



CITY OF LONDON GROUP PLC

("COLG" or "the Company")

Related Party Transaction

Disposal of Acorn to Oaks Financial Services

The Board of COLG (AIM:CIN) is pleased to announce that it has agreed terms to sell Acorn to Oaks Financial Services ("A2O") to Jason Oakley and his wife Claire Oakley (the "Buyers") for net consideration of £1.15 million (the "Disposal").

A2O is a financial services intermediary business focusing on SME and landlord insurance products. It was acquired by COLG in July 2018, to complement the Company's operations. COLG acquired 100% of the shares of A2O from Jason Oakley, his wife Claire Oakley, a vehicle controlled by Mr and Mrs Oakley, and other minority shareholders. The Company has decided to focus on its SME banking subsidiary Recognise Bank Limited ("Recognise"). The capital created by the Disposal will be deployed within Recognise

The net consideration of £1.15 million is being satisfied via the cancellation of c.£1.3 million loan notes payable to the Buyers, less c.£0.15 million of cash payable to the Buyers.

In the financial year ended 31 March 2020 A2O reported a loss before tax of £30k, had total assets of £986k and net assets of £378k.

The Disposal constitutes a related party transaction under Rule 13 of the AIM Rules. Jason Oakley is deemed to be a related party of COLG under AIM Rules as he is a director of COLG's wholly-owned subsidiary Recognise.

The independent directors of the Company, having consulted with Peel Hunt LLP in its capacity as the Company's nominated adviser for the purposes of the AIM Rules, consider the terms of the Disposal to be fair and reasonable insofar as the Company's shareholders are concerned.

Update on Milton Homes

Separately, the Company have received a number of proposals from parties interested in buying Milton Homes Limited ("Milton"). The Company are considering these proposals, which may or may not lead to a disposal of Milton. The Company will provide an update on Milton in due course accordingly.

Colin Wagman, Chairman of City of London Group, commented:

"The disposal of Acorn to Oaks is an important step for COLG, as the business continues its strategic focus on its core business, Recognise Bank, where we see strong growth opportunity."

"Since Recognise Bank received authorisation with restriction (AwR) in November 2020, the bank has made significant progress in building its lending portfolio and developing its loan products as it looks forward to being able to take customer deposits in the near future. We believe this is the right strategy for shareholders and look forward to keeping the market updated on its progress."



THE INFORMATION CONTAINED WITHIN THIS ANNOUNCEMENT IS DEEMED TO CONSTITUTE INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EU) NO. 596/2014. UPON THE PUBLICATION OF THIS ANNOUNCEMENT, THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN.

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