provides a number of in-house investment solutions, including a range of collective investment funds, called the AJ Bell Passive funds range, and its Managed Portfolio Service, with a range of managed portfolios of active and passive funds. AJ Bell Investcentre also provides a fully integrated investment custody administration solution to assist wealth management firms with the administration of client assets. As at 30 September 2018 AJ Bell Investcentre had 88,658 customers (76,498 – 2017), 102,897 accounts (88,230 – 2017) and held £29.9 billion of AUA (£24.3 billion – 2017).

AJ Bell Youinvest is one of the UK's fastest growing D2C retail investment platforms. The service is designed for retail customers, is online and execution only. No regulated advice in the form of personal recommendations is given by AJ Bell. Customers are supported with investment content, provided online and through *Shares* magazine, and have access to the in-house AJ Bell Passive funds, selected fund ideas via the AJ Bell Favourite Funds list and will have access to AJ Bell Ready-made portfolios due to be launched before the end of 2018. As at 30 September 2018 AJ Bell Youinvest had 94,555 customers (64,709 – 2017), 117,765 accounts (81,491 – 2017) and held £8.7 billion of AUA (£6.6 billion – 2017).

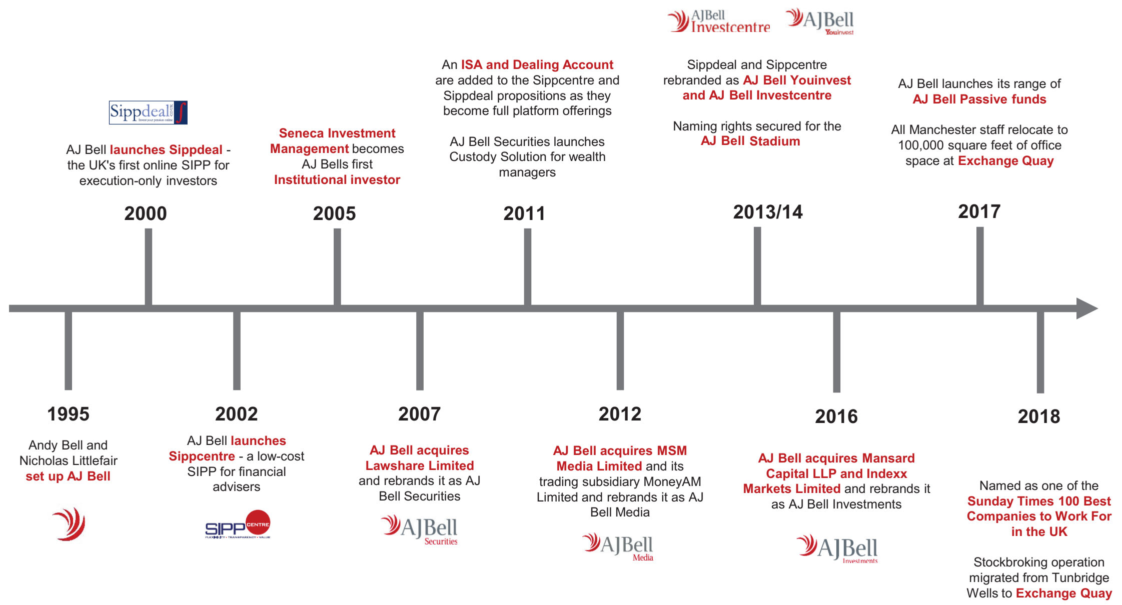
In addition to its investment platform business, AJ Bell offers three non-platform services:

- AJ Bell Platinum: providing adviser-led and D2C pension administration services to customers with Platinum SIPP and SSAS accounts.
- White label SIPP administration: branded to Barclays Smart Investor and Halifax Share Dealing.
- AJ Bell Securities stockbroking: providing dealing, settlement and custody services to institutional investment businesses.

Although AJ Bell's primary focus is on its flagship investment platform propositions, these non-platform services continue to make a valuable contribution to AJ Bell and are managed to deliver high quality service and value to existing and new customers.

AJ Bell is headquartered in Manchester and has an office in London.

2. KEY DEVELOPMENTS IN AJ Bell'S HISTORY



AJ Bell was co-founded in 1995 in Manchester by Andy Bell and Nicholas Littlefair to provide actuarial, trustee and pension administration services to customers with a SSAS or SIPP.

In 2000 AJ Bell launched the UK's first online SIPP for execution only investors – Sippdeal (now AJ Bell Youinvest). Two years later in 2002, Sippcentre (now AJ Bell Investcentre) was launched as a low-cost SIPP for advised customers.

AJ Bell attracted its first institutional investment in 2005 with Midas Capital Partners (now Seneca Investment Managers) acquiring shares in the Company on behalf of its retail funds; and subsequently in 2007 Invesco Perpetual acquired shares in the Company, also on behalf of its retail funds.

While most of AJ Bell's business until 2007 was as a SIPP provider and administrator, in that year the Board decided to make a strategic move to broaden and deepen AJ Bell's product range and services. AJ Bell acquired a stockbroker called Lawshare Limited in 2007 (now AJ Bell Securities) and this enabled it to bring ''in-house'' the provision of dealing, custody and investment administration services to Sippdeal and Sippcentre customers, rather than outsource to a third party. This allowed it to take full control of pricing and service quality. The acquisition also paved the way for the transformation of Sippdeal and Sippcentre to full investment platform propositions in 2011; offering ISAs and general investment/dealing accounts in addition to the existing SIPP products.

In 2011 AJ Bell further expanded its service to advised customers through the launch of a custody solution for wealth managers. Also in 2011, co-founder Nicholas Littlefair, who had assumed a non-executive role in 2009, took early retirement.

In 2012 AJ Bell made its next strategic move, acquiring MSM Media Limited (now AJ Bell Media), the publisher of *Shares* magazine. This acquisition provided AJ Bell with access to a wide array of proprietary investment content, supplementing the technical expertise already present within the business. By leveraging the content available within *Shares* magazine, in particular, the acquisition has allowed AJ Bell to provide an increased level of relevant content to its Platform customers.

In 2013 and 2014 the flagship platform propositions were rebranded: Sippdeal was renamed AJ Bell Youinvest (2013) and Sippcentre was renamed AJ Bell Investcentre (2014).

In early 2016 AJ Bell acquired Mansard Capital LLP and Indexx Markets Limited which together became AJ Bell's investment management business. This allowed AJ Bell to develop a range of its own investment solutions designed specifically to meet the needs of its customers, with the first of these, the AJ Bell Investcentre Managed Portfolio Service, launched during the same year. This was followed, in 2017, by the launch of the AJ Bell Passive funds range and the AJ Bell Youinvest Favourite Funds List and, the AJ Bell Youinvest Ready-made portfolios (the latter due for launch before the end of 2018).

Also in 2017, all Manchester based staff relocated to new headquarters at Exchange Quay in Manchester and the Board subsequently made the strategic decision to close its Tunbridge Wells office, with all core operational functions relocating to the Manchester headquarters and some specialist functions relocating to the London office. The relocation of all functions was successfully completed by the end of September 2018.

In 2018 AJ Bell was named as one of "the Sunday Times 100 Best Companies to Work For" in the UK.

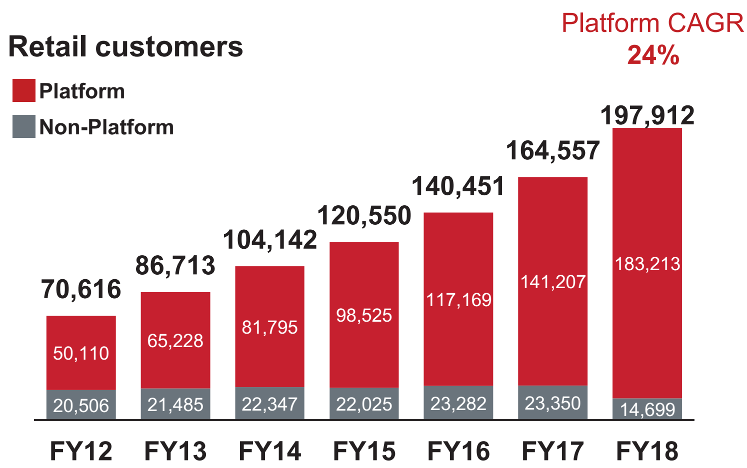
3. KEY STRENGTHS

3.1 Investment Platform Market: A fast growing retail market within the UK savings and investment industry

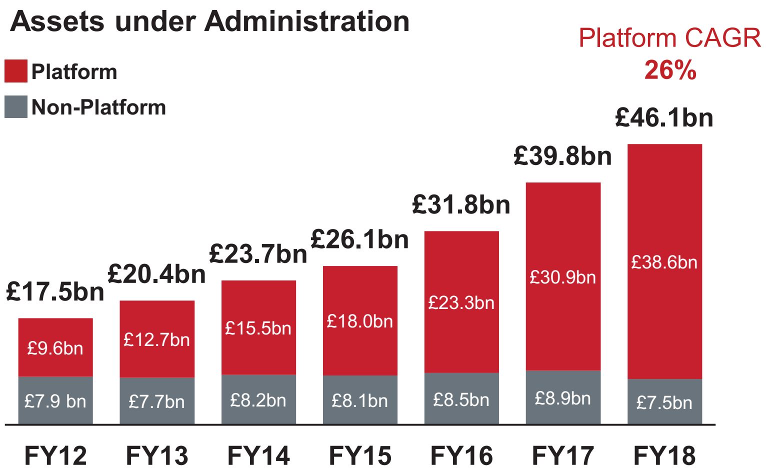
The investment platform market is a fast growing market, within the wider UK savings and investment market, with a number of structural growth drivers and barriers to entry for new entrants, as set out in Part 1 (*Market Overview*) of this Prospectus.

AJ Bell operates at scale within the investment platform market and since 2012 the average annual growth in AUA of AJ Bell has been greater than that of both the platform market and wider UK investment and savings market.

Retail Customers:



Assets under Administration:



When considering the barriers to entry to the platform market, referred to in Part 1 (*Market Overview*) of this Prospectus the Directors believe that AJ Bell has a highly defendable proposition in the market due in part to:

- being one of the very few participants to already operate at scale in both the advised and D2C segments;
- having invested, and continuing to invest, in robust and scalable systems, with high levels of straight through processing, and having already completed re-platforming of its flagship platform propositions in 2014;
- being a strong and trusted brand, as recognised by customers;
- a strong regulatory capital position; holding cash reserves comfortably in excess of its regulatory capital requirement as at the date of this Prospectus and benefiting from a highly experienced risk and compliance team that systematically monitors compliance with regulatory requirements and maintains regular dialogue with the FCA; and
- the combination of a profitable business model and competitive pricing for the platform propositions.

The Group is also well placed to take advantage of the drivers for growth applying to both the advised and D2C market segments, including:

- consolidation of non-platform investments, in particular in ISAs and pensions, onto platforms;
- ongoing consolidation of DC pensions by consumers;
- existing customers getting wealthier; and
- re-pricing and re-platforming by other providers resulting in customers becoming dissatisfied with the value and service of their current provider and looking at alternatives, giving opportunities for AJ Bell to gain new customers.

In relation to the advised market there are a number of specific growth drivers in addition to those general drivers for growth across the wider platform market:

- in addition to independent financial advisers benefitting from the exit of retail banks from the advice market they have also benefitted from the increased AUA advice thresholds of high-end private investment banks; and
- although volumes have fallen back from the peak in 2017, there continues to be movement from DB to DC pension schemes which is driving growth in the market.

The D2C market also has a number of specific growth drivers including the significant "advice gap" in the UK, highlighted in the FCA's Financial Advice Market Review, with an increasing number of investors unable to access, or afford, financial advice and turning to non-advised solutions. These investors are different to many of those who previously used D2C solutions – categorised by AJ Bell Youinvest as "hungry for help" or "nervous newcomers" – and are looking for more support and guidance to help them make the right investment decisions. AJ Bell's Passive funds, Favourite Funds list, and Ready-made portfolios (the latter due to launch in the last quarter of 2018) have been designed specifically with the needs of these investors in mind.

Following the Investment Platforms Market Study, there is no reason to believe that both the advised and D2C investment platform markets will not continue to grow strongly in the future. Given AJ Bell's established market position, its financial performance and competitive pricing policy, the Directors believe it is well placed to benefit from this future growth.

3.2 Proposition: Award-winning platform operating in both the advised and D2C market segments

Unlike most of its competitors, AJ Bell operates at scale in both the advised and D2C platform market segments, which were estimated at £490[9] billion (as at 31 March 2018) and £205[10] billion (as at 30 September 2017) respectively. As discussed above, there are a number of factors driving growth within both market segments, and by operating in both market segments AJ Bell can maximise these growth opportunities.

AJ Bell's Platform delivers a quality service at a competitive price, servicing both advisers and retail customers. AJ Bell has won a total of 30 industry awards in 2016, 2017 and 2018.

Ease of use is a key driver of developments in the AJ Bell platform propositions. Price and service are the other key drivers for AJ Bell when developing product propositions.

AJ Bell's two flagship platform propositions give access to a wide range of tax wrappers and investments, allowing advisers and customers to choose how they invest, and provides relevant and accessible investment content to assist with that choice. The addition of simple, low-cost and transparent in-house investment solutions, like the AJ Bell Passive funds range and the AJ Bell Investcentre Managed Portfolio Service, together with the Favourite Funds list and Ready-made portfolios (due to launch in the last quarter of 2018) for AJ Bell Youinvest customers, has further enhanced AJ Bell's proposition.

Central to the AJ Bell proposition is the ability to offer great customer service, ease of use and the right functionality and choice, all at highly competitive prices across the platform propositions. AJ Bell's pricing is designed to be highly competitive, for customers falling in its target markets, and to be transparent and fair, with customers charged for the work undertaken on their accounts. Information on charges is easy to find on the AJ Bell website, is presented clearly, with different charging scenarios and tools to help the customer understand how much they will pay. Competitor pricing is closely monitored with reviews of changes to competitor pricing undertaken and compared to that of AJ Bell's on an ongoing basis. When compared by reference to revenue per £AUA, AJ Bell comes out lower than its key competitors in both the advised and D2C segments.

3.3 Customers: A loyal base of high quality customers

AJ Bell maintains a strong independent brand and has one of the highest levels of customer retention in the market. Customer retention levels have been approximately 95% in each of the last 3 years ended 30 September.

As referred to in the preceding sections, the customer base for AJ Bell's platform propositions has grown strongly in recent years, both in terms of the number of new customers (CAGR over the last 6 years of 24%) and AUA (CAGR over the last 6 years of 26%). Net inflows (total inflows less total outflows) are also positive at 17% for AJ Bell Investcentre and 26% for AJ Bell Youinvest, expressed as a percentage of opening assets for FY2018.

As at 30 September 2018, the value of the average customer portfolio for AJ Bell Investcentre was £337,000, and for AJ Bell Youinvest was £92,000, both of which are higher than the market leader (by market share) in the relevant market segment, which provides an indication of the quality of AJ Bell's customers.

As at 30 September 2018, AJ Bell Youinvest had around 94,000 customers, with a total of £8.7 billion AUA. Its target customers are UK residents seeking to invest online in a range of stock market investments and collective investment schemes, through a variety of tax

9 Platforum UK Adviser Platform Guide, May 2018
10 Platforum UK D2C: Market Size and Structure, February 2018

wrappers (for example SIPPs, ISAs and dealing accounts) on an execution-only basis. Customers are segmented on the basis of their attitude to investing, defined as either "nervous newcomer", "hungry for help" or "confident in control". Based on the AJ Bell customer survey, in August 2018, 56% of AJ Bell Youinvest's customers define themselves as "confident in control", although this percentage has been falling gradually as AJ Bell Youinvest attracts more customers from the growing numbers of those falling into the "advice gap".

AJ Bell Investcentre receives business from financial advisers and wealth managers, who have advised around 89,000 of their clients to invest £29.9 billion of their assets through AJ Bell Investcentre as at 30 September 2018. In a recent survey by Platforum, AJ Bell is ranked fourth out of 17 investment platforms in being considered by its users as their primary platform. Platforum calculated that the primary platform attracts a 46% share of the advisers' platform business.

The table below, produced by Hardman & Co Research, shows the top ranked advised platforms, based on advisers transferring to and from the platform based on data in the Platforum, UK Adviser Platform Guide Issue 33, March 2018. The first column shows the percentage of a platform's users which are transferring assets away to a rival platform; the second column shows the percentage of advisers who would consider each platform for future use (it not being currently one of their suppliers); and the third column subtracts the "Transfers from" from the "Transfers to" to arrive at a net score. Hardman notes that the methodology is "*not exactly scientific, but it is a simple way of ranking the platforms by their current perceived attractiveness*".

Asset transfer momentum

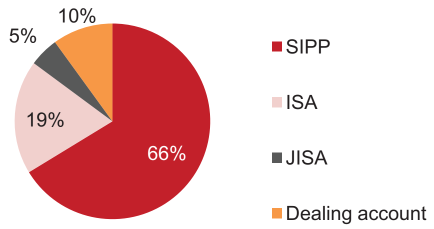
	Transfer from	Transfer to	Net
Aviva	4%	18%	14%
AJ Bell Investcentre	5%	18%	13%
Standard Life	7%	20%	13%
Transact	6%	16%	10%
Parmenion	3%	8%	5%
Aegon	6%	10%	4%
Fundsnetwork	15%	19%	4%
7IM	8%	9%	1%
Zurich	12%	11%	-1%
Old Mutual Wealth	18%	16%	-2%
James Hay	16%	12%	-4%
Nucleus	12%	7%	-5%
Ascentric	15%	8%	-7%
Novia	14%	6%	-8%
Elevate	20%	9%	-11%
Cofunds	25%	9%	-16%
Alliance Trust Savings	31%	6%	-25%

Sources: Hardman &Co Research "AJ Bell – Insight Report" 19 June 2018 using Platforum and Hardman data

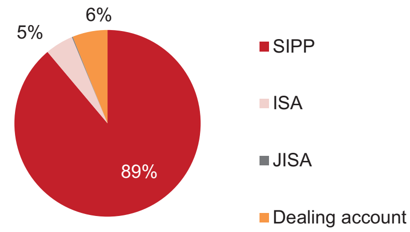
The type of accounts opened by customers has become increasingly diverse, with more ISAs and dealing accounts being set up, but, as shown below, SIPPs still represent a significant percentage of accounts, both by number and AUA. This reflects both AJ Bell's heritage as one of the leading SIPP providers and its continued focus on attracting high value pension business.

Advised Clients[1]

Accounts by Type

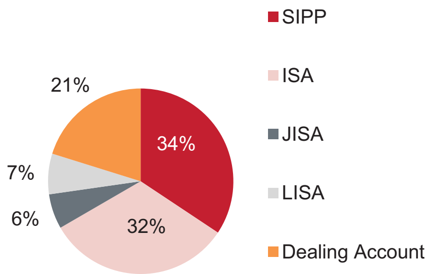


Accounts by AUA

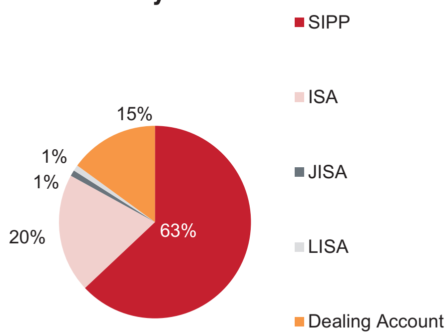


D2C[2]

Accounts by Type



Accounts by AUA



Sources:
(1): Source: AJ Bell Investcentre data as at 30 September 2018.
(2): Source: AJ Bell Youinvest data as at 30 September 2018.

3.4 *Business Model: Profitable and scalable platform with embedded growth and margin expansion opportunities*

AJ Bell benefits from operational gearing and a low-cost business model. Margins have grown over the period covered by the historical financial information at the same time as the number of new customers have increased. The Directors believe that as new customers are added and existing customers continue to make contributions there will be margin growth opportunities.

AJ Bell has developed a hybrid technology model, which seeks to combine proprietary and third party components to best effect.

AJ Bell maintains complete control over its interactions with its customers and advisers through its adaptable and easy to use proprietary user interfaces, which are developed and maintained in-house. These include internal interfaces, which enhance ease of use for service teams, and AJ Bell's proprietary websites and mobile apps with the focus on ease of use for customers and advisers. The two main back-office systems are well-established within the platform market, these being GBST's Composer system and JHC's Figaro software. These suppliers provide scalable systems which are updated for regulatory change, with regular enhancements to system functionality in response to user feedback and support for additional AJ Bell specific development. AJ Bell's systems are well integrated and efficient, allowing high levels of online customer servicing, straight-through processing and automation. Around 99% of AJ Bell's retail equity and fund deals are now placed online. The Platform experiences high levels of activity with almost 43,000 accounts opened for AJ Bell Youinvest with gross inflows of £7.8 billion for AJ Bell Youinvest and AJ Bell Investcentre during FY2018.

Following completion of the back-office re-platforming in 2014, AJ Bell's Platform technology is robust, scalable and adaptable and well placed to support the planned growth. The technology is now fully embedded in the business, while many of AJ Bell's competitors are still in the midst of their re-platforming exercises. This allows new products to be added quickly, for example the LISA which was made available on AJ Bell Youinvest within two months of the legislative launch date.

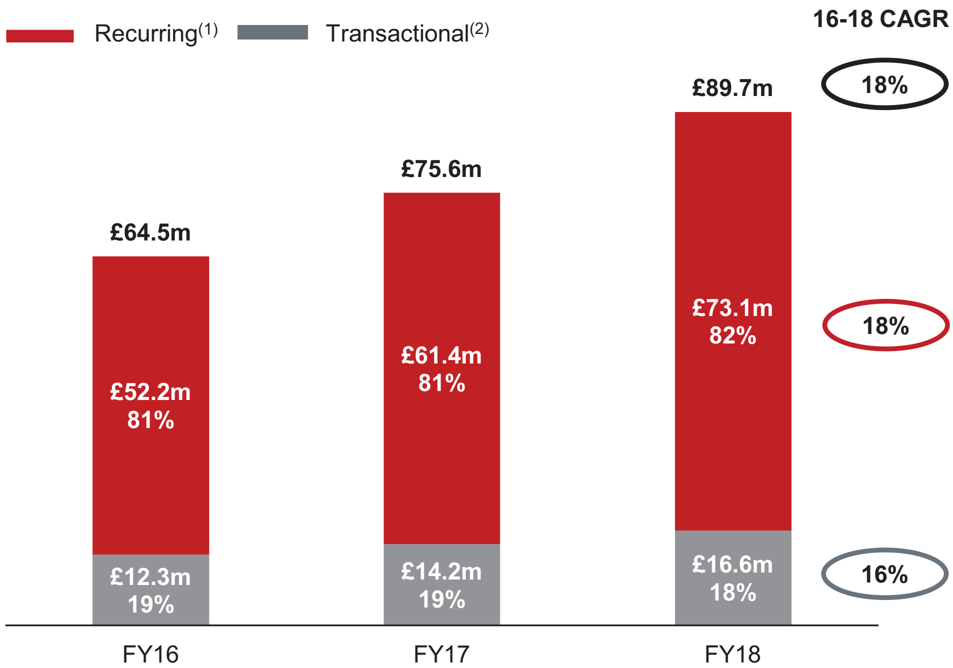
The centralisation of all core operational functions in AJ Bell's Manchester headquarters, following the closure of its Tunbridge Wells office in 2018, is expected to create further opportunities to improve business efficiency and the service provided to customers.

AJ Bell continues to invest significantly in technology to ensure the Platform remains secure and efficient and to deliver enhancements to the services provided to customers and advisers, in line with their changing needs.

The regulatory landscape within which AJ Bell operates changes regularly and is increasingly stringent, but as a well-capitalised business with an adaptable platform, the Directors believe AJ Bell's business is well placed to cope with these future changes.

3.5 *Earnings: High quality of earnings*

High customer retention rates and a mixture of revenue types combine to yield predictable and sustainable revenue streams from AJ Bell's business. AJ Bell's revenue comprises a mixture of transactional and recurring revenue, both as ad-valorem and fixed monetary charges.



Sources:

(1): Recurring revenue: Ad valorem and fixed charges and fees.

(2): Transactional revenue: Transactional / activity based income.

AJ Bell's distribution model is diversified, operating in both the advised and D2C segments of the platform market. It is not reliant on any key customer or introducer, providing stable earnings despite customer inflows and outflows. As at 30 September 2018, AJ Bell Investcentre had a total of 2,730 adviser firms, with 80% of AUA controlled by 325 adviser firms and with no one firm controlling more than 3%. The largest single contract in AJ Bell's non-Platform business relates to less than 1.5% of total AJ Bell revenue and was renewed in 2017 for a term of 5 years.

AJ Bell's stable, diverse earnings coupled with a low cost operating model, which is materially debt-free, supports AJ Bell's future profit potential.

3.6 *Cash generation: Highly cash generative and capital light model supports progressive dividend policy*

Cash generated from operations has averaged over 100% of profit before tax over the past three years and the quick conversion of profits to cash has supported the growth of the business to date.

Growth has been funded from retained earnings and has not required primary equity funding or debt finance. All investment in customer acquisition and product development has been expensed through the income statement and, apart from re-platforming, the vast majority of IT expenditure has also been expensed. AJ Bell has a track record of both maintaining investment in its Platform, expanding its customer base and paying dividends.

The annual dividend per share paid by AJ Bell has increased year on year over the last 15 years and the Directors believe AJ Bell's capital light model will continue to support a progressive dividend policy.

AJ Bell's cash generative business means it has a strong regulatory capital position. This was supported by a recent FCA SREP review and the strong regulatory capital position is also evidenced by consistently high coverage of AJ Bell's Pillar 1 requirement.

3.7 Team: Entrepreneurial, founder-led, stable and experienced management team and engaged staff

AJ Bell's business was founded on a transparent and innovative culture, and is supported by a committed management team and strong corporate governance.

The senior management team has an average length of service of 11 years and is led by AJ Bell's co-founder, Andy Bell. The Senior Managers combine sector and product expertise with the benefit of long experience within the business and industry.

AJ Bell's staff are highly engaged, and ranked AJ Bell in "the Sunday Times Best Companies to Work For" list in 2018. As at 30 September 2018, 137 members of staff have shares or options in the business.

AJ Bell has a well-established corporate governance framework. The Board meets a minimum of nine times each financial year and is supported by four sub-committees: Audit; Risk and Compliance; Remuneration; and Nomination, with a fifth, the Disclosure Committee, having been established in anticipation of Admission.

The management team is familiar with the reporting obligations and delivery expectations of a listed company, through AJ Bell's relationship with its two long-standing institutional investors, Invesco Perpetual and Seneca Investment Managers.

4. PRINCIPAL ACTIVITIES

4.1 Platform business

AJ Bell operates in both the advised and D2C segments of the platform market. Its platform propositions are AJ Bell Investcentre, an adviser-led investment platform and custody solution for wealth managers and AJ Bell Youinvest, a D2C investment platform.

AJ Bell Investcentre

AJ Bell Investcentre is distributed through advisers who are authorised by the FCA in the UK, with either advisory or full discretionary permissions. It is one of the UK's fastest growing adviser platforms, with the average AUA per customer significantly higher than the market leaders[11], driven by its SIPP heritage.

Target customers and advisers

AJ Bell Investcentre's target customers are retail customers who seek advice on investment and financial planning, and buy a wide range of financial products through authorised, independent financial advisers.

Customers will have accumulated savings in a range of retail investment products and appreciate the benefits of remaining invested up to, and in to, retirement. The target customer will generally be late in the accumulation stage, or in retirement, although the proposition is also suitable for those early in the accumulation stage.

The typical adviser user of the platform is a medium to large size regional adviser firm or wealth manager. The proposition is primarily targeted at advisory firms but is also suitable for those with discretionary permissions. Some advisers will be seeking to manage investments themselves, others to implement their own centralised investment propositions and others will look to outsource investment management to third party providers.

11 Based on data on competitors in the Platforum UK Adviser Platform Guide, March 2018.

The AJ Bell Investcentre proposition

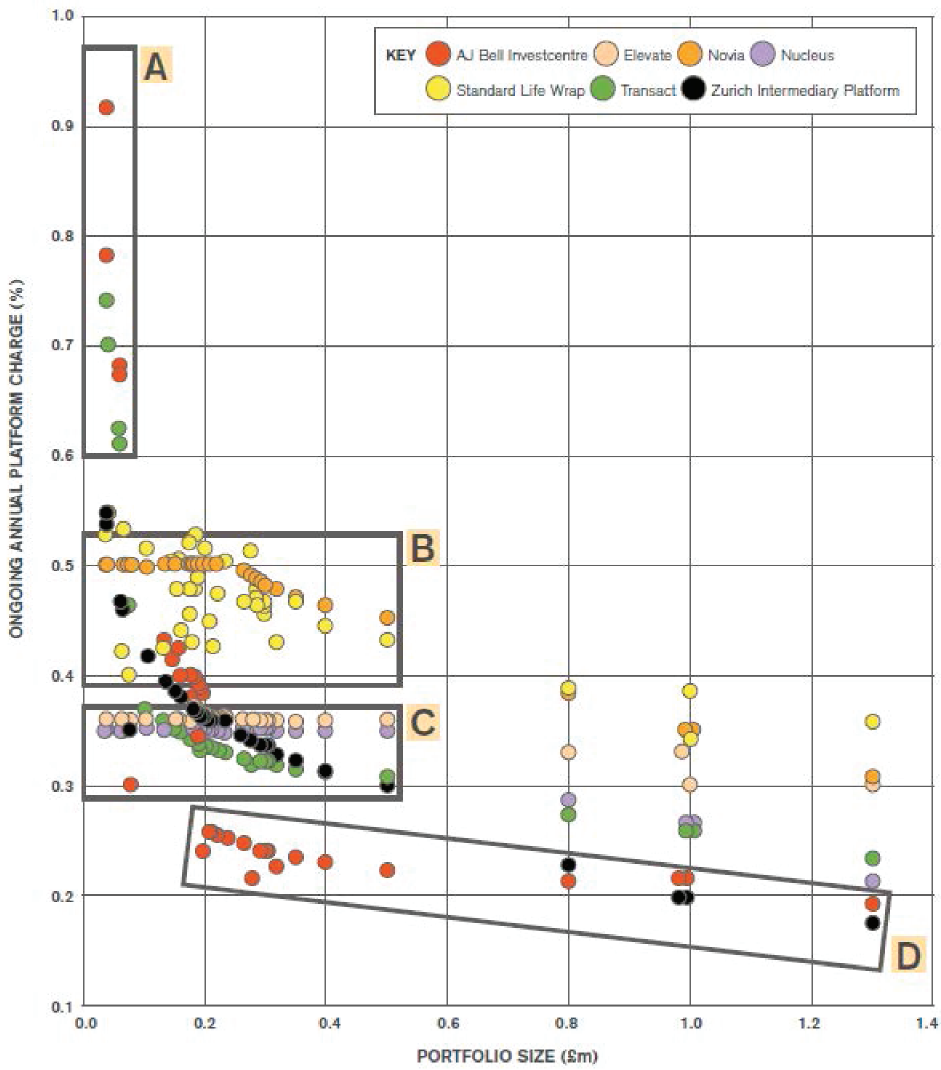
AJ Bell Investcentre is designed to meet the needs of customers and advisers in its target markets by providing:

- a range of products, including a SIPP, stocks and shares ISA, LISA, GIA, Junior SIPP, JISA and a third-party off-shore bond;
- multi-award-winning service, in line with customers' and advisers' expectations;
- easy-to-use tools and functionality designed with the adviser as the principal user but offering access for their clients, through the customer website and mobile app;
- a flexible choice of ways to invest, including via the in-house Funds & Shares Service, providing dealing, custody and investment administration services, and, for SIPPs, a range of panel investment partners and off-panel investment options, including direct investment in commercial property;
- a wide investment range available under the Funds & Share Services, including stocks and shares quoted on the world's leading stock markets, mainstream funds and collective investment schemes, ETFs and bonds;
- AJ Bell in-house investment solutions, including the Managed Portfolio Service, offering active, passive and income portfolios, and the AJ Bell Passive funds;
- a full range of pension drawdown options; and
- a competitive pricing structure.

Pricing strategy

The pricing strategy for AJ Bell Investcentre is for it to be highly competitive for customers falling within its target market. In its Platform Market Scorecard Q1 2018, the lang cat commented "*AJ Bell looks to be a natural vehicle for medium-to-high sized portfolios*" and "*AJ Bell and Zurich are the front runners at the top end (above £450,000)*". The following chart shows the annual ongoing platform charges for a variety of UK platforms for different portfolio sizes.

Cluster D is most relevant to AJ Bell; it demonstrates the effect of the SIPP administration charge once the portfolio size exceeds £200,000.



Source: the lang cat, Platform Market Scorecard Q1 2018.

Distribution model

AJ Bell Investcentre has an efficient distribution model with seven regional sales teams focused on owner managed adviser firms. There is no reliance on networks nor any significant concentration risk.

Under the adviser segmentation model, each adviser firm has been assigned to one of four segments:

- Key
- Growth
- Maintain

- Development

There is a clearly defined and differentiated contact strategy for each segment. The primary focus of this strategy is to enable the distribution team to match the most appropriate resource required to ensure that it is developing every adviser which is exposed to the platform and product set. Over time, the aim of the strategy is to move more firms into the "Maintain" and "Key" segments and ultimately develop the success of the investment solutions with these adviser firms.

Strong personal relationships have been forged with supporting firms over many years, leading to a broad spread of support:

- 78% of registered advisers have been a user of AJ Bell Investcentre for five years or more; and
- 96% of customers are linked to advisers who have been using AJ Bell Investcentre for five years or more.

Product development and management

AJ Bell Investcentre is actively managed through all stages of the product lifecycle, in accordance with AJ Bell's product management framework. Fergus Lyons is the AJ Bell Investcentre Managing Director and Product Owner and has responsibility for the management and delivery of the AJ Bell Investcentre proposition, supported by dedicated product management, business development and marketing teams. The framework is designed to ensure the product proposition meets the needs of its customers and their advisers, on an ongoing basis, and is properly positioned within the market to meet AJ Bell's objectives. AJ Bell conducts a full review of the product proposition on an annual basis, including carrying out customer and adviser surveys.

Planned product developments include a number of changes designed to enhance the proposition and to make the Platform easier to use for customers and advisers. These are expected to include introducing an execution-only dealing facility for customers under ISA and GIA to complement the recently introduced execution only functionality for SIPPs.

AJ Bell Youinvest

AJ Bell Youinvest is one of the UK's fastest growing D2C retail investment platforms, with the average AUA per customer again significantly higher than the market leader, driven by its SIPP heritage.[12]

Target customers

Target customers of AJ Bell Youinvest are UK residents, seeking to invest in a range of stock market investments through a variety of tax wrappers (i.e. SIPPs, ISAs, LISAs, dealing accounts and junior SIPP and JISA accounts), online on an execution-only basis. The nature of the proposition, together with the services and wide range of investment options available, means that it can be suitable for many different types of customers with different investment needs and approaches.

The target market is segmented in terms of customers' behaviour or attitude to investing, to better understand differing customer needs within the wider market. AJ Bell Youinvest's three target customer segments are "confident in control", "hungry for help" and "nervous newcomers". Historically, most of Youinvest's customers have been "confident in control" but, given the "advice gap" identified by the FCA, the segments offering the most potential for growth may be the hungry for help and nervous newcomer segments and AJ Bell Youinvest is working on developing its propositions to more readily meet the needs of these customers, for example, through the introduction of the AJ Bell Passive funds, Ready-made portfolios to be launched in Q4 2018 and investment content aimed at less experienced investors and those needing more help in making investment decisions.

Investment guidance is provided but no regulated investment advice in the form of personal recommendations is given.

12 Based on data on competitors in the Platforum UK D2C Market Size and Structure report, February 2018.

The AJ Bell Youinvest proposition

AJ Bell Youinvest is designed to meet the needs of customers in its target markets by providing:

- access to a SIPP, stocks and shares ISA, LISA, Junior SIPP, JISA and dealing accounts, but not contracts for difference or spread betting accounts;
- a competitive pricing structure, excellent customer service and flexible dealing (via mobile, phone and the website);
- access to a wide range of investments range including over 2,000 units trust and OEICs, shares settled through CREST, bonds, exchange traded funds and investment trusts;
- access to AJ Bell Passive funds, a "Favourite Funds" list and Ready-made portfolios to provide help with investing;
- an online application process enabling instant investment via debit card payment;
- an ability to view and manage portfolios online 24/7;
- investment help, including through *Shares* magazine, investment articles and videos available on the website, daily market updates and weekly insight emails and comprehensive pricing and fund information; and
- a full range of pension drawdown options.

Pricing strategy

According to Platforum's market survey in January 2018[13], supported by AJ Bell's own customer survey, price remains a key factor in customers choosing a D2C investment platform. AJ Bell Youinvest aims to be in the top three of D2C investment platforms for pricing for customers falling into its target market. Based on direct feedback, customers generally perceive AJ Bell Youinvest as providing good value.

Along with the majority of the leading D2C investment platform providers, AJ Bell Youinvest has an *ad valorem* custody charge, although some competitors have fixed monetary charges. AJ Bell Youinvest's basic custody charge rate is 0.25% per annum, capped for equities (£100 for SIPPs and £30 for ISAs and dealing accounts) and tiered for investments in funds.

The AJ Bell Youinvest product team constantly monitor what competitors are doing on pricing so that they are in a position to react, if necessary, to maintain AJ Bell Youinvest's competitive position.

Sources of business

The principal sources of new business for AJ Bell Youinvest include:

- online advertising and direct marketing spend on pay per click and search engine optimisation;
- affiliate relationships;
- press, radio and TV advertising;
- social media;
- word of mouth/customer recommendation;
- cross selling to existing customers and transfers in; and
- public relations and sponsorship activity.

AJ Bell may also take advantage of opportunities to acquire books of business but only where there is a strong business case to do so.

Product development and management

The AJ Bell Youinvest proposition is managed on a similar basis to AJ Bell Investcentre, with Charles Galbraith, the AJ Bell Youinvest Managing Director and Product Owner, responsible for the management and delivery of the proposition supported by dedicated teams covering marketing, customer relationship management, customer engagement and product management and governance. A full review of the product proposition is completed on an annual basis, including a customer survey.

13 Platforum, Consumer Insights, January 2018.

AJ Bell Youinvest is always looking at ways to innovate and use new technologies to enhance its proposition for customers. It was the first retail investment platform to introduce two factor authentication and one of the first to make its accounts accessible via Amazon's Alexa, Google Assistant, Apple watch and Apple TV. Future planned developments include the launch of a range of Ready-made portfolios in the final quarter of 2018.

AJ Bell's in-house investment solutions

AJ Bell offers a range of in-house investment solutions for AJ Bell Investcentre and AJ Bell Youinvest, managed by its own team of experienced investment professionals.

The AJ Bell Managed Portfolio Service is exclusively available on AJ Bell Investcentre and is designed to help advisers to select an appropriate investment portfolio for a client, based on the client's investment objectives and attitude to risk. The AJ Bell Managed Portfolio Service provides a range of 16 risk targeted portfolios that are mapped to leading industry risk profiling tools, with an AJ Bell annual management charge of 0.15% plus VAT. Based on the investment objective for each portfolio, AJ Bell determines the asset allocation, selects investments to be held and manages the portfolio on an ongoing basis. Advisers can select from portfolios investing passively (using lower-cost passive instruments, such as index tracker funds) and active portfolios (investing in actively managed collective investment schemes and funds).

The AJ Bell Passive fund range provides an easy, low-cost way for customers to access the investment markets. It includes a range of six risk-targeted funds, managed by AJ Bell's experienced team of investment professionals, investing in low-cost, passive instruments such as Exchange Traded Funds (ETFs) and index tracking funds, that are designed to track the performance of indices such as the S&P 500 and FTSE 100, to give exposure to a variety of assets across a diversified range of asset classes. The AJ Bell annual management charge is 0.15% and the OCF (Ongoing Charge Figure) is capped at 0.5%.

The AJ Bell Favourite Funds list is designed to help customers choose their investments. The list is updated regularly and includes both active and passively managed funds, from across a range of markets, which have been chosen by AJ Bell's investment team because they believe them to offer a combination of:

- low cost and great value;
- a proven track record, compared to benchmark and peers; and
- a quality fund management team.

The AJ Bell's Ready-made portfolios (due to launch in the last quarter of 2018) will be exclusively available to AJ Bell Youinvest customers and offer customers a range of 3 growth portfolios, based on different levels of risk, and an income portfolio. Based on the investment objective and risk profile for each portfolio, AJ Bell will determine the asset allocation and select the investments to be held from those included on the AJ Bell Youinvest Favourite Funds list. Customers will have the option to purchase the portfolios 'off-the-shelf' or alternatively be able to edit the portfolios to build their own preferred asset allocation or to include/exclude funds based on their own preferences. Customers will be responsible for the ongoing management of their portfolios but AJ Bell will provide regular information, including on the performance of the Ready-made portfolios.

4.2 Non-platform businesses

AJ Bell's non-Platform services, which had £7.5 billion in AUA as at 30 September 2018 with 14,699 customers, are described below.

The Directors believe that the investment platform market will continue to grow strongly and offers much greater potential to grow its business than its non-Platform businesses. Non-Platform customers declined during the period covered by the historical financial information, reflecting AJ Bell's strategic decision to concentrate on its Platform business.

Although AJ Bell's primary focus is on its flagship platform propositions, these non-Platform services continue to make a contribution to AJ Bell and are managed to deliver high quality service and value to existing and new customers.

- **AJ Bell Platinum: which provides adviser led and D2C pension trustee and administration services to customers with Platinum SIPP and SSAS accounts.**

  The AJ Bell Platinum SIPP is designed to meet the needs of retail customers and, where applicable, their advisers, who require access to a SIPP with:

  - access to a broad range of investments, including UK commercial property;
  - well established stable, reliable operational processes and systems;
  - a dedicated administration team; and
  - access to technical consultancy,

  and which provides the customer with greater control over the investments within their SIPP, as joint trustee and joint signatory for investments.

  The AJ Bell Platinum SSAS allows company directors of small to medium sized companies to set up their own occupational pension scheme for directors and senior employees. The schemes allow a broad range of investments, including UK commercial property and employer loanbacks, and the services provided by AJ Bell include:

  - an AJ Bell group company as professional trustee;
  - a full administration and documentation service to support the establishment, HMRC registration and smooth running of the scheme;
  - a dedicated administration team; and
  - access to technical consultancy.

  Each scheme member is typically a trustee of the scheme, alongside the AJ Bell professional trustee, giving the members direct control over the investments held within the scheme.

  Customers are able to appoint a range of professionals to support them in the management of their scheme, including financial advisers, accountants and legal advisers.

  Platinum SIPP and SSAS customers are able to access AJ Bell's investment dealing, custody and administration services and in-house investment solutions through an AJ Bell Youinvest Dealing Account, or AJ Bell Investcentre GIA, depending on whether they have a financial adviser or are dealing directly with AJ Bell.

  As at 30 September 2018 there were 3,233 Platinum SIPP customers and 798 Platinum SSAS schemes. The average fund value for a Platinum SIPP is £497,000 and it is £1.2 million for a Platinum SSAS.

  Although there has been significant growth in the SIPP market over recent years this has been driven by the increase in the number of platform SIPPs and there has been little, or no, growth in the number of non-platform SIPPs. AJ Bell's strategy for the Platinum service is to seek to maintain the existing customer numbers and to drive efficiencies in the operating model, while continuing to provide a high level of service, technical support and consultancy support to customers and their advisers. The Platinum service is not actively marketed, with most new business driven by the activity of the consultancy team, adviser recommendations and word of mouth referrals from existing customers.

- **White label SIPP administration: branded to Barclays Smart Investor and Halifax Share Dealing.**

  AJ Bell provides white labelled SIPP products for customers of Barclays Stockbrokers and Halifax Share Dealing. AJ Bell acts as the administrator and scheme operator, for HMRC and FCA purposes, but the products are co-branded, with the white label partner being responsible for distribution as well as the provision of investment services to customers.

  AJ Bell provides a complete pension administration service, through a dedicated support team. Barclays and Halifax provide their customers with investment dealing, administration and custody services and take full responsibility for marketing and promotion of the product.

In 2016 and 2017 AJ Bell gave notices to terminate two of its white labelled SIPP arrangements as they were deemed to be non-core. Such arrangements ceased formally in 2018.

AJ Bell is not actively looking for new white labelled opportunities and believes there is little opportunity to grow this part of its business on terms which are commercially attractive. However, AJ Bell is committed to working with its existing partners to grow customer numbers and deliver a first class service.

- **AJ Bell Securities stockbroking: providing dealing, settlement and custody services to institutional investment businesses.**

  AJ Bell Securities Limited has a long history of providing services to institutional investment businesses, from before becoming a member of the Group. These services included:

  - an online and telephone dealing service – providing the ability to deal in equities, fixed interest securities and investment trusts, both in the UK and overseas;
  - the LawSafe service – providing secure, fast, web enabled access to CREST through the AJ Bell portal. The client becomes a member of CREST but AJ Bell manages the interface;
  - FundService – a dealing, settlement and custody service for investment in collective investment schemes; and
  - an international custody service – managing settlement and custody in most of the major overseas markets.

  Although closed to new clients, AJ Bell continues to provide services to existing clients, with the focus on ensuring that they continue to receive an excellent service, whilst seeking opportunities to simplify the product range to drive operational efficiency.

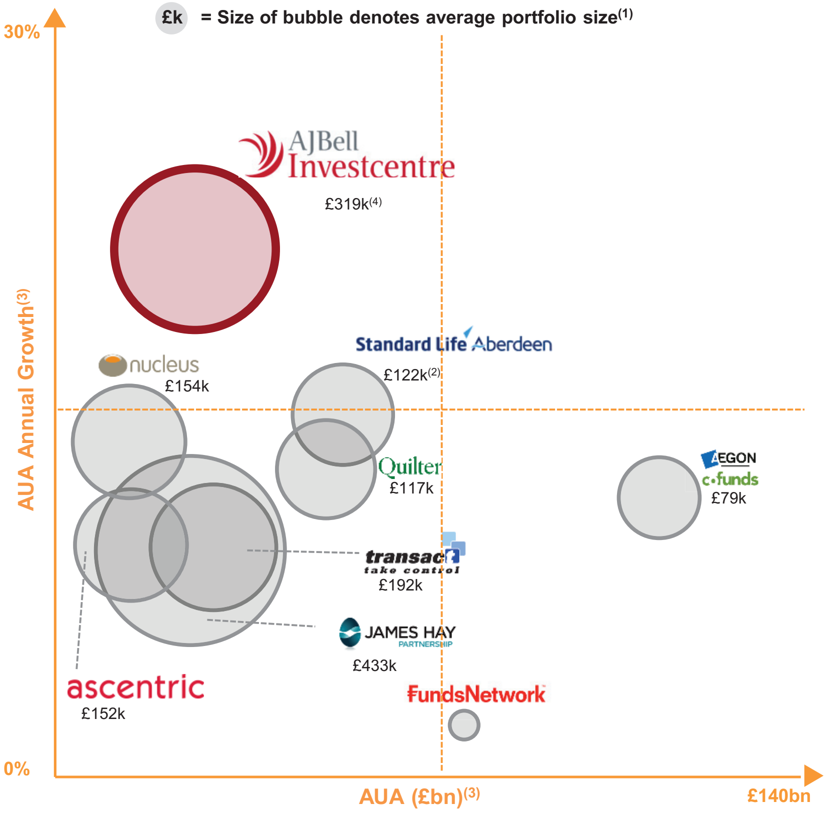
5. **PRINCIPAL MARKETS AND COMPETITION**

The UK advised and D2C platform market segments are highly competitive with fund supermarkets, investment firms, pension providers, insurers and smaller specialist advisers competing for market share.

AJ Bell features in the Platforum top 10 lists by AUA for both the advised and D2C market segments and is one of the fastest growing (year on year) investment platforms on both lists. AJ Bell Investcentre was also ranked in the Top 5 of the Platforum User Leaderboard (based on adviser feedback), in its UK Adviser Platform Guide May 2018, and AJ Bell Youinvest topped the Platforum Investor Experience review in January 2018.

Both AJ Bell Youinvest and AJ Bell Investcentre rank highly in these studies for the value of their propositions and quality of the customer service. Service and price are seen to be amongst the most significant factors in choosing a platform for both advisers and consumers. The Directors believe that AJ Bell will continue to prosper given its market position, its focus on delivering a quality low-cost service, its strong balance sheet and long track record of profitability.

Advised



Sources:

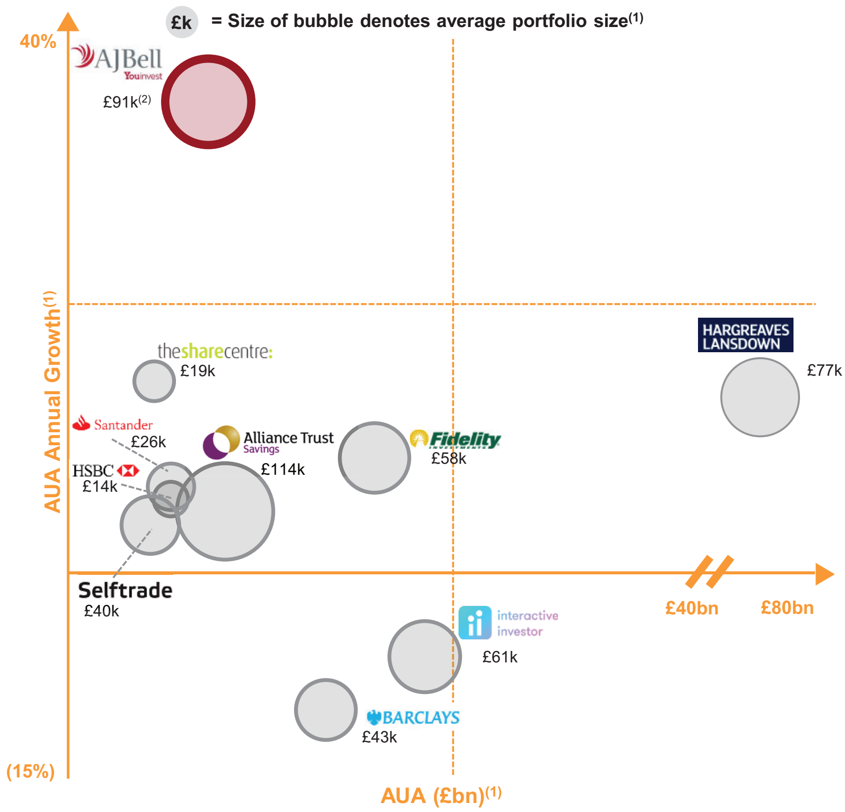
(1): Platforum UK Adviser Platform Guide, May 2018. Note: FundsNetwork number of customers not disclosed to derive average portfolio size.

(2): Standard Life Elevate represents 2016 average customer portfolio value (£122k). Average customer portfolio value calculated as AUA divided by number of customers.

(3): Platforum UK Adviser Platform Guide, May 2018. AUA growth represents 31 March 2017 to 31 March 2018.

(4): AJ Bell AUA, AUA Growth and average portfolio size derived from internal systems as at 31 March 2018.

D2C



Sources:
(1): Platforum UK D2C: Market Size and Structure, July 2018. AUA growth represents 31 March 2017 to 31 March 2018.
(2): AJ Bell AUA, AUA Growth and average portfolio size derived from internal systems as at 31 March 2018.

6. STRATEGY

The AJ Bell Way wheel (shown below) is a structured framework that aids the development and communication of AJ Bell's strategy and is the primary tool used for communicating strategy to all key stakeholders.

The simple statement at the heart of the AJ Bell Way is "We help people to invest" and this is AJ Bell's principal focus, alongside the ambition to be the easiest platform to use. AJ Bell delivers to its customers by working to ensure that its prices are highly competitive, its service is first class and its propositions meet their needs.

The key elements of the AJ Bell Way are:

- Guiding Principles (inner circle of the above – Intelligent, Principled, Personal, Focused, Straightforward and Energetic): that drive the culture of the business;
- Strategic Drivers (outer circle of the above – Our Customers, Growth, Finance and Assurance, Customer Services and Our People): the five drivers upon which all strategic goals are based which will not change for the foreseeable future;
- Strategic Goals: which are set to enable AJ Bell to realise the business strategy. These goals are dynamic and are reviewed every year as part of the business planning process and may change to reflect the priorities at that time. They are not shown in the version of the AJ Bell Way above but are included in the more detailed version which is used internally to drive the personal objectives for the Senior Managers and their teams; and
- KPIs: quantitative measures used to assess the achievement of the Strategic Goals

AJ Bell's strategy focuses on:

- ***Our customers: making investing easier***

  AJ Bell intends to continue to develop its customer propositions, with a focus on ease of use, price and service. AJ Bell seeks to attract new customers and to improve customer satisfaction and loyalty by taking action to improve the customer journey and by delivering a range of straightforward, transparent, low cost and mainstream investment solutions that make investing easier.

The ease of use of the Platform is central to this strategy. The in-house development teams focus on developing AJ Bell's website using new technologies and linking to the core operating systems using APIs to ensure control is maintained over customer interfaces.

- ***Growth: Growing customer numbers and AUA***

  AJ Bell continues to focus on organic growth, both in terms of customer numbers and the level of AUA, by developing its marketing capabilities and improving its brand awareness. AJ Bell seeks to grow its business in a sustainable and cost effective manner by attracting new customers to the Platform through various marketing campaigns and ensuring it retains its existing customers through first-class service.

- ***Finance and Assurance: Preserving our established culture of compliance***

  AJ Bell has a strong corporate culture and has developed and maintained strong relationships with institutional investors since 2005. AJ Bell has a well established risk and compliance framework to ensure that it meets its regulatory responsibilities and to preserve its financial security and regulatory and reputational standing in the market. Under the supervision of the senior management team, it seeks to maintain an open and constructive relationship with the regulatory authorities.

- ***Customer services: Improving customer services***

  AJ Bell continually seeks to improve the quality, efficiency and security of the services it provides to its customers with an experienced, knowledgeable customer services team, supported by a resilient, stable and secure IT platform. AJ Bell completed its migration of its Platform to a new technology platform in 2014 and its IT systems are fully embedded in the business. Ongoing investment in the Platform and the IT systems ensures that AJ Bell maintains a robust, scalable and adaptable operating model and technology solution.

- ***Our people: Engaging with employees***

  AJ Bell recognises the importance of ensuring its staff are fully engaged with AJ Bell's objectives and strategy and are aligned with its culture. AJ Bell seeks to maintain a working environment in which its employees are fairly rewarded, provided with the right tools to do their jobs and given opportunities to progress within AJ Bell to ensure loyalty to AJ Bell and a first-class service for its customers.

7. INVESTMENT CONTENT

The provision by the Platform of high quality, relevant and timely investment content has been a factor in the growth of both AJ Bell Youinvest and AJ Bell Investcentre, providing customers and advisers with valuable insights into market developments and help in making the right investment decisions.

The acquisition, in 2012, of MSM Media (now AJ Bell Media), the publisher of *Shares* magazine, provided AJ Bell with access to a wide array of proprietary investment content, supplementing the technical expertise already present within the business. By leveraging the content available within Shares magazine, in particular, the acquisition has allowed AJ Bell to provide an increased level of relevant content to its Platform customers.

In addition to its comprehensive research centre, with data supplied by Morningstar, which provides valuable information, pricing and performance information and documentation for over 4,000 funds and other collective investments available on the Platform, AJ Bell now provides a wide range of investment market updates, articles and videos on the Platform's websites, written and presented by its experienced investment team and by *Shares*' journalists.

Shares magazine is available free of charge to all AJ Bell Youinvest customers with account balances of £4,000 or more. *Shares* is produced weekly and is one of the UK's leading online investment publications, designed to help private investors make the most of their money. It provides in depth research on stocks, shares, funds and investment trusts as well as personal finance issues. Each week customers have access to:

- Ideas on new investments;

- Expert analysis that could help them grow their wealth;
- Practical advice on personal finance issues;
- In-depth reporting on the events that move the markets; and
- Breaking financial news.

Shares does not provide personal recommendations or advice but can provide valuable help for customers making their own decisions.

In addition to *Shares*, AJ Bell Youinvest also provides its customers with daily market updates and weekly investment insights by email and access to a wide range of investment articles. The Investment Ideas section of the AJ Bell Youinvest website also provides full details of AJ Bell's own in-house investment solutions, including – the AJ Bell Passive funds and AJ Bell Favourite Funds list designed specifically to meet the needs of its customers.

The investment content available to AJ Bell Investcentre advisers and customers includes:

- AJ Bell Investcentre's Infocentre which provides advisers with access to a wide range of AJ Bell investment articles and videos, as well as its monthly Insider newsletter and "*Andy Bell's News & Views*", which contain commentary on the impact of recent events, alongside information on regulatory change and AJ Bell developments;
- AJ Bell's Investment Director, Russ Mould's Investment Weekly which is sent to advisers by email, providing commentary on recent developments in the investment markets. Advisers also receive emails including links to the latest investment articles and invitations to AJ Bell webinars;
- Information on AJ Bell's in-house investment solutions, including the Managed Portfolio Service and AJ Bell Passive funds, which is included in the investment options area of the website, alongside the other investment options available for advisers and their clients; and
- One of the most popular events run by AJ Bell is AJ Bell Investcentre's annual "Investival". Now in its sixth year, AJ Bell's annual investment conference features talks from leading investment managers and an informal environment in which advisers can network with their peers.

8. TECHNOLOGY

As described in section 3.4, AJ Bell has developed a hybrid technology model, which seeks to combine proprietary and third party components to best effect.

AJ Bell maintains complete control over its user interfaces, which are developed and maintained in-house. This not only covers the Platform websites and mobile apps used by customers and advisers, but also extends to internal interfaces used by customer services teams. Maintaining control over the user interfaces allows AJ Bell to control the customer journey, a key point of differentiation in the platform market.

The base of the technology model is provided by the two main back-office systems supplied by third parties, these being GBST's Composer system and JHC's Figaro software. These proven partners provide scalable systems which are continually updated to ensure compliance with the latest regulations and legislation. The functionality of these systems is regularly enhanced, in response to feedback from across the user base, and AJ Bell specific development is also provided.

These back-office systems are well-established within the platform market. Both systems are in active use by other large scale platform providers which provides confidence in the ability of the Platform to support historical and anticipated customer and AUA growth. The increasing list of large platform providers becoming customers of those same suppliers reinforces AJ Bell's confidence in the sustainability of the suppliers' business models and the continued provision of the services.

Using TIBCO, a third party messaging hub and workflow engine, those two main back-office systems are combined to create a single technology platform. All messaging and workflow maintenance, updates and enhancements are undertaken by AJ Bell's internal teams, which allows changes to be made without reliance on third party development.

To supplement the components built in-house, or sourced through partnership, AJ Bell buys commoditised services to provide specific capabilities that would be inefficient to develop internally (e.g. debit card payments). Those systems can be changed relatively quickly although they typically are, and will continue to be, proven solutions widely used within the financial services industry.

A sustained programme of investment in infrastructure, system development and monitoring helps to ensure the capabilities of the technology platform components can be maximised.

Whereas some other platform providers are yet to consider re-platforming, are in the middle of the process or are currently dealing with the adverse consequences of their own re-platforming exercise, AJ Bell successfully concluded its Platform migration in 2014. Whilst AJ Bell's service oriented architecture allows for the replacement of any technology platform component, should that be considered necessary or beneficial, AJ Bell does not currently foresee any reason to replace the core back office elements of the system provided by GBST Composer and JHC Figaro.

Against an evolving cyber security threat landscape, AJ Bell's vigilance and investment is constantly increasing. AJ Bell actively maintains defences against a broad range of likely attacks by global actors, coupling tools from well-known providers, external consultancy and its own internal expertise. The latter includes intelligence shared through the regulatory, industry and national cyber networks in which AJ Bell engages.

9. BRAND AWARENESS

One of AJ Bell's aims is to become one of the best-known names in its markets. A well-known and respected brand is one of the most important selection criteria for retail investors as noted by market commentators and hence an important development area for AJ Bell.

Strategically, there are four key elements employed by AJ Bell to improve its brand awareness and recall.

9.1 Public relations

A central PR function was created by AJ Bell in 2015. Its team of expert commentators, comprising former financial journalists and knowledgeable experienced internal subject matter experts is focused on producing content for the press, with a focus on high profile broadcast opportunities and the mainstream national press.

The team produces daily stock market commentary, individual company analysis, financial services thought leadership and financial planning themes, with two to three pro-active press announcements issued every day on average. AJ Bell has an in-house, broadcast-ready camera and studio and aims to be the quickest in the market to react to media requests and breaking news.

As a result, for the year ended 30 September 2018, AJ Bell averaged 10 appearances per month on mainstream media broadcast programmes and averaged over 750 mentions in the press per month.

9.2 Sponsorship

Strategic sponsorship partnerships with sporting teams, events, venues and individuals have delivered strong exposure across a range of media channels, including national television. The current model is a simple one where any opportunity must have:

- a strong correlation between the typical audience or participant and AJ Bell's target customers;
- national reach and naming rights; and
- TV coverage on a terrestrial TV channel, Sky Sports or BT Sport.

Recent sponsorship activity has included:

- AJ Bell Stadium – the home of Premiership rugby union club Sale Sharks;
- AJ Bell London Triathlon;
- AJ Bell World Triathlon Leeds; and
- AJ Bell World Squash Championships.

The key focus for sponsorship activity is to promote the AJ Bell brand and drive potential customers to www.ajbell.co.uk, with traffic then funnelled to the appropriate AJ Bell product websites according to the area of interest. More detailed product-related messages are promoted on the product website in question.

9.3 TV advertising

AJ Bell carried out a TV test campaign between 2 February 2018 and 2 May 2018. The campaign ran primarily on Sky Adsmart, and was supported by activity on the ITV Player, Channel 4 on-demand and YouTube, as well as AJ Bell's websites and social media channels.

Our 'Invest in the life you want to live' campaign was a brand-led campaign. The brand message centred on the idea that investing can facilitate the lifestyle and life choices an individual aspires to. It aims to tackle pre-conceptions of what investing is, and show the benefits of investing to the way people live their lives.

9.4 Direct to consumer marketing

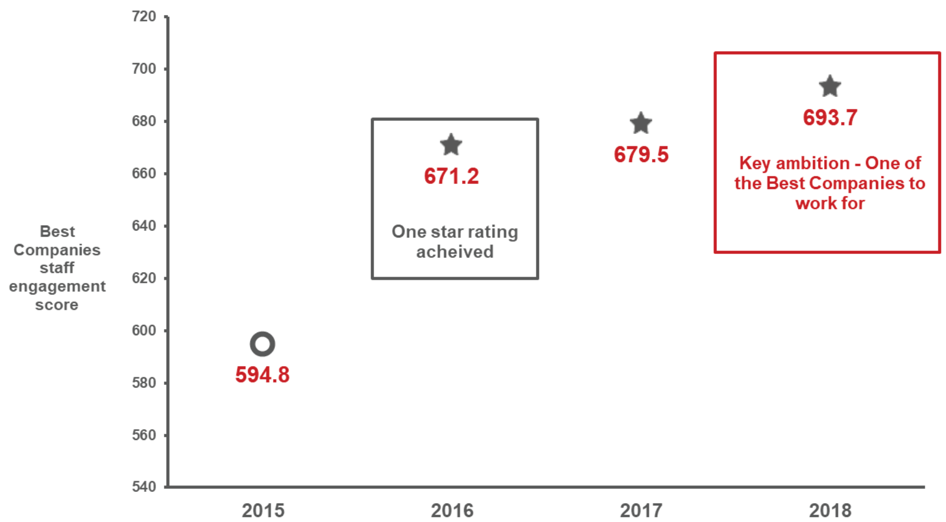
For AJ Bell Youinvest, marketing is undertaken across a variety of channels, both online and offline. The online marketing efforts are focussed primarily on display advertising, pay-per-click on search engines, such as Google, and affiliate advertising on price comparison websites. Offline marketing efforts include press advertising (specialist financial magazines) as well as national press (e.g. the Daily Telegraph), national press campaigns, radio advertising and Out-Of-Home billboards at London Underground stations which are largely confined to the busy tax year end period in March/April.

10. EMPLOYEES/CULTURE

AJ Bell's business was founded on a transparent and innovative culture, and is supported by a committed management team and strong corporate governance.

The senior management team has an average length of service of 11 years and is led by AJ Bell's co-founder, Andy Bell. The Senior Managers combine sector and product expertise with the benefit of long experience within the business and industry.

AJ Bell had 773 full time equivalent employees, at 30 September 2018, located at either its Manchester Headquarters or London Office. Its staff are highly engaged, and ranked AJ Bell in the "Sunday Times 100 Best Companies To Work For" list in 2018.



As at 30 September 2018, 137 members of staff had shares or options in the business.

AJ Bell recognises the importance of ensuring its staff are fully engaged with AJ Bell's objectives and strategy and are aligned with its culture. Its guiding principles, embodied in the "AJ Bell Way", help to drive the culture of the business and are used to communicate its strategy and objectives. AJ Bell is run on strong values/principles as set out below:

AJ Bell's guiding principles

- **Straightforward:** We make investing easy and accessible
- **Intelligent:** We know our stuff
- **Personal:** We are human. Not robots
- **Principled:** We do the right thing
- **Focused:** We give customers what they need. Not what they don't
- **Energetic:** We never stand still

An assessment of behaviours against these guiding principles forms part of the ongoing staff performance review process.

AJ Bell seeks to maintain a working environment in which its employees are fairly rewarded, provided with the right tools to do their jobs and given opportunities to progress within AJ Bell to build loyalty to AJ Bell and to support the delivery of a first-class service for its customers. The "Best Companies To Work For" framework is effectively embedded into the business and will continue to be used to measure staff engagement levels and to target AJ Bell's activities most appropriately.

AJ Bell continues to invest in its technology and the training of its employees to ensure that they are properly equipped to do their jobs. Its ambition to be the easiest platform to use extends not only to the experience for customers and advisers but also to its own employees.

AJ Bell has an excellent track record of developing and promoting its employees, as the business has grown in size and complexity. To ensure this remains the case AJ Bell has established a more formal talent management programme, involving a range of learning, development and career progression opportunities which will apply to different groups of employees across the business. Following the success of AJ Bell's first apprenticeship programme, a second intake for customer services staff took place in FY2018 and a further programme is to be introduced for technology staff, at degree level, in FY2019.

The move of AJ Bell's Manchester operations to its new headquarters building in Exchange Quay, Manchester has provided a much better working environment for staff and relocating the core operational functions from Tunbridge Wells to Manchester is expected to see further benefits for staff as well as a more efficient and improved service for customers and advisers. AJ Bell has plans in place to ensure full use is made of the facilities offered by the Exchange Quay office and to introduce improved mechanisms for internal communication, along with a more structured approach to charitable and volunteering activity by staff, to increase staff engagement further.

11. DIVIDEND POLICY

AJ Bell's interim and final dividends totalled £14.6 million (35.5 pence per share) in respect of FY2018, together with a further special dividend of £8.0 million (19.5 pence per share). Dividends paid in respect of FY2017 and FY2016 amounted to £11.6 million (28.25 pence per share) and £10.5 million (25.75 pence per share) respectively.

Dividend policy post-Admission

The Company intends to announce dividends at the time of publication of its interim and annual results each year.

It is expected that the Company will pay an interim ordinary dividend equal to approximately 40% of the prior year's total ordinary dividend payment (excluding any special dividends paid) and a final ordinary dividend, or second interim ordinary dividend, equal to approximately 65% of AJ Bell's full year profit after tax, less any interim ordinary dividends already paid in respect of that financial year.

Any surplus capital accrued over and above regulatory requirements or other specific needs will be considered by the Board, from time to time and, if appropriate, will be returned to shareholders in an appropriate form and at an appropriate time.

The Board may, however, revise the Company's dividend policy from time to time in line with the actual results of the Group. The ability of the Company to pay dividends is dependent on a number of factors, including market conditions, prospective investment opportunities and the Group's regulatory and financial requirements as assessed by the Board at the time. As a result, there can be no assurance that the Company will pay dividends or, if a dividend is paid, what the amount of such dividend will be.

12. SELECTED FINANCIAL INFORMATION

The tables below present selected historical financial information and certain non-IFRS financial measures and other metrics for AJ Bell as at and for the years ended 30 September 2016, 2017 and 2018. Unless otherwise indicated, the selected historical financial information has been extracted without material adjustment from AJ Bell's historical financial information set out in Part 6 (*Historical Financial Information*) of this Prospectus.

12.1 Statement of profit or loss and other comprehensive income

	Year ended 30 September		
	2016 **£'000**	**2017** **£'000**	**2018** **£'000**
Revenue	64,466	75,576	89,691
Profit before tax	16,779	21,697	28,359

12.2 Statement of financial position

	As at 30 September		
	2016 **£'000**	**2017** **£'000**	**2018** **£'000**
Assets			
Total non-current assets	9,993	11,722	11,589
Current assets			
Trade and other receivables	17,738	22,172	20,075
Cash and cash equivalents	39,510	42,138	49,695
Total current assets	57,248	64,310	69,770
Total assets	67,241	76,032	81,359
Liabilities			
Total current liabilities	(11,693)	(13,634)	(15,511)
Total non-current liabilities	(1,760)	(1,036)	(1,812)
Total Liabilities	(13,453)	(14,670)	(17,323)
Net assets	53,788	61,362	64,036
Total equity	53,788	61,362	64,036

12.3 Statement of cash flows

	Year ended 30 September		
	2016 £'000	2017 £'000	2018 £'000
Net cash generated from operating activities	15,590	16,399	28,848
Net cash used in investing activities	(845)	(3,517)	(829)
Net cash used in financing activities	(11,553)	(10,254)	(20,462)
Net increase in cash and cash equivalents	3,192	2,628	7,557
Cash and cash equivalents at end of year	39,510	42,138	49,695

12.4 Non-IFRS financial measures and other metrics

	As at 30 September		
	2016	2017	2018
Unaudited			
AUA (£bn)	31.8	39.8	46.1
Platform retail customers (000)	117	141	183
Non-Platform retail customers (000)	23	23	15
Total retail customers (000)	140	164	198
Customer retention rate (%)	94.2	94.4	95.1

	Year ended 30 September		
	2016	2017	2018
PBT margin (%)	26.0	28.7	31.6
Revenue per £AUA (bps)	22.6	21.1	21.0

The unaudited non-IFRS financial measures and other metrics have been derived from the following sources:

- Management accounts for the relevant accounting periods presented;
- Internal financial reporting systems supporting the preparation of financial statements; and
- AJ Bell's other business operating systems and records.

13. REASONS FOR ADMISSION AND THE OFFER

The Directors believe that the Offer and Admission will:

- further enhance the Company's profile and brand recognition with customers and advisers;
- extend the Company's shareholder base to a wider group of institutional shareholder and AJ Bell customers;
- assist in the recruitment, retention and incentivisation of all employees; and
- support AJ Bell's growth strategy.

The total expenses incurred (or to be incurred) by the Company in connection with the Offer and Admission are estimated to be between £3.1 million and £3.6 million.

The Company will not receive any proceeds under the Offer. The Offer will provide the Selling Shareholders with net proceeds of approximately £168.9 million (calculated using the Mid-point Assumptions after deduction of underwriting commissions and stamp duty).

14. TAXATION

The attention of investors is drawn to the information regarding taxation set out in paragraph 12 of Part 9 (*Additional Information*) of this Prospectus. The information is intended only as a general guide to the current tax position under UK taxation law for certain types of investor. **Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their professional advisers.**

PART 3

DIRECTORS, SENIOR MANAGERS AND CORPORATE GOVERNANCE

1. THE DIRECTORS

1.1 The following table lists the names, ages, positions and dates of appointment of the current members of the Board:

Name	*Age*	*Position*	*Date of appointment*
Leslie (''Les'') Michael Platts	64	Non-Executive Chairman	15 September 2008
Andrew (''Andy'') James Bell	52	Chief Executive Officer	5 August 2002 (to the Company but co-founded the business on 16 August 1995)
Michael Thomas Summersgill	34	Chief Financial Officer	31 May 2011
Laura Martine Carstensen	57	Senior Independent Non-Executive Director	29 March 2018
Eamonn Michael Flanagan	55	Independent Non-Executive Director	22 March 2018
Simon Turner	66	Independent Non-Executive Director	1 July 2014

1.2 The business address of each Director is 4 Exchange Quay, Salford Quays, Manchester M5 3EE. The management expertise and experience of each Director is set out in their biography below:

- **Leslie Michael Platts**

  Les joined AJ Bell in September 2008 having retired as an Audit Partner and practice Senior Partner for the north-east with Deloitte, a leading international professional services firm. Over a period of 33 years, Les gained extensive UK and international experience across all industry sectors, including FTSE 100, FTSE 250, smaller listed PLCs, large private companies and private equity investments. He has advised at board level on a wide range of financial, commercial and governance issues, and is also Vice Chairman of Leeds Building Society.

- **Andrew James Bell**

  Andy co-founded AJ Bell in 1995, having spent a number of years working within the financial services sector. Graduating from Nottingham University in 1987 with a first class degree in Mathematics, he qualified as a Fellow of the Institute of Actuaries in 1993 and has built AJ Bell into one of the largest online investment platforms in the UK.

- **Michael Thomas Summersgill**

  Michael joined AJ Bell in July 2007 and was subsequently appointed as Chief Financial Officer in May 2011. In addition to overseeing the financial management of the Group he is responsible for all operational functions in the business. Michael graduated from the University of Sheffield with a degree in Economics and began his career as an accountant in public practice.

- **Laura Martine Carstensen**

  Laura joined the Board in March 2018. Amongst other roles she is currently Non-Executive Chairman of Park Group Plc, an AIM-listed UK financial services business, and a Non-Executive Director and Chairman of the Values and Ethics Board Committee at the Co-operative Bank p.l.c. Previously Laura spent nearly 20 years at Slaughter and May, a major City law firm, ten years of which were as a partner and has also served as Deputy Chairman of the Competition Commission and a Commissioner of the Equality and Human Rights Commission.

- **Eamonn Michael Flanagan**

  Eamonn joined the Board in March 2018, having previously been a director in Shore Capital Markets, a respected independent securities business, since its establishment in 2003. Prior to this, Eamonn was a director and then Head of European Insurance at a leading investment bank. He is a Fellow of the Institute of Actuaries and the Institute of Directors.

- **Simon Turner**

  Simon joined the Board in July 2014 with strong experience in the retail, consumer electronics and IT industries, thanks to his time as Group Managing Director at Dixons PC World, a leading UK electrical retailer, and his appointment to the boards of several large internet businesses. Simon has experience in the financial services industry having spent eight years on the board at Yorkshire Building Society, one of Britain's biggest building societies and was on the UK board of Allied Irish Bank for 3 years.

1.3 Senior Managers

In addition to the Executive Directors, each of the following persons is a senior manager of AJ Bell:

Name	*Age*	*Position*	*Date of employment*
Fergus Lyons	57	Managing Director, AJ Bell Investcentre	4 September 2000
Charles Galbraith	56	Managing Director, AJ Bell Youinvest	1 August 2006
Louis Petherick	43	Chief Risk Officer	19 September 2016
Roger Stott	53	Group Finance Director	1 September 2008
Christopher Bruce Robinson	61	Group Legal Services Director and Company Secretary	1 October 2012

1.4 The management expertise and experience of each of the Senior Managers listed above is set out below:

- **Fergus Lyons**

  Fergus worked at a major bank for over 20 years before joining AJ Bell in September 2000. Since then he has worked in many areas of the business, and is currently Managing Director of AJ Bell Investcentre. Fergus is also responsible for AJ Bell's investment and Platinum SIPP and SSAS products.

- **Charles Galbraith**

  Charles became Managing Director of Lawshare (now AJ Bell Securities) in 2006 and joined AJ Bell's senior management team on its acquisition of Lawshare in 2007. He has worked in a number of stockbroking firms over the past 20 years, concentrating on both private and institutional clients. Previously he was Managing Director of a well-known stockbroker, and was also responsible for the stocks and shares ISA business of a major high street bank. Charles has overall responsibility for AJ Bell Youinvest and AJ Bell's institutional stockbroking business.

- **Louis Petherick**

  Louis joined AJ Bell in September 2016 as AJ Bell's Risk and Compliance Director before taking on the role of Chief Risk Officer in July 2017. Louis has worked for a number of financial services firms over the past 20 years, holding various senior risk, compliance and conduct roles across the insurance, wealth management and banking sector. He is responsible for the risk, compliance and counter-financial crime functions within AJ Bell.

- **Roger Stott**

  Roger qualified as a Chartered Accountant in 1990 and has worked in retail stockbroking since 1999. He spent seven years as Finance Director at a well-known stockbroker, joining that company at start-up and seeing it through an MBO and sale. With AJ Bell since 2008, Roger is responsible for overseeing the finance department, treasury function, the commercial management of supplier relationships and AJ Bell's third party products.

- **Christopher Bruce Robinson**

  Bruce joined AJ Bell in October 2012, having previously acted as one of AJ Bell's external legal advisers. Before joining AJ Bell, Bruce spent 20 years in private practice as a corporate and commercial lawyer.

2. CORPORATE GOVERNANCE

The Board is committed to the highest standards of corporate governance and to maintaining a sound framework for the control and management of AJ Bell.

In the event of Admission, the Company intends to comply with the UK Corporate Governance Code and will report to Shareholders on such compliance in accordance with the Listing Rules. It is the Company's current intention that each of the Directors will stand for re-election on an annual basis.

2.1 The Board

The Board is responsible for leading and controlling AJ Bell and has overall authority for the management and conduct of AJ Bell's business, strategy and development. The Board is also responsible for ensuring the maintenance of a sound system of internal controls and risk management (including financial, operational and compliance controls) and for reviewing the overall effectiveness of systems in place as well as for the approval of any changes to the capital, corporate and/or management structure of AJ Bell.

2.2 Compliance with corporate governance requirements

- *Board and committee independence*

  The UK Corporate Governance Code recommends that at least half the board of directors of a UK listed company, excluding the chairman, should comprise non-executive directors determined by the Board to be independent in character and judgment and free from relationships or circumstances which may affect, or could appear to affect, this judgment. The Board has determined that all of the Non-Executive Directors are free from any business or other relationship that could materially interfere with the exercise of their independent judgment and are therefore "independent non-executive directors" within the meaning of the UK Corporate Governance Code. On Admission, the Company will have two Executive Directors and three independent Non-Executive Directors plus the Chairman and therefore will comply with the UK Corporate Governance Code in this respect.

- *Chairman*

  The UK Corporate Governance Code recommends that a chairman should meet the independence criteria set out in the UK Corporate Governance Code on appointment. The Board has concluded that Les Platts was independent at the date of his appointment as chairman. The Board are aware that under the provisions of the new version of the UK Corporate Governance Code, which will apply to AJ Bell's accounting period starting on 1 October 2019, the chair should not remain in post beyond nine years from the date of their first appointment to the board. Les Platts was appointed to the Board as a non-executive director on 15 September 2008 and assumed the role of chair on 1 January 2014.

  The new version of the UK Corporate Governance Code also confirms that that where the chair was an existing non-executive director on appointment, which is the case for Les, this period can be extended for a limited time to facilitate effective succession and the development of a diverse Board. A succession plan for Les will be considered in 2019.

- *Senior independent director*

  The UK Corporate Governance Code also recommends that the board of directors of a company should appoint one of the independent non-executive directors to be the senior independent director to provide a sounding board for the chairman and to serve as an intermediary for the other directors when necessary. The senior independent director has an important role on the Board in leading on corporate governance issues and being available to Shareholders if they have concerns which contact through the normal channels of the Chairman, Chief Executive Officer or other Executive Directors has failed to resolve or for which such contact is inappropriate. Laura Carstensen has been appointed as the senior independent director of the Board.

3. BOARD COMMITTEES

As envisaged by the UK Corporate Governance Code, the Board has established four committees: Audit; Risk and Compliance; Remuneration; and Nomination, each with written terms of reference. The Board has also established a Disclosure Committee in anticipation of Admission. If the need should arise, the Board may set up additional committees as appropriate.

3.1 Audit Committee

The Audit Committee has responsibility for, among other things, the monitoring of the financial integrity of the financial statements of AJ Bell and the involvement of AJ Bell's auditors in that process. It focuses in particular on compliance with accounting policies and ensuring that an effective system of internal and external audit and financial control is maintained, including considering the scope of the annual audit and the extent of the non-audit work undertaken by external auditors and advising on the appointment of external auditors. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board. The Audit Committee will meet at least four times a year at the appropriate times in the financial reporting and audit cycle.

The terms of reference of the Audit Committee cover such issues as membership and the frequency of meetings, as mentioned above, together with requirements of any quorum for and the right to attend meetings. The responsibilities of the Audit Committee covered in its terms of reference include the following: external audit, financial reporting and internal financial controls. Other internal controls and risk management falls within the express responsibilities of the Risk and Compliance Committee. In addition the internal audit function has a direct reporting line to the Audit Committee. The terms of reference also set out the authority of the committee to carry out its responsibilities.

The UK Corporate Governance Code recommends that the Audit Committee comprises at least three members who are all independent non-executive directors and includes one member with recent and relevant financial experience, be independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment. The Chairman is a member of the Audit Committee but does not act as chair which is compliant with the UK Corporate Governance Code as long as AJ Bell remains outside of the FTSE 350. The Board considers it appropriate for Les Platts to be a member of the Audit Committee in order to support succession, as two of the other members of the Audit Committee, including the chair, have only recently been appointed. This is especially considered to be the case in the light of Les' previous experience of listed company audit work. The Board will review the position as and when it becomes necessary to do so under the UK Corporate Governance Code following Admission. The Audit Committee also comprises all of the independent Non-Executive Directors: Simon Turner, Laura Carstensen and Eamonn Flanagan. The committee is chaired by Eamonn Flanagan.

3.2 Risk and Compliance Committee

The Risk and Compliance Committee has responsibility for, among other things, the monitoring of the appropriateness and effectiveness of AJ Bell's internal controls; compliance and risk management systems; oversight of the Group's anti-money laundering and financial crime prevention systems and controls; and ICAAP. It focuses in particular on reviewing the annual risk and compliance plans, reviewing all risk and compliance related reports from

AJ Bell's Executive Management Assurance Committee and reviewing the management team's responsiveness to recommendations of AJ Bell's risk management and compliance functions. The Risk and Compliance Committee will meet at least four times year.

The terms of reference of the Risk and Compliance Committee cover such issues as membership and the frequency of meetings, as mentioned above, together with requirements of any quorum for and the right to attend meetings. The responsibilities of the Risk and Compliance Committee covered in its terms of reference include the following: risk reporting, internal compliance procedures and monitoring and risk management. The terms of reference also set out the authority of the committee to carry out its responsibilities.

The Risk and Compliance Committee comprises all of the independent Non-Executive Directors: Simon Turner, Laura Carstensen and Eamonn Flanagan and the Chairman, Les Platts. The committee is chaired by Simon Turner.

3.3 Remuneration Committee

The Remuneration Committee has responsibility for the determination of specific remuneration packages for each of the Executive Directors, the Chairman and certain senior executives of AJ Bell, including pension rights and any compensation payments, and recommending and monitoring the level and structure of remuneration for senior management, and the implementation of share option, or other performance related schemes. It will meet at least twice a year. The Remuneration Committee will also generate an annual remuneration report to be approved by the Shareholders of the Company at the annual general meeting.

The responsibilities of the Remuneration Committee covered in its terms of reference include the following: determining and monitoring policy on and setting levels of remuneration, termination, performance-related pay, pension arrangements, reporting and disclosure, share incentive plans and remuneration consultants. The terms of reference also set out the reporting responsibilities and the authority of the committee to carry out its responsibilities.

The UK Corporate Governance Code recommends that the Remuneration Committee comprises at least three members who are all independent non-executive directors, be independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment. The Board considers that the Company complies with the requirement of the UK Corporate Governance Code in that regard.

The Remuneration Committee comprises all of the independent Non-Executive Directors: Simon Turner, Laura Carstensen and Eamonn Flanagan and the Chairman, Les Platts. The committee is chaired by Laura Carstensen.

3.4 Nomination Committee

The Nomination Committee is responsible for considering and making recommendations to the Board in respect of appointments to the Board, the Board committees and the chairmanship of the Board committees. It is also responsible for keeping the structure, size and composition of the Board under regular review, and for making recommendations to the Board with regard to any changes necessary, taking into account the skills and expertise that will be needed on the Board in the future. The Nomination Committee's terms of reference deal with such things as membership, quorum and reporting responsibilities. The Nomination Committee will meet at least once a year.

The UK Corporate Governance Code recommends that a majority of the members of the Nomination Committee should be independent non-executive directors, be independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment. The Board considers that the Company complies with the requirement of the UK Corporate Governance Code in that regard.

The Nomination Committee comprises all of the independent Non-Executive Directors: Simon Tuner, Laura Carstensen and Eamonn Flanagan and the Chairman, Les Platts. The Committee is chaired by Les Platts, except when dealing with the appointment of a successor to the chairmanship.

3.5 Disclosure Committee

The Disclosure Committee is responsible for the review and implementation, on an ongoing basis, of AJ Bell's disclosure policy to ensure that it addresses AJ Bell's ongoing compliance with the Disclosure Guidance and Transparency Rules, Listing Rules and Prospectus Rules and the Market Abuse Regulation. The Disclosure Committee shall have the responsibility for ensuring that this disclosure policy is properly communicated across AJ Bell, that AJ Bell's directors, officers, employees and contractors are educated with respect to this policy and the related controls and procedures, that AJ Bell's disclosure policy remains effective in design and in operation, and that any violation of the policy is properly addressed and remedial action is taken as appropriate.

The Disclosure Committee shall submit the results of its annual review of its operation, the adequacy and effectiveness of the disclosure policy and procedures and its own procedures to the Board. The Board or the Chairman will, wherever practicable be consulted in relation to the disclosure (or delayed disclosure) of major announcements and asked to approve such announcements (or delays).

The Disclosure Committee comprises four members: Eamonn Flanagan, Andy Bell, Michael Summersgill and Bruce Robinson. The committee is chaired by Eamonn Flanagan.

4. REMUNERATION

4.1 General approach to remuneration

AJ Bell's approach to remuneration reflects its culture and supports delivery of its strategy. The aim is to attract, retain and motivate talented people to help ensure continued growth and success.

Remuneration levels for the Executive Directors and Senior Managers have been set at a level that is considered by the Remuneration Committee to be appropriate for the size and nature of the business.

4.2 CRD IV and the FCA Remuneration code

AJ Bell is subject to CRD IV requirements and therefore the FCA Remuneration Code. AJ Bell's remuneration practices accord with the applicable principles of the FCA Remuneration Code, which are overseen by the Remuneration Committee. Material decisions in relation to the remuneration of staff whose actions have a material impact on the risk profile of AJ Bell and in relation to individuals in control functions are overseen by the Remuneration Committee.

4.3 Executive Directors' remuneration

The approach to Executive Directors' remuneration aims to align their interests with the long-term interests of Shareholders. Furthermore, it aims to promote a high performance culture with appropriate reward for superior performance, without creating incentives that will encourage excessive risk-taking or unsustainable performance.

The Company intends to deliver these outcomes via a remuneration framework which combines annual salary, benefits, pension, an annual bonus plan and share-based awards.

Further details of each Executive Director's remuneration are set out in paragraph 9 of Part 9 (*Additional Information*) of this Prospectus. The Company will submit its remuneration policy (as it relates to the Executive Directors) to a binding vote of Shareholders at the annual general meeting of the Company held in the first financial year which begins on or which follows any Admission. Accordingly, the Company will outline the detail of its future policy relating to the Executive Directors' remuneration in its annual report and accounts in due course.

5. SHARE DEALING CODE

The Company will adopt, with effect from Admission, a code on dealings in relation to the Shares and other securities. The code adopted will apply to the Directors and Senior Managers. The Directors will take all reasonable steps to secure compliance.

6. CONFLICTS OF INTEREST

The landlord of the Group's head office at 4 Exchange Quay, Salford Quays, Manchester M5 3EE (**Property**), Exchange Quay Property Services Limited (**EQPSL**), is a company controlled by a number of members of the senior management team. The shareholders and directors of EQPSL are Andrew James Bell, Bestfield Investments (an unlimited company of which Fergus John Lyons and other family members are the shareholders and directors), Michael Thomas Summersgill, Charles William Galbraith and Roger John Stott. AJ Bell Business Solutions Limited, as tenant, and the Company, as guarantor, entered into the two leases of the Property on 17 August 2016. The leases were entered into on arms' length terms, the parties had separate legal advisers and the Board obtained advice on the lease terms from an independent surveyor. The reason for this structure being adopted was because the Board did not consider the purchase of business premises to be an appropriate use of the Company's capital. Shareholder approval was obtained before the parties entered into the leases. The parties entered into a supplemental lease of additional parts of the Property and a licence for alterations on 24 October 2018.

The Group made donations during FY2016 (£85,279), FY2017 (£109,125) and FY2018 (£139,675) to the AJ Bell Trust, a registered charity of which Andy Bell is a director of the trustee company.

7. EMPLOYEES

For FY2016, FY2017 and FY2018, AJ Bell had an average of 607, 656, and 758 employees respectively, analysed by operational area as follows:

	FY2016	**FY2017**	**FY2018**
Technology	74	95	116
Distribution	55	58	64
Operations and Support	478	503	578
	607	656	758

As at 31 October 2018 AJ Bell had 776 employees.

8. CONCERT PARTY

Due to their historic association as significant shareholders in the Company and various other historic and ongoing business and investment relationships between them, Andy Bell and Fergus Lyons, together with their respective closely associated persons, are considered to be acting in concert with each other in relation to the Company for the purposes of the City Code and, therefore, comprise the "**Concert Party**". Immediately following completion of the Share Capital Reorganisation and Admission, Andy Bell and Fergus Lyons, together with their respective closely associated persons referred to below, are expected to hold Ordinary Shares representing 31.2% of the issued voting share capital of the Company (based on the Mid-point Assumptions).

Furthermore, as a Director and Senior Manager (respectively), Andy Bell and Fergus Lyons are eligible to participate in the Company's employee incentive schemes. Fergus Lyons has been awarded options over 57,692 Ordinary Shares pursuant to the CSOP (the terms of which are summarised in paragraph 5.1 of Part 9 *(Additional Information)* of this Prospectus, and Andy Bell and Fergus Lyons have been awarded further options over Ordinary Shares up to a maximum value of £881,250 and £156,000 respectively pursuant to the EIP. Once vested and exercised, those options may at that time increase the Concert Party's percentage interest in the voting rights of the Company to 31.36%. Details of these options are set out in paragraph 7.3 of Part 9 *(Additional Information)* of this Prospectus.

Additionally, if the Company were to exercise all of the Call Options (as described in paragraph 6 of Part 9 (*Additional Information*) of this Prospectus), the Company's issued share capital would be reduced, a consequence of which would be an increase in the percentage interests of the Concert Party in the share capital of the Company to 31.6% (assuming all options held by Andy and Fergus are exercised).

The following table sets out the current interests of the Concert Party in the share capital of the Company and their potential interests in the share capital of the Company (based on the assumptions described), including their potential maximum interests following the exercise of all existing share options in their favour and the exercise in full of the Call Options:

Name	Percentage of voting ordinary shares as at the date of this Prospectus	Number[1] of Ordinary Shares immediately following completion of the Offer	Percentage[1] of Ordinary Shares immediately following Admission	Number[2] of Ordinary Shares resulting from the exercise of options/ awards	Maximum number of Ordinary Shares (fully diluted)	Maximum percentage of Ordinary Shares (fully diluted)[3]
Andy Bell	22.8	81,399,086	20.04	573,409	81,972,494	20.34
Blythe Investments[4]	4.7	19,200,000	4.73	—	19,200,000	4.76
Blythe Family Trust[5]	0.7	2,880,000	0.71	—	2,880,000	0.71
AJ Bell Trust[6]	—	261,729	0.06	—	261,729	0.06
Tracey Bell	—	32,468	0.01	—	32,468	0.01
Andy Bell's children	—	64,935	0.02	—	64,935	0.02
Janet Albrecht[7]	0.8	2,761,344	0.68	—	2,761,334	0.69
Andy Bell's other close relatives[8]	—	32,468	0.01	—	32,468	0.01
Fergus Lyons	3.8	12,799,724	3.15	160,190	12,959,914	3.22
Bestfield Investments[9]	1.9	7,103,992	1.75	—	7,103,992	1.76
Fergus Lyons' children	—	129,870	0.03	—	129,870	0.03
Total	**34.7**	**126,665,616**	**31.18**	**733,598**	**127,399,214**	**31.61**

As a consequence of holding at least 30% of the issued voting share capital of the Company, under Chapter 6 of the Listing Rules Andy Bell, Fergus Lyons and the other members of the Concert Party are considered to be controlling shareholders of the Company. As required by Chapter 6 of the Listing Rules, Andy Bell and Fergus Lyons have entered into the Relationship Agreement with the Company, further details of which are included in paragraph 11.2 of Part 9 (*Additional Information*) of this Prospectus.

1 Based on the following assumptions: (a) the Offer Price is set at the bottom end of the Indicative Price Range; (b) Fergus Lyons sells 13.7% of his Ordinary Shares through the Offer; and (c) Andy Bell sells 9.8% of his Ordinary Shares through the Offer and purchases up £240,000 of Ordinary Shares through the Qualifying Offer.

2 Based on the following assumptions: (a) the Offer Price is set at the bottom end of the Indicative Price Range; and (b) Andy Bell and Fergus Lyons each purchase Partnership Shares having a value of £1,800. Further details of the Partnership Shares are summarised in paragraph 5.3 of Part 9 *(Additional Information)* of this Prospectus.

3 Based on the following assumptions: (a) the assumptions set out in footnote 1 and 2 above; (b) the share options awarded to the relevant members of the Concert Party as disclosed above vest and are exercised in full; (c) no other Ordinary Shares are issued (including in respect of options held by, or awarded to, other persons); and (d) the Call Options are exercised in full. The Call Options are described in paragraph 6 of Part 9 (*Additional Information*) of this Prospectus. If the Call Options are exercised, the total number of Ordinary Shares in issue would decrease. In connection with a share buy-back by the Company (including buy-backs under the Call Options), any resulting increase in the percentage of shares carrying voting rights in which the Concert Party is interested (i.e. by reference to the reduced issued share capital of the Company) may be treated, in accordance with Rule 37 of the City Code, as an acquisition of an interest in shares.

4 An unlimited company controlled by Andy Bell and his wife, Tracey Bell.

5 A discretionary trust of which Andy Bell and his wife, Tracey Bell, are settlors and trustees.

6 Andy Bell and his wife, Tracey Bell, are the directors of AJ Bell Trust, a registered charity, and control the voting rights of the securities held by the AJ Bell Trust.

7 Andy Bell's sister.

8 Specifically, Andy Bell's parents, parents in-law and brother and sister in-law.

9 An unlimited company controlled by Fergus Lyons and his wife, Caroline Anne Lyons.

8.1 *Concert Party and Rule 9 implications*

Details of the mandatory bids and compulsory acquisition rules relating to the Shares, including Rules 9 and 37 of the City Code, are set out in paragraph 4 of Part 9 (*Additional Information*) of this Prospectus. Immediately following Admission, the Concert Party will be interested in Ordinary Shares (which are held as detailed above), representing up to 31.61% of the voting share capital of the Company (subject to the assumptions set out in that paragraph). For so long as the Concert Party is interested in more than 30% but does not hold 50% of the voting share capital of the Company, should any member of the Concert Party acquire any further interest in Ordinary Shares, apart from pursuant to the arrangements described in this paragraph 8, it would trigger an obligation under Rule 9 of the City Code upon that member (and/or upon other members) of the Concert Party to make an offer for the remaining Ordinary Shares of the Company not already held by the Concert Party, at a price not less than the highest price paid by any member of the Concert Party for any Ordinary Shares in the previous 12 months.

Note 1 on the dispensations from Rule 9 provides that the Panel will normally waive the obligation to make a Rule 9 offer as a result of the issue of new shares provided that the waiver is approved by a vote of independent shareholders. The Panel Executive has confirmed that, on account of the disclosures in the table above, the obligation under Rule 9 will not be triggered as a result of the issue of new shares following the exercise of those options. The Company may award further options over new Ordinary Shares to Andy Bell and Fergus Lyons in the future as part of their remuneration. In respect of any such award of options over new Ordinary Shares the Company would seek a waiver from the Panel of the application of Rule 9, subject to a vote of independent shareholders, prior to making the award.

8.2 *Company redeeming or purchasing its own shares and City Code implications*

When a company redeems or purchases its own voting shares, under Rule 37 of the City Code any resulting increase in the percentage of shares carrying voting rights, in which a person or group of persons acting in concert, is interested is treated as an acquisition of interests in shares which is relevant for the purpose of Rule 9 of the City Code (as further described in paragraph 4 of Part 9 (*Additional Information*) of this Prospectus). Rule 37 of the City Code provides that, subject to prior consultation, the Takeover Panel will normally waive any resulting obligation to make a general offer if there is a vote of independent shareholders and a procedure on the lines of that set out in Appendix 1 of the City Code is followed.

The Panel Executive has confirmed that, on account of the disclosures in the table above, the obligation under Rule 9 will not be triggered as a result of the acquisition by the Company of its own shares as a result of the exercise of the Call Options. The Company may, at future annual general meetings, seek the customary shareholder authority to make on-market purchases of its own shares. In seeking any such authority, Rule 37 would apply but the Company would seek a waiver from the Panel of the resulting Rule 9 obligation to make a general offer, subject to a vote of independent shareholders.

PART 4

OPERATING AND FINANCIAL REVIEW

The following is a review of AJ Bell's operating performance and financial position.

The consolidated financial information referred to in this Part 5 has been prepared in accordance with (i) IFRS as adopted by the EU; (ii) the requirements of the Prospectus Directive; and (iii) the Listing Rules, and, unless otherwise stated, has been extracted without material adjustment from Part 6 (Historical Financial Information) of this Prospectus.

In this discussion and analysis, the financial years ended 30 September 2016, 30 September 2017 and 30 September 2018 are referred to as FY2016, FY2017 and FY2018, respectively.

The financial information referred to in the following discussion and analysis has been rounded to the nearest decimal place and percentage changes have been calculated based upon these rounded numbers and so may not conform exactly to the calculation based upon the underlying unrounded figures.

This Part 4 (Operating and Financial Review) of this Prospectus contains "forward-looking statements". Those statements are subject to risks, uncertainties and other factors that could cause AJ Bell's future results of operations or cash flows to differ materially from the results of operations or cash flows expressed or implied in such forward-looking statements. Prospective investors should read the section entitled "Presentation of Information" and Part 2 (Risk Factors) of this Prospectus for further information in this respect. In addition, certain industry issues also affect the Group's results of operations and are described in Part 1 (Market Overview) of this Prospectus.

1. OVERVIEW

AJ Bell is one of the largest investment platforms in the UK, based on the value of its AUA. The total value of the Group's AUA was £46.1 billion as at 30 September 2018. AJ Bell's flagship propositions are AJ Bell Investcentre, which operates in the advised segment of the platform market and AJ Bell Youinvest which operates in the D2C segment. The Group operates principally as a platform business although it also maintains an element of non-Platform business.

AJ Bell Youinvest and AJ Bell Investcentre combined had £38.6 billion in AUA as at 30 September 2018 with 183,213 customers. These two platform propositions are described briefly below:

- *AJ Bell Investcentre*: an online investment platform which provides authorised financial advisers and wealth managers with online tools to help them provide financial advice and investment management services to their clients. It also provides a range of investment solutions, as well as an integrated investment custody administration solution for wealth managers. It offers SIPPs, ISAs, GIAs and offshore bonds, together with access to a wide range of investments; and
- *AJ Bell Youinvest*: an online D2C retail investment platform which provides SIPPs, ISAs and Dealing Accounts to execution-only investors together with access to a wide range of investments, "in-house" investment solutions, research tools and information to make it easier for customers to manage their savings and investments.

AJ Bell Youinvest and AJ Bell Investcentre provide access to a broad investment range including shares and other financial instruments traded on the major stock exchanges around the world, as well as mainstream collective investments available in the UK. AJ Bell also offers a range of in-house investment solutions, including the AJ Bell Passive funds, the AJ Bell Investcentre Managed Portfolio Service and the AJ Bell Youinvest Favourite Funds list and from the end of the last quarter of 2018 Ready-made portfolios.

AJ Bell's non-Platform business, which had £7.5 billion in AUA as at 30 September 2018 with 14,699 customers, comprises:

- *AJ Bell Platinum*: providing adviser led and D2C pension administration services to customers with Platinum SIPP and SSAS accounts;
- *White label SIPP administration:* branded to Barclays Smart Investor and Halifax Share Dealing; and

- *AJ Bell Securities stockbroking:* providing dealing, settlement and custody services to institutional investment businesses.

AJ Bell was co-founded in 1995 in Manchester by Andy Bell and Nicholas Littlefair to provide actuarial, trustee and pension administration services to customers with a SSAS or SIPP. In 2000, AJ Bell launched Sippdeal, the first online SIPP in the UK for execution only investors. In 2002, AJ Bell launched Sippcentre, as a low cost SIPP for financial advisers and their clients. Since then, AJ Bell has grown its customers and AUA organically, but has also made some small strategic acquisitions to enhance AJ Bell's platform propositions. In December 2007, AJ Bell acquired Lawshare to bring its stockbroking capabilities in-house and facilitate the offering of ISAs and general investment/dealing accounts to its platform customers. In December 2012, AJ Bell acquired MSM Media to expand the range of investment content offered to its platform customers. More recently in February 2016, AJ Bell acquired Indexx Markets and Mansard Capital to facilitate the launch of its in-house range of investment solutions. AJ Bell's heritage is evident in the value of assets held in SIPPs, which was 72% of AJ Bell's overall AUA as at 30 September 2018. SIPPs are long term savings products which provide AJ Bell with a high proportion of recurring revenue.

AJ Bell's principal source of revenue arises from the fees charged for the provision of platform services. AJ Bell's revenue is classified into recurring revenues and transactional revenues as follows:

- *Recurring revenues – ad valorem* charges: includes custody charges, retained interest margin and annual management charges.
- *Recurring revenues – fixed charges*: includes annual administration charges, drawdown, property and off-panel charges.
- *Transactional revenues:* includes both dealing charges (for buying and selling investments), foreign exchange charges together with other transactional charges (for transfer, off-panel investments, pension withdrawals and other transactional activity including account set-up and closure).

AJ Bell has a diverse revenue model with recurring income representing 82% of revenue in FY2018, and transactional revenue of 18%. The level of *ad valorem* charges included within recurring income varies with the size of the customer's portfolio and, as a consequence, more generally with the amount of AUA.

AJ Bell's distribution model is diversified, operating in both the advised and D2C segments of the platform market. Further, the business is not reliant on any key customer or independent financial adviser. The largest single distribution contract as at 30 September 2018 comprised less than 1.5% of total revenue.

AJ Bell's business is highly cash generative and it has a capital light model. Cash generated from operations has averaged over 100% of profit before taxation for the period covered by the historical financial information as AJ Bell benefits from a short working capital cycle and low levels of capital expenditure following the completion of its major re-platforming exercise in 2014.

Growth has been funded from retained earnings and has not required primary equity fundraising or material debt finance.

AJ Bell's strong regulatory capital position is evidenced by a regulatory capital surplus yielding coverage of 460% of its Pillar 1 regulatory capital requirements on average during the period covered by the historical financial information.

2. KEY PERFORMANCE INDICATORS

Management considers a variety of financial measures and other metrics when analysing AJ Bell's performance, and the Directors believe that each of these measures provides useful information with respect to AJ Bell's business and operations. With the exception of revenue and profit before tax, these are non-IFRS financial measures and metrics that are not audited. These non-IFRS financial measures and metrics are not meant to be considered in isolation or as a substitute for measures of financial performance reported in accordance with IFRS. Moreover, these non-IFRS financial measures and metrics may be defined or calculated differently by other companies, and as a result AJ Bell's key performance indicators may not be comparable to similar measures and metrics calculated by its peers.

	As at 30 September 2016	As at 30 September 2017	As at 30 September 2018
AUA (£bn) (1)	31.8	39.8	46.1
Platform retail customers ('000) (2)	117	141	183
Non-Platform retail customer ('000) (3)	23	23	15
Total retail customers ('000) (4)	140	164	198
Customer retention rate (%) (5)	94.2	94.4	95.1
	FY2016	**FY2017**	**FY2018**
PBT margin (%) (6)	26.0	28.7	31.6
Revenue (£000) (audited)	64,466	75,576	89,691
Profit before tax (£000) (audited)	16,779	21,697	28,359
Revenue per £ AUA (bps) (7)	22.6	21.1	21.0
Diluted EPS (pence) (8)	32.7	42.6	54.05

Notes:

(1) *AUA is an operating metric that represents the value of assets whereby AJ Bell provides either an administration, custodian or transactional service for each product.*

(2) *Platform retail customers is an operating metric that AJ Bell defines as customers of AJ Bell Youinvest and clients of advisers using AJ Bell Investcentre that have at least one funded account. A funded account is an account with a value of £0.01 or greater.*

(3) *Non-Platform retail customers is an operating metric that is defined as funded customers of AJ Bell Platinum and AJ Bell's white label SIPP administration services.*

(4) *Total retail customers is an operating metric that represents the sum of Platform retail customers and non-Platform retail customers (non-funded customers, i.e. those with an account balance of zero, are not included in retail customer numbers).*

(5) *Customer retention rate is an operating metric based on the number of platform retail customers that have become unfunded during the year, as a percentage of the average monthly opening customers in the year. The resulting percentage of unfunded customers is deducted from 100 % to give the percentage rate of customers that have retained a funded account.*

(6) *PBT margin represents profit before tax after deducting administration expenses, investment income and finance costs as a percentage of revenue.*

(7) *Revenue per £ AUA or revenue margin represents revenue as a percentage of the average AUA in the year. Average AUA is calculated as the average of the opening and closing AUA in each quarter averaged for the year.*

(8) *Diluted EPS represents profit after tax divided by the weighted average number of shares and unexercised options in issue during the period.*

3. MATERIAL FACTORS AFFECTING THE GROUP'S RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The Group's results of operations and financial condition are affected by a variety of factors, a number of which are outside the control of AJ Bell. Set out below is a discussion of the principal factors that the Directors believe have affected the Group's operations and financial results during the periods under review and which the Directors currently expect to affect its operations and financial results in the future. Factors other than those presented below could also have a significant impact on the Group's results of operation and financial condition.

1. Levels of AUA, which are, in turn, impacted by:
   a) Level of inflows and outflows;
   b) Total retail customers numbers and retail customer retention rates;
   c) Investment market conditions; and

   d) Structural factors;

2. Pricing structure;

3. Revenue margin; and

4. Operating costs.

3.1 Levels of AUA

The most significant component of the Group's revenue is recurring *ad-valorem* charges derived from the AUA held on behalf of its customers. These recurring *ad-valorem* charges and represented approximately 53% of the Group's revenue in FY2018. The level of AUA has the largest single influence on revenue. As at 30 September 2018, the Group had £46.1 billion AUA and in FY2018 generated revenue of £89.7 million.

The historical AUA and associated movements are provided below. These are non-IFRS financial measures and metrics that are not audited:

	Opening AUA as at 1 October 2015	**Inflows[1]**	**Outflows[1]**	**Net inflows**	**Market growth and other[2]**	**Closing AUA as at 30 September[3]**
			(£ billions)			
	2015					**2016**
Platform[4]	18.0	4.1	(1.2)	2.9	2.4	23.3
Non-platform[5]	8.1	0.4	(0.3)	0.1	0.3	8.5
Total	**26.1**	**4.5**	**(1.5)**	**3.0**	**2.7**	**31.8**
	2016					**2017**
Platform[4]	23.3	7.3	(1.8)	5.5	2.1	30.9
Non-platform[5]	8.5	0.4	(0.6)	(0.2)	0.6	8.9
Total	**31.8**	**7.7**	**(2.4)**	**5.3**	**2.7**	**39.8**
	2017					**2018**
Platform[4]	30.9	7.8	(1.9)	5.9	1.8	38.6
Non-platform[5]	8.9	0.2	(1.7)	(1.5)	0.1	7.5
Total	**39.8**	**8.0**	**(3.6)**	**4.4**	**1.9**	**46.1**
Total over the indicated periods	**26.1**	**20.2**	**(7.5)**	**12.7**	**7.3**	**46.1**

Notes:

(1) Inflows and outflows represent the gross inflows and outflows during the 12 month period.

(2) Market growth and other includes any changes in the market value of customer assets and any investment income return on AUA earned by the customer, less any adviser, investment management or platform fees.

(3) Closing AUA at the end of the financial year, after adding inflows and market growth and other to the total AUA and subtracting outflows from the same date in the previous year.

(4) Platform includes AJ Bell Youinvest and AJ Bell Investcentre.

(5) Non-platform includes other AJ Bell products and services.

a) Level of inflows and outflows

The total AUA net inflows from FY2016 to FY2018 amounted to £12.7 billion. This growth was principally driven by gross inflows into AJ Bell's Platform business, which were £19.2 billion in the periods indicated.

Inflow of AUA is derived from a combination of the value of SIPP contributions, tax reclaimed at source on these contributions, subscriptions and transfers in from other platforms or product providers. Outflows are principally a result of transfers to other platforms or product providers, withdrawal of assets by customers, including the drawdown of pension assets by eligible customers and realisation of assets on the death of a customer.

The net inflows in FY2017 amounted to £5.3 billion. Gross inflows increased from £4.5 billion in FY2016 to £7.7 billion in FY2017. This was largely driven by the underlying growth in customers for AJ Bell's flagship product propositions, AJ Bell Investcentre and AJ Bell Youinvest, and inflows from these new customers and existing customers. An element of the AJBIC gross AUA inflows were related to defined benefit occupational pension schemes transferring into SIPPs during the period. Gross outflows increased from £1.5 billion to £2.4 billion over the same period. This increase was largely due to an increase in AUA while retention rates remained stable.

The net inflows in FY2018 amounted to £4.4 billion. Gross inflows increased marginally from £7.7 billion in FY2017 to £8.0 billion in FY2018. This was largely driven by the underlying growth in customers for AJ Bell's flagship product propositions, AJ Bell Investcentre and AJ Bell Youinvest, and inflows from these new customers and existing customers. The value of gross inflows from defined benefit occupational pension scheme transferring into AJBIC SIPPs remained high, but were lower than the prior year. Gross platform outflows have grown from £1.2 billion in FY2016 to £1.9 billion in FY2018 which was largely due to an increase in the overall AUA. Gross non-platform outflows increased from £0.6 billion in FY2017 to £1.7 billion in FY2018. This increase was partly due to the termination of two white label SIPP arrangements resulting in the migration of approximately £560 million to other platforms and product providers.

The Group has experienced an increase in platform net inflows year on year over the historical financial period. An important factor which may have influenced the levels of such inflows over this period has been changes in UK pension legislation, namely the Pension Freedom & Choice legislation in 2015. The changes have given individuals greater flexibility in how they can access money purchase pension funds at retirement. Prior to the changes the vast majority of individuals with money purchase pension savings had to use their funds to purchase an annuity policy on retirement. Following the changes, individuals approaching retirement have the option to take their whole pension as cash (the first 25% generally tax free, with the balance taxed at the individual's marginal rate of income tax). Individuals who do not withdraw their whole pension fund immediately have significantly more control and flexibility with regard to managing their remaining funds. These funds can continue to be invested and drawn down as and when the individual wishes with an increased flexibility to transfer pension wealth to dependants and other beneficiaries in a tax efficient manner following an individual's death. AJ Bell offers a range of retirement options to provide customers with choice as they drawdown their pension. The Directors believe that impact of the Pension Freedom legislation has been positive for AJ Bell and for the platform industry as a whole.

In addition, over the period covered by the historical financial information there has been a significant increase in the volume of transfers from DB occupational pension schemes to defined contribution pension contributions, driven by a number of factors including relatively high transfer values and a desire to access the pension freedoms not available to members of defined benefit schemes. Transfers from DB pension schemes accounted for £0.4 billion in FY2016, rising to £2.3 billion in FY2017. DB pension transfers continued to contribute to new business in FY2018, though they fell back from the peak seen in FY2017 and the first half of FY2018, accounting for £1.8 billion of inflows in FY2018.

The FCA's Investment Platform Market Study, while commenting that the market appears to be working well in many respects, highlights a number of areas of concern, including that switching between platforms can be difficult and suggesting that investment platforms need to take steps to remove or lower any barriers to transfer. The Directors believe that, because of AJ Bell's established market position, its financial performance and competitive pricing policy, any changes introduced as a result of the FCA's Investment Platform Market Study would be unlikely to have a material impact on AJ Bell. While the Group has continued to see an increase in platform net inflows year on year, it operates in a competitive market and as such there is no guarantee that it will continue to see an increase in net inflows. Any slowing or decline in net inflows may affect the Group's results of operation.

b) Total retail customer numbers and retention rates

The historical retail customer numbers and retention rates are provided below. These are non-IFRS financial measures and metrics that are not audited:

	As at 30 September 2016	**As at 30 September 2017**	**As at 30 September 2018**
Platform retail customers [(1)]	117,169	141,207	183,213
Non-Platform retail customer [(1)]	23,282	23,350	14,699
Total retail customers [(1)]	140,451	164,557	197,912
Customer retention rate (%) [(1)]	94.2	94.4	95.1

Notes:
(1) Definitions are set out within section 2 ''Key performance indicators''.

Retail customer numbers have increased each year during FY2016, FY2017 and FY2018, which had a consequential effect on the amount of AUA held by the Group when new customers pay money into and transfer assets held with other platforms and product providers into their AJ Bell accounts.

Platform customers

Platform customers increased by 42,006 in FY2018, representing an increase of 29.7%, to a total of 183,213 from 141,207 in FY2017. In FY2017, platform customers increased by 24,038, representing an increase of 20.5%, to a total of 141,207 from 117,169 in FY2016. AJ Bell operates in a competitive market and these increases in customer numbers reflects the investment that AJ Bell has made into developing its platform propositions, and is an indicator of the attractiveness of AJ Bell's platform offering.

An increase in retail customer numbers also reflects AJ Bell's investment in marketing and public relations activities designed to promote its brand and to organically grow the customer base. The increase in the number of customers is indicative of the effectiveness of this strategy.

The quality of new platform customers has remained high in FY2018, with the AJ Bell Investcentre average customer portfolio value at £337,000 and the AJ Bell Youinvest average customer portfolio value at £92,000. The high average customer portfolio value, which remains higher than benchmark competitors, reflects AJ Bell's heritage as a SIPP operator: the majority of the Group's AUA – 72% as at 30 September 2018 – is held in SIPPs.

The retention rate of existing customers over the same period has remained relatively constant at approximately 95%. This is partly due to the nature of the tax wrapper in which the assets are mainly held, SIPP or ISA. As at 30 September 2018, 49% of AJ Bell's funded accounts were SIPPs and 32% were ISAs. SIPPs are by nature long term investments and the assets are not generally withdrawn by customers for many years. Similarly, customers lose the tax advantages offered by ISAs once the assets are removed from the wrapper. Accordingly, a customer will tend to hold such tax wrappers for many years on the same platform subject to being happy with the service provided by the platform. This may also make it more difficult and expensive to attract customers from other platforms, beyond those who are unhappy with the service they are receiving.

High customer retention rate can for that reason be indicative of customer satisfaction. AJ Bell invests in its technology and staff to ensure it has a robust, scalable operating system and is able to maintain the high quality of its customer service. Its strategic aim is to be the easiest platform to use.

As explained above in paragraph 3.1(a) *''Levels of inflows and outflows''*, the Investment Platform Market Study highlights a number of areas of concern, including that switching between platforms can be difficult, for example because of exit charges and complex transfer processes, and suggests that investment platforms need to take steps to remove or lower any barriers to transfer. The Directors believe that, because of AJ Bell's established market position, its financial performance and competitive pricing policy, any changes introduced as a result of the Investment Platform Market Study, would be unlikely to have a material impact on AJ Bell. Conversely, if there is a decline in the Group's quality of service or if they are dissatisfied with any future pricing changes, it may mean that it is easier for customers to transfer away to another platform or product provider.

Non-Platform customers

Numbers of Non-Platform customers remained relatively constant in FY2016 and FY2017, at approximately 23,000, before declining to 14,699 in FY2018. The reduction in FY2018 reflects AJ Bell's strategic decision to concentrate on its Platform business and, therefore, the closure of two white label products.

c) Investment market conditions

The value of the AUA held by the Group is affected by a wide range of economic and market conditions and, to a lesser extent, a variety of other influences such as investment performance. Any factors which impact the amount of AUA held by the Group and/or consequently increase the *ad valorem* element of the Group's recurring income, which is the largest single component of revenue, will impact on the Group's results of operations accordingly.

Economic and market conditions in the UK

Factors such as the strength and volatility of capital markets, interest rates, inflation, consumer spending, business investment and exchange rates all affect the economic environment, investor confidence and, ultimately, the volume and profitability of AJ Bell's business. In an economic downturn characterised by higher unemployment, lower household income, lower corporate earnings, lower business investment and lower consumer spending, the demand for savings products could be adversely affected. Further, customer sentiment regarding the future prospects of investment markets and of the economy more generally, could impact customer behaviour and reduce demand for AJ Bell's products and services.

The Group's operating results may be impacted by the UK's exit from the EU. Due to the size and importance of the UK economy, particularly with respect to the financial services market, as well as the uncertainty and unpredictability concerning the UK's legal, political and economic relationship with Europe after the UK's exit from the EU, there may continue to be instability in the national and international investment markets. This could result in significant currency fluctuations and otherwise adverse effects on consumer confidence for the foreseeable future, including beyond the date of the UK's withdrawal from the EU, which could reduce the demand for AJ Bell's products and services or the value of assets held by customers.

Further, following the first rise in the UK base rate of interest for ten years in November 2017, on 2 August 2018 the Bank of England raised the UK base rate of interest again from 0.5% to 0.75%. Recurring revenue includes *ad valorem* custody charges in relation to the holding of client assets and retained interest margin received on customer cash balances. AJ Bell received revenue at the prevailing rate of interest earned on any cash held in customer accounts above the rates paid to customers, which are disclosed on AJ Bell's websites in line with regulatory requirements. The prevailing rate of interest is outside AJ Bell's control however it does control how much is passed on to its customers. It is the Company's intention to pass the majority of the benefit of future base rate rises to its customers. Details of sensitivities are contained in note 25 of Part 6 (*Historical Financial Information*) of this Prospectus. There can, however, be no assurance that the Bank of England will not reverse this increase, as it did in November 2016, or that the amount of cash held in customer accounts will continue to grow or that AJ Bell will be able to capitalise on the recent increase.

Given the Group's diverse revenue model, the Directors believe that macro-economic conditions can present both challenges and opportunities in the market place.

Investment performance

Increases in asset values and positive investment returns and performance may increase the amount of AUA held by AJ Bell and consequently may increase the *ad valorem* element of AJ Bell's recurring income. Equally, stagnation in investment performance or a decline in asset values and investment returns may have a negative impact on the *ad valorem* element of AJ Bell's recurring income. Asset values, investment returns and performance can therefore impact the Group's financial results.

During the period covered by the historical financial information, AJ Bell has expanded its product offering to include its own in-house managed portfolio services and range of collective investment funds. The investment performance of the managed portfolios and collective investment funds is therefore a factor that could impact inflows and outflows into these products, because customers and advisers are attracted to such products with a consistent, strong record of investment performance. Net sales of such products have and will continue to affect the Group's revenues and financial results as its revenue is derived as a percentage of assets held in the managed portfolio service or collective investment funds.

d) Structural factors

The Directors believe there are a number of structural factors that have contributed to the growth in the Group's AUA and may continue to impact its results of operation.

Demographic trends

The demographic trends within the UK are such that it now has an ageing population, which is both working and living for longer. As a consequence, people are increasingly conscious of saving for their retirement.

As a reflection of the changing demographics, there has been an increasing drive by the UK government to promote greater personal responsibility for long term savings and for self-provision for retirement income to avoid over-reliance on state pensions. This is evident in recent UK pension legislation, with the introduction of Pension Freedoms and Choice Legislation in 2015 and auto-enrolment which has been phased in between 2012 to 2017. However, the success of the UK government's drive relies on the population having enough disposable income to start saving for the long term, and this may not necessarily be the case. Whilst most of the recent changes have been favourable, the UK government has introduced reductions in the annual lifetime allowance and has also reduced the tax relief available to higher earners for contributions into pensions.

A combination of changing demographics and the UK government policies described above means there is a growing awareness of the UK savings gap, and individuals are increasingly aware of the need to save, in particular for retirement. Consequentially, there has been a rise in demand for longer term savings products such as SIPPs and ISAs and that demand is expected to continue. Affordability is also a consideration for companies, which are increasingly shifting from DB pension schemes to DC pension schemes, the cost of the latter being more predictable and affordable.

Increasing proficiency with technology

Customers are becoming increasingly technologically aware, which is driving them and their assets to flow from non-platform to online platform businesses such as that operated by AJ Bell. The investment platform market continues to grow and is expected to continue to outpace the growth of the wider UK savings and investment market.

Whilst these changes have increased demand across the platform market for pension and other long term savings products, there can be no guarantee that such trends will continue.

Government policy, legislation and regulation

The growth of the investment platform market has led to increased focus from the FCA and ongoing review of the market, which may create an increasingly stringent regulatory regime for AJ Bell to comply with. AJ Bell's compliance with changes in regulation have to an extent, and may in the future, lead to increased operating and administrative costs. Recent and on-going regulatory change and reviews include MiFID II, GDPR, the Retirement Outcomes Review, the Investment Platform Market Study and the FCA's Senior Managers & Certification Regime.

In June 2018, the FCA published its final findings in connection with its Retirement Outcomes Review, which looked at how the retirement income market has evolved since the pension freedoms were introduced in 2015. Alongside this, the FCA published a consultation paper setting out a package of proposed remedies for the potential consumer harm and emerging issues it has identified. The potential changes suggested by the FCA range from increased provision of information and warnings to a cap on drawdown charges and requiring providers to have three default drawdown 'investment pathways' for consumers. A list of the potential changes is provided in Part 4 (*Regulation*) of this Prospectus. The Directors believe that the adoption of these measures would promote competition and thereby provide AJ Bell with opportunities to increase demand for its products; however, there can be no assurance that this will be the case.

The FCA published its interim Investment Platform Market Study in July 2018. The report noted that the market was working well in many respects for both advised and non-advised consumers. The FCA identified areas where it was concerned that competition in the market was not working well and it is continuing to consult on remedies for these areas. The FCA's consultation on remedies notably focused on:

- barriers to switching between investment platforms;
- transparency in pricing information;
- clarity of labelling of model portfolios;
- customer cash holdings and recognition of lost investment opportunity in doing so;
- pricing and functionality for "orphan" clients; and
- the role of platforms in driving competition between fund managers on pricing.

The FCA expects to publish its final report and recommendations in the first quarter of 2019 and AJ Bell will continue to liaise with the FCA about the study in advance of the publication of the final report. The Directors believe that the Investment Platform Market Study and any adopted remedies will increase the confidence and credibility of the platform market in the UK and help to provide fair outcomes for customers.

As discussed in paragraph 6.3.1 below, the Group is subject to Capital Requirements Directive (CRD) IV on a consolidated basis. The Group is required to maintain adequate financial resources, including capital and liquidity resources, to ensure there is no significant risk that its liabilities cannot be met as they fall due. The regulatory capital requirements for AJ Bell are reviewed periodically by the FCA. Past routine reviews have resulted in an increase in the Group's overall regulatory capital requirements. The capital requirement assessment is linked to the size of the business and, accordingly, as the business increases in size the Group may be required to allocate additional capital against such capital requirements and dedicate time to complying with any new requirements and liaising with the FCA.

Despite the GDPR having been finalised over two years ago, the uncertainty surrounding the interpretation and enforcement of the GDPR and Data Protection Act 2018 requires AJ Bell to constantly monitor updated guidance and decisions and react quickly to reassess the risk of processing personal data and ensure compliance.

The outcome of such reviews and any resulting regulatory changes, though difficult to predict, could have an impact on the Group's results of operation. New regulations and compliance with evolving existing regulation could make it more expensive for AJ Bell to conduct its business, lead to changes in the business model, increase AJ Bell's regulatory capital requirements or subject AJ Bell to greater regulatory scrutiny.

3.2 Pricing Structure

The Group maintains a highly competitive pricing structure across its investment platforms. AJ Bell's income is derived from a number of diversified revenue streams comprising both recurring and non-recurring charges.

A change to one type of charge would affect the Group's results as a whole. Subject to market pricing sensitivities, AJ Bell has the flexibility to alter the mix of its pricing to reflect market demand and maintain profitability. AJ Bell's last significant product pricing changes for the Platform took effect in FY2017. This led to a rebalancing of AJ Bell's income with a greater emphasis on its recurring income streams and better alignment of the charges to customers with the underlying cost of operating the products. For example, at this time AJ Bell introduced *ad valorem* custody charges for AJ Bell Youinvest, with a basic annual charge of 0.25% for amount invested in shares, with a cap of £100 for SIPPs and £30 for ISA or Dealing accounts, together with tiered rates for investments in funds.

The Group experiences some seasonality in AUA inflows, with a spike in SIPP contributions leading up to the end of the UK fiscal tax year on 5 April and an increase in ISA subscriptions before and after the tax year end. The effect of this seasonality on the Group's results of operations is tempered by ad-valorem revenues that are charged from when the assets are registered onto the Platform, thereby increasing monthly recurring revenues. The Group's overall pricing structure is well diversified, with a mixture of recurring and transactional revenues and charges which enable it to continue to operate profitably in different macroeconomic conditions as demonstrated in prior years. AJ Bell may be required in the future to reduce its charges as a result of market pressures outside its control to maintain its competitive position in the investment platform market. Any such downward pricing pressure may have an effect on the Group's results of operation.

3.3 Revenue margin

One of AJ Bell's key performance indicators is revenue margin expressed as revenue per £ of average AUA. Average AUA is calculated as the average of the opening and closing AUA in each quarter averaged over the financial year. Revenue per AUA is a comparator used by the platform market to show, at a basic level, how much money a company makes for each pound the customer invests through their platform. Revenue per £ AUA is therefore a key positional statistic, as it allows comparison across all businesses, regardless of pricing structure or type of asset, and in many cases, can be derived from a company's audited annual report and accounts. Revenue per AUA is therefore often used as proxy for actual prices paid by customers and used to evaluate platform market participants and pricing. In its Investment Platform Market Study, the FCA found that platform retail revenue per £ AUA varies significantly between platforms ranging from 22 bps to 54 bps in 2016.

	FY2016	**FY2017**	**FY2018**
Revenue per £ AUA			
Group revenue (£000)	64,466	75,576	89,691
Average AUA (£m)	28,472	35,851	42,734
Revenue per £ AUA (basis points or bps)	22.6	21.1	21.0

The Group's revenue per £ AUA is low when compared to its major competitors. This aligns with AJ Bell's strategy to offer its platform customers highly competitive pricing, whilst maintaining a high quality service and an easy to use platform. The Group is highly cash generative, showing it can perform and compete on a relatively low revenue margin.

The FY2018 revenue margin, at 21.0 bps, was lower than the revenue margin, of 21.1 bps and 22.6 bps, for FY2017 and FY2016, respectively. This trend is partly explained by the fact that certain recurring revenue generated by fixed *ad valorem* charges are capped and also that transactional monetary charges do not necessarily, by design, increase as AUA increases. Therefore, whilst revenue per £ AUA shows the overall net result of AJ Bell's pricing structure, it is not a direct relationship as certain income streams do not grow proportionally to the amount of AUA held by AJ Bell. In addition the Group's share of interest income is included in revenue. Retained interest income is driven by the amount of client cash in AUA, interest rates, LIBOR, macroeconomic factors and rates paid to customers.

While AJ Bell is currently operating profitably at a lower revenue margin than its major competitors, there can be no guarantee that it will be able to maintain such a margin in the future. If the revenue per £ AUA decreases, the Group's profitability may be impacted; equally, if the revenue per £ AUA increases, AJ Bell may lose its competitive positioning and attract fewer new customers.

3.4 Operating costs

Sales and distribution costs

Sales and distribution costs primarily relate to business development and marketing expenditure attributable to AJ Bell's products. The Group's key products, AJ Bell Investcentre and AJ Bell Youinvest, are also allocated individual marketing and distribution budgets.

Sales and distribution costs amounted to £7.7 million in FY2018, representing an increase of 10.0% from £7.0 million in FY2017. Staff costs represents the largest expense within sales and distribution costs and accounted for most of the year on year increase.

AJ Bell's sales and distribution strategy focuses on organic growth of its products through the activities of the AJ Bell Investcentre Business Development team, online targeted advertising and marketing, public relations and sponsorship.

Platform consumers typically place a high value on the trustworthiness of a brand, as noted in the Investment Platform Market Study where it was found to be the most important non-price attribute. An important part of AJ Bell's development is its publicity strategy which has helped to make AJ Bell a more visible brand. There are three key elements to AJ Bell's publicity strategy: public relations, sponsorship and TV advertising.

The public relations approach is critical and focuses on getting AJ Bell's investment and product experts into the public eye through TV, radio and press appearances. It has daily market comment, written by the *Shares* journalists, and its subject matter experts make regular appearances on high profile money and news programmes and regularly discuss current pensions or investment news stories and provide responses to political or regulatory announcements. The impact is cumulative with the aim of having the AJ Bell brand name present and attached to financial and industry expertise.

Alongside public relations, AJ Bell participates in some high profile sports sponsorship activities. It has sponsored (and in some cases continues to sponsor), the AJ Bell London Triathlon, the AJ Bell World Triathlon Leeds, the AJ Bell World Squash Championships, the AJ Bell Stadium, home to the Sale Sharks, the Premiership rugby union club, and others. These are not high monetary value deals but are structured to get the biggest impact for the amount spent and to promote AJ Bell as a trustworthy brand.

In addition to its online advertising activities, AJ Bell has also carried out a limited amount of press, TV and radio advertising.

While AJ Bell's historical approach has helped to acquire new customers and consequently increase AUA, which has positively impacted its revenues, there can be no guarantee of the future success of such investment in marketing activities. Should the success of AJ Bell's marketing strategy slow, or should it fail to continue to generate the new customers at the same historic rate, the cost per acquisition of new customers will rise and it could have an effect of AJ Bell's operating results.

Technology costs

Technology costs primarily relate to investment in the infrastructure and product development to support the growth in the business. The ongoing investment also ensures the platform is able to adapt to regulatory changes, facilitate the addition of new products and to ensure a robust, scalable operating system.

Technology costs amounted to £15.4 million in FY2018, representing an increase of 21.2% from £12.7 million in FY2017. Staff costs represents the largest expense within technology costs and accounted for most of the year on year increase.

AJ Bell completed a re-platforming exercise in 2014 when it migrated its two flagship platform propositions to its new technology platform. The aim of the re-platforming exercise was to facilitate the scaling of the business to support anticipated future growth and was funded by AJ Bell's existing reserves. This has allowed the Technology Services function to focus on enhancing the platform propositions, delivering operational efficiencies across the business and towards AJ Bell's aim to be the easiest platform to use.

The increase in Technology Services costs has predominantly related to investment in the infrastructure to support the growth in the business and on enhancements to the platform propositions, for example the launch of LISAs and AJ Bell managed portfolio services, and improvements in platform functionality to make the Platform easier to use by customers and advisers. The ability of AJ Bell to scale and keep pace with software and infrastructure investment requirements and innovation may impact on its ability to remain competitive within its markets.

Operational and support costs

Operational and support costs relate primarily to the maintenance of AJ Bell's customer services, property and support costs.

Operational and support costs amounted to £36.6 million in FY2018, representing an increase of 7.3% from £34.1 million in FY2017. Staff costs represents the largest expense within technology costs and accounted for most of the year on year increase.

AJ Bell invests sufficient resources in its staff and the systems operated by them to maintain the high quality of its customer service. The Group relocated the Tunbridge Wells operations to its Manchester and London offices during 2018 as part of implementing the Group's target operating model. This aims to enhance operational efficiencies across the business.

4. CURRENT TRADING AND PROSPECTS

AJ Bell has continued to trade in line with the Directors' expectations, despite the recent market volatility, and AJ Bell's business model and market position remain fundamentally strong.

In the advised market AJ Bell continues to attract new business from financial advisers looking for a stable, cost effective platform with high quality service to support their business.

In the D2C market AJ Bell has seen demand from DIY investors looking for help to manage their portfolios, using AJ Bell investment content and easy to use investment solutions.

Over the medium term, the Directors expect revenue per £AUA to remain relatively stable and operating profit to improve. As highlighted in paragraph 3.1 of this Part 5 (*Operating and Financial Review*), inflows from defined benefit pension schemes fell back from the peak seen in FY2017.

One-off costs relating to the initial public offering of, £1.8 million have been incurred in FY2018 and a further £1.3 million to £1.8 million of costs in FY2019. The Directors anticipate there will also be an incremental cost increase of approximately £1.0 million per annum as a consequence of the Group's ongoing compliance obligations as a premium listed public company.

5. ANALYSIS OF RESULTS OF OPERATIONS

5.1 Operating results

The table below presents the Group's audited consolidated results of operations for FY2016, FY2017 and FY2018. It has been extracted without material adjustment from the historical financial information set out in Part 6 (*Historical Financial Information*) of this Prospectus.

	FY2016	FY2017	FY2018
		(£ thousands)	
Revenue	64,466	75,576	89,691
Administrative expenses	(47,717)	(53,800)	(61,435)
Operating profit	**16,749**	**21,776**	**28,256**
Investment income	73	3	128
Finance costs	(43)	(82)	(25)
Profit before tax	**16,779**	**21,697**	**28,359**
Taxation	(3,466)	(4,223)	(5,713)
Profit for the year	**13,313**	**17,474**	**22,646**

5.2 Revenue

The following table sets out a breakdown of the Group's consolidated revenue, analysed between recurring and transactional income streams, for the periods indicated:

	FY2016	FY2017	FY2018
		(£ thousands)	
ad valorem charges	*29,636*	*37,160*	*47,890*
fixed charges	*22,525*	*24,219*	*25,212*
Recurring revenues	52,161	61,379	73,102
Transactional revenues	12,305	14,197	16,589
Total	**64,466**	**75,576**	**89,691**
By distribution channel:			
Advised	34,214	42,460	50,393
Direct to consumer	14,406	17,660	24,467
Non-platform	15,846	15,456	14,831
Total	**64,466**	**75,576**	**89,691**

(a) Recurring revenues

(i) Recurring revenue – ad valorem charges

Recurring *ad valorem* revenue includes custodial charges on client assets, retained interest margin and annual management charges, charged either quarterly or monthly, in arrears.

For FY2017, recurring *ad valorem* revenue was £37.2 million, representing an increase of 25.7% from £29.6 million in FY2016. This increase reflects a combination of the increase in AUA, higher cash balances retained by customers and changes in the pricing structure in October 2016 for both AJ Bell Investcentre and AJ Bell Youinvest, which led to a rebalancing of AJ Bell's income with a greater emphasis on its recurring income streams and to better align the charges to customers with the underlying costs.

For FY2018, recurring *ad valorem* revenue was £47.9 million, representing an increase of 28.8% from £37.2 million in FY2017. This increase was due to an increase in AUA for both AJ Bell Investcentre and AJ Bell Youinvest and a higher rate earned and retained on cash following the Bank of England's decision to increase UK base rate in November 2017 and August 2018.

(ii) Recurring revenue – fixed charges

Recurring monetary charges principally include annual administration charges, drawdown, property and off-panel charges, and are typically charged quarterly or annually.

For FY2017, recurring revenue from fixed charges was £24.2 million, representing an increase of 7.6% from £22.5 million in FY2016. This increase reflected the growth in platform customer numbers.

For FY2018, recurring revenue from fixed charges was £25.2 million, representing an increase of 4.1% from £24.2 million in FY2017. This increase was principally due to the growth in platform customer numbers.

(b) Transactional revenues

Transactional revenues include dealing fees, foreign exchange charges, transfer fees and drawdown fees.

For FY2017, revenue from transactional charges was £14.2 million, representing an increase of 15.4% from £12.3 million in FY2016. This increase was principally due to increased customer numbers and higher dealing volumes.

For FY2018, revenue from transactional charges was £16.6 million, representing an increase of 16.9% from £14.2 million in FY2017. This increase was principally due to increased customer numbers and higher dealing volumes.

(c) revenue by distribution channel

Revenue growth from each of the platform propositions is driven by the Platform AUA and has grown in line with total AUA. Non-Platform revenue relates to non-core products and provides stable revenue streams and a positive contribution for ongoing investment in the platform propositions.

The majority of revenue for both advised and D2C platform propositions is recurring *ad valorem* in nature.

The revenue mix of each distribution channel has been stable, albeit with different revenue components, namely:

- The advised channel has a higher proportion of fixed charges, when compared with the D2C channel, but a lower proportion of transactional charges;
- The D2C channel has a higher proportion of transactional charges but a lower proportion of fixed fees; and
- The non-Platform channel has a higher proportion of fixed fee charges

The year-on-year movements in revenues derived from the advised, D2C and non-platform channels reflects the explanations for movements in recurring revenues and transactional revenues, as described in paragraph 5.2(a) and 5.2(b) above.

Administrative expenses

The following table sets out a breakdown of the Group's consolidated administrative expenses for the periods indicated:

	FY2016	FY2017	FY2018
		(£ thousands)	
Costs analysed by type			
Sales & distribution costs	6,551	6,976	7,711
Technology costs	11,354	12,675	15,379
Operational & support costs	29,812	34,149	36,576
Exceptional costs*	—	—	1,769
Total Costs	47,717	53,800	61,435

* *Exceptional costs relate to non-recurring initial public offering costs only.*

	FY2016	FY2017	FY2018
Selected cost categories included in analysis above			
Staff costs	25,170	28,210	32,629
Establishment costs	2,827	4,254	2,670
Depreciation & amortisation charges	2,086	2,057	1,971
Average number of employees	607	656	758

(a) Costs analysed by type

(i) Sales & distribution costs

For FY2017, sales & distribution costs were £7.0 million, representing an increase of 6.1%, from £6.6 million in FY2016. This reflects AJ Bell's' continued investment and commitment to improving AJ Bell's brand awareness through public relations, sponsorship and advertising and increased marketing of the AJ Bell Investcentre and AJ Bell Youinvest products.

For FY2018, sales & distribution costs were £7.7 million, representing an increase of 10.0% from £7.0 million in FY2017. This increase was principally due to AJ Bell's' continued investment and commitment to improving AJ Bell's brand awareness through public relations, sponsorship and advertising and increased marketing of the AJ Bell Investcentre and AJ Bell Youinvest products.

(ii) Technology Costs

For FY2017 technology costs were £12.7 million, representing an increase of 11.4%, from £11.4 million in FY2016. This represents the continued investment in AJ Bell's infrastructure and product development to support the growth in the business.

For FY2018, technology costs were £15.4 million, representing an increase of 21.3%, from £12.7 million in FY2017. This increase was principally due to the continued investment in AJ Bell's infrastructure and product development to support the growth in the business.

(iii) Operational and support costs

For FY2017 operational and support costs were £34.1 million, representing an increase of 14.4%, from £29.8 million in FY2016. This was predominantly due to an increase in staff to support the growth in the business and the higher property costs of the larger premises at Exchange Quay.

For FY2018, operational and support costs were £36.6 million, representing an increase of 7.3% from £34.1 million in FY2017. This was due predominantly due to an increase in staff to support the growth in the business.

(b) Selected cost categories

(i) Staff costs

Staff costs, which comprise short-term employee benefits, social security costs, retirement benefit costs and termination benefits, represent the largest expense for AJ Bell. AJ Bell is committed to fairly rewarding its staff and aims to be one of the best companies to work for.

For FY2017, staff costs were £28.2 million, representing an increase of 11.9%, from £25.2 million in FY2016. This increase was principally due to an increase in employees, inflationary salary increases and higher bonus award payments.

For FY2018, staff costs were £32.6 million, representing an increase of 15.6% from £28.2 million in FY2017. This increase was principally due to an increase in employees and inflationary salary increases.

The average number of staff in FY2017 of 656 represents an increase of 8% from FY2016, when the average number of staff was 607. The increase in staff numbers predominately related to operational and support, together with technology services, reflecting the continued investment in the business to maintain a first class service and to become the easiest platform to use.

The average number of employees rose to 758 in FY2018 reflecting both the growth in the business and the additional head count required whilst undertaking the relocation of core operating functions from Tunbridge Wells to Manchester.

Staff costs include termination benefits of £342,000 in FY2018 and £541,000 in FY2017 in respect of the relocation, announced in FY2017, of a number of core operating functions from Tunbridge Wells to Manchester in FY2018 and the closing of the Tunbridge Wells office. A provision for £170,000 remained outstanding at 30 September 2018 for staff that will be made redundant by 31 March 2019.

(ii) Establishment costs

For FY2017, establishment costs were £4.3 million, representing an increase of 53.6% from £2.8 million in FY2016. This increase principally reflected the uplift in rent and rates and certain 'one-off' relocation costs associated with AJ Bell's relocation from its former Manchester office to its current head office located at 4 Exchange Quay, Salford Quays, Manchester.

For FY2018, establishment costs were £2.7 million, representing a reduction of 37.2% from £4.3 million in FY2017. This reduction was principally due to 'one off' costs associated with the former Manchester office relocation occurring in FY2017.

(iii) Depreciation and amortisation charges

For FY2017, depreciation and amortisation costs were £2.1 million, consistent with FY2016. The depreciation charge relates to property, plant and equipment and the amortisation charge relating to the key operating system and computer software.

For FY2018, depreciation and amortisation costs were £2.0 million, which was marginally lower than the charge for FY2017 (£2.1 million). Depreciation of property, plant and equipment was £0.4 million higher due to the expenditure incurred as part of the planned relocation of the Tunbridge Wells operations to Manchester. Amortisation charges were £0.5 million lower, principally due to the extension of the useful life of the key operating system from 10 years to 13 years.

5.3 Operating profit

Operating profit is derived from AJ Bell's continuing operations and represents profit before investment income, finance cost and tax.

The following table sets forth a breakdown of the Group's consolidated operating profit for the periods indicated:

	FY2016	**FY2017**	**FY2018**
		(£ thousands)	
Operating profit	16,749	21,776	28,256
Operating profit margin	26.0%	28.7%	31.5%

The Group's operating profit and operating profit margin have increased in both FY2017 and FY2018, reflecting the underlying growth in the customer base and the efficiency of the operating model. The growth in both years was enhanced by favourable trading conditions, with high customer dealing activity and increased asset balances on which *ad valorem* charges are levied.

(a) Investment income

The Group earns a small amount of income from interest received on its corporate cash balances.

For FY2017, interest income reduced to £3,000 from £73,000 in FY2016. This decrease reflected a cut in the UK base rate in November 2016 from 0.5% to 0.25%, which in turn reduced the rate earned by the Group.

For FY2018, interest income was £128,000 compared with £3,000 in FY2017. This increase was due to an increase in the Bank of England base rate in November 2017 and August 2018 which in turn increased the rate earned by the Group.

(b) Finance costs

The Group incurs small amounts of finance costs in respect of its finance leases, hire purchase contracts and other finance costs.

For FY2017, finance costs were £82,000 compared with £43,000 in FY2016 primarily due to additional interest incurred on legacy borrowings inherited as part of the acquisition of the investment management business in 2016.

For FY2018, finance costs were £25,000, representing a decrease of 70% from £82,000 in FY2017. The decrease is principally due to the nature of the finance costs incurred in FY2017; including 'one off' other interest of £46,000 and the repayment of the legacy borrowing. The reduction was offset by an increase of £9,000 due to a new hire purchase contract taken on during 2018.

5.4 Taxation

AJ Bell's activities are undertaken in the UK and its taxation comprises UK corporation tax. The following table sets out a breakdown of the Group's corporation tax charge and effective tax rate for the periods indicated:

	FY2016	**FY2017**	**FY2018**
		(£ thousands)	
Profit before taxation	16,779	21,697	28,359
Corporation tax charge	(3,466)	(4,223)	(5,713)
Profit after taxation	**13,313**	**17,474**	**22,646**
Effective tax rate	20.7%	19.5%	20.1%

For FY2017, the corporation tax charge was £4.2 million, representing an increase of 21.8% from £3.5 million in FY2016. This increase was primarily due to an increase in profit before tax of 29.3%, which was partially offset by a reduction in the rate of corporation tax from 20% to 19% on 1 April 2016.

For FY2018, the corporation tax charge was £5.7 million, representing an increase of 35.7% from £4.2 million in FY2017. This increase was primarily due to an increase in profit before tax of 30.7%.

5.5 *Dividends and dividend policy*

AJ Bell's interim and final dividends totalled £14.6 million (35.5 pence per share) in respect of FY2018, together with a further special dividend of £8.0 million (19.5 pence per share). Dividends paid in respect of FY2017 and FY2016 amounted to £11.6 million (28.25 pence per share) and £10.5 million (25.75 pence per share) respectively.

Dividend policy post-Admission

Any surplus capital accrued over and above regulatory requirements or other specific needs will be considered by the Board, from time to time and, if appropriate, will be returned to shareholders in an appropriate form and at an appropriate time. The Company intends to announce dividends at the time of publication of its interim and annual results each year.

It is expected that the Company will pay an interim dividend equal to approximately 40% of the prior year's total ordinary dividend payment (excluding any special dividends paid) and a final dividend, or second interim dividend, equal to approximately 65% of AJ Bell's full year profit after tax, less any interim dividends already paid in respect of that financial year.

The Board may, however, revise the Company's dividend policy from time to time in line with the actual results of the Group. The ability of the Company to pay dividends is dependent on a number of factors, including market conditions, prospective investment opportunities and the Group's regulatory and financial requirements as assessed by the Board at the time. As a result, there can be no assurance that the Company will pay dividends or, if a dividend is paid, what the amount of such dividend will be.

6. LIQUIDITY AND CAPITAL RESOURCES

6.1 *Overview*

The Group is cash generative with 119.6% of profit before tax converted into cash generated from operating activities in FY2018. This compares with 94.9% in FY2017 and 114.0% in FY2016. The level of conversion of profit into cash reflects the Group's short working capital cycle and low levels of capital expenditure following the completion of its re-platforming of its core platform products in 2014.

The Group's principal liquidity requirements are to fund its operating expenses, working capital requirements, dividend payments and capital expenditure. Cash and operational cash flows are the main sources of the Group's liquidity.

The liquidity position of the Group is monitored on a regular basis. As at 30 September 2018, the Group held £49.7 million of cash and cash equivalents, compared with £42.1 million as at 30 September 2017 and £39.5 million as at 30 September 2016.

Save for certain limited obligations under the Group's finance leases in respect of IT and office equipment, the Group does not have any material indebtedness. The Group has no foreseeable requirement for significant long term debt or additional equity funding.

6.2 *Cash flow*

The Group has generated net increases in cash balances during each period. The following table sets forth a breakdown of the main components of the Group's consolidated cash flows for the periods indicated:

	FY2016	FY2017	FY2018
		(£ thousands)	
Net cash flow from operating activities	15,590	16,399	28,848
Net cash used in investing activities	(845)	(3,517)	(829)
Net cash used in financing activities	(11,553)	(10,254)	(20,462)
Net increase in cash and cash equivalents	**3,192**	**2,628**	**7,557**
Closing net cash and cash equivalents	39,510	42,138	49,695

6.2.1 Net cash flow from operating activities

Net cash flow from operating activities was £16.4 million for FY2017, as compared to £15.6 million for FY2016, representing year-on-year increases of 5.1%

Net cash flow from operating activities was £28.8 million for FY2018, as compared to £16.4 million for FY2017, representing year-on-year increases of 75.6%.

These increases primarily reflect increases in operating profit that were partially offset by increases in net working capital. The Group's working capital requirements have been funded through cash generated from business operations, resulting in profit before tax converted into cash generated from operating activities rates of 114.0%, 94.9% and 119.6% in FY2016, FY2017 and FY2018, respectively.

6.2.2 Net cash used in investing activities

Net cash used in investing activities was £3.5 million for FY2017 as compared with £0.8 million for FY2016. This increase was due to the expenditure of £2.7 million for fitting out the new offices at 4 Exchange Quay, Salford Quay, Manchester.

Net cash used in investing activities was £0.8 million for FY2018 as compared with £3.5 million for FY2017. This reduction was principally due to the nature of the increase in FY2017 including £2.7 million to fit out the new offices.

6.2.3 Net cash used in financing activities

The principal use of cash flow for financing activities during the period covered by the historical financial information was dividend payments.

Net cash used in financing activities was £10.3 million for FY2017 as compared with £11.6 million for FY2016. This decrease was largely a result of an increase in the FY2016 interim dividend and corresponding reduction in the final declared dividend for FY2016 (which was paid in FY2017).

Net cash used in financing activities was £20.5 million for FY2018 as compared with £10.3 million for FY2017. This increase was due to higher dividend payments and the payment of a special dividend of £8 million in September 2018. Approximately £1.8 million was spent in FY2018 on purchase of own shares, of which £1.4 million was in respect of purchases by the Group's employee benefit trust. The cash purchase of own shares was largely offset by cash proceeds from additional share capital from employee share incentive schemes.

6.3 *Capital resources and adequacy*

6.3.1 Regulatory capital

The Group is subject to CRD IV on a consolidated basis. Accordingly, the Group is required to report under the common reporting framework (**COREP**), a standardised European reporting requirement for capital and risk.

AJ Bell's capital position is determined in accordance with Article 92 of the CRR by comparing its Own Funds with its Pillar 1 capital requirement to determine its surplus capital over the minimum regulatory requirement. Own Funds is the excess of AJ Bell's assets over its liabilities recognised and measured in accordance with Article 92 of CRR.

As at 30 September 2017, the Group had a surplus of £42 million of its Pillar 1 capital requirements, as compared to £36 million as at 30 September 2016, representing a coverage ratio of 470%.

As at 30 September 2018, the Group had a surplus of £43 million of its Pillar 1 capital requirements, as compared to £42 million as at 30 September 2017, representing a coverage ratio of 440%.

	FY2016	**FY2017**	**FY2018**
		(£ thousands)	
Own funds	45,802	53,479	56,216
Pillar 1 requirement	9,713	11,390	12,784
Surplus	36,089	42,089	43,432
Coverage	472%	470%	440%

The EU Commission is proposing to introduce a new Prudential Regime for "non-bank like" investment firms, such as the Company. This will link capital requirements more closely to the risk posed to a firm's clients, its markets and the firm itself. This will be determined by a firm's regulatory permissions and activities. The timing and process for implementing this change is currently uncertain, as is its effect on the Group's regulatory capital requirements.

6.3.2 Capitalisation

The Group has a simple balance sheet which largely comprises cash and cash equivalents. As at 30 September 2018, the total cash and cash equivalents, of £49.7 million, represented 78% of the Group's net assets.

The following table sets forth a breakdown of the Group's consolidated statement of financial position, as at 30 September 2018:

	As at 30-Sept 2018 £'000
Non-Current Assets	
Total non-current assets	11,589
Current assets	
Trade and other receivables	20,075
Cash and cash equivalents	49,695
Total current assets	69,770
Total assets	81,359
Liabilities	
Total current liabilities	(15,511)
Total non-current liabilities	(1,812)
Total liabilities	(17,323)
Net assets	64,036
Total equity	64,036

6.4 *Operating lease commitments*

Operating lease payments represent rentals payable by the Group for its office premises, under non-cancellable operating lease agreements. Office property leases are negotiated for an average term of ten to fifteen years and rentals are fixed for an average of three years.

The Group has future minimum lease payments under non-cancellable operating leases as follows:

	Within one year	From the second to fifth years inclusive	After five years	Total
As at 30 September 2018		**(£ thousands)**		
Minimum lease commitments	1,350	6,243	12,912	20,505

The directors anticipate that the adoption of IFRS 16 Leases will result in the recognition of the Group's property operating leases, and the associated liabilities, within the Group's consolidated statement of financial position. The adoption of IFRS 16 is expected to have a material impact on the Group's gross assets and liabilities but not on its net assets disclosed within its consolidated statement of financial position. The Group expects to apply IFRS 16 Leases for the year ending 30 September 2020. For a detailed description of the impact of IFRS 16 Leases on the Group, see Note 2.2 to the historical financial information contained in Part 6 (*Historical Financial Information*) of this Prospectus.

7. RELATED PARTY TRANSACTIONS

Charitable donations

The Group made donations during FY2016 (£85,279), FY2017 (£109,125), and FY2018 (£139,675), to the AJ Bell Trust, a registered charity of which Andy Bell is a director of the trustee company.

EQ Property Services Limited

The landlord of the Group's head office at 4 Exchange Quay, Salford Quays, Manchester M5 3EE (**Property**), Exchange Quay Property Services Limited, is a company controlled by a number of members of the senior management team. The shareholders and directors of this company are Andrew James Bell, Bestfield Investments (an unlimited company of which Fergus John Lyons and other family members are the shareholders and directors), Michael Thomas Summersgill, Charles William Galbraith and Roger John Stott. AJ Bell Business Solutions Limited, as tenant, and the Company, as guarantor, entered into the two leases of the property on 17 August 2016. The leases were entered into on arms' length terms, the parties had separate legal advisers and the Board obtained advice on the lease terms from an independent surveyor. The reason for this structure being adopted was because the Board did not consider the purchase of business premises to be an appropriate use of the Company's capital. Shareholder approval was obtained before the parties entered into the leases. The parties entered into a supplemental lease of additional parts of the Property and a licence for alterations on 24 October 2018.

8. QUALITATIVE AND QUANTITATIVE DISCLOSURES RELATING TO CREDIT AND MARKET RISKS

The Board has overall responsibility for the determination of the Group's risk management objectives, its risk appetite and policies. The risk management framework embodies the policies, procedures and systems that the Group has implemented to identify, manage and mitigate its risks. With risks appetite in mind, the Group has designed an appropriate control environment incorporating senior management arrangements, organisational structures, combined assurance framework, senior management reporting and monitoring systems together with the necessary financial, operational, HR and IT/Projects policies, procedures and systems.

The Group adopts a 'top-down' and 'bottom-up' approach to the identification of risks. The Executive Management Board and the Board have identified the high impact top risks that could impact the ability of the business to meet its strategic objectives, and these are reviewed against the Group's risk appetite statement on an ongoing basis by the Risk and Compliance Committee and the Executive Management Assurance Committee, a sub-committee of the Executive Management Board chaired by the Chief Risk Officer. The high impact top risks are also reviewed as part of the business planning process each year.

For a detailed description of market risk, see Note 25 to the historical financial information contained in Part 6 (*Historical Financial Information*) of this Prospectus.

9. CRITICAL ACCOUNTING POLICIES AND ESTIMATES

In the application of its accounting policies, the Directors are required to make judgements, estimates and assumptions, the two most important being revenue recognition and goodwill, that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on the Group's historical experience and other relevant factors. Actual results may differ from the estimates applied.

The Group's critical accounting policies and estimates are set out in Note 3 to the historical financial information contained in Part 6 (*Historical Financial Information*) of this Prospectus.

10. RECENT AND PROSPECTIVE CHANGES IN ACCOUNTING POLICIES

Recent and prospective changes in accounting policies are explained in Note 2.2 to the historical financial information contained in Part 6 (*Historical Financial Information*) of this Prospectus.

PART 5

CAPITALISATION AND INDEBTEDNESS

The tables below set out the Group's capitalisation and indebtedness as at 30 September 2018. The capitalisation and indebtedness figures as at 30 September 2018 have been extracted without material adjustment from the Group's historical financial information set out in Part 6 (*Historical Financial Information*).

Capitalisation and Indebtedness

The table below sets out the Group's total capitalisation and indebtedness as at 30 September 2018.

	As at 30 September 2018 £'000
Current debt	
Guaranteed	—
Secured	—
Unguaranteed/unsecured[(1)]	(300)
Total current debt	**(300)**
Non-current debt	
Guaranteed	—
Secured	—
Unguaranteed/unsecured[(1)]	(431)
Total non-current debt	**(431)**
Capitalisation	
Share capital	42
Share premium	4,410
Own shares	(1,364)
Retained earnings	60,948
Total capitalisation	**64,036**
Total capitalisation and indebtedness	**63,305**

(1) Comprises finance lease liabilities.

There has not been any material change in the Group's total capitalisation and indebtedness since 30 September 2018, save for the payment of a final ordinary dividend of £8.8 million on 13 November 2018.

Net Financial Indebtedness

The table below sets out the Group's total net current financial indebtedness and non-current financial indebtedness as at 30 September 2018.

	As at 30 September 2018 £'000
Cash and cash equivalents	49,695
Trading securities	—
Liquidity	**49,695**
Current bank debt	—
Current portion of non-current debt[(1)]	(300)
Other current financial debt	—
Current financial debt	**(300)**
Net current cash	**49,395**
Non current bank loans	—
Bonds issued	—
Other non-current debt	(431)
Non-current financial indebtedness	**(431)**
Net cash	**48,964**

(1) Comprises finance lease liabilities.

The Group has no other indirect or contingent liabilities, or any contingent commitments.

PART 6

HISTORICAL FINANCIAL INFORMATION

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Private & confidential
The Directors
AJ Bell plc
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27 November 2018

Ladies and Gentlemen

AJ Bell plc

We report on the financial information set out on pages 98 to 139 of the Prospectus for the periods ended 30 September 2016, 30 September 2017 and 30 September 2018. This financial information has been prepared for inclusion in the prospectus dated 27 November 2018 of AJ Bell plc on the basis of the accounting policies set out in note 2. This report is required by paragraph 20.1 of Annex I of the Prospectus Directive Regulation and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The Directors of AJ Bell plc are responsible for preparing the financial information on the basis of preparation set out in note 2 and in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 23.1 of Annex I of the Prospectus Directive Regulation, consenting to its inclusion in the prospectus.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the prospectus dated 27 November 2018, a true and fair view of the state of affairs of AJ Bell plc as at 30 September 2016, 30 September 2017 and 30 September 2018 and of its consolidated profits, cash flows, recognised gains and losses and changes in equity for the years ended 30 September 2016, 30 September 2017 and 30 September 2018 in accordance with the basis of preparation set out in note 2 and in accordance with International Financial Reporting Standards as adopted by the European Union as described in note 2.

Declaration

For the purposes of Prospectus Rule 5.5.3R (2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to effect its import. This declaration is included in the Prospectus in compliance with paragraph 1.2 of Annex 1 of the Prospectus Directive Regulation.

Yours faithfully

KPMG LLP

KPMG LLP

AJ Bell plc
Historical Financial Information
30 September 2016, 2017 and 2018

Consolidated income statement
for the year ended 30 September

	Notes	Year ended 30 Sept 2016 £000	Year ended 30 Sept 2017 £000	Year ended 30 Sept 2018 £000
Revenue	**5**	64,466	75,576	89,691
Administrative expenses		(47,717)	(53,800)	(61,435)
Operating profit	**6**	**16,749**	**21,776**	**28,256**
Investment income		73	3	128
Finance costs	**8**	(43)	(82)	(25)
Profit before tax		**16,779**	**21,697**	**28,359**
Tax expense	**9**	(3,466)	(4,223)	(5,713)
Profit for the year		**13,313**	**17,474**	**22,646**
Profit/(loss) for the financial year attributable to:				
Owners of the parent		13,440	17,571	22,646
Non-controlling interests		(127)	(97)	—
		13,313	**17,474**	**22,646**
Earnings per ordinary share:				
Basic (pence)	**11**	32.85	42.85	55.26
Diluted (pence)	**11**	32.73	42.60	54.05

All income, profit and earnings are in respect of continuing operations.

There were no other components of recognised income or expense in either years and consequently no statement of other comprehensive income has been presented.

Consolidated statement of financial position as at 30 September

	Notes	30 Sept 2016 £000	30 Sept 2017 £000	30 Sept 2018 £000
Assets				
Non-current assets				
Goodwill	**12**	3,660	3,660	3,660
Other intangible assets	**14**	5,016	3,841	3,124
Property, plant and equipment	**15**	1,268	3,994	4,433
Deferred tax asset	**17**	49	227	372
		9,993	**11,722**	**11,589**
Current assets				
Trade and other receivables	**18**	17,738	22,172	20,075
Cash and cash equivalents	**19**	39,510	42,138	49,695
		57,248	**64,310**	**69,770**
Total assets		**67,241**	**76,032**	**81,359**
Current liabilities				
Trade and other payables	**20**	(9,554)	(10,115)	(11,438)
Current tax liabilities		(1,701)	(1,857)	(2,491)
Other financial liabilities	**21**	(75)	(75)	(300)
Provisions	**22**	(363)	(1,587)	(1,282)
		(11,693)	**(13,634)**	**(15,511)**
Non-current liabilities				
Trade and other payables	**20**	(972)	(178)	(603)
Other financial liabilities	**21**	(34)	(68)	(431)
Provisions	**22**	(754)	(790)	(778)
		(1,760)	**(1,036)**	**(1,812)**
Total liabilities		**(13,453)**	**(14,670)**	**(17,323)**
Net assets		**53,788**	**61,362**	**64,036**
Equity				
Share capital	**23**	40	40	42
Share premium		2,229	2,806	4,410
Own shares		—	—	(1,364)
Retained earnings		51,918	58,516	60,948
Equity attributable to owners of the Company		**54,187**	**61,362**	**64,036**
Non-controlling interests		(399)	—	—
Total equity		**53,788**	**61,362**	**64,036**

Consolidated statement of changes in equity for the year ended 30 September

	Share capital £000	Share premium £000	Retained earnings £000	Non-controlling interests £000	Own shares £000	Total £000
Balance at 1 October 2015	40	1,913	50,320	—	—	52,273
Profit / (loss) for the year	—	—	13,440	(127)	—	13,313
Transactions with owners, recorded directly in equity:						
Issue of share capital	—	316	—	—	—	316
Dividends paid	—	—	(11,763)	—	—	(11,763)
Equity settled share-based payment transactions	—	—	69	—	—	69
Purchase of non-controlling interest	—	—	—	(484)	—	(484)
Total contributions by and distributions to owners	—	—	(212)	212	—	—
Deferred tax effect of share-based payment transactions	—	—	(8)	—	—	(8)
Tax relief on exercise of share options	—	—	72	—	—	72
Total transactions with owners	—	316	(11,842)	(272)	—	(11,798)
Balance at 30 September 2016	**40**	**2,229**	**51,918**	**(399)**	**—**	**53,788**
Profit / (loss) for the year	—	—	17,571	(97)	—	17,474
Transactions with owners, recorded directly in equity:						
Issue of share capital	—	577	—	—	—	577
Dividends paid	—	—	(10,564)	—	—	(10,564)
Equity settled share-based payment transactions	—	—	107	—	—	107
Purchase of own share capital	—	—	(165)	—	—	(165)
Purchase of non-controlling interest	—	—	(360)	360	—	
Total contributions by and distributions to owners	—	—	(136)	136	—	—
Deferred tax effect of share-based payment transactions	—	—	88	—	—	88
Tax relief on exercise of share options	—	—	57	—	—	57
Total transactions with owners	—	577	(10,973)	496	—	(9,990)
Balance at 30 September 2017	**40**	**2,806**	**58,516**	**—**	**—**	**61,362**

Consolidated statement of changes in equity
for the year ended 30 September

	Share capital £000	Share premium £000	Retained earnings £000	Non-controlling interest £000	Own Shares £000	Total £000
Balance at 1 October 2017	40	2,806	58,516	—	—	61,362
Profit for the year	—	—	22,646	—	—	22,646
Transactions with owners, recorded directly in equity:						
Issue of share capital	2	1,604	—	—	—	1,606
Dividends paid	—	—	(20,095)	—	—	(20,095)
Equity settled share-based payment transactions	—	—	112	—	—	112
Purchase of own share capital	—	—	(410)	—	—	(410)
Own shares acquired	—	—	—	—	(1,364)	(1,364)
Deferred tax effect of share-based payment transactions	—	—	51	—	—	51
Tax relief on exercise of share options	—	—	128	—	—	128
Total transactions with owners	2	1,604	(20,214)	—	(1,364)	(19,972)
Balance at 30 September 2018	**42**	**4,410**	**60,948**	**—**	**(1,364)**	**64,036**

Consolidated statement of cash flows for the year ended 30 September

	Notes	30 Sept 2016 £000	30 Sept 2017 £000	30 Sept 2018 £000
Cash flows from operating activities				
Profit for the financial year		13,313	17,474	22,646
Adjustments for:				
Investment income		(73)	(3)	(128)
Finance costs		43	82	25
Income tax expense		3,466	4,223	5,713
Depreciation and amortisation		2,086	2,057	1,971
Impairment of intangible assets		345	—	—
Share-based payment expense		69	107	112
Net increase in provisions and other payables		666	466	108
Loss on disposal of property, plant & equipment		4	48	11
(Decrease)/Increase in trade and other receivables		(1,607)	(4,434)	2,137
Increase in trade and other payables		819	561	1,323
Cash generated from operations		**19,131**	**20,581**	**33,918**
Income tax paid		(3,498)	(4,100)	(5,045)
Interest paid		(43)	(82)	(25)
Net cash flow from operating activities		**15,590**	**16,399**	**28,848**
Cash flows from investing activities				
Purchase of other intangible assets	**14**	(115)	(44)	(6)
Purchase of property, plant and equipment	**15**	(604)	(3,476)	(951)
Interest received		73	3	128
Net cash paid to acquire subsidiary	**13**	(199)	—	—
Net cash used in investing activities		**(845)**	**(3,517)**	**(829)**
Cash flows from financing activities				
Payments of obligations under finance leases		(106)	(102)	(199)
Proceeds from issue of share capital		316	556	1,292
Proceeds from settlement of part-paid shares		—	21	314
Payments for purchase of own shares		—	(165)	(410)
Purchase of own shares for employee share schemes		—	—	(1,364)
Dividends paid	**10**	(11,763)	(10,564)	(20,095)
Net cash used in financing activities		**(11,553)**	**(10,254)**	**(20,462)**
Net increase in cash and cash equivalents		**3,192**	**2,628**	**7,557**
Cash and cash equivalents at beginning of year		36,318	39,510	42,138
Total cash and cash equivalents at end of year		**39,510**	**42,138**	**49,695**

Notes to the consolidated financial information

1 General Information

AJ Bell plc ("the Company") and its subsidiaries (together the "Group") provide investment administration, dealing and custody services.

The Company is incorporated and domiciled in the United Kingdom. The Company's number is 04503206 and its registered office is 4 Exchange Quay, Salford Quays, Manchester M5 3EE.

2 Significant accounting policies

2.1 Basis of accounting

The consolidated historical financial information has been prepared in accordance with the requirements of the Prospectus Directive regulations and the Listing Rules. The consolidated historical financial information has, for all periods, been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as endorsed by the European Union (EU), with interpretations issued by the IFRS Interpretations Committee (IFRICs), and those parts of the Companies Act 2006 applicable to Companies reporting under IFRS. The consolidated historical financial information does not constitute statutory accounts.

The financial information has been prepared on the historical cost basis and is presented in sterling, which is the currency of the primary economic environment in which the Group operates, rounded to the nearest thousand.

The accounting policies have been applied consistently to all periods presented in this historical financial information and by all Group entities, unless otherwise stated.

2.2 Changes to International Reporting Standards

Interpretations and standards which became effective during the year:

The following accounting standards and interpretations that are relevant to the Group became effective during the year:

		Effective from
IAS 7	Disclosure Initiative	1 Jan 2017
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses (Amendments)	1 Jan 2017
IFRS 12	Annual Improvements 2014-2016 Cycle	1 Jan 2017

The above standards have not had a material impact on the financial information of the Group.

Interpretations and standards which have been issued and are not yet effective:

At the date of authorisation of this financial information the following standards and interpretations have been issued but are not yet effective and have not been applied in preparing the financial information.

		Effective from
IFRS 9	Financial Instruments	1 Jan 2018
IFRS 2	Classification and Measurement of Share Based Payment Transactions (Amendment)	1 Jan 2018
IFRS 15	Revenue from Contracts with Customers	1 Jan 2018
IFRS 16	Leases	1 Jan 2019

There are no other standards issued but not yet effective that are expected to have an impact on the Group in the current or future reporting periods and on foreseeable future transactions.

IFRS 9 – Financial Instruments

IFRS 9 was issued in 2014 and addresses the classification, measurement and recognition of financial instruments. The standard will replace IAS 39 Financial Instruments: Recognition and Measurement and is effective for accounting periods commencing on or after 1 January 2018. The Group does not intend to adopt this standard early and will therefore apply IFRS 9 from the accounting period commencing 1 October 2018.

The Group has performed a preliminary assessment of the impact of adopting IFRS 9 based on its existing financial instruments. The review concluded that adopting this standard will not result in any material adjustments to opening equity or the carrying amount of financial assets and liabilities recognised on the statement of financial position. In addition, whilst the Group will adopt a new impairment model, the change to an expected credit loss model will not have a material impact on the financial information.

Classification and measurement

The number of categories of financial assets under IFRS 9 has been reduced compared to IAS 39 in relation to the classification and measurement of financial assets. The classification is based both on the business model within which the asset is held and the contractual cash flow characteristics of the asset. Financial assets will fall into one of three categories:

– amortised cost

– fair value through profit or loss (FVPL)

– fair value through other comprehensive income (FVOCI)

The Group is also required to review contractual terms and conditions to determine whether the cash flows arising on these assets are solely payments of principal and interest.

Based on the Group's assessment of the new standard, the change in the classification and measurement of financial assets under IFRS 9 will have no impact on the Group's financial assets, which consist of trade and other receivables and cash and cash equivalents. The cash flows arising on these assets are solely payments of principal and interest and therefore continue to be recognised at amortised cost on transition.

The classification and measurement of financial liabilities remains unchanged from IAS 39 with no impact expected on the Group's financial liabilities on adoption of the new standard.

The Group does not use hedge accounting therefore this element of the standard is not applicable.

Impairment

IFRS 9 introduces a new expected credit loss impairment model to replace the incurred loss model under IAS 39. Essentially, this means that it is not necessary for a trigger event to have occurred before credit losses are recognised. Instead, the Group always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date.

The new impairment model will apply to the Group's financial assets that are debt instruments measured at amortised cost.

The Group expects to apply the simplified approach to recognise lifetime expected credit losses for its trade receivables as permitted by IFRS 9. The Group's preliminary calculation of the loss allowance for these assets is expected to be immaterial reflecting the low historic default rates on trade receivables which are short-term and do not contain a significant financing component. Development of the impairment model is still ongoing and will be finalised for application.

In adopting IFRS 9, the Group plans to take advantage of the exemption from having to restate comparative information, instead recognising any differences between the previous and the new carrying amounts in opening equity and reserves.

IFRS 2 – Share based payment transactions (amendment)

The International Accounting Standards Board (IASB) has issued amendments to IFRS 2 Share-based payment in relation to the classification and measurement of share-based payment transactions, effective for accounting periods commencing on or after 1 January 2018.

The amendment is in relation to the effects of vesting conditions on cash-settled share-based payments, the classification of share-based payments with net settlement features for withholding tax obligations and the modification of share-based payment transactions from cash-settled to equity-settled. All of which are not applicable to the Group as all options are equity-settled.

IFRS 15 – Revenue from contracts with customers

IFRS 15 was issued in 2014 and outlines a single comprehensive model for revenue arising from contracts with customers. It will replace existing revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction contracts and related interpretations. IFRS 15 is effective for periods commencing on or after 1 January 2018. The Group does not intend to adopt this standard early and will therefore apply IFRS 15 from the accounting period commencing 1 October 2018.

IFRS 15 changes how and when revenue is recognised from contracts with customers and the treatment of the costs of obtaining a contract with a customer. The new standard is based on the principle that revenue is recognised when control of goods or services transfer to the customer.

The Group has conducted a preliminary assessment of the potential impact of the new standard by analysing each revenue stream and associated costs of obtaining contracts. The assessment made by the Group is preliminary as not all transition work requirements have been finalised and therefore may be subject to adjustment. The adoption of IFRS 15 is not expected to have a material financial impact on the Groups' financial information, however it will result in some changes to presentation and disclosure.

The Group intends to adopt IFRS 15 using the cumulative effect method, with the effect of initially applying the standard recognised at the date of initial application, with no restatement of the comparative period.

IFRS 16 – Leases

IFRS 16 was issued in 2016 and represents a significant change in the accounting and reporting of leases for lessees as it provides a single lessee accounting model that replaces the current model where leases are either recognised as operating or finance leases. Accounting requirements for lessors are substantially unchanged from IAS 17 Leases. IFRS 16 is effective for accounting periods commencing on or after 1 January 2019. The Group does not intend to adopt the standard early and therefore expects to apply IFRS 16 for the accounting period commencing 1 October 2019.

On transition to IFRS 16, the Group can choose to apply one of two transition methods:

- full retrospective transition method, prepared as if the standard had always applied; or
- modified retrospective approach, with an option to apply a practical expedient and retain its previous assessments of which contracts contain a lease.

It is anticipated that the Group will adopt the modified retrospective transition approach, taking advantage of the practical expedient as detailed above.

A preliminary assessment of the impact of adopting this standard has been performed, concluding that the primary impact will be to bring the Group's leasehold properties onto the statement of financial position, recognising both a right-of-lease asset and a lease liability for future lease payments. Whilst there will be a material adjustment to gross assets and liabilities, there is unlikely to be a material impact on net assets at Group level. The right-of use asset will be depreciated over the shorter of the expected life of the asset and the lease term on a straight-line basis, recognised in the income statement. The lease liability will be reduced by the lease payments over the lease term with interest being recognised on the lease liability and charged to the income statement. Depreciation and interest charges will replace the lease costs currently charged to the income statement. Higher interest charges will be recognised in earlier years of the lease as the discount rate unwinds.

2.3 Basis of consolidation

The consolidated financial information incorporates the financial information of the Company and entities controlled by the Company (its subsidiaries) made up to 30 September each year. The Group controls an entity when it is exposed to, or it has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an entity if facts and circumstances indicate there are changes to one or more elements of control. The results of a subsidiary undertaking are included in the consolidated financial statements from the date the control commences until the date that control ceases.

All intercompany transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The Group recognises any non-controlling interest in the acquired entity at the non-controlling interests' proportionate share of the recognised amounts of the acquired entity's identifiable net assets. Total comprehensive income is attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

2.4 Going concern

The Group's business activities, together with the factors likely to affect its future development and performance, its financial position and its financial risk management objectives, as well as details of its financial instruments and its policies and processes for managing exposure to interest, credit and liquidity risk are described in note 25. The Group's forecasts and objectives, taking into account a number of potential changes in trading performance, show that the Group should be able to operate at adequate levels of both liquidity and capital for the foreseeable future. The directors have performed a number of stress tests on capital and liquidity and these provide assurance that the Group has sufficient capital to operate under stressed conditions.

Consequently, after making reasonable enquiries, the Directors are satisfied that the Group has sufficient resources to continue in business for the foreseeable future and therefore have continued to adopt the going concern basis in preparing the financial statements.

2.5 Business combinations

A business combination is recognised where separate entities or businesses have been acquired by the Group. The acquisition method of accounting is used to account for the business combinations made by the Group. The cost of a business combination is measured at the aggregate of the fair values (at the date of exchange), of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquired entity. Where the consideration includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the cost of the acquisition. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration are charged to income statement or other comprehensive income, except for obligations that are classified as equity, which are not re-measured.

Acquisition related costs are expensed as incurred in the income statement, except if related to the issue of debt or equity securities.

Identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the Group's share of the identifiable net assets of the subsidiary acquired, the difference is taken immediately to the income statement.

2.6 Goodwill

Goodwill arising on consolidation represents the difference between the consideration transferred and the fair value of net assets acquired of the subsidiary at the date of acquisition. Goodwill is not amortised, but is reviewed at least annually for impairment. Any impairment is recognised immediately through the income statement and is not subsequently reversed.

For the purposes of impairment testing goodwill is allocated to one or more of the Group's cash generating units (CGUs) expecting to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are reviewed annually or more frequently when there is an indication that the goodwill relating to that CGU may have been impaired. If the recoverable amount from the CGU is less than the carrying amount of the assets present on the consolidated statement of financial position forming that CGU, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the assets forming that CGU and then to the assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.7 Segmental reporting

The Group determines and presents operating segments based on the information that is provided internally to the Board, which is the Group's Chief Operating Decision Maker (CODM). In assessing the Group's operating segments the directors have considered the nature of the services provided, product offerings, customer bases and distribution channels amongst other factors. A description of the services provided is given within note 4.

2.8 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue represents fees receivable from investment administration and dealing and custody services for both client assets and client money. Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and when specific criteria have been met for each of the Group's activities as described below.

Recurring fixed:

Recurring fixed revenue comprises recurring administration fees and media revenue.

Administration fees include fees charged in relation to the administration services provided by the Group and are recognised in the period to which the service is rendered using the percentage completion method. The extent to which a service is complete is determined by the different work activity profiles of the associated individual service.

Services rendered at the inception of a fixed term contract are recognised over the life of that contract.

Recurring ad-valorem:

Recurring *ad-valorem* revenue comprises custody fees, retained interest income and investment management fees.

Custody fees include *ad-valorem* fees charged in relation to the holding of client assets and interest received on client money balances. Custody fees and investment management fees are accrued on a time basis by reference to the principal and where applicable, the effective interest rate.

Transactional fees:

Transactional revenue comprises dealing fees and pension scheme activity fees.

Transaction-based charges are recognised when received in accordance with the date of settlement of the underlying transaction.

Other non-recurring fees are recognised in the period to which the service is rendered.

2.9 Leasing

Leasing:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to the asset. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Rental payments under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a liability. The aggregate benefit of the incentive is recognised as a reduction of rental expense on a straight-line basis over the lease term.

Hire purchase contracts:

Assets held under hire purchase contracts are recognised as assets of the Group at their fair value or, of if lower, at the present value of the minimum lease payments each determined at the inception of the contract. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to the asset. The corresponding liability is included in the consolidated statement of financial position as an obligation under hire purchase contracts. Payments are apportioned between finance charges and reduction of the obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

2.10 Investment income

Investment income comprises the returns generated on corporate cash and cash equivalents. Investment income is recognised in the income statement as it accrues, using the effective interest rate.

2.11 Finance costs

Finance costs comprise interest payable and finance charges on finance leases and hire purchase contracts. Finance costs are recognised in the income statement using the effective interest rate method.

2.12 Retirement benefit costs

The Group makes payments into the personal pension schemes of certain employees as part of their overall remuneration package. Contributions are recognised in the income statement as they are payable.

The Group also contributes to employees' stakeholder pension schemes. The assets of the scheme are held separately from those of the Group in independently administered funds. Any amount charged to the income statement represents the contribution payable to the scheme in respect of the period to which it relates.

Alternatively, the Group will pay contributions to an employee's AJ Bell Youinvest SIPP, if they wish, instead of the stakeholder pension.

2.13 Taxation

The tax expense represents the sum of the current tax payable and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised if the temporary difference arises (other than in a business combination) from:

- the initial recognition of goodwill; or
- investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable they will not reverse in the foreseeable future; or
- the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that taxable profits will be available in the future, against which deductible temporary differences can be utilised. Recognised and unrecognised deferred tax assets are reassessed at each reporting date.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.14 VAT

Revenues, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of assets or services is not recoverable in whole or in part from the taxation authority.

Where the sales tax is not recoverable in whole or in part from the taxation authority, it is expensed through the income statement, except in the case of a capital asset where the irrecoverable proportion is capitalised as part of the capital cost of that asset.

2.15 Property, plant and equipment

All property, plant and equipment is stated at cost, which includes directly attributable acquisition costs, less accumulated depreciation and any recognised impairment losses. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value, of each asset evenly using a straight-line method over its estimated useful economic life as follows:

Leasehold improvements	– Over the life of the lease
Office equipment	– 4 years
Computer equipment	– 3 – 5 years

The assets' estimated useful lives, depreciation rates and residual values are reviewed, and adjusted if appropriate at the end of each reporting period. An asset's carrying value is written down immediately to its recoverable amount if its carrying value is greater than the recoverable amount.

Assets held under finance leases and hire purchase contracts are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement immediately.

2.16 Intangible assets (excluding goodwill)

Intangible assets comprise computer software, customer contracts and non-contractual customer relationships and the Group's Key Operating System (KOS). These are stated at cost or fair value less amortisation and any recognised impairment loss. Amortisation is provided on all intangible fixed assets excluding goodwill at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly using a straight-line method over its estimated useful economic life as follows:

Computer software	– 3 – 4 years
KOS	– 13 years
KOS enhancements	– Over the remaining life of the KOS
Customer contracts and non-contractual Customer relationships	– 5 – 10 years

The assets' estimated useful lives, amortisation rates and residual values are reviewed, and adjusted if appropriate at the end of each reporting period. An asset's carrying value is written down immediately to its recoverable amount if its carrying value is greater than the recoverable amount.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement immediately.

During the year ended 30 September 2018 the useful life of the KOS was reviewed and subsequently extended from 10 years to 13 years to align with the Group's strategy. The planned growth of the business is supported by the KOS and there are no plans in the Group's strategy to make any changes to the target operating model or KOS. The change in the estimated useful life has been applied prospectively from 1 October 2017 therefore the KOS will be amortised on a straight line basis over the remaining useful life of the asset.

The change in accounting estimate of the KOS useful life has resulted in the profit before tax for the Group increasing by £452,000 during the financial year ended 30 September 2018. It will subsequently increase profit before tax by £452,000 in the next two financial years, following which it will reduce profit before tax by £146,000 and £604,000.

2.17 Internally-generated intangible assets

An internally-generated asset arising from work performed by the Group is recognised only when the following criteria can be demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of expenditure incurred from the date when the asset first meets the recognition criteria listed above. Development expenditure that does not meet the criteria is recognised as an expense in the period which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

2.18 Impairment of tangible and intangible assets (excluding goodwill)

At each reporting date the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered impairment. If such an indication exists then the recoverable amount of that particular asset is estimated.

An impairment test is performed for an individual asset unless it belongs to a CGU, in which case the present value of the net future cash flows generated by the CGU is tested. A CGU is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or of groups of other assets. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount of a tangible or intangible asset is the higher of its fair value less costs to sell and its value-in-use. In assessing its value-in-use, the estimated net future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU in which the asset sits is estimated to be lower than the carrying value, then the carrying amount is reduced to the recoverable amount. An impairment loss is recognised immediately in the income statement as an expense.

An impairment loss is reversed on tangible and intangible assets only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment reversal is recognised in the income statement immediately.

2.19 Financial instruments

Financial assets and liabilities are recognised in the statement of financial position when a member of the Group becomes party to the contractual provisions of the instrument.

Financial assets

All financial assets are classified as loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. The Group's loans and receivables comprise trade receivables, loans, other receivables and cash and cash equivalents.

Loans and receivables are initially recognised at fair value including any directly attributable costs. They are subsequently measured at amortised cost using the effective interest method, less any impairment. No interest income is recognised on loans and receivables, with the exception of cash and cash equivalents, as all loans and receivables are short-term receivables and the recognition of interest would be immaterial. Financial assets are derecognised when the contractual right to the cash flows from the asset expire.

Trade and other receivables

Trade and other receivables are initially recorded at the fair value of the amount receivable and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Other receivables also represent client money required to meet settlement obligations.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less. Where appropriate, bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position. For the purposes of the consolidated cash flow statement, cash and cash equivalents are defined as above, net of outstanding bank overdrafts if the Group has the right of set off.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date. These assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets objective evidence of impairment could include:

- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as the observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial assets is reduced by the use of a provision. When a trade receivable is considered uncollectable, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited against the provision. Changes in the carrying amount of the provision are recognised in the income statement.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. All financial liabilities are classified as other financial liabilities.

Other financial liabilities

The Group's other financial liabilities comprise borrowings, trade and other payables and obligations under finance leases and hire purchase contracts. Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently carried at amortised cost using the effective interest rate method. A financial liability is derecognised when, and only when, the Group's obligations are discharged, cancelled or they expire.

Trade and other payables

Trade payables consist of amounts payable to clients and other counterparties and obligations to pay suppliers for goods and services in the ordinary course of business. Trade and other payables are measured at amortised cost using the effective interest method.

2.20 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that the Group will be required to settle that obligation.

The amount recognised as a provision is the directors' best estimate of the consideration required to settle that obligation at the reporting date and is discounted to present value where the effect is material.

2.21 Share-based payments

The Group issues equity-settled share-based payments to certain employees which are measured at the fair value of the equity instrument at the date of grant.

The total employee expense is recognised on a straight-line basis over the vesting period, based on managements' estimate of shares that will eventually vest. At the end of each reporting period, the entity revises its estimates of the number of share options expected to vest based on the non-market vesting conditions. It recognises any revision to original estimates in the income statement, with a corresponding adjustment to equity reserves. Where a grant of equity-settled share-based payments is not subject to vesting conditions, the fair value determined at the grant date is expensed immediately.

Fair value is measured using the Black-Scholes option pricing model. The expected life applied in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. As the Company's shares are not listed on a recognised stock exchange and therefore no readily available market price exists for the shares, the share price has been estimated using a generally accepted business valuation method. Share price volatility has been estimated as the average of the volatility applying to a comparable group of listed companies.

2.22 Dividends

Dividend distributions to the Company's shareholders are recognised in the period in which the dividends are paid. Final dividends declared after the reporting period are not included as a liability in the financial information but are disclosed in the notes to the financial information.

2.23 Levies

The Group applies the guidance provided in IFRIC 21 to levies issued under the Financial Services Compensation Scheme. The interpretation clarifies when an entity recognises a liability for a levy imposed by government in accordance with legislation (other than taxes and fines or other penalties).

2.24 Employee Benefit Trust

The Group has an employee benefit trust, the AJ Bell Employee Benefit Trust, used for the granting of shares to certain employees. AJ Bell plc is considered to be the sponsoring employer and so the assets and liabilities of the trust are recognised as those of AJ Bell plc.

Shares of AJ Bell plc held by the trust are treated as 'own shares' held and shown as a deduction from equity. Subsequent consideration received for the sale of such shares is also recognised in equity, with any difference between the sales proceeds and original cost being taken to equity.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions to determine the carrying amounts of certain assets and liabilities. The estimates and associated assumptions are based on the Group's historical experience and other relevant factors. Actual results may differ from the estimates applied.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following critical judgements have been made by the directors in applying the Group's accounting policies.

3.1 Impairment reviews of non-current assets

At each reporting date, the Group's non-current assets are reviewed for impairment where there are indicators of impairment or a review is specifically required by IAS 36. As it is not possible to test the Group's assets for impairment on an individual basis, impairment reviews are carried out on a CGU basis. In order to determine an asset's recoverable amount, the directors review the expected future cash flows of the CGU to which the asset is allocated.

There are a number of estimates that management have used to forecast the expected future cash flows of the CGUs that have been reviewed. Key judgements in arriving at these estimates include:

– the revenue generated by the anticipated future demand for the Group's products and services;

– the anticipated future costs attributable to the supply of the Group's products and services; and

– the level of ongoing maintenance expenditure required on the Group's assets in order to generate the expected level of cash flows.

Details of the assumptions and key sensitivities are included at note 12.

3.2 Provisions

Dilapidations

The office dilapidations provision of £795,000 represents management's best estimate of the present value of costs which will ultimately be incurred in settling these obligations. If the rate per square foot was to increase by 25%, this would increase the provision by £189,000.

Other provision:

At the reporting end date, a provision of £1.1m is recognised to cover the settlement of a one-off tax liability. There is some uncertainty regarding the amount of the outflow required to settle the obligation; therefore a best estimate has been made by assessing a number of possible outcomes considering the potential areas and time periods at risk and any associated interest. The timings of the outflows are uncertain but the Group expects that settlement will be within the next 12 months.

4 Segmental reporting

It is the view of the Directors that the Group has a single operating segment; Investment services in the advised and direct to customer space administering investments in SIPPs, ISAs, LISA and General investment/Dealing accounts. It is considered that a further disaggregation of the single operating segment does not provide a clearer or more accurate view of the reporting within the Group. Details of the Group's revenue, results and assets and liabilities for the reporting segment, are shown within the consolidated income statement and consolidated statement of financial position.

The Group operates in one geographical segment, being the UK.

Due to the nature of its activities, the Group is not reliant on any one customer or group of customers for generation of revenues.

5 Revenue

	2016 £000	2017 £000	2018 £000
Revenue:			
Recurring – fixed	22,525	24,219	25,212
Recurring – *ad-valorem*	29,636	37,160	47,890
Transactional revenue	12,305	14,197	16,589
	64,466	75,576	89,691

During the financial year, the directors have reviewed the basis on which revenue is reported within the Group. As a result revenue is now reported as recurring *ad-valorem*, recurring fixed fees and transactional, including dealing and other fees and charges, as this better reflects the activities and internal reporting of the business. Comparatives have also been adjusted to reflect this.

Recurring *ad-valorem* fees include custody fees. These recurring charges are derived from the market value of retail customer assets, based on asset mix and portfolio size, and are therefore subject to market and economic risks. The spread of rate charged is variable dependent on portfolio size and asset mix within the portfolio.

Recurring *ad-valorem* fees also include retained interest income earned on the level of customer cash balances, which are based on customers' asset mix and portfolio size and are therefore subject to market and economic risks. The risk associated with this revenue stream in terms of its nature and uncertainty is discussed further within note 25 Financial Instruments, interest rate risk.

The total revenue for the Group has been derived from its principal activities undertaken in the UK.

6 Operating profit

	2016 £000	2017 £000	2018 £000
Profit for the financial year has been arrived at after charging:			
Amortisation of intangible assets	1,550	1,219	723
Depreciation of property, plant & equipment	536	838	1,248
Impairment of intangible assets	345	—	—
Loss on disposal of property, plant & equipment	4	48	11
Operating lease rentals – property	978	2,081	1,617
Auditor's remuneration (see below)	168	170	811
Staff costs (note 7)	25,170	28,210	32,629
Restructuring cost (note 22)	—	492	364
IPO costs	—	—	1,769

IPO related costs relate to professional fees incurred in relation to listing AJ Bell plc on the London Stock Exchange. These costs also include the fee for the Reporting Accountant's work disclosed within "corporate finance services" within auditor remuneration below.

Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2016 £000	2017 £000	2018 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	23	22	56
Fees payable to the Company's auditor and its associates for other services to the group:			
Audit of the Company's subsidiaries' accounts, pursuant to legislation	76	57	63
Audit-related assurance services	60	91	81
Other assurance services	9	—	19
Corporate finance services	—	—	592
	168	170	811

Of the above, audit related services for the year totalled £200,000 (2017: £170,000, 2016: £159,000).

7 Employees

Average number of employees (including executive directors):

	2016 No.	2017 No.	2018 No.
Operational and support	478	503	578
Technology	74	95	116
Distribution	55	58	64
	607	656	758

Employee benefit expense for the Group:

	2016 £000	2017 £000	2018 £000
Short-term employee benefits	21,566	23,810	27,742
Social security costs	2,345	2,633	3,010
Retirement benefit costs	1,013	1,119	1,423
Termination benefits	177	541	342
Share based payments	69	107	112
	25,170	28,210	32,629

8 Finance costs

	2016 £000	2017 £000	2018 £000
Interest on bank overdrafts and loans	23	66	—
Interest on obligations under finance leases and hire purchase	20	16	25
	43	82	25

9 Taxation

Tax charged in the income statement:	2016 £000	2017 £000	2018 £000
Current taxation			
UK Corporation tax	3,667	4,375	5,694
Adjustment to current tax in respect of prior periods	(240)	(63)	113
	3,427	4,312	5,807
Deferred taxation			
Origination and reversal of temporary differences	(192)	(98)	(16)
Adjustment to deferred tax in respect of prior periods	226	17	(80)
Effect of changes in tax rates	5	(8)	2
	39	(89)	(94)
Total tax expense	3,466	4,223	5,713

Corporation tax is calculated at 19% of the estimated assessable profit for the year to 30 September 2018 (2017: 19.5%, 2016: 20%)

In addition to the amount charged to the income statement, certain tax amounts have been credited directly to equity as follows:

	2016 £000	2017 £000	2018 £000
Deferred tax relating to share-based payments (note 17)	8	(88)	(51)
Current tax relief on exercise of share options	(72)	(57)	(128)
	(64)	(145)	(179)

It is expected that the ongoing effective tax rate will remain at a rate approximating to the standard UK Corporation Tax rate in the medium term except for the impact of deferred tax arising from the timing of exercising of share options. The standard UK Corporation Tax rate was reduced to 19% (from 20%) on 1 April 2017 and again to 18% (effective from 1 April 2020), as substantively enacted on 26 October 2015. An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016.

Deferred tax has been recognised at 17% (2017: 17%, 2016: 17%), being the rate at which the deferred tax assets are expected to reverse.

The charge for the year can be reconciled to the profit per the income statement as follows:

	2016 £000	2017 £000	2018 £000
Profit before taxation	16,779	21,697	28,359
Corporation tax at 19% (2017: 19.5%; 2016: 20%)	3,356	4,231	5,388
Effect of:			
Expenses not deductible for tax purposes	110	57	338
Effect of the exercise of employee share options	—	(15)	—
Change in recognised deductible temporary difference	9	5	(47)
Effect of rate changes to deferred tax	5	(2)	2
Income not taxable	(1)	(6)	—
Adjustments in respect of prior periods	(13)	(47)	32
Taxation charge for the year	**3,466**	**4,223**	**5,713**
Effective tax rate	20.7%	19.5%	20.1%

10 Dividends

	2016 £000	2017 £000	2018 £000
Amounts recognised as distributions to equity holders:			
Final dividend of 15.50p (2016: 13.00p, 2015: 16.00p) per share	6,546	5,327	6,362
Interim dividend of 14.00p (2017: 12.75p, 2016: 12.75p) per share	5,217	5,237	5,728
Special dividend of 19.50p (2017: Nil, 2016: Nil) per share	—	—	8,005
Total dividend paid on equity shares	11,763	10,564	20,095
Proposed final dividend of 21.50p (2017: 15.50p, 2016: 13.00p) per share	5,373	6,370	8,826

The final dividend declared of 21.50p per share is payable on 13 November 2018 to shareholders on the register at close of business on 9 November 2018. The final dividend is subject to approval by the Board on 17 October 2018 and has not been included as a liability within this financial information.

Dividends are payable on all classes of issued, fully or partially paid up ordinary shares, except B, C, D, E and F non-voting shares as disclosed in note 23.

Under an arrangement dated 26 June 2013, the AJ Bell Employee Benefit Trust, which held 168,713 ordinary shares in AJ Bell plc at 30 September 2018 (2017: Nil, 2016: Nil), has agreed to waive all dividends. This represents 0.4% of the Company's called up share capital.

11 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the parent company by the weighted average number of ordinary, non-voting ordinary and A and X non-voting ordinary shares, excluding own shares, in issue during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of shares in all classes to assume exercise of all potentially dilutive share options.

Earnings	2016 £000	2017 £000	2018 £000
Earnings for the purpose of basic and diluted earnings per share being profit attributable to owners of the parent company	13,440	17,571	22,646

Number of shares	2016 No.	2017 No.	2018 No.
Weighted average number of ordinary shares (for the purpose of basic earnings per share) in issue during the year	40,914,184	41,009,036	40,979,963
Effect of potentially dilutive share options	148,193	240,433	918,865
Weighted average number of ordinary shares for the purposes of fully diluted earnings per share	41,062,377	41,249,469	41,898,828

Earnings per share (pence)	2016	2017	2018
Basic	32.85p	42.85p	55.26p
Diluted	32.73p	42.60p	54.05p

12 Goodwill

Cost	2016 £000	2017 £000	2018 £000
At 1 October	2,069	3,772	3,772
Additions (note 13)	1,703	—	—
At 30 September	**3,772**	**3,772**	**3,772**
Accumulated impairment losses			
At 1 October and 30 September	(112)	(112)	(112)
Carrying value at 30 September	**3,660**	**3,660**	**3,660**

The carrying amount of Goodwill relates to the following historic acquisitions which have been allocated to the cash generating unit (CGU) or group of units that are expected to benefit from the business combination:

	CGUs No.	Goodwill £000
AJ Bell Securities Limited	1	420
AJ Bell Media Limited	2	1,537
Indexx Markets Limited	2	1,588
AJ Bell Investments LLP	2	115
		3,660

On 29 February 2016 the Group's subsidiary AJ Bell Asset Management Limited, acquired the entire share capital of Indexx Markets Limited and its wholly owned subsidiary Allium Capital Limited (now AJ Bell Capital Limited) and Mansard Capital LLP (now AJ Bell Investments LLP).

Following a reorganisation of this sub-group, the trade assets and liabilities of the entities acquired were hived up into AJ Bell Asset Management Limited during the years ended 30 September 2017 and 30 September 2018 (see note 16).

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The Group has previously identified and tested goodwill for impairment on two CGUs, investment administration and dealing and custody. In recent years the Group has been developing a one business strategy to support the growth of its flagship propositions. This has resulted in the centralisation of the stock broking operation and implementation of the Target Operating Model. As part of this, our two core systems have become more integrated and it is now felt that they can no longer operate independently of each other. Together they form the key operating system that underpins the investment platform used by our customers, which generates the overwhelming majority of the Group's revenue. As a result the directors have reviewed the CGUs and conclude there is a single CGU, the investment platform, which is the smallest group of assets that generate cash inflows from continuing use and that are wholly independent of the cash inflows of other groups.

	2016 £000	2017 £000	2018 £000
Dealing and custody	2,054	2,054	—
Investment administration	1,606	1,606	—
Investment platform	—	—	3,660
	3,660	3,660	3,660

The recoverable amount of the assets within each CGU is determined using the value-in-use calculations. In assessing the value-in-use the estimated future cash flows of the CGU are discounted to their present value using a pre-tax discount rate. Cash flows are based upon the most recent forecasts, approved by the Board, covering a 4 year period and then extrapolated for the remaining useful economic life of the asset using a growth rate of Nil % (2017: Nil%, 2016: Nil%).

The key assumptions for value-in-use calculations are those regarding discount rate, growth rates and expected changes to revenue and costs in the period, as follows:

- a rate of 13% (2017: 15%, 2016: 13%) has been used to assess the expected growth in revenue for the 4 year forecast period. This is based upon historical performance;
- economies of scale are expected to be gained in the medium to long term, although there are not expected to be any significant changes to the nature of administrative expenses;
- modest on-going maintenance expenditure is required on the assets within the CGUs in order to generate the expected cash flows.

The directors have made these assumptions based upon past experience and future expectations in the light of anticipated market conditions and the results of streamlining processes through implementation of the target operating model for customer services.

Cash flows have been discounted using a pre-tax discount rate of 5.5% (2017: 5%, 2016: 5%).

The directors have performed sensitivity analysis on their calculations, with key assumptions being revised adversely to reflect the potential for future performance being below expected levels. Changes to revenue are the most sensitive as they would have the greatest impact on future cash flows. However, even with a reduction in revenue of 13% to nil growth for the forecast period, there would be £Nil impact on the carrying value of the assets under the CGU.

Based upon the reviews above, the estimated value-in-use of the investment platform comfortably supports the carrying value of the assets held within and so the directors are satisfied that goodwill is not impaired.

13 Acquisitions

On 29 February 2016 the Group's subsidiary, AJ Bell Asset Management Limited, acquired the entire share capital of Indexx Markets Limited and its wholly owned subsidiary Allium Capital Limited (subsequently renamed AJ Bell Capital Limited) and Mansard Capital LLP (subsequently renamed AJ Bell Investments LLP). This acquisition facilitated the launch of AJ Bell's Management Portfolio Services for advisers and their clients and its own range of funds.

Consideration transferred:

The consideration transferred for the acquisition of Indexx Markets Limited was £149,000, this being made up of £107,000 cash and £42,000 worth of share capital in AJ Bell Asset Management Limited, issued to the Indexx Markets Limited management team. As Indexx Markets Limited held cash and cash equivalent amounts of £7,000 on the date of acquisition, the net cost arising on acquisition was £142,000.

The consideration transferred for the acquisition of AJ Bell Investments LLP was £185,000, this being made up of £143,000 cash and £42,000 worth of share capital in AJ Bell Asset Management Limited, issued to the Investments LLP management team. As AJ Bell Investments LLP held cash and cash equivalent amounts of £44,000 on the date of acquisition, the net cost arising on acquisition was £141,000.

Identifiable assets and liabilities acquired:

	Indexx Markets Limited		**AJ Bell Investments LLP**	
	Book value £000	**Fair value £000**	**Book value £000**	**Fair value £000**
Trade and other receivables	160	160	100	100
Cash and cash equivalents	7	7	44	44
Trade and other payables	(2,142)	(2,142)	(105)	(105)
	(1,975)	(1,975)	39	39

Acquisitions (continued)

There were no subsequent amendments to the above amounts following the acquisition.

Non-controlling interest:

At the date of acquisition AJ Bell plc held a 75% share in AJ Bell Asset Management Limited which wholly owned Indexx Markets Limited and AJ Bell Investments LLP, therefore, the non-controlling interest was calculated as 25% of Indexx Markets Limited's and AJ Bell Investments LLP's net assets at acquisition.

Under IFRS 3 the Group chose to value the non-controlling interest's proportionate share of net assets/liabilities of the acquired entities.

	Indexx Markets Limited £000	**AJ Bell Investments LLP £000**
Net assets/(liabilities)	(1,975)	39
Non-controlling interest	25%	25%
Attributable to non-controlling interest	(494)	10

The profits/losses attributable to the non-controlling interest are shown as one line on the face of the income statement.

Goodwill:

Goodwill recognised as a result of the acquisition is shown below:

	Indexx Markets Limited £000	**AJ Bell Investments LLP £000**
Total cash consideration transferred	107	143
Less: Fair value of the identifiable net assets/(liabilities)	(1,481)	28
Total goodwill recognised	1,588	115

The goodwill is attributable to the skills and technical talent of the assembled workforce allowing the Group to take advantage of the post-RDR landscape in the platform market and develop low-cost investment management solutions for advisers and DIY customers.

Goodwill has been allocated to the cash generating units that derive revenue from the investment platforms that will benefit from the provision of this (note 12).

Acquisition related costs:

The due diligence work was predominantly undertaken by the Group's management team, with some supplementary legal support provided by external consultants. In addition to management time, acquisition-related costs of £7,000 were included in administrative expenses in the consolidated income statement for the year ended 30 September 2016.

14 Other intangible assets

	Key operating system £000	Contractual customer relationships £000	Computer software £000	Total £000
Cost				
As at 1 October 2015	8,657	2,135	6,593	17,385
Additions	—	—	115	115
As at 30 September 2016	8,657	2,135	6,708	17,500
Additions	—	—	44	44
Disposals	—	—	(370)	(370)
As at 30 September 2017	8,657	2,135	6,382	17,174
Additions	—	—	6	6
Disposals	—	—	(1,154)	(1,154)
At 30 September 2018	8,657	2,135	5,234	16,026
Amortisation				
As at 1 October 2015	2,919	1,516	6,154	10,589
Charge for the year	1,056	274	220	1,550
Impairment	—	345	—	345
As at 30 September 2016	3,975	2,135	6,374	12,484
Charge for the year	1,057	—	162	1,219
Eliminated on disposal	—	—	(370)	(370)
As at 30 September 2017	5,032	2,135	6,166	13,333
Charge for the year	604	—	119	723
Eliminated on disposal	—	—	(1,154)	(1,154)
At 30 September 2018	5,636	2,135	5,131	12,902
Carrying amount				
As at 30 September 2016	4,682	—	334	5,016
As at 30 September 2017	3,625	—	216	3,841
As at 30 September 2018	3,021	—	103	3,124

The amortisation charge above is recognised within administrative expenses in the income statement.

15 Property, plant and equipment

	Leasehold improvements £000	Office equipment £000	Assets under construction £000	Computer equipment £000	Total £000
Cost					
As at 1 October 2015	677	1,405	—	2,576	4,658
Additions	—	36	—	568	604
Disposals	—	(12)	—	(136)	(148)
At 30 September 2016	677	1,429	—	3,008	5,114
Additions	1,452	762	163	1,235	3,612
Disposals	(548)	(631)	—	(916)	(2,095)
At 30 September 2017	1,581	1,560	163	3,327	6,631
Additions	161	132	—	1,405	1,698
Disposals	—	(754)	—	(302)	(1,056)
Transfers	—	—	(163)	163	—
At 30 September 2018	1,742	938	—	4,593	7,273
Depreciation					
As at 1 October 2015	536	1,042	—	1,876	3,454
Charge for the year	17	170	—	349	536
Eliminated on disposal	—	(12)	—	(132)	(144)
As at 30 September 2016	553	1,200	—	2,093	3,846
Charge for the year	66	231	—	541	838
Eliminated on disposal	(548)	(609)	—	(890)	(2,047)
As at 30 September 2017	71	822	—	1,744	2,637
Charge for the year	119	279	—	850	1,248
Eliminated on disposal	—	(746)	—	(299)	(1,045)
At 30 September 2018	190	355	—	2,295	2,840
Carrying amount					
As at 30 September 2016	124	229	—	915	1,268
As at 30 September 2017	1,510	738	163	1,583	3,994
As at 30 September 2018	1,552	583	—	2,298	4,433

The depreciation charge above is recognised within administrative expenses in the income statement.

During the year the Group acquired assets under finance leases and hire purchase contracts of £747,000 (2017: £136,000, 2016: £Nil).

The carrying amount of the Group's office and computer equipment includes an amount of £686,000 (2017:£138,000, 2016: £99,000) in respect of assets held under finance leases and hire purchase contracts.

At the year end, the Group had no commitments (2017: £Nil, 2016: £Nil) to purchase any property, plant and equipment.

16 Subsidiaries

The principal subsidiaries of the Company, all of which have been included in the consolidated historical financial information, are as follows:

Name of subsidiary	Principal activity	Country of incorporation	Proportion of ownership interest and voting rights held 2016 (%)	2017 (%)	2018 (%)
AJ Bell Business Solutions Limited*	Investment / Group administration	England and Wales	100	100	100
AJ Bell Trustees Limited	Dormant	England and Wales	100	100	100
Ashby London Trustees Limited	Dormant	England and Wales	100	100	100
AJ Bell Platinum Limited	Dormant	England and Wales	100	100	100
Ashby London Actuarial Services Limited*	Dormant	England and Wales	100	100	100
AJ Bell Management Limited	Investment administration	England and Wales	100	100	100
Sippdeal Trustees Limited	Dormant	England and Wales	100	100	100
AJ Bell (PP) Trustees Limited	Dormant	England and Wales	100	100	100
Whitehead Trustees Limited	Dormant	England and Wales	100	100	100
Ashby London (PP) Trustees Limited	Dormant	England and Wales	100	100	100
Sippdeal Limited	Dormant	England and Wales	100	100	100
MSM Media Limited*	Dormant	England and Wales	100	100	100
AJ Bell Securities Limited*	Dealing & custody	England and Wales	100	100	100
Lawshare Nominees Limited	Dormant	England and Wales	100	100	100
AJ Bell EBT Limited*	Dormant	England and Wales	100	100	100
AJ Bell Media Limited*	Media	England and Wales	100	100	100
MoneyAM Limited	Dormant	England and Wales	100	100	100
AJ Bell Asset Management Limited*	Investment management services	England and Wales	75	100	100
AJ Bell Investments LLP	Investment management services	England and Wales	75	100	100
Indexx Markets Limited	Dormant	England and Wales	75	100	n/a
AJ Bell Capital Limited	Dormant	England and Wales	75	100	n/a
AJ Bell Digital Savings Limited*	Dormant	England and Wales	n/a	n/a	100

*indicates direct investment of AJ Bell plc

The financial statements of AJ Bell EBT Limited have been exempted from audit under s479A of the Companies Act 2006 by way of parent guarantee from AJ Bell plc.

During the year end 30 September 2017 the Group acquired the remaining 25% minority interest in AJ Bell Asset Management Limited. Following this transaction, the trade, assets and liabilities of AJ Bell Capital Limited, Indexx Markets Limited and AJ Bell Investments LLP were hived into AJ Bell Asset Management Limited.

Following the reorganisation, AJ Bell Capital Limited and Indexx Markets Limited became dormant subsidiaries and were struck off the register at Companies House during 2018. Since the reporting date Money AM limited, MSM Media Limited and Ashby London Actuarial Services Limited, all of which are dormant were also struck off. AJ Bell Investments LLP is in the process of being struck off.

The registered office of all subsidiaries is 4 Exchange Quay, Salford Quays, Manchester M5 3EE.

17 Deferred tax asset

	2016 £000	2017 £000	2018 £000
Deferred tax asset	159	319	386
Deferred tax liability	(110)	(92)	(14)
Net deferred tax asset	49	227	372

The movement on the deferred tax account and movement between deferred tax assets and liabilities are as follows:

	Accelerated capital allowances £000	Share-based payments £000	Short-term timing differences £000	Losses £000	Total £000
At 1 October 2015	(4)	96	(38)	—	54
On acquisition	—	—	—	42	42
(Charge)/credit to the income statement	(106)	38	49	(20)	(39)
Charge to equity	—	(8)	—	—	(8)
At 30 September 2016	(110)	126	11	22	49
Credit to the income statement	18	31	—	41	90
Credit to equity	—	88	—	—	88
At 30 September 2017	(92)	245	11	63	227
(Charge)/credit to the income statement	78	19	11	(14)	94
Credit to equity	—	51	—	—	51
At 30 September 2018	(14)	315	22	49	372

The deferred tax adjustment relating to share-based payments reflects the estimated total future tax relief associated with the cumulative share-based payment benefit arising in respect of share options granted but unexercised as at the reporting date.

Deferred tax assets have been recognised in respect of other temporary differences giving rise to deferred tax assets where it is probable that these amounts will be recovered. As at 30 September 2018, deferred tax assets have not been provided on trading losses of £1,407,326 (2017: £1,914,069, 2016: £1,869,565).

18 Trade and other receivables

	2016 £000	2017 £000	2018 £000
Trade receivables	6,287	6,248	2,203
Prepayments and accrued income	8,001	10,831	13,669
Other receivables	3,450	5,093	4,203
	17,738	22,172	20,075

The directors consider that the carrying value of trade and other receivables approximates to their fair value. Other receivables represent client money required to meet settlement obligations and are payable on demand.

Trade receivables disclosed above include amounts which are past due at the reporting date but against which the Group has not recognised a provision for impairment as there has been no significant change in credit quality and the amounts are still considered recoverable.

The ageing profile of the Group's trade receivables were as follows:

	2016	2017	2018
	£000	£000	£000
Neither past due nor impaired	1,262	1,487	550
Past due but not impaired:			
0 to 30 days	3,189	3,758	705
31 to 60 days	87	106	188
61 to 90 days	82	154	58
91 days and over	1,831	1,155	1,165
	6,451	6,660	2,666
Provision for impairment	(164)	(412)	(463)
	6,287	6,248	2,203

The movement in the provision for impairment of trade receivables is as follows:

	2016	2017	2018
	£000	£000	£000
Balance at the beginning of the year	208	164	412
Impairment losses recognised	40	300	135
Amounts utilised	—	—	(27)
Amounts recovered	(84)	(52)	(57)
Balance at the end of the year	164	412	463

In determining the recoverability of trade receivables the directors considered any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date.

19 Cash and cash equivalents

	2016	2017	2018
	£000	£000	£000
Cash and cash equivalents	39,510	42,138	49,695

All cash held at bank has a maturity date of less than one month.

20 Trade and other payables

	2016	2017	2018
Current payables	£000	£000	£000
Trade payables	1,283	817	1,052
Accruals and deferred income	6,568	7,514	8,093
Social security and other taxes	1,408	1,411	1,711
Other payables	295	373	582
	9,554	10,115	11,438

Trade payables, accruals and deferred income principally comprise amounts outstanding for trade purchases and ongoing costs. The directors consider that the carrying amount of trade payables approximates to their fair value.

Non-current payables	**2016 £000**	**2017 £000**	**2018 £000**
Unsecured loan debenture	848	—	—
Other payables	124	178	603
	972	178	603

The unsecured loan debenture, bearing interest at 5% per annum was settled in full on 7 April 2017.

21 Other financial liabilities

Obligations under finance leases and hire purchase contracts are payable as follows:	**Minimum lease payments £000**	**Less finance charges £000**	**Present value of lease obligations £000**
2016			
Within one year	79	(4)	75
In two to five years	35	(1)	34
	114	(5)	109
2017			
Within one year	82	(7)	75
In two to five years	72	(4)	68
	154	(11)	143
2018			
Within one year	330	(30)	300
In two to five years	447	(16)	431
	777	(46)	731

It is the Group's policy to lease certain items of office and computer equipment under finance leases and hire purchase contracts. The average contract term is between three and five years. All obligations are denominated in sterling. Interest rates are fixed at the contract date. All leases and hire purchase contracts are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The fair value of the Group's lease obligations approximates to their carrying amount.

22 Provisions

	Office dilapidations £000	FSCS levy £000	Other provision £000	Restructuring costs £000	Total £000
2016					
At 1 October 2015	398	53	—	—	451
Additional provisions	683	—	—	—	683
Provisions used	—	(17)	—	—	(17)
At 30 September 2016	1,081	36	—	—	1,117
2017					
At 1 October 2016	1,081	36	—	—	1,117
Additional provisions	—	—	1,095	492	1,587
Provisions used	(291)	(36)	—	—	(327)
At 30 September 2017	790	—	1,095	492	2,377
2018					
At 1 October 2017	790	—	1,095	492	2,377
Additional provisions	80	—	—	246	326
Provisions used	—	—	—	(568)	(568)
Unused provisions	(75)	—	—	—	(75)
At 30 September 2018	795	—	1,095	170	2,060

Office dilapidations

The dilapidation provisions relate to the former leasehold premises at Trafford House, Manchester, Calverley House, Tunbridge Wells and the current leasehold premises at 4 Exchange Quay, Manchester and 49 Southwark Bridge, London. The Group is contractually obliged to reinstate its leased properties to their original state and layout at the end of the lease term. Whilst it is probable that payments will be required for dilapidations, uncertainty exists with regards to the amount and timing of these payments and the amounts provided represent the directors' best estimate of the present value of costs which will ultimately be incurred in setting these obligations.

Other provision

The other provision represents cover for the settlement of a one-off tax liability. There is some uncertainty regarding the amount of the outflow required to settle the obligation; therefore a best estimate has been made by assessing a number of different outcomes considering the potential areas and time periods at risk and any associated interest. The timing of the outflows are uncertain but the Group expects that settlement will be within the next 12 months.

Restructuring costs

The restructuring provision relates to the estimated costs associated with the closure of the Tunbridge Wells office by October 2018 when the lease expires. The provision is based upon a number of key variables for the staff affected, grade and remuneration package and represents the directors' best estimate. As a result there is some uncertainty around the value and timing of the liability.

23 Share capital

	2016 £	2017 £	2018 £
Issued, fully-called and paid:			
Ordinary shares of 0.1p each	38,650	38,655	38,841
Ordinary non-voting shares of 0.1p each	75	75	75
A non-voting ordinary shares of 0.1p each	846	955	958
B non-voting ordinary shares of 0.1p each	—	—	159
C non-voting ordinary shares of 0.1p each	8	8	188
D non-voting ordinary shares of 0.1p each	—	10	255
E non-voting ordinary shares of 0.1p each	—	—	919
F non-voting ordinary shares of 0.1p each	—	—	203
X non-voting ordinary shares of 0.1p each	774	767	767
	40,353	40,470	42,365
Issued, partly-called and paid:			
A non-voting ordinary shares of 0.1p each	—	—	—
X non-voting ordinary shares of 0.1p each	7	7	7
	7	7	7
	40,360	40,477	42,372

	2016 Number	2017 Number	2018 Number
Issued, fully-called and paid:			
Ordinary shares of 0.1p each	38,650,070	38,654,846	38,840,741
Ordinary non-voting shares of 0.1p each	75,000	75,000	75,000
A non-voting ordinary shares of 0.1p each	846,081	955,484	957,692
B non-voting ordinary shares of 0.1p each	167,102	158,890	158,890
C non-voting ordinary shares of 0.1p each	201,631	194,633	188,056
D non-voting ordinary shares of 0.1p each	—	275,317	255,189
E non-voting ordinary shares of 0.1p each	—	—	919,160
F non-voting ordinary shares of 0.1p each	—	—	203,500
X non-voting ordinary shares of 0.1p each	773,994	767,465	767,465
	40,713,878	41,081,635	42,365,693
Issued, partly-called and paid:			
A non-voting ordinary shares of 0.1p each	295,104	325,104	260,973
X non-voting ordinary shares of 0.1p each	322,043	318,497	318,497
	617,147	643,601	579,470
	41,331,025	41,725,236	42,945,163

The following transactions have taken place during year ended 30 September 2018:

Transaction type	Share class	No. of shares	Premium £000
New issue under OTB	Ordinary shares of 0.1p each	49,096	350
New issue under OTB	E non-voting ordinary shares of 0.1p each	931,660	391
New issue under OTB	F non-voting ordinary shares of 0.1p each	203,500	85
Exercise of CSOP options	Ordinary shares of 0.1p each	136,799	464
New issue	A non-voting ordinary shares of 0.1p each, 0.1% partly-paid	15,000	—
Full payment	A non-voting ordinary shares of 0.1p each, 0.1% partly-paid	79,131	314
Repurchase and cancellation	A non-voting ordinary shares of 0.1p each	(76,923)	—
Repurchase and cancellation	C non-voting ordinary shares of 0.1p each	(6,577)	—
Repurchase and cancellation	D non-voting ordinary shares of 0.1p each	(20,128)	—
Repurchase and cancellation	E non-voting ordinary shares of 0.1p each	(12,500)	—
			1,604

The following transactions have taken place during year ended 30 September 2017:

Transaction type	Share class	No. of shares	Premium £000
New issue under OTB	A non-voting ordinary shares of 0.1p each, 0.2% partly-paid	30,000	—
New issue under OTB	D non-voting ordinary shares of 0.1p each	275,317	55
Exercise of EMI options	A non-voting ordinary shares of 0.1p each	42,545	42
Exercise of CSOP options	Ordinary shares of 0.1p each	23,011	59
New issue	A non-voting ordinary shares of 0.1p each	76,923	400
Full payment	X non-voting ordinary shares of 0.1p each	4,919	21
Repurchase and cancellation	A non-voting ordinary shares of 0.1p each	(6,998)	—
Repurchase and cancellation	C non-voting ordinary shares of 0.1p each	(11,308)	—
Repurchase and cancellation	Ordinary shares of 0.1p each	(16,927)	—
Repurchase and cancellation	X non-voting ordinary shares of 0.1p each	(11,448)	—
Repurchase and cancellation	B non-voting ordinary shares of 0.1p each	(8,212)	—
			577

The following transactions have taken place during year ended 30 September 2016:

Transaction type	Share class	No. of shares	Premium £000
Exercise of EMI options	A non-voting ordinary shares of 0.1p each	64,545	56
Full payment	X non-voting ordinary shares of 0.1p each	6,529	26
Exercise of CSOP options	Ordinary shares of 0.1p each	51,778	165
New issue under OTB	A non-voting ordinary shares of 0.1p each, 0.2% partly paid	10,000	—
New issue	Ordinary shares of 0.1p each	5,800	29
New issue under OTB	C non-voting ordinary shares of 0.1p each	201,631	40
			316

Rights of each share class:

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. They are entitled to share in the proceeds on the return of capital, or upon the winding up of the Company in proportion to the number of, and amounts paid on shares held. The shares are non-redeemable.

Non-voting ordinary shares, A and X non- voting ordinary shares:

The ordinary non-voting shares, A non-voting ordinary shares and X non-voting ordinary shares have the same rights as to dividend and on winding-up as to the ordinary shares except they cannot vote at meetings of shareholders.

B, C, D, E and F non-voting ordinary shares:

The holders of B, C, D, E and F non-voting ordinary shares do not have the same rights to a dividend and on winding-up as the ordinary shares and cannot vote at meetings of shareholders.

Own shares:

The Group has an employee benefit trust in order to acquire own shares in the Company to satisfy future share incentive plans. The costs of operating the Trust are borne by the Group but are not material.

During the year ended 30 September 2018 the Group purchased 152,707 ordinary own shares and 16,006 A non- voting shares in exchange for cash consideration of £1,363,504 in order to satisfy further options and awards (2017: Nil 2016: Nil). The Trust waived the right to receive dividends on these shares.

24 Share-based payments

The Group has the following equity settled share based payment arrangements:

EMI

Following amendments to the EMI thresholds, the Group ceased to qualify as an eligible participant and the EMI scheme was closed to new entrants in July 2008. The CSOP was created in July 2009 to replace the EMI scheme, and to ensure that equity ownership for all levels of employees within the organisation continued to be facilitated.

All remaining unexercised EMI options were exercised during the year ended 30 September 2017.

Company Share Option Plan (''CSOP'')

The CSOP is an HMRC approved scheme in which the Board, at their discretion, grant options to employees to purchase ordinary shares. Each participating employee can be granted options up to the value of £30,000. Options granted under the CSOP can be exercised between the third and the tenth anniversary after the date of grant and usually lapse if the employee leaves the Group before the option expires in circumstances in which they are considered to be a bad leaver. In the case of a good leaver, the employee is able to exercise options for a limited time after cessation of employment. The expense for share-based payments under the CSOP is recognised over the respective vesting period of these options.

Option To Buy scheme (''OTB'') Growth Shares

The OTB scheme is an award scheme whereby the Board, at their discretion, offer employees the opportunity to purchase growth shares. Growth shares entitle the holder to participate in the growth in the value of the Group above the base value at the date of the award a certain threshold level, set above current market value of the Group at the time the shares are issued, is met. Growth shares granted under the OTB have different vesting conditions. The vesting condition attached to all growth shares granted is that the threshold level needs to be met and an exit event needs to have occurred. During the year ended 30 September 2017, a number of awards have been granted with an additional employment condition of four or six years after the date of grant. The growth shares that were issued subject to these conditions are subject to buy-back options under which the Group can buy back the shares for their issue price if the employee leaves the Group before the expiry of the employment condition period. The expense for share-based payments under the OTB is recognised over the expected time to the assumed date that the growth target threshold will be met.

The table below summarises the outstanding options and awards:

CSOP and EMI	**2016 No.**	**2017 No.**	**2018 No.**
Outstanding at beginning of the year	529,902	566,936	526,152
Granted	113,984	104,896	35,039
Forfeited	(26,480)	(15,579)	(30,316)
Exercised	(50,470)	(130,101)	(136,799)
Outstanding at the end of the year	566,936	526,152	394,076
Exercisable at the end of the year	254,438	194,900	168,066

The movement in the weighted average exercise price of share options were as follows:

	2016 £	**2017 £**	**2018 £**
Outstanding at beginning of the year	2.89	3.28	4.17
Granted	5.00	5.20	6.00
Forfeited	2.99	3.37	4.79
Exercised	3.18	1.22	3.39
Outstanding at the end of the year	3.28	4.17	4.52
Exercisable at the end of the year	2.94	3.48	3.56

The Company is unlisted; therefore no quoted price is available for its stock.

The lowest exercise price for share options outstanding at the end of the period was 190p (2017: 190p, 2016: 22p) and the highest exercise price was 600p (2017: 520p, 2016: 500p). The weighted average remaining contractual life of share options outstanding at the end of the period was six years (2017: seven years, 2016: five years).

OTB Growth Shares	**2016 No.**	**2017 No.**	**2018 No.**
Outstanding at beginning of the year	167,102	368,733	628,840
Granted	201,631	275,317	1,135,160
Repurchased and cancelled	—	(15,210)	(39,205)
Outstanding at the end of the year	368,733	628,840	1,724,795
Exercisable at the end of the year	—	—	—

The movement in the weighted average exercise price of growth shares were as follows:

	2016 £	**2017 £**	**2018 £**
Outstanding at beginning of the year	4.10	4.59	4.86
Granted	5.00	5.20	6.00
Repurchased and cancelled	—	4.51	5.42
Outstanding at the end of the year	4.59	4.86	5.60
Exercisable at the end of the year	—	—	—

The lowest base value for growth shares outstanding at the end of the period was 410p (2017: 410p, 2016:410p) and the highest base value was 600p (2017: 520p, 2016: 500p). The weighted average remaining contractual life of growth shares outstanding at the end of the period was 1.4 years (2017: 0.4 years, 2016: 0.6 years).

The fair value of equity-settled share options and awards granted is estimated as at the date of grant using the Black-Scholes method, taking into account the terms and conditions upon which the options were granted. It is recognised that the Black-Scholes model has its limitations when valuing the growth shares which have multiple areas of uncertainty attached. However, the estimated impact of these uncertainties is not deemed material.

The inputs to the Black-Scholes model and assumptions used in the calculations are as follows:

CSOP Grant date	**10/12/2015**	**15/12/2016**	**13/03/2017**	**07/04/2017**	**12/12/2017**
Number of shares under option	113,984	93,358	5,769	5,769	35,039
Fair value of share option (£)	5.00	5.20	5.20	5.20	6.00
Exercise price of an option (£)	5.00	5.20	5.20	5.20	6.00
Expected volatility	25%	25%	25%	25%	25%
Expected dividend yield	5.10%	4.95%	4.95%	4.95%	4.71%
Risk-free interest rate	0.81%	0.24%	0.24%	0.22%	0.51%
Expected option life to exercise (months)	36	36	36	36	36

Options are exercisable at a price equal to the market value of the Company's shares on the date of grant. As the Company is unlisted, it has no readily available share price and so its share value is calculated using dividend and earnings-based models to determine a range of valuations. The average price indicated by these valuations is assumed to be the approximate market value at the date of grant and is agreed with HMRC prior to the granting of options. The expected life of the options is based on the minimum period between the grant of the option, the earliest possible exercise date and an analysis of the historical exercise data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that historical volatility is indicative of future trends, which may also not necessarily be the case.

OTB Growth Shares

Grant date	**21/12/2015**	**15/12/2016**	**07/04/2017**
Number of shares under option	201,631	261,855	13,462
Fair value of share option (£)	5.00	5.20	5.20
Expected volatility	25%	25%	25%
Expected dividend yield	5.10%	4.95%	4.95%
Risk-free interest rate	0.59%	0.15%	0.22%
Expected option life to exercise (months)	21	19	15

Grant date	**12/12/2017**	**12/12/2017**	**12/12/2017**	**08/01/2018**
Number of shares under option	538,160	393,500	200,000	3,500
Fair value of share option (£)	6.00	6.00	6.00	6.00
Expected volatility	25%	25%	25%	25%
Expected dividend yield	4.71%	4.71%	4.71%	4.71%
Risk-free interest rate	0.51%	0.51%	0.51%	0.55%
Expected option life to exercise (months)	12	48	72	11

The market value of the shares has been based upon a whole company basis and has been provided independently by our tax advisers. The dividend yield, volatility and risk free interest rates are consistent with those used for CSOPs. The expected time is the assumed date that the growth target threshold will be met, based on growth in PBT, using a three year forecast approved by the Board.

The Group recognised the following expense related to equity settled share-based payment transactions:

	2016	**2017**	**2018**
	£	**£**	**£**
EMI	—	—	—
CSOP	30,040	44,903	38,282
OTB	38,617	62,102	73,857
	68,657	107,005	112,139

25 Financial instruments and risk management

The Group's activities expose it to a variety of financial instrument risks; market risk (including interest rate and foreign exchange risk), credit risk and liquidity risk. Information is presented below regarding the exposure to each of these risks, including the procedures for measuring and managing them.

Financial instruments include both financial assets and financial liabilities. Financial assets principally comprise trade and other receivables and cash and cash equivalents. Financial liabilities comprise trade and other payables and obligations under finance leases and hire purchase contracts. The Group does not have any derivative financial instruments.

Risk management objectives:

The Group has identified the financial, business and operational risks arising from its activities and has established policies and procedures to manage these items in accordance with its risk appetite. The Board of Directors has overall responsibility for establishing and overseeing the Group's Risk Management Framework and risk appetite.

The Group's financial risk management policies are intended to ensure that risks are identified, evaluated and subject to ongoing monitoring and mitigation (where appropriate). These policies also serve to set the appropriate control framework and promote a robust risk culture within the business. The Group regularly reviews its financial risk management policies and systems to reflect changes in the business, counterparties, markets and range of financial instruments that it uses.

The Group's Treasury Committee has principal responsibility for monitoring exposure to the risks associated with cash and cash equivalents. Policies and procedures are in place to ensure the management and monitoring of each type of risk. The primary objective of the Group's treasury policy is to manage short-term liquidity requirements whilst maintaining an appropriate level of exposure to other financial risks in accordance with the Group's risk appetite.

Significant accounting policies:

Details of the significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each financial asset and financial liability, are disclosed within note 2 to the consolidated historical financial information.

Categories of financial instrument:

The financial assets and financial liabilities of the Group are as follows:

	Loans and receivables		
	2016	**2017**	**2018**
Financial assets	**£000**	**£000**	**£000**
Trade receivables	6,287	6,248	2,203
Other receivables	3,450	5,093	4,203
Cash and cash equivalents	39,510	42,138	49,695
	49,247	53,479	56,101

	Financial liabilities		
	2016	**2017**	**2018**
Financial liabilities	**£000**	**£000**	**£000**
Trade payables	1,283	817	1,052
Obligations under finance leases and hire purchase contracts	109	143	731
	1,392	960	1,783

The carrying amount of all financial assets and liabilities approximate to their fair value due to their short-term nature.

Market risk

Interest rate risk

The Group holds interest bearing assets in the form of cash and cash deposits. Cash at bank earns interest at floating rates based on daily bank deposit rates. Term deposits can also be made for varying periods depending on the immediate cash requirements of the Group, and interest is earned at the respective fixed-term rate. Based on the cash balances at the reporting date, if interest were to move by 0.25% it would change profit before tax by approximately;

	2016 £000	2017 £000	2018 £000
+25bps (0.25%)	61	64	129
– 25bps (0.25%)	(73)	(3)	(89)

The Group retains a proportion of the interest income generated from the pooling of customer cash balances and as a result, the Group has an indirect exposure to interest rate risk. The cash balances are held with a variety of banks and are placed in a range of fixed term, notice and call deposit accounts with due regard for counterparty credit risk, capacity risk and liquidity risk requirements. The spread of rate retained by the Group is variable dependent on rates received by banks (disclosed to customers at between 0.25% below and 0.60% above the prevailing base rate) and amounts paid away to customers.

The impact of a 0.25% increase or decrease in UK base interest rates on the Group's revenue has been calculated and shown below. This has been modelled on a historical basis for each year separately assuming that the UK base rate was 25bps higher or lower than the actual position at the time.

	2016 £000	2017 £000	2018 £000
+25bps (0.25%)	1,785	4,053	3,150
– 25bps (0.25%)	(2,854)	(3,395)	(5,119)

Customer cash balances are not a financial asset of the Group and so are not included in the consolidated statement of financial position.

As at the year end the Group had no significant borrowings and therefore was not exposed to a material interest rate risk related to debt.

Foreign exchange risk

The Group is not exposed to significant foreign exchange translation or transaction risk as the Group's activities are primarily within the UK. Foreign exchange risk is therefore considered immaterial.

Credit risk

The Group's exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due, arises principally from its cash balances held with banks and trade and other receivables.

Trade receivables are presented net of allowances within the statement of financial position. An allowance for impairment is made where there is an identified loss event which, based on previous experience is evidence of a reduction in the recoverability of the cash flows. Trade receivables that are not impaired individually are, in addition, assessed for impairment on a collective basis. Details of those trade receivables that are past due but not impaired and any impairments made during the reporting period is shown within note 17.

The Group has implemented procedures that require appropriate credit or alternative checks on potential customers before business is undertaken. This minimises credit risk in this area.

The credit risk on liquid funds, cash and cash equivalents is limited as deposits are held across a number of major banks. The directors continue to monitor the strength of the banks used by the Group. The banks currently used by the Group are Bank of Scotland plc, Barclays Bank plc, Lloyds Bank plc, HSBC Bank plc, The Royal Bank of Scotland plc, Santander UK plc, Clearstream Banking SA, Close Brothers plc, and Brown Brothers Harriman & Co. Bank of Scotland plc. The Group's principal banker, is 100% owned by Lloyds Banking Group plc. All the other banks currently used by the Group have long-term credit ratings of at least A (Fitch), apart from The Royal Bank of Scotland plc which has a rating of BBB+ (Fitch) and Baa3 (Moody's). Where the services of other banks are used, the Group follows a rigorous due diligence process prior to selection. This results in the Group retaining the ability to further mitigate the counterparty risk on its own behalf and that of its customers.

The Group has no significant concentration of credit risk as exposure is spread over a large number of counterparties and customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset at the reporting date. In relation to dealing services, the Group operates as agent on behalf of its underlying customers and in accordance with the London Stock Exchange Rules. Any settlement risk during the period between trade date and the ultimate settlement date is substantially mitigated as a result of the Group's agency status, its settlement terms and the delivery versus payment mechanism whereby if a counterparty fails to make payment, the securities would not be delivered to the counterparty.

Therefore any risk exposure is to an adverse movement in the market prices between the time of trade and settlement. Conversely, if a counterparty fails to deliver securities, no payment would be made.

There has been no material change to the Group's exposure to credit risk during the period under review.

Liquidity risk

This is the risk that the Group may be unable to meet its liabilities as and when they fall due. These liabilities arise from the day-to-day activities of the Group and from its obligations to customers. The Group is a highly cash generative business and maintains sufficient cash and standby banking facilities to fund its foreseeable trading requirements. There has been no change to the Group's exposure to liquidity risk or the manner in which it manages and measures the risk during the period.

The following table shows the undiscounted cash flows relating to non-derivative financial liabilities of the Group based upon the remaining period to the contractual maturity date, at the end of the reporting period:

	Less than 1 month £000	1 to 3 months £000	3 to 12 months £000	1 to 5 years £000	Total £000
2016					
Trade payables	718	51	514	—	1,283
Obligations under finance leases	—	—	75	34	109
	718	51	589	34	1,392
2017					
Trade payables	701	—	116	—	817
Obligations under finance leases	—	—	75	68	143
	701	—	191	68	960
2018					
Trade payables	1,052	—	—	—	1,052
Obligations under finance leases and hire purchase agreements	—	—	300	431	731
	1,052	—	300	431	1,783

Capital management

The Group's objectives in managing capital are to:

- safeguard the Group's ability to continue as a going concern so that it can continue to provide returns to shareholders, security for our customers and benefits for other stakeholders;
- maintain a strong capital base to support the development of its business;
- comply with regulatory requirements at all times.

The capital structure of the Group consists of share capital, share premium and retained earnings. At the reporting date the Group had capital of £64,036,000 (2017: £61,362,000, 2016: £53,788,000).

Capital generated from the business is both reinvested in the business to generate future growth and returned to shareholders principally in the form of dividends. The capital adequacy of the business is monitored on a monthly basis and as part of the business planning process by the Board. It is also reviewed before any distributions are made to shareholders to ensure it does not fall below the agreed surplus as outlined in the Group's capital management policy. The liquidity of the business is monitored by management on a daily basis to ensure sufficient funding exists to meet the Group's liabilities as they fall due. The Group is highly cash generative and maintains sufficient cash and standby banking facilities to fund its foreseeable trading requirements.

The Group conducts an Internal Adequacy Assessment Process ("ICAAP"), as required by the Financial Conduct Authority ("FCA") to assess the appropriate amount of regulatory capital to be held by the Group. Regulatory capital resources for ICAAP are calculated in accordance with published rules. The ICAAP compares regulatory capital resources against regulatory capital requirements as specified by the relevant regulatory authorities.

The Group maintained a surplus of regulatory capital through the period under review. Information under Part Eight (Pillar 3) Disclosure of the Capital Requirements Regulation is available on the Group's website at www.ajbell.co.uk.

26 Interests in unconsolidated structured entities

The Group manages a number of investment funds (open ended investments) acting as agent of the Authorised Corporate Director. The dominant factor in deciding who controls these entities is determined by the contractual arrangement in place between the Authorised Corporate Director and the Group, rather than voting or similar rights. As the Group directs the investing activities through its investment management agreement with the Corporate Authorised Director, the investment funds are deemed to be structured entities. The investment funds are not consolidated into the Group's financial statements as the Group are judged to act as an agent rather than having control under IFRS 10.

The purpose of the investment funds is to invest capital received from investors in a portfolio of assets in order to generate a return in the form of capital appreciation, income from the assets, or both. The Group's interest in the investment funds is in the form of management fees received for its role as investment adviser. These fees are variable depending on the value of the assets under management.

The funds do not have any debt or borrowings and are financed through the issue of units to investors.

The following table shows the details of unconsolidated structured entities in which the Group has an interest at the reporting date:

Year	Type	Number of funds No.	Net AUM of funds £m	Annual management charge £000	Management charge receivable at 30 Sept £000
2017	OEIC	5	48.2	29	—
2018	OEIC	6	141.1	157	52

The annual management charge is included within *ad-valorem* fees within revenue in the consolidated income statement.

The annual management charge receivable is included within accrued income in the consolidated statement of financial position.

The maximum exposure to loss relates to future management fees should the market value of the investment funds decrease.

27 Operating leases

At 30 September 2018, the lease commitments relate to the current leasehold premises at 4 Exchange Quay, Manchester and 29 Southwark Bridge, London.

Future minimum lease payments under non-cancellable operating leases for office properties are as follows:

	2016 £000	2017 £000	2018 £000
Within one year	2,112	1,486	1,350
In the second and fifth years inclusive	5,743	5,820	6,243
After five years	15,936	14,685	12,912
	23,791	21,991	20,505

At original inception, office property leases are negotiated for an average term of ten to fifteen years and rentals are fixed for an average of three years.

The Group recognised £1,617,000 as an expense during the year ended 30 September 2018 (2017: £2,081,000, 2016: £978,000).

28 Related party transactions

Transactions between the parent company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed.

Transactions with key management personnel

Key management personnel is represented by the Board of Directors and the Executive Management Board.

	2016 £000	2017 £000	2018 £000
Short-term employee benefits (excluding NI)	2,499	2,586	2,353
Retirement benefit costs	66	61	54
Share-based payment	27	40	45
Gain on exercise of share options	—	1	64
	2,592	2,688	2,516

During the period there were no material transactions or balances between the Group and its key management personnel or members of their close families, other than noted below.

Transactions with directors

The remuneration expense of the directors is as follows:

	2016 £000	2017 £000	2018 £000
Short-term employee benefits (excluding NI)	1,141	1,315	1,253
Retirement benefit costs	1	4	7
Share-based payment	11	19	23
Gain on exercise of share options	—	—	64
	1,153	1,338	1,347

Dividends totalling £5,848,000 were paid in the year (2017: £3,027,000, 2016: £3,375,000) in respect of ordinary shares held by the Company's directors.

Remuneration of the highest paid director:

	2016 £000	2017 £000	2018 £000
Short-term employee benefits	720	863	802

Other related party transactions

Charitable donations

During the year, the Group made donations totalling £139,675 (2017: £109,125, 2016: £85,279) to the AJ Bell Trust, a registered charity of which Mr A J Bell is a trustee.

EQ Property Services Limited

The Group is party to two leases with EQ Property Services Limited for rental of the Head Office premises, 4 Exchange Quay, Salford Quays, Manchester M5 3EE. Mr A J Bell and Mr M T Summersgill are directors and shareholders of both AJ Bell plc and EQ Property Services Limited. Mr C Galbraith, Mr R Stott and Mr F Lyons are members of key management personnel and shareholders of AJ Bell plc and are directors and shareholders of EQ Property Services Limited. The 15 year lease was signed for rental of the building on 17 August 2016, at a market rate of £1,593,582 per annum. No amount was outstanding at any reporting date.

At the reporting date, there is a debtor of £116,000 outstanding (2017: £Nil, 2016: £Nil) with EQ Property Services Limited.

29 Events after the reporting date

On 14 November 2018 the Company changed its name from AJ Bell Holdings Limited to AJ Bell Limited and subsequently re-registered as a plc on 16 November 2018.

By 13 November 2018, all outstanding non-fully paid A Non-Voting Shares and X Non-Voting Shares were fully paid up.

On 15 November 2018, by ordinary resolution of the Company, it was resolved that the amount of £8,590.11 standing to the credit of the Company's share premium account be capitalised and appropriated as follows:

a) £7,769.24 to the holders of Ordinary Shares applied in paying up in full, 7,769,240 Ordinary Shares;

b) £15.00 to the holders of Non-Voting Shares applied in paying up in full, 15,000 Non-Voting Shares;

c) £243.73 to the holders of A Non-Voting Shares applied in paying up in full, 243,730 A Non-Voting Shares;

d) £217.19 to the holders of X Non-Voting Shares applied in paying up in full, 217,190 X Non-Voting Shares;

e) £31.78 to the holders of B Non-Voting Shares applied in paying up in full, 31,780 B Non-Voting Shares;

f) £37.61 to the holders of C Non-Voting Shares applied in paying up in full, 37,610 C Non-Voting Shares;

g) £51.03 to the holders of D Non-Voting Shares applied in paying up in full, 51,030 D Non-Voting Shares;

h) £183.83 to the holders of E Non-Voting Shares applied in paying up in full, 183,830 E Non-Voting Shares; and

i) £40.70 to the holders of F Non-Voting Shares applied in paying up in full, 40,700 F Non-Voting Shares.

On 15 November 2018, by ordinary resolution of the Company, it was resolved that the existing 46,615,481 Ordinary Shares, 90,000 Non-Voting Shares, 1,462,395 A Non-Voting Shares, 1,303,152 X Non-Voting Shares, 190,670 B Non-Voting Shares, 225,666 C Non-Voting Shares, 306,219 D Non-Voting Shares, 1,102,990 E Non-Voting Shares and 244,200 F Non-Voting Shares, each of £0.001 be sub-divided into:

- 372,923,848 Ordinary Shares each of £0.000125;
- 720,000 Non-Voting Shares each of £0.000125;
- 11,699,160 A Non-Voting Shares each of £0.000125;
- 1,525,360 B Non-Voting Shares each of £0.000125;
- 1,805,328 C Non-Voting Shares each of £0.000125;
- 2,449,752 D Non-Voting Shares each of £0.000125;
- 8,823,920 E Non-Voting Shares each of £0.000125,
- 1,953,600 F Non-Voting Shares each of £0.000125; and
- 10,425,216 X Non-Voting Shares each of £0.000125.

PART 7

DETAILS OF THE OFFER

1. SUMMARY OF THE OFFER

This Part 7 should be read in conjunction with the sections headed "Expected Timetable of Principal Events" and "Offer Statistics" on pages 33 and 34 of this Prospectus.

The Offer comprises an offer of the Offer Shares by the Selling Shareholders to:

i. certain institutional investors in the United Kingdom and elsewhere outside the United States in reliance on Regulation S (referred to in this Prospectus as the "Institutional Offer"); and

ii. Qualifying Customers in the United Kingdom only (referred to in this Prospectus as the "Qualifying Offer").

A maximum of 108,079,845 Ordinary Shares will be offered for sale by the Selling Shareholders in the Offer. The final number of Ordinary Shares to be sold in the Offer will be set out in the Pricing Statement.

The actual number of Offer Shares to be sold by the Selling Shareholders in the Offer will depend on, among other things, the Offer Price and the level of demand for Ordinary Shares from investors and will be determined once the Offer Price is determined. The Offer Price will be determined by Numis in consultation with the Company. All Ordinary Shares sold pursuant to the Offer will be sold, payable in full, at the Offer Price. The Pricing Statement containing the Offer Price, the number of Ordinary Shares which are the subject of the Offer and any other outstanding information is expected to be published on or around 7 December 2018, and will be available at ajbell.co.uk.

The Company will not receive any proceeds under the Offer. The estimated fees and expenses for which the Company is liable are between £3.1 million and £3.6 million, £1.8m of which was incurred in FY2018 with the rest to be incurred in FY2019. The sale of the Offer Shares will raise net proceeds for the Selling Shareholders of approximately £168.9 million (calculated using the Mid-point Assumptions).

On the basis of the Mid-point Assumptions, the Offer Shares will represent approximately 26.6% of the Ordinary Share capital of the Company immediately following Admission.

The Institutional Offer has been, subject to certain conditions, underwritten by Numis. The Qualifying Offer is only available to Qualifying Customers of AJ Bell. Both the Institutional Offer and the Qualifying Offer are subject to satisfaction of the conditions set out in the Underwriting and Sponsor Agreement, including Admission occurring and becoming effective by no later than 8.00 a.m. on the Closing Date or such later time and/or date as the Company and Numis may agree, being not later than 8.00 a.m. on 21 December 2018, and the Underwriting and Sponsor Agreement not having been terminated in accordance with its terms.

Following Admission, the Ordinary Shares will be registered with ISIN GB00BFZNLB60 and SEDOL number BFZNLB6, and will trade under the symbol "AJB". Admission is expected to take place and unconditional dealings in the Ordinary Shares are expected to commence on the London Stock Exchange on 12 December 2018.

Immediately following Admission, in excess of 36.5% of the Company's issued ordinary share capital will be held in 'public hands' (within the meaning of Listing Rule 6.14.2R), calculated using the Mid-point Assumptions.

The Offer Shares will, on Admission, rank *pari passu* in all respects with the existing Ordinary Shares and will rank in full for all dividends and other distributions after that date that are declared, made or paid on the ordinary share capital of the Company. The Ordinary Shares will be freely transferable.

Certain selling and transfer restrictions that apply to the distribution of this Prospectus and the Ordinary Shares being sold under the Offer in jurisdictions outside the United Kingdom are described in paragraph 11 below.

The following table sets out the number of Ordinary Shares the Selling Shareholders are selling in the Offer and the interests of the Selling Shareholders following Admission, each calculated using the Mid-point Assumptions:

	Prior to Admission		Shares sold		Post Admission	
Selling Shareholders	**Shares[1]**	**%**	**Shares**	**%**	**Shares**	**%**
Invesco	179,835,024	44.2%	76,250,054	42.4%	103,584,970	25.5%
Seneca	13,920,000	3.4%	6,960,000	50.0%	6,960,000	1.7%
Andrew James Bell	114,927,668	28.3%	11,342,698	9.9%	103,584,970	25.5%
AJ Bell Management	32,552,708	8.0%	4,277,249	13.1%	28,275,459	7.0%
Other Selling Shareholders	65,281,020	16.1%	9,196,266	14.1%	56,084,754	13.8%

(1) On the basis that the Share Capital Reorganisation has completed but prior to the sale of any Ordinary Shares under the Offer.

2. ALLOCATION UNDER THE OFFER

The rights attaching to the Ordinary Shares will be uniform in all respects and they will form a single class for all purposes. The sale of the Offer Shares to be offered under the Institutional Offer has been underwritten, subject to certain conditions, by Numis as described in paragraph 9 below and in paragraph 11.1 of Part 9 *(Additional Information)* of this Prospectus.

Numis, following consultation with the Company, will determine the allocation between the Institutional Offer and the Qualifying Offer. The Company, following consultation with Numis, will decide the allocation among Qualifying Customers under the Qualifying Offer. The Company and Numis shall have discretion to scale back Applications under the Offer as they deem appropriate. The Company will have absolute discretion to determine eligibility under the Qualifying Offer. Applicants in the Qualifying Offer must have been Qualifying Customers by 15 October 2018 and must follow the relevant Application Procedure, set out in paragraph 3 below, unless the Application is made using an ISA Account, which for technical reasons does not have an equivalent early cut off date. Applications should be submitted in accordance with the relevant Application Procedure as soon as possible and, in any event, by 5.00 p.m. on 5 December 2018. Applications may not be made by post. **APPLICANTS ARE URGED TO SUBMIT THEIR APPLICATIONS AT THE EARLIEST OPPORTUNITY.** There is no guarantee that applicants will receive all of the Offer Shares for which they apply and it is possible that they may not receive any.

Upon accepting any allocation, prospective investors will be contractually committed to acquire the number of Ordinary Shares allocated to them at the Offer Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from such commitment.

3. APPLICATION PROCEDURE FOR QUALIFYING CUSTOMERS

Qualifying Customers will be able to make an Application to participate in the Qualifying Offer through: AJ Bell Youinvest, AJ Bell Investcentre including the AJ Bell Securities Custody Solution for wealth managers and AJ Bell Platinum. The Application Procedure for each of the four propositions is set out below.

By participating in the Qualifying Offer, all Qualifying Customers acknowledge that their Application and participation will be subject to the terms and conditions of their AJ Bell Account, and agree to the terms and conditions of the Offer set out within this Prospectus, including giving the warranties and representations set forth in Part B of Part 8 (*Terms and Conditions of the Offer*) and paragraph 11.2 below.

3.1 AJ Bell Youinvest

Qualifying Customers who hold AJ Bell Youinvest accounts should go to the IPO and new issues page of the AJ Bell Youinvest website – Youinvest.co.uk – and click on the AJ Bell IPO and follow the instructions on the gateway disclaimer. From there, Qualifying Customers can access the AJ Bell IPO page, which contains details of the Qualifying Offer, a copy of this Prospectus and other relevant documents. Qualifying Customers can apply for Offer Shares by logging in to their AJ Bell Youinvest account as usual and selecting the amount they wish to invest, subject to a minimum application of £1,000 per AJ Bell Account and a sufficient amount of Available Cash in their AJ Bell Account, and submitting their Application.

Qualifying Customers will not be able to apply unless they have sufficient Available Cash in their AJ Bell Account. Available Cash already held in their AJ Bell Account will be earmarked for use to settle the purchase of Offer Shares once the Application Procedure is started.

If the Qualifying Customer's Application is accepted in part by the Company so that the Qualifying Customer's allocation of Offer Shares represents less than their total requested investment specified in their Application, any excess monies will remain in their AJ Bell Account.

Offer Shares will be allocated at the Company's sole discretion. Qualifying Customers will receive a contract note to confirm the number of Offer Shares allocated to them, and will see a corresponding movement in the Available Cash and stock held in their AJ Bell Account following Admission.

3.2 AJ Bell Investcentre

a) Adviser placed Applications

Advisers who use the AJ Bell Investcentre platform to manage their clients' portfolios can make Applications on behalf of their clients subject to a minimum application of £1,000 per AJ Bell Account. Advisers should go to the AJ Bell IPO page of the AJ Bell Investcentre website, which contains details of the Offer, a copy of this Prospectus and other relevant documents and follow the instructions on the gateway disclaimer. Advisers should then contact the Dealing Services Team on 0345 373 3473 who will assist the Adviser in making an Application. Advisers will be asked to make certain declarations on behalf of themselves and their client including that their client is a Qualifying Customer, that they acknowledge that their client's Application and participation will be subject to the terms and conditions of their client's AJ Bell Account, and that they agree on behalf of their client to the terms and conditions of the Offer set out within this Prospectus.

Advisers will not be able to apply unless their client has sufficient Available Cash in their AJ Bell Account. Available Cash already held in their AJ Bell Account will be earmarked once the Dealing Services Team begins the Application Procedure to settle any allocation of Offer Shares. If the Qualifying Customer's Application is accepted in part by the Company so that the Qualifying Customer's allocation of Offer Shares represents less than their total requested investment specified in their Application, any excess monies will remain in their AJ Bell Account.

Offer Shares will be allocated at the Company's sole discretion. A contract note to confirm the number of Offer Shares allocated to their client will be posted online, and advisers will see a corresponding movement in the Available Cash and stock held in their client's AJ Bell Account following Admission.

b) Customer placed Execution only Applications

Qualifying Customers who are clients of advisers who use the AJ Bell Investcentre platform and have a Funds and Shares XO account can make an Application to participate in the Qualifying Offer on an execution only basis by logging into their account on the AJ Bell Investcentre website – Investcentre.co.uk – and following the instructions on the gateway disclaimer, selecting the amount they wish to invest, subject to a minimum order of £1,000 per AJ Bell Account and a sufficient amount of Available Cash in their XO account, and placing their order by following the instructions shown on the website.

Qualifying Customers will not be able to place an order unless they have sufficient Available Cash in their XO account. Available Cash already held in their XO account will be earmarked for use to settle the purchase of Offer Shares once the Application Procedure is started. If the Qualifying Customer's Application is accepted in part by the Company so that the Qualifying Customer's allocation of Offer Shares represents less than its total requested investment specified in their Application, any excess monies will remain in their XO account.

Offer Shares will be allocated at the Company's sole discretion. Qualifying Customers will receive a notification via e-mail, to confirm the number of Offer Shares allocated to them, and will see a corresponding movement in the Available Cash and stock held in their XO account following Admission.

c) AJ Bell Securities Custody Solution

Client firms of AJ Bell Securities Custody Solution who wish to make an Application on behalf of a Qualifying Customer can do so by placing an order through the system subject to a minimum application of £1,000 per AJ Bell Account. In addition to placing the order, the client firm will be required to send a separate confirmation by email to dealing@ajbell.co.uk to confirm that their customer is a Qualifying Customer, that they acknowledge that their Qualifying Customer's Application and participation will be subject to the terms and conditions of their AJ Bell Account, and that they agree on behalf of their Qualifying Customer to the terms and conditions of the Offer set out within this Prospectus. One e-mail confirmation listing all the Qualifying Customers of the client firm for whom the Applications are made will be sufficient.

Client firms will not be able to place an order unless their customer has sufficient Available Cash in their AJ Bell Account. Available Cash already held in their customer's AJ Bell Account will be earmarked for use to settle the purchase of Offer Shares once the order is incepted in the system. If the Qualifying Customer's Application is accepted in part by the Company so that the Qualifying Customer's allocation of Offer Shares represents less than its total requested investment specified in their Application, any excess monies will remain in their AJ Bell Account.

Offer Shares will be allocated at the Company's sole discretion. Client firms will receive a contract note to confirm the number of Offer Shares allocated to their Qualifying Customer, and will see a corresponding movement in the Available Cash and stock held in their AJ Bell Account following Admission.

3.3 AJ Bell Platinum

Qualifying Customers of AJ Bell Platinum who have opened an AJ Bell Youinvest Dealing Account should follow the Application Procedure in paragraph 3.1 above.

Qualifying Customers of AJ Bell Platinum who have opened an AJ Bell Investcentre General Investment Account should follow the Application Procedure in paragraph 3.2 above.

4. WITHDRAWAL RIGHTS

If the Company is required to publish any supplementary prospectus, applicants who have applied for Offer Shares under the Offer shall have at least two clear Business Days following the publication of the relevant supplementary prospectus within which to withdraw their Application in its entirety.

The right to withdraw an Application in these circumstances will be available to all investors under the Offer. If the Application is not withdrawn within the stipulated period, the Application will remain valid and binding.

Any supplementary prospectus will not be sent automatically to persons who receive this Prospectus but will be published in accordance with the Prospectus Rules and is expected (subject to certain restrictions) to be available in electronic form at www.ajbell.co.uk. An announcement will also be made to a Regulatory Information Service. Any supplementary prospectus will also be available in printed form at the registered office of the Company and the offices of Pinsent Masons LLP at 30 Crown Place, Earl Street, London EC2A 4ES.

Details of how to withdraw an Application will be made available if a supplementary prospectus is published.

5. THE OFFER

5.1 Institutional Offer

Under the Institutional Offer, Offer Shares will be offered to certain institutional and professional investors in the United Kingdom and elsewhere outside the United States in reliance on Regulation S. Certain restrictions that apply to the distribution of this Prospectus and the offer and sale of the Ordinary Shares in jurisdictions outside the United Kingdom are described in paragraph 11 below.

The terms and conditions of the Institutional Offer are set out in Part A (Institutional Offer) of Part 8 (*Terms and Conditions of the Offer*) of this Prospectus. The latest time and date for indications of interest in acquiring Ordinary Shares under the Institutional Offer is expected to be 5:00 p.m. on 5 December 2018, although this is indicative and subject to change.

Participants in the Institutional Offer will be advised verbally or by electronic mail of their allocation as soon as practicable following pricing and allocation. Prospective investors in the Institutional Offer will be contractually committed to acquire the number of Ordinary Shares allocated to them at the Offer Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment.

5.2 Qualifying Offer

The Qualifying Offer is an offer to Qualifying Customers. Applications for Offer Shares in the Qualifying Offer must be made via the relevant Application Procedure (for further details please see paragraph 3 above) on or before 5:00 p.m. on 5 December 2018. All Ordinary Shares for which Applications are wholly or partly accepted will be sold at the Offer Price (which may be within, above or below the Indicative Price Range). By submitting an Application, applicants will be irrevocably committing to acquire Offer Shares at the Offer Price whether it is within, above or below the Indicative Price Range unless the withdrawal rights referred to in paragraph 4 above apply. If an Application is accepted in part, the balance of monies paid on that Application will be retained in the applicant's AJ Bell Account. Any such cash balances will be administered in accordance with the terms and conditions of the AJ Bell Account.

The terms and conditions of the Qualifying Offer are set out in Part B (Qualifying Offer) of Part 8 (*Terms and Conditions of the Offer*) of this Prospectus.

In order to apply for Offer Shares in the Qualifying Offer, Qualifying Customers must complete the relevant Application Procedure and submit their Applications in accordance with those instructions as soon as possible. Applications may not be made by post. In all cases, completed Applications must be received by no later than 5:00 p.m. on 5 December 2018. Applications must not be altered in any way as this may result in the Application for Offer Shares being rejected in whole or in part. No acknowledgement of Applications will be given. Only one Application per AJ Bell Account may be made; however Qualifying Customers with multiple AJ Bell Accounts may make multiple Applications. Applications made by Qualifying Customers applying through different AJ Bell Accounts will be aggregated if the Qualifying Offer is over-subscribed and the Company exercises its discretion to scale back Qualifying Customer Applications.

APPLICANTS ARE URGED TO SUBMIT THEIR APPLICATIONS AT THE EARLIEST OPPORTUNITY. There is no guarantee that applicants will receive Offer Shares representing the total requested investment specified in their Application and it is possible that they may not receive any.

Applications must be for a minimum of £1,000 of Offer Shares per AJ Bell Account. If the Offer is over-subscribed, Applications under the Qualifying Offer may be subject to scaling back, subject always to the discretion of the Company to scale back Applications in aggregate or in individual circumstances as it deems appropriate, including to give preference to certain types of AJ Bell Account.

6. THE OFFER PRICE AND BOOKBUILDING

The Offer Price will be determined by Numis in consultation with the Company and is expected to be announced on or around 7 December 2018 via an announcement published through a Regulatory Information Service, together with details of the final number of Ordinary Shares being offered in the Offer. This information will also be set out in the Pricing Statement. The Pricing Statement will not be sent automatically to persons who receive this Prospectus but will (subject to certain restrictions) be available in electronic form at www.ajbell.co.uk. The Pricing Statement will also be available in printed form at the registered office of the Company and the offices of Pinsent Masons LLP, at 30 Crown Place, Earl Street, London EC2A 4ES.

It is currently expected that the Offer Price will be within the Indicative Price Range, but this range is indicative only and the Offer Price may be set within, above or below it. A number of factors will be considered in determining the Offer Price, the amount to be received by the Selling Shareholders pursuant to the Offer and the basis of allocation to prospective investors, including the level and nature of demand for the Offer Shares during the bookbuilding process, the level of demand in the Qualifying Offer, the prevailing market conditions and the objective of establishing an orderly and liquid market in the Shares following Admission. The Offer Price will be established at a level determined in accordance with these factors, taking into account indications of interest received (whether before or after the times and/or dates stated) from persons (including market-makers and fund managers) connected with Numis. The Company and Numis reserve the right to increase or decrease the aggregate number of Ordinary Shares offered pursuant to the Offer. If the Offer Price is set above or below the Indicative Price Range or the Indicative Price Range is revised, the Company will make an announcement via a Regulatory Information Service and prospective investors may have a right to withdraw their application for Ordinary Shares to the extent provided in s.87Q FSMA. For further details of the withdrawal rights, see paragraph 4 above.

Numis will solicit indications of interest in acquiring Ordinary Shares from prospective institutional investors under the Institutional Offer. Prospective institutional investors will be required to specify the number of Ordinary Shares which they would be prepared to acquire either at specified prices or at the Offer Price (as finally determined). There is no minimum or maximum number of Offer Shares which can be applied for under the Institutional Offer.

7. DEALINGS AND ADMISSION

The Offer is subject to the satisfaction of certain conditions contained in the Underwriting and Sponsor Agreement, which are typical for agreements of this nature. Certain conditions are related to events which are outside the control of the Company, the Directors and Numis. Further details of the Underwriting and Sponsor Agreement are described in paragraph 9 below and in paragraph 11.1 of Part 9 (*Additional Information*) of this Prospectus.

Application will be made to the FCA for the Ordinary Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities.

It is expected that Admission will take place and unconditional dealings in the Ordinary Shares will commence on the London Stock Exchange at 8.00 a.m. on 12 December 2018. Settlement of dealings from that date will be on a two-day rolling basis.

Each investor in the Offer will be required to undertake to pay the Offer Price for the Offer Shares sold to such investor in such manner as shall be directed by Numis. It is expected that Ordinary Shares allocated to investors in the Offer will be delivered in uncertificated form and settlement will take place through CREST on Admission. No temporary documents of title will be issued. Dealings in advance of crediting of the relevant CREST stock account shall be at the sole risk of the persons concerned. All dealings in Ordinary Shares prior to the commencement of unconditional dealings will be on a "when issued" basis and of no effect if Admission does not take place and will be at the sole risk of the parties concerned.

8. CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. With effect from Admission, the Articles will permit the holding of Ordinary Shares under the CREST system. The Company's Ordinary Shares will be admitted to CREST on the date of Admission.

Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within CREST if any shareholder so wishes. Institutional Investors who apply for Offer Shares in the Offer may elect to receive Offer Shares in uncertificated form, if that investor is a system member (as defined in the CREST Regulations) with regard to CREST. However, CREST is a voluntary system and holders of Ordinary Shares (except Qualifying Customers) who wish to receive and retain share certificates will be able to do so.

Qualifying Customers will apply for Offer Shares and hold their Offer Shares in uncertificated form through their relevant AJ Bell Account, subject to the terms and conditions of that AJ Bell Account, and will not be able to receive and retain share certificates except in very limited circumstances. Furthermore, if a Qualifying Customer chooses to hold their Ordinary Shares in certificated form, this would constitute a withdrawal of the Ordinary Shares from the Qualifying Customer's AJ Bell Account and may affect the tax status of the Qualifying Customer's investment.

9. UNDERWRITING ARRANGEMENTS

Numis has entered into commitments under the Underwriting and Sponsor Agreement pursuant to which it has agreed, subject to certain conditions (including agreement and publication of the Pricing Statement) to procure purchasers for the Offer Shares to be sold pursuant to the Institutional Offer or, failing which, to purchase such Offer Shares itself, in either case at the Offer Price.

The Underwriting and Sponsor Agreement contains provisions entitling Numis to terminate the Offer (and the arrangements associated with it) at any time prior to Admission in certain circumstances. If this right is exercised, the Offer (and the arrangements associated with it) will lapse and any monies received in respect of the Offer Shares to be sold pursuant to the Institutional Offer will be returned without interest. Furthermore, any monies received in respect of the Qualifying Offer will be returned by the Company to the Qualifying Customers' AJ Bell Account. This right of termination cannot be exercised after Admission.

Pursuant to the Underwriting and Sponsor Agreement, the Company has given certain undertakings to Numis including an undertaking that it will not, subject to certain exceptions, without the prior written consent of Numis, issue, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, any Ordinary Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing, in either case during the period of 90 days post Admission.

Further details of the terms of the Underwriting and Sponsor Agreement are set out in paragraph 11.1 of Part 9 *(Additional Information)* of this Prospectus.

10. LOCK-IN ARRANGEMENTS

Up to 108,079,845 Offer Shares will be sold by the Selling Shareholders pursuant to the Offer.

Company lock-in

For a 90 day period from and including the date of Admission, the Company has agreed with Numis that it will not issue or otherwise sell or dispose of any Ordinary Shares (or interests over such shares) except pursuant to the employee share plans described at paragraph 5 of Part 9 (*Additional Information*) of this Prospectus.

Invesco, Seneca and Management Selling Shareholders lock-in

Invesco and Seneca are subject to a 180 day lock-in period following the date of Admission in respect of their shareholdings at Admission.

The Management Selling Shareholders are subject to a one year lock-in period following the date of Admission in respect of 100% of their shareholdings at Admission and are subject to a further one year lock-in period thereafter in respect of 50% of their shareholdings at Admission.

Each of Invesco, Seneca and the Directors have agreed with Numis that they will not, during the relevant lock-in period, dispose of any interest in the relevant Ordinary Shares they own or any rights to such shares. The Senior Managers have agreed with the Company that they will not, during the relevant lock-in period, dispose of any interest in the relevant Ordinary Shares they own or any rights to such shares.

Numis may, in its sole discretion, waive all or part of these lock-in arrangements in respect of Invesco, Seneca and the Directors. The Company may waive all or part of these lock-in arrangements in respect of the Senior Managers, provided that if the waiver is in relation to the first year of the lock-in period the Company first obtains the consent of Numis.

Other Selling Shareholders lock-in

Non-Employee Selling Shareholders are subject to a 180 day lock-in period following the date of Admission in respect of their shareholdings at Admission (but excluding any Ordinary Shares they may purchase pursuant to the Qualifying Offer).

The Employee Selling Shareholders (who are not Management Selling Shareholders) are subject to a one year lock-in period following the date of Admission in respect of 100% of their shareholdings at Admission and are subject to a further one year lock-in period thereafter in respect of 50% of their shareholdings at Admission. In each case, such lock-in arrangements exclude any Ordinary Shares that Employee Selling Shareholders (who are not Management Selling Shareholders) may purchase pursuant to the Qualifying Offer.

The Other Selling Shareholders have agreed with the Company that they will not, during the relevant lock-in period, dispose of any interest in the relevant Ordinary Shares they own or any rights to such shares which are subject to the lock-in arrangements.

The lock-in arrangements summarised above in respect of the Other Selling Shareholders are also subject to certain customary exceptions. The Company may, in its sole discretion and having notified Numis, waive all or part of these lock-in arrangements in respect of the Other Selling Shareholders.

11. SELLING AND TRANSFER RESTRICTIONS

The distribution of this Prospectus and the Offer in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been, or will be, taken in any jurisdiction that would permit a public offering of the Ordinary Shares, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Ordinary Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction.

This Prospectus does not constitute an offer to subscribe for or purchase any of the Ordinary Shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

11.1 European Economic Area

Other than in the United Kingdom, no Ordinary Shares have been offered or sold, or will be offered or sold, in any Relevant Member State, except that the Ordinary Shares may be offered to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

11.1.1 to any legal entity which is a "qualified investor" (as defined in the Prospectus Directive);

11.1.2 to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43 million; and (iii) an annual turnover of more than €50 million as shown in its last annual or consolidated accounts;

11.1.3 to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of Numis for any such offer; or

11.1.4 in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Ordinary Shares shall result in a requirement for the publication by the Company or Numis of a prospectus pursuant to Article 3 of the Prospectus Directive and each person who initially acquires Ordinary Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with Numis and the Company that it is a "qualified investor" within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression "an offer to the public of any Ordinary Shares" in relation to any Ordinary Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Ordinary Shares to be offered so as to enable an investor to decide to purchase the Ordinary Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

In the case of Ordinary Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Ordinary Shares acquired by it in the Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Ordinary Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of Numis has been obtained to each such proposed offer or resale.

The Company, Numis and their affiliates, and others will rely upon the truth and accuracy of the representation, warranty and agreement referred to above. Notwithstanding the above, a person who is not a qualified investor and who has notified Numis of such fact in writing may, with the consent of Numis and the Company, be permitted to purchase Ordinary Shares in the Offer.

11.2 United States

The Ordinary Shares have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or jurisdiction of the United States. Securities may not be offered or sold in the United States absent registration under the Securities Act or an exemption from such registration and the Ordinary Shares offered by this Prospectus may not be offered, sold, transferred, delivered or distributed, directly or indirectly, in any form, within or into the United States or for the account or benefit of any person with a registered address in, or who is resident or ordinarily resident in, the United States. The Ordinary Shares offered by this Prospectus are being offered and sold outside the United States in "offshore transactions" within the meaning of, and in reliance on, Regulation S under the Securities Act. No public offer or sale of the Ordinary Shares in the United States will be made.

In addition, until 40 days after the commencement of the Offer of the Offer Shares, an offer or sale of Ordinary Shares within the United States by any dealer (whether or not participating in the Offer) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Each purchaser of Offer Shares, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged that:

11.2.1 it and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares does not have a registered address in, or is resident or ordinarily resident in, the United States;

11.2.2 it is not within the United States and will not be within the United States at the time that any buy order for Offer Shares is originated by it;

11.2.3 it is acquiring the Offer Shares in an "*Offshore transaction*" as defined in Regulation S under the Securities Act;

11.2.4 it is not acquiring any of the Offer Shares as a result of any form of "directed selling efforts" within the meaning of Regulation S under the Securities Act;

11.2.5 it is not acquiring the Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any Ordinary Shares into the United States;

11.2.6 the Ordinary Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States; and

11.2.7 the Company, the Selling Shareholders, Numis, their affiliates and others will rely on the truth and accuracy of the representations, agreements and acknowledgments set out above.

11.3 Other jurisdictions

The Ordinary Shares have not been and will not be registered under the applicable securities laws of Australia, Japan, New Zealand or the Republic of South Africa. Subject to certain exceptions, the Ordinary Shares may not be offered or sold in Australia, Japan, New Zealand or the Republic of South Africa or to or for the account or benefit of any resident of Australia, Japan, New Zealand or the Republic of South Africa.

PART 8

TERMS AND CONDITIONS OF THE OFFER

PART A: INSTITUTIONAL OFFER

1 Introduction

These terms and conditions apply to investors agreeing to purchase Offer Shares under the Institutional Offer. Each investor agrees with each of the Company, the Selling Shareholders and Numis to be bound by these terms and conditions as being the terms and conditions upon which Offer Shares will be sold under the Institutional Offer. An investor shall, without limitation, become so bound if Numis (as agent for the Selling Shareholders) confirms (orally or in writing) to such investor an allocation of Offer Shares.

2 Agreement to acquire Offer Shares

Conditional on: (i) Admission occurring and becoming effective by no later than 8.00 a.m. on the Closing Date or such later time and/or date as the Company and Numis may agree, being not later than 8:00 a.m. on 21 December 2018; (ii) the Underwriting and Sponsor Agreement becoming unconditional in all respects and not having been terminated on or before the date of Admission; and (iii) the investor being allocated Offer Shares, each investor agrees to become a shareholder of the Company and agrees to acquire Offer Shares at the Offer Price.

The number of Offer Shares allocated to such investor under the Offer will be in accordance with the arrangements described in paragraph 2 of Part 7 (*Details of the Offer*) of this Prospectus. To the fullest extent permitted by law, each investor acknowledges and agrees that it will not be entitled to exercise any rights to rescind or terminate or, subject to any statutory rights, withdraw an application for Offer Shares under the Offer, or otherwise to withdraw from, such commitment.

3 Payment for Shares

Each investor undertakes to pay the Offer Price for the Offer Shares acquired by such investor in such manner as shall be directed by Numis. In the event of any failure by any investor to pay as so directed by Numis, the relevant investor will be deemed thereby to have appointed Numis or any nominee of Numis to sell (in one or more transactions) any or all of the Offer Shares in respect of which payment has not been made as directed by Numis and agrees to indemnify on demand Numis and/or any relevant nominee of Numis in respect of any liability for stamp duty and/or SDRT arising in respect of any such sale or sales. Liability for UK stamp duty and SDRT is described in paragraph 12 of Part 9 *Additional Information* of this Prospectus.

4 Representations, warranties and undertakings

By agreeing to acquire Offer Shares, each investor (for itself and on behalf of any persons procured by it to acquire Offer Shares and any nominee(s) for any such person(s)) irrevocably confirms, represents, undertakes and warrants to, and acknowledges and agrees (as the case may be) with, the Company, the Selling Shareholders and Numis that:

4.1 it has sufficient knowledge and experience in financial and business matters and expertise in assessing credit, market and other relevant risks and is capable of evaluating, and has evaluated, the merits, risks and sustainability of purchasing Offer Shares, and in making the investment decision with respect to Offer Shares, it has:

(a) not relied on the Company, Numis, or the Selling Shareholders, nor on any of their respective directors, officers, agents, employees and advisers (except to the extent of the information in this Prospectus, any supplementary prospectus published by the Company prior to Admission and the Articles);

(b) had access to such financial and other information concerning the Company, the Offer Shares and the Institutional Offer as it deems necessary in connection with its decision to purchase Offer Shares; and

(c) investigated the potential tax consequences affecting it in connection with its purchase of Offer Shares, including potential tax consequences in connection with the purchase and any subsequent disposal of Offer Shares;

4.2 the investor is entitled to acquire Offer Shares under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in any jurisdiction in connection with its acquisition of the Offer Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the Selling Shareholders or Numis, or any of their respective directors, officers, agents, employees or advisers being in breach of the laws of any jurisdiction in connection with the Institutional Offer or the investor's acceptance of participation in the Institutional Offer;

4.3 in agreeing to acquire Offer Shares under the Institutional Offer, the investor is relying solely on this Prospectus, any supplementary prospectus published by the Company prior to Admission and the Articles, and not on any other information, representation or statement concerning the Company or the Institutional Offer made by or on behalf of the Company, the Selling Shareholders or Numis. Such investor agrees that, to the fullest extent permitted by law, none of the Company, the Selling Shareholders, Numis or their respective affiliates nor any of its or their respective officers, directors, partners, agents or employees will have any liability for any such other information, representation or statement;

4.4 having had the opportunity to read this Prospectus, the investor shall be deemed to have had notice of all information and representations contained in this Prospectus (and, for the avoidance of doubt, to have made the representations, warranties, undertakings, agreements and acknowledgements set forth in the paragraph headed "*Selling and Transfer Restrictions*" in Part 7 *(Details of the Offer)* of this Prospectus including, without limitation, those relating to the United States set out in paragraph 11.2), that it is acquiring Offer Shares solely on the basis of this Prospectus, any supplementary prospectus published by the Company prior to Admission and the Articles and no other information and that in accepting a participation in the Institutional Offer it has had access to all information it believes necessary or appropriate in connection with its decision to acquire Offer Shares;

4.5 the content of this Prospectus and any supplementary prospectus published by the Company prior to Admission is exclusively the responsibility of the Company and its Directors and, apart from the liabilities and responsibilities, if any, which may be imposed on Numis by FSMA or the regulatory regime established thereunder, neither Numis nor any person acting on its behalf, nor any of its or their affiliates, makes any representation, express or implied, or accepts any responsibility whatsoever for the contents of this Prospectus or any such supplementary prospectus or for any other statement made or purported to be made by it or on its behalf in connection with the Company, the Offer Shares or the Institutional Offer, and neither of Numis nor any person acting on its behalf nor any of its affiliates will be liable for any decision by an investor to participate in the Institutional Offer based on any information, representation or statement contained in this Prospectus or in any such supplementary prospectus or otherwise. The investor irrevocably and unconditionally waives any rights it may have in respect of any other such information, representation or statement;

4.6 no person is authorised in connection with the Institutional Offer to give any information or make any representation other than as contained in this Prospectus and any supplementary prospectus published by the Company prior to Admission and, if given or made, any such information or representation must not be relied upon as having been authorised by Numis, the Company, the Selling Shareholders or any of their respective affiliates;

4.7 if the investor is outside the United Kingdom, this Prospectus does not constitute an invitation or offer to such investor or any person whom such investor is procuring to acquire Offer Shares pursuant to the Institutional Offer unless, in the relevant territory, such offer or invitation could lawfully be made to the investor or such person and the Offer Shares could lawfully be acquired and held by the investor or such person without compliance with any unfulfilled approval, registration or other legal requirements;

4.8 the investor is not a national, resident or citizen of Canada, Australia, the Republic of South Africa or Japan or a corporation, partnership or other entity organised under the laws of Canada, Australia, the Republic of South Africa or Japan and that the Offer Shares have not been and will not be registered under the applicable securities laws of Canada, Australia, the Republic of South Africa or Japan and that the same are not being offered for sale, and may not, directly or indirectly, be offered, sold, renounced, transferred or delivered in, Canada, Australia, the Republic of South Africa or Japan;

4.9 if the investor is within the United Kingdom, it is: (i) a person who is an investment professional falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); (ii) a high net worth company, unincorporated association or other body falling within Article 49(2)(a) to (d) of the Order; or (iii) a person to whom the Offer Shares may otherwise lawfully be offered under the Order or, if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the Offer Shares may be lawfully offered under that other jurisdiction's laws and regulations;

4.10 the investor does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Offer Shares and it is not acting on a non-discretionary basis for any such person;

4.11 the investor is not, and is not applying as nominee or agent for, a person which is, or may be, mentioned in any of sections 67, 70, 93 and 96 of the UK Finance Act 1986 (depositary receipts and clearance services);

4.12 in connection with the Institutional Offer, neither Numis nor any person acting on its behalf nor any of its or their affiliates is making (or has made) any recommendations to the investor, advising it regarding the suitability of any transactions it may enter into in connection with the Institutional Offer or providing any advice in relation to the Institutional Offer, and participation in the Institutional Offer is on the basis that it is not and will not be a client either of Numis or of any of its affiliates, that Numis is acting exclusively for the Company and no one else in connection with the Institutional Offer and that neither Numis nor any of its affiliates has any duties or responsibilities to the investor for providing protections afforded to its clients or for providing advice in relation to the Institutional Offer or in respect of any representations, warranties, undertakings or indemnities contained in the Underwriting and Sponsor Agreement or for the exercise or performance of any of Numis' rights under the Underwriting and Sponsor Agreement, including any right to waive or vary any condition or exercise any termination right contained therein;

4.13 where it is acquiring Offer Shares for one or more managed, discretionary or advisory accounts, the investor has sole investment discretion and is authorised in writing by each such account: (i) to agree to acquire Offer Shares for such account; (ii) to make on such account's behalf the representations, warranties, undertakings, agreements and acknowledgements set out in this Prospectus; and (iii) to receive on such account's behalf any documentation relating to the Institutional Offer in the form provided by Numis. The investor agrees that the provisions of this paragraph shall survive any resale of the Offer Shares by or on behalf of any such account;

4.14 the investor irrevocably appoints any director of the Company and any director of Numis to be its agent and on its behalf (without any obligation or duty to do so) to sign, execute and deliver to the Company and the Registrar any documents and do all acts, matters and things as may be necessary for, or incidental to, its acquisition of all or any of the Offer Shares for which it has given a commitment under the Institutional Offer, in the event of its failure to do so;

4.15 the investor accepts that if the Institutional Offer does not proceed or the conditions to the Underwriting and Sponsor Agreement are not satisfied or the Offer Shares for which valid applications are received and accepted are not admitted to trading on the Main Market for any reason whatsoever then neither Numis, the Company nor any Selling Shareholder, nor any of their respective affiliates nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives shall have any liability whatsoever to it or to any other person;

4.16 in connection with the investor's participation in the Institutional Offer, it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and the countering of terrorist financing and that its application is only made on the basis that it accepts full responsibility for any requirement to identify and verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person:

(a) subject to the Money Laundering Regulations 2017 in force in the United Kingdom; or

(b) subject to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations in force in the United Kingdom; or

(c) subject to the Money Laundering Directive (2015/849/EC of the European Parliament and of the EC Council of 20 May 2015 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing) (the "**Money Laundering Directive**"); or

(d) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive,

((a) to (d) above, the "**Money Laundering Regulations**").

4.17 to ensure compliance with anti-money laundering requirements, Numis and the Company may at their absolute discretion require proof of identity of the investor and related parties and verification of the source of payments before applications can be processed and that, in the event of delay or failure by the investor to produce any information required for verification purposes, Numis and/or the Company may at their absolute discretion refuse to accept such applications and the purchase moneys relating thereto. The investor agrees to hold harmless and will indemnify Numis and/or the Company against any liability, loss or cost ensuing due to the failure to process applications if such information has been requested and has not been provided by the investor, or has not been so provided in a timely fashion;

4.18 Numis and the Company are entitled to exercise any of their rights under the Underwriting and Sponsor Agreement or any other right in their absolute discretion without any liability whatsoever to the investor;

4.19 the representations, warranties, undertakings, agreements and acknowledgements contained in this Prospectus are irrevocable. The investor acknowledges that Numis, the Company, the Selling Shareholders and the Registrar and their respective affiliates will rely upon the truth and accuracy of such representations, warranties, undertakings, agreements and acknowledgements and agrees that if any of the representations, warranties, undertakings, agreements or acknowledgements made or deemed to have been made by it in connection with its acquisition of Offer Shares is no longer accurate or has not been complied with, it shall promptly notify Numis and the Company;

4.20 where the investor or any person acting on behalf of the investor is dealing with Numis any money held in an account with Numis on behalf of the investor and/or any person acting on behalf of the investor will not be treated as client money within the meaning of the relevant rules and regulations of the FCA, such that Numis will not be required to segregate such money, as that money will be held by Numis under a banking relationship and not as trustee;

4.21 any of the investor's clients, whether or not identified to Numis, will remain the investor's sole responsibility and will not become clients of Numis for the purposes of the rules of the FCA or for the purposes of any statutory or regulatory provision;

4.22 the investor accepts that the allocation of Offer Shares shall be determined by Numis after consultation with the Company and that such persons may scale down any commitments to acquire Offer Shares for this purpose on such basis as they may determine;

4.23 time shall be of the essence as regards the investor's obligations to settle payment for Offer Shares and to comply with its other obligations under the Institutional Offer;

4.24 in the case of a person who confirms to Numis, on behalf of an investor (whether a natural person or otherwise), an agreement to acquire Offer Shares pursuant to the Institutional Offer and/or who authorises Numis to notify the investor's name to the Registrar as mentioned above, that person represents and warrants that he/she has authority to do so on behalf of the investor; and

4.25 the investor will pay to Numis (or as Numis may direct) any amounts due from it in accordance with this Prospectus on the due time and date set out herein, failing which the relevant Offer Shares may be acquired by Numis and/or sold at such price as Numis may, in its sole discretion, determine.

5 Data protection

5.1 The investor acknowledges that it has been informed that, pursuant to the data protection legislation (including the GDPR) and regulatory requirements in the United Kingdom ("**DP Legislation**") the Company and/or the Registrar hold its personal data. Personal data will be retained on record for a period not exceeding six years after which it is no longer used (subject always to any limitations on retention periods set out in DP Legislation). The Registrar will process such personal data at all times in compliance with DP Legislation and shall only process such information for the purposes set out in the Company's privacy notice (the "**Purposes**") which is available for consultation on the Company's website ajbell.co.uk/privacy-policy (the "**Privacy Notice**").

5.2 Where necessary to fulfil the Purposes, the Company will disclose personal data to:

(a) third parties located either within, or outside, the EEA, for the Registrar to perform its function, or when it is within its legitimate interests, and in particular in connection with the holding of Shares; or

(b) its affiliates, the Registrar and their respective associates, some of which are located outside the EEA.

5.3 Any sharing of personal data between parties will be carried out in compliance with DP Legislation and as set out in the Privacy Notice.

5.4 In providing the Registrar with personal data, the investor hereby represents and warrants to the Company and the Registrar that:

(a) it complies in all material aspects with its data controller obligations under DP Legislation, and, in particular, it has notified any data subject of the Purposes for which personal data will be used and by which parties it will be used and it has provided a copy of the Company's Privacy Notice to such relevant data subjects; and

(b) where consent is required under DP Legislation, it has obtained the consent of any data subject to the Company and the Registrar, and their respective affiliates, holding and using its personal data for the Purposes (including the explicit consent of the data subject for the processing of any sensitive personal data for the Purposes).

5.5 The investor acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company), where the investor is a natural person, he or she (as the case may be) represents and warrants that (as applicable) he or she has read and understood the terms of the Company's Privacy Notice.

5.6 The investor acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company), where the investor is not a natural person, it represents and warrants:

(a) it has brought the Privacy Notice to the attention of any underlying data subjects on whose behalf or account the investor may act or whose personal data will be disclosed to the Company as a result of the investor agreeing to acquire Offer Shares under the Institutional Offer; and

(b) the investor has complied in all other respects with all applicable DP Legislation in respect of disclosure and provision of personal data to the Company.

5.7 Where the investor acts for or on account of an underlying data subject or otherwise discloses the personal data of an underlying data subject, the investor shall, in respect of the personal data which it processes in relation to or arising in relation to the Institutional Offer:

(a) comply with all applicable DP Legislation;

(b) take appropriate technical and organisational measures against unauthorised or unlawful processing of such personal data and against accidental loss or destruction of, or damage to, such personal data;

(c) if required, agree with the Company and the Registrar (as applicable) the responsibilities of each such entity as regards relevant data subjects' rights and notice requirements; and

(d) immediately on demand, fully indemnify the Company and the Registrar and keep them fully and effectively indemnified against all costs, demands, claims, expenses (including legal costs and disbursements on a full indemnity basis), losses (including indirect losses and loss of profits, business and reputation), actions, proceedings and liabilities of whatsoever nature arising from or incurred by the Company and/or the Registrar in connection with any failure by the investor to comply with the provisions set out above.

6 Allocation

6.1 The provisions of paragraph 2 of Part 7 *(Details of the Offer)* of this Prospectus apply in relation to the allocation of Offer Shares in the Institutional Offer.

6.2 Numis will notify the investor of the number of Offer Shares in respect of which its application has been successful. The results of the Institutional Offer are expected to be announced by the Company on 7 December 2018 through an RIS.

6.3 Purchase monies received in respect of unsuccessful applications (or to the extent scaled back) will be returned without interest at the risk of the applicant to the bank account from which the money was received.

6.4 All Offer Shares sold pursuant to the Institutional Offer will be sold, payable in full, at the Offer Price.

7 Miscellaneous

7.1 The rights and remedies of the Company, the Selling Shareholders and Numis under these terms and conditions are in addition to any rights and remedies which would otherwise be available to them, and the exercise or partial exercise of one will not prevent the exercise of others.

7.2 On application, the investor may be asked to disclose, in writing or orally, to Numis:

(a) if he or she is an individual, his or her nationality; or

(b) if he, she or it is a discretionary fund manager, the jurisdiction in which the relevant funds are managed or owned.

7.3 In order to ensure compliance with the Money Laundering Regulations, Numis (for itself and as agent on behalf of the Company and the Selling Shareholders) or the Registrar may, in its absolute discretion, require verification of the investor's identity. Pending the provision to Numis or the Registrar, as applicable, of evidence of identity, definitive certificates in respect of the Offer Shares may be retained at Numis' absolute discretion or, where appropriate, delivery of the Offer Shares to the investor in uncertificated form, may be withheld at Numis' or the Registrar's, as the case may be, absolute discretion. If within a reasonable time after a request for verification of identity Numis (for itself and as agent on behalf of the Company) or the Registrar has not received evidence satisfactory to it, Numis and/or the Company may, at its absolute discretion, terminate the investor's commitment in respect of Offer Shares, in which event the monies payable by such investor in respect of the Offer Shares for which they have made an application to acquire in the Institutional Offer will, if already paid, be returned without interest to the account of the drawee's bank from which they were originally debited.

7.4 All documents will be sent at the investor's risk. They may be sent by post to the investor at an address notified to Numis.

7.5 The investor irrevocably appoints any duly authorised officer of Numis as its agent for the purpose of executing and delivering to the Company and/or the Registrar any documents on the investor's behalf necessary to enable it to be registered as the holder of any of the Offer Shares for which the investor agrees to purchase upon the terms of its commitment in respect of the Institutional Offer.

7.6 The investor agrees to be bound by the Articles (as amended from time to time) once the Offer Shares which the investor has agreed to acquire have been issued or transferred to the investor.

7.7 The investor agrees to indemnify and hold the Company, the Selling Shareholders and Numis and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of any breach of the representations, warranties, undertakings, agreements and acknowledgements set out in this Part A of this Part 8 of this Prospectus.

7.8 Numis may, and its affiliates acting as an investor for its or their own account(s) may, purchase Offer Shares and, in that capacity, may retain, purchase, offer to sell or otherwise deal for its or their own account(s) in Offer Shares, any other securities of the Company or other related investments in connection with the Institutional Offer or otherwise. Accordingly, references in the terms and conditions set out in this Part A of this Part 8 of this Prospectus to Offer Shares being offered, acquired or otherwise dealt with should be read as including any offer to, or acquisition or dealing by, Numis and/or any of its affiliates acting as an investor for its or their own account(s). Neither Numis nor the Company nor the Selling Shareholders intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so.

7.9 The Company and Numis expressly reserve the right, in their absolute discretion, to modify the Institutional Offer (including without limitation, its timetable and settlement) at any time before the Offer Price and allocation are determined. Neither the Company nor Numis shall have any liability to the investor in relation to the exercise of such discretion.

7.10 The contract to purchase Offer Shares under the Institutional Offer and the appointments and authorities mentioned herein will be governed by, and construed in accordance with, the law of England and Wales. For the exclusive benefit of the Company, the Selling Shareholders and Numis, the investor irrevocably submits to the jurisdiction of the English courts in respect of these matters. This does not prevent an action being taken against the investor in any other jurisdiction.

7.11 In the case of a joint agreement to acquire Offer Shares, references to the investor in these terms and conditions are to each of such investors and each such investor's liability is joint and several.

PART B: QUALIFYING OFFER

1. Introduction

These Terms and Conditions apply to any Application made by Qualifying Customers under the Qualifying Offer.

Applications must be submitted in accordance with the relevant Application Procedure, which will vary for different AJ Bell Accounts and which is set out in more detail in paragraph 3 "Application Procedure" of Part 7 *(Details of the Offer)* of this Prospectus. Applications may not be made by post. Only one Application may be made per AJ Bell Account; however Qualifying Customers with multiple AJ Bell Accounts may make multiple Applications. Multiple Applications will be aggregated in the event the Qualifying Offer is over-subscribed and AJ Bell exercises its discretion to scale back the Qualifying Customer Applications.

Qualifying Customers are those individuals who, as at 11:59 p.m. on 15 October 2018, were a customer of AJ Bell by virtue of having one, or more, AJ Bell Accounts and whom the Directors, in their sole discretion, determine to be eligible to participate in the Qualifying Offer having regard, amongst other things and without limitation, to the size and nature of their investments under management or administration with the Group. If you opened an AJ Bell Account after this date, you can only participate in the Qualifying Offer if you apply for Shares using an ISA, which for technical reasons does not have an equivalent cut off date.

It is important to note that Applications for Offer Shares must be made on the basis of an amount of money you wish to invest, rather than a number of Offer Shares. This is because the final Offer Price successful applicants will pay for Offer Shares will not be decided until after the Qualifying Offer has closed. The Offer Price is expected to be within the Indicative Price Range, being between 154 pence and 166 pence per Offer Share. You should, however, note that the actual price per Offer Share payable by you could be set above or below this range.

If you apply for Offer Shares in the Qualifying Offer via the relevant Application Procedure, you will be agreeing with AJ Bell, the Selling Shareholders and Numis as set out in these Terms and Conditions of the Offer.

2. Offer to acquire Offer Shares

2.1 All Applications in the Qualifying Offer by, or on behalf of, Qualifying Customers must be for a minimum of £1,000 worth of Offer Shares per AJ Bell Account.

2.2 By submitting an Application via the relevant Application Procedure, you as the applicant:

2.2.1 offer to purchase at the Offer Price the maximum number of Offer Shares that may be applied for with the cash amount specified in the Application as the amount that you wish to invest (or any smaller amount in respect of which your offer is accepted) provided that your application must be for the minimum amount of £1,000 per AJ Bell Account, subject to these terms and conditions, the terms of the Application Procedure and solely on the basis of information contained in this Prospectus, the Application and in accordance with the Articles of Association of the Company;

2.2.2 authorise AJ Bell to use the Available Cash held in your AJ Bell Account and to credit all Ordinary Shares for which your Application is accepted to such AJ Bell Account;

2.2.3 in consideration of AJ Bell making the Offer, and as a collateral contract between you and the Company, the Selling Shareholders, and Numis, which will become binding on receipt by the Company of your Application:

(a) agree that, subject to your statutory withdrawal rights, the Application may not be withdrawn by you or on your behalf prior to 12 December 2018 (or such later date as the Company and Numis may agree, being not later than 21 December 2018) in the event Admission has not taken place by that date;

(b) agree that any communication with you in respect of the Qualifying Offer may be to the contact details we hold for you or your adviser (as relevant) and, in this regard, you agree that the Company may seek to communicate with you on an urgent basis at any time between the date of the Prospectus and Admission and you agree that it is your responsibility to check your email regularly during this period. Any failure by you promptly to respond to any email sent to you which results in your Application being deemed to have been withdrawn or which otherwise affects your Application will be your responsibility and none of the Company, the Selling Shareholders or Numis shall have any liability to you in this respect;

(c) undertake to pay the Offer Price for the Offer Shares (payable in full on Application) in respect of which your Application is accepted (if any);

(d) agree, on request by AJ Bell or Numis, to disclose promptly in writing to AJ Bell or Numis such information as they may request in connection with your Application and authorise them to disclose any information relating to your Application to such persons, in each case, as any of AJ Bell or Numis considers in its absolute discretion necessary or appropriate;

(e) agree that you are not applying on behalf of a person engaged in money laundering;

(f) agree that any future communication sent by AJ Bell to you in your capacity as a shareholder of the Company may be in the English language and may be sent to you by email to the email address provided by you in connection with your AJ Bell Account unless otherwise notified by you to AJ Bell in writing or by email;

(g) agree that, subject to any scaling back as set out in paragraph 8 below, the number of Offer Shares allocated to you will be calculated as the pounds sterling amount applied for divided by the Offer Price and rounded down to the nearest whole number of Ordinary Shares;

(h) AGREE THAT THE OFFER PRICE MAY BE SET WITHIN, ABOVE OR BELOW THE INDICATIVE OFFER PRICE RANGE SET OUT IN THIS PROSPECTUS AND THAT APPLICATIONS RECEIVED IN RESPECT OF THE QUALIFYING OFFER ARE IRREVOCABLE AND BASED ON THE AMOUNT YOU WISH TO INVEST AND NOT A NUMBER OF OFFER SHARES OR THE OFFER PRICE AND THAT APPLICATIONS, ONCE RECEIVED, CANNOT BE WITHDRAWN IF THERE IS A CHANGE TO THE INDICATIVE PRICE RANGE OR IF THE OFFER PRICE IS SET ABOVE OR BELOW THIS RANGE UNLESS, BY REASON OF THE MATERIALITY OF SUCH CHANGE OR THE EXTENT OF DEVIATION FROM SUCH RANGE, A SUPPLEMENTARY PROSPECTUS IS REQUIRED TO BE PUBLISHED IN ACCORDANCE WITH SECTION 87G FSMA, ON THE BASIS SET OUT IN PARAGRAPH 4 OF PART 7 (DETAILS OF THE OFFER) OF THIS PROSPECTUS;

(i) agree that the Offer Price and the allocation of Offer Shares may be determined by the Company in its absolute discretion prior to, or later than, 7 December 2018;

(j) agree that, in the event of a material change affecting AJ Bell occurring between the date of the Prospectus and Admission, the Company may, in its absolute discretion and at its election, do any of the following;

    (i) withdraw the Qualifying Offer (or any part thereof);

    (ii) notify you by email of such material change and require you to take such action as may be specified in the email in order to reconfirm your Application. (If you fail to take such action as may be required to reconfirm your Application within the timescale specified in the email, the Company will be entitled to treat your Application as having been withdrawn by you and you will have no further rights in respect of your Application and no claim against the Company or Numis as a result of your Application being deemed to have been withdrawn); or

    (iii) proceed with the Qualifying Offer notwithstanding the occurrence of such material change, in which case you will have no right to withdraw your Application and you accept that your Application will continue to be binding and enforceable against you;

(k) agree that Numis and the Company reserve the right to alter any arrangements in connection with the Qualifying Offer (including the timetable and terms of application) and that the Company reserves the right in its absolute discretion, to withdraw the Qualifying Offer in whole or in part at any time prior to Admission; and

(l) agree that the contract arising from acceptance of Applications (in whole or in part) under the Qualifying Offer will be, or will be deemed to be, entered into by you (if you are a successful applicant) and AJ Bell on the Terms and Conditions of the Offer.

2.3 If your Application is not completed correctly, or is amended, your Application may still be treated as valid. In these circumstances, the decision of AJ Bell and Numis, as to whether to treat your Application as valid, and how to construe, amend or complete it, shall be final. You will not, however, be treated as having offered to invest a larger amount than is indicated in your Application.

2.4 AJ Bell reserves the right to reject, in whole or in part, or to scale back any Application, or in the case of paragraph 2.4.5 below, to cancel any contract of allocation of Offer Shares including, without limitation:

2.4.1 any Application for an amount which is less than £1,000 per AJ Bell Account;

2.4.2 any Application which has been made in respect of an AJ Bell Account that was not opened by 11:59 p.m. on 15 October 2018 unless the Application was made using an ISA, which for technical reasons does not have an equivalent cut off date;

2.4.3 any Application in relation to which the Qualifying Customer does not hold sufficient Available Cash in their AJ Bell Account at the time they make the Application and at the time Offer Shares are allocated to them;

2.4.4 any Application where the relevant Application Procedure is not properly followed in all respects in accordance with the instructions set out in paragraph 3 of Part 7 *(Details of the Offer)*, or as otherwise provided;

2.4.5 any Application where as a result of such Application the warranties and representation in paragraph 6 below are, or, but for the rejection of such Application, would be, breached;

2.4.6 any Application made via the Application Procedure that has been, or is suspected of having been, changed by way of any addition, deletion or alteration or otherwise;

2.4.7 any Application in names that are, or are suspected to be, fictitious, or which are otherwise unsuitable for share registration purposes;

2.4.8 any Application where you have supplied an incorrect or invalid email address;

2.4.9 any Application with an address in the United States; and

2.4.10 any Application that appears to have originated from the United States or otherwise where there is cause to believe that you are in the United States or resident or ordinarily resident in the United States.

2.5 AJ Bell reserves the right to aggregate multiple Applications made by a Qualifying Customer who holds multiple AJ Bell Accounts for allocation and scaling back purposes, and reserves the right to apply additional eligibility criteria in the event that the Qualifying Offer is scaled back.

3. Acceptance of your Application

3.1 You agree that acceptance of your Application, if it is received valid (or treated as valid), processed (and not rejected) and provided that it is not rejected subsequently as a result of a failure by you to comply with the Terms and Conditions of the Offer, shall be constituted at the election of AJ Bell.

3.2 AJ Bell and Numis reserve the right to treat as valid any Application not complying fully with these Terms and Conditions of the Offer or not in all respects completed in accordance with the relevant Application Procedure. AJ Bell and Numis reserve the right to waive in whole or in part any of the provisions of the Terms and Conditions of the Offer, either generally or in respect of one or more Applications. In particular, but without limitation, AJ Bell may accept an Application made otherwise than by completing the relevant Application Procedure where the applicant has agreed in some other manner satisfactory to AJ Bell and Numis to apply in accordance with the Terms and Conditions of the Offer.

4. Conditions

4.1 The contracts created by the acceptance of Applications (in whole or in part) under the Qualifying Offer will be conditional upon the Offer Price having been determined (whether at a price which is within, above or below the Indicative Price Range), the admission of the Ordinary Shares to the premium segment of the Official List of the FCA and to trading on the London Stock Exchange's main market for listed securities and Admission becoming effective and the Underwriting and Sponsor Agreement having become wholly unconditional and not being terminated in accordance with its terms on or prior to 12 December 2018 (or such later date as AJ Bell and Numis may agree, being no later than 21 December 2018). AJ Bell and Numis expressly reserve the right to determine, at any time prior to Admission, not to proceed with the Qualifying Offer.

4.2 You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after acceptance of your Application. This does not affect any other rights you may have.

5. Application monies

5.1 If any Application is not accepted in whole, or is accepted in part only, or if any contract created by acceptance does not become unconditional, the monies set aside for the Application will be retained in your AJ Bell Account and administered in accordance with the terms and conditions thereof.

6. Warranties and representations

6.1 By submitting an Application via the relevant Application Procedure, you as the applicant:

6.1.1 acknowledge that your Application, and the Offer Shares allocated to your, will also be subject to the terms and conditions of your AJ Bell Account which are independent of the Terms and Conditions of the Offer;

6.1.2 confirm that you are resident in the United Kingdom;

6.1.3 acknowledge that no action has been taken to permit a public offer in any jurisdiction outside the United Kingdom and if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your Application, warrant and represent that you have complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any transfer or other taxes due in connection with your Application in any territory and that you have not taken any action or omitted to take any action which will result in AJ Bell or its agents or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Qualifying Offer or your Application;

6.1.4 confirm that in making an Application you are not relying on any information or representations in relation to the Group or the Offer other than that contained in the Prospectus (as may be supplemented by a supplementary prospectus) (on the basis of which alone your Application is made) and accordingly you agree that no person responsible solely or jointly for the Prospectus or any part thereof shall have any liability for any such other information or representations;

6.1.5 acknowledge that no person is authorised in connection with the Qualifying Offer to give any information or make any representation other than as contained in the Prospectus (as may be supplemented by a supplementary prospectus) and, if given or made, any information or representations must not be relied upon as having been authorised by AJ Bell or the Selling Shareholders or any of their respective agents;

6.1.6 warrant and represent that you are an individual who was not under the age of 18 on 15 October 2018 unless the Application was made using an ISA, which for technical reasons does not have an equivalent cut off date, in which case you must have been over the age of 18 at the date you submitted the Application;

6.1.7 agree that all documents sent in accordance with terms and conditions of your AJ Bell Account, by or on behalf of AJ Bell or any of its agents will be sent at your risk and may be sent to you using the contact details we hold for you or your adviser (as relevant);

6.1.8 confirm that you have reviewed the selling and transfer restrictions contained in paragraph 11 of Part 7 *(Details of the Offer)* of this Prospectus and make the representations, warranties undertakings, agreements and acknowledgements relating to the United States set forth in paragraph 11.2 of Part 7 *(Details of the Offer)* of this Prospectus and warrant that you (or, if you are applying on behalf of another person, that other person) will comply or have complied with the provisions of such sections;

6.1.9 warrant that the details relating to you as set out in your Application are true and correct;

6.1.10 warrant that, you are (or, if you are applying on behalf of another person, that other person is) a Qualifying Customer on the date of your Application and that the Application is submitted solely for and on your behalf or of a Qualifying Customer (as the case may be) and not directly or indirectly, in whole or in part, for and on behalf of any other person;

6.1.11 acknowledge and agree that the decision as to your eligibility to participate as a Qualifying Customer is at the sole discretion of AJ Bell; and

6.1.12 that if you are acquiring any Ordinary Shares as a fiduciary, adviser or agent for one or more AJ Bell Accounts, you warrant and represent that you have full power to make the warranties, representations, confirmations and acknowledgements set out above on behalf of each such AJ Bell Account.

7. Data protection

7.1 The investor acknowledges that it has been informed that, pursuant to the data protection legislation (including the GDPR) and regulatory requirements in the United Kingdom (‘‘**DP Legislation**’’) the Company and/or the Registrar hold its personal data. Personal data will be retained on record for a period not exceeding six years after which it is no longer used (subject always to any limitations on retention periods set out in DP Legislation). The Registrar will process such personal data at all times in compliance with DP Legislation and shall only process such information for the purposes set out in the Company’s privacy notice (the ‘‘**Purposes**’’) which is available for consultation on the Company’s website ajbell.co.uk/privacy-policy (the ‘‘**Privacy Notice**’’).

7.2 Where necessary to fulfil the Purposes, the Company will disclose personal data to:

7.2.1 third parties located either within, or outside, the EEA, for the Registrar to perform its function, or when it is within its legitimate interests, and in particular in connection with the holding of Shares; or

7.2.2 its affiliates, the Registrar and their respective associates, some of which are located outside the EEA.

7.3 Any sharing of personal data between parties will be carried out in compliance with DP Legislation and as set out in the Privacy Notice.

7.4 In providing the Registrar with personal data, the investor hereby represents and warrants to the Company and the Registrar that:

7.4.1 it complies in all material aspects with its data controller obligations under DP Legislation, and, in particular, it has notified any data subject of the Purposes for which personal data will be used and by which parties it will be used and it has provided a copy of the Company’s Privacy Notice to such relevant data subjects; and

7.4.2 where consent is required under DP Legislation, it has obtained the consent of any data subject to the Company and the Registrar, and their respective affiliates, holding and using its personal data for the Purposes (including the explicit consent of the data subject for the processing of any sensitive personal data for the Purposes).

7.5 The investor acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company), where the investor is a natural person, he or she (as the case may be) represents and warrants that (as applicable) he or she has read and understood the terms of the Company's Privacy Notice.

7.6 The investor acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company), where the investor is not a natural person, it represents and warrants:

7.6.1 it has brought the Privacy Notice to the attention of any underlying data subjects on whose behalf or account the investor may act or whose personal data will be disclosed to the Company as a result of the investor agreeing to acquire Offer Shares under the Qualifying Offer; and

7.6.2 the investor has complied in all other respects with all applicable DP Legislation in respect of disclosure and provision of personal data to the Company.

7.7 Where the investor acts for or on account of an underlying data subject or otherwise discloses the personal data of an underlying data subject, the investor shall, in respect of the personal data which it processes in relation to or arising in relation to the Qualifying Offer:

7.7.1 comply with all applicable DP Legislation;

7.7.2 take appropriate technical and organisational measures against unauthorised or unlawful processing of such personal data and against accidental loss or destruction of, or damage to, such personal data;

7.7.3 if required, agree with the Company and the Registrar (as applicable) the responsibilities of each such entity as regards relevant data subjects' rights and notice requirements; and

7.7.4 immediately on demand, fully indemnify the Company and the Registrar and keep them fully and effectively indemnified against all costs, demands, claims, expenses (including legal costs and disbursements on a full indemnity basis), losses (including indirect losses and loss of profits, business and reputation), actions, proceedings and liabilities of whatsoever nature arising from or incurred by the Company and/or the Registrar in connection with any failure by the investor to comply with the provisions set out above.

8. Allocations

8.1 Numis, following consultation with AJ Bell, will determine the allocation between the Institutional Offer and the Qualifying Offer. AJ Bell, following consultation with Numis, will decide the allocation among Qualifying Customers under the Qualifying Offer and shall have absolute discretion to scale back Applications under the Qualifying Offer in aggregate or in individual circumstances, as it deems appropriate. AJ Bell will have absolute discretion to determine eligibility under the Qualifying Offer. Accordingly, there is no guarantee that you will receive Offer Shares representing the full value of the amount for which you applied and it is possible that you may not receive any.

8.2 Announcement of the Offer Price is expected to take place on 7 December 2018 when the Pricing Statement is expected to be published.

9. Miscellaneous

9.1 To the extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent representations), are expressly excluded in relation to the Ordinary Shares and the Qualifying Offer.

9.2 The rights and remedies of AJ Bell, Numis and the Selling Shareholders and their respective agents under these Terms and Conditions of the Offer are in addition to any rights and remedies which would otherwise be available to them, and the exercise or partial exercise of one will not prevent the exercise of others.

9.3 The dates and times referred to in these Terms and Conditions of the Offer may be altered by Numis and AJ Bell at their sole discretion.

9.4 You agree that Numis is acting for AJ Bell in connection with the Offer and for no-one else and that Numis will not treat you as its client by virtue of your Application being accepted or owe you any duties concerning the price of Offer Shares or concerning the suitability of Offer Shares for you or otherwise in relation to the Offer.

9.5 You authorise the Registrar or any person authorised by the Registrar, or AJ Bell, as your agent, to do all things necessary to effect registration of any Ordinary Shares purchased by you and authorise any representatives of the Registrar or AJ Bell to execute and/or complete any document required therefor.

9.6 You agree that a failure to receive, process or accept your Application does not give rise to any right of action by any person against AJ Bell, Numis, the Registrar or any other person. You agree that the non-receipt by any person of the Prospectus or any other related document shall not invalidate the Offer in whole or in part or give rise to any right of action by any person against AJ Bell, Numis, the Registrar or any other person.

9.7 You agree that all Applications, acceptances of Applications and contracts resulting therefrom under the Qualifying Offer shall be governed by and construed in accordance with the laws of England and Wales and that, for the benefit of AJ Bell, Numis and the Receiving Agent, you submit to the non-exclusive jurisdiction of the English courts and agree that nothing shall limit the right of AJ Bell, Numis, the Registrar or their agents or advisers to bring any action, suit or proceedings arising out of or in connection with any such Applications, acceptances and contracts in any other manner permitted by law or in any court of competent jurisdiction.

9.8 Applications by Qualifying Customers in the Qualifying Offer are made on and subject to these Terms and Conditions of the Offer, this Prospectus (as may be supplemented by a supplementary prospectus), the Articles of Association of the Company (as amended from time to time), and the relevant Application Procedure and its accompanying instructions.

10. Money Laundering

10.1 You agree that, in order to ensure compliance with the Money Laundering Regulations, the Receiving Agent or AJ Bell may at their absolute discretion require, and you will provide, evidence which is satisfactory to it to establish your identity or that of any person on whose behalf you are acting and/or your status. Failure to provide the necessary evidence of identity may result in Applications being rejected or delays in the despatch of documents.

11. Overseas Investors

11.1 If you receive a copy of the Prospectus or access the Application Procedure in any territory other than the United Kingdom, you may not treat it as constituting an invitation or offer to you, nor should you, in any event, use the Application Procedure. AJ Bell will reject any Application received from outside the United Kingdom.

11.2 Without limiting the above, the Ordinary Shares may not be offered, sold or delivered, directly or indirectly, in or into Australia, Japan, New Zealand or the Republic of South Africa or in or into the United States. If you purchase Ordinary Shares in the Qualifying Offer you will be deemed to represent and warrant to AJ Bell and its agents that you, and any person on whose behalf you are acting, are not in the United States and do not have a registered address in, or are resident or ordinarily resident in, the United States. No Application will be accepted if it bears an address in the United States or appears to have originated from the United States or otherwise there is cause to believe you are in the United States.

PART 9

ADDITIONAL INFORMATION

1. THE COMPANY

1.1 The Company was incorporated in England and Wales on 5 August 2002 under the Companies Act 1985 as A J Bell Holdings Limited with company number 04503206. The Company changed its name to AJ Bell Limited on 14 November 2018 and was re-registered as a public company and changed its name to AJ Bell plc on 16 November 2018. The Company and the Group operate under the commercial name AJ Bell.

1.2 The Company is domiciled in the UK. The registered office and head office of the Company is 4 Exchange Quay, Salford Quays, Manchester M5 3EE and its telephone number is +44 (0)345 4089 100.

1.3 The Company's accounting reference date is 30 September. The Company's auditors are KPMG LLP of 1 St Peter's Square, Manchester M2 3AE. KPMG LLP were appointed as auditors on 5 March 2009 and are registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

1.4 The principal legislation under which the Company now operates and under which the shares in the Company have been created, is the 2006 Act and regulations made thereunder. The Company operates in conformity with its constitution.

1.5 The Company's website address is www.ajbell.co.uk.

1.6 The Company is the holding company of the following material subsidiaries all of which are incorporated in England and Wales and are held 100% by the Company:

Name of subsidiary	Principal activity
AJ Bell Business Solutions Limited	Investment/Group administration
AJ Bell Management Limited	SIPP and investment administration
AJ Bell Securities Limited	Investment dealing, custody and administration
AJ Bell Media Limited	Media
AJ Bell Asset Management Limited	Investment management services
AJ Bell EBT Limited	EBT Trustee

2. SHARE CAPITAL OF THE COMPANY

2.1 Share Capital

Between 1 October 2015 and 30 September 2018, being the period covered by the historical financial information in this Prospectus, there have been the following changes to the Company's issued share capital:

2.1.1 on 1 December 2015 a total of 64,545 A non-voting ordinary shares of £0.001 each (**A Shares**) were issued pursuant to employee share schemes;

2.1.2 on 10 December 2015 the following shares were issued by the Company pursuant to shareholder resolutions passed by the Company on 26 March 2015:

(a) 10,000 A Shares;

(b) 201,631 C non-voting ordinary shares of £0.001 each (**C Shares**); and

(c) 7,142 ordinary shares of £0.001 each (**Ordinary Shares**);

2.1.3 on 24 March 2016 a total of 9,785 Ordinary Shares were issued pursuant to share option schemes;

2.1.4 on 17 May 2016 a total of 7,142 Ordinary Shares were issued pursuant to share option schemes;

2.1.5 on 6 July 2016 a total of 33,543 Ordinary Shares were issued pursuant to share option schemes;

2.1.6 on 15 December 2016 the following shares were issued by the Company pursuant to shareholder resolutions passed by the Company on 24 March 2016:

(a) 30,000 A Shares; and

(b) 261,855 D non-voting ordinary shares of £0.001 each (**D Shares**);

2.1.7 on 20 December 2016 the Company purchased and cancelled 6,998 C Shares;

2.1.8 on 15 February 2017 the Company purchased and cancelled 10,000 A Shares;

2.1.9 on 1 April 2017 a total of 76,923 A Shares were issued pursuant to shareholder resolutions passed by the Company on 30 March 2017;

2.1.10 on 7 April 2017 the Company purchased and cancelled the following shares:

(a) 16,927 Ordinary Shares;

(b) 11,448 X non-voting ordinary shares of £0.001 each (**X Shares**); and

(c) 8,212 B non-voting ordinary shares of £0.001 each (**B Shares**);

2.1.11 on 7 April 2017 a total of 13,462 D Shares were issued pursuant to shareholder resolutions passed by the Company on 30 March 2017;

2.1.12 on 4 May 2017 a total of 42,545 A Shares were issued pursuant to share option schemes;

2.1.13 on 10 July 2017 a total of 23,011 Ordinary Shares were issued pursuant to share option schemes;

2.1.14 on 27 November 2017 the Company purchased and cancelled 76,923 A Shares;

2.1.15 on 12 December 2017 the following shares were issued by the Company pursuant to shareholder resolutions passed by the Company on 30 March 2017:

(a) 25,000 Ordinary Shares;

(b) 931,660 E non-voting ordinary shares of £0.001 each (**E Shares**); and

(c) 203,500 F non-voting ordinary shares of £0.001 each (**F Shares**);

2.1.16 on 28 March 2018 the Company purchased and cancelled 13,462 D Shares;

2.1.17 on 29 March 2018 a total of 12,048 Ordinary Shares were issued pursuant to shareholder resolutions passed by the Company on 23 March 2018

2.1.18 on 3 April 2018 the Company purchased and cancelled 7,500 E Shares;

2.1.19 on 24 April 2018 a total of 12,048 Ordinary Shares were issued pursuant to shareholder resolutions passed by the Company on 23 March 2018;

2.1.20 on 30 April 2018 a total of 15,000 A Shares were issued pursuant to shareholder resolutions passed by the Company on 23 March 2018;

2.1.21 on 25 May 2018 a total of 7,142 Ordinary Shares were issued pursuant to shareholder resolutions passed by the Company on 23 March 2018;

2.1.22 on 21 June 2018 the Company purchased and cancelled 5,000 E Shares;

2.1.23 on 24 July 2018 the Company purchased and cancelled 6,577 C Shares and 6,666 D Shares; and

2.1.24 on 14 September 2018 a total of 129,657 Ordinary Shares were issued.

2.2 Between 1 October 2018 and 26 November 2018 (being the last practicable date prior to the publication of this Prospectus), there have been the following changes to the Company's share capital:

2.2.1 on 16 October 2018 a total of 5,500 Ordinary Shares were issued pursuant to share option schemes;

2.2.2 on 15 November 2018 the Company passed an ordinary resolution authorising the capitalisation of £8,590.11 standing to the credit of its share premium account to be applied in paying up bonus shares to Shareholders on the register of members of the Company on 31 October 2018 of one Ordinary Share, Non-voting Ordinary Share, A Share, B Share, C Share, D Share, E Share, F Share or X Share (as applicable) for every five shares already held by the Shareholder of each such class (the **Bonus Issue**);

2.2.3 on 15 November 2018 the Company passed an ordinary resolution authorising the sub-division of each Ordinary Share, Non-voting Ordinary Share, A Share, B Share, C Share, D Share, E Share, F Share and X Share in issue following the Bonus Issue into eight shares of the same class and having a nominal value of £0.000125 each (the **Sub-division**). Other than the change to their nominal value resulting from the Sub-division, no changes were made to the shares or the rights attaching to them;

2.2.4 on 19 November 2018, a total of 208,395 Ordinary Shares were issued pursuant to the CSOP;

2.2.5 on 26 November 2018, the Company passed resolutions authorising the Directors to exercise all the powers of the Company:

(i) subject to and conditional upon Admission, to allot Ordinary Shares and to grant rights to subscribe for or to convert any security into Ordinary Shares:

(a) up to an aggregate nominal amount of £17,180.26, being a nominal amount equal to approximately one third of the aggregate nominal amount of the shares of the Company which will be in issue immediately following Admission; and

(b) up to an aggregate nominal amount of £34,360.53 (such amount to be reduced by any allotments or grants made under paragraph 2.2.5(i)(a) above), being a nominal amount equal to approximately two thirds of the aggregate nominal amount of the shares of the Company which will be in issue immediately following Admission and to be used for rights issues only,

such authority to expire at the end of the next annual general meeting of the Company (or, if earlier, at the close of business on 31 March 2020), save that the Company may before such expiry make an offer or agreement which would or might require Ordinary Shares to be allotted or rights to be granted in pursuance of such offer or agreement as if the authority had not expired;

(ii) subject to and conditional upon Admission, to allot equity securities (as defined in the 2006 Act) for cash and/or to sell Ordinary Shares held by the Company as treasury shares for cash under the resolution described under paragraph 2.2.5(i) above as if the pre-emption rights in section 561 of the 2006 Act did not apply, such power to be limited to:

(a) the allotment of equity securities and sale of treasury shares in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph 2.2.5(i)(b) above by way of a rights issue only):

(I) to holders of Ordinary Shares in proportion (as nearly as may be practicable) to their existing holdings; and

(II) to holders of other equity securities as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

(b) the allotment of equity securities and sale of treasury shares (otherwise than under paragraph 2.2.5(ii)(a) above) up to an amount equal to 5% of the aggregate nominal amount of Ordinary Shares in issue immediately following Admission,

such authority to expire at the end of the next annual general meeting of the Company (or, if earlier, at the close of business on 31 March 2020), save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted and treasury shares to be sold after the authority expires and the Directors may allot equity securities and sell treasury shares under any such offer or agreement as if the authority had not expired;

(iii) to make off-market purchases of shares (other than Deferred Shares) in the Company for the purposes of or pursuant to an employees' share scheme at any time until 15 November 2023, provided that:

(a) the maximum number of shares which may be purchased is 4,800,000;

(b) the minimum price which may be paid for each share is 2.5 pence;

(c) prior to Admission (or if Admission does not occur), the maximum price (exclusive of expenses, if any) which may be paid for each share is 4.5 pence; and

(d) following Admission, the maximum price (exclusive of expenses, if any) which may be paid for each share is an amount equal to the closing bid price of an Ordinary Share as derived from the Daily Official List of the London Stock Exchange on the business day prior to the date on which the relevant employee's employment with the Company (or a subsidiary of the Company) ceased; and

(iv) subject to and conditional upon Admission, to make off-market purchases of Deferred Shares at any time until 15 November 2023, provided that:

(a) the maximum number of Deferred Shares which may be purchased is 9,000,000;

(b) the minimum price which may be paid for each Deferred Share is £0.000125; and

(c) the maximum price (exclusive of expenses, if any) which may be paid for each Deferred Share is one pence.

The issued share capital of the Company as at 26 November 2018 (being the last practicable date prior to the publication of this Prospectus) is fully paid and is as follows:

Share Class	**Number**	**Nominal value per share (£)**	**Aggregate nominal value (£)**
Ordinary Shares	373,132,243	0.000125	46,641.53
Non-Voting Ordinary Shares	720,000	0.000125	90
A Non-Voting Ordinary Shares	11,699,160	0.000125	1,462.395
X Non-Voting Ordinary Shares	10,425,216	0.000125	1,303.152
B Non-Voting Ordinary Shares	1,525,360	0.000125	190.67
C Non-Voting Ordinary Shares	1,805,328	0.000125	225.666
D Non-Voting Ordinary Shares	2,449,752	0.000125	306.219
E Non-Voting Ordinary Shares	8,823,920	0.000125	1,102.99
F Non-Voting Ordinary Shares	1,953,600	0.000125	244.2

The Non-voting Ordinary Shares, A Shares, B Shares, C Shares, D Shares, E Shares, F Shares and X shares are principally held by current and former employees of the Group. The B Shares, C Shares, D Shares, E Shares and F Shares are together the Growth Shares. Each of the Growth Shares participate in value on an exit event, such as a sale or a listing of the Company, or on a solvent winding up of the Company, subject to the value on such an event exceeding the applicable hurdle amount for the class. The Non-voting Ordinary Shares, A Shares and X shares rank pari-passu with the Ordinary Shares save that they do not have voting rights.

As at the date of this Prospectus the following shares are under option, or have been awarded and are held by the EBT until the awards vest, in connection with employee share schemes

Share class	**Number**	**Nominal value (£)**
Ordinary Shares	5,632,820	764.1025

2.3 Share Capital Reorganisation

Prior to and in connection with its re-registration as a public company and with Admission, the Company has undertaken a reorganisation of its share capital (the **Share Capital Reorganisation**). The principal Share Capital Reorganisation steps that have taken place are as follows:

2.3.1 all amounts unpaid on issued shares in the capital of the Company were paid up in full;

2.3.2 on 15 November 2018 the Company effected:

(a) the Bonus Issue, as described in paragraph 2.2.2 of this Part 9 (*Additional Information*) of this Prospectus; and

(b) immediately following the Bonus Issue, the Sub-division, as described in paragraph 2.2.3 of this Part 9 (*Additional Information*) of this Prospectus; and

2.3.3 the Company was re-registered as a public company on 16 November 2018.

Shortly prior to Admission, the Company intends to undertake a further reorganisation of its share capital, the principal step of which is to re-designate its issued share capital into two classes of share being Ordinary Shares and a new class of deferred shares (the **Deferred Shares**), as follows:

2.3.4 following determination of the Offer Price, each Non-voting Ordinary Share, A Share and X Share will be re-designated as an Ordinary Share;

2.3.5 following determination of the Offer Price, the B Shares, C Shares, D Shares, E Shares and F Shares will de re-designated as Ordinary Shares and Deferred Shares in a proportion determined by the amount by which the value of the Company, at the Offer Price, exceeds the applicable base value for each such class of share. Using the Mid-point Assumptions, at Admission there will be 406,516,420 Ordinary Shares and 6,018,159 Deferred Shares in issue; and

2.3.6 the Deferred Shares will have no rights to attend or vote at meetings of the Company or to participate in any dividend or distribution paid or made by the Company. On a winding up the Deferred Shares will be entitled to the return of the nominal value paid up on each of them once and only if the nominal value plus £25 million per share has been returned to the holders of the Ordinary Shares. No application is being made for the admission of the Deferred Shares to the Official List or to trading on the London Stock Exchange or any other securities exchange.

Following Admission, the Company may repurchase the Deferred Shares for their nominal value (or for a maximum price of one pence each, which the Company expects it would pay in cases where it is necessary to round up the purchase price to the nearest whole penny) under the authority granted to the Directors as described in paragraph 2.2.5(iv) of this Part 9 (*Additional Information*) of this Prospectus. Alternatively the Company may cancel the Deferred Shares by way of a Court approved reduction of capital or leave the Deferred Shares in issue.

3. SUMMARY OF THE ARTICLES

3.1 The Articles of the Company which were adopted by the Company on 26 November 2018 conditionally on Admission include provisions to the following effect:

Objects

The Articles contain no restriction on the objects of the Company.

Capital structure

The share capital of the Company is represented by an unlimited number of shares having the rights described in the Articles.

Voting rights

Subject to any rights or restrictions attached to any shares, on a show of hands every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative, not being himself a member entitled to vote, shall have one vote, and on a poll every member shall have one vote for every share of which he is the holder. Votes may be given personally or by proxy.

Dividends

Subject to the 2006 Act and as set out in the Articles, the Company may by ordinary resolution declare dividends but no dividend shall exceed the amount recommended by the Board. No dividend may be paid otherwise than in accordance with the 2006 Act. The Board may at any time declare and pay such interim dividends as appears to be justified by the position of the Company.

Except as otherwise provided by the rights attached to the shares, all dividends shall be declared and paid according to the amounts paid up on the nominal amount of the shares on which the dividend is paid but no amount paid on a share in advance of calls shall be treated as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid up on the nominal amount of the shares during any portion or portions of the period in respect of which the dividend is paid; but, if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

Any dividend or other moneys payable in respect of a share may be paid:

- in cash;
- by cheque or warrant sent by post to the address in the register of members of the Company (the **Register**) of the person entitled to the moneys or, if two or more persons are the holders of the share or are jointly entitled to it by reason of the death or bankruptcy of the holder or otherwise by operation of law, to the address in the Register of that one of those persons who is first named in the Register in respect of the joint holding or to such person and to such address as the person or persons entitled to the moneys may in writing direct. Every such cheque or warrant shall be made payable to the person or persons entitled to the moneys or to such other person as the person or persons so entitled may in writing direct and shall be sent at the risk of the person or persons so entitled. Any such cheque or warrant may be crossed 'account payee' although the Company shall not be obliged to do so;
- by bank transfer to such account (of a type approved by the Board) as the person or persons entitled to the moneys may in writing direct; or
- by such other method of payment approved by the Board as the person or persons entitled to the moneys may in writing agree to.

Redemption

Subject to the provisions of the 2006 Act and the Articles, the Company can issue shares which are required to be redeemed and shares which may be redeemed at the option of the Company or the relevant member.

Variation of class rights

Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class of the shares in issue may from time to time be varied or abrogated, whether or not the Company is being wound up, with the sanction of a special resolution passed at a separate meeting of holders of the issued shares of the class held in accordance with the Articles (but not otherwise).

The special rights conferred on the holders of any shares or class of shares shall, unless otherwise provided by the Articles or the terms of issue of the shares concerned, be deemed to be varied by a reduction of capital paid up on those shares but shall be deemed not to be varied by the creation or issue of further shares ranking *pari passu* with them or subsequent to them. The rights conferred on the holders of shares shall be deemed not to be varied by the creation or issue of any further shares ranking in priority to them nor shall any consent or sanction of the holders of shares be required to any variation or abrogation effected by a resolution on which only the holders of shares are entitled to vote.

Issue of shares

Subject to the provisions of the 2006 Act and without prejudice to any rights attaching to any existing shares, shares may be issued with such rights or restrictions as the Company may, by ordinary resolution, determine or in the absence of such determination, or as far as any such resolution does not make specific provision, as the Board may determine.

Form and transfer of shares

The Board may issue shares as certificated or uncertificated shares, subject to any restrictions on transfers described below.

A share held in certificated form may be transferred by an instrument of transfer in any usual form or in any other form which the Board may approve, which shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. A share held in uncertificated form may be transferred by means of a relevant system. The transferor shall be deemed to remain the holder of the share until the transferee is entered on the register as its holder.

Every member (other than a person who is not entitled to a certificate under the 2006 Act) is entitled, on becoming a holder of any shares in certificated form and without payment, to a certificate for all shares of each class held by him in certificated form. If a share certificate is worn out, defaced, lost, destroyed or stolen it may be renewed without fee but on such terms as to evidence and indemnity as the Board requires. In the case of loss, theft, or destruction, the person to whom the new certificate is issued may be required to pay any exceptional out of pocket expenses incidental to the investigation of evidence of loss, theft or destruction and the preparation of an appropriate form of indemnity. Every share certificate is sent at the risk of the person entitled thereto.

The Board may, in the case of shares held in certificated form, in its absolute discretion refuse to register the transfer of a share which is not fully paid provided that such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis.

The Board may also refuse to register a transfer of any shares held in certificated form unless the instrument of transfer is:

- duly stamped or duly certified or otherwise shown to the satisfaction of the Board to be exempt from stamp duty, lodged at the transfer office or at such other place as the Board may appoint and (save in the case of a transfer by a person to whom no certificate was issued in respect of the shares in question) accompanied by the certificate for the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do;
- in respect of only one class of shares; and
- in favour of not more than four transferees.

If the Board refuses to register a transfer of shares held in certificated form, it shall (except in the case of suspected fraud) as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal together with its reasons for the refusal.

No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any share or for making any entry in the Register affecting the title to any share.

The Company shall be entitled to retain any instrument of transfer which is registered, but (except in the case of suspected fraud) any instrument of transfer which the Board refuses to register shall be returned to the person lodging it when notice of the refusal is given.

For all purposes of the Articles relating to the registration of transfers of shares, the renunciation of the allotment of any shares by the allottee in favour of some other person shall be deemed to be a transfer and the Board shall have the same powers of refusing to give effect to such a renunciation as if it were a transfer.

If a member dies the survivor or survivors where he was a joint holder, and his personal representatives where he was a sole holder or the only survivor of joint holders, shall be the only persons recognised by the Company as having any title to his interest; but nothing contained in the Articles shall release the estate of a deceased member from any liability in respect of any share which had been held (whether solely or jointly) by him.

Deferred Shares

The holders of the Deferred Shares shall:

- not be entitled to receive or participate in the profits or assets of the Company;
- shall, on a return of capital, only be entitled to receive the amount paid up on such shares in the event each of the holders of ordinary shares have received the amount paid up on such ordinary shares plus £25,000,000 in respect of each ordinary share held by them;
- shall not be entitled to receive notice of, attend, or speak at any general meeting of the Company;
- shall not be entitled to participate in any pre-emptive offer of shares or any right to call for the allotment or issue of shares in the Company; and
- shall not be entitled to transfer any Deferred Share without prior approval of the Company.

Calls

Subject to the terms of allotment, the directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares including any premium and each member shall (subject to being given at least 14 clear days' notice specifying where and when payment is to be made) pay to the Company the specified amount called on his shares. If any sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid. Interest shall be paid at a rate fixed by the terms of allotment of the share or in the notice of the call; or if no rate is fixed, at the appropriate rate per annum from the day appointed for the payment thereof to the time of the actual payment. Directors may at their discretion waive payment of any such interest in whole or in part.

Forfeiture

If a member fails to pay any call or instalment of a call on the day appointed for payment of such call or instalment, the directors may serve a notice on him requiring payment of so much of the amount unpaid together with any interest which may have accrued and any expenses which have been incurred by the Company due to the default. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

A forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Board determine and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the directors think fit.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding such forfeiture, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the shares, together with all expenses and interest from the date of forfeiture or surrender until payment, but his liability shall cease if and when the Company receives payment in full of the unpaid amount.

A statutory declaration in writing that the declarant is a director or the secretary of the Company, and that the particular share of the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the forfeited share.

Disclosure of interests

The Company may give notice to any member or any person whom the Company knows or has reasonable cause to believe (a) to be interested in the Company's shares or (b) to have been so interested at any time in the three years immediately preceding the date on which the notice is issued. The notice may require the person (a) to confirm that fact or (as the case may be) to state whether or not it is the case and (b) if he holds, or has during that time held, any such interest, to give such further information as may be required in accordance with section 793 of the 2006 Act (including particulars of the interest (present or past) and the identity of the persons interested in the shares in question).

If the Company has served a disclosure notice on a member or any other person appearing to be interested in shares referred to in the disclosure notice, and the Company has not received the information required in the disclosure notice within fourteen days after service of the disclosure notice, the directors may determine that the member holding the specified shares shall be subject to restrictions in respect of those shares (including restrictions as to voting, right to transfer the shares and right to receive dividends).

Directors

Unless otherwise determined by the Board, the number of directors of the Company shall be not less than two.

The directors may be paid all travelling, hotel and other expenses as they may incur in connection with their attendance at meetings of the Board or of committees of the Board or general meetings or separate meetings of the holders of any class of shares or debentures of the Company or otherwise in connection with the discharge of their duties.

The Board may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any director, employee or former employee who has held but no longer holds any office or employment with the Company or with any body corporate which is or has been a subsidiary undertaking or a predecessor in business of the Company or of any subsidiary undertaking, and for any member of his family (including a spouse and a former spouse) or any person who is or was dependent on him and may (as well before as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit. The power conferred by the 2006 Act to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries, in connection with the cessation or the transfer to any person of the whole or party of the undertaking of the Company or any subsidiary shall be exercised by the Board.

At each annual general meeting all of the directors shall stand for re-election. Any director may be removed from office by ordinary resolution of the Company of which special notice has been given in accordance with section 312 of the 2006 Act. The directors are not subject to a mandatory retirement age.

Directors' interests

A director who to his knowledge is in any way directly or indirectly interested in a contract or arrangement or proposed contract or arrangement with the Company shall disclose the nature of his interest at a meeting of the Board.

A director may not vote (or be counted in the quorum) in respect of any resolution of the directors or committee of the directors concerning a contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he has an interest which (together with any interest of any person connected with him) is, to his knowledge, a material interest (otherwise than by his interest in shares or debentures or other securities of or otherwise in or through the Company). This is subject to certain exceptions including (i) where the contract, arrangements, transaction or proposal concerns general employee privileges or insurance policies for the benefit of directors or (ii) in circumstances where a director acts in a personal capacity in the giving of a guarantee, security or indemnity for the benefit of the Company or any of its subsidiary undertakings.

Any director may act by himself or his firm in a professional capacity for the Company, other than as auditor, and he or his firm shall be entitled to remuneration for professional services as if he were not a director.

Disclosure of interests

Subject to the provisions of the 2006 Act, and provided that he has disclosed to the Board the nature and extent of any interest of his in accordance with the Articles, a director notwithstanding his office:

- may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is otherwise interested;
- may be a director or other officer of, or employed by or party to any transaction or arrangement with, or otherwise interested in any body corporate promoted by the Company or in which the Company is otherwise interested; and
- shall not be, by reason of his office, accountable to the Company for any benefits derived from any such office or employment or from any transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit.

Authorisation of interests

The directors may authorise, to the fullest extent permitted by law, any matter proposed to them which would otherwise result in a director infringing his duty under the 2006 Act to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company and which may reasonably be regarded as likely to give rise to a conflict of interest.

Authorisation of a matter is effective only if (i) the matter has been proposed to the directors at a meeting of the directors or for the authorisation of the directors by resolution in writing and in accordance with the Board's normal procedures or in such other manner as the Board may approve, (ii) any requirement as to quorum at the meeting of the directors at which the matter is considered is met without counting the director in question and any other interested director; and (iii) the matter has been agreed to without the director in question and any other interested Director voting or would have been agreed to if their votes had not been counted.

An interest of a person connected with a director shall be treated as an interest of the director. Section 252 of the 2006 Act shall determine whether a person is connected with a director.

Borrowing powers

The directors may exercise all the powers of the Company to borrow money and to give guarantees, hypothecate, mortgage, charge or pledge the assets, property and undertaking of the Company or any part thereof and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Annual General Meetings and General Meetings

An annual general meeting shall be held at such time and place as the Board may determine. The Board may call general meetings and, on the requisition of members pursuant to the provisions of the 2006 Act, shall forthwith convene a general meeting. If there are not sufficient directors capable of acting to call a general meeting, any director may call a general meeting. If there is no director able to act, any two members may call a general meeting for the purpose of appointing directors.

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. A quorum is two members present in person or by proxy and entitled to vote upon the business to be transacted at the meeting.

An annual general meeting shall be called by at least 21 days' clear notice in writing. A meeting of the Company other than an annual general meeting shall be called by not less than 14 days' clear notice. The notice shall specify the place, the day and the time of the meeting and the general nature of that business. A notice calling an annual general meeting shall specify the meeting as such and a notice for the passing of a special resolution shall specify the intention to propose the resolution as a special resolution and the terms of the resolution. Every member entitled to attend and vote is entitled to appoint one or more proxies to attend, vote and speak instead of him and that a proxy need not be a member.

The accidental omission to give notice of a meeting, or to send an instrument of proxy or invitation to appoint a proxy as provided by the Articles, to any person entitled to receive notice, or the non-receipt of notice of a meeting or instrument of proxy or invitation to appoint a proxy by such a person, shall not invalidate the proceedings at that meeting.

Every notice of meeting shall state with reasonable prominence that a member entitled to attend and vote is entitled to appoint one or more proxies to attend, vote and speak instead of him and that a proxy need not be a member.

Annual Accounts and Financial Statements

Save as provided in the Articles, a copy of the annual accounts of the Company together with a copy of the auditors' report and the directors' report thereon and any other documents required to accompany or to be annexed to them shall, not less than 21 clear days before the date of the general meeting at which copies of those documents are to be laid, be sent to every member and to every debenture holder of the Company and to every other person who is entitled to receive notices from the Company of general meetings.

Copies of the documents referred to in the Articles need not be sent to (a) a person who is not entitled to receive notices of general meetings or of whose address the Company is unaware; or (b) more than one of the joint holders of shares or debentures in respect of those shares or debentures, provided that any member or debenture holder to whom a copy of such documents has not been sent shall be entitled to receive a copy free of charge on application at the registered office.

The Company may send a summary financial statement to any of the persons otherwise entitled to be sent copies of the documents referred to in the Articles instead of or in addition to those documents and, where it does so, the statement shall be delivered or sent to such person not less than 21 clear days before the general meeting at which copies of those documents are to be laid.

Winding up

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the 2006 Act, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the applicable sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he with the applicable sanction determines, but no member shall be compelled to accept any assets upon which there is a liability.

Untraceable shareholders

The Company shall be entitled to sell at the best price reasonably obtainable any member's shares or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or otherwise by operation of law if:

- for a period of twelve years, no cash dividend payable in respect of the shares has been claimed, no cheque or warrant sent by the Company through the post in a pre-paid envelope addressed to the member or to the person entitled to the shares at his address on the register or (if different) the last known address given by the member or the person so entitled to which cheques and warrants are to be sent has been paid, each attempt to make a payment in respect of the shares by means of bank transfer or other method for the payment of dividends or other moneys in respect of shares has failed and no communication has been received by the Company from the member or the person so entitled (in his capacity as member or person entitled);
- in such period of twelve years at least three dividends (whether interim or final) have become payable on the shares;
- the Company has at the expiration of the said period of twelve years by advertisement in both a national newspaper and in a newspaper circulating in the area in which the address referred to in the Articles is located given notice of its intention to sell such shares; and

- during the period of three months following the publication of the said advertisements the Company has received no communication in respect of such share from such member or person entitled.

If at any time during or after the said period of twelve years further shares have been issued in right of those held at the commencement of that period or of any issued in right during that period and, since the date of issue, the requirements of the Articles have been satisfied in respect of such further shares, the Company may also sell the further shares.

To give effect to such a sale the Board may authorise any person to execute an instrument of transfer or otherwise effect the transfer of the shares to be sold. If the shares concerned are in uncertificated form, in accordance with the CREST Regulations, the Company may issue a written notification to the operator requiring conversion of the shares into certificated form. The purchaser shall not be bound to see to the application of the purchase moneys and the title of the transferee to the shares shall not be affected by any irregularity in or invalidity of the proceedings relating to the sale. The net proceeds of sale shall belong to the Company which shall be obliged to account to the former member or other person previously entitled to the shares for an amount equal to the net proceeds, which shall be a debt of the Company, and shall enter the name of such former member or other person in the books of the Company as a creditor for such amount. No trust shall be created and no interest shall be payable in respect of the debt, and the Company shall not be required to account for any money earned on the net proceeds, which may be employed in the business of the Company or invested in such investments for the benefit of the Company as the Board may from time to time determine.

4. MANDATORY BIDS AND COMPULSORY ACQUISITION RULES RELATING TO THE SHARES

Other than as provided by the City Code and Chapter 28 of the 2006 Act, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules that apply to the Ordinary Shares or the Company.

4.1 Takeover bids

The City Code is issued and administered by the Takeover Panel. At the date of this Prospectus, the Company is subject to the City Code and therefore its Shareholders are entitled to the protections afforded by the City Code.

4.2 Mandatory bids

Rule 9 of the City Code provides that, except with the consent of the Takeover Panel, when: (a) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30% or more of the voting rights of a company; or (b) any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30% of the voting rights of a company but does not hold shares carrying more than 50% of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he (together with those acting in concert with him) is interested, then, in either case, that person and/or other persons acting in concert with him, would normally be required to extend offers in cash, at the highest price paid by him (or any persons acting in concert with him) for shares in the company within the preceding 12 months, to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights.

4.3 Squeeze-out rules

Under the 2006 Act, if a "takeover offer" (as defined in section 974 of the 2006 Act) is made for the shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90% in value of the shares to which the takeover offer relates (the "**Takeover Offer Shares**") and not less than 90% of the voting rights attached to the Takeover Offer Shares within three months of the last day on which its offer can be accepted, the offeror could acquire compulsorily the remaining 10%. It would do so by sending a notice to outstanding Shareholders telling them that it will acquire compulsorily their Takeover Offer Shares and then, six weeks later, it would execute a transfer of the outstanding Takeover

Offer Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to the Shareholders whose Takeover Offer Shares are acquired compulsorily under the 2006 Act must, in general, be the same as the consideration that was available under the takeover offer.

4.4 Sell-out rules

The 2006 Act also gives minority Shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90% of the shares to which the offer relates, any holder of shares to which the offer related who had not accepted the offer could, by a written communication to the offeror, require the offeror to acquire those shares. The offeror is required to give any Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his or her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

5. EMPLOYEE INCENTIVE SCHEMES

The Company currently operates a Company Share Option Plan (the **CSOP**), which is intended to remain in place after Admission. Following Admission, the Company proposes to operate the AJ Bell Executive Incentive Plan (the **EIP**) and the AJ Bell Buy As You Earn Plan (the **BAYE** and, together with the EIP, the **Share Plans**). Features of the Share Plans are summarised below. Certain provisions which are common to the Share Plans are summarised following the plan specific summaries.

5.1 The CSOP

Tax treatment

The CSOP is a tax advantaged scheme under Schedule 4 of the Income Tax (Earnings and Pensions) Act 2003.

Eligibility

Any full-time director (working a minimum of 25 hours per week) or any employee of the Company or the Group may be granted an option under the CSOP.

Grant of options and option shares

Options to acquire certain ordinary shares in the Company (the **CSOP Shares**) may be granted during the 42 days beginning on (i) Admission and (ii) following the end of any "closed period" or (iii) during any other period when the Board has decided that exceptional circumstances exist which justify the grant of an option. Options granted under the CSOP are personal to the participant and, except on the death of a participant, may not be transferred. No payment is made for the grant of an option. Options granted under the CSOP are not pensionable.

Options can be satisfied by newly issued CSOP Shares, CSOP Shares purchased in the market or by the transfer of treasury CSOP Shares, or if the directors permit an employees' trust or any other person to grant an option, by the transfer of shares by that grantor. CSOP Shares allotted or transferred under the CSOP will rank equally in all respects with all other CSOP Shares then in issue (except for any rights attaching to CSOP Shares by reference to a record date preceding the allotment or transfer of such CSOP Shares).

Option Price

The price payable for each CSOP Share under an option will be determined by the Board or a duly constituted committee of Directors but it shall not be less than the greater of the market value of a CSOP Share on the date of grant and, in the case of an option which is a right to subscribe for CSOP Shares, the nominal value of a CSOP Share.

Performance conditions

The exercise of an option may be conditional on the performance of the Company and the Group and/or of the participant over such period and measured against such objective criteria as determined by the Directors and notified to a participant when the option is granted.

Exercise of options

An option granted under the CSOP will normally be exercisable between three years and ten years after the date of grant, subject to any applicable performance conditions being met. Early exercise of options is allowed if a participant dies or otherwise ceases to be employed by a member of the Company's group by reason of permanent incapacity through injury (evidenced to the satisfaction of the Directors) or disability, redundancy or retirement, the optionholder's employer ceasing to be a member of the Group or the transfer of the business that employs the optionholder to a person that is not a member of the Group ("**Good Leavers**") and will lapse on the expiry of the specified exercise period. A Good Leaver (other than by reason of death) may exercise within 6 months of cessation of employment. The Company (or other grantor with the approval of the Directors, if not the Company) has discretion to allow early exercise of the options in other leaver circumstances.

Corporate events

Early exercise of options may also be allowed on the occurrence of specified corporate events such as a demerger, reconstruction, voluntary winding-up, and take-over of the Company.

Limits

The CSOP is subject to the following limits:

- An option may not be granted on a date if it would result in the total number of shares issued to satisfy options or awards granted under share incentive schemes which remain capable of issue in the prior 10 years, or the period since Admission (whichever is the shorter) exceeding 10% of the issued share capital of the Company, nor if it would result in the total awards under discretionary shares schemes in the same such period exceeding 5% of the issued share capital of the Company; and
- the number of CSOP Shares in respect of which an option is granted to a participant shall be limited so that the aggregate market value of the CSOP Shares which may be acquired on the exercise of the option by the participant, when added to (i) the aggregate market value of CSOP Shares in respect of which options under the CSOP have previously been granted to the participant (and which subsist at the time of the new grant of options under the CSOP) and (ii) the aggregate market value of the CSOP Shares in respect of which rights to acquire such CSOP Shares have been obtained by the participant under any other tax-advantaged Company Share Option Plan of the Company or "Associated Company" shall not exceed or further exceed £30,000.

Variation of capital

In the event of any variation in the share capital of the Company, the Directors may make such adjustments as they consider appropriate to the number of CSOP Shares under option and/or the price at which they may be acquired.

Amendments

The Directors may at any time amend the CSOP provided that no such alteration may be made if it would no longer result in the CSOP meeting the requirements of Schedule 4 of the Income Tax (Earnings and Pensions Act 2003), shall take effect so as to affect the liabilities of any person other than the Company without prior written consent of that other person. The prior approval of the shareholders of the Company must be obtained in the case of any amendment which would make the terms of the CSOP materially more generous or amend eligibility so as to expand the class of potential participants. The Directors must give written notice to any participant affected by any alteration as soon as reasonably practicable after making any such alteration.

5.2 The EIP

The EIP was approved by the Remuneration Committee on 12 September 2018. The EIP is a combined annual bonus and long term incentive plan under which both **Annual Awards** and **Deferred Awards** may be granted, referred to together in this summary as **Awards**.

The EIP will be administered by the Board or by any duly authorised committee of it and references in this summary to the "Board" should be read accordingly. Decisions in relation to any participation in the EIP by the Executive Directors will always be taken by the Company's Remuneration Committee.

The relevant employees will be notified of the maximum cash value of their initial Annual Awards and Deferred Awards during October 2018. The actual awards will be made shortly after Admission with the number of shares awarded being based on the offer price to be determined immediately prior to Admission.

Eligibility

All employees (including the Executive Directors) of the Company or any of its subsidiaries are eligible for selection to participate in the EIP, at the discretion of the Board.

Form of Award

Awards under the EIP may be granted in the form of conditional awards of shares, nil-cost options over shares or nominal cost options over shares (that is options to acquire shares for a per share exercise price equal to the nominal value of a share from time to time).

Performance condition

Awards will be granted subject to the satisfaction of a performance condition assessed over one financial year, or such longer period as the Board determines. Any performance condition may be varied or substituted if the Board so determines provided that in the opinion of the Board any varied or substituted performance condition is a fairer measure of performance, no more difficult to satisfy than the original performance condition was at the grant date and is not materially easier to satisfy unless the variation has been approved in advance by shareholders in general meeting.

Annual Awards

Following the end of the performance period, the Board will determine the extent to which the performance condition has been satisfied and whether it is appropriate to reduce or increase the extent to which the Annual Award will be released to take account of the underlying performance of the Company and any other factors the Board considers relevant.

An Annual Award will be released (so that the participant is entitled to acquire shares subject to it) on the first dealing day following the assessment of the performance condition.

Deferred Awards

Following the end of the performance period, the Board will determine the extent to which the performance condition has been satisfied and whether it is appropriate to reduce or increase the extent to which the Deferred Award will be released to take account of the underlying performance of the Company and any other factors the Board considers relevant.

A Deferred Award will be released (so that the participant is entitled to acquire shares subject to it) following the end of a **Deferral Period** starting on the date on which the performance condition is assessed and ending on:

- in the case of an Executive Director of the Company, such date as the Board determines which will not be earlier than the third anniversary of the end of the performance period; and
- in the case of other participants, such date as the Board determines which will not be earlier than the second anniversary of the end of the performance period.

Deferred Awards will also be subject to a performance underpin. If, during the Deferral Period: (1) there has been a material deterioration in the underlying performance of the Group which is significantly greater than any deterioration in the performance of comparator listed financial services companies selected by the Board; or (2) any part of the business for which a participant is responsible has suffered a material failure of risk management, conduct or compliance, the Board may cancel or reduce the Deferred Award.

Deferred Awards granted to Executive Directors of the Company will also be subject to a **Holding Period** which shall end on such date as the Board shall specify, not being earlier than the fourth anniversary of the end of the performance period. During the Holding Period, the participant may not deal with shares acquired pursuant to the Award other than with the permission of the Board, to satisfy a tax liability relating to the release, to raise funds to pay the exercise price applying to the Deferred Award or in connection with the EIP's malus/ clawback provisions.

Limits on participation in the EIP

An Executive Director of the Company may not be granted awards under the EIP in respect of any financial year over shares with a market value (as determined by the Board) in excess of 200% of base salary, although in exceptional circumstances this may be increased to 250% of base salary. Lower limits apply to the grant of Awards to other participants. In the case of any EIP Award granted before or in connection with Admission, the market value of share for these purposes shall be the offer price to be determined immediately prior to Admission.

The number of shares over which an Annual Award is granted to an Executive Director of the Company in respect of any financial year may not exceed 40% of the aggregate number of shares over which he is granted Awards in respect of that financial year.

The number of shares over which an Annual Award is granted to a participant other than an Executive Director of the Company in respect of any financial year may not exceed 60% of the aggregate number of shares over which he is granted Awards in respect of that financial year.

Timing of Awards

Awards under the EIP may only ordinarily be granted during the 42 days beginning on: (i) the date on which the EIP was adopted; (ii) Admission; (iii) the day after the announcement of the Company's results for any period; and (iv) the date on which a Directors' Remuneration Policy comes into effect.

Awards may also be granted during any other period when the Board considers that exceptional circumstances exist which justify the grant of an Award. If the Company is prohibited from granting Awards during any of the above periods, it may grant Awards during the period of 42 days starting on the date on which the restriction ceases to apply.

Settlement

With the consent of the participant, the Board may satisfy an EIP Award with a cash payment calculated by reference to the market value of the shares that the participant would have received had the relevant EIP Award been satisfied with shares.

An EIP Award may be "net settled" at the election of the Board by the delivery to the participant of shares with a value equal to the net value of the Award.

Malus and clawback

The EIP includes malus and clawback provisions which may be applied in respect of an Award in the event of: (1) the participant having participated in or been responsible for conduct which resulted in significant losses to a company in the Company's group; (2) the participant having failed to meet appropriate standards of fitness and propriety; (3) fraud or material dishonesty by the participant; (4) material wrongdoing on the part of the participant; (5) the participant acting in a way which has brought or is likely to bring a company in the Group into material disrepute or which is materially adverse to the interests of any such company; (6) the participant having breached his employment contract in a way which is a potentially fair reason for dismissal; (7) the participant, if he has ceased employment, being found to have breached his employment contract or fiduciary duties in a way which would have prevented the grant or release of the Award had the Company been aware of that breach; (8) an error in determining whether the Award should be made or in determining the size of the Award or in assessing the performance condition; (9) a misstatement by any company in the Company's group of any financial information which was taken into account in determining whether the Award should be made or in determining the size of the Award or in assessing the performance condition; (10) any part of the business for which the participant is or was responsible having suffered a material failure of risk management.

The malus and clawback provisions may be applied:

- in the case of Deferred Awards granted to Executive Directors up to the end of the Holding Period;
- in the case of Annual Awards granted to Executive Directors up to the fourth anniversary of the end of the performance period;
- in the case of Deferred Awards granted to participants other than Executive Directors up to the date on which the Deferred Award is released; and
- in the case of Annual Awards granted to participants other than Executive Directors up to the date on which the performance condition is assessed.

If the malus and clawback provisions are applied before an Award has been released (or, if it is an option, before it has been exercised), the Award may be cancelled or reduced. If they are applied after an Award has been released (or, if it is an option, after it has been exercised), the clawed back amount may be recovered from the participant.

Cessation of employment

If a participant ceases employment for any reason within six months of the start of the performance period applying to an Award, the Award will lapse.

If a participant ceases employment due to death, injury, ill-health or disability more than six months after the start of the performance period applying to an award but before the end of the performance period, the Award will lapse in respect of a proportion of the shares subject to it equal to the unexpired portion of the performance period and shall continue and be released on the normal release date in respect of the number of the remaining shares which become releasable by reference to the satisfaction of the performance condition, although the Board may reduce or increase the extent to which the Award is released to take account of the underlying financial performance of the Company and any other factors the Board considers relevant.

If a participant ceases employment more than six months after the start of the performance period applying to an Award but before the end of the performance period other than as a result of death, injury, ill-health or disability, the Award will be released at the normal release date in respect of such number of shares as the Board determines in its absolute discretion.

If a participant ceases employment after the end of the performance period applying to an Award but before the normal release date, the Award shall be released on the normal release date in respect of the number of the shares which become releasable by reference to the satisfaction of the performance condition, although the Board may reduce or increase the extent to which the Award is released to take account of the underlying financial performance of the Company and any other factors the Board considers relevant.

If a participant ceases employment after the end of the performance period applying to an award other than as a result of death, injury, ill-health or disability, the Award will (to the extent not already released) only be released at the normal release date in respect of such number of shares as the Board determines in its absolute discretion.

Corporate events

In the event of a change of control of the Company or other relevant event during the performance period applying to an Award, the number of shares in respect of which the Award becomes capable of release will be calculated by reference to the proportion of the performance period that has expired and the extent to which the performance condition has been satisfied or is expected to be satisfied, although the Board may reduce or increase the extent to which the Award is released to take account of the underlying financial performance of the Company and any other factors the Board considers relevant.

In the event of a change of control of the Company or other relevant event after the end of the performance period applying to an Award, the Award will become capable of release in respect of the number of shares determined by reference to the satisfaction of the performance condition.

Alternatively, the Board may permit Awards to be exchanged for awards of shares in a different company (including the acquiring company).

Variation of capital

If there is a variation of share capital of the Company or in the event of a delisting or extraordinary distribution to shareholders of the Company including a demerger or special dividend the Board may release some or all of an Award or may make such adjustments to the number of shares subject to Awards and/or any performance condition applicable to Awards as it considers appropriate.

5.3 BAYE

The BAYE was approved by the Remuneration Committee on 12 September 2018 and is an all-employee share ownership plan which has been designed to meet the requirements of Schedule 2 to the Income Tax (Earnings and Pensions) Act 2003 so that shares can be provided to UK employees under it in a tax-efficient manner.

An award of Free Shares (as defined below) will be made to all employees on the day before Admission, which will be based on the offer price to be determined immediately prior to Admission. The offer will be made to all eligible employees who began their employment on or before the day before the award is made. Employees will be able to opt out of the receipt of the award for at least 25 days after the date of the award. The Free Shares will not be subject to any performance targets, but will have holding and forfeiture periods of three years.

In addition an award of Partnership Shares (as defined below) has been made. The Partnership Shares will have a 12 month accumulation period with the shares being purchased at the lower of the Offer price and the price on the date of acquisition. The minimum amount of monthly contributions will be £10 and the maximum £150, with the first deduction from salary being made in December 2018. The Partnership Shares will have to be offered for sale back to the Company if a participant ceases employment with the Group other than because of injury, disability, redundancy, retirement or the sale of the individual's employing company or business out of the Group (each a **BAYE Good Leaver Reason**) or on death.

Grant of BAYE awards

Under the BAYE, eligible employees may be: (i) awarded for free up to £3,600 worth shares in the Company (**Free Shares**) each year; (ii) offered the opportunity to buy shares in the Company using up to a maximum of the lesser of £1,800 and 10 per cent. of the employee's pre-tax salary each year (**Partnership Shares**); (iii) given up to two shares in the Company for free (**Matching Shares**) for each Partnership Share bought; and/or (iv) allowed or required to purchase shares in the Company using any dividends received on shares held in the BAYE (**Dividend Shares**). The Board may increase these limits in the future should the relevant legislation change the maximum levels of participation referred to above.

Awards under the BAYE may only ordinarily be made during the 42 days beginning on: (i) the date on which the BAYE was adopted; (ii) Admission; and (iii) the day after the announcement of the Company's results for any period.

Awards may also be made during any other period when the Board considers that exceptional circumstance exist which justify the making of awards. If the Company is prohibited from making awards during any of these periods, it may make awards during the period of 42 days starting on the date on which the restriction ceases to apply.

BAYE Trust

The BAYE operates through a UK resident trust (the **BAYE Trust**). The trustee of the BAYE Trust purchases or subscribes for shares that are awarded to or purchased on behalf of participants in the BAYE. A participant will be the beneficial owner of any shares held on their behalf by the trustee of the BAYE Trust.

Eligibility

Each time that the Board decides to operate the BAYE, all UK resident employees of the Company and its subsidiaries participating in the BAYE must be offered the opportunity to participate. Other employees may be permitted to participate at the Board's discretion. Employees may be required to have satisfied a minimum period of employment (as determined by the Board in line with the relevant legislation) before they can participate.

Free Shares

There will be a holding period of between three and five years (or such other period as may be permitted by the relevant legislation from time to time) during which the participant cannot withdraw the Free Shares from the BAYE Trust unless the participant ceases employment. The precise duration of this holding period will be determined by the Board each time Free Shares are awarded. The Board, in its discretion, may provide that the Free Shares will be forfeited if the participant ceases employment with the Group other than because of a BAYE Good Leaver Reason or on death.

Partnership Shares

The Board may allow an employee to use pre-tax remuneration to buy Partnership Shares. Once acquired, Partnership Shares may be withdrawn from the BAYE by the participant at any time, although withdrawal may result in the Partnership Shares having to be sold back to the Company and the forfeiture of Matching Shares, as both are described above. Partnership Shares may be purchased shortly after the pre-tax remuneration is withheld from the employee, or the amounts withheld may be accumulated for up to 12 months with the Partnership Shares acquired at the end of the accumulation period.

If there is no accumulation period, the Partnership Shares are acquired for their market value on the acquisition date. If there is an accumulation period, the Board shall decide whether the Partnership Shares are acquired for: (1) the lower of their market value at the beginning of the accumulation period and their market value at the acquisition date; (2) their market value at the beginning of the accumulation period; or (3) their market value at the acquisition date.

In the case of Partnership Shares, if the participant ceases employment with the Group, other than because of a BAYE Good Leaver Reason, within three years of the acquisition date, the Partnership Shares may be required to be offered for sale back to the Company for the lower of the amount paid for them and the market value at the time they are offered for sale.

Matching Shares

The Board may, in its discretion, offer Matching Shares free to an employee who has purchased Partnership Shares. There is a holding period of between three and five years (or such other period as may be permitted by the relevant legislation from time to time) during which the participant cannot withdraw the Matching Shares from the BAYE Trust unless the participant ceases employment with the Group. The precise duration of this holding period will be determined by the Board each time Matching Shares are awarded. The Board, in its discretion, may provide that the Matching Shares will be forfeited if the participant ceases employment other than for a BAYE Good Leaver Reason, on death, or if he withdraws the related Partnership Shares.

Reinvestment of dividends

The Board may allow or require a participant to reinvest the whole or part of any dividends paid on Shares held in the BAYE. Dividend Shares must be held in the BAYE Trust for no less than three years, unless the participant ceases employment.

In the case of Dividend Shares, if the participant ceases employment with the Group, other than because of a BAYE Good Leaver Reason, within three years of the acquisition date the Dividend Shares may be required to be offered for sale back to the Company for the lower of the amount paid for them and the market value at the time they are offered for sale.

Corporate events

In the event of a general offer being made to shareholders (or a similar takeover event taking place), participants will be able to direct the trustee of the BAYE Trust as to how to act in relation to their Shares held in the BAYE. In the event of an internal reorganisation, any shares held in the BAYE Trust on behalf of BAYE participants may be replaced by equivalent shares in a new holding company.

Variation of capital

Shares acquired on a variation of share capital of the Company will usually be treated in the same way as the shares acquired or awarded under the BAYE in respect of which the rights were conferred and as if they were acquired or awarded at the same time.

Rights attaching to Shares

Any shares allotted under the BAYE and held in the BAYE Trust will rank equally with shares of the same class then in issue (except for rights arising by reference to a record date prior to their allotment). In the event of a rights issue, participants will be able to direct the trustee of the BAYE Trust as to how to act in respect of their shares held in the BAYE.

5.3 Terms common to the Share Plans

Overall limits

The Share Plans may operate over new issue shares, treasury shares or shares purchased in the market or by transfer of the existing share by, or purchase of existing shares from, the trustee of the AJ Bell employee benefit trust.

The rules of the Share Plans provide that an award may not be granted on a date if it would result in the total number of shares issued to satisfy awards granted under share incentive schemes granted during the shorter of: (1) the period of ten years ending with that date; and (2) the period since Admission to exceed 10% of the issued ordinary share capital of the Company from time to time.

In addition, the rules of the EIP provide that an award may not be granted on a date if it would result in the total number of shares issued to satisfy awards granted under discretionary share incentive schemes granted during the shorter of: (1) the period of ten years ending with that date; and (2) the period since Admission to exceed 5% of the issued ordinary share capital of the Company.

Shares transferred out of treasury to satisfy awards will be treated as new issue shares for so long as this is required under institutional shareholder guidelines.

Amendments

The Board may, at any time, amend the provisions of the Share Plans in any respect. The prior approval of shareholders at a general meeting of the Company must be obtained in the case of any amendment to the advantage of eligible employees or participants which is made to the provisions relating to eligibility, overall limits and the basis for determining the entitlement to, and the terms of, awards, and, in the case of the EIP, also to individual limits the adjustments that may be made in the event of any variation to the share capital of the Company and/or the rule relating to such prior approval. There are however exceptions from this requirement to obtain shareholder approval for any minor amendment to benefit the administration of the Share Plans, to take account of the provisions of any legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for any participant or member of the Company's group.

Non-transferability

Awards are not transferable other than to the participant's personal representatives in the event of his or her death.

Benefits not pensionable

Benefits received under the Share Plans are not pensionable.

Overseas plans

The Board may, at any time, establish further plans based on a Share Plan for overseas territories. Any such plan will be similar to the relevant Share Plan but may be modified to take account of local tax, exchange control or securities laws. Any shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation under the Share Plans.

6. EXISTING EMPLOYEE CALL OPTIONS

Fifty eight employees of AJ Bell, who are also Shareholders in the Company (**Employee Shareholders**) have entered into call option agreements in favour of the Company in respect of certain shares in the Company subscribed by them under the Company's existing "option to buy shares" scheme (the **Call Options**). The Call Options give the Company the right (but not the obligation) to purchase the shares subject to the Call Option if the Employee Shareholder leaves his or her employment with the Group on or before 31 December 2021 or, in the case of Michael Summersgill, on or before 31 December 2023. The Call Options are granted over E shares and F shares but, following completion of the Share Capital Reorganisation, will be effective over ordinary shares.

If the Employee Shareholder leaves his or her employment with the Group having resigned with the prior written consent of the Board or because they die in service, the option price payable by the Company to repurchase each Ordinary Share will be the prevailing market price. If the Employee Shareholder leaves his or her employment with the Group for any other reason (**Other Reason**), the option price payable by the Company to repurchase each Ordinary Share will be the issue price of that share (as adjusted in the Share Capital Reorganisation to reflect the reorganisation from E shares and F shares into ordinary shares). Following Admission, the intention would be for the Company only to exercise its rights under the Call Options to buyback shares from employees who leave their employment with the Group for an Other Reason.

7. DIRECTOR AND SENIOR MANAGERS' INTERESTS

7.1 The Ordinary Shares held, directly or indirectly, by any of the Directors and Senior Managers immediately prior to Admission and immediately following Admission (calculated using the Mid-point Assumptions) are expected to be as follows:

	Prior to Admission[1]		Post Admission[2]	
	Shares	**%**	**Shares**	**%**
Directors				
Les Platts	674,928	0.2%	607,435	0.1%
Andy Bell(3)	114,927,668	28.3%	103,584,970	25.5%
Michael Summersgill	2,699,711	0.7%	2,267,757	0.6%
Laura Carstensen	115,656	0.0%	104,090	0.0%
Eamonn Flanagan	115,656	0.0%	104,090	0.0%
Simon Turner	330,368	0.1%	297,331	0.1%
Senior Managers				
Charles Galbraith	3,670,436	0.9%	3,303,392	0.8%
Fergus Lyons(4)	23,080,308	5.7%	19,912,285	4.9%
Louis Petherick	347,992	0.1%	313,192	0.1%
Bruce Robinson	599,769	0.1%	539,792	0.1%
Roger Stott	917,884	0.2%	826,095	0.2%

7.2 All of the Ordinary Shares owned by the Directors and Senior Managers are legally held by Lawshare Nominees Limited, a subsidiary of AJ Bell, and held on the Platform. Lawshare Nominees Limited holds legal title as bare trustee and nominee, and may only exercise the voting rights in respect of the Ordinary Shares it holds at the direction of the beneficial owners.

1 Assuming the Share Capital Reorganisation has completed.

2 Assuming none of the Directors or Senior Managers participates in the Qualifying Offer.

3 138,352 Ordinary Shares are held by the A J Bell Trust, a charitable trust of which Andy is a director of the professional trustee company. A further 2,880,000 Ordinary Shares are owned by the Blythe Family Trust, a discretionary trust of which Andy and his wife are both settlors and trustees, and a further 19,200,000 Ordinary Shares are held by Blythe Investments an unlimited company controlled by Andy and his wife.

4 Shares held by Fergus Lyons and Bestfield Investments, an unlimited company, owned and controlled by Fergus Lyons and his wife Caroline Anne Lyons.

7.3 In addition to the interest of the Directors and Senior Managers described in paragraph 7.1 above, certain of the Directors and Senior Managers have interests in options to acquire Ordinary Shares, or have been awarded Ordinary Shares pursuant to the employee share schemes, as set out in the table below:

		Number of shares under option/awarded			
	Incentive plan	**Vested**	**Unvested**	**Exercise price**	**Expiry date**
Executive Directors					
Andy Bell	*EIP*[1]		550,781	Offer Price	10 years from the date of grant
Michael Summersgill	*CSOP*	24,194	—	31 pence	1-Oct-2020
	CSOP	9,722	—	36 pence	19-Dec-2021
	EIP[1]		206,250	Offer Price	10 years from the date of grant
Senior Managers					
Charles Galbraith	*CSOP*	—	50,769	52 pence	10-Dec-2025
	CSOP	—	5,714	63 pence	12-Dec-2027
	Free Shares[1]		31	Nil	3 years from the date of grant
	EIP[1]		92,248	Offer Price	10 years from the date of grant
Fergus Lyons	*CSOP*	—	57,692	52 pence	10-Dec-2025
	Free Shares[1]		31	Nil	3 years from the date of grant
	EIP[1]		97,500	Offer Price	10 years from the date of grant
Louis Petherick	*CSOP*	—	55,553	54 pence	15-Dec-2026
	Free Shares[1]		31	Nil	3 years from the date of grant
	EIP[1]		32,672	Offer Price	10 years from the date of grant
Bruce Robinson	*CSOP*	68,174	—	44 pence	21-Dec-2022
	Free Shares[1]		31	Nil	3 years from the date of grant
	EIP[1]		22,500	Offer Price	10 years from the date of grant
Roger Stott	*CSOP*	—	57,692	52 pence	10-Dec-2025
	Free Shares[1]		31	Nil	3 years from the date of grant
	EIP[1]		48,835	Offer Price	10 years from the date of grant

7.4 Save as set out in paragraph 7.1 and 7.3 of this Part 9 (*Additional Information*), no Director or Senior Manager holds, directly or indirectly, any interest in Ordinary Shares or any voting rights in respect of the Company or any of its subsidiaries.

7.5 So far as the Company is aware, immediately prior to Admission and immediately following Admission (calculated in each case using the Mid-point Assumptions), the following persons (other than Directors or Senior Managers) hold (or will hold), directly or indirectly, Ordinary Shares representing 3% or more of the Company's issued share capital:

	Prior to Admission[2]		**Post Admission**	
	Shares	**%**	**Shares**	**%**
Invesco	179,835,024	44.2%	103,584,970	25.5%
Seneca	13,920,000	3.4%	6,960,000	1.7%

1 Calculated using the Mid-point Assumptions.
2 Assuming the Share Capital Reorganisation has completed.

7.6 Save as set out in paragraphs 7.1 and 7.5 of this Part 9, the Company is not aware of any person who, as at 26 November 2018 (being the last practicable day prior to publication of this Prospectus) holds directly or indirectly, voting rights in respect of three per cent or more of the issued share capital of the Company.

7.7 The Company is not aware of any person who, save as set out in paragraphs 7.1 and 7.5 above and save for the Concert Party, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

7.8 As at the date of this Prospectus only holders of the Ordinary Shares are entitled to vote at a general meeting of the Company. It is intended that on Admission no holder of the ordinary shares in issue shall be entitled to different voting rights from any other holder of such ordinary shares.

7.9 Save as set out in paragraph 8 below, no Director or Senior Manager has or has had any interest in any transactions which are or were unusual in their nature or conditions, or significant to the business of AJ Bell, and which:

7.9.1 were effected by the Company during the current or immediately preceding financial year; or

7.9.2 were effected by the Company during an earlier financial year and remain in any respect outstanding or unperformed.

7.10 The details of those companies and partnerships outside AJ Bell of which the Directors and Senior Managers are currently directors or partners, or have been directors or partners at any time in the five years immediately preceding the date of this document are as follows:

Name (Directors)	**Current appointments**	**Former appointments held in the previous five years**
Leslie Platts	Leeds Building Society Lancashire County Cricket Club	
Andy Bell	EQ Property Services Limited Moor Hall Holdings Limited Moor Hall Restaurant Limited Moor Hall Construction Limited Moor Hall Limited Designated Member of Blythe Stables LLP A J Bell Trust Blythe Investments	Scarisbrick Hall Trust Ken Hovers (Pension Consultants) Limited
Michael Summersgill	EQ Property Services Limited	
Laura Carstensen	The Co-operative Bank Plc The Co-operative Bank Holdings Limited Park Group LTIP Trustee Limited Park Group Plc Designated Member of Bryn Yorkin Manor Real Estate LLP	62 Savernake Road, London NW3 Limited Meditation Designs Limited MLex Limited Blue Banyan Limited Blue Banyan Germany Limited
Eamonn Flanagan	JLT Reinsurance Brokers Limited JLT Benefit Solutions Limited JLT Wealth Management Limited JLT Investment Management Limited JLT EB Holdings Limited	Shore Capital Stockbrokers Limited Shore Capital Markets Limited
Simon Turner	Cambridge Dial A Ride Limited	AIB Group (UK) PLC Yorkshire Building Society Trade Doublen AB (Sweden)

Name (Directors)	Current appointments	Former appointments held in the previous five years
Senior Managers		
Charles Galbraith	EQ Property Services Limited Auchendrane Estates Limited	*None*
Fergus Lyons	Sodecon Finance Bestfield Investments EQ Property Services Ltd Islington Regeneration Company Limited	*None*
Louis Petherick	*None*	*None*
Bruce Robinson	*None*	EQ Property Services Limited
Roger Stott	EQ Property Services Limited	*None*

7.11 In the five years preceding the date of this Prospectus none of the Directors or Senior Managers has:

7.11.1 any convictions in relation to fraudulent offences;

7.11.2 been declared bankrupt or been subject to any individual voluntary arrangement or been associated with any bankruptcy, receivership or liquidation in his capacity as a director or senior manager;

7.11.3 been a director or senior manager of any company which has been subject to a receivership or liquidation;

7.11.4 been a partner or senior manager in any partnership which has been subject to a liquidation; and/or

7.11.5 been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including any designated professional bodies) or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

8. CONFLICTS OF INTEREST

8.1 Save as disclosed in paragraph 6 of Part 3 (*Directors, Senior Managers and Corporate Governance*) in respect of any Director or Senior Manager, there are no actual or potential conflicts of interests between any duties they have to the Company, and the private interests and/or other duties they may also have.

8.2 Save as referred to in paragraph 6 of Part 3 (*Directors, Senior Managers and Corporate Governance*) no Director or Senior Manager has a material interest in any significant contract with the Company or any of its subsidiaries.

8.3 No Director was selected to be a Director of the Company pursuant to any arrangement or understanding with any major customer, supplier or other person having a business connection with AJ Bell. No restrictions have been agreed by any Director on the disposal within a certain period of time of his holding in securities.

8.4 There are no family relationships between any of the Directors.

9. DIRECTORS AND SENIOR MANAGERS' REMUNERATION AND SERVICE AGREEMENTS / LETTERS OF APPOINTMENT

9.1 In FY2018, the aggregate remuneration (including pension fund contributions and benefits in kind) of the Directors and Senior Managers was £2.5 million. The aggregate remuneration (including pension fund contributions and benefits in kind) of the Directors and Senior Managers in respect of the current financial year (under arrangements in force at the date of this Prospectus) is expected to be £2.5 million.

9.2 Set out below are summary details of the service agreements of each of the Executive Directors to be entered into on Admission:

9.2.1 Andy Bell (*Chief Executive Officer*) entered into a service agreement with the Company on 1 November 2018. Mr Bell is entitled to receive an annual salary of £470,000 per annum. Mr Bell's employment is terminable by 6 months' notice given by either party. The Company may, at its discretion, terminate Mr Bell's employment immediately by making a payment to him in lieu of his basic salary. Mr Bell is entitled to private medical insurance. His service agreement includes standard summary termination provisions and post termination restrictive covenants which apply for a period of 6 months following the termination of his employment; and

9.2.2 Michael Summersgill (*Chief Financial Officer*) entered into a service agreement with the Company on 1 November 2018. Mr Summersgill is entitled to receive an annual salary of £220,000 per annum. Mr Summersgill's employment is terminable by 6 months' notice given by either party. The Company may, at its discretion, terminate Mr Summersgill's employment immediately by making a payment to him in lieu of his basic salary. Mr Summersgill is entitled to private medical insurance. His service agreement includes standard summary termination provisions and post termination restrictive covenants which apply for a period of 6 months following the termination of his employment.

9.3 Set out below are summary details of the terms of appointment of each of the Non-Executive Directors to be entered into on Admission:

9.3.1 Les Platts (*Non-Executive Chairman*) was appointed to the board of the Company on 15 September 2008. The annual fee payable to Mr Platts is £100,000. The number of days Mr Platts is required to spend on Company business is 25 days per annum. The notice period for either the Company or Mr Platts to terminate the appointment is one month;

9.3.2 Laura Carstensen (*Non-Executive Director*) was appointed to the board of the Company on 29 March 2018. The annual basic fee payable to Ms Carstensen is £40,000 plus £5,000 for acting as a committee chair. The number of days Ms Carstensen is required to spend on Company business is 25 days per annum. The notice period for either the Company or Ms Carstensen to terminate the appointment is one month;

9.3.3 Eamonn Flanagan (*Non-Executive Director*) was appointed to the board of the Company on 22 March 2018. The annual basic fee payable to Mr Flanagan is £40,000 plus £5,000 for acting as a committee chair. The number of days Mr Flanagan is required to spend on Company business is 25 days per annum. The notice period for either the Company or Mr Flanagan to terminate the appointment is one month; and

9.3.4 Simon Turner (*Non-Executive Director*) was appointed to the board of the Company on 1 July 2014. The annual basic fee payable to Mr Turner is £40,000 plus £5,000 for acting as a committee chair. The number of days Mr Turner is required to spend on Company business is 25 days per annum. The notice period for either the Company or Mr Turner to terminate the appointment is one month.

10. INVESTMENTS AND PRINCIPAL ESTABLISHMENTS

10.1 The Company currently has no principal investments (in progress or planned for the future on which the Directors have made firm commitments or otherwise) other than the subsidiary undertakings listed in note 16 to the historical financial information contained in Part 6 (*Historical Financial Information*) of this Prospectus.

10.2 The principal establishments of AJ Bell are as follows:

Location	**Tenure**
4 Exchange Quay, Salford Quays, Manchester M5 3EE	Leasehold
First floor, 49 Southwark Bridge Road, London SE1 9HH	Leasehold

11. MATERIAL CONTRACTS

11.1 Underwriting and Sponsor Agreement

On 27 November 2018, the Company, the Directors, Invesco, Seneca, Lawshare Nominees Limited (as agent and nominee for the Selling Shareholders other than Invesco and Seneca) and Numis entered into the Underwriting and Sponsor Agreement. Pursuant to the or in connection with Underwriting and Sponsor Agreement:

(a) the Company has confirmed the appointment of Numis as sponsor, sole bookrunner and underwriter in connection with the applications for Admission and the Institutional Offer;

(b) the Selling Shareholders have agreed, subject to certain conditions, to sell, at the Offer Price, the Offer Shares to be sold pursuant to the Offer and have confirmed the appointment of Numis to sell the Offer Shares to be sold pursuant to the Institutional Offer on their behalf;

(c) Numis has agreed, subject to certain conditions, to procure purchasers for the Offer Shares to be sold pursuant to the Institutional Offer, or, failing which, itself to purchase such Offer Shares, in either case at the Offer Price;

(d) each of the Selling Shareholders has agreed that Numis may deduct from the proceeds of the Institutional Offer payable to such Selling Shareholder a commission of 2% of the amount equal to the Offer Price multiplied by the aggregate number of Offer Shares to be sold by the relevant Selling Shareholder pursuant to the Institutional Offer;

(e) each of the Selling Shareholders has agreed that the Company may deduct from the proceeds of the Qualifying Offer payable to such Selling Shareholder a commission of 0.75% of the amount equal to the Offer Price multiplied by the aggregate number of Offer Shares to be sold by the relevant Selling Shareholder pursuant to the Qualifying Offer;

(f) the obligations of Numis to procure purchasers for the Offer Shares pursuant to the Institutional Offer or, failing which, itself to purchase such Offer Shares are subject to certain conditions. These conditions include the absence of any breach of representation, warranty or undertaking given by the Company, the Directors or the Selling Shareholders pursuant to the Underwriting and Sponsor Agreement, and Admission occurring by no later than 8.00 a.m. on 12 December 2018 (or such later time and/or date, not being later than 8.00 a.m. on 21 December 2018 as Numis and the Company may agree). In addition, Numis has the right, exercisable in certain circumstances, to terminate the Underwriting and Sponsor Agreement prior to Admission. The circumstances include, among others, the occurrence of certain material adverse changes in the condition (financial, operational, legal or otherwise) or in the earnings, reserves, business, affairs, solvency or prospects of the Company or the Group, taken as a whole, and certain changes in financial, political or economic conditions. If this right is exercised, the Offer will lapse, the Company will not seek Admission and any moneys received from investors in respect of the Offer will be returned without interest;

(g) the Company has agreed to pay certain of the costs, charges, fees and expenses relating to the Offer and Admission (together with any related value added tax) and the Selling Shareholders have agreed to pay any stamp duty and/or SDRT payable on the transfer of the Offer Shares to the extent described in paragraph 12 below;

(h) each of the Company, the Directors and the Selling Shareholders has given certain representations, warranties and undertakings to Numis. The liability of each of the Directors and the Selling Shareholders in respect of any breach of representations and warranties, and certain undertakings, is limited as to time and amount. The liability of the Company in respect of any breach of representations, warranties and undertakings is not limited as to time or amount;

(i) the Company has given an indemnity covering certain customary matters to Numis. The liability of the Company under the indemnity is not limited as to time or amount; and

(j) each of the Company, the Directors and the Selling Shareholders have given certain undertakings to Numis regarding compliance with laws and regulations affecting the making of the Offer in relevant jurisdictions.

Certain lock-in arrangements have been entered into with Numis and/or the Company pursuant to or in connection with the Underwriting and Sponsor Agreement. These lock-in arrangements are summarised in paragraph 10 of Part 7 (*Details of the Offer*) of this Prospectus.

11.2 Relationship Agreement

The Company, Andy Bell and Fergus Lyons entered into the Relationship Agreement on 27 November 2018, conditional only on Admission. The principal purpose of the Relationship Agreement is to ensure that the Company is capable of carrying on its business independently of Andy Bell and Fergus Lyons (together the "**Controlling Shareholders**") and their associates. The Relationship Agreement will take effect on Admission and will continue until the Ordinary Shares cease to be admitted to the Official List.

Under the Relationship Agreement, for so long as the Controlling Shareholders and their associates (together the "**Controllers**"), exercise or control, in aggregate, 30% or more of the rights to vote at a general meeting of the Company, each Controlling Shareholder shall, and shall procure that each Controller shall, amongst other things:

(a) conduct all transactions, agreements or arrangements entered into between any member of the Group and the Controllers (or the enforcement, implementation or amendment thereof) on an arm's length basis and on normal commercial terms;

(b) exercise his voting rights to ensure that the Company shall operate and make decisions independently of the Controllers and for the benefit of the Shareholders as a whole;

(c) not exercise his voting rights to make any variations to the Articles that would have the effect of preventing the Company or any other member of the Group from carrying on its business independently of the Controllers, prevent the election of Independent Directors or which would be inconsistent with, undermine or breach any provision of the Relationship Agreement or the Listing Rules;

(d) exercise his voting rights to replace, as soon as reasonably possible, any Independent Director who ceases to be a Director with another Director who is an Independent Director;

(e) not exercise his voting rights as a Shareholder in relation to any transaction, agreement or arrangement between any member of the Group on the one hand and any of the Controllers on the other;

(f) ensure that the provisions of the Relationship Agreement are properly and promptly observed by him and given full force and effect according to the spirit and intention of the Relationship Agreement, and shall procure that any of his associates does the same;

(g) not take any action that would have the effect of preventing any member of the Group from complying with its obligations under any applicable law or the Listing Rules;

(h) not propose or procure the proposal of a resolution of the Shareholders (or any class thereof) which is intended or appears to be intended to circumvent the proper application of the Listing Rules; or

(i) except where approved by the Board, not take any action or omit to take any action which would be likely to result in the cancellation of Admission.

The Company undertakes that it shall not, and shall procure that no other member of the Group shall, permit to occur, any transaction, agreement or arrangement between the Company and any Controller that would be a breach by Andy Bell or Fergus Lyons of the undertakings given by them to the Company in the Relationship Agreement.

12. TAXATION

The following statements are by way of a general guide to potential investors and Shareholders only, are not exhaustive and do not constitute tax advice. Potential investors and Shareholders are therefore advised to consult their professional advisers concerning possible taxation or other consequences of purchasing, holding, selling or redeeming Shares under the laws of their country of incorporation, establishment, citizenship, residence and/or domicile or any other form of presence for tax purposes.

Potential investors and Shareholders should note that the following statements on taxation are based on advice received by the Directors regarding the law and practice in force in the United Kingdom at the date of this Prospectus. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made in the Company will endure.

If you are in any doubt about your tax position, or if you may be subject to tax in a jurisdiction other than the United Kingdom, you should consult your professional adviser. Shareholders should note that the statements below are based on the Company's understanding of current legislation, regulations and practice, all of which are subject to change.

12.1 UK taxation

The following statements are intended as a general guide and relate only to certain limited aspects of UK tax consequences for potential investors and Shareholders who are or may become resident and, in the case of individuals, resident and domiciled in the UK (except where expressly stated otherwise) and who are beneficial owners of the Ordinary Shares and the dividends on those Ordinary Shares and who hold the Ordinary Shares as capital assets. They are based on existing law and on what is understood to be current HM Revenue & Customs practice, both of which are subject to change, possibly with retrospective effect.

The statements may not apply to certain classes of Shareholders including (but not limited to) (a) dealers in securities, (b) persons who control or hold, either alone or together with one or more associated or connected persons, directly or indirectly, (i) 10% or more of the Ordinary Shares or (ii) any other interests in the Company, or (c) persons who acquire Ordinary Shares other than for *bona fide* commercial reasons or who have a tax avoidance purpose or motive, who may be subject to a different tax treatment.

Individual Shareholders

A Shareholder who is an individual and resident and domiciled for tax purposes in the United Kingdom and who receives a cash dividend from the Company should pay no tax on the first £2,000 of dividend income received in a year (the "**dividend allowance**"). The rates of income tax on dividends received above the dividend allowance are: (a) 7.5% for dividends taxed in the basic rate band; (b) 32.5% for dividends taxed in the higher rate band; and (c) 38.1% for dividends taxed in the additional rate band.

Dividend income that is within the dividend allowance counts towards an individual's basic or higher rate limits, and will therefore affect the level of savings allowance to which they are entitled, and the rate of tax that is due on any dividend income in excess of this allowance. In calculating into which tax band any dividend income over the £2,000 allowance falls, savings and dividend income are treated as the highest part of an individual's income. Where an individual has both savings and dividend income, the dividend income is treated as the top slice.

The tax treatment of holding the Shares is different where the Shares are held within an ISA or a SIPP. For example, dividends received and capital gains realised within a SIPP or an ISA are not generally subject to income tax or capital gains tax. There are specific rules that apply to ISAs and SIPPs, including certain annual investment limits and, in the case of SIPPs, a lifetime limit, above which favourable tax treatment is not available (and in certain situations additional tax charges can apply). Specific advice should be sought from your personal tax advisor in connection with investments made through an ISA or a SIPP.

Corporate shareholders

Corporate Shareholders which are within the charge to United Kingdom corporation tax will be subject to corporation tax on dividends paid by the Company, unless (subject to special rules for such Shareholders that are small companies) the dividends fall within an exempt class and unless other conditions are met. It is expected that most dividends paid on Ordinary Shares to UK resident corporate Shareholders would fall within one or more exempt class. However, it should be noted that the exemptions are not comprehensive and are subject to anti-avoidance rules.

Provided certain conditions are met, including an anti-avoidance condition, Shareholders within the charge to UK corporation tax which are ''small companies'' (for the purposes of UK taxation of dividends) will not generally be liable to UK corporation tax on any dividend received from the Company.

Chargeable Gains

A subsequent disposal of the Ordinary Shares may result in a liability to United Kingdom taxation of chargeable gains, depending upon individual circumstances.

UK stamp duty and Stamp Duty Reserve Tax (''SDRT'') on transfers of the Ordinary Shares

Shares held outside the CREST system

The conveyance or transfer on sale of the Ordinary Shares will usually be subject to stamp duty on the instrument of transfer, generally at the rate of 0.5% of the amount or value of the consideration. Stamp duty is charged in multiples of £5. An exemption from stamp duty is available on an instrument transferring shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000.

An obligation to account for SDRT at the rate of 0.5% of the amount or value of the consideration will also arise if an unconditional agreement to transfer the Ordinary Shares is not completed by a duly stamped instrument of transfer before the ''accountable date'' for SDRT purposes. The accountable date is the seventh day of the month following the month in which the agreement for the transfer is made. Payment of the stamp duty will cancel the liability to account for SDRT.

It is the purchaser who is in general liable to account for stamp duty or SDRT.

Shares held within the CREST system

The transfer of the Ordinary Shares in uncertificated form in the CREST system will generally attract a liability to SDRT at the rate of 0.5% of the amount or value of the consideration. The SDRT will generally be collected by CREST.

Clearance and depositary receipt systems

Stamp duty or SDRT may be charged at the higher rate of 1.5% on transfers of Ordinary Shares into a clearance system, depending on, in particular, whether the relevant clearance system has made an election under s.97A(1) of the Finance Act 1986 (a ''s.97A Election''), or a depositary receipt system. Based on current published HM Revenue and Customs practice and recent case law, generally no SDRT should be payable, and no liability to stamp duty should arise, in respect of the issue or transfer of Ordinary Shares to a clearance system or depositary receipt system if it is integral to a capital raising by the Company.

A sale of Ordinary Shares within a clearance service which has not made and maintained a relevant s.97A Election will not give rise to an SDRT liability and should not in practice require the payment of UK stamp duty.

Selling Shareholders

The Selling Shareholders have agreed to pay any stamp duty or SDRT payable on the transfer of the Offer Shares save to the extent that stamp duty or SDRT is payable under any of s.67, 70, 93 or 96 of the Finance Act 1986 and exceeds the SDRT or stamp duty that would otherwise be payable.

If you are in any doubt as to your tax position you should consult your professional tax adviser.

13. SIGNIFICANT CHANGE

There has been no significant change in the financial or trading position of the Group since 30 September 2018 being the latest date to which the historical financial information in Part 6 (*Historical Financial Information*) of this Prospectus was prepared, save for the payment of a final ordinary dividend of £8.8 million on 13 November 2018.

14. WORKING CAPITAL

The Company is of the opinion that the working capital of the Company and its Group is sufficient for its present requirements, that is, for at least the period of 12 months from the date of this Prospectus.

15. LEGAL AND ARBITRATION PROCEEDINGS

There are no, and there have not been, any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during a period covering at least the last 12 months, which may have or have had in the recent past, significant effects on the Company and/or AJ Bell's financial position or profitability.

16. AUDITORS AND REPORTING ACCOUNTANTS

KPMG LLP, whose office is at 15 Canada Square, Canary Wharf, London, E14 5GL, has provided an accountant's report on the historical financial information of AJ Bell for the three years ended 30 September 2018 set out in Part 6 (*Historical Financial Information*) of this Prospectus.

The financial information contained in this Prospectus which relates to the Company does not constitute full statutory accounts as referred to in section 434(3) of the 2006 Act. Statutory audited accounts of the Company, on which the auditors, KPMG LLP, have given their unqualified report and which contained no statement under section 498(2) or (3) of the 2006 Act, have been delivered to the Registrar of Companies in respect of the three accounting periods ended 30 September 2016, 30 September 2017 and 30 September 2018.

KPMG LLP of 15 Canada Square, Canary Wharf, London E14 5GL has given and not withdrawn its written consent to the inclusion in this Prospectus of its report in Part 6 (*Historical Financial Information*) and the references thereto in the form and context in which they appear and has authorised the contents of its report for the purposes of Rule 5.5.3R(2)(F) of the Prospectus Rules.

17. GENERAL

17.1 The Company confirms that where information in this Prospectus has been sourced from a third party, the source of this information has been provided, the information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading as at the date of extraction.

17.2 Numis is registered in England and Wales under number 02285918 and its registered office is at 10 Paternoster Square, London EC4M 7LT. Numis is authorised and regulated by the FCA and is acting in the capacity as sponsor, financial adviser, sole bookrunner and broker to the Company.

17.3 The Offer Shares will represent approximately 26.6% of the existing issued share capital of the Company immediately following Admission (calculated on the basis of the Mid-point Assumptions).

17.4 Each of the Selling Shareholders has agreed that the Company may deduct from the proceeds of the Qualifying Offer payable to such Selling Shareholder a commission of 0.75% of the amount equal to the Offer Price multiplied by the aggregate number of Offer Shares to be sold by the relevant Selling Shareholder pursuant to the Qualifying Offer.

18. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 4 Exchange Quay, Salford Quays, Manchester M5 3EE and at the offices of Pinsent Masons LLP at 30 Crown Place, Earl Street, London EC2A 4ES, during normal business hours on any weekday

(Saturdays, Sundays and public holidays excepted) from the date of this Prospectus to the date one month from the date of Admission:

18.1 the Articles;

18.2 the historical financial information in respect of the three financial years ended 30 September 2018 together with the related report from KPMG which is set out in Part 6 (*Historical Financial Information*) of this Prospectus;

18.3 the letter of consent referred to in paragraph 16 above; and

18.4 this Prospectus.

In addition, copies of this Prospectus are available on the Company's website www.ajbell.co.uk, or through the National Storage Mechanism website located at www.morningstar.co.uk/uk/nsm.

Dated: 27 November 2018

PART 10

DEFINITIONS

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

"2006 Act" or "Companies Act"	the Companies Act 2006, as amended
"2010 PD Amending Directive"	2010 EU directive (2010/73/EU) which amended the Prospectus Directive
"Admission"	admission of the Ordinary Shares to the premium listing segment of the Official List and the admission of such shares to trading on the Main Market becoming effective in accordance with the Listing Rules and the current edition of the Admission and Disclosure Standards published by the London Stock Exchange
"AJBAML"	AJ Bell Asset Management Limited
"AJ Bell" or "Group"	the Company and its Subsidiaries from time to time
"AJ Bell Account"	a SIPP, ISA, LISA, JISA or General Investment or Dealing Account held by a Qualifying Customer of either AJ Bell Youinvest, AJ Bell Investcentre, incorporating AJ Bell Securities Custody Solution for wealth managers, or AJ Bell Platinum
"AJBML"	AJ Bell Management Limited
"AJBSL"	AJ Bell Securities Limited
"Articles" or "Articles of Association"	the articles of association of the Company as amended from time to time
"Application"	an application made by, or on behalf of, a Qualifying Customer to participate in the Qualifying Offer by following the relevant Application Procedure
"Application Procedure"	the procedure for making an Application, which will differ depending on the type of AJ Bell Account, further details of which are contained in paragraph 3 of Part 7 (*Details of the Offer*) of this Prospectus
"Audit Committee"	the audit committee of the Board
"Available Cash"	as defined in the terms and conditions of each AJ Bell Account
"Board" or "Directors"	the board of directors of the Company
"Business Day"	a day other than a Saturday or Sunday on which banks are generally open for non-automated business in the City of London
"certificated" or "in certificated form"	a share or other security (as appropriate) not in uncertificated form (that is, not in CREST)
"Chairman"	the chairman of the Board
"City Code" or "Code"	the UK City Code on Takeovers and Mergers, as amended, supplemented or replaced from time to time
"Closing Date"	12 December 2018, being the expected date of Admission
"Company" or "the Issuer"	AJ Bell plc, a public company limited by shares, incorporated under the 2006 Act and registered in England and Wales with the registered number 04503206;
"Concert Party"	Andy Bell, Fergus Lyons and their respective closely associated persons referred to in paragraph 8 of Part 3 (*Directors, Senior Management and Corporate Governance*) of this Prospectus
"CREST"	the relevant system (as defined in the CREST Regulations) for paperless settlement of sales and purchases of securities and the holding of shares in uncertificated form in respect of which Euroclear is the operator (as defined in the CREST Regulations)
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755)

"Data Protection Legislation"	the Data Protection Act 2018 and GDPR
"Directors"	the Executive Directors and the Non-Executive Directors
"Disclosure Guidance and Transparency Rules"	the disclosure guidance and transparency rules of the FCA made for the purposes of Part VI of FSMA (as set out in the FCA Handbook) as amended
"EEA" or "European Economic Area"	together, the EU, Iceland, Liechtenstein and Norway
"Employee Selling Shareholders"	the Management Selling Shareholders and those other Selling Shareholders who are employees of the Company on the day prior to Admission and, in each case, their respective connected persons
"European Union" or "EU"	the European Union, first established by the treaty made at Maastricht on 7 February 1992
"Euroclear"	Euroclear UK & Ireland Limited, the operator (as defined in the CREST Regulations) of CREST
"Executive Directors"	the executive directors of the Company, being Andrew James Bell and Michael Thomas Summersgill
"FCA"	UK Financial Conduct Authority
"FCA Remuneration Code"	the IFRRU Remuneration Code SYSC 19A and SYSC 19F in the FCA Rules
"FCA Rules"	the FCA Handbook of Rules and Guidance
"FPC"	Financial Policy Committee
"FSCS"	the UK Financial Services Compensation Scheme
"FSMA"	the Financial Services and Markets Act 2000, as amended
"FY 2016"	the financial year ended 30 September 2016
"FY 2017"	the financial year ended 30 September 2017
"FY 2018"	the financial year ended 30 September 2018
"GBST"	the third party supplier of Composer software
"GDPR"	EU regulation (EU 2016/679) on the protection of natural persons with regard to the processing of personal data and on the free movement of such data
"Growth Shares"	the B non-voting shares of £0.001 each, C non-voting shares of £0.001 each, D non-voting shares of £0.001 each, E non-voting shares of £0.001 each and the F non-voting shares of £0.001 each
"historical financial information"	the audited consolidated historical financial information of AJ Bell covering the historical financial period
"historical financial period"	the period from the start of FY2016 to the end of FY2018
"HMRC"	HM Revenue and Customs
"IFRS"	International Financial Reporting Standards as adopted by the EU
"Indicative Price Range"	the range of prices within which the Offer Price is expected to fall, being 154 pence to 166 pence per Ordinary Share
"Invesco"	Invesco Asset Management Ltd, acting as agent for and on behalf of the Invesco Funds, being one of the Company's major Shareholders
"Institutional Offer"	the offer of Ordinary Shares to certain institutional investors in the United Kingdom and elsewhere outside the United States in reliance on Regulation S
"Investment Platform Market Study"	the Investment Platform Market Study interim report published by the FCA on 18 July 2018

"ISIN"	International Securities Identification Number
"JHC"	the third party supplier of Figaro software
"KPMG"	KPMG LLP of 1 St Peter's Square, Manchester, M2 3AE
"Listing Rules"	the listing rules of the FCA made under Part VI of FSMA
"London Stock Exchange"	London Stock Exchange plc
"Main Market"	the London Stock Exchange's main market for listed securities
"Management Selling Shareholders"	means the Directors and Senior Managers who are selling Offer Shares as part of the Offer
"Member State"	member states of the EEA
"Mid-point Assumptions"	the assumptions that: (a) the Offer Price is set at the mid-point of the Indicative Price Range; and (b) Andy Bell sells 9.9% of his Ordinary Shares through the Offer
"MiFID"	the EU Markets in Financial Instruments Directive
"MLRs"	Money Laundering, Terrorist Financing and Transfer of Funds (Information of the Payer) Regulations 2017 (SI 2017/692)
"Non-Executive Directors"	the non-executive directors of the Company (including the Chairman), being Leslie Michael Platts, Laura Martine Carstensen, Eamonn Flanagan and Simon Turner
"Non-Employee Selling Shareholders"	those Selling Shareholders who are ex-employees of the Company, or persons connected with ex-employees of the Company, on the day prior to Admission, and their respective connected persons
"Numis" or "Sponsor"	means Numis Securities Limited of 10 Paternoster Square, London EC4M 7LT
"Offer"	the Institutional Offer and the Qualifying Offer, being made by way of this Prospectus
"Offer Price"	the price at which each Offer Share is to be sold or issued (as the case may be) under the Offer
"Offer Shares"	the existing Ordinary Shares to be sold at the Offer Price as described in Part 7 (*Details of the Offer*) and Part 8 (*Terms and Conditions of the Offer*) of this Prospectus
"Official List"	the Official List maintained by the UK Listing Authority
"Ordinary Shares"	the ordinary shares of £0.000125 pence each in the capital of the Company
"Other Selling Shareholders"	all Shareholders other than Invesco, Seneca, the Directors and the Senior Managers who are selling shares as part of the Offer
"Panel Executive"	the body that carries out the day-to-day work of takeover supervision and regulation under the Code
"Platform"	AJ Bell Investcentre, incorporating the AJ Bell Securities Custody Solution for wealth managers, and AJ Bell Youinvest
"PRA" or "Prudential Regulation Authority"	the UK Prudential Regulation Authority
"Pricing Statement"	the statement expected to be published by the Company on or around 7 December 2018, in which the Offer Price, the number of Offer Shares and any other outstanding information will be announced

"Products"	the AJ Bell products and services excluding those provided as part of the Platform, but including the AJ Bell investment funds and managed portfolio services; the AJ Bell Platinum SIPP and SSAS; the white label SIPP administration services provided by AJ Bell (branded to Barclays Smart Investor and Halifax Share Dealing); and the services offered by AJ Bell Securities to institutional investment businesses
"Prospectus"	this document
"Prospectus Directive"	EU Directive (2003/71/EC) (and any amendments to it including the 2010 PD Amending Directive, to the extent implemented by the Relevant Member State) and any relevant implementing measure in each Relevant Member State
"Prospectus Rules"	the prospectus rules issued by the FCA under Part VI of FSMA
"Qualifying Customers"	an individual who, as at 11.59pm on 15 October 2018 was a customer of AJ Bell by virtue of having one, or more, AJ Bell Accounts and whom the Directors, in their sole discretion, determine to be eligible to participate in the Qualifying Offer having regard, amongst other things and without limitation, to the size and nature of their investments under management or administration with AJ Bell save for individuals who apply for Shares using an ISA, which for technical reasons does not have an equivalent cut off date
"Qualifying Offer"	the offer of Ordinary Shares to Qualifying Customers
"Receiving Agent"	Lawshare Nominees Limited, a subsidiary of AJBSL
"Registrar"	Link Asset Services
"Regulation S"	Regulation S under the Securities Act
"Regulated Subsidiaries"	AJBSL, AJBML and AJBAML and "Regulated Subsidiary" shall mean any one of them as the context may require
"Relevant Member State"	a Member State which has implemented the Prospectus Directive
"Remuneration Committee"	the remuneration committee of the Board
"RIS" or "Regulatory Information Service"	any channel recognised as a channel for the dissemination of regulatory information by listed companies, as defined in the Listing Rules
"Risk and Compliance Committee"	the risk and compliance committee of the Board
"SDRT"	UK stamp duty reserve tax
"Securities Act"	the US Securities Act 1933, as amended
"SEDOL"	Stock Exchange Daily Official List
"Selling Shareholders"	those Shareholders who will be selling Offer Shares under the Offer being Invesco, Seneca, the Management Selling Shareholders and the Other Selling Shareholders
"Seneca"	Seneca Investment Managers Ltd, acting as agent on behalf of its discretionary managed funds, being one of the Company's major Shareholders
"Senior Independent Director"	the "senior independent director", as referred to in the UK Corporate Governance Code
"Senior Managers"	those persons identified as senior managers of AJ Bell in Part 3 (*Directors, Senior Management and Corporate Governance*) of this Prospectus, being Fergus Lyons, Charles Galbraith, Louis Petherick, Roger Stott and Christopher Bruce Robinson
"Shares"	the share capital of the Company in issue from time to time

"Share Capital Reorganisation"	the reorganisation of the Share Capital of the Company, as summarised in paragraph 2.3 of Part 9 (*Additional Information*) of this Prospectus
"Share Dealing Code"	the EU Market Abuse Regulation, any statute, order or regulation on dealing in the Company's securities or the Company's share dealing code from time to time
"Shareholders"	the holders of Ordinary Shares from time to time
"Subsidiary"	has the meaning given to it in section 1162 of the 2006 Act and includes group companies included in the consolidated financial statements of AJ Bell from time to time
"Takeover Panel" or "Panel"	the UK Panel on Takeovers and Mergers
"Terms and Conditions of the Offer"	the terms of the Offer and the conditions to which the Offer is subject, which are set out in Part 7 (*Details of the Offer*) and Part 8 (*Terms and Conditions of the Offer*) of this Prospectus
"UCITS Directive"	the Undertakings for Collective Investment in Transferable Securities Directive 2009/65/EC
"UCITS Scheme"	a scheme constituted in accordance with the UCITS Directive
"UK Corporate Governance Code"	the UK Corporate Governance Code published by the Financial Reporting Council
"UK Listing Authority" or "UKLA"	the FCA in its capacity as the competent authority for the purpose of Part VI of FSMA
"uncertificated" or "other in uncertificated form"	in relation to a share or other security, title to which is recorded in the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
"Underwriting and Sponsor Agreement"	the Underwriting and Sponsor Agreement entered into between the Company, the Directors, Invesco, Seneca, Lawshare Nominees Limited (as nominee for the Selling Shareholders other than Invesco and Seneca) and Numis, details of which are set out in paragraph 10 of Part 9 (*Additional Information*) of this Prospectus
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"United States" or "US"	the United States of America, its territories and possessions, any state of the United States of America, and the District of Columbia
"VAT"	UK value added tax

PART 11

GLOSSARY

The following technical terms or other abbreviations (or variations of them) are used in this Prospectus:

"ad-valorem"	according to value
"API"	application programming interface, a set of programming instructions and standards for accessing a Web-based software application or web tool
"APER"	the FCA's Statement of Principles and Code of Practice for Approved Persons
"AUA"	assets under administration
"B2B"	business-to-business
"CAGR"	compound annual growth rate, an average growth rate over a period of several years
"CASS"	the Client Assets Sourcebook in the FCA Rules
"CASS Rules"	the Custody Rules and the Client Money Rules in the CASS Sourcebook in the FCA Rules
"COBS"	the Conduct of Business Sourcebook in the FCA Rules
"CRD IV"	Capital Requirements Directive IV
"CRR"	Regulation (EU) No 575/2013 on prudential requirements for credit
"D2C"	direct-to-consumer
"DB"	defined benefit pension
"DC"	defined contribution pension
"EBA"	European Banking Authority
"ETF"	exchange traded fund
"Fees"	the Fees Manual in the FCA Rules
"FOS"	Financial Ombudsman Service
"GIA"	General Investment Account
"GDP"	Gross Domestic Product
"HMRC"	HM Revenue and Customs
"ICO"	Information Commissioner's Office
"IDD"	the Insurance Distribution Directive
"IT"	information technology
"ISA"	Individual Savings Account
"JISA"	Junior Individual Savings Account
"KPI"	key performance indicator
"LISA"	Lifetime Individual Savings Account
"OEIC"	open-ended investment company
"ONS"	Office of National Statistics
"portfolio"	a collection of investments that can include any or all asset types
"PRIIPS Regulation"	Regulation (EU) No 1286/2014 on key information documents for packaged retail and insurance-based investment products
"RDR"	the FCA's Retail Distribution Review
"SIPP"	Self Invested Personal Pension

"SMCR"	the Senior Managers and certification Regime set out in the FCA Rules
"SSAS"	small self-administered pension scheme
"SREP"	FCA's Supervisory Review and Evaluation Process
"SYSC"	Senior Management Arrangements, Systems and Controls Sourcebook in the FCA Rules
"Tax wrapper" or "Wrapper"	an HMRC recognised or approved savings or investment product or service that an investor can "wrap" around their investment(s) so that they attract beneficial tax treatment. For example, common tax wrappers are ISAs and pensions (such as SIPPs)

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