

THIS ANNOUNCEMENT, INCLUDING THE APPENDICES, AND THE INFORMATION CONTAINED HEREIN, IS NOT FOR PUBLICATION, RELEASE OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, IN OR INTO THE UNITED STATES, AUSTRALIA, CANADA, JAPAN, NEW ZEALAND OR THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION IN WHICH IT WOULD BE UNLAWFUL TO DO SO.

THIS ANNOUNCEMENT IS FOR INFORMATION PURPOSES ONLY AND DOES NOT ITSELF CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY. THIS ANNOUNCEMENT DOES NOT CONSTITUTE OR CONTAIN ANY INVITATION, SOLICITATION, RECOMMENDATION, OFFER OR ADVICE TO ANY PERSON TO SUBSCRIBE FOR, OTHERWISE ACQUIRE OR DISPOSE OF, ANY SECURITIES OF KINGSWOOD HOLDINGS LIMITED.

The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation 596/2014

12 September 2019

KINGSWOOD HOLDINGS LIMITED

("KW", "Kingswood", the "Company" or the "Group")

Proposed Issue of Convertible Preference Shares

Waiver of Rule 9 of the Code

Trading Update

Kingswood Holdings Limited (AIM: KWG), the integrated wealth management group, announces that it has committed to raise up to £80.0 million by way of a subscription of irredeemable Convertible Preference Shares (the "**Convertible Preference Shares**"), to be issued in instalments and convertible into Ordinary Shares at 16.5p per share, to fund approved acquisitions in the UK, US and Asia.

It is proposed that an initial commitment of up to £40.0 million of Convertible Preference Shares will be subscribed for by HSQ INVESTMENT LIMITED (company no. 12156807) whose registered office is at 11-12 Hanover Square, London W1S 1JJ (the "**Subscriber**" or "**Pollen Street**") and which is a wholly owned indirect subsidiary of funds managed and/or advised by Pollen Street Capital Limited. It is further planned that an additional amount of up to £40.0 million of Convertible Preference Shares will potentially be subscribed by the Subscriber, to invest funds from investors with co-investment rights in funds managed and/or advised by the Pollen Street Capital Group. The subscription proceeds from the Subscription will be utilised by the Company to execute its significant acquisition pipeline. Convertible Preference Shares will be issued in instalments in order to fund and close approved acquisitions.

It is intended that initial proceeds of the Subscription will be used to fund the acquisition of WFI Financial ("**WFI**"), which was announced on 4 September 2019.

In order to issue the Convertible Preference Shares, the Company requires the approval of Ordinary Shareholders to amend the Company's Articles and to give the Directors authority to issue the

Convertible Preference Shares (and the New Ordinary Shares that arise on Conversion of such Convertible Preference Shares) and to disapply pre-emption rights in connection with the issue of the Convertible Preference Shares. KPI (Nominees) Limited and other shareholders have given the Company irrevocable commitments in respect of 71.2% of the ordinary shares of KWG to approve all such shareholder resolutions.

A circular (the '**Circular**') setting out details of the proposed Fundraising and giving notice of a General Meeting to approve the amendments to the Articles will be sent to Ordinary Shareholders in the coming days and will be available on the Company's website www.kingswood-group.com. The General Meeting is expected to be held on or by no later than 30 September 2019 and a further announcement will be made at this time.

Subscription highlights

- The Company has entered into a subscription agreement, dated 12 September 2019, with the Subscriber pursuant to which the Subscriber has agreed, subject to Ordinary Shareholder approval, to subscribe for up to 40 million (and potentially up to 80 million) Convertible Preference Shares, at a subscription price of £1 each, which will be issued in connection with the Subscription, the principal terms of which are set out in Appendix I of this Announcement;
- Pollen Street Capital Limited is a global, independent alternative asset investment management company focused on the financial and business services sectors, with significant experience in specialty finance. It was established in 2013 and now has over £2.6 billion gross AUM across private equity and credit strategies;
- On a Conversion Event, as set out below, all of the issued Convertible Preference Shares shall convert into Ordinary Shares derived by dividing the aggregate subscription price of all Convertible Preference Shares in issue (and ignoring any distributions paid or payable on such Convertible Preference Shares) by £0.165 (16.5 pence) (the "**Conversion Rate**");
- A Convertible Preference Share can only be converted into a New Ordinary Share if all of the Convertible Preference Shares in issue are converted into New Ordinary Shares;
- All of the Convertible Preference Shares shall convert into New Ordinary Shares at Pollen Street's option at any time from the earlier of an Early Conversion Trigger (as defined below) or a Fundraising. All of the Convertible Preference Shares will convert automatically on 31 December 2023;
- On conversion of Convertible Preference Shares, and the subsequent sale of its Ordinary Shares, Pollen Street is entitled to a minimum return of twice the subscription price of each Convertible Preference Share. Pollen Street will also be entitled to receive a payment from the Company at the time of completion of that sale equal to their pro rata share of the market capitalisation of the Company (which for this purpose will be calculated as being the mid-market closing price per Ordinary Share on the Business Day preceding the completion of that sale process multiplied by the number of Ordinary Shares in issue on that day) above a total of (a) £44 million (being twice the agreed current equity value of the Company today) and (b) twice the amount invested by Pollen Street (subject to a maximum receipt referred to in paragraph 4.7 of Appendix I).

- To the extent that the Sale Proceeds are lower than the minimum return referred to above, then Pollen Street will be entitled to receive the shortfall from the Company by way of the Make Whole Instrument, as defined in paragraph 4.6 Appendix I of this announcement. The Board believes based on current projections that it is unlikely that any payments will be required under the Make Whole Instrument in respect of that minimum return. The amount due to Pollen Street in respect of their pro rata share of the market capitalisation will also be paid by way of the Make Whole Instrument (to the extent that such amount can be paid in a manner that complies with Guernsey law and would thereafter, to the extent it cannot be so paid, be satisfied by issuing additional Ordinary Shares to Pollen Street (such shares to be issued by way of the conversion of the Deferred Contingent Value Share)).
- Under the Subscription Agreement, Pollen Street has the right to nominate two directors to the Board of the Company, further announcements of which will be made in due course; and
- Pollen Street is also entitled to appoint a member to the Acquisitions Committee that has been established by the Board for the purposes of approving potential acquisitions by the Company.

Accelerated Whitewash

- The conversion by Pollen Street of its Convertible Preference Shares issued in connection with the Subscription may result in Pollen Street holding over 30.0 per cent. of the voting rights of the Company and would ordinarily give rise to an obligation on Pollen Street to make a general offer for the entire issued share capital of the Company;
- The Board has applied for a dispensation from: (i) Pollen Street; or (ii) subject always to consultation (by the Subscriber) with, and consent then being given by, the Panel, any Pollen Street Capital Group Undertaking, having to make a general offer under Rule 9 of the Takeover Code in relation to the Subscription or the conversion of the Convertible Preference Shares; and
- The Board has consulted with the Panel which has agreed that it will waive any obligation on: (i) Pollen Street; or (ii) subject always to consultation (by the Subscriber) with, and consent then being given by, the Panel, any Pollen Street Capital Group Undertaking, to make a general offer under Rule 9 of the Takeover Code as a result of the conversion of the Convertible Preference Shares, provided that the holders of a majority of the issued Ordinary Shares, held by Independent Shareholders, confirm in writing that they would approve the Rule 9 Waiver, if a resolution to approve the Rule 9 Waiver were put to the Independent Shareholders at the General Meeting. That confirmation from those holders has been received and the waiver is now effective on those terms.

Update on Current Trading

The Company is in the process of completing its half-yearly financial statements to end of June 2019, and these are expected to be released in late September 2019. The initial months of 2019 were reasonably challenging from a business perspective, with uncertain markets primarily driven by ongoing Brexit uncertainty although sentiment noticeably turned more positive in Spring 2019, when it became clear that Brexit would be prolonged.

A new fee structure was implemented across the wealth planning platform from June 2019 which should result in higher revenues going forward. The Company's managed portfolio service ('MPS') has been enhanced and is now widely available across several third party platforms. In June 2019, a new cash management product (in partnership with Flagstone) was rolled out which provides access to 550+ cash deposit options across 35 financial institutions. The current pipeline of product offerings includes an MPS proposition tailored for US clients, a fixed income product for personal clients, in addition to the provision of an in-house interface for clients to access mortgage and insurance solutions.

The Company's institutional business has had a strong first half and continues to meet targets, with a robust pipeline in place for the remainder of the year.

Gary Wilder, Group CEO at Kingswood, said: "We're delighted to confirm the fundraising with Pollen Street. We believe they will be an excellent partner as we execute on our shared global vision for the Group. We have been extremely impressed by the depth of their industry knowledge, the thoroughness of their due diligence, and our shared belief in building a best in class global wealth management platform that delivers quality products to clients and outstanding shareholder value. We thank them for their efforts in getting to this significant milestone in Kingswood's further development and the trust they have placed in the Board and its staff."

Howard Garland, Partner at Pollen Street, commented: "We believe the wider wealth management sector offers compelling opportunities for growth. The business has a clear strategy for the future and we are excited to have the chance to partner with the Group. Pollen Street has extensive expertise in building market leading companies both via acquisitions and through organic growth using technological innovation and we are convinced these skillsets and our capital commitment will enable the Group to accelerate the implementation of their strategy."

Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as the definitions set out in Appendix II of this announcement.

For further details, please contact:

Kingswood Holdings Limited	+44 (0)20 7293 0730
Gary Wilder / Patrick Goulding	www.kingswood-group.com
finnCap Ltd (Nomad and Broker)	+44 (0)20 7220 0500
Scott Mathieson / Anthony Adams – Corporate Finance	
Tim Redfern / Richard Chambers – ECM	
Greentarget (PR adviser to Kingswood)	+44 (0)20 7324 5498
Jamie Brownlee / Alice Gasson / Ellie Basle	Jamie.Brownlee@greentarget.co.uk
Camarco (PR adviser to Pollen Street)	+44 (0)20 3757 4984

Ed Gascoigne-Pees / Jennifer Renwick

ed.gascoigne-pees@camarco.co.uk

APPENDIX I

1. BACKGROUND TO AND REASONS FOR THE SUBSCRIPTION

The Company reported in its 2018 results statement, issued on 15 April 2019, that it has continued to pursue additional accretive investments across the UK and internationally and that it has explored a number of funding solutions with institutional investors in order to execute on its pipeline. On 25 June 2019 the Company further announced that it had agreed heads of terms with a provider of substantial permanent growth capital in the form of convertible preference shares, the quantum and terms of which have now been agreed.

The Group's vision is to become a leading global provider of trusted wealth planning and investment management solutions to clients, underpinned by investment in people and innovation in technology that supports our advisers and clients. Critical to delivery of its vision and underlying strategy are the creation of a technology backbone, a rigorous risk management and compliance environment and the provision of attractive investment products to clients. The core proposition centres on primary offerings in wealth planning and investment management to deliver best in class financial solutions for clients.

The three-year strategy initiated by the Board at the end of 2018 has solidified a number of strategic initiatives designed to deliver that vision and stimulate growth of the Group. The Group's wealth planning business has been expanded with the acquisition of Marchant McKechnie in East Yorkshire which completed in Q4 2018, and the acquisition in Q1 2019 of Oxford-based Thomas & Co, further bolstering the Group's wealth planning foundation.

On 4 September 2019, the Company announced it had exchanged contracts to acquire the business and assets of WFI, a significant independent regional financial planning business based in Sheffield with other offices in Derby, Lincoln and Grimsby. The acquisition marks the continuation of the Group's expansion of its national wealth management footprint to the Midlands and the North.

WFI has in excess of £550m AUM/AUA from over 970 family clients and has 37 partners and employees, including 16 financial planners and 19 support staff. WFI has enjoyed a successful track record of profitability and growth and is expected to be immediately earnings accretive to the Group.

Upon completion, Kingswood will have c. 5,500 active clients and AUM/AUA of c. £2.5 billion. The acquisitions broaden the Group's UK footprint, adding to its existing office network in Abingdon, Beverley, London, Maidstone, Manchester and Worcester.

In May 2019, the Company acquired an interest in US-based Manhattan Harbor Capital Inc. ("**Manhattan Harbor**"). This investment positions the Company to gain a key, strategic foothold in the largest global wealth and investment management market. The investment in Manhattan Harbor enables Kingswood to differentiate itself from its peers and supports its global aspirations of asset linking and cross-selling services. The investment also provides a solid base for potential further integration and a valuable support to the Company's US expansion plans.

The Board has considered a number of fundraising options through institutional markets and investors and, following consultation with the Company's advisers, believes the current composition of the Company's share register and challenging market conditions would inhibit the Company's ability to raise funds of this magnitude via an issue of ordinary shares. Furthermore, an issue of ordinary shares would be comparatively unattractive for current shareholders if completed at what would realistically be a material discount to the prevailing market price. The Board further believes that the proposed structure of the Fundraising, namely the issue of Convertible Preference Shares,

would provide the Company with the certainty and timeliness of funds that could not be assured from other funding alternatives.

Given the strong pipeline of acquisition opportunities identified by the Company, the Board believes that it would be in the best interests of Ordinary Shareholders to act quickly to avail of current market opportunities and that it is therefore an appropriate time to raise further funds.

Under the terms of the Subscription Agreement, Pollen Street has a right to appoint up to two directors to the Board of the Company and is also entitled to appoint a member to the Acquisitions Committee established by the Board for the purposes of approving potential acquisitions by the Company.

2. ABOUT POLLEN STREET

The Pollen Street Capital Group is a global, independent alternative asset investment management company focused on the financial and business services sectors. It was established in 2013 and now has over £2.6 billion gross AUM across private equity and credit strategies.

HSQ INVESTMENT LIMITED ("**HSQ**") is a newly incorporated company, incorporated in England, formed for the purposes of effecting the Subscription. The Subscriber is a wholly-owned indirect subsidiary of funds managed and/or advised by Pollen Street Capital Limited.

3. DETAILS OF THE CONVERTIBLE PREFERENCE SHARES AND THE SUBSCRIPTION AGREEMENT

A summary of the principal terms of the Convertible Preference Shares and of the Subscription Agreement is set out below:

SUMMARY OF THE TERMS OF THE CONVERTIBLE PREFERENCE SHARES

3.1 Voting rights

Holders of Convertible Preference Shares will be entitled to receive notice of and to attend any general meeting of ordinary shareholders of the Company but not to speak or vote upon any resolution proposed at such meeting unless the business of the meeting includes a resolution that (directly or indirectly) varies, abrogates, modifies or otherwise affects in any respect any of the rights attached to the Convertible Preference Shares or a resolution to wind-up the Company pursuant to Part XXII of The Companies (Guernsey) Law, 2008 (and then the holders of the Convertible Preference Shares shall only have the right to speak and vote upon any such resolution).

In circumstances where the Convertible Preference Shares shall entitle the holders to vote on a show of hands, every holder shall have one vote and on a poll every holder shall have one vote for each Ordinary Share it would hold if the Convertible Preference Shares of which it is the holder had been converted into New Ordinary Shares at the Conversion Rate applicable on the Business Day immediately preceding the record date for such meeting.

3.2 Capital

On a winding-up or other return of capital (other than a redemption, purchase or conversion by the Company of any of its share capital permitted by the articles of association of the Company and under applicable law), each Convertible Preference Share shall confer on the holder thereof the right to receive out of assets of the Company, in priority to other shareholders, in respect of each Convertible Preference Share held an amount equal to double the subscription price of that

Convertible Preference Shares (and ignoring any distributions paid or payable on such Convertible Preference Share).

The Convertible Preference Shares shall not have any further right to participate in the assets of the Company on any such return of capital.

3.3 Dividends

Preferential dividends will accrue from day to day on the Convertible Preference Shares at a fixed rate of five (5) per cent. per annum from (and including) the date of each Convertible Preference Share's issue (the "**Preference Dividend**"). The Preference Dividend shall, at the option of the Company be:

- (a) payable annually in arrears in cash (or the next Business Day if the applicable anniversary of the issue in question is not a Business Day) in each year; or
- (b) accrued and compounded on an annual basis.

A Convertible Preference Share will cease to accrue Preference Dividends from and including the date it is converted.

Dividends will be paid only to the extent that payment of the same can be made lawfully as at each dividend payment date.

Accrued dividends are payable on the occurrence of a Conversion Event. Holders of the Convertible Preference Shares will rank as regards dividends in priority to the payment of any dividend to the holders of any other class of shares in the capital of the Company.

The holders of the Convertible Preference Shares shall not be entitled to participate in any further profits, or dividends, or in any other bonus share issue of the Company.

Holders of Convertible Preference Shares are not eligible to receive scrip dividends of further Convertible Preference Shares.

3.4 Conversion

3.4.1 Conversion into Ordinary Shares

- (a) All Convertible Preference Shares shall convert into New Ordinary Shares (and into the Deferred Contingent Value Share) in accordance with paragraph 3.4.2 on the earlier of:
 - (i) the service of an Early Conversion Notice; or
 - (ii) at any time after a Fundraising, the service of written notice from the holders of the majority of the Convertible Preference Shares to the Company requesting such conversion; or
 - (iii) 31 December 2023 (or, if later, the date on which Pollen Street obtains any regulatory approvals which are necessary in respect of its holding of New Ordinary Shares after such conversion),

(paragraph 3.4.1(a)(i) to (iii) each being a "**Conversion Event**").

Following Conversion, no further Subscriptions for Convertible Preference Shares may be made.

3.4.2 Conversion Rate

On Conversion, all of the issued Convertible Preference Shares shall convert into: (i) the number of Ordinary Shares as is derived by dividing the aggregate subscription price of all Convertible Preference Shares in issue (and ignoring any dividends or distributions paid or payable on such Convertible Preference Shares prior to the Conversion Event) by £0.165; and (ii) the Deferred Contingent Value Share.

3.4.3 Conversion Rate adjustments

The Conversion Rate will be adjusted to reflect the economic effect on the Convertible Preference Shares of certain matters relating to the Ordinary Shares, including subdivision or consolidation of the Ordinary Shares, bonus issues or issues of Ordinary Shares at a discount to the then prevailing market price of Ordinary Shares (such as a discounted rights issue) and which the holders of the Convertible Preference Shares have not been invited to participate in (or otherwise subscribe for on equivalent terms).

No adjustment will be made to the Conversion Rate where such adjustment would result in a change of less than one per cent of the Conversion Rate then applicable. On any adjustment the relevant Conversion Rate then applicable will be rounded up to the nearest penny.

If any doubt or dispute arises concerning an adjustment of the Conversion Rate, the Board shall refer the matter to an investment bank or stockbroker selected by Pollen Street whose opinion as to the amount of the adjustment to the Conversion Rate shall be conclusive and binding.

3.5 Fundraising restrictions

The Company will not pursue a Fundraising until a minimum of £30 million of Convertible Preference Shares (by subscription value) have been issued and only then provided the Fundraising is effected at a valuation per Ordinary Share of £0.165 or above.

3.6 Form of the Convertible Preference Shares

The Convertible Preference Shares will be issued in certificated form.

3.7 Transfer

The Convertible Preference Shares are not transferable, save with the prior written consent of the Company, and save also that the Subscriber shall be entitled to transfer any Convertible Preference Shares that it holds to any Pollen Street Capital Group Undertaking.

3.8 Director Reserved Matters

During the Consent Period the unanimous approval of the Board shall be required in respect of the Director Reserved Matters.

Following extensive discussion and negotiation between the Company and Pollen Street, it was concluded that, given the potential scale of the Pollen Street Investment compared to the current

market capitalisation of the Company and the opportunity for Ordinary Shareholders to vote upon the Pollen Street Investment at the General Meeting, the list of Director Reserved Matters should cover all major business decisions which the Board would be considering in the normal course of business (and with Ordinary Shareholders also having the comfort of the provisions of Guernsey law as to the duties of directors when taking decisions as well as the provisions of the AIM Rules).

Following Conversion, the consent moves from unanimity to majority if the mid-market closing price of Ordinary Shares is 33p per share (subject to agreed adjustments) or more at the time in question.

In light of that conclusion above, the Director Reserved Matters are:

1. any variation in the issued share capital of the Company or the creation or the granting of any options or other rights to subscribe for, or convert into, shares of the Company or the variation of the rights attaching to such shares;
2. the reduction of the Company's share capital, share premium account, capital redemption reserve or any other reserve or of any uncalled liability in respect of partly paid shares or the purchase by the Company of any of its own shares;
3. the holding of any shares by the Company in treasury and the transfer by the Company of any such shares out of treasury;
4. the amendment of any provision of the articles of incorporation of the Company;
5. the redemption of any loan stock or loan notes of the Company other than on a redemption in accordance with the terms of such loan notes;
6. the capitalisation of any undistributed profits (whether or not the same are available for distribution and including profits standing to the credit of the reserve) or any sums standing to the credit of the share premium account or capital redemption reserve fund of the Company;
7. the taking of any steps to wind up the Company or any other Group Company, the giving of notice of any resolution to wind-up the Company, or the filing of any petition for the appointment of an administrator or liquidator, or the making of an invitation to any person to appoint a receiver or an administrative receiver;
8. (subject always to the duties of the Board under the Takeover Code) the sale of the Company;
9. any disposal of the whole or substantially the whole of the business of the Company or any of the shares in any Group Company;

10. the declaration, making or payment of any dividend or other distribution to the holders of the shares in the Company other than as expressly permitted under the Company's articles;
11. the adoption, in relation to each financial period, of the Business Plan;
12. the entering into or termination of any employment contract, contract of service, consultancy or service agreement in respect of the services of any person where:
 - i. such person is, or is to be, a director of the Company (or a person connected with a director); or
 - ii. the annual benefits (including bonus and pension contributions) payable under such contract is or is to be in excess of £50,000;
13. the alteration of or the giving of any consent, approval or waiver under the terms of any of the contracts or agreements falling within paragraph 12 above, or any increase or variation in the basis of calculating the remuneration paid by the Company (including any salary, fee, bonus or commission entitlement or arrangement or pension contribution) under any such contract or agreement;
14. the appointment or removal of any director or chairman of the Company;
15. the termination of the position of any of director either as an employee or officer of the Company;
16. the establishment by the Company, or variation to the terms of, any share option, shadow share option, profit sharing, bonus or incentive scheme;
17. the entry into, termination or variation of any contract or arrangement between (1) the Company and (2) a director or a person connected with a director, including the waiver of any breach of such a contract or arrangement;
18. any amendment or variation of any terms of the Subscription Agreement or waiver or release by the Company of any of its rights under any such documents;
19. the creation, extension or variation of any mortgage, charge or security interest over any asset of the Company or any lien arising by operation of law;

20. the making of any material change in the nature of the business of the Company (including cessation, except where legally obliged to do so, or on the advice of a licensed insolvency practitioner) or commence any type of new business except as provided for in or contemplated by the Business Plan;
21. the carrying on, expansion or development of any of the businesses from time to time carried on by the Company otherwise than through a Group Company;
22. the undertaking or entering into of any transaction of any nature whatsoever other than on arm's length terms;
23. the commencement or settlement of any litigation or arbitration by the Company where the amount claimed is likely to be in excess of £10,000;
24. the incurring by the Company of any borrowing or other external indebtedness in the nature of borrowings in excess of £10,000;
25. the lending of money (except to a wholly-owned subsidiary for use in the normal course of trading) in excess of £5,000;
26. the incurring of any capital expenditure commitments greater than £50,000 in aggregate in any financial year which are not provided for in the Business Plan in respect of that financial period;
27. any acquisition (other than by credit sale, lease, licence or hire purchase) by the Company of any asset or group of assets which is for a consideration or having a value of more than £50,000 save as provided for in the Business Plan for the relevant financial period;
28. the entering into by the Company of any credit sale, lease, licence or hire purchase agreement involving or contemplating total payments of £25,000 or more save as provided for in the Business Plan for the relevant financial period;
29. any disposal (whether by way of sale, credit sale, lease, licence, hire purchase or otherwise) by the Company of any asset or group of assets which is for a consideration or having a book value:
 - i. of more than £10,000; or

- ii. which would cause the aggregate of the consideration or book values of such items so disposed of during the then current financial period to exceed £50,000;

- 30. the entering into by the Company of any partnership or joint venture;

- 31. the formation of any subsidiary;

- 32. the acquisition of the whole or any part of any business or undertaking;

- 33. the entry into of any contract or agreement for the acquisition or disposal of freehold or leasehold real property for a value in excess of £50,000;

- 34. approval of the Group's strategic aims and objectives;

- 35. any change in the Company's accounting policies or principles or the basis of their application, save for any changes required from time to time to comply with changes in the law or with Statements of Standard Accounting Practice or Financial Reporting Standards;

- 36. the appointment or removal of the auditors to the Company (other than reappointment of an existing auditor, or if such change is required from time to time to comply with changes in the law or with Statements of Standard Accounting Practice or Financial Reporting Standards);

- 37. the delegation by the directors of the Company of any of their powers to any committee;

- 38. the establishment by the Company, or variation to the terms of, any pension or life insurance scheme;

- 39. any action by any Group Company in relation to any regulatory application, approval or consent (including but not limited to the submission, creation, extension, amendment or variation of any such regulatory application, approval or consent);

40. entering into any agreement or arrangement with respect to any of the Company's trade marks, patents or other intellectual property other than in the ordinary course of trading;
41. the making of any political contributions;
42. any change in the accounting reference date of the Company (other than if such change is required from time to time to comply with changes in the law or with Statements of Standard Accounting Practice or Financial Reporting Standards);
43. the creation, extension or variation of any guarantee, save as:
 - i. implied by law; or
 - ii. made in the normal course of the supply of goods and services by the Company;
44. entering into any agreement or arrangement with respect to any of the Company's trade marks, patents or other intellectual property other than in the ordinary course of trading; or
45. entering into any agreement or arrangement with respect to any of the Company's trade marks, patents or other intellectual property other than in the ordinary course of trading.

However no such unanimous (or, as the case may be, majority) approval shall be required for any Director Reserved Matter which:

- (i) a majority of the Board concludes (acting reasonably and in good faith) is required to effect an issue of additional shares in the Company which is necessary to ensure that the Company or member of the Group continues as a going concern; or
- (ii) is required to be effected in order to enable the Company (or the applicable member of the Group) to fulfil a contractual obligation that exists as at the date of the Subscription Agreement and which has been agreed in writing by the Subscriber prior to the date of the Subscription Agreement; or
- (iii) is required to be effected in order to enable the Company (or the applicable member of the Group) to fulfil its contractual obligations to issue additional shares or other securities in the Company pursuant to the Company's current long term incentive plan for its senior team; or
- (iv) is an issue of Ordinary Shares to fund an approved acquisition following an Acquisition Decline Event; or

- (v) is, following the sale by the Subscriber of its entire shareholding in the Company, required to enable the Company to meet the Company's obligations under the Make Whole Instrument and to do so in a manner compliant with The Companies (Guernsey) Law, 2008 as amended.

4. SUMMARY OF THE TERMS OF THE SUBSCRIPTION AGREEMENT

4.1 Investment by Pollen Street

Following the satisfaction of certain conditions as set out in the Subscription Agreement, Pollen Street will have the option to subscribe for Convertible Preference Shares to fund acquisitions that have been approved by the Acquisition Committee. The amount of the Convertible Preference Shares to be issued to Pollen Street shall be agreed in writing between the Company and Pollen Street on a case by case basis.

4.2 Directors

Pollen Street has the right to appoint up to two directors to the Board.

4.3 Acquisition Committee

Pollen Street is also entitled to appoint a member to the Acquisition Committee.

4.4 Information rights

The Company is to send to Pollen Street copies of the information circulated to Directors for board meetings, the annual report and accounts of the Company, the 6 monthly interim unaudited financial statements of the Company and such other Company information that is sent from time to time to the holders of Ordinary Shares or that is otherwise reasonably requested by Pollen Street.

4.5 Warranties and treatment of claims

In consideration for Pollen Street entering into the Subscription Agreement and providing the Pollen Street Investment, the Company has warranted to Pollen Street in the terms of the warranties as at the date of the Subscription Agreement, and will do so again on the date that the Investment Threshold is first met.

In the event of a Substantiated Claim, Pollen Street may, as its sole remedy in respect of the Substantiated Claim:

- 4.5.1 elect to convert its Convertible Preference Shares into Ordinary Shares by serving an Early Conversion Notice; and
- 4.5.2 receive a sum calculated in the manner summarised in paragraph 4.6 below, in respect of the Substantiated Claim.

4.6 Minimum level of return for Pollen Street

The Company has agreed with Pollen Street that, in consideration for the commitment to invest in the Company (subject to the terms and conditions set out in the Subscription Agreement), in the event that, having completed the sale of all of its Ordinary Shares arising on Conversion, Pollen

Street has not realised (pre-tax) sale proceeds equivalent to at least twice the amount it has subscribed for the Convertible Preference Shares (any such shortfall, the “**Realisation Shortfall**” and the amount so subscribed, the “**Aggregate Subscription Amount**”), then the Company will pay to Pollen Street an amount equal to the Realisation Shortfall, together with a tax gross-up amount to ensure that the net amount retained by Pollen Street from the Realisation Shortfall equals the amount it would have retained had that amount been received as share sale proceeds as opposed to from the Company – this amount will be due by no later than 6 months after the calculation of any Realisation Shortfall and will be secured (by way of a secured promissory note, attracting interest at the rate of 8% per annum (the “**Make Whole Instrument**”)) on the shares of the Company’s subsidiaries.

By way of protections for the Company, in the event that:

- there is no Realisation Shortfall, no amount will be due from the Company in respect of any Substantiated Claims; and
- there is a Realisation Shortfall, the quantum of the Company’s payment obligations in respect of the Realisation Shortfall will be reduced by the amount due from the Company to Pollen Street in respect of any Substantiated Claims (and the payment obligations of the Company in respect of any Substantiated Claims and the Realisation Shortfall will, in aggregate, be limited to such amount as means that Pollen Street has then received in total an amount equal to twice the Aggregate Subscription Amount). Any amount due from the Company to Pollen Street in respect of any Substantiated Claim:
 - would be the subject of a separate promissory note; and
 - would not bear interest prior to the calculation of the Realisation Shortfall (if any).

4.7 **Value sharing**

The Company has also agreed with Pollen Street that, following the sale of all the Ordinary Shares arising on Conversion, Pollen Street will receive a payment from the Company (via the Make Whole Instrument) of such amount as equals their deemed pro rata share of the market capitalisation of the Company (which for this purpose will be calculated as being the mid-market closing price per Ordinary Share on the Business Day preceding the completion of that sale process multiplied by the number of Ordinary Shares in issue on that day) above an aggregate of (a) £44 million (being twice the agreed current equity value of the Company today) and (b) twice the Aggregate Subscription Amount (subject to a maximum receipt of twice the Aggregate Subscription Price less Pollen Street’s pro rata proportion of a sum equal to the total of (a) £44 million and (b) twice the Aggregate Subscription Price). This payment from the Company will be paid by way of the Make Whole Instrument (to the extent that such amount can be paid in a manner that complies with Guernsey law and would thereafter, to the extent it cannot be so paid, be satisfied by issuing additional Ordinary Shares to Pollen Street (such shares to be issued by way of the conversion of the Deferred Contingent Value Share)). The Deferred Contingent Value Share will have no economic value save for the contingent conversion mechanic referred to above.

5. WAIVER OF THE OBLIGATION TO MAKE A GENERAL OFFER UNDER RULE 9 OF THE TAKEOVER CODE

The Board has consulted with the Panel which has agreed that it will waive any obligation on: (i) Pollen Street; or (ii) subject always to consultation (by the Subscriber) with, and consent then being given by, the Panel, any Pollen Street Capital Group Undertaking, to make a general offer under Rule 9 of the Takeover Code as a result of the Subscription or the conversion of the Convertible Preference Shares, provided that the holders of a majority of the issued Ordinary Shares, held by Independent Shareholders, confirm in writing that they would approve the Rule 9 Waiver, if a resolution to approve the Rule 9 Waiver were put to the Independent Shareholders at the General Meeting.

The holders of a majority of Ordinary Shares, held by Independent Shareholders, have given that confirmation and the Board has also now received the Panel's confirmation that the Panel has granted a waiver of the obligation on: (i) Pollen Street; or (ii) subject always to consultation (by the Subscriber) with, and consent then being given by, the Panel, any Pollen Street Capital Group Undertaking, to make a general offer under Rule 9 of the Takeover Code to the extent that such obligation would otherwise arise as a result of the Subscription or the conversion of the Convertible Preference Shares.

6. AUTHORITY TO ISSUE AND DISAPPLICATION OF PRE-EMPTION RIGHTS

The issue of the Convertible Preference Shares and the amendments to the Articles will require the approval of Ordinary Shareholders. Notice of a General Meeting of the Company will be set out at the end of the Circular, at which the Resolutions will be proposed.

Resolution 1 will be a resolution to authorise the directors to issue Convertible Preference Shares and to issue the applicable number of New Ordinary Shares and the Deferred Contingent Value Share each arising upon Conversion of the Convertible Preference Shares.

Resolution 2 will be a resolution to disapply pre-emption rights in respect of the issue of the Convertible Preference Shares and in respect of the issue of the applicable number of New Ordinary Shares and the Deferred Contingent Value Share each arising upon Conversion of the Convertible Preference Shares.

Resolution 3 will be a special resolution to amend the Articles of Incorporation of the Company, so as to include the rights attaching to the Convertible Preference Shares and the Deferred Contingent Value Share.

Resolution 4 will be a special resolution to consent to any modification or variation or abrogation of any of the rights and/or privileges attaching to the Ordinary Shares as a class which may result from the issuance of the Convertible Preference Shares.

The full text of each Resolution will be set out in the Notice of General Meeting at the end of the Circular.

Resolutions 1 and 2 will be proposed as ordinary resolutions. To be passed, an ordinary resolution requires a simple majority of the votes cast (by Ordinary Shareholders present in person or by proxy) at the General Meeting to be in favour of the resolution.

Resolutions 3 and 4 will be proposed as special resolutions. To be passed, a special resolution requires a majority of not less than 75 per cent. of the votes cast (by Ordinary Shareholders present in person or by proxy) at the General Meeting to be in favour of the resolution.

In the event that any of the Resolutions are not passed, the issue of the Convertible Preference Shares will not proceed.

APPENDIX II

DEFINITIONS

The following definitions apply throughout this announcement unless the context otherwise requires:

"Acquisition Committee"	the acquisition committee established by the Board to review, and, where applicable, approve potential acquisition opportunities for the Group
"Acquisition Decline Event"	means that Pollen Street has (via its representative on the Acquisition Committee or otherwise) voted against (or, as the case may be, declined to approve or fund) three Relevant Acquisitions
"AIM Rules"	the AIM Rules for companies as published by the London Stock Exchange plc from time to time
"Articles"	the articles of incorporation of the Company in force from time to time
"AUM"	assets under management
"Board"	the board of directors of the Company or the Directors present at a meeting of the Directors of the Company at which a quorum is present
"Business Day"	a day (other than a Saturday or Sunday) in which clearing banks in the City of London and in Guernsey are generally open for the transaction of normal sterling banking business
"Business Plan"	the business plan for the Group, as modified from time to time
"certificated" or "in certificated form"	certificated form (that is, not in CREST)
"Circular"	the circular to be sent in due course by the Company to Ordinary Shareholders in respect of the Pollen Street Investment
"Co-Investment Funds"	any investment fund or other investment vehicle (including any general or limited partnership, account, trust or limited liability company) for which Pollen Street Capital Limited or any Pollen Street Capital Group Undertaking: (a) acts as investment adviser, investment sub-adviser, general partner, managing member or manager; and

(b) is able to (continue to) direct the exercise of the voting rights attaching to the Convertible Preference Shares (and subsequently attaching to the Ordinary Shares arising on Conversion).

"Company" or "Kingswood Holdings"	Kingswood Holdings Limited
"Consent Period"	the period between the date of the Subscription Agreement and the Pollen Street Exit
"Conversion"	conversion of Convertible Preference Shares into New Ordinary Shares at the Conversion Rate (and into the Deferred Contingent Value Share)
"Conversion Event"	an event summarised in paragraph 3.4.1 of Appendix 1 of this Announcement
"Conversion Rate"	the rate at which Convertible Preference Shares convert into New Ordinary Shares as summarised in Appendix I of this announcement
"Convertible Preference Shares"	convertible preference shares having the rights set out in the Articles to be adopted at the General Meeting (a summary of which rights are set out in Appendix I of this announcement)
"CREST"	the computerised settlement system operated by Euroclear which facilitates the transfer of title to shares in uncertificated form
"CREST Regulations"	the Uncertificated Securities (Guernsey) Regulations 2009 (SI 2001/3755) (as amended from time to time)
"Deferred Contingent Value Share"	the deferred contingent value share summarised in Appendix I above and having the rights set out in the Articles and which will be registered in the name of the Subscriber only
"Director Reserved Matters"	means the matters listed in paragraph 3.8 of Appendix I of this announcement (and "Director Reserved Matter" shall be construed accordingly)
"Directors"	the directors of the Company
"Early Conversion Notice"	means a written notice from the holders of the majority of the Convertible Preference Shares to the Company following an Early Conversion Trigger

"Early Conversion Trigger"	means any of (i) a Reserved Matter Conversion Event, (ii) an Acquisition Decline Event, (iii) the last twelve months EBITDA of the Company (tested on a quarterly basis) is 85% (or less) of the EBITDA of the Company (anticipated in the most recent business plan of the Company) for that period or (iv) a Substantiated Claim
"Enlarged Share Capital"	the Company's issued share capital immediately following Conversion
"Euroclear"	Euroclear UK & Ireland Limited, the operator of CREST
"Fundraising"	means an investment by one or more institutional investors in equity securities issued by the Company (excluding the Convertible Preference Shares) and which occurs after a minimum of £30 million of Convertible Preference Shares (by subscription value) have been issued and which is effected at a valuation per Ordinary Share of £0.165 or above
"General Meeting"	the extraordinary general meeting of the Company to approve the Resolutions, the notice of which will be included in the Circular
"Group"	the Company and its subsidiaries and "member of the Group" and "Group Company" shall be constructed accordingly
"IBD"	independent broker/dealer
"Independent Shareholders"	those shareholders of the Company who are independent of the person who would otherwise be required to make an offer and any person acting in concert with him and do not have any interest in the Subscription which may compromise their independence
"Investment Threshold"	means a holding of Convertible Preference Shares by Pollen Street with an aggregate subscription price of not less than £5 million
"Make Whole Instrument"	means a secured promissory note, in a form to be agreed with Pollen Street and to be issued by the Company on the date of the General Meeting
"New Ordinary Shares"	the new Ordinary Shares to be issued as a result of Conversion
"Notice"	the notice of General Meeting, which will be set out at the end of the Circular

“Ordinary Shareholder”	a holder of Ordinary Shares
“Ordinary Shares”	ordinary shares of 5 pence each in the capital of the Company (and, following the adoption of the amended Articles, to be of no par value)
“Panel”	the Panel on Takeovers and Mergers
"Partial Sale Proceeds"	the aggregate (pre-tax) proceeds of sale received by the Subscriber pursuant to the sale of a portion of the Ordinary Shares acquired by it pursuant to the Conversion
"Pollen Street Group" or “Pollen Street Capital Group”	together, the Subscriber, any Co-Investment Fund, and any undertaking which is, from time to time, a holding company of the Subscriber or a subsidiary undertaking of the Subscriber or a subsidiary undertaking of any such holding company and, for the avoidance of doubt, includes each Group Company immediately after the date of the Subscription Agreement but does not include any Portfolio Company and “ Pollen Street Capital Group Undertaking ” shall be construed accordingly
"Pollen Street Exit"	following Conversion, (i) the payment by the Company to the Subscriber of the entire amount outstanding under the Make Whole Instrument; or (ii) in the event that a Make Whole Instrument is not required to be issued by the Company, where the Subscriber has sold all of the Ordinary Shares acquired by it as a result of the Conversion (and has received Sale Proceeds equal to (or more than) double the aggregate subscription price of all the Convertible Preference Shares subscribed by it (such aggregate, the " Aggregate Subscription Price ") or has received Partial Sale Proceeds equal to (or more than) double the Aggregate Subscription Price and the Subscriber holds less than 15% of the Ordinary Shares in issue
"Pollen Street Investment"	the investment in the Convertible Preference Shares by Pollen Street
“Portfolio Company”	means the direct or indirect portfolio companies of funds managed and/or advised by Pollen Street Capital Limited
"Preference Dividend"	has the meaning given to it in paragraph 3.3 of Appendix I of this announcement
“Relevant Acquisition”	means a potential acquisition by the Group: (a) where final drafts of any due diligence

reports, that may reasonably be requested, have been provided to Pollen Street's satisfaction;

- (b) where, in the opinion of Pollen Street, all outstanding questions in respect of the potential acquisition have been satisfactorily answered;
- (c) that the members of the Acquisition Committee (excluding for this purpose, the member representing Pollen Street) have voted in favour of (and each such potential acquisition was on terms comparable with the terms of acquisition in the applicable business plan); and
- (d) where no changes have been made to the terms of the acquisition that were approved (in the manner described in (c) above) at a meeting of the Acquisition Committee

"Reserved Matter Conversion Event"	means that during the Consent Period, a Director Reserved Matter has been carried out by the Company without having received the unanimous (or, as the case may be, majority) approval of the Board
"Resolutions"	the resolutions in the Notice, to be proposed at the General Meeting
"Rule 9"	Rule 9 of the Takeover Code
"Rule 9 Waiver"	the waiver granted by the Panel of the obligation which might otherwise arise under Rule 9 requiring: (i) Pollen Street; or (ii) subject always to consultation (by the Subscriber) with, and consent then being given by, the Panel, any Pollen Street Capital Group Undertaking, to make an offer for all of the issued share capital of the Company in connection with the Subscription or the Conversion
"Sale Proceeds"	the aggregate (pre-tax) proceeds of sale received by the Subscriber pursuant to the sale of the Ordinary Shares acquired by it pursuant to the Conversion
"Sterling" or "pence", "£" or "p"	the current lawful currency of the United Kingdom
"Subscriber" or "Pollen Street"	HSQ Investment Limited (company no. 12156807) whose registered office is at 11-12 Hanover Square, London, United Kingdom, W1S 1JJ and which is a wholly owned indirect subsidiary of funds managed

and/or advised by Pollen Street Capital Limited

“subsidiary”	has the meaning as defined in section 1159 of the Companies Act 2006 or, as the context may require, under section 531 of The Companies (Guernsey) Law, 2008
“Subscription”	the conditional subscription for the Convertible Preference Shares by Pollen Street on and subject to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 12 September 2019 entered into between the Company and the Subscriber pursuant to which the Subscriber has conditionally agreed to subscribe for Convertible Preference Shares
"Substantiated Claim"	a potential claim under the Subscription Agreement in respect of which: (a) the Company has acknowledged a liability or a potential liability; or (b) Pollen Street has obtained an opinion from Queen's Counsel opining that, on the balance of probabilities, the Company has a liability (it being agreed that such opinion need not specify the quantum of the Company's liability in relation to the relevant claim)
“Takeover Code”	the City Takeover Code on Takeovers and Mergers issued by the Panel, as amended or supplemented from time to time
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
"uncertificated" or "in uncertificated form"	for the time being recorded on the register of Ordinary Shareholders 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
"Warranties"	means the warranties provided to Pollen Street in the Subscription Agreement relating to the operations of the Group

APPENDIX III

Form of Independent Shareholders' confirmation in writing

The Takeover Panel
One Angel Court
London
EC2R 7HJ

12 September 2019

Dear Sirs

RE: Kingswood Holdings Limited (the "Company")

Introduction

We confirm that we have been made aware of the proposed fundraising of up to £80 million whereby the Company will potentially issue to HSQ Investment Limited, which is a wholly-owned indirect subsidiary of funds managed and/or advised by the Pollen Street Capital Group (HSQ Investment Limited referred to herein as, the "**Subscriber**" or "**Pollen Street**"), new convertible preference shares (the "**Convertible Preference Shares**") in instalments (up to an aggregate of 80,000,000 Convertible Preference Shares, with an aggregate subscription price of £80,000,000) and which will be convertible into Ordinary Shares at 16.5p per share (the "**Subscription**"). The Subscriber will finance the subscription price for the Convertible Preference Shares by drawing on funds managed and/or advised by Pollen Street Capital Limited (or on funds managed and/or advised by other companies in the Pollen Street Capital Group) and the Subscriber will require the Convertible Preference Shares to be issued to, and to be registered in the name of, the Subscriber. The current intention is that all Convertible Preference Shares issued in connection with the Subscription will be issued to the Subscriber and that all voting rights attaching to the Convertible Preference Shares (and subsequently attaching to the Ordinary Shares arising on conversion) will be held by the Subscriber, with no such rights exercised by investors in the relevant underlying funds. However we also understand that the terms of the Subscription will permit the Subscriber to transfer some or all of the Convertible Preference Shares to some or all of the following parties:

- any undertaking which is, from time to time, a holding company of the Subscriber or a subsidiary undertaking of the Subscriber or a subsidiary undertaking of any such holding company but excluding any direct or indirect portfolio companies of funds managed and/or advised by Pollen Street Capital Limited (each of the aforementioned, with such exclusion, a "**Subscriber Group Undertaking**");
- any investment fund or other investment vehicle (including any general or limited partnership, account, trust or limited liability company) for which Pollen Street Capital Limited or any Subscriber Group Undertaking (a) acts as investment adviser, investment sub-adviser, general partner, managing member or manager and (b) is able to (continue to) direct the exercise of the voting rights attaching to the Convertible Preference Shares (and subsequently attaching to the Ordinary Shares arising on conversion);

and we confirm that we wish:

- the Subscriber; and

- any such transferee (each, a "Transferee"), subject always to consultation (by the Subscriber) with, and consent then being given by, the Takeover Panel,

to have the benefit of the Rule 9 waiver set out in this letter.

The Company does not have sufficient authority to issue all of the Convertible Preference Shares, therefore the Subscription is conditional on the consent of the shareholders of the Company being given in a general meeting to (amongst other matters) disapply pre-emption rights over and authorise the allotment of the Convertible Preference Shares and the requisite number of Ordinary Shares arising upon conversion of such Convertible Preference Shares. The Company is seeking authority to allot up to the total £80 million of Convertible Preference Shares in the event that the Subscriber or any other parties wish to subscribe for further Convertible Preference Shares in the future.

Appendix I of the Regulatory News Service Announcement contains a summary of information on the Convertible Preference Shares.

Background and reasons for the Subscription

The Company reported in its 2018 results statement, issued on 15 April 2019, that it has continued to pursue additional accretive investments across the UK and internationally and that it has explored a number of funding solutions with institutional investors in order to execute on its pipeline. On 25 June 2019 the Company further announced that it had agreed heads of terms with a provider of substantial permanent growth capital in the form of convertible preference shares, the quantum and terms of which are expected to be announced to the market on 11 September 2019.

The Group's vision is to become a leading global provider of trusted wealth planning and investment management solutions to clients, underpinned by investment in people and innovation in technology that supports the Group's advisers and clients. Critical to delivery of its vision and underlying strategy are the creation of a technology backbone, a rigorous risk management and compliance environment and the provision of attractive investment products to clients. The core proposition centres on primary offerings in wealth planning and investment management to deliver best in class financial solutions for clients.

The three-year strategy initiated by the new management team at the end of 2018 has already solidified a number of strategic initiatives designed to deliver that vision and stimulate growth of the Group. The Group's wealth planning business has been expanded with the acquisition of Marchant McKechnie in East Yorkshire which completed in Q4 2018, and the acquisition in Q1 2019 of Oxford-based Thomas & Co, further bolstering the Group's wealth planning foundation. The acquisitions have broadened the Group's UK footprint, adding to its existing office network in Brighton, East Malling (Kent), London, Manchester and Worcester.

In May 2019, the Company acquired an interest in US-based Manhattan Harbor Capital Inc. ("**Manhattan Harbor**"). This investment enables the Company to gain a key, strategic foothold in the largest global wealth and investment management market. The investment in Manhattan Harbor enables the Company to differentiate itself from its peers and supports its global aspirations of asset linking and cross-selling services. The investment also provides a solid base for potential further integration and a valuable support to the Company's US expansion plans.

The Board has considered a number of fundraising options through institutional markets and investors and, following consultation with the Company's advisers, believes the current composition

of the Company's share register and challenging market conditions would inhibit the Company's ability to raise funds of this magnitude via an issue of ordinary shares. Furthermore, an issue of ordinary shares would be comparatively unattractive for current shareholders if completed at what would realistically be a material discount to the prevailing market price. The Board further believes that the proposed structure of the Subscription, namely the issue of Convertible Preference Shares, would provide the Company with the certainty and timeliness of funds that could not be assured from other funding alternatives.

Given the strong pipeline of acquisition opportunities identified by the Company, the Board believes that it would be in the best interests of Ordinary Shareholders to act quickly to avail of current market opportunities and that it is therefore an appropriate time to raise further funds.

Under the terms of the applicable subscription agreement, the Subscriber will have a right to appoint up to two directors to the Board of the Company and will also be entitled to appoint a representative to an acquisitions committee established by the Board for the purposes of evaluation potential acquisitions by the Company.

Market overview

As part of Pollen Street Capital Group's due diligence process, an independent market report was commissioned in order to establish the market opportunity available to the Company in its pursuit of UK and US acquisitions in the wealth management sector. The report has confirmed the Board's confidence that the growth in the UK wealth planning market remains strong and ripe for consolidators, driven both by increasing personal wealth and by regulatory change, especially pension's freedom which substantially drives demand for wealth planning. The report has identified 2,750 firms in the UK within the Group's target market and purports that the Group's vertical integration model will allow the Group to compete more effectively for such opportunities as it allows the Group to offer a full service proposition across advisory and investment management. Furthermore, the Group's equity incentivisation of senior management makes the Group a distinctive and attractive destination for financial advisers. The report also indicates that the size of the US market is approximately ten times that of the UK, supporting the Group's strategy of acquiring multiple IBDs and driving value by centralising management and re-platforming assets to RIAs

Subscriber

Appendix 1 of this letter contains a summary of information on the Subscriber that the Subscriber has provided to the Company for inclusion in the Company's circular to shareholders.

The Company does not consider the Pollen Street Capital Group or the Subscriber to be acting in concert with any other party for the purposes of the Takeover Code (the "**Code**").

Rule 9 of the Takeover Code

We understand that, under Rule 9 of the Code, if any person acquires an interest in shares which, when taken together with shares in which he and persons acting in concert with him are already interested, carry 30% or more of the voting rights of a company which is subject to the Code, that person is normally required to make a general offer in cash to all shareholders in the company at the highest price paid by him or any person acting in concert with him for an interest in such shares within the preceding 12 months.

We also understand that Rule 9 provides that if any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30% of the voting rights of a company which is subject to the Code but does not hold shares carrying more than 50% of such voting rights, and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in such company in which he is interested, that person is normally required to make a general offer in cash to all shareholders in the company at the highest price paid by him or any person acting in concert with him for an interest in such shares within the preceding 12 months.

We also understand that Rule 9 provides that if any person, together with persons acting in concert with him, holds shares which in aggregate carry more than 50% of the voting rights of the company which is subject to the Code, and any such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in such company in which he is interested, that person is not normally required to make a general offer in cash to all shareholders in the company.

The Subscription

If Pollen Street were to be issued with £40.0 million, or the maximum £80.0 million, of Convertible Preference Shares, and the number of Ordinary Shares in issue in the Company has remained static at 216,920,720 Ordinary Shares, the shareholding of the Subscriber upon conversion of the Convertible Preference Shares and therefore its voting rights in the enlarged share capital of the Company would be as set out in the table below:

Value	New Ordinary Shares to be issued on conversion	Maximum interest in Enlarged Share Capital following conversion	
		Number	%
£40.0	242,424,242	242,424,242	52.78
£80.0m	484,848,485	484,848,485	69.09

Therefore, following completion of the Subscription and following conversion:

1. we understand that the Subscriber could hold 30 per cent. or more of the voting rights of the Company. Accordingly should the Subscriber hold between 30 per cent. and 50 per cent. of the voting rights of the Company, any further increase in that interest will incur an obligation under Rule 9 of the Code to make a general offer; and
2. should the Subscriber hold more than 50 per cent. of the voting rights of the Company, any further increase in that interest will not incur an obligation under Rule 9 of the Code to make a general offer.

Waiver of Rule 9 obligation

We understand that, under Note 1 on the Notes on the Dispensations from Rule 9, the Takeover Panel (the "**Panel**") will normally waive the requirement for a general offer to be made in accordance with Rule 9 (a "**Rule 9 offer**") if, inter alia, those shareholders of the company who are independent of the person who would otherwise be required to make an offer and any person acting in concert with him and do not have any interest in the Subscription which may compromise their independence (the "**Independent Shareholders**") pass an ordinary resolution on a poll at a general meeting (a "**Whitewash Resolution**") approving such a waiver. We also understand that the

Panel may waive the requirement for a Whitewash Resolution to be considered at a general meeting (and for a circular to be prepared in accordance with Section 4 of Appendix 1 to the Code) if Independent Shareholders holding more than 50 per cent. of the company's shares capable of being voted on such a resolution confirm in writing that they would vote in favour of the Whitewash Resolution were one to be put to the shareholders of the company at a general meeting.

Confirmations and Acknowledgements

We hereby confirm the following:

1. that we are the beneficial owner of 145,054,905 ordinary shares in the issued share capital of the Company representing at the date hereof 66.9% of the Company's issued share capital carrying voting rights, and we have absolute discretion over the manner in which these shares are voted. These shares are held free of all liens, pledges, charges and encumbrances;
2. that (a) there is no connection between (1) ourselves and (2) the Subscriber or Pollen Street Capital Limited, (b) we do not have any interest or potential interest (other than in our capacity as a shareholder), whether commercial, financial or personal, in the outcome of the Subscription, and (c) we are an Independent Shareholder of the Company as defined above; and
3. that, in connection with the Subscription:
 - (a) we consent to the Panel granting a waiver from the obligation for the Subscriber (and, subject to consultation with, and consent then being given by, the Takeover Panel, any Transferee) to make a Rule 9 offer to the shareholders of the Company;
 - (b) we consent to the Panel dispensing with the requirement that the waiver from such obligation be conditional on a Whitewash Resolution being approved by Independent Shareholders of the Company at a general meeting; and
 - (c) we would vote in favour of a Whitewash Resolution (to waive the obligation for the Subscriber (and, subject to consultation with, and consent then being given by, the Takeover Panel, any Transferee) to make a Rule 9 offer upon conversion of the Convertible Preference Shares) were one to be put to the Independent Shareholders of the Company at a general meeting.

In giving the confirmations referred to above, we acknowledge:

1. that the Panel will approve the waiver from the obligation for the Subscriber (and, subject to consultation with, and consent then being given by, the Takeover Panel, any Transferee) to make a Rule 9 offer without the requirement for the waiver having to be approved by Independent Shareholders of the Company at a general meeting;
2. that if no general meeting is held to approve the Whitewash Resolution to waive the obligation for the Subscriber (and, subject to consultation with, and consent then being given by, the Takeover Panel, any Transferee) to make a Rule 9 offer:

- (a) there will not be an opportunity for any other person to make any alternative proposal to the Company conditional on such Whitewash Resolution not being approved by Independent Shareholders of the Company;
- (b) there will not be an opportunity for other shareholders in the Company to make known their views on the Whitewash Resolution; and
- (c) there will be no requirement for the Company either (i) to obtain and make known to its shareholders competent independent advice under Rule 3 of the Code on the Whitewash Resolution and the waiver of the obligation for the Subscriber (and, subject to consultation with, and consent then being given by, the Takeover Panel, any Transferee) to make a Rule 9 offer or (ii) to publish a circular to shareholders of the Company in compliance with Appendix 1 of the Code in connection with this matter.

We consider ourselves to be sophisticated investors in relation to equity investments. We confirm that we have had the opportunity to take independent financial advice before signing this letter.

We confirm that we will not sell, transfer, pledge, charge, or grant any option or other right over, or create any encumbrance over, or otherwise dispose of, our shares in the Company until at least after the conclusion of the proposed General Meeting to approve the issuance of the Convertible Preference Shares pursuant to the Subscription.

Signed for and on behalf of KPI (Nominees) Limited.

Signee..... Date.....

Appendix 1

INFORMATION ON THE SUBSCRIBER

THE SUBSCRIBER

The Subscriber was incorporated on 14 August 2019 with registered number 12156807.

The Subscriber has not traded since incorporation, nor has it entered into any obligations other than in connection with implementation of the investment in the Convertible Preference Shares by the Subscriber. The principal activity of the Subscriber will be the acquisition and holding of Convertible Preference Shares pursuant to the terms of the Subscription.

Directors

The Subscriber's directors and their respective functions are as follows:

Lindsey McMurray Director

Howard Garland Director

The registered office of the Subscriber and the business address of each the Subscriber director is 11-12 Hanover Square, London, United Kingdom, W1S 1JJ.

Current interests and maximum potential interests in the voting rights of the Company of the Subscriber

Details of: (i) the Subscriber's current interests in ordinary capital of the Company; (ii) its interests in the ordinary share capital of the Company if the Subscriber were to be issued with £40 million of the Convertible Preference Shares and; (iii) its interests in the ordinary share capital of the Company if the Subscriber were to be issued with the maximum of £80 million of Convertible Preference Shares are set out in the table below. This is based on if the number of Ordinary Shares in issue in the Company has remained static at 216,920,720 Ordinary Shares and reflects the shareholding of the Subscriber upon conversion of all the Convertible Preference Shares and its resulting voting rights in the enlarged share capital of the Company:

Subscription Value of Convertible Preference Shares	New Ordinary Shares to be issued	Interest in Enlarged Share Capital following conversion	
		Number	%
Current: £0	0	0	0
£40 million	242,424,242	242,424,242	52.78
£80 million	484,848,485	484,848,485	69.09

Intentions of the Subscriber

The Subscriber has confirmed to the Company that it is not proposing, following Conversion, to seek any change in the general nature of the Company's business.

The Subscriber has also confirmed that it has no intention to make any changes regarding the future of the Company's business, its strategic plans, the locations of the Company's places of business and the continued employment of its employees and management (and those of its subsidiaries) including any material change in the conditions of employment (including with regard to employer contributions to the Company's defined contribution pension plan) as a result of any increase in its percentage interest in the Company or voting rights pursuant to the Conversion nor will there be any redeployment of the fixed assets of the Company as a result of such an increase. The Subscriber has also confirmed that it has no intentions to dispose of, or otherwise change the use of, any of the fixed assets of the Group or make any changes in regard to the maintenance of any existing trading facilities for the relevant securities.

Material Contracts

The Subscriber has not entered into any material contracts in the period of two years prior to the date of this Circular.

Financial Information

As the Subscriber was incorporated on 14 August 2019 no financial information is available or has been published in respect of the Subscriber. The Subscriber has not traded since its date of incorporation, has paid no dividends and has not entered into any obligations other than in connection with the investment in the Convertible Preference Shares by the Subscriber.

Interested parties

The Subscriber is a wholly-owned indirect subsidiary of funds managed and/or advised by Pollen Street Capital Group. It is envisaged that other potential investors may take direct or indirect minority interests in the Subscriber.

Financing

The Subscriber will finance the subscription price for the Convertible Preference Shares by drawing on funds managed and/or advised by Pollen Street Capital Limited (or on funds managed and/or advised by other companies in the Pollen Street Capital Group).

Litigation

The Subscriber is not involved in any governmental, legal or arbitration proceedings which are having, may have or have had, in the previous 12 months, a significant effect on its financial position and, so far as the directors are aware, there are no such proceedings pending or threatened against the Subscriber.