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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 Offer Document and the enclosed Form of Direction.**

13 April 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”)**

On 9 February 2021, the Boards of Nucleus and James Hay Holdings announced that they had agreed the terms of a recommended all 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**”). The Acquisition was due 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.

However, on 30 March 2021, the James Hay Holdings Board announced that, with the consent of the Panel and Nucleus, the Acquisition would be implemented through a recommended takeover offer in order to increase certainty of execution in the interests of all Nucleus Shareholders.

Full details of the Acquisition are contained in the offer document to Nucleus Shareholders dated 13 April 2021 (the “**Offer Document**”) 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 Offer Document, 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**”) and to seek your instruction as to whether to accept the Offer in respect of your Plan Shares. These Plan Shares comprise your “Partnership Shares” and “Matching Shares” as relevant.

Please note that this Letter supersedes the previous letter and accompanying form of direction that were sent to you on 5 March 2021 in relation to the effect of the Acquisition on your Plan Shares. Consequently, you should rely only on this Letter and form in respect of the Acquisition and its effect on your Plan Shares. For the avoidance of doubt, the contents of this Letter will apply to your Plan Shares irrespective of whether (and, if so, how) you completed the previous form of direction. Please also note that this Letter only relates to the Plan. Nucleus and James Hay Holdings will write to you separately regarding any other share schemes in which you participate.

## **1. THE OFFER**

Under the terms of the Offer, which is subject to the satisfaction (or where applicable, waiver) of the Conditions and further terms set out in Appendix 1 to the Offer Document, Nucleus Shareholders will receive:

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

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 Nucleus Shares shall be acquired under the Offer fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now and hereafter attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the date of this document.

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

## **2. WHAT WILL NUCLEUS SHAREHOLDERS RECEIVE?**

If the Offer is accepted by a sufficient number of Nucleus Shareholders and the Acquisition goes ahead, Nucleus Shareholders will be entitled to receive 188 pence in cash for each Nucleus Share they hold.

## **3. CAN I ACCEPT THE OFFER IN RESPECT OF MY PLAN SHARES?**

Yes, the Offer extends to your Plan Shares. However, as your Plan Shares are held on your behalf by Yorkshire Building Society, as trustee of the Plan (the “**Trustee**”), in order to accept

the Offer in respect of your Plan Shares and receive 188 pence for each Plan Share, you will need to instruct the Trustee to accept the Offer on your behalf.

**You can do this by completing the attached Form of Direction and emailing a scanned copy to [LzArmitage@ybs.co.uk](mailto:LzArmitage@ybs.co.uk) to be received as soon as possible and, in any event, no later than 5pm on 4 May 2021.**

If no Form of Direction is received before the above deadline, the Trustee will take no action in respect of your Plan Shares (although, if you submit a Form of Direction after 5pm on 4 May 2021, the Trustee may, but shall not be obliged to, treat it as though it had been received before that deadline).

#### **4. WHEN WILL THE ACQUISITION COMPLETE?**

Subject to a sufficient number of Nucleus Shareholders accepting the Offer and all other Conditions of the Offer being satisfied or waived whilst it remains open, and the Offer therefore being declared wholly unconditional, the Acquisition (which is subject to regulatory approvals) is expected to complete in the second or third quarter of 2021.

#### **5. WHAT HAPPENS IF I DO NOTHING?**

You are under no obligation to instruct the Trustee to accept the Offer in respect of your Plan Shares, and if you do not wish to do so you need not take any further action. However, if you do not instruct the Trustee to accept the Offer in respect of your Plan Shares you should note that, if the Offer becomes, or is declared, unconditional in all respects then:

- If James Hay Holdings receives valid acceptances in respect of Nucleus Shares which, together with the Nucleus Shares owned, or agreed to be acquired, before or during the Offer Period by James Hay Holdings and its concert parties, represent not less than 75% of the voting rights attaching to the Nucleus Shares ("**Cancellation Threshold**"), James Hay Holdings intends to make an application for the cancellation of the admission to trading on AIM of the Nucleus Shares. It is also proposed that, if the Cancellation Threshold is met, Nucleus will seek to re-register as a private company.

Such cancellation of admission to trading of Nucleus Shares on AIM and re-registration would significantly reduce the liquidity and marketability of any Nucleus Shares not sold pursuant to the Offer and their value may be affected as a consequence. Any remaining Nucleus Shareholders would become minority shareholders in a privately controlled limited company and may be unable to sell their Nucleus Shares and there can be no certainty that any dividends or other distributions would be made by Nucleus or that the Nucleus Shareholders would again be offered as much for the Nucleus Shares held by them as under the Offer; and

- If James Hay Holdings receives acceptances under the Offer in respect of, and/or otherwise acquires, not less than 90% of the Nucleus Shares by nominal value and voting rights attaching to such shares to which the Offer relates, James Hay Holdings intends to apply the provisions of sections 974 to 991 (inclusive) of the Companies Act 2006 to acquire compulsorily any outstanding Nucleus Shares to which the Offer relates not acquired, or agreed to be acquired, pursuant to the Offer or otherwise.

## **6. 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.

## **7. 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. 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.

## **8. 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.

## **9. WHAT WILL HAPPEN IF THE OFFER DOES NOT GO AHEAD?**

If the Offer does not complete for any reason, the Plan will continue as normal and all of your Plan Shares will remain in the Plan, subject to the Plan rules.

## **10. WHAT DO I NEED TO DO NOW?**

As explained at paragraph 3 above, you need to decide whether to instruct the Trustee to accept the Offer in respect of your Plan Shares by completing the enclosed Form of Direction

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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 had been awarded to you under the Plan prior to the announcement of the Acquisition on 9 February 2021; or (ii) which have been or 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.

and emailing a scanned copy to [LzArmitage@ybs.co.uk](mailto:LzArmitage@ybs.co.uk) to be received as soon as possible and, in any event, by **no later than 5 pm on 4 May 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 (the “**Letter**”) from Yorkshire Building Society (the “**Trustee**”) as trustee of the Nucleus Group plc Share Incentive Plan (the “**Plan**”) and the Offer Document dated 13 April 2021 which you should have received. Definitions used in the Offer Document 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 ACCEPTANCE OF  
OFFER**

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 instruct the Trustee to accept the Offer 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 not accept the Offer in relation to such Nucleus Shares.

The choices available to you and the other Nucleus Shareholders are set out in the Letter, the enclosed Offer Document dated 13 April 2021 and in this form. This form should be read together with these documents.

**Return of this Form of Direction**

You must email a scanned copy of the completed Form of Direction to [LzArmitage@ybs.co.uk](mailto:LzArmitage@ybs.co.uk) so as to be received as soon as possible and, in any event, **no later than 5 pm on 4 May 2021**. Any forms which are received after this time will be ineffective (unless the Trustee determines otherwise). 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 Offer or the Acquisition or give any financial or tax advice.

**NUCLEUS GROUP PLC SHARE INCENTIVE PLAN**  
**FORM OF DIRECTION FOR ACCEPTANCE OF OFFER**

To: Yorkshire Building Society (the “Trustee”)  
From: [●]  
SIP Account Number: [●]

**My instruction**

I hereby confirm that I have read the Letter and the Offer Document accompanying this Form of Direction and I irrevocably direct the Trustee to accept the Offer in respect of all my Plan Shares regardless of when they were or are acquired:

	<b>Accept (✓)</b>
Acceptance of the Offer	

Signature .....

Name (print) .....

Date .....