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

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

Your attention is drawn to the risk factors set out in Part II of this document.

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

Oriel Securities Limited, which is regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for FBD Holdings plc as financial adviser and sponsor in connection with the requirements of the UK Listing Authority and no-one else in connection with the Proposed Transaction and will not be responsible to anyone other than FBD Holdings plc (apart from the responsibilities, if any, which may be imposed on Oriel Securities by the FSMA or the regulatory regime established thereunder) for providing the protections afforded to clients of Oriel Securities Limited or for providing advice in relation to the Proposed Transaction.

Goodbody Corporate Finance, which is regulated by the Central Bank of Ireland, is acting exclusively for FBD Holdings plc as financial adviser and sponsor in connection with the requirements of the Irish Stock Exchange and no one else in connection with the Proposed Transaction and will not be responsible to anyone other than FBD Holdings plc for providing the protections afforded to clients of Goodbody Corporate Finance or for providing advice in relation to the Proposed Transaction.

F.B.D. Holdings plc

(Incorporated and registered in Ireland with registered number 135882)

Proposed Related Party Transaction Concerning FBD PROPERTY & LEISURE LIMITED

and

Notice of Extraordinary General Meeting

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

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

Notice of an Extraordinary General Meeting of FBD Holdings plc to be held at 12 noon on 17 October 2011 at Irish Farm Centre, Bluebell, Dublin 12, Ireland is set out at the end of this document. Shareholders will find enclosed with this document a Form of Proxy for use at the EGM. To be valid,

Forms of Proxy must be completed and signed in accordance with the instructions printed thereon and returned to Computershare Investor Services (Ireland) Limited, P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland so as to arrive no later than 12 noon on 15 October 2011.

Certain statements contained in this document are or may constitute “forward-looking statements.” Such forward looking statements involve risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the FBD Group or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements are typically identified by the use of forward-looking terminology such as “believes”, “expects”, “may”, “will”, “would”, “should”, “intends”, “estimates”, “plans”, “assumes” or “anticipates” or the negative of such words or other variations on them or comparable terminology, or by discussions of strategy which involve risks and uncertainties. Such risks, uncertainties and other factors include, among others: general economic and business conditions, changes in technology, government policy and ability to attract and retain personnel. These forward-looking statements apply only as at the date of this document. Except as required by applicable law, the Listing Rules, the Disclosure and Transparency Rules and other regulations, the London Stock Exchange or the Irish Stock Exchange or by law or by any appropriate regulatory body, FBD Holdings plc expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein, to reflect any change in the FBD Group’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

TABLE OF CONTENTS

PART I LETTER FROM THE CHAIRMAN	5
1. Introduction	5
2. Background to and reasons for the Proposed Transaction	7
3. Information on Property & Leisure	8
4. Information on the Continuing Group	9
5. Principal terms and conditions of the Proposed Transaction	9
6. Financial effects of the Proposed Transaction	11
7. Current trading and prospects	11
8. Risk factors	12
9. EGM	12
10. Action to be taken	12
11. Further information	13
12. Recommendation	13
PART II RISK FACTORS	14
1. Risks relating to the Proposed Transaction	14
2. Risks relating to the Proposed Transaction not proceeding	15
3. Risks of the Continuing Group	16
4. Risks common to both the Group and the Continuing Group	18
5. Risks relating to shares	19
PART III FINANCIAL INFORMATION ON PROPERTY & LEISURE	21
1. Nature of financial information	21
2. Income statement	21
3. Consolidated statement of net assets for the Property & Leisure Group as at 30 June 2011 and 31 December 2010	22
PART IV PRO FORMA STATEMENT OF FINANCIAL POSITION OF THE CONTINUING GROUP	23
1. Unaudited pro forma statement of financial position	23
2. Report on pro forma financial information	26
PART V SUMMARY OF THE PRINCIPAL TERMS AND CONDITIONS	28
1. Shareholders' Agreement	28
2. Loan and guarantee arrangements	30
3. ICULN Purchase Agreement	30
4. ICULN and Conditions	31
PART VI ADDITIONAL INFORMATION	34
1. Responsibility	34
2. Directors and registered office	34
3. Voting share capital of the Company	34
4. Directors' interests	35
5. Directors' service agreements	36
6. Related party transactions	36
7. Major holdings in Company securities	37
8. Material contracts	38
9. Litigation	38
10. Significant changes	38
11. Working capital	38
12. Incorporation by reference	39
13. Consents	39
14. Documents available for inspection	39
DEFINITIONS	40
NOTICE OF EXTRAORDINARY GENERAL MEETING	45
ORDINARY RESOLUTION	45
INFORMATION FOR SHAREHOLDERS PURSUANT TO THE SHAREHOLDERS' RIGHTS DIRECTIVE	46

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Date of issue of this document	29 September 2011
Latest time and date for receipt of Forms of Proxy from Shareholders	12 noon on 15 October 2011
Extraordinary General Meeting	12 noon on 17 October 2011
Expected date of Completion of the Proposed Transaction	20 October 2011

PART I
LETTER FROM THE CHAIRMAN

FBD Holdings plc

(Incorporated in Ireland. Registered number 135882)

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

Directors:

Michael Berkery (Chairman) *
John Bryan *
Sean Dorgan *
Andrew Langford (Chief Executive)
Philip Lynch *
Dermot Mulvihill *
Cathal O’Caoimh (Finance Director)
Vincent Sheridan *
Adrian Taheny (Executive Director)
Johan Thijs (Belgian) *

* denotes Non-Executive Director

29 September 2011

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

Dear Shareholder,

***The proposed joint venture arrangements between FBD Holdings plc (the “Company”) and
Farmer Business Developments plc (“Farmer Business Developments”)***

1. Introduction

On 24 August 2011, the Company announced that the boards of directors of the Company and Farmer Business Developments had conditionally agreed to enter into joint venture arrangements to share management and ownership of FBD Property & Leisure Limited (“Property & Leisure”). Property & Leisure is currently managed and 100 per cent. owned by the Company.

Together with existing banking facilities of €57 million, Property & Leisure is today funded through a €60 million loan from Farmer Business Developments, which is guaranteed by the Company and repayable in July 2012, and through a €62.6 million inter-company loan from the Company repayable on demand.

Under the terms of the Proposed Transaction, Farmer Business Developments will subscribe for a 50 per cent. shareholding in Property & Leisure at a nominal value resulting in the 50/50 joint ownership of Property & Leisure by Farmer Business Developments and the Company. In addition, the existing loans from Farmer Business Developments and the Company will be replaced with loan notes, that are convertible into €115.1 million of equity, and €7.5 million of long-term debt provided by Farmer Business Developments.

The Proposed Transaction will replace €122.6 million of short-term debt facilities with longer term financing, thereby providing Property & Leisure with a robust funding structure. Moreover, the guarantee provided by the Company to Farmer Business Developments will reduce from €60 million

to €7.5 million. Farmer Business Developments stands to benefit from any potential rise in the value of Property & Leisure's assets.

The terms of the respective loan notes provide for the payment of interest to the loan note holders and for conversion of the loan notes into ordinary equity in Property & Leisure within a period from five to ten years after the Completion Date (other than on a change of control of the Company or in the case of an Event of Default as detailed in Part V).

On Conversion, Farmer Business Developments will own between 50 per cent. and 75 per cent. of Property & Leisure whilst the Company will own between 25 per cent. and 50 per cent., depending on the Equity Value of Property & Leisure at that time. In the event where there is unpaid, accrued interest owed to Farmer Business Developments at the Conversion Date, the Company has agreed to facilitate certain remedies in respect of the discharge of Property & Leisure's obligations to Farmer Business Developments in respect of the unpaid interest. These include the potential acquisition by the Company of the unpaid interest from Farmer Business Developments or allowing Farmer Business Developments' ownership stake in Property & Leisure to exceed 75 per cent, with a pro-rata dilution in the Company's interest in Property & Leisure, and potentially to increase to 100 per cent. in the worst case (although management believe this worst case outcome is highly unlikely). More information on these circumstances is given in section 5 of this letter and in Part V, section 4 (e). For the avoidance of doubt these circumstances form part of the Proposed Transaction which is submitted in its entirety for shareholder approval at an Extraordinary General Meeting, notice of which is set out at the end of this document.

The Board of the Company believes the key benefits resulting from the Proposed Transaction include:

- (a) The Continuing Group will be able to focus resources on its core insurance underwriting business.
- (b) The Continuing Group will have a reduced exposure to property valuation fluctuations.
- (c) The operating profit of the Continuing Group will reflect the contribution from its core business and will no longer be impacted by the operating results of the Property & Leisure portfolio.
- (d) The Continuing Group will have greater funding flexibility as a result of the reduction in loans guaranteed by the Continuing Group from €91.2 million to €38.7 million.
- (e) The funding structure of Property & Leisure will be substantially strengthened, with short term debt repayment obligations reducing by €122.6 million. This will provide it with solid foundations to realise value over the medium term.

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

Farmer Business Developments is an investment holding company which holds 29.7 per cent. of the Voting Shares of the Company and accordingly the Proposed Transaction is classified as a "related party transaction" under the Listing Rules and is subject to, and conditional upon, the approval of Shareholders of the Company by way of an ordinary resolution. Farmer Business Developments will not vote on the Proposed Transaction and has undertaken to take all reasonable steps to ensure that its associates will not vote on the Resolution approving the Proposed Transaction. Your approval will be sought at an Extraordinary General Meeting ("EGM") to be held on 17 October 2011.

The purpose of this document is to provide details on the Proposed Transaction, to set out the reasons for the Proposed Transaction, to explain why the Board considers the Proposed Transaction to be in the best interests of the Shareholders as a whole and to recommend that Shareholders vote in favour of the Resolution to be proposed at the EGM. A notice convening

the EGM, at which the Resolution will be proposed, is set out at the end of this document. If you would like to vote on the Resolution but cannot attend the EGM, you can appoint a proxy to exercise all or any of your rights to attend, vote and speak at the EGM by using one of the methods set out in the notes to the notice of the EGM.

2. Background to and reasons for the Proposed Transaction

FBD Group is organised into two operating segments – an underwriting division and a non-underwriting division:

Underwriting

- FBD Insurance is the longest established and the largest company in the FBD Group. It is a leading Irish insurance underwriting company, looking after the insurance needs of farmers, private individuals, business owners and professionals.

Non-underwriting

Non-underwriting is made up of FBD Group's property and leisure assets and financial services/other:

- FBD Group's leisure and property interests include La Cala and Sunset Beach Resorts in Spain and FBD Hotels in Ireland. More information on this portfolio is set out in section 3 of this letter.
- Financial services/other includes the contribution from general insurance broking (FBD Brokers), life assurance and pension broking and investment advice (FBD Financial Solutions), instalment finance and holding company costs.

The Board attaches high priority to the Company's relationship with its Shareholders. The Board regularly receives reports from management and from the Company's appointed stockbrokers on the issues raised in the course of meetings with Shareholders and prospective investors. While feedback has been positive about the underwriting business, it has been negative about the combination of property assets and insurance in the Company and the impact of property valuation movements on profit. Your Board believes that this concern has acted as a deterrent to investors, preventing the full value of the insurance and property businesses being reflected in the Company's valuation.

As a result, the Board undertook a review of its strategic options for Property & Leisure and this review resulted in the recommendation to focus the Company's resources on its core insurance underwriting business. The Board believes that the Proposed Transaction has a clear strategic and financial rationale and believes that the key benefits resulting from the Proposed Transaction are as follows:

- (a) The Continuing Group will be able to focus resources on its core insurance underwriting business.
- (b) The Continuing Group will have a reduced exposure to property valuation fluctuations.
- (c) The operating profit of the Continuing Group will reflect the contribution from its core business, and will no longer be impacted by the operating results of the Property & Leisure portfolio.
- (d) The Continuing Group will have greater funding flexibility as a result of the reduction in loans guaranteed by the Continuing Group from €91.2 million to €38.7 million.
- (e) The funding structure of Property & Leisure will be substantially strengthened, with short term debt repayment obligations reducing by €122.6 million. This will provide it with solid foundations to realise value over the medium term.

If the Proposed Transaction does not proceed, the key benefits above will not be realised and the Company would reassess its options regarding the €60 million loan from Farmer Business Developments.

The Proposed Transaction is expected to be marginally earnings enhancing for the FBD Group, in the first full year following Completion, on both a basic and fully diluted basis. The pro forma effect of the Proposed Transaction on the Continuing Group's financial position, based on the assumption it completed on 30 June 2011, is shown in Part IV, section 1 of this document.

3. Information on Property & Leisure

Property & Leisure owns and operates a portfolio of four Irish hotels and two Spanish resorts employing in aggregate 640 people as at 30 June 2011. Revenue is derived from a diverse range of sources including hotel operations, restaurants, bars, gyms, spas, golf courses, conference facilities, nightclubs, a supermarket and property sales.

Property & Leisure's operations consist of:

- (a) *Castleknock Hotel, Dublin, Ireland*
A four star hotel with 144 bedrooms located in an affluent suburb of Dublin. The hotel has easy access to the international airport and caters primarily for the corporate market mid week and leisure market at weekends. Facilities include a leisure centre and the hotel adjoins Castleknock Golf Club.
- (b) *Temple Bar Hotel, Dublin, Ireland*
A three star hotel with 129 bedrooms in the centre of Dublin with function and conference facilities, a large bar and a recently refurbished nightclub and venue, with a capacity of 1,200.
- (c) *Faithlegg House Hotel and Golf, Waterford, Ireland*
A four star period country house hotel located outside Waterford city with 82 bedrooms and suites, function and conference facilities and an 18 hole championship golf course.
- (d) *Tower Hotel, Waterford, Ireland*
A three star hotel in Waterford city centre with 138 bedrooms and function/conference facilities.
- (e) *La Cala Resort, Costa del Sol, Spain*
An integrated development with a 107 room five star hotel with spa, golf club with three championship golf courses, golf academy and 177,000m² of land for residential development. The site includes 44 high specification residential units that are available for sale (as at 30 June 2011).
- (f) *Sunset Beach Resort, Costa del Sol, Spain*
A four star beachfront timeshare/aparthotel resort on the Costa Del Sol, 15 minutes from Malaga airport with 597 hotel apartments, 6 bars and restaurants, a supermarket and related facilities.

Property & Leisure is currently a wholly owned subsidiary of the Company and its financial results are consolidated within the "non-underwriting" results for the purpose of segmental analysis, resource allocation and decision making.

Based on an extraction without material adjustment from the consolidation schedules that underlie FBD Group's audited consolidated financial statements, Property & Leisure generated an operating profit of €1.0 million and, after financing costs and revaluation of property, plant and equipment, a loss before tax of €19.1 million for the year ended 31 December 2010. Also based on an extraction without material adjustment from the consolidation schedules that underlie FBD Group's unaudited

consolidated financial statements as at 30 June 2011, Property & Leisure's total assets were €179.6 million.

Shareholders should read the whole of the document and not rely solely on the summary financial information contained in this Chairman's letter and Part III.

4. Information on the Continuing Group

Following Completion, the principal activities of the Continuing Group will be its general insurance underwriting business and financial services/other. The Continuing Group will also have a 50 per cent. holding in the Property & Leisure joint venture. As a result, the Continuing Group will be proportionately more concentrated on its insurance underwriting business.

After Completion of the Proposed Transaction, the Company will account for Property & Leisure as a joint venture under the equity method of accounting. The Company will include its share of the net assets of Property & Leisure in the consolidated statement of financial position and its share of the future profits or losses of Property & Leisure in the consolidated income statement.

Based on an extraction without material adjustment from the consolidation schedules that underlie FBD Group's audited consolidated financial statements, the Continuing Group would have generated an operating profit of €39.7 million on revenue of €418.7 million for the year ended 31 December 2010. Based on the unaudited pro forma financial statement in Part IV, the Continuing Group's unaudited gross assets as at 30 June 2011 would have been €1,051.0 million.

FBD Insurance is focused on profitable growth and plans to develop its business to reflect customers' needs. It will continue to implement its plan to increase penetration of key urban markets, in particular Dublin, and the commercial insurance market. At the same time, FBD Insurance will continue to devote considerable resources to developing its core farming account, a key strategic priority. The underwriting business is, by its nature, defensive and its spread of business is not overly exposed to any one sector.

The Continuing Group has demonstrated its capacity to deliver operating profits in difficult market conditions and the Board is confident that it is well positioned to deliver long-term profitable growth.

5. Principal terms and conditions of the Proposed Transaction

The Company has agreed, subject to the approval of the shareholders both of the Company and of Farmer Business Developments, to enter into the Proposed Transaction. Under the terms of the Proposed Transaction:

- (a) Farmer Business Developments will subscribe for 10,000 new shares in Property & Leisure for €10,000 so as to take a 50 per cent. shareholding in Property & Leisure.
- (b) Farmer Business Developments will replace its existing €60 million loan to Property & Leisure (currently guaranteed by the Company) with €52.5 million of A-Irredeemable Convertible Unsecured Loan Notes ("A-ICULN") in Property & Leisure and a loan of €7.5 million to Property & Leisure for five years. The Company will enter into a guarantee in respect of the €7.5 million loan but this guarantee will not extend to the A-ICULN. Both the A-ICULN and the loan bear interest.
- (c) The Company will subscribe for 9,995 new shares in Property & Leisure for €9,995 so as to achieve a 50 per cent. shareholding in Property & Leisure.

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- (d) The Company will replace its current inter company loan of €62.6 million to Property & Leisure with €62.6 million of B-Irredeemable Convertible Unsecured Loan Notes (“B-ICULN”) in Property & Leisure, which bears interest (payment of which is contingent on interest on the A-ICULN being paid).

The Proposed Transaction will replace €122.6 million of short-term debt facilities with longer term financing, thereby providing Property & Leisure with a robust funding structure. Moreover, the guarantee provided by the Company to Farmer Business Developments will reduce from €60 million to €7.5 million. Farmer Business Developments stands to benefit from any potential rise in the value of Property & Leisure’s assets.

The A-ICULN held by Farmer Business Developments and the B-ICULN held by the Company will convert into Property & Leisure equity between the fifth and tenth anniversary of Completion (other than on a change of control of the Company or in the case of an Event of Default as detailed in Part V) unless otherwise agreed between Property & Leisure and the holders of the ICULN.

Upon Conversion, Farmer Business Developments will own between 50 per cent. and 75 per cent. of Property & Leisure whilst the Company will own between 50 per cent. and 25 per cent. respectively depending on the valuation of Property & Leisure at that time. The conversion ratios and, consequently, the ownership of Property & Leisure, will be determined according to a pre-agreed formula which is described further in Part V, section 4 (c).

Interest is payable by Property & Leisure on the loan notes (see Part V for detail on the terms of the loan notes). To the extent there is any unpaid, accrued interest on the A-ICULN owed to Farmer Business Developments at the Conversion Date, the Company has agreed to facilitate certain remedies in respect of the discharge of Property & Leisure’s obligations to Farmer Business Developments in respect of the unpaid interest. It is not possible to quantify with certainty the maximum possible amount of any unpaid, accrued interest given the potential for variations in underlying interest rates. The possible options in respect of the unpaid interest are:

- The Company has the option of paying an amount equal to the accrued, unpaid interest to Farmer Business Developments in return for which the Company would have the right to receive the accrued, unpaid interest which would then be payable directly by Property & Leisure to the Company. Farmer Business Developments would have no further entitlement in respect of this interest; or
- If FBD Holdings plc chooses not to avail of this option, Farmer Business Developments can choose
 - i. to leave the unpaid interest as an obligation of Property & Leisure to Farmer Business Developments; or
 - ii. to convert the unpaid interest into further loan notes to form part of the A-ICULN.
- If unpaid interest is converted into further A-ICULN and conversion of the aggregate amount of A-ICULN would give Farmer Business Developments more than a 75 per cent. interest in Property & Leisure, then, the Company can choose either to:
 - i. allow the increase in ownership by Farmer Business Developments of Property & Leisure beyond 75 per cent. depending on the amount of unpaid interest. This could see a pro-rata dilution in the Company’s interest in Property & Leisure, and potentially see Farmer Business Developments owning up to 100 per cent. of Property & Leisure in the worst case (although management believe this worst case outcome is highly unlikely); or
 - ii. convert the unpaid interest into a loan from Farmer Business Developments to Property & Leisure secured against Property & Leisure’s assets or, to the extent that unencumbered Property & Leisure assets are unavailable, guaranteed by the Company.

More information is given in Part V, section 4 (e).

Completion of the Proposed Transaction is subject to the approval of the shareholders both of the Company and of Farmer Business Developments.

Further details of the terms and conditions of the Proposed Transaction are set out in Part V.

6. Financial effects of the Proposed Transaction

Your attention is drawn to Part IV of this document, which contains a pro forma statement of the financial position of the Continuing Group as at 30 June 2011 as if the Proposed Transaction had been undertaken at this date. As illustrated by the pro forma statement of financial position, hypothetically, had the Proposed Transaction occurred on that date, the net assets of the Continuing Group would have been approximately €200 million.

Financial information set out in this paragraph has been extracted without material adjustment from the unaudited pro forma statement of financial position set out in Part IV.

7. Current trading and prospects

On 24 August 2011, the FBD Group announced its interim results for the six months ended 30 June 2011 which contained the following statement (extracted without material adjustment) on the FBD Group's current trading:

Outlook

Underwriting

Irish domestic demand is expected to decline further during the remainder of 2011, albeit at a slower rate than in recent periods. The consequent reduction in insurable risk will offset premium increases by market participants and, as a result, industry revenue is likely to reduce compared to 2010.

In a declining market, the opportunity for FBD Insurance premium growth in the remainder of 2011 will be limited. FBD Insurance will continue to focus on underwriting discipline, management of claims costs and containment of expenses while delivering profitable growth from key strategic market segments as opportunities arise.

Recent actions on rates, claims and cost management, combined with the first half improvement in profitability, support the Board's expectation of improved profitability from underwriting in the full year.

Non-underwriting

Although structural issues remain in the property and leisure industry, particularly in Ireland, the positive trends in occupancy and yield have continued over the summer months. This will contribute to improved profitability in the property and leisure businesses for the year. Sales of properties in La Cala are expected to continue over the remainder of 2011, generating additional cash flow.

FBD Brokers continues to develop its business and is well positioned to benefit from the relative buoyancy of the agri-business sector. FBD Financial Solutions will continue to focus on customer needs and cost efficiencies to again deliver growth in profitability in 2011. Financial services/other will deliver increased profitability for the full year.

The Board is confident of an improved contribution from the FBD Group's non-underwriting businesses for the full year.

FBD Group

FBD Group retains a strong capital base and balance sheet and a prudent reserving strategy. The underwriting investment policy is appropriately designed to provide protection in turbulent market conditions. The Board reiterates its belief that as a result of the impairment provisions recognised in previous years and the de-risking of the investment book, the potential for further downside from the FBD Group's investment portfolio is limited. The Board is confident that FBD Holdings plc will continue to deliver superior returns to shareholders. FBD Group has demonstrated its capacity to deliver profits in difficult market conditions and is well positioned to deliver long-term profitable growth.

Barring the occurrence of exceptional adverse weather events over the remainder of 2011, the Board is confident that the FBD Group will deliver full year 2011 operating earnings per share of 145 cent to 155 cent.

Since the announcement on 24 August 2011, the improvement in the FBD Group's performance continues. This provides the Board with further comfort in respect of the outcome for the full year. The Board re-affirms the guidance set out above provided to the market as part of its interim results announcement.

8. Risk factors

Shareholders should consider fully and carefully the risk factors associated with the Continuing Group, Property & Leisure and the Proposed Transaction set out in Part II of this document.

9. EGM

Set out on page 45 of this document is a notice convening an EGM, to be held at 12 noon on 17 October 2011 at Irish Farm Centre, Bluebell, Dublin 12, Ireland at which the Resolution to approve the Proposed Transaction will be proposed. The full text of the Resolution, which will be proposed as an ordinary resolution, is set out in the Notice of EGM, and Completion is conditional upon the passing of the Resolution.

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

10. Action to be taken

If you are a Shareholder, you will find enclosed with this document a Form of Proxy for use at the EGM. Whether you intend to be present at the EGM or not, you are asked to complete the Form of Proxy in accordance with the instructions printed thereon and to return it to the Company's Registrar, Computershare Investor Services (Ireland) Limited, P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland as soon as possible and, in any event, so as to arrive not later than 12 noon on 15 October 2011. The completion and return of the Form of Proxy will not preclude you from attending the EGM and voting in person if you wish to do so.

11. Further information

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

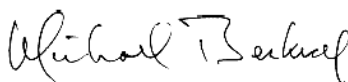
12. Recommendation

Your Board, which has been so advised by Oriel Securities and Goodbody Corporate Finance, considers that the Proposed Transaction is fair and reasonable as far as the Company's Shareholders are concerned. In giving its advice, Oriel Securities and Goodbody Corporate Finance have taken into account the Board's commercial assessment of the Proposed Transaction.

The Board believes the Proposed Transaction will give the Company greater resources to devote to its core underwriting business while reducing the impact of property valuation movements on the Continuing Group. The Board also believes the clearer and more focused investment proposition, the improved capital structure and the reduction in loan guarantees resulting from the Proposed Transaction will help deliver on the Company's strategic objectives and will underpin the Continuing Group's ambitious plans for profitable growth. At the same time, Property & Leisure will be provided with a robust funding structure and solid foundations to realise value over the medium term.

As a result, your Board, considers that the Proposed Transaction is in the best interests of the Company's Shareholders as a whole and unanimously recommends that you vote in favour of the Resolution to be proposed at the EGM as the directors intend to do with regard to their own respective beneficial holdings, amounting in aggregate to 93,150 Ordinary Shares, representing approximately 0.24 per cent. of the existing issued share capital of the Company. Farmer Business Developments will not vote on the Proposed Transaction and has undertaken to take all reasonable steps to ensure that its associates will not vote on the Resolution approving the Proposed Transaction.

Yours sincerely



Michael Berkery
Chairman
For and on behalf of the Board

PART II RISK FACTORS

The Group's business, financial condition and/or results of operations could be materially and adversely affected by any of the risks described below. Shareholders should carefully consider these factors together with all other information contained in this Circular prior to voting on the Proposed Transaction.

Additional risks and uncertainties not presently known to FBD Holdings plc, or that FBD Holdings plc currently deems immaterial, may also have an adverse affect on the Continuing Group and/or Property & Leisure. FBD Holdings plc considers the following risks to be the most significant for Shareholders to consider and all the material risks known at the present time.

1. Risks relating to the Proposed Transaction

Conditions

The Proposed Transaction is dependent on the approval by the shareholders of Farmer Business Developments plc and FBD Holdings plc. These events are outside of the control of FBD Group and could delay or prevent Completion. There can be no assurance that these conditions will be satisfied or, as relevant, waived and that the Proposed Transaction will take place.

Warranties and indemnities

As part of the Proposed Transaction, the Company provides certain warranties and indemnities in favour of Farmer Business Developments and Property & Leisure which could cause the Continuing Group to incur liabilities and obligations to make payments. The warranties relate to the business and assets of the Property & Leisure Group and the indemnities relate to taxation and capital commitments. To the extent that such warranties prove to have been inaccurate and result in loss to Farmer Business Developments, it may seek to recover compensation for this loss from the Company. To the extent that the Property & Leisure Group suffers a loss which is covered by a tax indemnity, Property & Leisure may seek to recover compensation for this loss from the Company.

The aggregate liability of the Company in respect of these warranties and indemnities is limited to €26 million. The liability of the Company under the warranties is subject to a number of customary limitations including a time limit on bringing non-taxation warranty claims of two years, a time limit on bringing taxation warranty claims of four full tax years and a provision that no claims can be brought unless each such claim exceeds €25,000 and any such claim or claims when aggregated must amount to at least €1,500,000. The liability of the Company under the indemnities is subject to similar limitations including a time limit on claims of four full tax years from Completion or four years from the date the liability to tax arose, a provision that no claims can be brought unless such claims exceed €25,000 and limitations on specific indemnity claims.

ICULN conversion conditions

The outstanding principal amounts of the ICULN will be repaid by the allotment of an amount of new fully paid up Property & Leisure Shares at conversion. There is no certainty that the Company will continue to own 50 per cent. of Property & Leisure post conversion. The Company's holding could be as low as 25 per cent. depending on the valuation of Property & Leisure at conversion which reduced interest would result in the Company having a lower share of Property & Leisure's income and net assets. The Company may agree to allow its holding to go below 25 per cent. by the conversion of any unpaid accrued interest on the A-ICULN. This could result in Farmer Business Developments owning up to 100 per cent. of Property & Leisure. This is described in further detail in section 4(e) of Part V. To prevent Farmer Business Developments being in a position where it may request conversion of the unpaid interest, the Company has the option to pay an amount equal to such accrued but unpaid

interest to Farmer Business Developments in return for which the Company would have the right to receive the accrued but unpaid interest which would be then payable by Property & Leisure to the Company.

Funding and guarantees

Post Completion, the Company will continue to provide a guarantee in relation to a Property & Leisure debt due to a commercial bank amounting to €31.2 million. The Company will also provide a guarantee to Farmer Business Developments in relation to a loan to Property & Leisure amounting to €7.5 million. There is no certainty that Property & Leisure will be in a position to meet its obligations under these facilities and the Company could be called upon to meet either or both of these guarantees. The Company expects to be in a position to meet the obligations under these guarantees in the event that they arise, however, meeting these obligations would have an adverse impact on the Continuing Group's financial position.

Banking facilities

Property & Leisure has certain debt facilities which are subject to normal covenants such as minimum earnings, minimum net worth, maximum borrowing covenants and other terms and conditions and events of default. While Property & Leisure engages with its lenders on a regular basis, and has done so in respect of the Proposed Transaction, and endeavours to ensure no covenants are breached or event of default occurs, there can be no certainty that such covenants and terms and conditions will be complied with. The Company does not believe that a breach is likely however a breach of any such covenants or conditions could result in debt facilities becoming immediately repayable by Property & Leisure which would impact the financial position of the Group.

The Continuing Group's operations will be less diversified

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

The Proposed Transaction may fail to realise anticipated benefits

There is no certainty that the Continuing Group will realise any or all of the anticipated benefits of the Proposed Transaction, either in a timely manner or at all. If that happens, and the Continuing Group incurs significant costs, it could have a material adverse impact on the results of the Continuing Group.

2. Risks relating to the Proposed Transaction not proceeding

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

Inability to implement strategy

If the Proposed Transaction does not proceed, this may have a negative effect on the Group's ability to implement its preferred strategy, as set out above, to focus its resources on insurance underwriting. To maintain and grow shareholder value, the Group's management would be required to continue to

allocate time and resources to the ongoing management and development of the Property & Leisure Group.

Broader exposure to challenging markets

Without this Proposed Transaction, a proportion of the Group's business will continue to be exposed to fluctuations in property valuations which are driven by factors which are not within the Group's control. If the Proposed Transaction does not proceed the ability of the Group to deliver quality and less volatile earnings may be adversely impacted.

Financing and liquidity constraints

If the Proposed Transaction does not proceed, the Property & Leisure debt facility from Farmer Business Developments, which is scheduled to expire in 2012, will require to be renegotiated. FBD Group has received confirmation from Farmer Business Developments that it envisages extending this facility for a further year and believes it would be possible to negotiate further extensions beyond 2013. Alternatively, the Group has no reason to believe that it would be unable to renegotiate new banking facilities on satisfactory terms on the expiry of Farmer Business Developments' facility. However, success will depend in part upon prevailing capital market conditions, as well as conditions within the business. If the Proposed Transaction does not proceed, and if the Group were unable to extend the current facility or arrange new financing on satisfactory terms on the expiry of the existing debt facility, this could affect the Group's ability to maintain dividend payments, maintain capital expenditure and investment in the business.

Weaker balance sheet

One of the key benefits of the Proposed Transaction is that both Group debt and Group guarantees will be reduced. If the Proposed Transaction does not proceed the existing Farmer Business Developments' €60 million facility and the Company's guarantee of that facility will remain in place. If the Proposed Transaction does not proceed, the Group's debt and the Group guarantees may restrain the financial and operational flexibility of the Group and could restrict its ability to invest further in the insurance underwriting business.

3. Risks of the Continuing Group

General Insurance Risk

The risks attached to any insurance policy written are the possibility that an insured event occurs and the uncertainty of the amount of the resulting claim. The frequency and severity of claims can be affected by several factors, most notably economic activity, the level of awards and inflation on settling claims. The principal insurance risks underwritten by the Continuing Group include motor, employers' and public liability and property. All risks underwritten are located in the Republic of Ireland, with no significant concentration in any one type of risk. The Continuing Group manages general insurance risks through its underwriting strategy, proactive claims handling and its reinsurance arrangements. The Continuing Group has developed its insurance underwriting strategy to diversify the type of insurance risks written and to reduce the variability of the expected outcome by insuring a large number of individual risks within each risk category.

The Continuing Group's underwriting strategy ensures that the Group employs appropriately qualified underwriting personnel, targets risks that conform with the Continuing Group's risk appetite and reinsurance treaties, constantly reviews the Continuing Group's pricing policy using up-to-date statistical analysis and claims experience, and that experienced personnel regularly survey significant risks.

While the Continuing Group's risk appetite is constantly reviewed and managed, there is no certainty that the cost of claims will not rise due to abnormal weather events, increased claims frequency, increased severity, change in economic activity or any other reason. Such an increase could have a material impact on the results and financial condition of the Continuing Group.

Claims reserving

The estimation and measurement of claims provisions is a major determining factor in the Continuing Group's results and financial position. The Continuing Group uses modern statistical and actuarial methods to calculate the quantum of claims provisions and uses independent actuaries to review its liabilities to ensure that the carrying amount of the liabilities is adequate. There is no certainty that the amount provided is sufficient – further claims could arise or settlement cost could increase as a result, for example of claims inflation, periodic payments or the size of court awards. Such an increase could have a material impact on the results and financial condition of the Continuing Group.

Capital management

The Continuing Group's principal subsidiary, FBD Insurance, must maintain an adequate regulatory solvency position and must satisfy the Central Bank of Ireland that it has done so. To provide protection against material events or shocks, the Group ensures that its insurance subsidiary holds sufficient surplus capital over and above the regulatory requirement. Based on FBD Holdings plc unaudited accounts, as at 30 June 2011, FBD Insurance had admissible assets to cover the required solvency margin of €181,448,000 (31 December 2010: €183,800,000). The required solvency margin is €61,969,000 (31 December 2010: €63,681,000) and is calculated with reference to the European Communities (Non-Life Insurance) Framework (Amendment) Regulations 2004.

The EU Solvency II directive sets out a new risk based approach to determine the capital and governance requirements of European insurers. The new requirements are expected to become effective on or after 1 January 2013. FBD Insurance has developed and is in the process of implementing plans to ensure compliance with all aspects of the new Solvency II regime and has conducted tests which show that it has sufficient capital to meet the Solvency Capital Requirement of Solvency II as determined under EU Quantitative Impact Study 5. However, there is no certainty that the requirements of Solvency II will not be amended before implementation and such a change could increase the capital requirements of FBD Insurance.

Operational risk

Operational risk is the risk of inadequately controlled internal processes or systems or human error including, for example, risks associated with information technology, information security, human resources, project management, outsourcing, tax, legal, fraud and compliance. While the Group has in place systems of internal control, documented procedures and processes to manage and control such risks, there is no certainty that such controls will operate effectively at all times. Failure of such systems could lead to reputational or financial damage to the Group.

Market risk

The Group has invested in quoted debt securities, investment property and quoted and unquoted shares. These investments are subject to market risk, whereby the value of the investments may fluctuate as a result of changes in market prices, changes in market interest rates or changes in the foreign exchange rates of the currency in which the investments are denominated.

Pension schemes

FBD Group operates a funded defined benefit pension scheme. Based on FBD Holdings plc unaudited accounts, at 30 June 2011 the Group's net pension liability under IAS 19, before deferred tax, was

€10.9 million. The Proposed Transaction will not have a material impact on the funded defined benefit pension scheme, its assets or its obligations.

The pension scheme is exposed to the risk of changes in interest rates and market value of investments as well as inflation and increased longevity of scheme members. Although the Continuing Group has made provisions for the current pension deficit, in the event that the market value of the pension scheme's assets declines in relation to its assessed liabilities, the Continuing Group may be required to increase its contributions to cover further funding shortfalls over the next number of years which may have an adverse impact on operational results.

4. Risks common to both the Group and the Continuing Group

Changing market trends

Both the FBD Group and the Continuing Group are exposed to changes in consumer trends. Although demand for insurance cover and hotel and leisure products is expected to remain broadly stable, consumers' purchasing patterns tend to change over time and especially when the economy is weak. To the extent that there is a negative shift in consumption for the relevant business, such changes in consumer demand may have materially adverse effects on the Group's or the Continuing Group's (as applicable) financial position.

The Group and the Continuing Group operate in competitive markets. Success is dependent on anticipating changes in consumer preferences and on successful new product development and product launches in response to such changes in consumer behaviour. Each of the FBD Group and the Continuing Group invests in research and development to introduce new products and to position itself well in its chosen markets. Each of the FBD Group's and the Continuing Group's future results will depend on its ability to successfully identify, develop, market and sell new or improved products in these changing markets.

The success of each of the FBD Group and the Continuing Group depends on its ability to react to changing trends with appropriate innovation to drive growth and performance. Failure to do so may result in material adverse effects on the operational performance and financial position of both of the Group and the Continuing Group.

Economic downturn

Fluctuations in demand or supply of insurance or of hotel and leisure facilities located in Ireland or Spain, and any downturn in any of the markets in which each of the FBD Group and the Continuing Group operates may have an adverse effect on the demand for its products and therefore could affect its overall financial condition. A deterioration or delay in economic recovery represents a material risk to the operating performance and financial position of both the Group and the Continuing Group.

Increasing competition

Both the Group and the Continuing Group face significant competitors. Actions by existing competitors or new entrants may place pressure on both the Group's and the Continuing Group's margins and profitability. In response to a changing competitive environment and the actions of competitors, both the FBD Group and the Continuing Group may from time to time make certain pricing, service or marketing decisions that could have a material effect on the revenues and results of their operations.

Recruitment and retention

Each of the Group and the Continuing Group is dependent upon the quality, ability and commitment of key personnel in order to sustain, develop and grow its business. There can be no assurance that each of the Group and the Continuing Group will be able to retain all of their key employees. The success of the Group and the Continuing Group will depend upon their ability to retain, attract, motivate and develop key personnel.

Taxation risk

If tax laws were to be amended in the jurisdictions in which either the FBD Group or the Continuing Group operate this could have an adverse effect on its results. The FBD Group continually takes the advice of external experts to help minimise this risk. Changes in taxation could decrease the post-tax returns to Shareholders.

5. Risks relating to shares

Fluctuation of the Company's share price

Shares are investments that carry an element of risk. The price of the Company's shares could be subject to significant fluctuations arising from factors such as the volatility of stock markets, FBD Group or industry performance, or public perception of performance some of which are beyond the Company's control. This could result in investors being unable to realise the amount originally invested. Shareholders should be aware that the value of the Shares can decrease as well as increase and may not always reflect the underlying value or prospects of the Company or the Group. Furthermore, the Share price may fall in response to market appraisal of its current strategy or if the Continuing Group's operating results and/or prospects from time to time are below the prior expectations of market analysts and investors.

An equity issue could have an adverse effect on the market price of FBD Group Shares

Whilst the Company has no plans to issue further equity in the next 12 months, any new equity issue in the future could have an adverse effect on the market price of the Shares and may also reduce the percentage ownership and voting interests of the Company's existing shareholders. In addition, sales of substantial amounts of Shares, or the perception that these sales may occur, may cause the price of the Shares to decline.

Ability to pay future dividends

The Company aims to deliver a progressive dividend policy and accordingly future dividends to Shareholders depend on the progress of the FBD Group and the extent to which it has profits available for this purpose. The FBD Group may decide to use all or part of such profits for another purpose, for example, to invest in and further develop its businesses. There is no guarantee that the FBD Group will be able to maintain the current level of dividend or a progressive dividend policy in the future.

Holders of Shares in the United States of America and other overseas jurisdictions may not be able to participate in future equity offerings of the Continuing Group

The Companies Acts, 1963 to 2009, provide for pre-emption rights to be granted to FBD Group's existing shareholders, unless such rights are disapplied by shareholder resolution. However, US shareholders may not be entitled to exercise these rights unless the rights and the Shares issued pursuant to such rights are registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available. FBD Group has no current intention to seek such registration and would evaluate, at the time of rights issue, whether the offer would

qualify for an exemption, as well as the indirect benefits to FBD Holdings plc of enabling US shareholders to exercise rights and any other factors it considers appropriate at the time, prior to making a decision whether to utilise an exemption, if available, from the registration requirements of the US Securities Act. Similar issues may arise in relation to other overseas jurisdictions.

The ability of Shareholders to bring legal action on behalf of themselves or FBD Holdings plc may be materially affected by the governance of Irish law

FBD Holdings plc is a public limited company incorporated under the laws of Ireland. The rights of Shareholders are governed by Irish law and by the Company's memorandum and articles of association as interpreted thereunder. These rights differ from the typical rights of shareholders in US corporations. In particular, Irish law currently limits the circumstances under which shareholders of Irish companies may bring actions on behalf of a company. In addition, Irish law does not afford appraisal rights to dissenting shareholders in the form typically available to shareholders in a US corporation. The risks noted above are those which the Board believes to be material to the FBD Group, to the Continuing Group and to the Proposed Transaction. Additional risks and uncertainties which are not known to the Board at the date of this document, or which the Board currently does not consider to be material, may also have a material adverse effect on the Continuing Group if they materialise.

PART III
FINANCIAL INFORMATION ON PROPERTY & LEISURE

1. Nature of financial information

As an intermediate holding company, Property & Leisure is not required to prepare its statutory financial statements on a consolidated basis. Consequently audited consolidated financial statements of the Property & Leisure Group have not been prepared. The following financial information represents an extraction of financial information relating to Property & Leisure Group, which has been extracted without material adjustment from the consolidation schedules which support the consolidated audited accounts for FBD Holdings plc for the periods ended 31 December 2008, 31 December 2009 and 31 December 2010, and the unaudited published interim results for the six months ended 30 June 2011, prepared in accordance with International Financial Reporting Standards as adopted by the European Union. Shareholders should read the whole of this document and not just rely on the information contained in this section.

The financial information in paragraphs 2 and 3 of this Part III does not constitute full accounts for Property & Leisure within the meaning of the Companies Acts 1963-2009. The statutory accounts for FBD Holdings plc in respect of each of the financial periods ended 31 December 2008, 31 December 2009 and 31 December 2010 have been delivered to the Companies Registration Office.

The financial information in sections 2 and 3 of this Part III has been prepared using the accounting policies used in the annual report and audited accounts of the FBD Group for the year ended 31 December 2010.

2. Income statement

The consolidated income statement for the Property & Leisure Group for the half year ended 30 June 2011 and the financial years ended 31 December 2008, 31 December 2009 and 31 December 2010 are presented below:

	H1 2011	2010	2009	2008
	€000s	€000s	€000s	€000s
Revenue	26,582	59,874	54,289	63,195
Cost of sales	(8,604)	(21,077)	(13,263)	(14,698)
Gross profit	17,978	38,797	41,026	48,497
Distribution & administration expenses	(18,494)	(37,811)	(38,644)	(43,545)
Operating (loss)/profit	(516)	986	2,382	4,952
Revaluation of property	0	(16,708)	(28,500)	0
Restructuring costs	0	0	0	(438)
Finance costs	(2,025)	(3,361)	(3,774)	(6,784)
Loss before tax	(2,541)	(19,083)	(29,892)	(2,270)

3. Consolidated statement of net assets for the Property & Leisure Group as at 30 June 2011 and 31 December 2010

	30 June 11 €000s	31 Dec 10 €000s
ASSETS		
Property, plant & equipment	119,737	119,869
Loans	2,866	3,025
Deferred tax asset	295	295
Financial assets		
Investments held for trading	8	8
Deposits with banks	9,207	4,135
Inventories	40,911	46,045
Other receivables	5,048	4,232
Current tax	(2,082)	(2,082)
Cash & cash equivalents	3,664	3,282
Total Assets	<u>179,654</u>	<u>178,809</u>
LIABILITIES		
Borrowings	117,068	117,766
Payables	19,513	20,864
Inter company loan	62,604	57,946
Total Liabilities	<u>199,185</u>	<u>196,576</u>
Net (Liabilities)/Assets	<u>(19,531)</u>	<u>(17,767)</u>

PART IV
PRO FORMA STATEMENT OF FINANCIAL POSITION OF THE CONTINUING GROUP

1. Unaudited pro forma statement of financial position

The unaudited pro forma statement of financial position for FBD Holdings plc set out in this Part IV has been prepared to illustrate the effect of the Proposed Transaction on the net assets of FBD Holdings plc if the Proposed Transaction had occurred on 30 June 2011. The pro forma statement of financial position is for illustrative purposes only. Because of its nature, the pro forma statement of financial position addresses a hypothetical situation and does not, therefore, represent FBD Holdings plc's actual financial position or results. The pro forma statement of financial position has been prepared on the basis set out in the notes below and in accordance with LR 10.3.3 of the listing rules of the Irish Stock Exchange and LR 13.3.3 of the listing rules of the UK Listing Authority.

Shareholders should read the whole of the document and not rely solely on the financial information contained in this Part IV.

Deloitte's report on the pro forma financial information of the Group is set out in Part IV (2) of this document.

	Group (unaudited) 30 June 11 €000s	Adjustments to reflect Disposal 30 June 11 €000s	Adjustments to reflect interest in joint venture and surplus on transfer 30 June 11 €000s	Pro Forma 30 June 11 €000s
	Note 1	Note 2	Note 3	
ASSETS				
Property, plant & equipment	155,260	(119,737)		35,523
Investment property	20,360			20,360
Share of net assets of joint venture			46,088	46,088
Loans	23,559	(2,866)		20,693
Deferred tax asset	6,571	(295)		6,276
Financial assets				
Investments held to maturity	496,398			496,398
Available for sale investments	7,282			7,282
Investments held for trading	33,962	(8)		33,954
Deposits with Banks	176,615	(9,207)		167,408
	<u>714,257</u>	<u>(9,215)</u>		<u>705,042</u>
Reinsurance assets				
Provision for unearned premiums	22,832			22,832
Claims outstanding	51,597			51,597
	<u>74,429</u>			<u>74,429</u>
Inventories	40,911	(40,911)		
Current tax asset	7,041	2,082		9,123
Deferred acquisition costs	20,694			20,694
Other receivables	79,618	(5,048)		74,570
Cash and cash equivalents	41,912	(3,664)	(10)	38,238
Total assets	<u>1,184,612</u>	<u>(179,654)</u>	<u>46,078</u>	<u>1,051,036</u>
EQUITY AND LIABILITIES				
Equity				
Ordinary share capital	21,409			21,409
Other reserves	16,548	(3,981)		12,567
Retained earnings	155,597	25,094	2(a) (18,026)	162,665
Shareholders' funds - equity interests	<u>193,554</u>	<u>21,113</u>	<u>(18,026)</u>	<u>196,641</u>
Preference share capital	2,923			2,923
Equity attributable to equity holders of the parent	<u>196,477</u>	<u>21,113</u>	<u>(18,026)</u>	<u>199,564</u>
Non-controlling interests	2,003	(1,582)		421
Total equity	<u>198,480</u>	<u>19,531</u>	<u>(18,026)</u>	<u>199,985</u>
Liabilities				
Insurance contract liabilities				
Provision for unearned premiums	179,045			179,045
Claims outstanding	619,128			619,128
	<u>798,173</u>			<u>798,173</u>
Borrowings	117,068	(117,068)	2(b)	
Retirement benefit obligation	10,859			10,859
Deferred tax liability	11,751			11,751
Current tax liability				
Inter-company loan		(62,604)	2(c) 62,604	3 (d)
Payables	48,281	(19,513)	1,500	3 (e) 30,268
Total liabilities	<u>986,132</u>	<u>(199,185)</u>	<u>64,104</u>	<u>851,051</u>
Total equity and Liabilities	<u>1,184,612</u>	<u>(179,654)</u>	<u>46,078</u>	<u>1,051,036</u>

Notes on the pro forma statement of financial position

- (1) The assets and liabilities of FBD Holdings plc as at 30 June 2011 have been extracted without material adjustment from the Company's unaudited published interim results of that date.
- (2) At completion, FBD Holdings plc will lose control of Property & Leisure, which will be accounted for as a disposal of the subsidiary. These adjustments, to reflect the disposal, deduct the assets and liabilities of Property & Leisure from the unaudited condensed consolidated statement of financial position of FBD Holdings plc at 30 June 2011. The assets and liabilities of Property & Leisure are extracted without material adjustment from the consolidated schedules used to prepare that Statement of Financial Position. The material movements are as follows:
 - 2(a) Retained earnings will increase by €25.1 million as these represent cumulative losses of Property & Leisure which are deconsolidated.
 - 2(b) FBD Group will not consolidate Property & Leisure borrowing and as such approximately €117.1 million of borrowing, relating to Farmer Business Developments and existing bank facilities, will be removed from its balance sheet.
 - 2(c) The inter-company loan of €62.6 million with FBD Holdings plc previously eliminated on consolidation is now recognised.
 - 3(a) FBD Holdings plc will account for its interest in Property & Leisure as a jointly controlled entity under IAS 31. On this basis, FBD Holding plc's share of the net assets of Property & Leisure will be included on the statement of financial position as a single item under the heading "Share of Net Assets of Joint Venture". In compliance with IAS 27, the cost of the net assets recognised will be the fair value at the date of the Proposed Transaction less the costs of the transaction. Fair value was determined at €46.1 million at 30 June 2011 by an independent valuation conducted by BDO Corporate Finance.
 - 3(b) FBD Holdings plc will subscribe for 9,995 new shares in Property & Leisure for €9,995 so as to achieve a 50 per cent. shareholding in Property & Leisure.
 - 3(c) €18.0 million is charged against retained earnings. This is the difference between the amount of the intercompany balance owed by Property & Leisure to FBD Holdings plc of €62.6 million (3(d)) and FBD Group's share of the net assets of the joint venture net of transaction costs of €44.6 million (3(a)-3(b)-3(e)).
 - 3(d) Under the terms of the business transfer FBD Holdings plc will replace its current inter company loan of €62.6 million to Property & Leisure with €62.6 million B-Irredeemable Convertible Unsecured Loan Notes in Property & Leisure.
 - 3(e) Payables relate to professional fees relating to corporate finance, legal, taxation and other sundry charges are approximately €1.5 million.

2. Report on pro forma financial information

**Deloitte & Touche
Deloitte & Touche House
Earlsfort Terrace
Dublin 2
Ireland**

The Board of Directors
on behalf of FBD Holdings PLC,
FBD House,
Bluebell,
Dublin 12,
Ireland.

The Directors,
Oriol Securities Limited,
150 Cheapside,
London EC2V 6ET,
United Kingdom.

The Directors,
Goodbody Corporate Finance,
Ballsbridge Park,
Ballsbridge,
Dublin 4,
Ireland.

29 September 2011

Dear Sirs,

FBD Holdings PLC (the “Company”)

We report on the pro forma statement of financial position at 30 June 2011 (the “Pro forma statement of financial position”) set out in Part IV of the Class 1 circular dated 29 September 2011 (the “Investment Circular”), which has been prepared on the basis described in the notes to the statement of financial position, for illustrative purposes only, to provide information about how the transaction might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the year ended 31 December 2010. This report is required by Annex I item 20.2 of Commission Regulation (EC) No 809/2004 (the “Prospectus Directive Regulation”) as applied by ISE Listing Rule 10.3.3 and UK Listing Rule 13.3.3R and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (the “Directors”) to prepare the Pro forma statement of financial position in accordance with Annex I item 20.2 and Annex II items 1 to 6 of the Prospective Directive Regulation as applied by ISE Listing Rule 10.3.3 and UK Listing Rule 13.3.3R.

It is our responsibility to form an opinion, in accordance with Annex I item 20.2 of the Prospectus Directive Regulation, as to the proper compilation of the Pro forma statement of financial position and to report that opinion to you in accordance with Annex II item 7 of the Prospectus Directive Regulation as applied by ISE Listing Rule 10.3.3 and UK Listing Rule 13.3.3R.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to the shareholders of the Company as a result of the inclusion of this report in the Investment Circular, 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 accordance with this report or our statement, required by and given solely for the purposes of complying with ISE Listing Rule 10.4.1 (6) and UK Listing Rule 13.4.1R (6), consenting to its inclusion in the Investment Circular.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma statement of financial position, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom and published by Chartered Accountants Ireland in Ireland. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom and Ireland, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards or practices.

Opinion

In our opinion:

- (a) the Pro forma statement of financial position has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

Yours faithfully



Deloitte & Touche
Chartered Accountants

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PART V
SUMMARY OF THE PRINCIPAL TERMS AND CONDITIONS

1. Shareholders' Agreement

(a) Subscription

Immediately before Completion, Property & Leisure will have an authorised share capital of €200,000,000 (100,000,000 'A' Ordinary Shares and 100,000,000 'B' Ordinary Shares of €1 each) and the issued share capital will be €5, being 5 'B' Ordinary Shares' held by the Company.

Under the terms of the Proposed Transaction, Farmer Business Developments will subscribe for 10,000 'A' Ordinary Shares in Property & Leisure, representing 50 per cent. of the share capital of Property & Leisure at Completion. The Company will also subscribe for 9,995 additional 'B' Ordinary Shares at par value in order to achieve the 50/50 split of the share capital of Property & Leisure at Completion. Completion of the Proposed Transaction is conditional on receipt of shareholder approval of both the Company and Farmer Business Developments.

In consideration of Farmer Business Developments' subscription for the Subscription Shares, and the A-ICULN the Company will give certain warranties relating to the business and assets of the Property & Leisure Group and indemnities in relation to taxation and unexpected capital commitments.

The warranties relate to the following aspects of the business and assets of the Property & Leisure Group: accounts, insurance, borrowings and financial facilities, litigation, property, pensions, corporate matters and tax. The warranties represent a statement as to the nature of those aspects of the Property & Leisure Group as at the date of the Shareholders' Agreement and are deemed to be repeated as at the date of Completion.

To the extent that such warranties prove to have been inaccurate and resultant loss is caused to Farmer Business Developments, Farmer Business Developments may seek to recover compensation for this loss from the Company. The aggregate liability of the Company to Farmer Business Developments in respect of those warranties and indemnities is limited to €26,000,000. To the extent that the Property & Leisure Group suffers a loss which is covered by a tax indemnity, Property & Leisure may seek to recover compensation for this loss from the Company.

The liability of the Company under the warranties is subject to a number of customary limitations including: a time limit on bringing non-tax warranty claims of two years; a time limit on bringing tax warranty claims of four full tax years; and a provision that no claim or claims can be brought unless such claim exceeds €25,000 and any such claim or claims when aggregated amount to at least €1,500,000.

The liability of the Company under the indemnities is subject to similar limitations including a time limit on claims of four full tax years from Completion or four years from the date the liability to tax arose, a provision that no claims can be brought unless such claims exceed €25,000 and limitations on specific indemnity claims.

(b) Property & Leisure Shares

(i) Rights

Each Property & Leisure Share will entitle the holder:

- a. to receive notice, attend and vote at general meetings and shall confer on the holders thereof the right to one vote per Property & Leisure Share;
- b. to participate fully in all profits of Property & Leisure, and each Property & Leisure Share shall rank pari passu in respect of all dividends declared or paid by Property & Leisure; and
- c. to participate in any distribution of assets of Property & Leisure and each Property & Leisure Share shall rank pari passu in respect of any distribution of assets in a winding up or on a liquidation of Property & Leisure.

(ii) *Transfer of Property & Leisure Shares*

The transfer of Property & Leisure Shares will be restricted in the manner set out in the Shareholders' Agreement and the Property & Leisure Articles of Association. These restrictions include, inter alia, the following:

- No transfer of Property & Leisure Shares shall be permitted subject to the following paragraphs (save with the consent of the other shareholder of Property & Leisure) until the ICULN have been repaid.
- A transfer of Property & Leisure Shares by a holder to its Affiliate shall be permitted provided the Affiliate shall be bound by the same terms as the holder was and provided the Property & Leisure Shares must be transferred back if the Affiliate ceases to be an Affiliate of the holder.
- No Property & Leisure Shares shall be transferred unless all Property & Leisure Shares and ICULN held by that shareholder are transferred/assigned.
- A shareholder wishing to transfer any Property & Leisure Share must offer those Property & Leisure Shares to the other Property & Leisure shareholder. If the other Property & Leisure shareholder does not choose to acquire those securities the proposed transferor shall be free to sell to a third party on terms no less favourable than those offered to the other shareholder.
- Any shareholder wishing to transfer Property & Leisure Shares to a third party must ensure that the proposed purchaser makes a binding written offer to the other Property & Leisure shareholder for its Property & Leisure Shares on the same terms.

(c) *Directors*

Pursuant to the Shareholders' Agreement, prior to repayment of the ICULN, the board of Property & Leisure will be made up of six directors with Farmer Business Developments and FBD Holdings plc each being entitled to appoint three. Farmer Business Developments will also be entitled to appoint the chairman of the board who shall be entitled to a second or casting vote save in respect of the matters reserved to shareholders as referred to in (d) below.

Following repayment of the ICULN, in the event that Farmer Business Developments holds more than 50 per cent. of the issued share capital of Property & Leisure, it shall be entitled to appoint a fourth director to the board of Property & Leisure.

(d) *Shareholder reserved matters*

The consent of both shareholders of Property & Leisure is required for material transactions including inter alia to:

- create or issue any share or loan capital or debenture or any option in relation to any share or loan capital or debenture;
- alter the memorandum and articles of association;

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- make any dividend payments;
 - make a material change in the nature of that company's business;
 - approve the annual business plan;
 - enter into contracts outside the ordinary course of business or involving capital expenditure or realisation of capital assets which was not envisaged in the annual business plan;
 - create any floating or fixed charge or other encumbrance;
 - establish or amend any pension scheme or employ or dismiss any employee or officer above a certain level;
 - acquire or dispose of any Property & Leisure Group company or of any shares or interest in such company; or
 - take or dispose of any interests in land.

2. Loan and guarantee arrangements

The existing loan of €60,000,000 owed by Property & Leisure to Farmer Business Developments which is due for repayment in July 2012 will be repaid as part of the Proposed Transaction and on Completion a new loan of €7,500,000 will be advanced from Farmer Business Developments to Property & Leisure. The principal terms of the new loan will be materially similar to those of the existing loan which is to be repaid with an interest rate of 3 month EURIBOR plus 2.5 per cent. per annum and a term of 5 years from 31 August 2011.

The existing demand loans of €62,604,365 owed by Property & Leisure to FBD Holdings plc will be repaid as part of the Proposed Transaction.

FBD Holdings plc currently guarantees the existing loan of €60,000,000 owed by Property & Leisure to Farmer Business Developments. This guarantee will be released on Completion and a new guarantee in respect of the €7,500,000 loan entered into. The principal terms of the new guarantee will be materially similar to those of the existing guarantee which is to be released however the new guarantee will be limited to and relate only to the payment of all amounts of principal and interest in respect of the €7,500,000 loan.

3. ICULN Purchase Agreement

Farmer Business Developments, pursuant to the terms of the ICULN Purchase Agreement, the A-ICULN and the Conditions, will advance the A-ICULN of €52,500,000. FBD Holdings plc, pursuant to the terms of the ICULN Purchase Agreement, the B-ICULN and the Conditions will advance the B-ICULN of €62,604,365.

The completion of the subscription for the ICULN is conditional only on the Shareholders' Agreement becoming unconditional.

The parties to the ICULN Purchase Agreement provide representations in relation to their capacity and authority to enter into and perform the ICULN Purchase Agreement.

The ICULN Purchase Agreement provides for the subordination of the B-ICULN to the A-ICULN to the effect that holders of the ICULN have agreed, as between themselves, that the B-ICULN shall, at all times, be subordinate in right of payment to the A-ICULN.

The ICULN shall be convertible into Property & Leisure Shares in accordance with the relevant Conditions as described in further detail in section 4 below. The Property & Leisure Shares arising on conversion of the ICULN shall be issued, allotted and credited as fully paid (together with any premium thereon) and shall rank pari passu with Property & Leisure Shares in issue and shall carry the right to receive all dividends and other distributions declared on such shares after the Conversion Date.

4. ICULN and Conditions

(a) *Status*

The ICULN are direct, unconditional and unsecured obligations of Property & Leisure. The ICULN are irredeemable prior to their Conversion Date. The holders of the ICULN have agreed, as between themselves, that the B-ICULN shall, at all times, be subordinate in right of payment to the A-ICULN.

(b) *Repayment*

On the Conversion Date the outstanding principal amount of the ICULN shall be repaid in full by the allotment of 'A' Ordinary Shares in the case of the A-ICULN, and by the allotment of 'B' Ordinary Shares in the case of the B-ICULN

The holders of the ICULN shall have no other entitlement to repayment of the principal amount of the ICULN save in the case of an Event of Default where the holders may call for repayment of the ICULN in cash provided however that the holder of the B-ICULN cannot call for repayment of the ICULN in cash unless the holder of the A-ICULN has taken similar action or has provided its prior written consent.

The 'Events of Default' are mainly related to the insolvency of Property & Leisure, default of Property & Leisure in relation to its debts and the enforcement of any security or judgment in respect of Property & Leisure's assets or the inability of Property & Leisure to legally meet its obligations under the ICULN.

(c) *Repayment of the ICULN conversion*

The outstanding principal amount of the ICULN shall be repaid by the allotment of an amount of new, fully paid-up Property & Leisure Shares. Following such allotment Farmer Business Developments and FBD Holdings plc will respectively hold a percentage of the fully diluted share capital of Property & Leisure as determined based on the Equity Value of Property & Leisure immediately prior to the Conversion Date as summarised below:

- i. If the Equity Value of Property & Leisure at the date of conversion is between €99.5 million and €119.5 million, Farmer Business Developments and FBD Holdings plc will each hold 50 per cent. of Property & Leisure.
- ii. If the Equity Value of Property & Leisure falls below €99.5 million at the date of conversion, Farmer Business Developments' shareholding will increase above 50 per cent. on a Non-Linear Scale. At a maximum Farmer Business Developments' shareholding could reach 75 per cent. in the event that the Equity Value was to fall to or below €55 million. In this scenario the Company's shareholding of Property & Leisure would decrease to 25 per cent.
- iii. If the Equity Value of Property & Leisure at the date of conversion is greater than €119.5m, Farmer Business Developments' shareholding increases on a Non-Linear Scale such that it would own circa. 55 per cent. at an Equity Value of €170 million and circa 60 per cent. at an Equity Value of €240 million. In these scenarios, the Company's shareholdings of Property & Leisure would decrease to 45 per cent. and 40 per cent. respectively.

The fully diluted share capital of Property & Leisure following repayment of the ICULN by allotment will be 70,000,000 Property & Leisure Shares, such shares to be issued fully paid up (together with any premium determined in accordance with the Conditions).

The table below outlines what the impact of the ICULN conversion formula would be on the ultimate shareholding entitlement for Farmer Business Developments and the Company based on a number of specific Equity Values of Property & Leisure immediately prior to the Conversion Date.

Equity Value (€ million)	54.5	69.5	84.5	89.5	94.5	99.5	119.5	129.5	139.5	149.5	174.5	204.5
Shareholding held by Farmers Business Development	75%	64.4%	57.4%	55.6%	52.6%	50%	50%	50.4%	51.1%	52%	54.6%	56.8%
Shareholding held by FBD Holdings plc	25%	35.6%	42.6%	44.4%	47.4%	50%	50%	49.6%	48.9%	48%	45.4%	43.2%

(d) *Conversion Date*

The Conversion Date shall occur on one of the following dates:

- i. from the fifth anniversary of the date of issue of the ICULN (the “Issue Date”) to the tenth anniversary of the Issue Date, on any business day subject to (i) a recommendation of the board of directors of Property & Leisure; (ii) the approval of each of the shareholders for the time being of Property & Leisure; and (iii) the delivery of a conversion notice to the holder;
- ii. prior to the fifth anniversary of the Issue Date, on any business day specified in a written notice from the holder of the A-ICULN to Property & Leisure on or following a change of control of FBD Holdings plc which shall be construed as meaning any party, other than Farmer Business Developments, directly or indirectly acquiring an interest of at least 30 per cent. or more of the voting share capital of FBD Holdings plc;
- iii. to the extent that it has not already occurred, on the tenth anniversary of the Issue Date,

in each case unless otherwise agreed between Property & Leisure and the holders of the ICULN.

(e) *Interest, default interest and capitalisation of interest*

Interest shall accrue on the outstanding principal amount of the ICULN for each Interest Period in respect of the A-ICULN at a rate of 3 Month EURIBOR plus 2.5 per cent. per annum (the “Interest Rate”) and in respect of the B-ICULN at a rate equal to 50 per cent. of the Interest Rate subject to a maximum effective rate of 3 per cent.

In the event that some or all of the interest payable on the A-ICULN is not paid when due, the amount of unpaid interest shall continue to accrue default interest at an amount equal to the Interest Rate until discharged.

Farmer Business Developments, or such other holder of the A-ICULN shall, subject to certain conditions, have the option to convert any unpaid accrued interest on the A-ICULN as of the Conversion Date, into an additional loan (to form part of the A-ICULN) with a principal amount equal to the unpaid interest that the holder has opted to convert.

As stated in section 4 (c) ii above, the percentage of the share capital of Property & Leisure which Farmer Business Developments may hold, following repayment by allotment of the initial principal amount of the ICULN, is capped at 75 per cent. If at Conversion there is

accrued but unpaid interest on the A-ICULN then the Company has the option of paying an amount equal to the accrued but unpaid interest to Farmer Business Developments in return for which the Company would have the right to receive the accrued but unpaid interest which would be then payable by Property & Leisure to the Company. Farmer Business Developments would have no further entitlement in respect of this interest. If the Company does not avail of this option and Farmer Business Developments does not wish to leave the interest outstanding then Farmer Business Developments may request that the interest be converted into further A-ICULN. In such circumstances, assuming the Equity Value of Property & Leisure and the level of unpaid interest are such that conversion of the unpaid interest would exceed 75 per cent., the Company may choose to increase the 75 per cent. limit to give Farmer Business Developments additional equity entitlements in respect of the unpaid interest. Alternatively, the Company may choose that the unpaid interest be converted to a loan secured on Property & Leisure's assets or, to the extent that unencumbered Property & Leisure assets are unavailable, a loan guaranteed by the Company.

(f) *Transfer/assignment of ICULN*

Other than in the case of a transfer to an Affiliate described below, ICULN are not permitted to be assigned other than where the holder has obtained the consent of the other shareholder to a transfer of its entire holding of Property & Leisure Shares and ICULN.

ICULN may, subject to applicable law, be assigned together with the transfer by the holder of its Property & Leisure Shares to an Affiliate of that holder provided the Affiliate shall be bound by the same terms as the holder was and provided the Property & Leisure Shares and ICULN must be transferred back if the Affiliate ceases to be an Affiliate of the holder.

PART VI
ADDITIONAL INFORMATION

1. Responsibility

The directors, whose names appear below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of 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 does not omit anything likely to affect the import of such information.

2. Directors and registered office

The directors of FBD Holdings plc are as follows:

Michael Berkery (Chairman) *
John Bryan *
Sean Dorgan *
Andrew Langford (Chief Executive)
Philip Lynch *
Dermot Mulvihill *
Cathal O’Caoimh (Finance Director)
Vincent Sheridan *
Adrian Taheny (Executive Director)
Johan Thijs (Belgian) *

* denotes Non-Executive Director

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

3. Voting share capital of the Company

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

	Number in Issue	% of Overall Voting Share Capital
Ordinary Shares of €0.60 each	* 33,270,976	87.2
14% Non-Cumulative Preference Shares of €0.60 each	1,340,000	3.5
8% Non-Cumulative Preference Shares of €0.60 each	3,532,292	9.3
	38,143,268	100.0

* excluding 2,190,230 Ordinary Shares held in treasury.

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

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

4. Directors' interests

a. FBD Holdings plc directors

- i. As at the close of business on 28 September 2011 (the latest practicable date prior to the publication of this document), the interests (all of which are beneficial) of each of the directors in FBD Holdings plc securities, as have been notified to the Company pursuant to Sections 53 and 56 of the Companies Act 1990, or which are required to be entered into the register of directors' interests maintained by the Company under Section 59 of that Act, or which are interests of a person connected (within the meaning of Section 64 of that Act) with a director which would, if the connected person were a director, be required to be disclosed as above, and the existence of which is known or could with reasonable diligence be ascertained by that director were as follows:

Name of Director	Existing Ordinary Shareholding	Percentage of existing Voting Shares
Michael Berkery *	30,000	0.08%
John Bryan *	-	-
Sean Dorgan *	-	-
Andrew Langford	25,500	0.07%
Philip Lynch *	20,000	0.05%
Dermot Mulvihill *	-	-
Cathal O'Caoimh	-	-
Vincent Sheridan *	4,150	0.01%
Adrian Taheny	13,500	0.04%
Johan Thijs *	-	-

Notes

* denotes non-executive director

No directors of FBD Holdings plc hold any Preference Shares.

Directors' share options

		Number of options over Ordinary Shares Held	Exercise price €	% of Voting Shares on a fully diluted basis
Andrew Langford	(a)	30,000	2.50	0.08%
	(b)	90,000	7.45	0.23%
Cathal O'Caoimh	(b)	75,000	7.45	0.19%
Adrian Taheny	(a)	70,000	2.50	0.18%
	(b)	65,000	7.45	0.16%

(a) Options exercisable from October 2006, expire 2013.

(b) Options exercisable between August 2012 and September 2014.

Conditional share awards

Executive directors have been granted conditional awards over Ordinary Shares in the Company under the FBD Performance Share Plan as set out below. The vesting of these awards is conditional on the achievement of certain predetermined performance targets up to 31 December 2010 the achievement of which is determined by the Remuneration Committee of the Board.

	Maximum number of Ordinary Shares subject to the conditional award	% of Voting Shares on a fully diluted basis
Andrew Langford	26,453	0.07%
Cathal O’Caoimh	11,627	0.03%
Adrian Taheny	14,534	0.04%

5. Directors’ service agreements

No director has any service contract having more than 12 months to run.

a. Executive directors:

Executive director	Date of contract	Unexpired term / notice period
Andrew Langford	28 May 1996	Six months
Cathal O’Caoimh	10 July 2008	Three months
Adrian Taheny	29 January 1997	Six months

b. Non-executive directors:

As at the date of this document, the undernoted non-executive directors serve under letters of appointment on the following terms:

Non-executive director	Date of letter of appointment	Unexpired term / notice period
John Bryan	18 June 2010	One month
Sean Dorgan	12 December 2007	One month
Dermot Mulvihill	29 August 2011	One month
Vincent Sheridan	23 August 2004	One month
Johan Thijs	8 November 2004	One month

6. Related party transactions

Your attention is drawn to the following disclosures which are incorporated by reference into this document:

- (a) The related party transactions information in relation to the Company set out in paragraph 10 of the unaudited interim consolidated accounts of the FBD Group for the six months ended 30 June 2011;
- (b) The related party transactions information in relation to the Company set out on page 111 of the Company’s 2010 annual report and accounts;
- (c) The related party transactions information in relation to the Company set out on page 92 of the Company’s 2009 annual report and accounts;

- (d) The related party transactions information in relation to the Company set out on page 78 of the Company's 2008 annual report and accounts;

The annual reports and accounts listed above are available on the Company's website at www.fbdgroup.com in the "Investor Relations" section.

Other than the Proposed Transaction, the Company has not entered into any related party transactions from 30 June 2011 to 28 September 2011 (being the last practicable date prior to the publication of this document).

7. Major holdings in Company securities

(a) Ordinary Shares

As at the close of business on 28 September 2011 (the latest practicable date prior to the publication of this document), the Company had been notified of the following interests of Shareholders who own 3 per cent. or more of Ordinary Shares:-

Name	Number of Ordinary Shares	% of Ordinary Shares *	% of Voting Shares
Farmer Business Developments	8,531,948	25.64%	22.37%
FBD Trust Company Limited	2,984,737	8.97%	7.83%

Excluding Ordinary Shares held by the Company in treasury

(b) Preference Shares

As at the close of business on 28 September 2011 (the latest practicable date prior to the publication of this document), the interests of Shareholders who owned Preference Shares were as follows:-

8% Non-Cumulative Preference Shares

Holder	No of Shares	% of Class	% of Overall Voting Shares
Farmer Business Developments	1,470,292	41.62%	3.85%
FBD Trust Company Limited	2,062,000	58.38%	5.41%
Total	3,532,292	100.00%	9.26%

14% Non-Cumulative Preference Shares

Holder	No of Shares	% of Class	% of Overall Voting Shares
Farmer Business Developments	1,340,000	100.0%	3.51%
Total	1,340,000	100.0%	3.51%

FBD Trust Company Limited

As at the close of business on 28 September 2011 (the latest practicable date prior to the publication of this document), the interests of FBD Trust Company Limited in Company securities were as follows:-

Class of Voting Share	Existing Holding	% of Class	% of Overall Voting Shares
Ordinary Shares	2,984,737	8.97%	7.83%
8% non-cumulative preference shares of €0.60	2,062,000	58.38%	5.41%
Total Voting Shares	5,046,737		13.23%

8. Material contracts

Save as disclosed in Part V of this document, no member of the Continuing Group has entered into any contracts (other than contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this document, which are or may be material and there are no other contracts (not being contracts entered into in the ordinary course of business) which contain any provision under which any member of the Continuing Group has any obligation or entitlement which may be material.

Save as disclosed in Part V of this document, no member of the Property & Leisure Group has entered into any contracts (other than contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this document, which are or may be material and there are no other contracts (not being contracts entered into in the ordinary course of business) which contain any provision under which any member of the Property & Leisure Group has any obligation or entitlement which may be material.

9. Litigation

Continuing Group

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company or any member of the Continuing Group is aware) during a period covering the previous 12 months which may have, or have had in the recent past significant effects on the Company and/or any member of the Continuing Group's financial position or profitability.

Property & Leisure

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during a period covering the previous 12 months which may have, or have had in the recent past, significant effects on Property & Leisure's financial position or profitability.

10. Significant changes

Continuing Group

There have been no significant changes in the financial or trading position of the Continuing Group since 30 June 2011 being the date to which the latest consolidated unaudited interim financial statements were published.

Property & Leisure

There have been no significant changes in the financial or trading position of Property & Leisure since 30 June 2011 being the date to which the information set out in Part III was prepared.

11. Working capital

FBD Holdings plc is of the opinion that, taking into account bank and other facilities available to the Continuing Group, the working capital available to the Continuing Group is sufficient for its present requirements, that is, for at least the next twelve months from the date of this document.

12. Incorporation by reference

Your attention is drawn to:

- (a) Pages, 111, 92 and 78 of the annual report and accounts of the Company for the financial years ended 31 December 2010, 31 December 2009 and 31 December 2008 respectively, which are available to Shareholders at <http://www.fbdgroup.com/reports-presentations/> and are incorporated by reference into this document; and
- (b) Note 10 of the Company's unaudited consolidated interim report for the six months ended 30 June 2011 published on 24 August 2011, which is available to Shareholders at <http://www.fbdgroup.com/media/FBDGroup/files/HalfYearlyReport2011.pdf> and is incorporated by reference into this document.

Copies of each of these documents have been filed with the FSA's national storage mechanism and the Irish Stock Exchange.

13. Consents

- (a) Oriel Securities has given and has not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they are included.
- (b) Goodbody Corporate Finance has given and has not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they are included.
- (c) Computershare Investor Services (Ireland) Limited has given and has not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they are included. Computershare Investor Services (Ireland) Limited has had no involvement in the preparation of any part of the Circular other than being named as Registrar to the Company. Computershare Investor Services (Ireland) Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Circular.
- (d) Deloitte & Touche, Chartered Accountants and Registered Auditors, Earlsfort Terrace, Dublin 2, Ireland has given and has not withdrawn its written consent to the inclusion in this document of its report, set out in Part IV of this document and references to its report and name, in the form and context in which they are included.

14. Documents available for inspection

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

- (a) the Proposed Transaction Documents;
- (b) the memorandum and articles of association of the Company;
- (c) the audited annual report and accounts of the FBD Group for the three years ended 31 December 2008, 2009 and 2010;
- (d) the unaudited interim consolidated accounts of the FBD Group for the six months ended 30 June 2011;
- (e) the written consents referred to in section 13 above; and
- (f) this Circular.

DEFINITIONS

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

‘A’ Ordinary Shares	‘A’ ordinary shares of €1.00 each in Property & Leisure
Affiliate	is defined in the Shareholders’ Agreement and means, in relation to any shareholder of Property & Leisure, any person that directly or indirectly (through one or more intermediaries) controls, is controlled by, or is under common control with, such shareholder
AINT A-ICULN	is defined in the Conditions to the A-ICULN and means, the amount of unpaid interest on the A-ICULN which is converted in accordance with the Conditions of the A-ICULN
‘B’ Ordinary Shares	‘B’ ordinary shares of €1.00 each in Property & Leisure
Board or Directors	the directors of the Company
Circular	this document
Company	F.B.D. Holdings plc (company number 135882) whose registered office is at FBD House, Bluebell, Dublin 12, Ireland
Completion	completion of the subscription of shares in Property & Leisure pursuant to the Shareholders’ Agreement
Completion Date	the date on which Completion actually occurs
Conditions	the terms and conditions attached to the A-ICULN and/or the B-ICULN, as applicable
Continuing Group	the Company and its subsidiary undertakings including its joint venture stake in Property & Leisure following Completion
Conversion	the repayment of the ICULN by the allotment of an amount of new fully paid up Property & Leisure Shares in accordance with the Conditions
Conversion Date	the date on which the ICULN become repayable by allotment of Property & Leisure Shares in accordance with the Conditions as described in section 4 (d) of Part V of the Circular
Disclosure and Transparency Rules	the Disclosure and Transparency Rules made by the UK Listing Authority under Part VI of the Financial Services and Market Act 2000
Enterprise Value	is defined in the Conditions to the A-ICULN and means, at any given time, the price as determined by an independent valuer that a buyer would have to pay to acquire the underlying business and assets of Property & Leisure as a whole if it had no cash or bank deposits, no shareholder debt, no A-ICULN, no B-ICULN and no other indebtedness to third parties

Equity Value	is defined in the Conditions to the A-ICULN and means, at any given time, the Enterprise Value of Property & Leisure less all outstanding third party indebtedness plus all cash and deposit balances. For the avoidance of doubt, the outstanding principal amounts of the A-ICULN, the B-ICULN and the AINT A-ICULN (if any) shall not be considered as third party indebtedness of the Property & Leisure Group
Euro, EUR or €	Euro, the lawful currency of Ireland
Event of Default	an event of default as defined in the Conditions and as described in section 4 (b) of Part V of the Circular
Farmer Business Developments	Farmer Business Developments plc (company number 122382) whose registered office is at Irish Farm Centre, Bluebell, Dublin 12, Ireland
FBD Brokers	FBD Insurance Brokers Limited (company number 47958), International Loss Control Services Limited (company number 95736) and FBD Risk Management Services Limited (company number 95737), each of whose registered office is at FBD House, Bluebell, Dublin 12, Ireland
FBD Holdings plc	F.B.D. Holdings plc (company number 135882) whose registered office is at FBD House, Bluebell, Dublin 12, Ireland
FBD Financial Solutions	FBD International Financial Services Limited (company number 152161) whose registered office is at FBD House, Bluebell, Dublin 12, Ireland
FBD Group or the Group	FBD Holdings plc and its subsidiary undertakings
FBD Group Save as You Earn	The Revenue Commissioners approved all-employee share option scheme which was approved by Shareholders on 31 May 2007.
FBD Group Shares	ordinary shares of 60 cent each in the capital of the Company
FBD Insurance	F.B.D. Insurance plc (company number 25475) whose registered office is at FBD House, Bluebell, Dublin 12, Ireland
FBD Performance Share Plan	The Long Term Incentive Plan for senior executives which was approved by Shareholders on 31 May 2007.
FBD Trust Company Limited	F.B.D. Trust Company Limited (company number 50469) whose registered office is at FBD House, Bluebell, Dublin 12, Ireland
Form of Proxy	the form of proxy accompanying this document for use by Shareholders in connection with the EGM
FSA	Financial Services Authority
FSMA	Financial Services and Markets Act 2000
Goodbody Corporate Finance	Goodbody Corporate Finance, of Ballsbridge Park, Ballsbridge, Dublin 4 which is regulated by the Central Bank of Ireland, and

	the Company's financial adviser and sponsor in connection with the requirement of the Irish Stock Exchange
IAS	International Accounting Standard
ICULN	the A-ICULN and B-ICULN taken together
ICULN Purchase Agreement	the ICULN purchase agreement dated 23 August 2011 between the Company, Farmer Business Developments and Property & Leisure
Interest Period	the interest period in respect of the ICULN as set out in the Conditions
Listing Rules	the listing rules of the Irish Stock Exchange and the listing rules of the UK Listing Authority
Non-Linear Scale	the implied change in shareholding is not directly proportional to a change in Equity Value
Official List	the Official List of the Irish Stock Exchange and the Official List of the UK Listing Authority
Ordinary Shares	ordinary shares of €0.60 each in the capital of FBD Holdings plc
Oriel Securities Limited or Oriel Securities	Oriel Securities Limited, the Company's financial adviser and sponsor in connection with the requirements of the UK Listing Authority
Preference Shares	the 8% Non-Cumulative Preference Shares of €0.60 each and the 14% Non-Cumulative Preference Shares of €0.60 each in the capital of FBD Holdings plc, each individually a Preference Share
Property & Leisure	FBD Property & Leisure Limited (company number 152819) whose registered office is at FBD House, Bluebell, Dublin 12, Ireland
Property & Leisure Articles of Association	the amended articles of association of Property & Leisure to be adopted on Completion
Property & Leisure Group	FBD Property & Leisure Limited and its subsidiary undertakings
Property & Leisure Shares	the 'A' Ordinary Shares and the 'B' Ordinary Shares, each individually a 'Property & Leisure Share'
Proposed Transaction	the proposed subscription by Farmer Business Developments for a 50 per cent. holding in Property & Leisure and other financial arrangements including the replacement by Farmer Business Developments of a loan amount of €52.5 million to Property & Leisure, and the Company of a loan amount of €62.6 million to Property & Leisure, with irredeemable convertible unsecured loan notes in Property & Leisure resulting in the joint venture between Farmer Business Developments and FBD Holdings plc which constitutes a "related party transaction" under the Listing

	<p>Rules and requires the approval of Shareholders at an Extraordinary General Meeting of the Company; the terms of the loan notes allow for the following potential transactions on the Conversion Date: the acquisition by the Company of a right to receive any accrued unpaid interest on the A-ICULN; the increase of the 75% limit to allow Farmers Business Developments to convert any accrued unpaid interest on the A-ICULN into additional equity in Property & Leisure; or the possible guarantee by the Company of accrued unpaid interest on the A-ICULN; which potential transactions may constitute “related party transactions” under the Listing Rules and for which the Company is also seeking the approval of Shareholders at the Extraordinary General Meeting of the Company; all of the terms of which are outlined in greater detail in Part V of this document</p>
Proposed Transaction Documents	the Shareholders’ Agreement, the ICULN Purchase Agreement, the ICULN and the Conditions as outlined in Part V of this document
Registrar	Computershare Investor Services (Ireland) Limited, P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland
Remuneration Committee	A committee which amongst other things determines and agrees with the Board the framework or broad policy for the remuneration of the Company’s chief executive, chairman, the executive directors, the non-executive directors, the company secretary and such other members of the executive management as it is designated to consider.
Resolution	the ordinary resolution to approve the Proposed Transaction to be proposed at the EGM, the full text of which is set out in the Notice of EGM at the end of this document
Shareholder(s)	holder(s) of Ordinary Shares and Preference Shares
Shareholders’ Agreement	the share subscription and shareholders’ agreement dated 23 August 2011 between the Company, Farmer Business Developments and Property & Leisure
Shares	ordinary shares of 60 cent each in the capital of the Company
Subscription Shares	the 10,000 ‘A’ Ordinary Shares of €1.00 each in Property & Leisure to be subscribed for by Farmer Business Developments as part of the Proposed Transaction
UK Listing Authority	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the UK Financial Services and Markets Act 2000
US	United States of America
US Securities Act	U.S. Securities Act of 1933 (as amended)

Voting Shares

the Ordinary Shares and Preference Shares

Voting Share Capital

the Voting Shares in issue at the date of this document comprising 33,270,976 Ordinary Shares, 3,532,292 8% Non-Cumulative Preference Shares and 1,340,000 14% Non-Cumulative Preference Shares

NOTICE OF EXTRAORDINARY GENERAL MEETING

FBD Holdings plc

(Incorporated in Ireland. Registered number 135882)

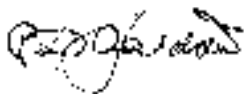
NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at 12 noon on 17 October 2011 at Irish Farm Centre, Bluebell, Dublin 12, Ireland to consider and, if thought fit, pass the following Resolution as an ordinary resolution:

ORDINARY RESOLUTION

THAT the Proposed Transaction, to enter into a joint venture to share management and ownership of FBD Property & Leisure and its subsidiary undertakings, between FBD Holdings plc and Farmer Business Developments pursuant to the Proposed Transaction Documents (as defined in the circular to shareholders dated 29 September 2011, a copy of which has been produced to the meeting and initialled by the Chairman of the meeting for the purposes of identification only (the "**Circular**")), in the manner and on the terms and conditions of the Proposed Transaction Documents and which, as described in the Circular, comprises a "related party transaction" under the Listing Rules, be and is hereby approved and that the directors be and are hereby authorised to take all such steps as may be necessary or desirable in relation thereto and to carry the same into effect with such modifications, variations, revisions or amendments (providing such modifications, variations or amendment are not of a material nature) as they shall deem necessary or desirable.

BY ORDER OF THE BOARD

FBD House, Bluebell, Dublin 12, Ireland



Conor Gouldson
Company Secretary
29 September 2011

INFORMATION FOR SHAREHOLDERS PURSUANT TO THE SHAREHOLDERS' RIGHTS DIRECTIVE

The following information is provided to shareholders in accordance with the provisions of the Shareholders' Rights (Directive 2007/36/EC) Regulations 2009:

1. Conditions for participating in the EGM

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

2. Appointment of proxy

If you cannot attend the EGM in person, you may appoint a proxy (or proxies) to attend, speak, ask questions and vote on your behalf. For this purpose a Form of Proxy has been sent to all registered shareholders. A proxy need not be a member of the Company. You may appoint the Chairman of the Company or another individual as your proxy. You may appoint a proxy by completing the Form of Proxy, making sure to sign and date the form at the bottom and return it in the pre-paid envelope provided to the Company's Registrar, Computershare Investor Services (Ireland) Limited, P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland to be received no later than 12 noon 15 October 2011. If you are appointing someone other than the Chairman as your proxy, then you must fill in the details of that person in the box located underneath the wording "I/We hereby appoint the Chairman of the Meeting OR the following person" on the Form of Proxy.

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

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

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

3. Record date for EGM

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

4. How to exercise your voting rights

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

By attending the EGM in person;

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

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

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

6. Right to ask questions

Pursuant to section 134C of the Companies Act 1963, shareholders have a right to ask questions related to items on the EGM agenda and to have such questions answered by the Company subject to any reasonable measures the Company may take to ensure the identification of shareholders.

7. Voting rights

As at 29 September 2011 being the date of this Circular, the Company's issued share capital consists of 35,461,206 Ordinary Shares of €0.60 each, 3,532,292 8% Non-Cumulative Preference Shares of €0.60 each, 1,340,000 14% Non-Cumulative Preference Shares of €0.60 each and 13,169,428 "A" Ordinary Shares of €0.01 each. Of the 35,461,206 Ordinary Shares of €0.60 each in issue, 2,190,230 are held as treasury shares and have no voting rights. The "A" Ordinary Shares of €0.01 each in issue have no voting rights either. Accordingly, the total number of shares in issue in the Company having voting rights, of one vote per share, at 29 September 2011 is 38,143,268.

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

Section 7 of Part III of the Circular to shareholders dated 29 September 2011 details the documents available for inspection prior to the Meeting. These documents are available and may be inspected during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Dillon Eustace, 33 Sir John Rogerson's Quay, Dublin 2, Ireland up to and including the date of the EGM and at the EGM itself.

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

9. Further information

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