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**THIS LETTER AND THE ENCLOSED FORM OF DIRECTION 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 Form of Direction.**

5 March 2021

To: Participants in the Nucleus Financial Group plc Share 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/>). 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 give you some information on the effect the Acquisition will have on the Nucleus Shares held for you in the Plan (your “**Plan Shares**”). These Plan Shares comprise your “Partnership Shares” and “Matching Shares” as relevant.

This letter only relates to the Plan and, as trustee of the Plan (the “**Trustee**”), we are writing to explain how the Acquisition affects you and what choices you have. Nucleus and James Hay Holdings will write to you separately regarding any other 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).

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.

Your attention is drawn to the full terms of the Acquisition set out or referred to in the Scheme Circular.

## 2. WHAT WILL NUCLEUS SHAREHOLDERS RECEIVE?

If the Acquisition goes ahead, Nucleus Shareholders will be entitled to receive 188 pence in cash for each Nucleus Share they hold.

### 3. CAN I VOTE FOR OR AGAINST THE ACQUISITION?

Given that your Plan Shares are currently held on your behalf in the Plan, any voting rights can only be exercised by the Trustee (as the registered owner of those shares). However, as the beneficial owner of your Plan Shares, you are entitled to instruct the Trustee on how to exercise these votes in relation to the Acquisition. **You can do this by completing the attached Form of Direction and returning it in the pre-paid envelope provided to be received as soon as possible and, in any event, no later than 5pm on Friday, 19 March 2021.**

### 4. WHAT WILL HAPPEN TO MY PLAN SHARES IF THE ACQUISITION PROCEEDS?

If the Acquisition goes ahead, all of your Plan Shares (i.e. your Partnership and Matching Shares) will automatically be acquired by James Hay Holdings at the price of 188 pence in cash for each share.

The proceeds of the above sale will be remitted to you by the Trustee as soon as reasonably practicable following settlement of the Acquisition consideration. This payment will be made to the bank account into which your salary is usually paid (or, if you are a former employee at the relevant time, into the bank account used for your final salary payment).

### 5. WILL I HAVE TO PAY ANY TAX IF MY PLAN SHARES ARE TRANSFERRED PURSUANT TO THE ACQUISITION?

*Please note that this section of the Letter is intended to set out a summary of the tax implications of the transfer of your Plan Shares to James Hay Holdings pursuant to the Acquisition. The information is provided for guidance only and is 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. Also, it only addresses the position for a person who is domiciled and resident in the United Kingdom for tax purposes at all relevant times. If you are in any doubt as to your position, or if you are not resident in the United Kingdom, you should consult an appropriate independent professional tax adviser.*

If your Plan Shares are transferred to James Hay Holdings pursuant to the Acquisition then, assuming those shares remained in the Plan at the time of such transfer (i.e. they had not previously been withdrawn from the Plan) then:

- no income tax or National Insurance liability will arise for you on the transfer<sup>1</sup>; and
- no capital gains tax will be due on the disposal to James Hay Holdings.

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<sup>1</sup> Please note that this description of the income tax / National Insurance treatment only applies to Plan Shares (i) that have already been awarded to you under the Plan; or (ii) which are subsequently awarded to you under the Plan and it is reasonable to assume that such award would have taken place even if the Acquisition was not under consideration. The transfer of any Plan Shares in connection with the Acquisition which do not satisfy these requirements is likely to crystallise an income tax and National Insurance liability for you.

**6. WILL I STILL BE ABLE TO MAKE MY REGULAR PURCHASES OF PARTNERSHIP SHARES BEFORE THE ACQUISITION COMPLETES?**

If you currently participate in the Partnership Shares element of the Plan then deductions will continue to be taken from your salary until such date as Nucleus shall subsequently notify to you in writing (which will be in advance of the Scheme Record Time). Any such deductions will be used to purchase Partnership Shares (and you will receive a corresponding award of Matching Shares) in the normal way. However, once Nucleus has provided you with the written notification described above, you will not be able to buy any more Nucleus Shares through the Plan or receive further awards under the Plan.

**7. WHAT HAPPENS IF I CEASE EMPLOYMENT PRIOR TO THE ACQUISITION?**

In these circumstances the normal “leaver” provisions under the Plan will apply. You will receive correspondence from YBS Share Plans informing you of your choices.

**8. WHAT DO I NEED TO DO NOW?**

As explained at paragraph 3 above, you need to decide whether to vote for or against the Acquisition by completing the enclosed Form of Direction and returning it in the pre-paid envelope provided to be received as soon as possible and, in any event, by **no later than 5 pm on Friday, 19 March 2021.**

If you have any queries about the effect of the Acquisition on your Plan Shares, please contact YBS Share Plans on 0345 1200 300; lines are open Monday to Friday 9am – 5pm (excluding public holidays in England and Wales).

Yours faithfully

**[●]**

**For and on behalf of Yorkshire Building Society**

[Name of participant]

[Address of participant]

[Address of participant]

[Address of participant]

**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.

This Form of Direction should be read in conjunction with the accompanying letter from Yorkshire Building Society (the “Trustee”) as trustee of the Nucleus Group plc Share Incentive Plan (the “Plan”) and the Scheme Circular dated 5 March 2021 which you should have already received or been directed to. Definitions used in the Scheme Circular apply in this Form of Direction.

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**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)**

**FORM OF DIRECTION FOR NUCLEUS COURT  
MEETING AND NUCLEUS GENERAL MEETING**

for use by participants holding Nucleus Shares under  
the Nucleus Group plc Share Incentive Plan

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**Instructions for completing this Form of Direction**

This form should be completed and submitted if you want to direct the Trustee to vote at the Nucleus Court Meeting and the Nucleus General Meeting in respect of the Nucleus Shares held on your behalf under the Plan. If you do not complete and submit the Form of Direction, the Trustee will abstain from voting in relation to such Nucleus Shares.

The choices available to you are set out in the Scheme Circular, Notice of Court Meeting and Notice of General Meeting dated 5 March 2021 and this form. This form should be read together with these documents.

**Return of this Form**

You must send the completed Form of Direction by post to the Trustee, so as to be received as soon as possible and, in any event, **no later than 5 pm on Friday, 19 March 2021**. Any forms which are received after this time will be ineffective. A prepaid envelope is enclosed. The receipt of your Form of Direction will not be acknowledged.

If you have any question relating to the Form of Direction, please call YBS Share Plans Helpline on 0345 1200 300; lines are open Monday to Friday 9am – 5pm (excluding public holidays in England and Wales). Please note that calls to this number may be monitored or recorded and that Yorkshire Building Society cannot provide advice on the merits of the Scheme or the Acquisition or give any financial or tax advice.

**NUCLEUS GROUP PLC SHARE INCENTIVE PLAN**

**FORM OF DIRECTION FOR NUCLEUS COURT MEETING AND NUCLEUS GENERAL MEETING**

To: Yorkshire Building Society (the “Trustee”)

From: [●]

SIP Account Number: [●]

**1. Nucleus Court Meeting**

I hereby irrevocably direct the Trustee to vote on the proposed Scheme of Arrangement referred to in the Notice convening the Nucleus Court Meeting dated 5 March 2021 as follows:

	<b>For (✓)</b>	<b>Against (✓)</b>
Approval of the said Scheme of Arrangement described in the Notice of Court Meeting		

**2. Nucleus General Meeting**

I hereby irrevocably direct the Trustee to vote on the composite resolution set out in the Notice convening the Nucleus General Meeting dated 5 March 2021 as follows:

	<b>For (✓)</b>	<b>Against (✓)</b>
Approval of: (a) authorisation for the directors of the Company to take all actions necessary or appropriate for carrying the Scheme of Arrangement into effect; and (b) certain amendments to the articles of association of Nucleus as described in the Notice of General Meeting		

**3. Signature**

Signature .....

Name (print) .....

Date .....