

IFG GROUP PLC

9 December 2009

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IFG Group plc ('IFG' or 'the Company')

Proposed acquisition and placing and open offer to raise approximately €50 million

IFG is pleased to announce that it has entered into an agreement to acquire the entire issued share capital of James Hay Holdings Limited from Santander Private Banking UK Limited for cash consideration of £35 million (€38,588,754) plus an additional adjustable payment for net assets. To fund the acquisition IFG proposes to raise approximately €50 million through a placing and open offer.

Highlights:

Acquisition

- James Hay is the largest UK provider of SIPPs with over 33,000 Self Invested Personal Pensions ("SIPP") and over £8 billion SIPP Assets under Administration
- The Acquisition is consistent with IFG's strategy to develop scale in its pensions administration and advisory business
- The well recognised James Hay brand will be adopted by the combined business
- A transformational transaction for the Group and brings scale to both divisions of the group
- The Acquisition is expected to be earnings enhancing

Fundraising

- Proposed placing and open offer to raise €50 million
- The placing and open offer has been fully underwritten by Davy and advised by Hawkpoint
- An Extraordinary General Meeting to approve the acquisition and to enable the placing and open offer to proceed will take place on 4 January 2010

Mark Bourke (Chief Executive) of IFG, commented:

"We have reached agreement with Santander to acquire James Hay. This catapults IFG into the position of number one SIPP provider in the UK. IFG will build on James Hay's brand strength and market position. James Hays' revenue is stable and recurring. The SIPP business margins are attractive and the market is growing.

Strategically the acquisition is a logical and a significant next step for IFG. Financially the transaction is expected to be earnings enhancing. It strengthens the Group's balance sheet and significantly improves the gearing ratio.

The acquisition is being financed through a €50 million Placing and Open Offer and we look forward to continuing to deliver shareholder value for our new and existing shareholders.”

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Certain statements made in this announcement are forward-looking statements. These forward-looking statements are not historical facts but rather are based on IFG's current expectations, estimates and projections about its industry, its beliefs and assumptions. Words such as “anticipates,” “expects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, some of which are beyond IFG's control, are difficult to

predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. These factors include, amongst others, the ability to consummate the transaction; the ability of IFG to successfully integrate James Hays's operations and employees; the ability to realise anticipated synergies; dependence on key personnel; and financial risk management. IFG cautions Shareholders not to place undue reliance on these forward-looking statements, which reflect the view of IFG only as of the date of this announcement. The forward-looking statements made in this announcement relate only to events as of the date on which the statements are made. IFG will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this announcement except as required by law or by any appropriate regulatory authority.

Proposed Acquisition of James Hay

Proposed Placing and Open Offer of 48,262,932 New Ordinary Shares at 105 cents per Ordinary Share, incorporating an Open Offer on the basis of 9 New Ordinary Shares for every 14 Existing Ordinary Shares

1. Introduction

The Board of IFG is pleased to announce that it has entered into an agreement for IFG to acquire the entire issued and to be issued share capital of James Hay Holdings Limited and its subsidiaries ("James Hay"). James Hay Holdings Limited is owned by Santander Private Banking UK Limited, which is ultimately a subsidiary of Banco Santander S.A.

The consideration for the acquisition is £35 million (€38,588,754) plus an additional adjustable payment for net assets. The Consideration will be financed by a Placing and Open Offer to raise approximately €50 million (before expenses).

In view of the size of the Acquisition in relation to IFG, the Acquisition is conditional, inter alia, on the approval of Shareholders, which will be sought at an Extraordinary General Meeting of the Company and the approval of the Financial Services Authority and the Jersey Financial Services Commission. The Placing and Open Offer will be conditional, inter alia, upon shareholder approval, the passing of the resolution to approve the Acquisition and the Acquisition Agreement having been completed in accordance with its terms.

2. Information on IFG

IFG is a specialist financial services company, headquartered in Dublin, with its main operations in Ireland, the United Kingdom, the Isle of Man, Jersey, Cyprus and Switzerland.

IFG operates two core divisions: international corporate and trustee administration services and pension's administration/advisory services.

IFG's total revenue for the six months ending 30 June 2009 was €49 million (€109 million for the year ended 31 December 2008). Revenue to 30 June 2009 was generated by each of the Group's three operational divisions was, €11 million from the Irish financial services division, €17 million from the UK pensions administration/advisory services division and International corporate and trust administration services contributed €21 million across all its jurisdictions.

IFG's profit before income tax for the six months ending 30 June 2009 was €8.533 million and adjusted earnings per Ordinary Share was 12.04 cent.

3. Background to and reasons for the Acquisition

The principal focus of IFG's UK division is the provision of pensioner trustee administration and services for Self Invested Personal Pensions (SIPPs), and the provision of financial advice through independent financial advisory subsidiaries. The SIPP administration services are provided through IPS Partnership plc ("IPS"), which is based in London, Bristol and Manchester. Revenue in the six months ended June 2009 was €17 million and the operating profit was €3.2 million, of which the Pensioner Trustee business contributed €4.8 million of revenue and operating profit €2 million.

A key strategy of IFG's UK division is the expansion of the Pensioner Trustee business and the nature of the revenue streams from such business supports IFG's contention that it is a strategically important area to be involved in. The acquisition of James Hay, being the UK's leading SIPP provider, with a track record of generating consistent operating profits and a SIPP brand readily recognisable in the market place, is consistent with Group strategy and is a significant development providing IFG with market-leading scale in the UK SIPP market. The Directors believe that the Acquisition will allow IFG to be well positioned to take advantage of expected continued growth of SIPPs in the UK pensions market.

The objective of IFG's UK division is to become one of the leading providers of services in the SIPP sector.

4. Information on James Hay

James Hay Holdings Limited is a 100 per cent owned subsidiary of Santander Private Banking UK Limited, which is ultimately a subsidiary of Banco Santander S.A.. The company was founded in 1979, as a pensioner trustee and small self-administered scheme ("SSAS") provider. In July 1994, James Hay was acquired by Abbey National Independent Financial Advisers Limited and launched its SIPP product in 1996. In August 2006, James Hay sold its SSAS and consultancy business to Rowanmoor Group. James Hay is now focused on being a SIPP and wrap provider.

As of December 2008, James Hay had £8.9 billion of SIPP Assets under Administration ("AuA") for approximately 33,400 SIPP clients and approximately £0.7 billion of AuA for approximately 2,800 wrap clients, giving £9.6 billion of AuA for a total of 36,200 clients.

The senior management team of James Hay have collectively more than 50 years of experience with James Hay and have significant experience in the UK SIPP and Wrap markets. In 2008, James Hay had 533 staff and contractors. The employee contracts, which are currently with Abbey, will be transferred to the Enlarged Group upon Completion.

5. Principal terms of the Acquisition

The Acquisition will be effected pursuant to the terms of the Acquisition Agreement. The consideration for the acquisition is £35 million (€38,588,754) plus an adjustable payment for net assets.

The Acquisition is conditional on:

- (a) the passing of all resolutions at the EGM;
- (b) the successful completion of the Placing and Open Offer;
- (c) the approval of the change of control of James Hay, in respect of its subsidiary undertakings, James Hay Administration Company Limited and James Hay Wrap Managers Limited, from the UK Financial Services Authority
- (d) the approval of the change of control of James Hay, in respect of its subsidiary undertakings James Hay Insurance Company Limited, from the Jersey Financial Services Commission.
- (e) no material adverse change has occurred.

The applications for approval of change of control for (c) and (d) above are being lodged and approval for such change is expected to be issued in due course. Completion is expected to take place on the fifth business day following the final condition being satisfied. The Directors expect that the Acquisition will complete no later than 16 March 2010 (assuming that all conditions are satisfied).

6. Financial effects and benefits of the Acquisition

The results of James Hay will be consolidated in the Group's financial statements for the 2010 financial year. Taking into account the expected profitability of James Hay, the Directors believe that the Acquisition will be earnings enhancing in 2010.

The Directors believe the benefits of the Acquisition for the Group include the opportunity to become the market leader in the provision of SIPP products in the United Kingdom. The Directors also believe it will provide strong brand awareness and additional product distribution channels, allowing the Group to expand its client base, increase its revenues and deliver strong operational efficiencies.

7. Financial information on James Hay

	Year ended 31 December		
	2008	2007	2006
	Stg£'000	Stg£'000	Stg£'000
Revenue	39,552	37,254	35,588
(Loss) / profit before income tax	(10,383)*	7,374	5,515

*The loss reported in the year ended 31 December 2008 arose after charging an exceptional item of £18,705,000, representing a write off of the costs associated with a software platform.

Net liabilities at 31 December, 2008 amounted to Stg£6,307,000. Cash and cash equivalents at 31 December, 2008 was Stg£30,730,000.

8. Current trading and prospects of the Enlarged Group

IFG published an interim management statement on 6 November 2009, for the four months ended 31st October and year to date and its expected performance in 2009.

As of today's date, trading remains in line with the Group's expectations and it has confidence in the financial and trading prospects of the Group for the current financial year.

The Board has confidence in the financial and trading prospects of the Enlarged IFG Group for the financial year following Completion.

9. Details of the Placing and Open Offer

The Company is proposing to raise approximately €50.677 million before expenses (approximately €47.23 million net of expenses) through the Placing and Open Offer, which has been fully underwritten by Davy.

The New Ordinary Shares will represent, in aggregate, approximately 39.13 per cent of the Enlarged Issued Ordinary Share Capital on Admission. The New Ordinary Shares will be issued credited as fully paid and will rank in full for all dividends and distributions declared, paid or made on the Ordinary Shares after their issue and otherwise pari passu in all respects with the Existing Ordinary Shares.

The Placing and Open Offer are conditional, inter alia, upon:

- (a) the Placing and Open Offer Underwriting Agreement becoming unconditional in all respects (save for Admission of the New Ordinary Shares);
- (b) the Prospectus being approved by the Financial Regulator;
- (c) the publication of the Prospectus by no later than 15 December 2009 (or such other date as Davy and the Company may agree);
- (d) the passing of the Resolutions by Shareholders at the EGM;
- (e) the Placing and Open Offer Underwriting Agreement not being terminated for any reason;
- (f) the Acquisition Agreement having been completed, except the condition relating to the successful completion of the placing and open offer, in accordance with its terms; and
- (g) Admission of the New Ordinary Shares by no later than 16 March 2010.

Under the Open Offer, the Open Offer Shares are being offered to Qualifying Shareholders at 105 cent per share, payable in full on application on the following basis:

9 Open Offer Shares for every 14 Existing Ordinary Shares held on the record date (to be confirmed) and so in proportion for any other number of Existing Ordinary Shares held on the record date. Where appropriate, the entitlements of Qualifying Shareholders will be rounded down to the nearest whole number of Open Offer Shares.

The Open Offer (and the placing of the Open Offer Shares) is conditional upon, inter alia, Admission, all conditions to the Acquisition being satisfied and the Acquisition Agreement not having been rescinded or terminated in accordance with its terms prior to Admission.

The New Ordinary Shares shall rank pari passu in all respects with the Existing Ordinary Shares. The New Ordinary Shares will be issued in registered form, may be held in uncertificated form and will be eligible for settlement within CREST.

Shareholders should be aware that the Open Offer is not a rights issue and that entitlements to New Ordinary Shares under the Open Offer will not be tradable or sold in the market for the benefit of those who do not apply under the Open Offer. Application Forms are personal to shareholders and may not be transferred except to satisfy bona fide market claims.

10. Fiordland

Following the Placing and Open Offer, Fiordland will become a significant shareholder in IFG Group plc and the Board is delighted to welcome them as a long term strategic investor.

Fiordland will nominate a director to the Board of IFG. Fiordland has been specifically incorporated for the purpose of subscribing to the Placing. Fiordland is led by Edmund Truell. Edmund Truell is the founder of Pension Corporation, a leading provider in the UK of risk management solutions to defined benefit pension funds and has 22 years experience in private equity and debt markets.

It is proposed that the shareholding of Fiordland will be approximately 17.5 per cent but will not exceed 19.9 per cent of the Enlarged Issued Ordinary Share Capital. Should this level of shareholding not be achieved through the Placing, the Directors may utilise all or some of their existing allotment authority of 7,424,466 IFG Shares, granted by Shareholders at the Company's last annual general meeting held on 1 July 2009, to allot sufficient Ordinary Shares to bring Fiordland's shareholding to approximately 17.5 per cent of the Enlarged Issued Ordinary Share Capital ("Potential Additional Placing") but will not in any event exceed 19.9 per cent. of the Enlarged Issued Ordinary Share Capital.

11. Use of proceeds

The Directors intend that the net proceeds of the Placing and of the Open Offer (amounting to approximately €47.23 million) will be applied to finance the consideration payable for the Acquisition. The Placing and Open Offer are conditional upon the Acquisition proceeding to completion.

12. Directors' intentions

Each of the Directors has entered into irrevocable undertakings whereby the Directors have agreed not to subscribe for any of their entitlements under the Open Offer. The purpose of these undertakings is to facilitate the strategic investment by Fiordland, by ensuring that at a minimum, the number of shares available to Fiordland, who is not a current shareholder in IFG and therefore is unable to participate in the Open Offer, is equivalent to the aggregate of the Directors' shareholdings.

A Circular, which will include a notice convening the EGM which is to be held at 11.00 am on 4 January 2010, is being posted to Shareholders shortly and a Prospectus will be published in accordance with the Prospectus Regulations on or around 15 December, 2009. The detailed Open Offer timetable will be announced once the Prospectus has been approved by the Financial Regulator

Appendix 1

Definitions

The following definitions shall apply to other words and phrases used in this announcement, except where the context requires otherwise.

“Abbey Group”	Abbey National plc, together with its subsidiary undertakings;
“Acquisition Agreement”	the agreement for the acquisition by the IFG Group of the entire issued share capital of James Hay;
“Admission”	the admission of the New Ordinary Shares to the Official Lists and to trading on the regulated markets for listed securities of the Irish Stock Exchange and the London Stock Exchange;
“Acquisition”	the proposed acquisition by IFG Group of James Hay in accordance with the terms of the Acquisition Agreement;
“Application Form”	the personalised application form on which Qualifying non-CREST Shareholders may apply for New Ordinary Shares under the Open Offer;
“Articles” or “Articles of Association”	the articles of association of the Company, as amended from time to time;
“Assets under Administration”	the total client funds which are administered by a financial services company through SIPP or wrap products;
“Business Day(s)”	any day (other than a Saturday or a Sunday) on which banks are generally open in Dublin and in London for normal business;
“Circular”	the document to be posted to Shareholders shortly containing details of the Acquisition and the Placing and Open Offer;
“Closing Price”	the closing, middle market quotation of an Existing Ordinary Share, as published in the daily official list of the Irish Stock Exchange;
“Completion”	completion of the Acquisition, as defined in the Acquisition Agreement;
“CREST”	the system for the paperless settlement of trades in securities and the holding of

	uncertificated securities in accordance with the CREST Regulations operated by Euroclear;
“Davy”	J&E Davy, trading as Davy, including its affiliate Davy Corporate Finance;
“Directors” or “the Board”	the directors of IFG Group plc;
“EGM” or “Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held on 4 January, 2009;
“Enlarged IFG Group”	the IFG Group following Completion;
“€” or “Euro”	the lawful currency of Ireland;
“Enlarged Issued Ordinary Share Capital”	the Existing Issued Ordinary Share Capital as enlarged by the allotment and issue of the New Ordinary Shares;
“Existing Issued Ordinary Share Capital”	the 75,077,228 Ordinary Shares which were in issue on 8 December 2009 (being the date prior to the publication of this announcement) and the term “Existing Ordinary Shares” will be construed accordingly;
“Financial Regulator”	the Irish Financial Services Regulatory Authority, as a constituent part of the Central Bank and Financial Services Authority of Ireland;
“Financial Services Authority”	the UK Financial Services Authority, an independent non-governmental body, given statutory powers by the FSMA;
“Fiordland”	Fiordland Investment Limited Partnership, a limited partnership with registered office at Hambro House, St Julian’s Avenue, St Peter Port, Guernsey, Channel Islands, GY1 3AE United Kingdom;
“Form of Proxy”	the form of proxy for use at the EGM;
“FSMA”	the Financial Services and Markets Act 2000 of the United Kingdom;
Hawkpoint	Hawkpoint Partners Limited
“IFG” or “the Company”	IFG Group plc;
“the IFG Group”, “the Group” or	
“the Existing IFG Group”	IFG Group plc and its subsidiary companies prior to the Acquisition;

“IFG UK Holdings Limited”	IFG UK Holdings Limited, a company incorporated in England and Wales, registered number 6033126;
“IPS”	IPS Partnership plc;
“Ireland”	the island of Ireland, save for Northern Ireland;
“Irish Stock Exchange”	The Irish Stock Exchange Limited;
“Issue Price”	€1.05 per New Ordinary Share;
“James Hay”	James Hay Holdings Limited and its subsidiary undertakings, which are subsidiaries of Santander Private Banking UK Limited, whose ultimate parent company is Banco Santander S.A. James Hay’s subsidiary undertakings refers to James Hay Insurance Company Limited, James Hay Administration Company Limited, James Hay Pension Trustees Limited, Sarum Trustees Limited and James Hay Wrap Managers Limited;
“Jersey Financial Services Commission”	the Jersey Financial Services Commission, being the body responsible for regulation and supervision of the financial services industry in the Island of Jersey;
“Listing Rules”	the listing rules of the Irish Stock Exchange and/or where appropriate the listing rules of the UK Listing Authority;
“London Stock Exchange”	The London Stock Exchange plc;
“Net Asset Reference Amount”	the amount estimated by the Vendor to be the net asset value of James Hay at Completion calculated in accordance with the provisions set out in the Acquisition Agreement;
“New Ordinary Shares”	the 48,262,932 Ordinary Shares to be issued pursuant to the Placing and Open Offer;
“Non-CREST Shareholders”	Shareholders who are not CREST Shareholders;

“Official Lists”	the Official List of the Irish Stock Exchange and the Official List of the UK Listing Authority;
“Open Offer”	the invitation by the Company to Qualifying Shareholders to apply for Open Offer Shares on the terms and conditions to be set out in the Prospectus and in the case of Qualifying Non-CREST Shareholders, the Application Form;
“Open Offer Shares”	the New Ordinary Shares to be issued in connection with the Open Offer;
“Open Offer Entitlements”	entitlements to apply to subscribe for Open Offer Shares pursuant to the Open Offer;
“Option Holder”	means the holders of options under the IFG PLC share option schemes;
“Ordinary Shares” or “Existing Ordinary Shares”	existing fully paid ordinary shares of €0.12 each in the share capital of IFG;
“Overseas Shareholder(s)”	Shareholders who are resident in, or who are citizens of, or who have registered addresses in territories other than Ireland or the United Kingdom;
“Pensioner Trustee”	a Corporate Trustee with specialist knowledge in the area of pensions law and pensions administration;
“Places”	persons who have agreed or shall agree to subscribe for Placing Shares pursuant to the Placing, subject to claw back to satisfy valid applications by Qualifying Shareholders pursuant to the Open Offer;
“Placing and Open Offer Underwriting Agreement”	the agreement relating to the Placing and Open Offer pursuant to which, amongst other things, Davy (subject to claw back under the Open Offer) will place the Placing Shares for the Company;
“Potential Additional Placing”	the potential placing of up to 7,424,466 Ordinary Shares, through the existing allotment authority granted by Shareholders at the Company’s last annual general meeting held on 1 July 2009, to increase Fordland’s shareholding to a level not

	exceeding 19.9 per cent. Of the Enlarged Issued Ordinary Share Capital;
“Prospectus”	the document comprising a prospectus relating to the Company for the purpose of the Acquisition and the Placing and Open Offer and the listing of the New Ordinary Shares on the Official Lists and the Admission (together with any supplements or amendments thereto);
“Prospectus Rules”	the Prospectus Rules of the Financial Regulator issued under Section 51 of the Investment Funds Companies and Miscellaneous Provisions Act;
“Purchaser”	IFG UK Holdings Limited, a subsidiary of IFG Group plc;
“Qualifying CREST Shareholders”	the Qualifying Shareholders holding Ordinary Shares in uncertificated form;
“Qualifying Non-CREST Shareholders”	the Qualifying Shareholders holding Ordinary Shares in certificated form;
“Qualifying Shareholders”	holders of Existing Ordinary Shares on the register of members of the Company on the record date;
“Resolutions”	the resolutions to be proposed at the EGM;
“Santander Private Banking UK Limited	a company incorporated in England and Wales, registered number 0282000
“Shareholder(s)”	holder(s) of Ordinary Shares;
“SIPP”	a self invested personal pension;
“Stg£” or “Stg”	sterling pounds and sterling pence, the lawful currency of the UK;
“subsidiary undertakings”	shall have the meaning given by the European Communities (Companies: Group Accounts) Regulations 1992;
“subsidiary”	shall have the meaning given by section 155 of the Companies Act 1963;
“Transparency Regulations and Rules”	means the Transparency (Directive 2004/109/EC) Regulations 2007 and the Interim Transparency Rules issued by the Financial Regulator in June 2007, and relating to the disclosure of information in respect of financial

instruments which have been admitted to the trading on a regulated market or for which a request for admission to trading on such a market has been made;

“UK” or “United Kingdom”

the United Kingdom of Great Britain and Northern Ireland;

“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;

“Vendor”

Santander Private Banking UK Limited;

“€”

the lawful currency of Ireland pursuant to the provisions of the Economic & Monetary Union Act 1998.