



City of London Group plc
("COLG" or the "Company")

4 September 2020

Recognise share conversion

COLG is pleased to announce that following the receipt of the Total Capital Requirement Letter announced on 23 July 2020, the minority equity interest in its subsidiary Recognise Financial Services Limited ("Recognise"), held by the Recognise management team, has been converted into ordinary shares in the Company.

As announced on 31 January 2018, the Company entered into an agreement with the Recognise management team to form the subsidiary. The management held a minority interest in the subsidiary and there were put and call arrangements in place for COLG to acquire the equity interest held by the team.

The Company has issued 5,600,000 new ordinary shares to the Recognise management team and now owns 100% of Recognise.

Related party transaction

The agreement relating to the share conversion has been varied, which constitutes a related party transaction under the AIM Rules. The Recognise management team who held the minority interest and that are party to this agreement, Jason Oakley, Bryce Glover and Adrian Golumbina are, or were within the past twelve months, directors of a subsidiary of COLG. Thereby, they are classified as related parties under the AIM Rules.

The original agreement provided that the amount payable by COLG to acquire the minority interest was £5.4m, this has been reduced to approximately £4.5m. The original agreement also provided that the conversion price would be the average closing mid-price of COLG's shares for the 30 days preceding prior to completion of the sale which, as at 2 September 2020, would have been 73p. This has been increased to 80p. Recognise reported a loss of £1.6m in FY19 which arose from the costs of Recognise's banking licence application.

The directors consider, having consulted with it Peel Hunt LLP, the Company's nominated adviser, that the terms of the transaction are fair and reasonable insofar as its shareholders are concerned.

Total voting rights

The Company will apply for admission to trading of the New Shares on the AIM Market of the London Stock Exchange ("Admission"). It is anticipated that Admission will occur at 8.00am on 10 September 2020.

Following Admission, the issued share capital of the Company will comprise 46,994,616 ordinary shares carrying one voting right per share. The Company does not hold any shares in treasury. Therefore, the total number of ordinary shares and voting rights in the Company will be 46,994,616. The above figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the FCA's Disclosure Guidance and Transparency Rules.



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