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**THIS LETTER AND THE ENCLOSED FORM OF ELECTION ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

**This Letter should be read in conjunction with the Scheme Circular and the enclosed Notes, Appendix and Form of Election and its accompanying terms and conditions.**

Nucleus Financial Group plc  
(registered in England,  
number 05522098)

James Hay Holdings Limited  
(registered in England and Wales,  
number 02506374)

Registered office:  
Elder House, St Georges Business Park,  
207 Brooklands Road,  
Weybridge,  
Surrey, KT13 0TS

Registered office:  
Dunn's House,  
St. Pauls Road,  
Salisbury,  
Wilshire, SP2 7BF

5 March 2021

To: Participants in the Nucleus Financial Group plc Long Term Incentive Plan (the "Plan")

Dear Participant,

**RECOMMENDED CASH OFFER FOR NUCLEUS FINANCIAL GROUP PLC ("NUCLEUS") BY JAMES HAY HOLDINGS LIMITED ("JAMES HAY HOLDINGS")**

As you will be aware, on 9 February 2021, the boards of Nucleus and James Hay Holdings announced that they had agreed the terms of a recommended cash offer to be made by James Hay Holdings, pursuant to which James Hay Holdings is to acquire the entire issued and to be issued share capital of Nucleus (the "**Acquisition**").

Full details of the Acquisition are contained in the circular to Nucleus Shareholders dated 5 March 2021 (the “**Scheme Circular**”) which is available (subject to certain restrictions), free of charge, on Nucleus’ website (<https://www.nucleusfinancial.com/investors>) and James Hay Holdings’ website (<https://www.jameshay.co.uk/nucleus-financial-acquisition-inv/>).<sup>1</sup> You will also find a copy of this letter (the “**Letter**”) on those websites. Capitalised terms in this Letter have the same meanings as in the Scheme Circular, unless otherwise defined in this Letter.

The purpose of this Letter is to explain the effect that the Acquisition will have on the award(s) over Nucleus Shares (your “**Award(s)**”) that were granted to you pursuant to the rules of the Plan and to set out the various courses of action open to you.

Please note that this Letter only relates to the Plan. You will be written to separately regarding any other Nucleus share schemes in which you participate.

## 1. HOW WILL THE ACQUISITION WORK?

The Acquisition is intended to be effected by way of a Court-sanctioned scheme of arrangement between Nucleus and the Nucleus Shareholders under Part 26 of the Companies Act 2006 (the “**Scheme**”).

Under the terms of the Scheme, Nucleus Shareholders will receive:

### **188 pence in cash for each Nucleus Share**

As set out in the Scheme Circular, the price offered by James Hay Holdings for the Acquisition of 188 pence per Nucleus Share equates to total consideration for the Acquisition of approximately £144.621 million and represents a premium of approximately:

- 41.89 per cent. to the Closing Price per Nucleus Share of 132.5 pence on 1 December 2020 (being the last Business Day prior to the commencement of the Offer Period);
- 58.68 per cent. to the volume weighted average price per Nucleus Share of 118.5 pence in the 3 months to 1 December 2020 (being the last Business Day prior to the commencement of the Offer Period);
- 35.53 per cent. to the volume weighted average price per Nucleus Share of 138.7 pence in the 12 months to 1 December 2020 (being the last Business Day prior to the commencement of the Offer Period); and
- 12.24 per cent. to the Closing Price per Nucleus Share of 167.5 pence on 8 February 2021 (being the last Business Day before the publication date of the Announcement).

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<sup>1</sup> You may request a hard copy of the Scheme Circular by contacting Sam Robinson by telephone on 0131 226 9800 or by email at [samantha.robinson@nucleusfinancial.com](mailto:samantha.robinson@nucleusfinancial.com).

The Scheme has to be approved by the Nucleus Shareholders and then sanctioned by the Court (the date of such sanction by the Court being the “**Court Sanction Date**”). The Court will only be asked to sanction the Scheme if it is approved by Nucleus Shareholders and if a number of other conditions (as set out in the Scheme Circular) have been fulfilled.

Assuming shareholders’ approval and the Court’s sanction are obtained, the Scheme will become effective upon delivery of the Court’s sanction order to the Registrar of Companies (the “**Scheme Effective Date**”). It is currently expected that the Scheme Effective Date will occur in the second quarter of 2021 and, from that date, Nucleus will be wholly owned by James Hay Holdings. Any Nucleus Shares that are on the shareholder register of Nucleus at the record time for the Scheme (which is currently expected to be at 6.00 p.m. on the Court Sanction Date) (the “**Scheme Record Time**“) will be transferred to James Hay Holdings under the Scheme.

## 2. EFFECT OF THE ACQUISITION ON YOUR AWARD(S)

In the ordinary course of events, an Award granted under the Plan will vest on or around the third anniversary of its original date of grant (the “**Vesting Date**”), but only to the extent that the applicable performance conditions (the “**Performance Conditions**“) have been satisfied. Following vesting, an Award is then normally subject to a further holding period of two years during which it cannot usually be exercised (the “**Holding Period**“).

The way in which the Acquisition impacts any Award held by you will depend on whether the Scheme is sanctioned by the Court before or after its Vesting Date. In particular:

### 2.1 *If the Court Sanction Date is before the Vesting Date of an Award*

In these circumstances, Nucleus’s Remuneration Committee will, on or as soon as reasonably practicable after the Court Sanction Date, determine the number of Shares in respect of which all previously unvested Awards under the Plan will vest (the “**Remuneration Committee Determination**“), with such vesting occurring immediately on the making of that determination. Where vesting occurs in this manner, no Holding Period will be applied and the Awards can be exercised at any time during the period of four weeks from the Court Sanction Date. **If an Award is not exercised within this period, it will lapse and cease to exist.**

Under the rules of the Plan, the Remuneration Committee Determination will be based on a number of factors, which may include the extent to which the applicable Performance Conditions have been satisfied (as well as other performance metrics that are considered relevant) and the period of time that has elapsed since the date of grant of the relevant Awards.

Whilst the Remuneration Committee Determination will not be made until on, or shortly after, the Court Sanction Date, the Committee has made a preliminary assessment of the extent to which Awards will vest. It is currently anticipated that:

- Awards granted under the Plan on 26 July 2018: will vest at 32%;
- Awards granted under the Plan on 3 April 2019: will vest at 33%; and
- Awards granted under the Plan on 19 May 2020: will vest at 29%.

Please note that the above percentages are indicative only and assume that the takeover is approved by Nucleus Shareholders and sanctioned by the Court prior to the end of the second quarter of 2021. If the Court Sanction Date occurs later than this, it is possible that the vesting percentages applicable to some or all of the Awards may change (although you should be aware that, irrespective of when the Acquisition completes, the aggregate number of Nucleus Shares over which all Awards under the Plan will become capable of being exercised in connection with the transaction will not exceed 992,543).

You will be notified of the final vesting levels applicable to your Award(s) once the formal Remuneration Committee Determination has been made.

## 2.2 *If the Court Sanction Date is after the Vesting Date of an Award*

In this situation, the Holding Period applicable to previously vested Awards will cease to apply on the Court Sanction Date and those Awards can be exercised (to the extent vested) at any time during the period of four weeks from the Court Sanction Date. **If an Award is not exercised within this period, it will lapse and cease to exist.**

The terms on which your Award(s) were granted under the Plan also specify that, on their exercise, you will be entitled to receive an additional cash payment calculated by reference to the amount of the dividends that would have been payable on the Nucleus Shares thereby acquired by you had they been held by you since the date of grant (a “**Dividend Equivalent Amount**”).

**Given the fact that your Award(s) will, to the extent unexercised, lapse four weeks after the Court Sanction Date, it is important that you read this Letter carefully and, where appropriate, take one of the courses of action specified below within this time period.**

## 3. THE EXERCISE PROPOSAL

The proposal (the “**Exercise Proposal**”) being made to you is that you exercise your Award(s) in respect of all the Nucleus Shares over which they vest (or have previously vested), conditionally on, and with effect from, the making of the Remuneration Committee Determination. The Nucleus Shares you receive as a result of the exercise of your Award(s) will then be acquired automatically by James Hay Holdings under the Scheme on the Scheme Effective Date at a price of 188 pence per Nucleus Share.

If you accept the Exercise Proposal then, under the terms of the “Cashless Exercise Facility” (details of which are contained in the terms and conditions included in the enclosed Form of Election), you will not be required to provide any sums upfront to exercise your Award(s). Instead, the full amount of the proceeds from the disposal of your Nucleus Shares under the Scheme will be paid by James Hay Holdings to Nucleus, which will then deduct any applicable withholdings for income tax and employees’ National Insurance contributions before remitting the balance on to you as soon as reasonably practical thereafter.

Any Dividend Equivalent Amount you become entitled to as a result of exercising your Award(s) pursuant to the Exercise Proposal will be paid to you (under deduction of any applicable withholdings for income tax and employees’ National Insurance contributions) at or around the same time as the proceeds from the disposal of your Nucleus Shares under the Scheme.

Please note that it will only be possible to exercise your Award(s) using the enclosed Form of Election if they remain outstanding on the Court Sanction Date. Accordingly, if your Award(s) (or any part thereof) are due to lapse before this time, you may wish to consider one of the alternative courses of action described at paragraph 6 below. If you are subject to Nucleus's share dealing code, we will take your completed Form of Election as a request to deal and will let you know if it is not approved.

#### 4. UK TAXATION IMPLICATIONS OF ACCEPTING THE EXERCISE PROPOSAL

A summary of the UK tax implications of exercising your Award(s) under the Plan and selling the underlying Nucleus Shares in accordance with the Exercise Proposal is set out in the Appendix at the end of this letter. If you are not both domiciled and resident for tax purposes in the UK at all relevant times and/or in any doubt as to your personal tax position, you should consult an appropriate independent professional tax adviser without delay.

#### 5. HOW TO ACCEPT THE EXERCISE PROPOSAL

You can accept the Exercise Proposal by completing the enclosed Form of Election and emailing a scanned copy to [samantha.robinson@nucleusfinancial.com](mailto:samantha.robinson@nucleusfinancial.com) as soon as possible and, in any event, so as to be received **no later than 10 a.m. on 28 March 2021**. Please also send the duly completed original Form of Election to Nucleus Financial Group plc at Nucleus HQ, Greenside, 12 Blenheim Place, Edinburgh EH7 5JH for the attention of Sam Robinson.

The exercise of your Award(s) under the Exercise Proposal will be conditional upon the Acquisition proceeding, and will not take effect until the making of the Remuneration Committee Determination. Please read the terms and conditions printed on the Form of Election carefully before you complete it. The Exercise Proposal will not be available if the Acquisition does not proceed. If Court sanction of the Scheme does not occur for any reason, your Award(s) will not become exercisable early and will continue as normal, subject to the rules of the LTIP.

#### 6. ALTERNATIVES TO THE EXERCISE PROPOSAL

You do not have to accept the Exercise Proposal. Instead you could:

##### 6.1 *Exercise any part of your Award that becomes exercisable prior to the Scheme Record Time using the normal exercise process*

Although your Award(s) are not currently capable of being exercised, it is possible (but unlikely) they may become so under the rules of the Plan prior to the Court Sanction Date. If this happens, you are free to exercise that part of your Award(s) using Nucleus's existing procedures at any time up until the Scheme Record Time. All Nucleus Shares in issue at the Scheme Record Time will be subject to the Scheme, but this will not apply to any Award(s) remaining unexercised at that time.

If you have any questions or queries about how to exercise your Award(s) in this way, you should contact Sam Robinson by telephone on 0131 226 9800 or by email at [samantha.robinson@nucleusfinancial.com](mailto:samantha.robinson@nucleusfinancial.com).

**Please note, however, that Nucleus's normal exercise procedures will cease to be available with effect from the Scheme Record Time. Any Nucleus Shares issued**

**after the Scheme Record Time pursuant to the exercise of your Award(s) will not automatically be subject to the Scheme and will instead be subject to a provision in the articles of association of Nucleus described in paragraph 6.2 below.**

*6.2 Exercise all or part of your Award(s) after the Scheme Record Time*

Alternatively, you could decide to exercise your Award(s) at any time after the Scheme Record Time but before the date on which they lapse as explained at paragraph 2 above.

However, you should be aware that, if you choose to exercise during this period:

- you would, in advance of the exercise of your Award(s), need to provide an amount by way of cheque or bank draft to cover any applicable withholdings for income tax and employees' National Insurance contributions (i.e. no cashless exercise facility will be available); and
- following the exercise of your Award(s) in these circumstances, you will be required, under the articles of association of Nucleus (i.e. not automatically under the Scheme) to immediately sell the underlying Nucleus Shares to James Hay Holdings (or as James Hay Holdings may direct) at a price per share of 188 pence.

As such, ultimately, you will only receive the same amount per Nucleus Share as you would receive under the Exercise Proposal but you will receive this amount at a later date and you may encounter cash flow issues since you will not be utilising the cashless exercise facility set out in this Letter.

If you wish any further information in relation to the exercise of your Award(s) in this manner, you should contact Sam Robinson by telephone on 0131 226 9800 or by email at [samantha.robinson@nucleusfinancial.com](mailto:samantha.robinson@nucleusfinancial.com).

**You are reminded that, if you fail to take any action and the Scheme becomes effective, your Award(s) will lapse on the date specified in paragraph 2 above and become worthless.**

## **7. IMPACT OF CESSATION OF EMPLOYMENT**

If you cease employment with the Nucleus Group before the Remuneration Committee Determination has been made then any unvested Award(s) that you hold will normally lapse immediately unless you leave in certain "good leaver" circumstances as outlined in the rules of the Plan. If you do become a leaver, you will be provided with full details in writing of what this means for your Award(s).

## **8. DIRECTORS' VIEWS**

The Nucleus Directors recommend that you accept the Exercise Proposal set out in this Letter to the extent you are able to do so. You should consider your own personal circumstances, including your tax position, when deciding your preferred timing for exercising your Award(s).

The Nucleus Directors, who have been so advised by Shore Capital and Craven Street Capital as to the financial terms of the Exercise Proposal, consider the terms of the Exercise Proposal set out in this Letter, the Notes, the Appendix, the Form of Election and its terms and conditions to be fair and reasonable in the context of the Acquisition. In providing their advice to the Nucleus Directors, Shore Capital and Craven Street Capital have taken into account the commercial assessments of the Nucleus Directors. Shore Capital and Craven Street Capital are providing independent financial advice to the Nucleus Directors for the purposes of Rule 15(b) of the City Code on Takeovers and Mergers.

Nothing in this letter constitutes financial advice to any holder of shares or share options in Nucleus.

## 9. GENERAL

Please see the attached notes.

Any amounts payable to you in accordance with this Letter will be paid as soon as practicable following completion of the Acquisition in your local currency using the Sterling exchange rate prevailing on the relevant payment date. Any such amounts will be transferred into the bank account that your salary is usually paid into or, if you are a former employee, into the bank account that your final salary payment was paid into.

Yours faithfully

*Angus Samuels*

Chairman

**For and on behalf of Nucleus Financial  
Group plc**

Yours faithfully

*Richard Rowney*

Director

**For and on behalf of James Hay Holdings  
Limited**

**NOTES**

1. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.
2. The enclosed Form of Election, including the notes and instructions on it, shall be deemed an integral part of the Exercise Proposal.
3. Accidental omission to despatch this Letter to, or failure to receive the same by, any person to whom the Exercise Proposal is made or should be made shall not invalidate the Exercise Proposal in any way.
4. All acceptances in respect of the Exercise Proposal made on the Form of Election will be irrevocable.
5. This Letter, these Notes, the Appendix, the Form of Election and its terms and conditions (the "**Relevant Documents**") shall be governed by and construed in accordance with English law and any dispute arising in connection therewith, including non-contractual disputes, is subject to the jurisdiction of the courts of England.
6. Your Award(s) are governed by the rules of the Plan and, where applicable, the relevant tax legislation. If there is any inconsistency between those rules and, where applicable, the tax legislation, and the provisions of the Relevant Documents, then, save where expressly stated otherwise in the Relevant Documents, the rules of the Plan and, where applicable, the tax legislation will prevail.
7. If you have any queries in relation to this Letter or how to complete the Form of Election or would like to request a copy of the rules of the Plan, you should contact Sam Robinson by telephone on 0131 226 9800 or by email at [samantha.robinson@nucleusfinancial.com](mailto:samantha.robinson@nucleusfinancial.com). Please note that none of the officers or employees of Nucleus or James Hay Holdings will be able to advise you on the course of action that you should take in relation to your Award(s) or in relation to your tax position.
8. Shore Capital & Corporate Limited and Shore Capital Stockbrokers Limited (either individually or collectively "**Shore Capital**") which are authorised and regulated by the Financial Conduct Authority in the United Kingdom, are acting exclusively for Nucleus and for no-one else in connection with the Acquisition and the matters referred to in the Relevant Documents and will not be responsible to anyone other than Nucleus for providing the protections afforded to clients of Shore Capital, or for providing advice in relation to the Acquisition or the contents of the Relevant Documents or any other matter referred to in the Scheme Circular or the Relevant Documents. Neither Shore Capital & Corporate Limited nor Shore Capital Stockbrokers Limited, nor any of their subsidiaries or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Shore Capital in connection with any matter referred to in the Scheme Circular or the Relevant Documents.
9. Craven Street Capital Limited, an appointed representative of Resolution Compliance Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting as joint financial adviser for Nucleus and no one else in connection with the Acquisition and the matters referred to in the Relevant Documents



and will not regard any other person as its client in relation to the matters set out in the Scheme Circular and the Relevant Documents and will not be responsible to anyone other than Nucleus for providing the protections afforded to clients of Craven Street Capital or its affiliates, or for providing advice in relation to the Acquisition or the contents of the Relevant Documents or any other matter referred to in the Scheme Circular or the Relevant Documents.

10. Shore Capital and Craven Street Capital have given and not withdrawn their written consent to the issue of the Relevant Documents with the inclusion of references to their respective names in the form and context in which they are included.
11. RBC cees Trustee Limited, in its capacity as trustee of NFG Limited Employee Benefit Trust 2010, has given and not withdrawn its written consent to the issue of the Relevant Documents with the inclusion of references to its name in the form and context in which they are included.
12. The Nucleus Directors, whose names are set out in paragraph 2.1 of Part VII of the Scheme Circular, accept responsibility for the information contained in the Relevant Documents (including information relating to the rules of the Plan) except for the information for which responsibility is taken by the James Hay Directors pursuant to paragraph 13 below and the James Hay Group Directors pursuant to paragraph 14 below. To the best of the knowledge and belief of the Nucleus Directors (who have taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.
13. The James Hay Directors, whose names are set out in paragraph 2.4 of Part VII of the Scheme Circular, accept responsibility for the information contained in the Relevant Documents relating to James Hay Holdings and the James Hay Directors and their respective immediate families, related trusts and persons connected with, the James Hay Directors, and persons deemed to be acting in concert with James Hay Holdings (as such term is defined in the Code). To the best of the knowledge and belief of the James Hay Directors (who have taken all reasonable care to ensure that such is the case), the information contained in the Relevant Documents for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
14. The James Hay Group Directors, whose names are set out in paragraph 2.7 of Part VII of the Scheme Circular, accept responsibility for the information contained in the Relevant Documents relating to the James Hay Group, the Wider James Hay Group and the James Hay Group Directors and their respective immediate families, related trusts and persons connected with, the James Hay Group Directors, and persons deemed to be acting in concert with the James Hay Group (as such term is defined in the Code). To the best of the knowledge and belief of the James Hay Group Directors (who have taken all reasonable care to ensure that such is the case), the information contained in the Relevant Documents for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
15. Neither this Letter nor any accompanying documents do or are intended to constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities in any jurisdiction pursuant to the Acquisition (a) in which such offer or invitation is not authorised; (b) in which the person making such

offer or invitation is not qualified to do so; or (c) in which, or to any person to whom, it is unlawful to make such offer or invitation or where the making of such offer or invitation would impose any unfulfilled registration, qualification, publication or approval requirements on Nucleus, James Hay Holdings or any of their respective directors, officers, agents, affiliates and advisers. No action has been taken nor will be taken in any jurisdiction by any such person that would permit a public offering of any securities in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this letter other than in any jurisdiction where action for that purpose is required. Neither Nucleus nor James Hay Holdings nor their respective directors, officers, agents, affiliates or advisers accept any responsibility for any violation of any of these restrictions by any other person.

**APPENDIX****UK tax implications of the Exercise Proposal**

IN CONSIDERING WHICH COURSE OF ACTION TO CHOOSE YOU SHOULD REMEMBER THAT THERE MAY BE SIGNIFICANT UK TAX IMPLICATIONS FOR YOU. THIS APPENDIX ONLY ADDRESSES THE TAX POSITION FOR A PERSON WHO IS RESIDENT AND DOMICILED IN THE UNITED KINGDOM FOR TAX PURPOSES AT THE DATES OF GRANT AND EXERCISE OF AN AWARD GRANTED UNDER THE PLAN AND AT ALL OTHER RELEVANT TIMES. THE INFORMATION CONTAINED IN THIS APPENDIX IS FOR GUIDANCE ONLY AND INTENDED TO ASSIST YOU IN YOUR CHOICE BUT IT IS NOT A FULL DESCRIPTION OF ALL POSSIBLE TAXATION IMPLICATIONS OR OF ALL THE CIRCUMSTANCES IN WHICH A TAXATION LIABILITY MAY OCCUR. IF YOU ARE IN ANY DOUBT AS TO YOUR POSITION OR IF YOU ARE NOT RESIDENT AND DOMICILED IN THE UNITED KINGDOM, YOU SHOULD CONSULT AN APPROPRIATE INDEPENDENT PROFESSIONAL TAX ADVISER.

**1. Income tax and National Insurance contributions on the exercise of your Award(s)**

On the exercise of your Award(s), you will be liable to pay income tax and employees' National Insurance contributions (at your marginal rate(s)) on an amount calculated by:

- a) taking the number of Nucleus Shares thereby acquired by you on exercise of your Award(s); and

multiplying that figure by:

- b) an amount equal to the market value of a Nucleus Share on the date of exercise of your Award<sup>2</sup>.

Any income tax and employees' National Insurance contributions due on the exercise of your Award(s) must be accounted for to HM Revenue & Customs by your employing company under the PAYE system. The amounts due will be recovered by withholding the relevant amount from the consideration payable by James Hay Holdings to you for your Nucleus Shares.

**2. Capital gains tax on the disposal of your Nucleus Shares to James Hay Holdings**

It is unlikely that you will have any capital gains tax ("CGT") to pay on the subsequent disposal, under the Scheme, of the Nucleus Shares you acquire as a result of the exercise of your Award(s). This is because the CGT base cost of these Nucleus Shares is likely to be deemed to be the same as the consideration payable by James Hay Holdings (i.e. 188 pence per Nucleus Share).

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<sup>2</sup> HM Revenue & Customs is likely to agree that the market value of a Nucleus Share at the date of exercise of your Award(s) is the acquisition price of 188 pence payable by James Hay Holdings under the Scheme.

Please note that special rules on calculating CGT gains apply where you hold other Nucleus Shares, whether or not from the Nucleus Share Plans, or you buy and sell portions of shareholdings at different times.

If you have to pay any CGT, you will have to pay it through self-assessment. It will not be deducted for you through PAYE. This means that you will have to complete a self-assessment tax return (in hard copy or online). Note also that you will only have to pay CGT to the extent that your gains from the disposal of any Nucleus Shares and any other chargeable gains you make in that tax year exceed your personal CGT allowance for the tax year in which the disposal takes place (which is £12,300 for the 2020/21 tax year).

### **3. Income tax and National Insurance contributions on Dividend Equivalent Amount**

You will be liable to pay income tax and employees' National Insurance contributions (at your marginal rate(s)) on any Dividend Equivalent Amount that you become entitled to receive as a result of the exercise of your Award(s). The relevant tax and National Insurance contributions will be withheld from the Dividend Equivalent Amount at the time it is paid to you and remitted to HM Revenue & Customs by your employing company under the PAYE system.

#### ***Please note that:***

- ***the commentary provided in this Appendix assumes that you continue to be an employee of the Nucleus Group at all times – if you cease employment prior to the sale of your Nucleus Shares, your tax position may be impacted; and***
- ***tax laws may change frequently and the contents of this Appendix have been prepared in accordance with the tax legislation in force at the time of writing. You should not, therefore, rely on this Appendix as definitive advice but as mere guidance.***

**THIS FORM IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.**

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**FORM OF ELECTION FOR PARTICIPANTS IN  
THE NUCLEUS FINANCIAL GROUP PLC LONG  
TERM INCENTIVE PLAN**

in connection with the recommended cash offer for  
Nucleus Financial Group plc by James Hay Holdings  
Limited (an indirect wholly owned subsidiary of IFG  
Group Limited, the parent company of the James Hay  
Group)

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This Form of Election should be read in conjunction with the accompanying letter from Nucleus and James Hay Holdings dated 5 March 2021 (the “**Letter**”). Capitalised terms in this Form of Election have the meaning given to them in the Letter unless otherwise defined herein.

If you wish to exercise your Award(s) conditionally on, and with effect from, the making of the Remuneration Committee Determination, please email a scanned copy of this Form of Election duly completed to [samantha.robinson@nucleusfinancial.com](mailto:samantha.robinson@nucleusfinancial.com) as soon as possible and, in any event, so as to be received **no later than 10 a.m. on 28 March 2021** (the “**Closing Date**”). Please also send the duly completed original Form of Election to Nucleus Financial Group plc at Nucleus HQ, Greenside, 12 Blenheim Place, Edinburgh EH7 5JH for the attention of Sam Robinson.

## FORM OF ELECTION: THE NUCLEUS FINANCIAL GROUP PLC LONG TERM INCENTIVE PLAN

Before completing this Form of Election, please read the accompanying Letter and the annexed terms and conditions (which form part of this Form of Election). If you wish to use this Form to exercise your Award(s) conditionally on, and with effect from, the making of the Remuneration Committee Determination, you should complete section 2, and then email a scanned copy of the completed Form of Election to [samantha.robinson@nucleusfinancial.com](mailto:samantha.robinson@nucleusfinancial.com) as soon as possible and, in any event, so as to be received **no later than 10 a.m. on 28 March 2021**. Please also send the duly completed original Form of Election to Nucleus Financial Group plc at Nucleus HQ, Greenside, 12 Blenheim Place, Edinburgh EH7 5JH for the attention of Sam Robinson.

### Section 1: Agreement to accept the Exercise Proposal

By signing and returning this Form of Election, you:

- acknowledge that you have received, or have been directed to and have had the opportunity to review, the Scheme Circular and the Letter from Nucleus and James Hay Holdings relating to the effect of the Acquisition on the Award(s) that you hold under the Plan; and
- agree to accept the Exercise Proposal in respect of all your Award(s) and, by doing so, agree to exercise your Award(s) conditionally on, and with effect from, the making of the Remuneration Committee Determination.

### Section 2: Your Signature

You must complete the following in the presence of an independent witness (a person who is aged 18 or older and who is not your spouse or civil partner or a member of your immediate family)<sup>3</sup> if you wish to accept the Exercise Proposal in relation to your Award(s).

By signing below, you (i) confirm that you agree to the terms set out in the accompanying Letter and this Form of Election (inclusive of the annexed terms and conditions); and (ii) acknowledge that this Form of Election will be binding on you and is irrevocable.

#### SIGNED AND DELIVERED AS A DEED BY:

Signature: ..... (Participant to sign here)

Signed by: ..... (Enter Participant name here)

on: ..... (Enter the date on which you signed)

In the presence of:

Witness signature: .....

Witness name: .....

Witness address: .....

<sup>3</sup> Please note that if you are unable to sign this document in the presence of an independent witness due to Covid-19 (whether due to self-isolation or lockdown), a member of your family (who is 18 or older) can witness your signature.

## TERMS AND CONDITIONS

### General

1. By executing the Form of Election and returning it by the Closing Date you:
  - 1.1 confirm that, subject to paragraph 3.8 below, the decision you have made in this Form of Election cannot be withdrawn or altered; and
  - 1.2 confirm that you have read, understood and agree to the Exercise Proposal and to the terms set out in the Letter and this Form of Election (including these terms and conditions) and that you have had the opportunity to review the Scheme Circular.
2. If you return the executed Form of Election, but the Form of Election is not received until after the Closing Date, you irrevocably agree that Nucleus and James Hay Holdings may treat this Form of Election as if it had been received by the Closing Date.

### Exercise of Award(s)

3. By executing the Form of Election and returning it by the Closing Date you irrevocably:
  - 3.1 elect to exercise all your Awards under the Plan, such exercise:
    - to be conditional on, and take effect from, the making of the Remuneration Committee Determination referred to in rule 15.1.6 of the Plan; and
    - to be in respect of all the Nucleus Shares over which your Awards are then capable of being exercised under the rules of the Plan.
  - 3.2 agree that all Nucleus Shares acquired by you as a result of the above exercise (the "**Award Shares**") will (i) immediately following that exercise be held by RBC cees Trustee Limited, in its capacity as trustee of the NFG Limited Employee Benefit Trust 2010 (the "**Trustee**"), as nominee on bare trust for your benefit; and (ii) will subsequently be acquired by James Hay Holdings pursuant to the Scheme;
  - 3.3 authorise the Trustee to procure that James Hay Holdings shall pay to Nucleus the full amount of the consideration payable under the Acquisition for your Award Shares (the "**Sale Proceeds**");
  - 3.4 acknowledge and agree that the above exercise of your Awards will be completed in accordance with the following terms constituting the "**Cashless Exercise Facility**":
    - you undertake to pay to Nucleus an amount equal to the PAYE income tax and employees' National Insurance contributions (or any equivalent tax or social security in any jurisdiction outside the United Kingdom) arising on the exercise of your Awards (the "**Tax Liabilities**"); and
    - you agree to satisfy the above undertaking by authorising Nucleus to withhold from your Sale Proceeds an amount equal to those Tax Liabilities;

- 3.5 agree that the Sale Proceeds (net of any withholding of Tax Liabilities) will be paid to you by Nucleus as soon as practicable after completion of the Acquisition by bank transfer into the account that your salary is usually paid into or, if you are a former employee, into the bank account that your final salary payment was paid into;
- 3.6 acknowledge and agree that, for the purposes of applying the rules of the Plan, the Form of Election will (i) be treated as a form of notice of exercise that has been approved by the Remuneration Committee; and (ii) will be treated as having been received by the Remuneration Committee on the date on which the Court sanctions the Scheme;
- 3.7 acknowledge that if any Awards held by you (or any part thereof) have lapsed or been exercised, or subsequently lapse or are exercised before the Remuneration Committee Determination, completion of this Form of Election will be of no effect in respect of such lapsed or exercised Awards (or part thereof);
- 3.8 understand that, in the event that the Scheme is not sanctioned by the Court (or otherwise does not proceed), this Form of Election shall be null and void and shall not take effect; and
- 3.9 indemnify Nucleus and each of its subsidiaries against any Tax Liabilities arising as a result of or in connection with the exercise of your Awards.