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If you sell or have sold or otherwise transferred all of your Ordinary Shares, please immediately forward this Circular, but not any of the accompanying personalised documents, 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 Ordinary Shares, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

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This document does not constitute an offer or invitation to any person to subscribe for or purchase any securities in Kingswood Holdings Limited.

Kingswood Holdings Limited

(a company incorporated in Guernsey under the Companies (Guernsey) Law 2008, as amended, with registered no. 42316)

Issue of up to £80 million of Convertible Preference Shares

Authority to issue convertible preference shares, disapplication of pre-emption rights, amendments to the Articles and approval of any variation of rights attaching to the Ordinary Shares

Notice of General Meeting

Copies of this Circular are available on the Investors section of the Company's website at www.kingswood-group.com and are also available for collection, free of charge, during normal business hours on any Business Day up until close of the General Meeting from the registered office of the Company. Unless you have sold or transferred all your Ordinary Shares you are recommended to retain this Circular for reference.

Notice of the General Meeting of the Company convened for 10:00 a.m. on 30 September 2019 is set out at the end of this Circular. To be valid, the accompanying white Form of Proxy for use by Ordinary Shareholders at the General Meeting must be completed and returned to the Company's Registrars, Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received no later than 10:00 a.m. on 26 September 2019.

As an alternative to completing the relevant enclosed Form of Proxy, CREST members can also appoint proxies by using the CREST electronic proxy appointment service and transmitting an appropriate CREST message in accordance with the procedures set out in the CREST Manual so that it is received by the Company's Registrars (under CREST participant ID RA10) by not later than 10:00 a.m. on 26 September 2019. The time of receipt will be taken to be the time from which the Company's transfer agent, Link Asset Services, is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

FORWARD LOOKING STATEMENTS

This document contains “**forward looking statements**” concerning the Group. Generally, the words “**anticipate**”, “**believe**”, “**estimate**”, “**expect**”, “**forecast**”, “**intend**”, “**may**”, “**plan**”, “**project**”, “**should**” and similar expressions identify forward looking statements. Such statements reflect the Group’s current views with respect to future events and are subject to risks and uncertainties that could cause the actual results to differ materially from those expressed in the forward looking statements. Many of these risks and uncertainties relate to factors that are beyond the Group’s ability to control or estimate precisely, such as changes in general economic and business conditions, changes in currency exchange rates and interest rates, changes to political risks, introduction of competing products or services, changes in business strategy and the behaviour of other market participants and therefore undue reliance should not be placed on such statements.

The forward looking statements speak only as at the date of this Circular. Except as required by applicable law or regulation, Kingswood Holdings does not have any obligation to update or revise publicly any forward looking statement, whether as a result of new information, further events or otherwise. To the extent permitted by applicable law or regulation, Kingswood Holdings expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statement contained herein to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

ROUNDING

Certain figures included in this Circular have been subject to rounding adjustments. Accordingly, any apparent discrepancies in tables between the totals and the sums of the relevant amounts are due to rounding.

This document is dated 13 September 2019

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Date of this document	13 September 2019
Latest time and date for receipt of Forms of Proxy and/or CREST proxy instructions	10:00 a.m. on 26 September 2019
General Meeting of the Company	10:00 a.m. on 30 September 2019

If any of the above times and/or dates change, the revised times and/or dates will be notified to Ordinary Shareholders by an announcement through the Regulatory Information Service of the London Stock Exchange. All references in this Circular are to London time unless otherwise stated.

DEFINITIONS

The following definitions apply throughout this Circular and the accompanying Form of Proxy 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 the Subscriber 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
“Aggregate Subscription Price”	as defined within the body of the definition of Pollen Street Capital Exit
“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”	this document, including the information incorporated into it by reference
“Company” or “Kingswood Holdings”	Kingswood Holdings Limited
“Consent Period”	the period between the date of the Subscription Agreement and the Pollen Street Capital Exit
“Conversion”	conversion of Convertible Preference Shares into New Ordinary Shares at the Conversion Rate (and into the Deferred Contingent Value Share)
“Conversion Event”	means an event set out in paragraph 1.4.1(a) or paragraph 1.4.1(b) or the reaching of the date set out in paragraph 1.4.1(c), each as set out in Part 4 of this Circular
“Conversion Rate”	the rate at which Convertible Preference Shares convert into New Ordinary Shares as summarised in paragraph 1.4.2 of Part 4 of this Circular
“Convertible Preference Shares”	convertible preference shares having the rights set out in the Articles to be adopted at Resolution 3 (a summary of which rights are set out in Part 4 of this Circular)

“CREST”	the computerised settlement system operated by Euroclear which facilitates the transfer of title to shares in uncertificated form
“CREST Manual”	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as amended since)
“CREST member”	a person who has been admitted by Euroclear as a member (as defined in the CREST Regulations)
“CREST participant”	a person who is, in relation to CREST, a participant (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities (Guernsey) Regulations 2009 (SI 2001/3755) (as amended from time to time)
“Deferred Contingent Value Share”	means a deferred share, of no par value, in the capital of the Company (a summary of which is set out in Part 4 of this Circular), which will be registered in the name of the Subscriber only
“Directors”	the directors of the Company whose names are set out on page 11 of this Circular
“DTR”	the Disclosure Guidance and Transparency Rules sourcebook published by the FCA from time to time
“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
“FCA” or “Financial Conduct Authority”	the UK Financial Conduct Authority
“finnCap”	finnCap, 60 New Broad Street, London EC2M 1JJ, nominated adviser to the Company
“Form of Proxy”	the form of proxy accompanying this Circular issued for use by Ordinary Shareholders in connection with the General Meeting
“FSMA”	the UK Financial Services and Markets Act 2000, as amended
“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 convened for 10:00 a.m. on 30 September 2019, notice of which is set out at the end of this Circular
“Group”	the Company and its subsidiaries and “member of the Group” and “Group Company” shall be constructed accordingly
“Guernsey Law”	the Companies (Guernsey) Law, 2008, as amended
“IBD”	independent broker/dealer
“Investment Threshold”	means a holding of Convertible Preference Shares by the Subscriber with an aggregate subscription price of not less than £5 million
“Latest Practicable Date”	12 September 2019, being the latest practicable date prior to the publication of this Circular
“Make Whole Instrument”	means the secured promissory note referred to in paragraph 2.6 of Part 4 of this Circular
“Majority Consent”	means the majority consent of those members of the Board present at a quorate meeting of the Board
“Majority Consent Period”	means, following a Conversion, any period during which the share price for each ordinary share is more than 33 pence (calculated according to the mid-market closing price on the date that is one Business Day prior to any meeting of the Board that votes on a Reserved Matter), but provided always that the Majority Consent Period shall end on the Pollen Street Capital Exit
“New Ordinary Shares”	the new Ordinary Shares to be issued as a result of Conversion
“Notice”	the notice of General Meeting, which is set out at the end of this Circular
“Ordinary Shareholder”	a holder of Ordinary Shares
“Ordinary Shares”	means the ordinary shares of 5 pence each in the capital of the Company (and, following the adoption of the 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 Capital 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 Group” or “Pollen Street Capital Group”	together, the Subscriber, any Subscriber Company 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 Investment”	the investment in the Convertible Preference Shares by the Subscriber
“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 1.3 of Part 4 of this Circular
“Relevant Acquisition”	means a potential acquisition by the Group: <ul style="list-style-type: none"> (a) where final drafts of any due diligence reports, that may reasonably be requested, have been provided to the Subscriber’s satisfaction; (b) where, in the opinion of the Subscriber, 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 the Subscriber) 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 Matters”	means the matters listed in paragraph 1.8 of Part 4 of this Circular (and “Reserved Matter” shall be construed accordingly)
“Reserved Matter Conversion Event”	means that during the Consent Period, a Reserved Matter has been carried out by the Company without having received the unanimous (or, as the case may be, majority) approval at a quorate meeting of the of the Board
“Resolutions”	the resolutions in the Notice to be proposed at the General Meeting
“RIA”	registered investment adviser
“RIS” or “Regulatory Information Service”	a regulatory information service as defined in the Listing Rules
“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) the Subscriber; 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
“Sale Realisation”	means the first point in time at which the Subscriber has sold (to an unconnected party or to unconnected parties) all the Ordinary Shares acquired by it pursuant to the Conversion
“Sterling” or “pence”, “£” or “p”	the current lawful currency of the United Kingdom
“subsidiary”	has the meaning as defined in section 1159 of the Companies Act 2006 or, as the context required, Guernsey Law
“subsidiary undertaking”	has the meaning as defined in the Companies Act 2006
“Subscriber”	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
“Subscriber Company Fund”	any investment fund or other investment vehicle (including any general or limited partnership, account, trust or limited liability company) for which Pollen Street Capital or any Pollen Street Capital Group Undertaking: <ul style="list-style-type: none"> (a) acts as investment adviser, investment sub-adviser, general partner, managing member or manager; or (b) is able to (continue to) direct the exercise of the voting rights attaching to the Convertible Preference Shares (and subsequently attaching to the New Ordinary Shares arising on Conversion)
“Subscription”	the conditional subscription for the Convertible Preference Shares by the Subscriber 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 the Convertible Preference Shares, the principal terms of which are set out in section 2 of Part 4 of this Circular
“Substantiated Claim”	a potential claim under the Subscription Agreement in respect of which: <ul style="list-style-type: none"> (a) the Company has acknowledged a liability or a potential liability; or (b) the Subscriber 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
“Unanimous Consent”	means the unanimous consent of those members of the Board present at a quorate meeting of the Board

“Unanimous Consent Period”	means any period which is not a Majority Consent Period, but provided always that the Unanimous Consent Period shall end on the Pollen Street Capital Exit
“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 the Subscriber in the Subscription Agreement relating to the operations of the Group

PART 1

LETTER FROM THE CHAIRMAN

Kingswood Holdings Limited

*(a company incorporated in Guernsey under the Companies (Guernsey) Law, 2008,
as amended, with registered no. 42316)*

Directors:

Kenneth 'Buzz' West (*Non-Executive Chairman*)
Jonathan Massing (*Non-Executive Deputy Chairman*)
Gary Wilder (*Group Chief Executive Officer*)
Patrick Goulding (*Chief Executive Officer (subsidiaries) and Group
Chief Financial Officer*)
Graydon Butler (*Group Chief Operating Officer*)
Jonathan Freeman (*Non-Executive Director*)
David Hudd (*Non-Executive Director*)
Rob Suss (*Non-Executive Director*)

Registered Office:

Regency Court
Gategny Esplanade
St Peter Port
Guernsey
GY1 1WW

Head Office:

10-11 Austin Friars
London EC2N 2HG

13 September 2019

Dear Ordinary Shareholders

Issue of up to £80 million Convertible Preference Shares

1. INTRODUCTION

The Board announced on 12 September 2019 a proposed fundraising of up to £80 million by way of an issue of Convertible Preference Shares to be issued in instalments. It is proposed that an initial commitment of up to £40 million of Convertible Preference Shares at subscription price of £1 each which will be subscribed for by the Subscriber. It is further planned that an additional amount of up to £40 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.

The Convertible Preference Shares are convertible into such number of New Ordinary Shares as equals the number of Ordinary Shares as is 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).

A Convertible Preference Share can only be converted into a New Ordinary Shares if all of the Convertible Preference Shares in issue are converted into New Ordinary Shares.

The issue of the Convertible Preference Shares requires the approval of Ordinary Shareholders to amend the 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. The proposed amendments to the Articles set out the rights attaching to the Convertible Preference Shares.

The purpose of this Circular is to convene the General Meeting, to provide Ordinary Shareholders with details of the Pollen Street Investment, to explain why the Board considers the Pollen Street Investment to be in the best interests of Ordinary Shareholders as a whole and to recommend that Ordinary Shareholders vote in favour of the Resolutions.

2. BACKGROUND TO AND REASONS FOR THE POLLEN STREET INVESTMENT

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. The acquisitions broaden the Group's UK footprint, with an expanded 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, the Subscriber 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.

Market overview

As part of the Subscriber'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.

Pollen Street Capital

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.

The Subscriber 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. 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 leading clients to remain “on the fence” pending clarity. Sentiment noticeably turned more positive post the March 2019 Brexit deadline, 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 include 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.

4. ACQUISITION OF WFI FINANCIAL LLP

As announced on 4 September 2019, the Company has also agreed to purchase the business of WFI Financial LLP, a high-quality IFA business with approximately £550m of AUM and assets under advice (the “**WFI Business**”).

The total purchase price is £14m, with £3.5m payable at closing of the acquisition (which is expected to take place at the end of September 2019) and the balance on a deferred basis subject to the WFI Business meeting pre-agreed asset migration, revenue and EBITDA hurdles over a 30 month period, with the final deferred payment due in February 2022.

WFI Financial is a high-quality IFA business in Sheffield founded in 2012 with branches in Derby, Lincoln and Grimsby. The firm has enjoyed a successful track record of profitability and growth through an expanded advisory platform, a Centralised Investment Proposition (‘CIP’), the acquisition of client banks from retiring IFAs and the implementation of a lean but efficient operating structure. Today WFI Financial comprises 16 qualified financial planners advising and managing in excess of £550 million for over 970 family clients. The acquisition is expected to be immediately earnings accretive to the Company.

The transaction provides the Company with an opportunity to own a very profitable regional financial planning business with built-in expertise and capacity to expand. Both principals, Charlie Gillespie and Mark Rendall, will remain with the Group post integration and assume expanded roles on the Kingswood platform. They, along with the current team, will continue to focus on their core strengths of client advice and business development, with Kingswood centrally managing regulatory & compliance, finance, HR and IT responsibilities. There is also a major opportunity to migrate existing and new clients across to Kingswood’s DFM platform, especially onto its recently re-launched Managed Portfolio Service (‘MPS’) offering.

The acquisition of the WFI Business is not subject to shareholder approval.

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

A summary of the terms of the Convertible Preference Shares (on the basis that the Articles are amended in accordance with Resolution 3 as set out in the Notice) is set out in Part 4 of this Circular, together with further details on the Subscription Agreement.

6. IRREVOCABLE UNDERTAKINGS TO VOTE IN FAVOUR OF THE RESOLUTIONS

KPI (Nominees) Limited and other shareholders have irrevocably undertaken to the Company to vote in favour of the Resolutions, representing 71.2% per cent of the Ordinary Shares in issue as at the Latest Practical Date.

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

If the Subscriber were to be issued with £40 million of the Convertible Preference Shares or with the maximum of £80 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 its voting rights in the Enlarged Share Capital would be as set out in the table below:

<u>Value</u>	<u>New Ordinary Shares to be issued on conversion</u>	<u>Maximum interest in Enlarged Share Capital following conversion</u>	
	<i>Number</i>	<i>Number</i>	<i>%</i>
£40 million	242,424,242	242,424,242	52.78
£80 million	484,848,485	484,848,485	69.09

As it is expected that the Subscriber will hold the majority (if not all) of the Convertible Preference Shares, the Pollen Street Investment therefore gives rise to certain considerations under the Takeover Code. Brief details of the Takeover Code and the protection this affords Ordinary Shareholders are described below.

The Takeover Code is issued and administered by the Panel. The Takeover Code and the Panel operate to ensure fair and equal treatment of shareholders in relation to takeovers, and also provides an orderly framework within which takeovers are conducted. The Takeover Code applies to all takeovers and merger transactions, where the offeree company is, among others, a listed or unlisted public company with its registered office in the United Kingdom, the Channel Islands or the Isle of Man or falls within certain categories of private limited companies. Kingswood Holdings is such a company and accordingly its Ordinary Shareholders are entitled to the protection afforded by the Takeover Code.

Under Rule 9 of the Takeover Code, where any person acquires, whether by a series of transactions over a period of time or by one specific transaction, an interest (as defined in the Takeover Code) in shares which (taken together with shares in which he is already interested and in which persons acting in concert with him are interested) carry 30 per cent or more of the voting rights of a company that is subject to the Takeover Code, that person is normally required by the Panel to make a general offer to all remaining shareholders of that company to acquire their shares.

Similarly, where any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent, of the voting rights of a company, but does not hold shares carrying more than 50 per cent, of the voting rights of that company and such person or any such person acting in concert with him acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, such person or persons acting in concert with him will normally be required to make a general offer to all remaining shareholders to acquire their shares.

An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during 12 months prior to the announcement of the offer.

As noted above, the Subscriber might, as a result of the Conversion, acquire Ordinary Shares which carry more than 30% of the voting rights of the Company. The Conversion might therefore, absent the Rule 9 Waiver, give rise to an obligation on the Subscriber to make a general offer for the entire issued share capital of the Company.

Waiver of Rule 9 obligation

Under Note 1 on the Notes on the Dispensations from Rule 9, 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 Pollen Street Investment 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. 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 Takeover 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

Independent Shareholders holding more than 50 per cent. of the Company’s shares capable of being voted on a resolution to approve a Whitewash Resolution have confirmed the following:

1. they are the beneficial owner of 145,054,905 Ordinary Shares in the issued share capital of the Company representing at the date hereof 66.87% per cent. of the Company’s issued share capital carrying voting rights and 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) any Independent Shareholder and (2) the Subscriber or Pollen Street Capital Limited, (b) they do not have any interest or potential interest (other than in my capacity as a shareholder), whether commercial, financial or personal, in the outcome of the Pollen Street Investment, and (c) they are an Independent Shareholder of the Company as defined above; and
3. that, in connection with the Pollen Street Investment:
 - (a) they 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 Panel, any Pollen Street Capital Group Undertaking) to make a Rule 9 offer to the shareholders of the Company;
 - (b) they 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) they 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 Panel, any Pollen Street Capital Group Undertaking) 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, the Independent Shareholders have acknowledged:

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 Panel, any Pollen Street Capital Group Undertaking) 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 Panel, any Pollen Street Capital Group Undertaking) 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 Takeover 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 Panel, any Pollen Street Capital Group Undertaking) to make a Rule 9 offer or (ii) to publish a circular to shareholders of the Company in compliance with Appendix 1 of the Takeover Code in connection with this matter.

The Board has consulted with the Panel which has agreed that it will waive any obligation on the Subscriber (and, subject to consultation 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 Pollen Street Investment 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 the Subscriber (and, subject to consultation 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 Pollen Street Investment or the conversion of the Convertible Preference Shares.

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

It is proposed that the Directors be authorised to exercise all the powers of the Company to issue Convertible Preference Shares up to a value of £80 million and to issue the requisite number of Ordinary Shares and the Deferred Contingent Value Share each arising upon Conversion of such Convertible Preference Shares, calculated by reference to the Conversion Rate. Under Guernsey Law, directors' authority to issue shares does not need to be limited by reference to a fixed expiry date, and no such expiry date is proposed in respect of the above authority.

The Articles contain pre-emption rights which require that, in the event that the Company issues equity securities (as defined in the Articles) for cash, such equity securities shall first be offered pre-emptively to existing Ordinary Shareholders before they may be offered to third parties (unless such rights have been disapplied by ordinary resolution). The Convertible Preference Shares are equity securities for the purposes of the Articles. It is therefore proposed to disapply such pre-emption rights in respect of the issue Convertible Preference Shares up to a value of £80 million.

9. GENERAL MEETING

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 to be held at the offices of finnCap, 60 New Broad Street, London EC2M 1JJ at 10:00 a.m. on 30 September 2019 is set out at the end of this Circular, at which the Resolutions will be proposed.

Resolution 1 is 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 is 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 is 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 is 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 is set out in the Notice of General Meeting at the end of this Circular.

Resolutions 1 and 2 are being 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 are being 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.

10. FURTHER INFORMATION

Your attention is drawn to the further information contained in Parts 2, 3 and 4 of this Circular before deciding what action to take in respect of the General Meeting.

You are advised to read the whole of this Circular and not to rely solely on the information contained within this letter.

11. ACTION TO BE TAKEN

Ordinary Shareholders will find enclosed with this Circular a Form of Proxy for use by Ordinary Shareholders at the General Meeting. Whether or not Ordinary Shareholders intend to be present at the meeting, Ordinary Shareholders are requested to complete and return the relevant Form of Proxy in accordance with the instructions printed thereon so that it arrives at Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and in any event so as to be received either by post or by hand (during normal business hours only) not later than 10:00 a.m. on 26 September 2019.

Completion and return of the relevant Form of Proxy will not prevent Ordinary Shareholders from attending and voting at the meeting should they so wish.

As an alternative to completing the relevant enclosed Form of Proxy, CREST members can also appoint proxies by using the CREST electronic proxy appointment service and transmitting a CREST message in accordance with the procedures set out in the CREST Manual so that it is received by the Company's transfer agent (under CREST participant ID RA10) by not later than 10:00 a.m. on 26 September 2019. The time of receipt will be taken to be the time from which the Company's transfer agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

12. RECOMMENDATION

The Board believes that the Resolutions to be proposed at the General Meeting are in the best interests of the Company and of the Ordinary Shareholders. Accordingly, the Board unanimously recommend that you vote in favour of the Resolutions to be proposed at the General Meeting.

The Directors (and certain of their connected persons) have irrevocably undertaken to vote in favour of the Resolutions at the General Meeting in respect of their respective individual holdings of Ordinary Shares, representing 71.2% per cent. of the Ordinary Shares in issue as at the Latest Practicable Date.

Yours faithfully



Kenneth "Buzz" West
(Chairman)

PART 2

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 Pollen Street Investment. 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:

Subscription Value of Convertible Preference Shares	New Ordinary Shares to be issued		Interest in Enlarged Share Capital following conversion	
	Number		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 Pollen Street Investment.

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.

PART 3

ADDITIONAL INFORMATION

1. Information on the Company

- 1.1 The Company was incorporated with liability limited by shares in Guernsey on 15 September 2004 and is registered under the Guernsey Law with registered number 42316.
- 1.2 The principal legislation under which the Company operates is the Companies (Guernsey) Law, 2008, as amended.

2. Major Shareholders

The Company is aware of the following shareholders who by virtue of the notifications made to it under the DTRs are interested, directly or indirectly, in 3 per cent. or more of the Ordinary Shares in issue as at the Latest Practicable Date:

Ordinary Shares	Number of shares	Percentage of Shares
KPI (Nominees) Limited	145,054,905	66.87%
ETX Capital	9,921,969	4.57%

3. Treasury shares

As at the date of this Circular, no Ordinary Shares are held by the Company in treasury.

4. Significant Change

Save as set out in paragraph 2 of Part 1 of this Circular and save as set out below, there has been no significant change in the financial or trading position of the Group since 31 December 2018, the date to which the audited financial information of the Group was last prepared.

On 1 May 2019, the Company announced the receipt of a lender conversion notice in respect of the existing convertible term loan facility with KPI (Nominees) Limited (the “**Convertible Facilities**”). KPI (Nominees) Limited requested to convert £500,000 of the Convertible Facilities into Ordinary Shares at a conversion price of 8.5863 pence. A total of 5,823,230 Ordinary Shares were issued pursuant to this conversion.

On 17 July 2019, KPI (Nominees) Limited requested to convert another £500,000 of Convertible Facilities into Ordinary Shares at a conversion price of 7.850 pence. A total of 6,369,426 Ordinary Shares were issued pursuant to this conversion.

On 18 July 2019, KPI (Nominees) Limited requested to convert £750,000 of Convertible Facilities into Ordinary Shares at a conversion price of 7.845 pence. A total of 9,560,229 Ordinary Shares were issued pursuant to this conversion.

On 23 August 2019 KPI (Nominees) Limited requested to convert £1,725,000 of the Convertible Facilities into Ordinary Shares at a conversion price of 8.163 pence. A total of 21,131,936 Ordinary Shares were issued pursuant to this conversion.

On 28 August 2019 KPI (Nominees) Limited requested to convert £1,425,000 of the Convertible Facilities into Ordinary Shares at a conversion price of 8.138 pence. A total of 17,510,444 Ordinary Shares were issued pursuant to this conversion.

Following these conversions, KPI (Nominees) Limited held 116,995,633 Ordinary Shares, representing 53.93% of the Company’s enlarged issued share capital.

On 5 September 2019 KPI (Nominees) Limited completed a share purchase agreement with Astoria Investments (UK) Limited purchasing Astoria Investments (UK) Limited’s holding of 28,059,272 Ordinary Shares for a price of 7.5 pence per Ordinary Share.

Following the purchase, KPI (Nominees) Limited held 145,054,905 Ordinary Shares in the Company, representing 66.87 per cent. of the Company’s enlarged issued share capital and Astoria Investments (UK) Limited no longer holds any shares in the Company.

5. Consents

- 5.1 finnCap has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of the references to its name in the form and context in which they are included.

6. Documents for inspection

6.1 Copies of the following documents will be made available for inspection during normal business hours on weekdays (excluding Saturdays, Sundays and public holidays) free of charge from the Company's principal place of business for the period from the date of this Circular until the General Meeting:

6.1.1 the Articles (including a copy marked up to show the proposed amendments);

6.1.2 the irrevocable commitments to vote at the General Meeting referred to in Part 1 of this Circular;

6.1.3 the letter relating to the consent of finnCap referred to in paragraph 5 above; and

6.1.4 this Circular.

PART 4
SUMMARY OF THE TERMS OF THE CONVERTIBLE
PREFERENCE SHARES AND OF THE SUBSCRIPTION AGREEMENT

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

1. SUMMARY OF THE TERMS OF THE CONVERTIBLE PREFERENCE SHARES

1.1 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 Ordinary Shares at the Conversion Rate applicable on the Business Day immediately preceding the record date for such meeting. However, any variation or alteration to the rights and all the privileges attached to the Convertible Preference Shares or any other class of share that has the effect of varying or altering the rights and privileges attached to the Convertible Preference Shares requires the prior written consent of the holders of 75% of the Convertible Preference Shares then in issue.

1.2 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 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.

1.3 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.

Any accrued Preference Dividend shall be payable on Conversion.

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

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.

1.4 Conversion

1.4.1 Conversion into Ordinary Shares

All Convertible Preference Shares shall convert into New Ordinary Shares (and into the Deferred Contingent Value Share) in accordance with paragraph 1.4.2 of this Part 4:

- (a) upon the service of an Early Conversion Notice; or
- (b) 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
- (c) on 31 December 2023 (or, if later, the date on which the Subscriber obtains any regulatory approvals which are necessary in respect of its holding of New Ordinary Shares after such conversion).

(paragraphs 1.4.1(a) to 1.4.1(c) each being a “**Conversion Event**”)

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

1.4.2 Conversion Rate

On Conversion, all of the issued Convertible Preference Shares shall convert into:

- (a) 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 (£0.165 per Ordinary Share being the “**Conversion Rate**”); and
- (b) the Deferred Contingent Value Share which shall be registered in the name of the Subscriber only.

1.4.3 Deferred Contingent Value Share

The Deferred Contingent Value Share shall have the following rights attached to it:

- (a) The Deferred Contingent Value Share shall carry no right to participate in the income of the Company;
- (b) The Deferred Contingent Value Share shall have a nominal return of capital rights, on a winding-up or other return of capital, of £1, after each Ordinary Share has received a return of £1,000,000;
- (c) The Deferred Contingent Value Share shall carry no right to attend, speak or vote at any general meeting of the Company;
- (d) The Deferred Contingent Value Share shall carry a right to receive notice of any general meeting of the Company.

1.4.4 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 the Subscriber whose opinion as to the amount of the adjustment to the Conversion Rate shall be conclusive and binding.

1.5 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.

1.6 Form of the Convertible Preference Shares and Deferred Contingent Value Share

The Convertible Preference Shares and the Deferred Contingent Value Share will be issued in certificated form.

1.7 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.

1.8 Reserved Matters

The Reserved Matters require Unanimous Consent of the Board during the Unanimous Consent Period and Majority Consent of the Board during the Majority Consent Period.

Following extensive discussion and negotiation between the Company and the Subscriber, 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 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 Reserved Matters are:

- 1.8.1 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;
- 1.8.2 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;
- 1.8.3 the holding of any shares by the Company in treasury and the transfer by the Company of any such shares out of treasury;
- 1.8.4 the amendment of any provision of the Articles;
- 1.8.5 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;
- 1.8.6 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;

- 1.8.7 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;
- 1.8.8 (subject always to the duties of the Board under the Takeover Code) the sale of the Company;
- 1.8.9 any disposal of the whole or substantially the whole of the business of the Company or any of the shares in any Group Company;
- 1.8.10 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 Articles;
- 1.8.11 the adoption, in relation to each financial period, of the Business Plan;
- 1.8.12 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;
- 1.8.13 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 1.8.12 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;
- 1.8.14 the appointment or removal of any director or chairman of the Company;
- 1.8.15 the termination of the position of any of director either as an employee or officer of the Company;
- 1.8.16 the establishment by the Company, or variation to the terms of, any share option, shadow share option, profit sharing, bonus or incentive scheme;
- 1.8.17 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;
- 1.8.18 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;
- 1.8.19 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;
- 1.8.20 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;
- 1.8.21 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;
- 1.8.22 the undertaking or entering into of any transaction of any nature whatsoever other than on arm's length terms;
- 1.8.23 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;
- 1.8.24 the incurring by the Company of any borrowing or other external indebtedness in the nature of borrowings in excess of £10,000;
- 1.8.25 the lending of money (except to a wholly-owned subsidiary for use in the normal course of trading) in excess of £5,000;
- 1.8.26 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;

- 1.8.27 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;
- 1.8.28 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;
- 1.8.29 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;
- 1.8.30 the entering into by the Company of any partnership or joint venture;
- 1.8.31 the formation of any subsidiary;
- 1.8.32 the acquisition of the whole or any part of any business or undertaking;
- 1.8.33 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 (in aggregate) in any financial period;
- 1.8.34 approval of the Group's strategic aims and objectives;
- 1.8.35 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;
- 1.8.36 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);
- 1.8.37 the delegation by the directors of the Company of any of their powers to any committee;
- 1.8.38 the establishment by the Company, or variation to the terms of, any pension or life insurance scheme;
- 1.8.39 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);
- 1.8.40 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;
- 1.8.41 the making of any political contributions;
- 1.8.42 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);
- 1.8.43 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;
- 1.8.44 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
- 1.8.45 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 Unanimous Consent or Majority Consent shall be required for any 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 Guernsey Law as amended.

2. SUMMARY OF THE TERMS OF THE SUBSCRIPTION AGREEMENT

2.1 Investment by the Subscriber

Following the satisfaction of certain conditions as set out in the Subscription Agreement, the Subscriber will have the option to subscribe for Convertible Preference Shares at a subscription price of £1 each to fund acquisitions that have been approved by the Acquisition Committee. The amount of the Convertible Preference Shares to be issued to the Subscriber shall be agreed in writing between the Company and the Subscriber on a case by case basis.

2.2 Directors

The Subscriber has the right to appoint up to two directors to the Board.

It is proposed that Lindsey McMurray and Howard Garland will be appointed to the Board as the Subscriber's appointees.

2.3 Acquisition Committee

The Subscriber is also entitled to appoint a member to the Acquisition Committee.

2.4 Information rights

The Company is to send to the Subscriber copies of the information circulated to Directors for meeting of the Board 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 the Subscriber.

2.5 Warranties and treatment of Substantiated Claims

In consideration for the Subscriber entering into the Subscription Agreement and providing the Pollen Street Investment, the Company has warranted to the Subscriber 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, the Subscriber may, as its sole remedy in respect of the Substantiated Claim:

2.5.1 elect to convert its Convertible Preference Shares into Ordinary Shares by serving an Early Conversion Notice; and

2.5.2 receive a sum calculated in the manner summarised in paragraph 2.6 below, in respect of the Substantiated Claim.

2.6 Minimum level of return for the Subscriber

The Company has agreed with the Subscriber 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, the Subscriber 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 the Subscriber an amount equal to the Realisation Shortfall, together with a tax gross-up amount to ensure that the net amount retained by the Subscriber 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:

2.6.1 there is no Realisation Shortfall, no amount will be due from the Company in respect of any Substantiated Claims; and

2.6.2 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 the Subscriber 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 the Subscriber has then received in total an amount equal to twice the Aggregate Subscription Amount). Any amount due from the Company to the Subscriber in respect of any Substantiated Claim:

- (i) would be the subject of a separate promissory note; and
- (ii) would not bear interest, prior to the calculation of the Realisation Shortfall (if any).

2.7 Value sharing

The Company has also agreed with the Subscriber that, following the sale of all the Ordinary Shares arising on Conversion, the Subscriber 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 the Subscriber’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 the Subscriber (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.

Kingswood Holdings Limited

*(a company incorporated in Guernsey under the Companies (Guernsey) Law, 2008,
as amended, with registered no 42316)*

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Kingswood Holdings Limited (the "Company") will be held at the offices of finnCap, 60 New Broad Street, London EC2M 1JJ at 10:00 a.m. on 30 September 2019 for the purpose of considering and, if thought fit, passing the following resolutions, of which Resolutions 1 and 2 will be proposed as ordinary resolutions and Resolutions 3 and 4 will be proposed as special resolutions:

All capitalised terms used in this Notice shall bear the meaning set out in the Circular dated 13 September 2019 of which this notice forms part.

ORDINARY RESOLUTIONS

1. **THAT**, conditional upon the passing of Resolution 4, the Directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to issue up to and including £80,000,000 Convertible Preference Shares at a subscription price of £1 per Convertible Preference Share and to issue the requisite number of Ordinary Shares, and the Deferred Contingent Value Share, arising upon Conversion of such Convertible Preference Shares.
2. **THAT**, conditional upon the passing of Resolution 1, the Company hereby determines, pursuant to Articles 2.2 of the Company's Articles of Incorporation, that the provisions of Article 2.2 and any pre-emption rights included therein shall not apply in respect of the issue for cash of the Convertible Preference Shares or the issue of the requisite number of Ordinary Shares, and the Deferred Contingent Value Share, arising upon Conversion of such Convertible Preference Shares and that the Directors be and are hereby empowered to issue such Convertible Preference Shares, and to issue the requisite number of Ordinary Shares, and the Deferred Contingent Value Share, arising upon Conversion of such Convertible Preference Shares, as if Article 2.2 and any pre-emption rights included therein did not apply to any such issue.

SPECIAL RESOLUTIONS

3. **THAT**, conditional upon the passing of Resolutions 1 and 2, the articles of incorporation of the Company be amended and restated in the form presented to the Extraordinary General Meeting (as initialled by the Chairman of the meeting for the purposes of identification).
4. **THAT**, for the purposes of, and as required by, article 4 of the articles of incorporation of the Company, 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 passing of Resolutions 1, 2 and 3, and/or from carrying Resolutions 1, 2 and 3 into effect, is hereby sanctioned.

By Order of the Board
13 September 2019

Registered Office:
Regency Court
Glatigny Esplanade
St Peter Port
Guernsey
GY1 1WW

Notes:

- i. Any member entitled to attend, speak and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to exercise all or any of his rights to attend, speak and vote at a meeting of the Company. A proxy need not be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the Form of Proxy are set out in the notes to the Form of Proxy. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
- ii. To allow effective constitution of the Extraordinary General Meeting, if it is apparent to the Chairman that no members of the Company will be present in person or by proxy, other than by proxy in the Chairman's favour, the Chairman may appoint a substitute to act as proxy in his stead for any member, provided that such substitute proxy shall vote on the same basis as the Chairman.
- iii. A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise rights attached to a different share or shares held by him.

- iv. To be valid, the enclosed Form of Proxy for Extraordinary General Meeting together with the power of attorney or other authority, if any, under which it is signed or a materially certified or office copy thereof must be deposited by 10:00am on 26 September 2019 at the offices of the Company's registrars, Link Asset Services, at PXS, 34 Beckenham Road, Beckenham, BR3 4TU.
- v. Completion of the Form of Proxy or submission of a valid electronic proxy appointment will not prevent you from attending and voting in person.
- vi. Pursuant to regulation 41 of the Uncertificated Securities (Guernsey) Regulations 2009, only Shareholders registered in the register of members of the Company as at close of business on 26 September 2019 shall be entitled to attend and vote at the Extraordinary General Meeting in respect of the number of shares registered in their name at such time. If the Extraordinary General Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is close of business on the day two days before the date fixed for the adjourned meeting. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- vii. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Extraordinary General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- viii. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by Link Asset Services (ID RA10), by 10:00am on 26 September 2019. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Link Asset Services is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
- ix. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 34(1) of the Uncertificated Securities (Guernsey) Regulations 2009.
- x. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

