

7 March 2019

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Argo Group Limited ("AGL" or "the Company")

Tender Offer

The Company announces the proposed repurchase of the Company's Ordinary Shares with a maximum value of £2.5 million by means of a tender offer (the "Tender Offer"). A circular in connection with the Tender Offer (the "Circular"), which contains the full terms and Conditions of the Tender Offer and instructions to Eligible Shareholders on how to tender their Ordinary Shares should they choose to do so, is expected to be posted to Eligible Shareholders today and will be available on the Company's website at <https://www.argogrouplimited.com>. Definitions used in the Circular bear the same meaning in this announcement.

Further to a programme of buybacks carried out by the Company following approval by independent shareholders on 3 March 2016 and 19 September 2016, the Board is proposing that the Company undertakes the purchase of further Ordinary Shares by way of the Tender Offer, under which each Eligible Shareholder shall be offered the opportunity to tender Ordinary Shares held at the Record Date. The Company will undertake this purchase in accordance with English law. The Board intends to use up to £2.5 million to acquire Ordinary Shares.

Shareholders should note that the Company's 2018 full year results have today been published and the annual report and accounts for the year ended 31 December 2018 are available on the Company's website at <https://www.argogrouplimited.com>.

Key elements of the Tender Offer are:

- Ordinary Shares may be tendered within a price range of 18 pence to 26 pence per Ordinary Share (representing a premium of 18.0 per cent. to 70.5 per cent. to the closing price of 15.25 pence on 6 March 2019);
- the Tender Offer is structured using a Strike Price mechanism. All successfully tendered Ordinary Shares will be acquired at the Strike Price; and
- the closing time and date is 1.00 p.m. (UK time) on 25 March 2019, with proceeds expected to be despatched to Eligible Shareholders by 8 April 2019.

Details of the Tender Offer

The Tender Offer will be implemented by Panmure Gordon (UK) Limited ("**Panmure Gordon**") acquiring, as principal, the successfully tendered Ordinary Shares at the Strike Price. The Company will subsequently acquire the Ordinary Shares successfully tendered from Panmure Gordon at the Strike Price.

Eligible Shareholders can decide whether they want to tender all, some or none of their Ordinary Shares in the Tender Offer. Further, Eligible Shareholders can decide the price, within the price range, at which they wish to tender Ordinary Shares or they can tender Ordinary Shares at the Strike Price.

The Company will spend a maximum of £2.5 million purchasing Ordinary Shares under the Tender Offer. At the Minimum Price, this represents a maximum number of 13,888,888 Ordinary Shares representing approximately 29.5 per cent. of the Company's current issued share capital. At the Maximum Price, this represents a maximum number of 9,615,384 Ordinary Shares representing approximately 20.4 per cent. of the Company's current issued share capital.

Tenders may be made in the range of 18 pence to 26 pence per Ordinary Share inclusive (the "Price Range").

Eligible Shareholders do not have to tender any Ordinary Shares if they do not wish to do so.

Eligible Shareholders can tender their Ordinary Shares in the following ways:

- (a) at a single price in the Price Range;
- (b) at different prices in the Price Range (including a Strike Price Tender) in respect of different parcels of Ordinary Shares; and/or
- (c) at whatever is subsequently determined to be the Strike Price (referred to as a "Strike Price Tender").

Shareholders may tender Ordinary Shares at differing points in the Price Range and/or as a Strike Price Tender should they wish to do so but cannot make tenders that in aggregate are in respect of more Shares than they own.

Any tender, other than a Strike Price Tender, must be expressed in whole pence per Ordinary Share and in increments of one penny at within the Price Range (in the case of certificated Ordinary Shares) or as explained in Circular.

Andreas and Kyriakos Rialas and Farkland Ventures have each undertaken to the Company that they will not sell any Ordinary Shares under the Tender Offer and will procure that the entities holding their respective interests in Ordinary Shares will not participate in the Tender Offer. Andreas and Kyriakos Rialas and Farkland Ventures have an aggregate shareholding of 24,796,507 Ordinary Shares, representing 52.7 per cent. of the Company's issued share capital, and together they therefore already have statutory control of the Company. As a result of the Tender Offer, their combined percentage interest in the Company will increase up to a maximum of 74.8 per cent. of the Company's issued share capital. Accordingly, they have recused themselves from decisions in relation to the Tender Offer, which are being proposed by the Independent Directors.

The Independent Directors believe it is in the best interests of the Company to undertake the Tender Offer and that the repurchase of the Ordinary Shares is a mechanism for creating liquidity.

It is important to note that the Board would only proceed if it considered that the effect of the Tender Offer would be to increase earnings and/or net assets per Ordinary Share and that such exercise would benefit Shareholders generally. In addition, the Board would only proceed where the Tender Offer is in accordance with Isle of Man law.

The Strike Price

All Ordinary Shares will be purchased by Panmure Gordon at the Strike Price.

The Strike Price will be the lowest price per Ordinary Share in the Price Range that will allow Panmure Gordon to purchase the maximum number of Ordinary Shares for a total cost nearest to but (after applying the scaling-back arrangements described below) not exceeding the Maximum Monetary Amount or, if the aggregate value of all Ordinary Shares validly tendered by Eligible Shareholders is

less than the Maximum Monetary Amount, such lesser number of Ordinary Shares as are validly tendered pursuant to the Tender Offer.

All Eligible Shareholders who tender Ordinary Shares at a price below or at the Strike Price or as Strike Price Tenders will receive the Strike Price for all successful tenders accepted, subject, where applicable, to the scaling-back arrangements described below.

Number of Ordinary Shares to be purchased

Provided the Conditions in this circular are met, if the aggregate value at the Strike Price of all validly tendered Ordinary Shares is less than the Maximum Monetary Value, then all Ordinary Shares validly tendered will be purchased at the Strike Price.

If the aggregate value at the Strike Price of all validly tendered Ordinary Shares exceeds the Maximum Monetary Value, not all of the Ordinary Shares validly tendered will be accepted and purchased. In these circumstances, the number of Ordinary Shares which will be accepted and purchased will be as follows:

- (a) all valid tenders of Ordinary Shares at a price below the Strike Price by Eligible Shareholders will be accepted in full (and will be purchased at the Strike Price);
- (b) all valid tenders of Ordinary Shares at the Strike Price or as Strike Price Tenders by Eligible Shareholders will be scaled down by the same factor such that the aggregate amount purchased by Panmure Gordon does not exceed the Maximum Monetary Amount; and
- (c) all tenders of Ordinary Shares at a price above the Strike Price will be rejected and will not be purchased by Panmure Gordon.

Once lodged (in the case of a Tender Form) or settled (in the case of a TTE Instruction) such tender shall be irrevocable. The Tender Offer will close at 1.00pm on 25 March 2019 and tenders received after that time will not be accepted (unless the Tender Offer is extended). The Company reserves the right at any time prior to the announcement of the results of the Tender Offer to extend the period during which the Tender Offer is open, based on market conditions and/or other factors.

Successfully tendered Ordinary Shares will be purchased free of commission and dealing charges.

Any Ordinary Shares repurchased by the Company will be cancelled. Any rights of Ordinary Shareholders who do not tender their Ordinary Shares will be unaffected.

The Tender Offer is conditional, *inter alia*, on the Company satisfying the solvency test requirements under Isle of Man law in relation to the distribution to shareholders at the time of the Tender Offer.

Full details of the Tender Offer, including the terms and Conditions on which it is made, are set out in the Circular.

Rule 9 of the City Code

In relation to the Tender Offer, the Panel has confirmed that it will treat Andreas Rialas and Kyriakos Rialas as a single person. Because Andreas and Kyriakos Rialas have an aggregate shareholding of 24,796,507 Ordinary Shares, representing 52.7 per cent. of the Company's issued share capital, together they already have statutory control of the Company and the independent shareholders of the Company approved a whitewash resolution in September 2016 which allowed them to further increase their aggregate interests without incurring an obligation under Rule 9 to make a general offer. Implementation of the Tender Offer will not therefore require a vote of independent shareholders as provided in Rule 9 of the City Code.

Timetable

The expected timetable is as follows:

Record Date*	Close of business on 6 March 2019
Announcement of Tender Offer	7.00am on 7 March 2019
Latest time and date for receipt of Tender Forms and TTE instructions	1.00pm on 25 March 2019
Announcement of result of Tender Offer	26 March 2019
Purchase of Shares under the Tender Offer	26 March 2019
Creation of assured payment obligations for Tender Offer proceeds for uncertificated Ordinary Shares	by 8 April 2019
Despatch of cheques for Tender Offer proceeds and balance share certificates for certificated holdings	by 8 April 2019
Notes:	

(1) *Future dates are indicative only and may be subject to change by the Company, in which event details of the new times and dates will be notified via a Regulatory Information Service.*

(2) *References to times in this timetable are to London time.*

Recommendation

The Board is making no recommendation to Shareholders in relation to participation in the Tender Offer. Whether or not Shareholders decide to tender their Ordinary Shares will depend, amongst other things, on their own individual circumstances, including their own tax position. Shareholders are recommended to consult an appropriately authorised independent adviser in determining whether or not to participate in the Tender Offer and to the extent of such participation

This announcement contains inside information for the purposes of the Market Abuse Regulation No. 596/2014.

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