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If you have sold or otherwise transferred all of your Existing Ordinary Shares in the Company before the date that the Existing Ordinary Shares are marked “ex-entitlement” to the Open Offer by the London Stock Exchange, please immediately forward this document, together with the accompanying Application Form, 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. If you have sold only part of your holding of Existing Ordinary Shares, please contact immediately your stockbroker, bank or other agent through whom the sale or transfer was effected. However, this document and any accompanying documents should not be sent or transmitted in or into, any jurisdiction where to do so might constitute a violation of local securities law or regulations including, but not limited to, the United States, Canada, Japan, Australia, the Republic of Ireland or the Republic of South Africa

**This document is not a prospectus for the purposes of the Prospectus Rules and has not been prepared in accordance with the Prospectus Rules. Accordingly, this document has not been, and will not be, reviewed or approved by the FCA pursuant to sections 85 and 87 of FSMA, the London Stock Exchange or any other authority or regulatory body.**

The distribution of this document into jurisdictions other than the UK may be restricted by law. Persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. The Ordinary Shares are admitted to trading on AIM, a market operated by the London Stock Exchange. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority.

Applications will be made for the Open Offer Shares to be admitted to trading on AIM. The Ordinary Shares are not traded on any other recognised investment exchange and no application has been, or will be, made for the Open Offer Shares or the Existing Ordinary Shares to be admitted to trading on any other recognised trading exchange. It is expected that Admission of the Open Offer Shares will become effective and that dealings in the Open Offer Shares will commence on AIM on or around 5 October 2021.

The Directors, whose names are set out on page 4 of this document, and the Company, collectively and individually, accept responsibility for all the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (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.

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# CITY OF LONDON GROUP PLC

*(Incorporated and registered in England and Wales with registered number 01539241)*

**Open Offer of up to 11,299,988 new Ordinary Shares at 60 pence per share  
and 5,649,994 Warrants to subscribe for Ordinary Shares**

***Nominated Adviser and Broker***  
**Peel Hunt LLP**

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The latest time and date for acceptance and payment in full under the Open Offer is 11 a.m. on 28 September 2021. The procedure for acceptance and payment is set out in Part III of this circular and, where relevant, in the Application Form.

The distribution of this document and/or the accompanying documents, and/or the transfer of Open Offer Entitlements or Excess CREST Open Offer Entitlements through CREST, in jurisdictions other than the UK, including the United States, Canada, Japan, Australia, the Republic of Ireland and the Republic of South Africa, may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any of those restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction.

None of the Open Offer Shares, Open Offer Warrants, the Open Offer Entitlements or the Excess CREST Open Offer Entitlements has been or will be registered under the US Securities Act or under the applicable state securities laws of the United States or under the applicable securities laws of Japan, Canada, Australia, or the Republic of Ireland. Subject to certain exceptions, the Open Offer Shares, Open Offer Warrants, the Open Offer Entitlements and the Excess CREST

Open Offer Entitlements may not be offered, sold, taken up, delivered or transferred in or into the United States, Australia, Canada, the Republic of South Africa the Republic of Ireland or Japan and, Application Forms are not being posted to and no Open Offer Entitlements or the Excess CREST Open Offer Entitlements will be credited to a stock account of any person in the United States, Australia, Canada, the Republic of South Africa, the Republic of Ireland and Japan. The attention of Overseas Shareholders and other recipients of this document who are residents or citizens of any country other than the United Kingdom is drawn to the section entitled "Overseas Shareholders" at paragraph 6 of Part III of this document.

Peel Hunt, which is authorised and regulated by the Financial Conduct Authority, is acting as nominated adviser to the Company in connection with the matters described in this document. Persons receiving this document should note that Peel Hunt will not be responsible to anyone other than the Company for providing the protections afforded to customers of Peel Hunt or for advising any other person on the arrangements described in this document. Peel Hunt has not authorised the contents of, or any part of this document and no liability whatsoever is accepted by Peel Hunt for the accuracy of any information or opinions contained in this document or for the omission of any information. No representation or warranty, express or implied, is made by Peel Hunt as to, and no liability whatsoever is accepted by Peel Hunt in respect of, any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued).

It is the responsibility of persons receiving a copy of this document outside of the United Kingdom, to satisfy themselves as to the full observance of the laws and regulatory requirements of the relevant territory in connection with it and the implications of the Open Offer, including obtaining any governmental or other consents which may be required or observing any other formalities required to be observed in such territory and paying any other issue, transfer or taxes due in such other territory. Persons (including, without limitation, nominees and trustees) receiving this document should not distribute or send this document into any jurisdiction when to do so would, or might, contravene local security laws or regulations. **Overseas Shareholders should consult their own legal and tax advisers with respect to the legal and tax consequences of the Open Offer in their particular circumstances.**

**THE CONTENTS OF THIS DOCUMENT ARE NOT TO BE CONSTRUED AS LEGAL, FINANCIAL OR TAX ADVICE.**

#### **FORWARD LOOKING STATEMENTS**

Certain statements contained herein constitute forward-looking statements. Forward-looking statements including, without limitation, statements typically containing words such as "intends", "anticipates", "targets", "estimates", "believes", "should", "plans", "will", "expects" and similar expressions or statements that are not historical facts are intended to identify those expressions or statements as forward-looking statements. The statements are based on the assumptions and assessments by the Board and are naturally subject to uncertainty and changes in circumstances. By their nature, forward looking statements involve risk and uncertainty and the factors described in the context of such forward- looking statements in this document could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, local and global political and economic conditions, future revenues of the City of London Group being lower than expected, expected cost savings or other future transactions not being realised fully or in line with expected timeframes, competitive pressures in the industry increasing, foreign exchange rate fluctuations and interest rate fluctuations (including those from any potential credit rating decline) and legal or regulatory developments and changes. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements.

Neither the Company, nor any of its respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied by any forward-looking statements contained herein will actually occur. Other than in accordance with their legal or regulatory obligations (including under the AIM Rules, the Disclosure and Transparency Rules of the Financial Conduct Authority and the City Code on Takeovers and Mergers), the Company is not under any obligation and expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## TABLE OF CONTENTS

<b>DIRECTORS, SECRETARY AND ADVISERS</b>	4
<b>OPEN OFFER STATISTICS</b>	5
<b>EXPECTED TIMETABLE OF PRINCIPAL EVENTS</b>	6
<b>DEFINITIONS</b>	7
<b>PART I – LETTER FROM THE CHAIRMAN</b>	11
<b>PART II – RISKS</b>	15
<b>PART III – TERMS AND CONDITIONS OF THE OPEN OFFER</b>	20
<b>PART IV – QUESTIONS AND ANSWERS ABOUT THE OPEN OFFER</b>	36

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	Philip Jenks Michael Goldstein Nyreen Lamas Ruth Parasol Paul Milner Louise McCarthy Moorad Choudhry Richard Gabbertas Simon Wainwright	<i>Independent Non-executive Chairman</i> <i>Chief Executive Officer</i> <i>Non-executive Director</i> <i>Non-executive Director</i> <i>Non-executive Director</i> <i>Independent Non-executive Director</i> <i>Independent Non-executive Director</i> <i>Independent Non-executive Director</i> <i>Independent Non-executive Director</i>
<b>Company Secretary</b>	Mr Ben Harber	
<b>Company Website</b>	www.cityoflondongroup.com	
<b>Registered Office</b>	6th Floor 60 Gracechurch Street London EC3V 0HR	
<b>Nominated Adviser and Broker</b>	<b>Peel Hunt LLP</b> Moor House 120 London Wall London EC2Y 5ET	
<b>Auditors</b>	<b>BDO LLP</b> 55 Baker Street Marylebone London W1U 7EU	
<b>Solicitors to the Company</b>	<b>Taylor Wessing LLP</b> 5 New Street Square London EC4A 3TW	
<b>Registrars to the Company</b>	<b>Link Group</b> 10th Floor Central Square 29 Wellington Street Leeds LS1 4DL	
<b>Receiving Agent</b>	<b>Link Group, Corporate Actions</b> 10th Floor Central Square 29 Wellington Street Leeds LS1 4DL	

## OPEN OFFER STATISTICS

Number of Existing Ordinary Shares in issue at the Record Date	85,879,913
Number of Open Offer Shares to be issued	up to 11,299,988
Number of Open Offer Warrants to be issued	up to 5,649,994
Number of Ordinary Shares in issue immediately following the Open Offer*	116,096,569
Open Offer Shares as a percentage of the Enlarged Ordinary Share Capital*	9.7 per cent.
Basis of Open Offer	1 Open Offer Share for every 7.6 Existing Ordinary Shares held
Issue Price for each Open Offer Share	£0.60
Basis of Open Offer Warrants	1 Open Offer Warrant for every 2 Open Offer Shares subscribed
Exercise price per share under each Open Offer Warrant	£0.69
Gross proceeds of the Open Offer*	£6.78 million

\* This figure assumes that all shares available under the Open Offer are subscribed for by Qualifying Shareholders and that no holder of any convertible securities (including the Subscription Warrants and Open Offer Warrants) exercise or convert such securities into Ordinary Shares.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<i>Event</i>	<i>Date and Time (2021)</i>
Record Date for entitlement under the Open Offer	Close of business on 10 September
Posting of the Circular and Application Forms	14 September
Ex-Entitlement Date	7.00 a.m. on 14 September
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts in CREST of Qualifying CREST Shareholders	15 September
Latest recommended time and date for requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30 p.m. on 22 September
Latest time for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements into CREST	3.00 p.m. on 23 September
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims)	3.00 p.m. on 24 September
Latest time and date for receipt of completed Application Forms and payment in full from Qualifying Shareholders under the Open Offer or settlement of relevant CREST instruction (as appropriate)	11.00 a.m. on 28 September
Announcement of results of Open Offer	29 September
Admission effective and dealings in the Open Offer Shares expected to commence on AIM	8.00 a.m. on 5 October
Expected date for crediting of the Open Offer Shares in uncertificated form to CREST stock options	5 October
Expected date of dispatch of share certificates in respect of the Open Offer Shares	Within 10 business days of 5 October
Expected date of dispatch of warrant certificates in respect of the Open Offer Warrants	Within 10 business days of 5 October

If you have any questions on the procedure for acceptance and payment, you should contact Link Group on +44 (0) 371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

The dates set out in the Expected Timetable of Principal Events above and mentioned throughout this circular may be adjusted by the Company in which event details of the new dates will be notified to AIM and, where appropriate, to Shareholders. All references to time are to the time in London, England.

## DEFINITIONS

The following definitions apply throughout this document and in the accompanying Application Form, unless the context requires otherwise:

<i>Term</i>	<i>Definition</i>
<b>“Act”</b>	the UK Companies Act 2006, as amended;
<b>“Admission”</b>	the admission of the Open Offer Shares to trading on AIM becoming effective in accordance with the AIM Rules for Companies;
<b>“AIM”</b>	the market of that name operated by the London Stock Exchange;
<b>“AIM Rules for Companies”</b>	the rules which set out the obligations and responsibilities in relation to companies whose shares are admitted to AIM as published by the London Stock Exchange from time to time;
<b>“Application Form”</b>	the application form for use in the Open Offer;
<b>“Articles of Association”</b>	the articles of association of the Company as at the date of this document;
<b>“Board”</b>	the board of directors of the Company for the time being;
<b>“Business Day”</b>	a day other than a Saturday, Sunday or public holiday on which banks are open for commercial business in the City of London;
<b>“Certificated” or “in Certificated Form”</b>	a share or other security recorded on the relevant register of the relevant company as being held in certificated form and title to which may be transferred by means of a stock transfer form;
<b>“Company” or “COLG”</b>	City of London Group plc, a company registered in England and Wales with registered number 01539241;
<b>“CREST”</b>	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as also defined in the CREST Regulations);
<b>“CREST Manual”</b>	the rules governing the operation of CREST as published by Euroclear;
<b>“CREST Member”</b>	a person who has been admitted to CREST as a system-member (as defined in the CREST Manual);
<b>“CREST Participant”</b>	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations);
<b>“CREST payment”</b>	shall have the meaning given in the CREST Manual;
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended;
<b>“CREST sponsor”</b>	a CREST participant admitted to CREST as a CREST sponsor;
<b>“CREST sponsored member”</b>	a CREST member admitted to CREST as a sponsored member;
<b>“Directors”</b>	the directors of the Company at the date of this document;

<b>“Enlarged Ordinary Share Capital”</b>	the issued share capital of the Company upon Admission, comprising the Existing Ordinary Share Capital, the Subscription Shares, the new Ordinary Shares to be issued to the trustee of the Company’s EBT and the Open Offer Shares;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited;
<b>“Excess Application Facility”</b>	the arrangement under which Qualifying Shareholders may apply for Open Offer Shares in excess of their Open Offer Entitlement provided that they have agreed to take up their Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this document;
<b>“Excess CREST Open Offer Entitlement”</b>	in respect of a Qualifying CREST Shareholder, the entitlement (in addition to their Open Offer Entitlement) to apply for Open Offer Shares, credited to their stock account in CREST, under the Excess Application Facility, which is conditional on such Qualifying CREST Shareholder agreeing to take up its Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this document;
<b>“Excess Shares”</b>	the Open Offer Shares for which Qualifying Shareholders may apply under the Excess Application Facility;
<b>“Existing Ordinary Shares”</b>	the Ordinary Shares in issue as at the date of this document;
<b>“Existing Ordinary Share Capital”</b>	the issued ordinary share capital of the Company at the date of this document, comprising 85,879,913 Ordinary Shares;
<b>“FCA”</b>	the United Kingdom Financial Conduct Authority;
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 of the United Kingdom, as amended;
<b>“General Meeting”</b>	the general meeting of the Company, held at 10.00 a.m. on 8 September 2021;
<b>“Group”</b>	a company and its subsidiary undertakings from time to time;
<b>“Issue Price”</b>	60 pence being the price at which the Open Offer Shares are to be issued;
<b>“Lapse Date”</b>	the date on which an Open Offer Warrant lapses, being the date that is 3 years after the issue of the Open Offer Warrant;
<b>“London Stock Exchange”</b>	London Stock Exchange plc;
<b>“MBIL”</b>	Max Barney Investments Limited, a company registered in England and Wales with registered number 10890765;
<b>“Milton Homes”</b>	Milton Homes Limited, a company registered in England and Wales with registered number 06037454;
<b>“Milton Homes Group”</b>	Milton Homes and its Group;
<b>“Official List”</b>	the official list of the UKLA;
<b>“Open Offer”</b>	the invitation to Qualifying Shareholders to subscribe for Open Offer Shares at the Issue Price on the terms of and subject to the conditions set out or referred to in Part III of this document.



<b>“Open Offer Entitlement”</b>	with respect to each Qualifying Shareholder, the <i>pro rata</i> entitlement to apply to subscribe for 1 Open Offer Share for every 7.6 Existing Ordinary Shares held by them on the Record Date pursuant to the Open Offer;
<b>“Open Offer Shares”</b>	up to 11,299,988 new Ordinary Shares which are the subject of the Open Offer;
<b>“Open Offer Warrants”</b>	up to 5,649,994 warrants to subscribe for new Ordinary Shares at a price of 69 pence with a 3 year exercise period, to be issued to Qualifying Shareholders participating in the Open Offer on the basis of one Open Offer Warrant for every two Open Offer Shares subscribed under the Open Offer;
<b>“Ordinary Shares”</b>	ordinary shares of 2 pence each in the share capital of the Company;
<b>“Overseas Shareholders”</b>	Shareholders who are resident in, or who are citizens of, or who have registered addresses in, territories other than the United Kingdom;
<b>“Panel”</b>	the UK Panel on Takeovers and Mergers;
<b>“Peel Hunt”</b>	Peel Hunt LLP, the Company’s nominated adviser and broker;
<b>“Qualifying CREST Shareholders”</b>	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company on the Record Date are held in uncertificated form on CREST;
<b>“Qualifying Non-CREST Shareholders”</b>	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company on the Record Date are held in certificated form;
<b>“Qualifying Shareholders”</b>	holders of Existing Ordinary Shares on the register of members of the Company on the Record Date for the Offer (other than certain Overseas Shareholders);
<b>“Receiving Agent”</b>	Link Group, Corporate Actions;
<b>“Record Date”</b>	close of business on 10 September 2021, the time on which Qualifying Shareholders must be shown on the register of members of the Company to be eligible to participate in the Open Offer;
<b>“Registrar”</b>	Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL;
<b>“Restricted Jurisdiction”</b>	each and any of Australia, Canada, Japan, the United States, the Republic of Ireland and the Republic of South Africa;
<b>“Securities Act”</b>	the United States Securities Act of 1933, as amended from time to time;
<b>“Shareholders”</b>	the persons who are registered as holders of the Ordinary Shares;
<b>“Sterling” or “£”</b>	the legal currency of the UK;
<b>“Subscription Admission”</b>	admission of the Subscription Shares to trading on AIM becoming effective in accordance with the AIM Rules for Companies;

<b>“Subscription”</b>	the subscriptions for the Subscription Shares and the issue of the Subscription Warrants pursuant to the capital raise announced on 23 August 2021;
<b>“Subscription Shares”</b>	the 18,916,667 new Ordinary Shares to be issued pursuant to the Subscriptions;
<b>“Subscription Warrants”</b>	the 9,458,333 Warrants to be issued to PV27 and MBIL in connection with the Subscriptions;
<b>“Takeover Code” or “City Code”</b>	the UK City Code on Takeovers and Mergers;
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“UKLA”</b>	the United Kingdom Listing Authority, being the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA;
<b>“Uncertificated” or “in Uncertificated Form”</b>	a share or other security recorded on the relevant register of the relevant company concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
<b>“US” or “United States”</b>	the United States of America, its territories and possessions and any states of the United States of America; and
<b>“Warrants”</b>	the warrants to subscribe for new Ordinary Shares at an exercise price of 69 pence per share, being either the Subscription Warrants or the Open Offer Warrants (as the context requires).

## PART I – LETTER FROM THE CHAIRMAN

# CITY OF LONDON GROUP PLC

(Incorporated in England and Wales with registered number 01539241)

### Directors

Philip Jenks (*Independent Non-executive Chairman*)  
Michael Goldstein (*Chief Executive Officer*)  
Nyreen Lamas (*Non-executive Director*)  
Ruth Parasol (*Non-executive Director*)  
Paul Milner (*Non-executive Director*)  
Louise McCarthy (*Independent Non-executive Director*)  
Moorad Choudhry (*Independent Non-executive Director*)  
Richard Gabbertas (*Independent Non-executive Director*)  
Simon Wainwright (*Independent Non-executive Director*)

### Registered Office :

6th Floor  
60 Gracechurch Street  
London  
EC3V 0HR

13 September 2021

To: Shareholders (and, for information only, the holders of awards and options over Ordinary Shares)

Dear Shareholder,

## Open Offer and issue of Open Offer Warrants

### 1. Introduction

The Company announced on 23 August 2021 a capital raise of £11.4 million to be effected through the Subscriptions with existing shareholders PV27 and MBIL and the issue to them of 9,458,333 Subscription Warrants. Completion of the Subscription is conditional, *inter alia*, upon the passing of certain ordinary and special resolutions by the Company's shareholders at the general meeting which was held at 10.00 a.m. on 8 September 2021 (**General Meeting**). The Board is pleased to advise that all resolutions were passed by the requisite majorities and application has been made for the Subscription Shares to be admitted to trading on AIM on 14 September 2021.

On 23 August 2021 the Board also announced its intention to undertake the Open Offer to Qualifying Shareholders. Shareholder approval to grant authority to the Directors to allot the Open Offer Shares and new Ordinary Shares which may be issued upon exercise of the Open Offer Warrants was also obtained at the General Meeting. The Open Offer will give Qualifying Shareholders the opportunity to invest in new Ordinary Shares at the same price as PV27 and MBIL under the Subscription. Successful applicants in the Open Offer will also receive Open Offer Warrants on the same basis as PV27 and MBIL under the Subscription (one Open Offer Warrant for every two Open Offer Shares subscribed) with such Warrants having substantially the same terms as the Subscription Warrants.

### 2. Details of the Open Offer

Qualifying Shareholders are being offered the opportunity to apply for Open Offer Shares on the basis of:

#### 1 Open Offer Share for every 7.6 Existing Ordinary Shares held

Qualifying Shareholders are being offered the opportunity to apply for additional Shares in excess of their Open Offer Entitlement to the extent that other Qualifying Shareholders do not take up their Open Offer Entitlement in full. In the event that applications under the Open Offer are received in excess of the 11,299,988 Open Offer Shares available, excess applications will be scaled back *pro rata* to Qualifying Shareholders' existing shareholdings.

In addition, successful applicants under the Open Offer will be issued with Open Offer Warrants, being warrants to subscribe for new Ordinary Shares. The Open Offer Warrants are exercisable within 3 years of issuance (on a monthly basis) at a price of 69 pence per Ordinary Share. The Open Offer Warrants will be issued on the basis of 1 Warrant for every 2 Open Offer Shares successfully subscribed.

At the General Meeting, shareholders approved the allotment of the Open Offer Shares and new Ordinary Shares that may be issued upon exercise of the Open Offer Warrants. However, the Open Offer is conditional on Admission. It is expected that Admission will occur and dealings in the Open Offer Shares will commence on 5 October 2021. If such condition is not fulfilled on or before 8.00 a.m. on 5 October 2021 (or such later date as the Company may reasonably decide) application monies are expected to be returned without interest and any Open Offer Entitlements and Excess CREST Open Offer Entitlements admitted to CREST will be disabled.

Assuming full take-up under the Open Offer, the issue of the Open Offer Shares will raise gross proceeds of approximately £6.78 million for the Company. The Open Offer Shares will, upon issue, rank *pari passu* all respects with the Company's existing Ordinary Shares including the right to receive all dividends and other distributions declared, made or paid after their date of issue.

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer, as will holdings under different designations and in different accounts.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. Accordingly, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying Non-CREST Shareholders should note that applications in respect of Open Offer Entitlements (or Excess Shares) may only be made by the Qualifying Non-CREST Shareholder originally entitled, or by a person entitled by virtue of a *bona fide* market claim in accordance with paragraph 3.1(b) of Part III of this document.

### **Excess Application Facility**

The Excess Application Facility will enable Qualifying Shareholders, provided that they take up their Open Offer Entitlement in full, to apply for Excess Shares.

Qualifying Non-CREST Shareholders who wish to apply to acquire more than their Open Offer Entitlement should complete the relevant sections on the Application Form. Qualifying CREST Shareholders will have Excess CREST Open Offer Entitlements credited to their stock account in CREST and should refer to paragraph 3.2(g) of Part III of this circular for information on how to apply for Excess Shares pursuant to the Excess Application Facility. Excess Shares will be available only and to the extent that applications by other Qualifying Shareholders are not made or are made for less than their Open Offer Entitlements. Once subscriptions by Qualifying Shareholders under their respective Open Offer Entitlements have been satisfied, such applications for Excess Shares will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility.

Application will be made for the Open Offer Entitlements and Excess CREST Open Offer Entitlements in respect of Qualifying CREST Shareholders to be admitted to CREST. It is expected that such Open Offer Entitlements and Excess CREST Open Offer Entitlements will be admitted to CREST at 8.00 a.m. on 15 September 2021. Applications through the means of the CREST system may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

Qualifying Non-CREST Shareholders will receive an Application Form with this circular which sets out their entitlement to Open Offer Shares as shown by the number of Open Offer Entitlements allocated to them. Qualifying Non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded.

For Qualifying Non-CREST Shareholders, completed Application Forms, accompanied by full payment, should be returned by post or by hand (during normal business hours only) to Link Group, Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL so as to arrive as soon as possible and in any event so as to be received no later than 11.00 a.m. on 28 September 2021. For Qualifying CREST Shareholders the relevant CREST instructions must have been settled as explained in this circular by no later than 11.00 a.m. on 28 September 2021.

If applications are made for less than all of the Open Offer Shares available, then the lower number of Open Offer Shares will be issued, and any outstanding Open Offer Entitlements will lapse.

Further information on the Open Offer and the terms and conditions on which it is made, including the procedure for application and payment, are set out in Parts III and IV of this circular.

### **Warrants to subscribe for Ordinary Shares**

The Open Offer Warrants will be issued to successful applicants under the terms of the Open Offer on the basis of 1 Warrant for every 2 Open Offer Shares subscribed provided that any fractional entitlements shall be ignored. The maximum number of Open Offer Warrants that may be issued under the Open Offer (and corresponding Ordinary Shares to be allotted pursuant to the exercise of the Warrants) is 5,649,994.

The Open Offer Warrants will be exercisable at the subscription price of 69 pence per Ordinary Share on a monthly basis from time to time until the Lapse Date and if not exercised prior to that date shall lapse. The minimum number of Warrants that may be exercised at any one time is 1,000 Warrants (if the holder holds less than 1,000 Warrants then the entire lesser amount).

No exercise of the Open Offer Warrants shall be permitted where such exercise would result in any person or persons acquiring or increasing control of the Company within the meaning given in sections 181 and 182 of the FSMA, without the relevant regulatory approval of such acquisition or increase of control having first been obtained and not having expired prior to such exercise.

The Open Offer Warrants will be exercisable immediately from the date of issue but will not be listed or admitted to trading. Definitive certificates in respect of the Warrants are expected to be dispatched within 10 days of Admission.

Upon exercise of the Open Offer Warrants, the resulting new Ordinary Shares will be credited as fully paid and will rank *pari passu* in all respects with the Company's existing Ordinary Shares including the right to receive all dividends and other distributions declared, made or paid after their date of issue.

### **3. Admission to AIM and dealings in the Open Offer Shares**

The Ordinary Shares are admitted to trading on AIM, a market operated by the London Stock Exchange. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority.

The Open Offer is conditional on Admission. Applications will be made for the Open Offer Shares to be admitted to trading on AIM. The Ordinary Shares are not traded on any other recognised investment exchange and no application has been, or will be, made for the Open Offer Shares or the Existing Ordinary Shares to be admitted to trading on any other recognised trading exchange. It is expected that Admission of the Open Offer Shares will become effective and that dealings in the Open Offer Shares will commence on AIM on or around 8.00 a.m. 5 October 2021.

### **4. Undertakings in relation to the Open Offer**

As participants under the Subscription, each of PV27 and MBIL has undertaken that they shall not subscribe for any of their pro-rata entitlement to Open Offer Shares, so that other shareholders of the Company will have a greater opportunity to apply to subscribe for shares over and above their pro-rata entitlements.

Substantial shareholder DV4 Limited has also provided an undertaking not to subscribe for its pro-rata entitlement under the Open Offer.

### **5. Use of funds raised under the Open Offer**

In line with the Company's strategy to establish a new UK SME bank via its subsidiary Recognise Bank Limited ("**Recognise**"), the proceeds of the capital raised under the Open Offer (after costs) will be used to meet capital requirements and lift deposit restrictions in order to obtain the full authorisation of Recognise Bank by the Prudential Regulation Authority ("**PRA**"). This in turn will enable Recognise to offer retail savings products to both personal and business customers.

The development of Recognise is central to the Company's strategy and in part addresses the funding gap experienced by underserved UK SMEs. As announced in November 2020, Recognise was granted Authorisation with Restrictions ("**AwR**") by the PRA, one of the first banks to be authorised post pandemic.

## **6. CREST**

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument in accordance with the CREST Regulations. The Open Offer Shares will be eligible for CREST settlement. Accordingly, following Admission, settlement of transactions in the Open Offer Shares may take place within the CREST system if a Shareholder so wishes. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates are able to do so. For more information concerning CREST, Shareholders should contact their stockbroker or Euroclear at 33 Cannon Street, London EC4M 5SB or by telephone on +44 (0) 20 7849 0000.

## **7. Risk factors**

Shareholders and other prospective investors in the Company should be aware that an investment in the Company involves a high degree of risk. Your attention is drawn to the risk factors set out in Part II of this document.

## **8. Further information**

Shareholders should read the whole of this document, which provides additional information on the Company and the Open Offer, and should not rely on summaries of, or individual parts only of, this document. Your attention is drawn, in particular, to Parts II to IV of this document.

## PART II – RISKS

**Investing in the Ordinary Shares involves a high degree of risk and an investment in the Company is only suitable for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result from such investment.**

**The Directors believe the following risks to be the most significant for potential investors. However, the risks listed do not necessarily comprise all of those associated with an investment in the Company. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory and/or tax requirements.**

**The risks listed are not set out in any particular order of priority. Additionally, there may be risks and uncertainties not mentioned in this document of which the Directors are not aware or believe to be immaterial, but which may, in the future, adversely affect the Company's business and the market price of the Ordinary Shares. The information set out below does not purport to be an exhaustive summary of the risks affecting the Company.**

**Before making a final investment decision, prospective investors should consider carefully whether an investment in the Company is suitable for them and, if they are in any doubt should consult with an independent financial adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities.**

### **RISKS RELATING TO AN INVESTMENT IN THE ORDINARY SHARES**

#### ***General risks***

An investment in the Company is only suitable for investors capable of evaluating the risks and merits of such investment who have sufficient resources to bear any loss that may result from the investment. A prospective investor should consider with care whether an investment in the Company is suitable for them in light of their personal circumstances and the financial resources available to them. Investors are therefore strongly recommended to consult an investment adviser authorised under FSMA, or such other similar body in their jurisdiction, who specialises in advising on investments in this nature before making their decision to invest.

Investment in the Company should not be regarded as short term in nature. There can be no guarantee that any appreciation in the value of the Company's investments will occur or that the commercial objectives of the Company will be achieved. Investors may not get back the full amount initially invested.

The prices of shares and the income derived from them can go down as well as up. Past performance is not necessarily a guide to the future.

#### ***Volatility of share price***

The trading price of the Ordinary Shares may be subject to wide fluctuations in response to a number of events and factors, such as variations in operating results, announcements of innovations or new services by the Enlarged Group or its competitors, changes in financial estimates and recommendations by securities analysts, the share price performance of other companies that investors may deem comparable to the Company, news reports relating to trends in the Company's markets, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, currency fluctuations, legislative or regulatory changes and general economic conditions. These fluctuations may adversely affect the trading price of the Ordinary Shares, regardless of the Company's performance.

The following factors, in addition to other risks described within this section, may have a significant effect on the market price of the Ordinary Shares:

- Variations in operating results;
- Actual or anticipated changes in the estimates of operating results or changes in stock market conditions;
- Analyst recommendations regarding the Ordinary Shares, other comparable companies or the industry generally;



- Market conditions in the industry, the industries of customers and the economy as a whole;
- Changes in the market valuation of similar companies;
- Trading volume of the Ordinary shares; and
- Adoption or modification of regulations, policies, procedures or programs applicable to the Group's business. In addition, if the stock market in general experience loss of investor confidence, the trading price of the Ordinary Shares could decline for reasons unrelated to the Group's business, financial condition or operating results. The trading price of the Ordinary Shares might also decline in reaction to events that affect other companies in the industry, even if such events do not directly affect the Group. Each of these factors, among others, could harm the value of the Ordinary Shares.

### ***Future sales of Ordinary Shares could adversely affect the price of the Ordinary Shares***

There can be no assurance that the Company, the Directors or other Shareholders will not elect to sell their Ordinary Shares in the future. The sale of a significant number of Ordinary Shares in the public market, or the perception that such sales may occur, could materially adversely affect the market price of the Ordinary Shares. Sales by the Company's existing Shareholders could also make it more difficult for the Company to sell equity securities in the future at a time and price that it deems appropriate.

### ***Dilution of Shareholders' interests as a result of additional equity fundraising***

The Company may need to raise additional funds in the future to finance, among other things, working Capital, expansion of the Group, new acquisitions or the development of new products. If additional funds are raised through the issuance of new equity or equity-linked securities of the Company other than on a *pro rata* basis to existing Shareholders, the percentage ownership of the existing Shareholders may be reduced. Shareholders may also experience subsequent dilution and/or such securities may have preferred rights, options and pre-emption rights senior to the Ordinary Shares. The Company may also issue shares as consideration shares on acquisitions or investments which would also dilute Shareholders' respective shareholdings.

### ***Dividends***

There can be no assurance as to the level of future dividends. The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Shareholders or, in the case of interim dividends to the discretion of the Directors, and will depend upon, among other things, the Company's earnings, financial position, cash requirements, availability of profits and distributable reserves, as well as provisions for relevant laws or generally accepted accounting principles from time to time.

There can be no assurance that the Company will declare and pay, or have the ability to declare and pay, any dividends in the future.

## **RISKS RELATING TO THE GROUP AND ITS BUSINESS**

### ***Regulatory compliance***

The Company operates, and the Group will operate, in a regulated industry. Several members of the Company's Group are authorised by the FCA to perform a number of regulated activities, and Recognise Bank Limited is authorised and regulated by the PRA to take deposits with restrictions.

The Group employs individuals who have experience of working in these regulated environments, and where appropriate will seek advice on its ongoing compliance obligations on a regular basis.

However, there is a risk that the Group may not be fully compliant with its obligations at all times and any non-compliance could subject the Group to fines, censure or a cancellation or variation of its permissions, any of which could have material adverse consequences for the continuation of its business in the future.

### ***Competition***

There may be existing or new competitors entering the Group's market segment with larger resources, greater market presence, better name recognition, economies of scale or a lower cost base than the Group. They could seek to copy or improve on the Group's business strategy which could adversely affect the Group's market shares.



### ***Future funding requirements***

In the longer term, the Group may need to raise additional funding to undertake development of future products or to expand the business. There is no certainty that this will be possible at all or that it will be possible on acceptable terms. In addition, the terms of any such financing may be dilutive to, or otherwise adversely affect Shareholders.

### ***Attraction and retention of key management and employees***

The successful operation of the Group will depend partly upon the performance and expertise of its current and future management and employees. The loss of the services of certain of these members of the Group's key management or employees or the inability to identify, attract and retain a sufficient number of suitably skilled and qualified employees may have a material adverse effect on the Group. Expansion of the Group may require considerable management time which may in turn inhibit management's ability to conduct the day to day business of the Company.

### ***Credit Risk***

Credit risk is the risk that a borrower fails to pay the interest or to repay the capital on the Group's loans and receivables, thereby giving rise to the Group incurring a financial loss on that borrower's account. The Group aims to manage the impact on profitability from defaults within a Board approved risk appetite through a prudent and stringent underwriting policy and case management when customers are in difficulty. It is exposed to the risk that customers owing the Group money will not fulfil their obligations. An increase in defaults among its customers may have a material adverse effect on the Group's performance. The Group regularly reviews its lending criteria as well as its credit exposure to all customers. However, default risk may arise from events which are outside the Group's control, primarily customer performance due to factors such as loss of employment, family circumstances, illness, business failure, adverse economic conditions or fraud.

The Group intends to focus its lending on its specific areas of expertise and continually stresses its portfolio to test resilience. The majority of the Group's lending is secured by tangible assets and amortised over the life of the assets. The credit risk from concentration is limited due to the size of the counterparty exposures, the loan amount, property type, business sector and geographical spread. In order to ensure that arrears are minimised, emphasis is placed on retaining a diversified portfolio, using prudent underwriting methods and resisting the inclination to increase credit risk in the quest for increased volumes of new business.

### ***Capital Risk***

Capital risk is the risk that the Group will have insufficient capital resources to support the business. The Group is subject to capital adequacy requirements. If the Group fails to meet its minimum regulatory capital requirements, this may result in corrective action or sanctions against it which could adversely impact its business and, in particular, its reputation. The Group may also experience increased requirements for capital as a result of new regulations.

A capital exposure arises when the Group has insufficient capital resources to support its strategic objectives and plans. This could arise due to the depletion of its capital resources, as a crystallisation of any risk to which it is exposed or an inability to raise capital.

The Group aims to maintain a sufficient level of capital above the total regulatory capital requirement and CRDIV capital buffers as detailed in the internal capital adequacy assessment process ('ICAAP').

The Group intends to monitor closely and regularly its capital and leverage ratios to ensure that it meets current and future regulatory requirements. It has supportive major shareholders who have participated in previous capital raisings, and is able to accumulate additional capital through profits and by raising new equity as a listed company on a recognised stock exchange. The Group is able to manage the demand for capital through management actions including adjusting its lending strategy and regularly conducts stress tests and sensitivity analyses on a forward-looking basis.

Effective management of the Group's capital is critical to its ability to operate its business and to pursue its strategy. The Directors set the Group's internal target amount of capital by taking account of its own assessment of the risk profile of the business, market expectations and regulatory requirements. If regulatory requirements as to capital levels increase, the Group may be required to increase its capital ratios. The

Group may also need to increase its capital level in response to changing market conditions or expectations. If the Group is unable to increase its capital in response, it may no longer comply with regulatory requirements or satisfy market expectations related to its capital strength and, as a result, its business, financial condition, and results of operations and prospects may be adversely impacted. Any change that limits the Group's ability to effectively manage its capital (including, for example, reductions in profits and retained earnings as a result of credit losses, write-downs or otherwise, increases in risk-weighted assets, delays in the disposal of certain assets, or the inability to raise capital or funding through wholesale markets as a result of market conditions or otherwise) could have a material adverse effect on its business, financial condition, results of operations, liquidity and/or prospects.

### ***Liquidity and funding risk***

Liquidity and funding risk is the risk that the Group is not able to fund new business originations or meet cash flow or collateral obligations as they fall due without adversely affecting either its daily operations or its financial health. The Group intends at all times to maintain liquidity resources that are adequate, both as to amount and quality, to ensure that there is no significant risk that its liabilities cannot be met as they fall due.

The Group manages liquidity so that the Group can at all times meet its liabilities as they fall due in a scenario consistent with its standard pillar 1 and pillar 2 internal liquidity adequacy assessment process ("**ILAAP**") stress tests.

The Group seeks to manage the tenor of its funding so as to reduce liquidity risk.

The Group maintains its liquidity resources in the form of high-quality liquid assets ("**HQLA**"). It is intended that the amount of these will, at all times, exceed the minimum required by the Overall Liquidity Adequacy Rule ("**OLAR**") and liquidity risk tolerance. The Group carries out forward modelling to identify liquidity mismatches.

### ***Market and interest rate risk***

Market risk is the risk of losses in on- and off-balance sheet positions arising from adverse movements in market prices.

The principal market risk to which the Group is exposed is Interest rate risk, the risk that the Group will be adversely affected by changes in the absolute level of interest rates, in the spread between two rates, in the shape of the yield curve or in any other interest rate relationship.

The Group manages the adverse impact on the Net Interest Margin caused by an increased cost of variable rate borrowings within Board approved interest rate risk limits. This includes the use of fixed rate funding.

To the extent that the Group's receivables may not be matched by deposits and borrowings at fixed rates the Group will be exposed to the risks of changes in market interest rates and might incur higher interest costs than anticipated which may have an adverse effect on the Group's profitability.

The Group does not trade wholesale financial instruments and therefore does not have a trading book. The Group does not operate in denominations other than sterling, and has no foreign exchange risk.

### ***Operational risk including in the event of a failure of IT systems***

Operational risk is the risk of loss arising from inadequate or failed controls or processes, people and systems or from external events. The Group maintains a strong internal control environment to mitigate operational risk which is inherent to its business activities and to minimise the financial impact of operational risk arising from risks such as IT disruption, human error, a breakdown of procedures, non-compliance with policy and internal or external fraud.

The principal operational risks which may result in financial loss, disruption or damage to the reputation of the Group include inability to continue or resume services to customers as a result of a disruption to business or IT system failures, cyber risks associated with malicious attacks on the confidentiality or integrity of electronic data, and external fraud arising from the act of deception or omission, including identity fraud and asset conversion. Any weakness in the Group's IT systems or operational processes could have an adverse effect on its ability to operate its business and meet customer needs.

The Group reviews IT system architecture to ensure systems are resilient and that the confidentiality, integrity and availability of critical systems and information assets are protected against cyber-attacks. It has invested in the protection of customer information, including limiting access to key systems and enhancing the security, durability and accessibility of critical information.

The Group maintains a strong internal control environment and adopts policies and procedures to detect and prevent the use of its business for operational risk, fraud, money laundering, facilitating tax evasion, bribery and activities prohibited by legal and regulatory requirements.

***Legal and regulatory matters***

The Company is subject to an onerous degree of regulation or legislation, and therefore, changes in or extensions of laws and regulations affecting the industry in which the Company operates and the rules of industry organisations could restrict or complicate the Company's business activities, with the potential to significantly increase compliance/legal costs.

## PART III – TERMS AND CONDITIONS OF THE OPEN OFFER

### 1. Introduction

As explained in Part I of this document (Letter from the Chairman), the Company is carrying out the Open Offer to raise approximately £6.78 million (before expenses) through the issue of up to 11,299,988 Open Offer Shares at an issue price of 60 pence per share. The Company is also proposing to issue up to 5,649,994 Open Offer Warrants to subscribe for new Ordinary Shares at a price of 69 pence per share, with a 3 year exercise period.

Upon completion of the Open Offer, the Open Offer Shares will represent approximately 9.7 per cent. of the Company's Enlarged Ordinary Share Capital.

The purpose of this Part III is to set out the terms and conditions of the Open Offer. The Open Offer provides an opportunity for Qualifying Shareholders to apply for, in aggregate, up to 11,299,988 Open Offer Shares *pro rata* (excepting fractional entitlements) to their current holdings and, pursuant to the Excess Application Facility, to apply for Excess Shares, in each case at the Issue Price in accordance with the terms of the Open Offer set out in this Part III. The Open Offer is not being underwritten.

In the event that applications for Open Offer are received in excess of the 11,299,988 Open Offer Shares available, excess applications will be scaled back *pro rata* to Qualifying Shareholders' existing shareholdings. Any monies received in respect of unsuccessful applications for Open Offer Shares as a result of scale back will be promptly returned to Shareholders.

The Open Offer Shares will, when issued and fully paid, rank equally in all respects with the Existing Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.

The Record Date for entitlements under the Open Offer for Qualifying CREST Shareholders and Qualifying Non-CREST Shareholders is the close of business on 10 September 2021. Open Offer Entitlements attach only to Existing Ordinary Shares held by Qualifying Shareholders as at the Record Date. Application Forms are expected to be posted to Qualifying Non-CREST Shareholders on 14 September 2021 and Open Offer Entitlements and Excess CREST Open Offer Entitlements are expected to be credited to stock accounts of Qualifying CREST Shareholders in CREST by 8.00 a.m. on 15 September 2021.

Subject to availability, the Excess Application Facility will enable Qualifying Shareholders to apply for Excess Shares. For Qualifying Non-CREST Shareholders, further details in relation to the Excess Application Facility are set out in this Part III of this document and in the Application Form.

The latest time and date for payment in full under the Open Offer and receipt of completed Application Forms or settlement of relevant CREST instructions (as appropriate) is expected to be 11.00 a.m. on 28 September 2021 with Admission and commencement of dealings in the Open Offer Shares expected to take place at 8.00 a.m. on 5 October 2021.

The Open Offer is conditional on Admission. It is expected that Admission will occur and dealings in the Open Offer Shares will commence on 5 October 2021. If such condition is not fulfilled on or before 8.00 a.m. on 5 October 2021 (or such later date as the Company may reasonably decide) application monies are expected to be returned without interest by crossed cheque in favour of the applicant(s) (at the applicant's risk) by post as soon as practicable after that date and any Open Offer Entitlements admitted to CREST will be disabled. Any interest earned on the application monies will be retained for the benefit of the Company.

This document and, for Qualifying Non-CREST Shareholders only, the Application Form contains the formal terms and conditions of the Open Offer. Your attention is drawn to paragraph 3 of this Part III, which gives details of the procedure for application and payment for the Open Offer Shares including any Excess Shares applied for under the Excess Application Facility.

Any Qualifying Shareholder who has sold all or part of their registered holding(s) of Existing Ordinary Shares prior to the close of business on 10 September 2021 is advised to consult their stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply

for Open Offer Shares under the Open Offer may be a benefit which may be claimed from them by the purchasers under the rules of the London Stock Exchange.

## **2. The Open Offer**

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders, in the Application Form), Qualifying Shareholders are being given the opportunity to apply for any number of Open Offer Shares at the Issue Price (payable in full on application and free of all expenses) up to a maximum of their *pro rata* entitlement to their holdings of Existing Ordinary Share as at the Record Date, payable in full on application. Qualifying Shareholders' basic entitlements shall be calculated on the basis of:

### **1 Open Offer Share for every 7.6 Existing Ordinary Shares**

registered in the name of each Qualifying Shareholder on the Record Date.

In the event that applications under the Open Offer are received for an excess of the 11,299,988 Open Offer Shares available, excess applications will be scaled back *pro rata* to Qualifying Shareholders' existing shareholdings. Any monies received in respect of unsuccessful applications for Open Offer Shares as a result of scale back will be promptly returned to Shareholders.

Entitlements of Qualifying Shareholders will be rounded down to the nearest whole number of open Offer Shares and any fractional entitlements to Open Offer Shares that would otherwise have arisen will be aggregated and available under the Excess Application Facility. Qualifying Shareholders may apply to subscribe for less than their Open Offer Entitlement should they so wish. Qualifying Shareholders are also being given the opportunity, provided they take up any Open Offer Entitlement in full, to apply for Excess Shares through the Excess Application Facility.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility. Any monies received in respect of unsuccessful applications for Excess Shares will be promptly returned to Shareholders.

Please refer to paragraph 3.1(d) (Qualifying Non-CREST Shareholders) and 3.2(g) (Qualifying CREST Shareholders) of this Part III for further details of the Excess Application Facility.

Subject to any scale back, valid applications by Qualifying Shareholders will be satisfied in full up to the maximum amount of their individual Open Offer Entitlement (excluding any Excess Shares applied for through the Excess Application Facility). Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer, as will holdings under different designations and in different accounts.

If you are a Qualifying Non-CREST Shareholder, the Application Form shows the number of Existing Ordinary Shares registered in your name on the Record Date (in Box 6) and also shows the maximum number of Open Offer Shares for which you are entitled to apply if you apply for your Open Offer Entitlement in full (in Box 7). Qualifying CREST Shareholders will have Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to their stock accounts in CREST and should refer to paragraph 3.2 of this Part III and also to the CREST Manual for further information on the relevant CREST procedures. Qualifying Shareholders may apply for any number of Open Offer Shares up to the maximum to which they are entitled under the Open Offer (if any), and also under the Excess Application Facility.

Any Qualifying Shareholder who validly completes and returns an Application Form or requests registration of the Open Offer Shares comprised in it, or who is a CREST member or CREST sponsored member who makes or is treated as making a valid acceptance in accordance with the procedures set out in this Part III will be deemed to make the representations and warranties to the Company contained in paragraph 3.1(e) of this Part III of this document.

The attention of Overseas Shareholders or any person (including, without limitation, a custodian, nominee or trustee) who has a contractual or other legal obligation to forward this document into a jurisdiction other than the United Kingdom is drawn to paragraph 6 of this Part III. The Open Offer will not be made into

certain territories. Subject to the provisions of paragraphs 5 and 6, Shareholders with a registered address in the United States or another Restricted Jurisdiction are not being sent this document and will not be sent an Application Form.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. Accordingly, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying Non-CREST Shareholders should note that applications in respect of Open Offer Entitlements (or Excess Shares) may only be made by the Qualifying Non-CREST Shareholder originally entitled, or by a person entitled by virtue of a *bona fide* market claim in accordance with paragraph 3.1(b) of Part III of this document.

To the extent that Qualifying Shareholders do not take up the offer of Open Offer Shares under the Open Offer, their proportionate ownership and voting interest in the Company will be reduced and the percentage that their shareholdings represent of the ordinary share capital of the Company will, following Admission, be reduced accordingly. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess CREST Open Offer Entitlements will be credited to CREST and be enabled for settlement, applications in respect of the Open Offer may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim in accordance with paragraph 3.2(b) of Part III of this document raised by CREST Claims Processing Unit.

Open Offer Shares not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who are not eligible to or do not apply to take up Open Offer Shares will have no rights under the Open Offer nor receive any proceeds from it.

Application will be made for the Open Offer Entitlements and the Excess CREST Open Offer Entitlements to be credited to Qualifying CREST Shareholders' CREST accounts. The Open Offer Entitlements and the Excess CREST Open Offer Entitlements are expected to be credited to CREST accounts by 8.00 a.m. on 15 September 2021.

The Existing Ordinary Shares are in registered form, are admitted to trading on AIM and are not traded on any other exchange. Open Offer Shares will also be in registered form, will be issued credited as fully paid and will rank equally in all respects with the issued Existing Ordinary Shares. Open Offer Shares will be issued only pursuant to the Open Offer and, subject as set out in this Part III, will not otherwise be marketed or made available in whole or in part to the public.

Overseas Shareholders are referred to the section entitled "Overseas Shareholders" set out in paragraph 6 of Part III of this Document.

### **Warrants to subscribe for Ordinary Shares**

The Open Offer Warrants will be issued to successful applicants under the terms of the Open Offer on the basis of 1 Warrant for every 2 Open Offer Shares successfully subscribed provided that any fractional entitlements shall be ignored.

The Open Offer Warrants will be exercisable at the subscription price of 69 pence per new Ordinary Share on a monthly basis from time to time until the Lapse Date and if not exercised prior to that date shall lapse. The minimum number of Open Offer Warrants that may be exercised at any one time is 1,000 Warrants (if a holder holds less than 1,000 Warrants, then that entire lesser amount).

No exercise of the Open Offer Warrants shall be permitted where such exercise would result in any person or persons acquiring or increasing control of the Company within the meaning given in sections 181 and 182 of the FSMA, without the relevant regulatory approval of such acquisition or increase of control having first been obtained and not having expired prior to such exercise.

The Warrants will be exercisable immediately from the date of issue but will not be listed or admitted to trading. Definitive certificates in respect of the Warrants are expected to be dispatched within 10 business days of Admission.



### 3. Procedure for Application and Payment

The action to be taken by Qualifying Shareholders in respect of the Open Offer depends on whether, at the relevant time, a Qualifying Non-CREST Shareholder has an Application Form in respect of their Open Offer Entitlement, or a Qualifying CREST Shareholder has Open Offer Entitlements credited to their CREST stock account.

Qualifying Non-CREST Shareholders who hold all or part of their Existing Ordinary Shares in certificated form will receive the Application Form, enclosed with this document. The Application Form shows the number of Existing Ordinary Shares held at the Record Date. It will also show Qualifying Non-CREST Shareholders their Open Offer Entitlement that can be allotted in certificated form. Qualifying CREST Shareholders who hold all their Existing Ordinary Shares in CREST will be allotted Open Offer Shares in CREST.

Qualifying Shareholders who hold part of their Existing Ordinary Shares in uncertificated form will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. However, it will be possible for Qualifying Shareholders to deposit Open Offer Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 3.2 of this Part III.

CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

Qualifying Shareholders who do not want to take up or apply for Open Offer Shares under the Open Offer should take no action and (if a Qualifying Non-CREST Shareholder) should not complete or return the Application Form.

#### 3.1 ***If you receive an Application Form in respect of your entitlement under the Open Offer (Qualifying Non-CREST Shareholders)***

##### (a) *General*

Subject as provided in paragraph 6 of Part III of this document in relation to Overseas Shareholders, Application Forms are being sent to Qualifying Non-CREST Shareholders with this document. The Application Form will show the number of Ordinary Shares registered in their name as of the Record Date in Box 6. It will also show the maximum number of Open Offer Shares for which they are entitled to apply under their Open Offer Entitlement in Box 7. Qualifying Non-CREST Shareholders may apply for less than their maximum Open Offer Entitlement should they wish to do so. Qualifying Non-CREST Shareholders may, subject to paragraph 3.1(b) of this Part III of this document, also hold such an Application Form by virtue of a *bona fide* market claim.

The instructions and other terms set out in the Application Form form part of the terms of the Open Offer to Qualifying Non-CREST Shareholders.

##### (b) *Bona fide Market Claims*

Applications to acquire Open Offer Shares may only be made on the Application Form and may only be made by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a market purchase of Existing Ordinary Shares through the market prior to the date upon which the Existing Ordinary Shares were marked “ex” for the purposes of entitlement to participate in the Open Offer. Application Forms may not be sold, assigned, transferred or split, except to satisfy *bona fide* market claims up to 3.00 p.m. on 24 September 2021. **The Application Form is not a negotiable document or document of title and cannot be separately traded.** A Qualifying Non-CREST Shareholder who has sold or otherwise transferred all or part of their holding of Existing Ordinary Shares prior to the date upon which the Existing Ordinary Shares were marked “ex” for the purposes of entitlement to participate in the Open Offer, should consult their broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed by the purchaser or transferee.

Qualifying Non-CREST Shareholders who have sold all of their Existing Ordinary Shares should, if the market claim is to be settled outside CREST, complete Box 10 on the Application Form and send the Application Form, together with this document, at once 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. The Application Form should not, however, subject to certain exceptions, be forwarded to or transmitted in or into any Restricted Jurisdiction or otherwise in breach of paragraph 6 of this Part III of this document. Box 11 of the Application Form must be completed and signed by the person(s) to whom the Existing Ordinary Shares the subject of such *bona fide* market claim have been sold or otherwise transferred if they wish to apply using such Application Form for Open Offer Shares.

Qualifying Non-CREST Shareholders who, before the date upon which the Existing Ordinary Shares were so marked “ex”, have sold part only of their registered holding of Existing Ordinary Shares, should complete Box 10 on the Application Form and immediately send the Application Form to Link Group, Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL accompanied by a letter stating the number of *pro rata* entitlements of Open Offer Shares to be included in each split Application Form. The number of *pro rata* Open Offer Entitlements to apply to each split Application Form must be stated and the aggregate must not exceed the number shown in Box 7 of the Application Form. Box 10 of the Application Form on each split Application Form will be marked “Declaration of Sale duly made”. The latest time and date for splitting is 3.00 p.m. on 24 September 2021.

If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 3.2 below.

(c) *Application procedures*

Qualifying Non-CREST Shareholders wishing to apply to acquire all or any of the Open Offer Shares to which they are entitled should complete the Application Form in accordance with the instructions printed on it. Completed Application Forms should be sent by post or delivered by and (during normal business hours only) to Link Group, Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL, with a cheque drawn in Sterling on a bank or building society in the UK which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques to be cleared through the facilities provided for members of any of those companies. Cheques should be drawn on a personal account to which the Shareholder has sole or joint title. Third party cheques will not be accepted with the exception of building society cheques where the bank or building society has endorsed the back of the cheque by adding the Shareholder's details and the branch stamp. Such cheques must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Applications must be received by Link Group (at the address detailed above) no later than 11.00 a.m. on 28 September 2021, after which time Application Forms will not be valid. Once submitted, applications are irrevocable. If an Application Form is being sent by post in the UK, Qualifying Shareholders are recommended to allow at least four working days for delivery. Cheques should be made payable to “Link Market Services Limited Re: City of London Group Plc – Open Offer A/C” and crossed “A/C Payee Only”. Post-dated cheques will not be accepted. It is a condition of application that cheques will be honoured on first presentation and the Company may in its absolute discretion elect not to treat as valid any application in respect of which a cheque is not so honoured.

The Company may, in its sole discretion but shall not be obliged to, treat an Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Open Offer. The Company further reserves the right (but shall not be obliged) to accept either Application Forms received after 11.00 a.m. on 28 September 2021 with the envelope bearing a legible postmark not later than 11.00 a.m. on 28 September 2021 or applications in respect of which remittances are received before 11.00 a.m. on 28 September 2021 from authorised persons (as defined in FSMA) specifying the Open Offer Shares applied for and undertaking to lodge the Application Form in due course but, in any event, within two Business Days. Multiple applications will not be accepted.



Cheques are liable to be presented for payment upon receipt. If they are presented before the conditions of the Open Offer are fulfilled, the application monies will be kept in a separate bank account until the conditions are fully met. If the Admission condition of the Open Offer is not fulfilled on or before 8.00 a.m. on 5 October 2021, or such later date as the Company may reasonably determine, the Open Offer will lapse, all applications to subscribe for Open Offer Shares shall be void and of no effect and all application monies will be returned (at the applicant's risk) without interest by cheques or CREST payment as soon as is practicable after that date. Interest earned on monies held will be retained for the benefit of the Company. The Company shall have no other liability or obligation to any person applying for Open Offer Shares in the event that the Open Offer so lapses.

(d) *The Excess Application Facility*

Provided such Qualifying Non-CREST Shareholder chooses to take up any Open Offer Entitlement in full, the Excess Application Facility enables a Qualifying Non-CREST Shareholder to apply for Excess Shares.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility. Each Qualifying Non-CREST Shareholder who has made a valid application for Excess Shares under the Excess Application Facility, and from whom payment in full for Excess Shares has been received, will receive a Sterling amount equal to the number of Offer Shares applied and paid for, but not allocated to, the relevant Qualifying Non-CREST Shareholder, multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable afterwards, without payment of interest and at the applicant's sole risk.

Qualifying Non-CREST Shareholders who wish to apply for Open Offer Shares in excess of their Open Offer Entitlement must complete the Application Form in accordance with the instructions set out on it.

(e) *Effect of application*

All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk. By completing and delivering an Application Form the applicant:

- (i) requests that the Open Offer Shares for which they have applied be issued to them on the terms set out in this document and subject to the Articles of Association;
- (ii) agrees with the Company that all applications under the Open Offer and contracts resulting from it, shall be governed by, and construed in accordance with, the laws of England;
- (iii) confirms with the Company that, in making the application, they are not relying on any information or representation other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part of it or involved in its preparation shall have any liability for any such information or representation not so contained;
- (iv) represents and warrants that, if the applicant received some or all of their Open Offer Entitlements from a person other than the Company, the applicant is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (v) represents and warrants that they are not a person nor are they applying on behalf of a person who by virtue of being resident in or a citizen of any country outside the United Kingdom is prevented by the law of any relevant jurisdiction from lawfully applying for Open Offer Shares;
- (vi) represents and warrants that: (a) they are not in the United States, any other Restricted Jurisdiction or any other territory in which it is unlawful to make or accept an offer to apply for Open Offer Shares or to use the Application Form in any manner in which they have used or will use it; (b) they are not acting for the account or benefit of a person located

within the United States, or any other Restricted Jurisdiction or any other territory in which it is unlawful to make or accept an offer to apply for Open Offer Shares and were not acting for the account or benefit of such a person at the time the instruction to apply for Open Offer Shares was given; and (c) they are not acquiring Open Offer Shares with a view to the offer, sale, resale, delivery or transfer, directly or indirectly, of any such Open Offer Shares into the United States, or any other Restricted Jurisdiction or any other territory in which it is unlawful to make or accept an offer to apply for Open Offer Shares, in each case except where proof satisfactory to the Company has been provided that such applicant is entitled to take up their entitlement without any breach of applicable law;

- (vii) confirms that Open Offer Shares have not been offered to them by the Company, or any of its affiliates, by means of any: (a) “directed selling efforts” as defined in Regulation S under the Securities Act; or (b) “general solicitation” or “general advertising” as defined in Regulation D under the Securities Act; and
- (viii) represents and warrants that they are not, and nor are they applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986.

Further representations and warranties are contained in the Application Form.

**Qualifying Shareholders who do not wish to apply for Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form.**

Should you need advice with regard to these procedures, please contact Link Group on +44 (0) 371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

**3.2 If you have Open Offer Entitlements credited to your stock account in CREST (Qualifying CREST Shareholders)**

(a) *General*

Subject as provided in paragraph 6 of Part III of this document in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to their stock account in CREST of their Open Offer Entitlements. Any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying CREST Shareholders’ Open Offer Entitlements.

Qualifying CREST Shareholders may also apply for Open Offer Shares in excess of their Open Offer Entitlement under the Excess Application Facility. Further details of the Excess Offer Entitlements can be found in paragraph 3.2(g) of this Part III.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlements and Excess CREST Open Offer Entitlements have been allocated.

If for any reason the Open Offer Entitlements cannot be admitted to CREST, or the stock accounts of Qualifying CREST Shareholders cannot be credited, on 15 September 2021, or such later time and/or date as the Company may decide, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements which should have been credited to their stock account in CREST. In these circumstances, the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying Non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive such Application Forms.

CREST members who wish to apply to acquire some or all of their entitlements to Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures

referred to below. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for Open Offer Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

(b) *Market claims*

The Open Offer Entitlements and Excess CREST Open Offer Entitlements will constitute separate securities for the purposes of CREST and will have a separate ISIN number stated at paragraph 3.2(d)(ii) of this Part III of this document. Although Open Offer Entitlements and Excess CREST Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and Excess CREST Open Offer Entitlements may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) and Excess CREST Open Offer Entitlement(s) will be transferred accordingly afterwards.

(c) *Unmatched Stock Events (“USE”) instructions*

Qualifying CREST Shareholders who are CREST members and who want to apply for Open Offer Shares in respect of all or some of their Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) a USE instruction to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of Link Group under the participant ID and member account ID specified below, with the number of Open Offer Entitlements or Excess CREST Open Offer Entitlements corresponding to the number of Open Offer Shares applied for (subject to paragraph 3.2(g) of this Part III); and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of Link Group in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Open Offer Shares or Excess Shares referred to in paragraph 3.2(c)(i) above.

(d) *Content of USE instruction in respect of Open Offer Entitlements and Excess CREST Open Offer Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear’s specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares and any Excess Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) and any Excess CREST Open Offer Entitlement(s) being delivered to Link Group);
- (ii) the ISIN of the Open Offer Entitlements. This is GB00BMG1WN79 in respect of the Open Offer Entitlement and GB00BMG89C69 in respect of the Excess CREST Open Offer Entitlement;
- (iii) the participant ID of the accepting CREST member;
- (iv) the member account ID of the accepting CREST member from which the Open Offer Entitlements and any Excess CREST Open Offer Entitlements are to be debited;
- (v) the participant ID of Link Group in its capacity as a CREST receiving agent. This is 7RA33;
- (vi) the member account ID of Link Group in its capacity as a CREST receiving agent. This is 21375CIT;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above (which includes, if applicable, the amount payable for the Excess Shares);

- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 28 September 2021; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 28 September 2021.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 28 September 2021 in order to be valid is 11.00.a.m. on that day.

In the event the Open Offer does not become unconditional (ie: Admission does not occur) on or before 8.00 a.m. on 5 October 2021 or such later time and date as the Company may reasonably determine, the Open Offer will lapse, the Open Offer Entitlements and any Excess CREST Open Offer Entitlements admitted to CREST will be disabled and Link Group will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable afterwards. Any interest earned on such monies will be retained for the benefit of the Company.

(e) *Deposit of Open Offer Entitlements into, and withdrawal from, CREST*

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in their Application Form may be deposited into CREST (either into the account of the Qualifying Non-CREST Shareholder named in the Application Form or into the file name of a person entitled by virtue of a *bona fide* market claim) provided that such Qualifying Non-CREST Shareholder is also a CREST member. Similarly, Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST may be withdrawn from CREST so that the Open Offer Entitlements are reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements and Excess CREST Open Offer Entitlements (if any) following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 3.00 p.m. on 23 September 2021.

In particular, having regard to normal processing times in CREST and on the part of Link Group, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements and Excess CREST Open Offer Entitlements (if any) in CREST, is 3.00 p.m. on 23 September 2021, and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements and/or Excess CREST Open Offer Entitlements (if any) from CREST is 4.30 p.m. on 22 September 2021, in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements and Excess CREST Open Offer Entitlements (if any) following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements and Excess CREST Open Offer Entitlements (if any) prior to 11.00.a.m. on 28 September 2021.

Delivery of an Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into

the name of another person, shall constitute a representation and warranty to the Company and Link Group by the relevant CREST member(s) that they are not in breach of the provisions of the notes under the paragraph headed "Instructions for depositing entitlements under the Open Offer into CREST" in the Application Form, and a declaration to the Company and Link Group from the relevant CREST member(s) that they are not a citizen(s) or resident(s) of any Restricted Jurisdiction and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

(f) *Bona fide market claims*

Each of the Open Offer Entitlements and the Excess CREST Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements and Excess CREST Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and Excess CREST Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as "cum" the Open Offer Entitlement and the Excess CREST Open Offer Entitlement will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) and Excess CREST Open Offer Entitlement(s) will be transferred accordingly afterwards.

(g) *Excess Application Facility*

The Excess Application Facility enables Qualifying CREST Shareholders to apply for Offer Shares in excess of their Open Offer Entitlement. If applications under the Excess Application Facility are received for more than the total number of Offer Shares available following take up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility. Each Qualifying CREST Shareholder who has made a valid application for Excess Shares under the Excess Application Facility, and from whom payment in full for the Excess Shares has been received, will receive a Sterling amount equal to the number of Open Offer Shares validly applied and paid for but which are not allocated to the relevant Qualifying CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable afterwards, without payment of interest, and at the applicant's sole risk. An Excess CREST Open Offer Entitlement may not be sold or otherwise transferred.

Subject as provided in paragraph 6 of this Part III in relation to certain Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with an Excess CREST Open Offer Entitlement in order for any applications for Excess Shares to be settled through CREST. The credit of such Excess CREST Open Offer Entitlement does not in any way give Qualifying CREST Shareholders a right to the Excess Shares attributable to the Excess CREST Open Offer Entitlement as an Excess CREST Open Offer Entitlement is subject to scaling back in accordance with the terms of this document.

To apply for Excess Shares pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions above and must not return a paper form and cheque. Should a transaction be identified by the CREST Claims Processing Unit as "cum" the Open Offer Entitlement and the relevant Open Offer Entitlement(s) be transferred, the Excess CREST Open Offer Entitlement(s) will not transfer with the Open Offer Entitlement(s) claim, but will be transferred as a separate claim. Should a Qualifying CREST Shareholder cease to hold all of their Existing Ordinary Shares as a result of one or more *bona fide* market claims, the Excess CREST Open Offer Entitlement credited to CREST, and allocated to the relevant Qualifying CREST Shareholder, will be transferred to the purchaser. Please note that an additional USE Instruction must be sent in respect of any application under the Excess CREST Open Offer Entitlement.

(h) *Validity of application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 28 September 2021 will constitute a valid application under the Open Offer.



(i) *CREST procedures and timings*

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that their CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 28 September 2021. In this connection, CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(j) *Incorrect or incomplete applications*

If a USE instruction includes a CREST payment for an incorrect sum, the Company, through Link Group, reserves the right:

- (i) to reject the application in full and refund the payment to the CREST member in question (without interest);
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price (or, if lower, the maximum number of Open Offer Shares the subject of the relevant Qualifying CREST Shareholder's Open Offer Entitlement), refunding any unutilised sum to the CREST member in question (without interest); and
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Offer Shares referred to in the USE instruction (or, if lower, the maximum number of Offer Shares the subject of the relevant Qualifying Shareholder's Open Offer Entitlement), refunding any unutilised sum to the CREST member in question (without interest).

(k) *Effect of valid application*

A CREST member who makes or is treated as making a valid application in accordance with the above procedures will by doing so:

- (i) pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the bank account of Link Group in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);
- (ii) request that the Open Offer Shares for which they have applied be issued to them on the terms set out in this document and subject to the Articles of Association;
- (iii) agree that all applications under the Open Offer and contracts resulting from it shall be governed by, and construed in accordance with, the laws of England;
- (iv) confirm that, in making the application, the applicant is not relying on any information or representation other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part of it shall have any liability for any such information or representation not so contained;
- (v) represent and warrant that they are not a person who is prevented by the law of any relevant jurisdiction from lawfully applying for Open Offer Shares by virtue of being resident in or a citizen of any country outside the United Kingdom;
- (vi) represent and warrant that:
  - (a) they are not in the United States, any other Restricted Jurisdiction or any other territory in which it is unlawful to make or accept an offer to apply for Open Offer Shares;
  - (b) they are not acting for the account or benefit of a person located within the United States, any other Restricted Jurisdiction or any other territory in which it is unlawful to make or accept an offer to apply for Open Offer Shares and they were not acting for

the account or benefit of such a person at the time the instruction to apply for Open Offer Shares was given; and

- (c) they are not acquiring Open Offer Shares with a view to the offer, sale, resale, delivery or transfer, directly or indirectly, of any such Open Offer Shares into the United States, any other Restricted Jurisdiction or any other territory in which it is unlawful to make or accept an offer to apply for Open Offer Shares, in each case except where proof satisfactory to the Company has been provided that such applicant is entitled to take up their entitlement without breach of applicable law;
  - (vii) confirm that Open Offer Shares have not been offered to them by the Company, or any of its affiliates by means of any:
    - (a) “directed selling efforts” as defined in Regulation S under the Securities Act; or
    - (b) “general solicitation” or “general advertising” as defined in Regulation D under the Securities Act;
  - (viii) represent and warrant that they are not and nor are they applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986; and
  - (ix) represent and warrant that they are the Qualifying CREST Shareholder originally entitled to the Open Offer Entitlements or that they have received such Open Offer Entitlements and the Excess CREST Open Offer Entitlements (if any) by virtue of a *bona fide* market claim.
- (l) *Company’s discretion as to the rejection and validity of applications*
- The Company may in its sole discretion:
- (i) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in Part III of this document;
  - (ii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
  - (iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the “first instruction”) as not constituting a valid application if, at the time at which Link Group receives a properly authenticated dematerialised instruction giving details of the first instruction or afterwards, either the Company or Link Group have received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
  - (iv) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by Link Group in connection with CREST.

#### **4. Money Laundering Regulations**

##### **4.1 Holders of Application Forms**

It is a term of the Open Offer that, to ensure compliance with the Money Laundering Regulations 2017, the money laundering provisions of the Criminal Justice Act 1993, Part VIII of FSMA and the Proceeds of Crime Act 2002 (together with other guidance and source books produced in relation to financial sector firms), Link Group may at its absolute discretion require verification of identity from any person

lodging an Application Form (in this paragraph, the “applicant”) including, without limitation, any applicant who (i) tenders payment by way of cheque drawn on an account in the name of a person or persons other than the applicant, or (ii) appears to Link Group to be acting on behalf of some other person. In the former case, verification of the identity of the applicant may be required. In the latter case, verification of the identity of any person on whose behalf the applicant appears to be acting may be required.

The verification of identity requirements will not usually apply:

- (i) if the applicant is an organisation required to comply with the Money Laundering Directive (the Council Directive on prevention of the use of the financial system for the purpose of money laundering (no. 91/308/EEC));
- (ii) if the applicant is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations;
- (iii) if the applicant (not being an applicant who delivers their application in person) makes payment by way of a cheque drawn on an account in the applicant’s name; or
- (iv) if the aggregate subscription price for Open Offer Shares is less than the Sterling equivalent of €15,000 (approximately £12,870).

In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- (a) if payment is made by building society cheque (not being a cheque drawn on an account in the name of the applicant), by the building society or bank endorsing on the cheque the applicant’s name and the number of an account held in the applicant’s name at such building society or bank, such endorsement being validated by a stamp and an authorised signature;
- (b) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in (i) above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, Gibraltar, Hong Kong, Iceland, India, Japan, Mexico, New Zealand, Norway, People’s Republic of China, Republic of Korea, Russian Federation, Singapore, South Africa, Switzerland, Turkey, the UK Crown Dependencies, the United States and, by virtue of their membership of the Gulf Co-operation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide with the Application Form written confirmation that it has that status and that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to Link Group. If the agent is not such an organisation, it should contact Link Group using the telephone numbers set out in this document; and
- (c) if the Application Form is in respect of Open Offer Shares with an aggregate subscription price of the Sterling equivalent of €15,000 (currently approximately £12,870) or more and is/are lodged by hand by the applicant in person, they should ensure that they have with them evidence of identity bearing their photograph (for example, a passport) and evidence of their address. Third-party cheques will not be accepted. If you deliver your Application Form personally by hand, you should ensure that you have with you evidence of identity bearing your photograph (for example your passport). If, within a reasonable period of time following a request for verification of identity, Link Group have not received evidence satisfactory to them as aforesaid, Link Group may, at their discretion, as the agents of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

#### **4.2 Open Offer Entitlements held in CREST**

If you hold your Open Offer Entitlement or Excess CREST Open Offer Entitlements in CREST and apply for Open Offer Shares in respect of all or some of your Open Offer Entitlement (and Excess CREST Open Offer Entitlements) as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, the Receiving Agent (Link Group) is obliged to take reasonable measures to establish the identity of



the person or persons on whose behalf you are making the application. You must therefore contact the Receiving Agent before sending any USE instruction or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent may in its absolute discretion take, or omit to take, such action as it may determine to prevent, or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence as to the identity of the person or persons on whose behalf the application is made.

## **5. No Public Offering Outside the United Kingdom**

The Company has not taken, nor will take, any action in any jurisdiction that would permit a public offering of Open Offer Shares or Open Offer Warrants other than in the United Kingdom.

## **6. Overseas Shareholders**

### **6.1 General**

The distribution of this document and making of the Open Offer to Overseas Shareholders may be affected by the laws or regulatory requirements of the relevant jurisdiction. Overseas Shareholders who are in any doubt in this respect should consult their professional advisers. No person receiving a copy of this document and/or an Application Form and/or receiving a credit of Open Offer Entitlements and/or Excess CREST Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to them, nor should they in any event use such Application Form or credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, unless, in the relevant territory, such an invitation or offer could lawfully be made to them or such Application Form or credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST could lawfully be used without contravention of any legislation or other local regulatory requirements. Receipt of this document and/or an Application Form or the crediting of Open Offer Entitlements and/or Excess CREST Open Offer Entitlements to a stock account in CREST does not constitute an invitation or offer to Overseas Shareholders in the territories in which it would be unlawful to make an invitation or offer and in such circumstances they are sent for information only. It is the responsibility of any person receiving a copy of this document and/or an Application Form and/or receiving a credit of Open Offer Entitlements and/or Excess CREST Open Offer Entitlements to a stock account in CREST to satisfy themselves as to the full observance of the laws and regulatory requirements of the relevant territory in connection with any application for Open Offer Shares, including obtaining any governmental or other consents which may be required or observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such other territory.

Persons (including, without limitation, stockbrokers, banks and other agents) receiving an Application Form and/or receiving a credit of Open Offer Entitlements and/or Excess CREST Open Offer Entitlements to a stock account in CREST should not, in connection with the Open Offer, distribute, communicate or send the Application Form or credit of Open Offer Entitlements and/or Excess CREST Open Offer Entitlements in a stock account in CREST into (or to any person subject to the laws of) any Restricted Jurisdictions or any other jurisdiction where to do so would or might contravene local securities laws or regulations.

If an Application Form or a credit of Open Offer Entitlements and/or Excess CREST Open Offer Entitlements to a stock account in CREST is received by any person in any such jurisdiction or by the stockbrokers, banks and other agents or nominees of such person, they must not seek to take up the Open Offer Shares except under an express written agreement with the Company. Any person who does distribute, communicate or send an Application Form or credit of Open Offer Entitlements and/or

Excess CREST Open Offer Entitlements in a stock account in CREST into (or to any person subject to the laws of) any jurisdiction outside the UK, whether under a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this paragraph 6. The Company reserves the right to reject an application to subscribe for Open Offer Shares under any Open Offer Entitlement and/or Excess CREST Open Offer Entitlement, submitted by or on behalf of any person, in any such jurisdiction, or by or on behalf of any person who is acquiring Open Offer Shares or Open Offer Warrants for resale in any such jurisdiction.

The Company reserves the right in its absolute discretion to treat as invalid any application for Open Offer Shares under the Open Offer if it appears to the Company and its agents that such application or acceptance of it may involve a breach of the laws or regulations of any jurisdiction or if in respect of such application the Company has not been given the relevant warranty concerning overseas jurisdictions set out in the Application Form or in this document, as appropriate.

All payments under the Open Offer must be made in Sterling.

## 6.2 **United States**

None of the Open Offer Shares, Open Offer Warrants the Open Offer Entitlements or the Excess CREST Open Offer Entitlements have been or will be registered under the US Securities Act or the laws of any state or other jurisdiction of the United States and, therefore, the Open Offer Shares, Open Offer Warrants and the Open Offer Entitlements and the Excess CREST Open Offer Entitlements may not be directly, or indirectly, offered for subscription or purchase, taken up, sold, delivered, renounced or transferred in or into the United States except pursuant to an applicable exemption from the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Accordingly, the Company is not extending the Open Offer into the United States and, subject to certain exceptions, none of this document, the Application Forms or the crediting of Open Offer Entitlements (or Excess CREST Open Offer Entitlements) to a stock account in CREST constitutes or will constitute an offer or an invitation to apply for an offer or an invitation to subscribe for any Open Offer Shares or Open Offer Warrants in the United States. Neither this document nor an Application Form will (unless an address within the United Kingdom for services of notices has been notified to the Company) be sent to, and no Open Offer Entitlements (or Excess CREST Open Offer Entitlements) will be credited to, a stock account in CREST of any Qualifying Shareholder with a registered address in the United States. Subject to certain exceptions, Application Forms sent from, or post-marked in, the United States will be deemed to be invalid and all persons subscribing for Open Offer Shares and Open Offer Warrants and wishing to hold such Open Offer Shares and Open Offer Warrants in registered form must provide an address for registration of the Open Offer Shares and Open Offer Warrants outside the United States.

## 6.3 **Other Restricted Jurisdictions**

Due to the restrictions under the securities laws of the Restricted Jurisdictions and subject to certain exemptions, Shareholders who have registered addresses in or who are resident or ordinarily resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form and no Open Offer Entitlements or Excess CREST Open Offer Entitlements will be credited to their CREST stock accounts.

The Open Offer Shares and Open Offer Warrants have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any of their states, provinces or territories and may not be offered, sold, resold, delivered or distributed, directly or indirectly in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except under an applicable exemption.

No offer of Open Offer Shares or Open Offer Warrants is being made by virtue of this document of the Application Forms into any Restricted Jurisdictions.

## **7. Settlement And Dealings**

The result of the Open Offer is expected to be announced on 29 September 2021. Application will be made to the London Stock Exchange for Offer Shares to be admitted to trading on AIM. It is expected that Admission of Open Offer Shares will become effective and that dealings in Open Offer Shares will commence at 8.00 a.m. on 5 October 2021. Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 28 September 2021 (the latest date for applications under the Open Offer). Subject to the satisfaction of the Admission condition of the Open Offer, Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company. Link Group will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to Open Offer Shares with effect from the date of Admission (expected to be 5 October 2021). The stock accounts to be credited will be accounts under the same participant IDs and member account IDs in respect of which the USE instruction was given.

Notwithstanding any other provision of this document, the Company reserves the right to send Qualifying CREST Shareholders an Application Form instead of crediting the relevant stock account with Open Offer Entitlements and to allot and/or to issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST), or on the part of the facilities and/or systems operated by Link Group in connection with CREST. This right may also be exercised if the correct details (such as participant ID and member account ID details) are not provided as requested on the Application Form.

For Qualifying Non-CREST Shareholders who have applied for Open Offer Shares using an Application Form and whose application has been accepted by the Company, share certificates for the Open Offer Shares issued to such Qualifying Shareholders, are expected to be dispatched by post within ten business days of Admission of Open Offer Shares. No temporary documents of title will be issued. Pending despatch of definitive share certificates, transfers of relevant Open Offer Shares by such Qualifying Shareholders will be certified against the register of members of the Company. All documents or remittances sent by or to an applicant (or their agent as appropriate) through the post are sent at the risk of the applicant.

Qualifying CREST Shareholders should note that they will be sent no confirmation of the credit of Open Offer Shares to their CREST stock account nor any other written communication by the Company in respect of the issue of Open Offer Shares.

## PART IV – QUESTIONS AND ANSWERS ABOUT THE OPEN OFFER

The questions and answers set out in this Part IV are intended to be in general terms only and, as such, you should read Part III of this document for full details of what action to take. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank, fund manager, solicitor, accountant or other appropriate independent financial adviser, who is authorised under FSMA if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

This Part IV deals with general questions relating to the Open Offer and more specific questions relating principally to persons resident in the United Kingdom who hold their Existing Ordinary Shares in certificated form only. If you are an Overseas Shareholder, you should read paragraph 6 of Part III of this document and you should take professional advice as to whether you are eligible for, and/or whether you need to observe any formalities to enable you to take up, your Open Offer Entitlement. If you hold your Existing Ordinary Shares in uncertificated form (that is, through CREST) you should read Part III of this document for full details of what action you should take.

If you are a CREST sponsored member, you should also consult your CREST sponsor. If you do not know whether your Existing Ordinary Shares are in certificated or uncertificated form, please call Link Group on +44 (0) 371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open from 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

The contents of this document should not be construed as legal, business, accounting, tax, investment or other professional advice. Each prospective investor should consult their own appropriate professional advisers for advice. This document is for information only and nothing in this document is intended to endorse or recommend a particular course of action.

### 1. What is an open offer?

An open offer is a way for companies to raise money. Companies usually do this by giving their existing shareholders a right to acquire further shares at a fixed price in proportion to their existing shareholdings. In this instance Shareholders will also be offered the opportunity to apply for additional shares over and above their entitlement to the extent that other Qualifying Shareholders do not take up their entitlement in full.

This Open Offer is an invitation by the Company to Qualifying Shareholders to apply to acquire up to 11,299,988 Open Offer Shares in total, at a price of 60 pence per share. If you hold Existing Ordinary Shares on the Record Date or have a *bona fide* market claim, unless you are a Shareholder with a registered address in or are located or resident in the United States, or another Restricted Jurisdiction (subject to certain exceptions) you will likely be entitled to buy Open Offer Shares under the Open Offer.

The Open Offer is being made on the basis of 1 Open Offer Share for every 7.6 Existing Ordinary Shares held by Qualifying Shareholders on the Record Date. If your entitlement to Open Offer Shares is not a whole number, you will not be entitled to buy a fraction of an Open Offer Share and your entitlement will be rounded down to the nearest whole number. In the event that applications under the Open Offer are received for an excess of the 11,299,988 Open Offer Shares available, excess applications will be scaled back *pro rata* to Qualifying Shareholders' existing shareholdings.

In addition, Open Offer Subscribers will be issued with Open Offer Warrants to subscribe for new Ordinary Shares. These will comprise Warrants exercisable within 3 years of issuance at the price of 69 pence per new Ordinary Share. The Open Offer Warrants will be issued on the basis of 1 Warrant for every 2 Open Offer Shares successfully subscribed.

The Excess Application Facility allows Qualifying Shareholders to apply for Excess Shares (and receive excess Warrants) over and above any Open Offer Entitlements. If applications under the Excess Application Facility are received from Qualifying Shareholders for more than the available number of Open Offer Shares

then such applications will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility.

Unlike in a rights issue, Application Forms are not negotiable documents and neither they nor Open Offer Entitlements can be traded.

## **2. I hold my existing ordinary shares in certificated form. How do I know I am eligible to participate in the open offer?**

If you receive an Application Form and you are not a holder with a registered address or located or resident in the United States or any other Restricted Jurisdiction (subject to certain exceptions), then you will likely be eligible to participate in the Open Offer as long as you have not sold all of your Existing Ordinary Shares before 7.00 a.m. on 14 September 2021 (the time when the Existing Ordinary Shares are expected to be marked “ex-entitlement” by the London Stock Exchange).

## **3. I hold my existing ordinary shares in certificated form. How do I know how many offer shares I am entitled to take up?**

If you hold your Existing Ordinary Shares in certificated form and you do not have a registered address and are not located or resident in the United States or any other Restricted Jurisdiction (subject to certain exceptions), you will be sent an Application Form that shows:

- how many Existing Ordinary Shares you held at the close of business on the Record Date;
- how many Open Offer Shares you are entitled to buy; and
- how much you need to pay if you want to buy all the Open Offer Shares to which you are entitled.

If you have a registered address in the United States or any other Restricted Jurisdiction, you will not receive an Application Form.

If you would like to buy any Open Offer Shares you should complete the Application Form in accordance with the instructions printed on it and the information provided in this document. Completed Application Forms and a cheque should be returned by post to Link Group, Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL or by hand (during normal office hours only) so as to be received by them by no later than 11.00 a.m. on 28 September 2021, after which time Application Forms will not be valid.

## **4. I hold my existing ordinary shares in certificated form and am eligible to receive an application form. What are my choices in relation to the open offer?**

### **4.1 If you do not want to buy any shares in the Open Offer**

If you do not want to buy the Open Offer Shares to which you are entitled, you do not need to do anything, and you will not receive any Open Offer Shares or any Open Offer Warrants.

You cannot sell your Application Form or your Open Offer Entitlement to anyone else. If you do not return your Application Form subscribing for the Open Offer Shares to which you are entitled by 11.00 a.m. on 28 September 2021, the Company has made arrangements under which it has agreed to issue those Open Offer Shares to other Qualifying Shareholders under the Excess Application Facility.

If you do not take up your Open Offer Entitlement then, following the issue of the Open Offer Shares under the Open Offer, your interest in the Company will be significantly diluted.

### **4.2 If you want to take up some but not all of your Open Offer Entitlement**

If you want to take up some but not all of the Open Offer Shares to which you are entitled, you should write the number of Open Offer Shares you want to take up in Boxes 2 and 4 of your Application Form; for example, if you are entitled to take up 50 shares but you only want to take up 25 shares, then you should write ‘25’ in Boxes 2 and 4. To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example, ‘25’) by £0.60, which is the price in pounds of each Open Offer Share (giving you an amount of £15.00 in this example). You



should write this amount in Box 5, rounding up to the nearest whole pence and this should be the amount your cheque is made out for. You should then return the completed Application Form, together with a cheque for that amount, by post to Link Group, Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL or by hand (during normal office hours only) so as to be received by them by no later than 11.00 a.m. on 28 September 2021, after which time Application Forms will not be valid. If you post your Application Form by first class post, you should allow at least four Business Days for delivery.

All payments must be in Sterling and made by cheque made payable to “Link Market Services Limited Re: City of London Group Plc – Open Offer A/C” and crossed “A/C Payee Only”. Cheques or banker’s drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker’s drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Third-party cheques may not be accepted with the exception of building society cheques or banker’s drafts where the building society or bank has inserted details of the full name of the building society or bank account holder and has added the building society or bank branch stamp. The account name should be the same as that shown on the Application Form. Post-dated cheques will not be accepted.

Cheques will be presented for payment upon receipt. The Company reserves the right to instruct Link Group to seek special clearance of cheques to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents and cheques sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. In addition, you will also receive a definitive warrant certificate for the Open Offer Warrants issued to you on the basis of 1 Warrant for every 2 Open Offer Shares issued. Your definitive share certificate for Open Offer Shares and warrant certificate for Open Offer Warrants are expected to be despatched to you within 10 Business Days of 5 October 2021.

#### **4.3 If you want to take up all of (but not more than) your Open Offer Entitlement**

If you want to take up all of the Open Offer Shares to which you are entitled, all you need to do is send the Application Form (ensuring that all joint holders sign (if applicable)), together with your cheque for the amount (as indicated in Box 8 of your Application Form), by post to Link Group, Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL or by hand (during normal office hours only) so as to be received by them by no later than 11.00 a.m. on 28 September 2021, after which time Application Forms will not be valid. If you post your Application Form by first-class post, you should allow at least four Business Days for delivery.

All payments must be in Sterling and made by cheque made payable to “Link Market Services Limited Re: City of London Group Plc – Open Offer A/C and crossed “A/C Payee Only”. Cheques or banker’s drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker’s drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Third-party cheques may not be accepted with the exception of building society cheques or banker’s drafts where the building society or bank has inserted details of the full name of the building society or bank account holder and has added the building society or bank branch stamp. The account name should be the same as that shown on the Application Form. Post-dated cheques will not be accepted.

Cheques will be presented for payment upon receipt. The Company reserves the right to instruct Link Group to seek special clearance of cheques to allow the Company to obtain value for remittances at

the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents and cheques sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. In addition, you will also receive a definitive warrant certificate for the Open Offer Warrants issued to you on the basis of 1 Warrant for every 2 Open Offer Shares issued. Your definitive share certificate for Open Offer Shares and warrant certificate for Open Offer Warrants are expected to be despatched to you within 10 Business Days of 5 October 2021.

#### **4.4 If you want to apply for more than your Open Offer Entitlement**

Provided you have agreed to take up any Open Offer Entitlement in full, you can apply for further Open Offer Shares under the Excess Application Facility. The Excess Application Facility enables Qualifying Shareholders to apply for Excess Shares over and above their Open Offer Entitlement (if any) as at the Record Date. You should write the number of Open Offer Shares comprised in your Open Offer Entitlement (as indicated in Box 7 of the Application Form) in Box 2 and write the number of Excess Shares for which you would like to apply in Box 3. You should then add the totals in Boxes 2 and 3 and insert the total number of Open Offer Shares for which you would like to apply in Box 4. For example, if you have an Open Offer Entitlement for 50 Offer Shares but you want to apply for 75 Offer Shares in total, then you should write '50' in Box 2, '25' in Box 3 and '75' in Box 4. To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example, '75') by £0.60, which is the price in Sterling of each Open Offer Share (giving you an amount of £45.00 in this example). You should write this amount in Box 5. You should then return your Application Form by post to Link Group, Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL or by hand (during normal office hours only) so as to be received by them by no later than 11.00 a.m. on 28 September 2021, after which time Application Forms will not be valid. If you post your application form by first class post, you should allow at least four Business Days for delivery.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility.

A definitive share certificate will then be sent to you for the Open Offer Shares that you take up and otherwise successfully apply for using the Excess Application Facility. In addition, you will also receive a definitive warrant certificate for the Open Offer Warrants issued to you on the basis of 1 Warrant for every 2 Open Offer Shares issued (including any Excess Shares). Your definitive share certificate for Open Offer Shares and warrant certificate for Open Offer Warrants are expected to be despatched to you, at your own risk, within 10 Business Days of 5 October 2021.

#### **5. I hold my existing ordinary shares in uncertificated form in CREST. What do I need to do in relation to the open offer?**

CREST members should follow the instructions set out in Part III of this document. Persons who hold Existing Ordinary Shares through a CREST member should be informed by the CREST member through which they hold their Existing Ordinary Shares of (i) the number of Open Offer Shares which they are entitled to buy (if any) and (ii) how to apply for Open Offer Shares over and above any Open Offer Entitlement. If you do not receive this information, you should contact your CREST member.

**6. I acquired my existing ordinary shares prior to the record date and hold my existing ordinary shares in certificated form. What if I do not receive an application form or I have lost my application form?**

If you do not receive an Application Form, this probably means that you are not eligible to participate in the Open Offer. Some Non-CREST Shareholders, however, will not receive an Application Form but may still be eligible to participate in the Open Offer, namely:

- Qualifying CREST Shareholders who held their Existing Ordinary Shares in uncertificated form on 10 September 2021 and who have converted them to certificated form;
- Qualifying Non-CREST Shareholders who bought Existing Ordinary Shares before 10 September 2021 but were not registered as the holders of those shares at the close of business on 10 September 2021; and
- certain Overseas Shareholders.

If you do not receive an Application Form but think that you should have received one or you have lost your Application Form, please contact Link Group on +44 (0) 371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open from 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

**7. Can I trade my open offer entitlement?**

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should also note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although Open Offer Entitlements will be admitted to CREST they will have limited settlement capabilities (for the purposes of market claims only), Open Offer Entitlements will not be tradable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim. Open Offer Shares for which an application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their Open Offer Entitlement will have no rights under the Open Offer or receive any proceeds from it.

**8. What if I change my mind?**

If you are a Qualifying Non-CREST Shareholder, once you have sent your Application Form and payment to Link Group, you cannot withdraw your application or change the number of Open Offer Shares for which you have applied, except in the very limited circumstances which are set out in this document.

**9. What if the number of offer shares to which I am entitled is not a whole number; am I entitled to fractions of offer shares?**

If the number of Open Offer Shares to which you are entitled is not a whole number, you will not receive a fraction of an Open Offer Share and your entitlement will be rounded down to the nearest whole number.

**10. I hold my existing ordinary shares in certificated form. What should I do if I have sold some or all of my existing ordinary shares?**

If you hold Existing Ordinary Shares in the Company directly and you sell some or all of your Existing Ordinary Shares before 10 September 2021, you should contact the buyer or the person/company through whom you sell your shares. The buyer may be entitled to apply for Open Offer Shares under the Open Offer. However, notwithstanding the above, you should not contact the buyer if they are located or resident in, are a citizen of, or have a registered office in a Restricted Jurisdiction. If you sell any of your Existing Ordinary Shares on or after 10 September 2021, you may still take up and apply for the Open Offer Shares as set out on your Application Form.



**11. I hold my existing ordinary shares in certificated form. How do I pay?**

Completed Application Forms should be returned with a cheque drawn in the appropriate form. All payments must be in Sterling and made by cheque made payable to “Link Market Services Limited Re: City of London Group Plc – Open Offer A/C and crossed “A/C Payee Only”. Cheques or banker’s drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker’s drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Third-party cheques may not be accepted with the exception of building society cheques or banker’s drafts where the building society or bank has inserted details of the full name of the building society or bank account holder and has added the building society or bank branch stamp. The account name should be the same as that shown on the Application Form. Post-dated cheques will not be accepted.

**12. Will the existing ordinary shares that I hold now be affected by the open offer?**

If you decide not to apply for any Open Offer Shares to which you are entitled under the Open Offer, or only apply for some of your entitlement, your proportionate ownership and voting interest in the Company will be reduced.

**13. I hold my existing ordinary shares in certificated form. Where do I send my application form?**

You should send your completed Application Form together with a cheque in the appropriate form, by post to Link Group, Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL or by hand (during normal office hours only). If you post your Application Form by first-class post, you should allow at least four Business Days for delivery. If you do not want to take up or apply for Open Offer Shares then you need take no further action.

**14. I hold my existing ordinary shares in certificated form. When do I have to decide if I want to apply for offer shares?**

Link Group must receive the Application Form by no later than 11.00 a.m. on 28 September 2021, after which time Application Forms will not be valid. If an Application Form is being sent by first class post in the UK, Qualifying Shareholders are recommended to allow at least four Business Days for delivery.

**15. How do I transfer my entitlements into the CREST system?**

If you are a Qualifying Non-CREST Shareholder, but are a CREST member and want your Open Offer Shares to be in uncertificated form, you should complete the CREST deposit form (contained in the Application Form), and ensure it is delivered to the CREST Courier and Sorting Service in accordance with the instructions in the Application Form. CREST sponsored members should arrange for their CREST sponsors to do this.

**16. I hold my existing ordinary shares in certificated form. When will I receive my new share certificate?**

It is expected that all new share certificates will be posted within 10 Business Days of 5 October 2021.

**17. If I buy existing ordinary shares after the record date, will I be eligible to participate in the open offer?**

If you bought your Existing Ordinary Shares after the Record Date, you are unlikely to be able to participate in the Open Offer in respect of such Ordinary Shares.

**18. Will I be taxed if I take up my entitlements?**

Shareholders who are in any doubt as to their tax position should consult an appropriate professional adviser immediately.

### **19. What should I do if I live or am located outside the United Kingdom?**

Your ability to apply to acquire Open Offer Shares and receive corresponding Open Offer Warrants may be affected by the laws of the country in which you live or are located and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Open Offer Entitlement. Shareholders with registered addresses or who are located or resident in the United States or any other Restricted Jurisdiction are, subject to certain exceptions, not eligible to participate in the Open Offer. Your attention is drawn to the information in paragraph 6 of Part III of this document.

### **20. Further assistance**

Should you require further assistance please call Link Group on +44 (0) 371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open from 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

