

THIS DOCUMENT AND THE ACCOMPANYING FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document, or any action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, fund manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you sell or have sold or otherwise transferred all of your registered holding of Ordinary Shares, please immediately forward this Document and the accompanying Form of Proxy 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 sell or have sold or transferred part only of your registered holding of Ordinary Shares, you should retain this Document and immediately consult the stockbroker, bank or other agent through whom the sale or transfer was effected as to what action you should take.

The Directors accept responsibility, both individually and collectively, for the information contained in this Document. To the best of the knowledge of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

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# LONDON CAPITAL GROUP HOLDINGS PLC

*(incorporated in England and Wales under the Companies Act 2006 with registered number 05497744)*

## **Proposed disposal of the London Capital Group Limited and Notice of General Meeting**

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This Document should be read in conjunction with the accompanying Form of Proxy. The whole of this Document should be read and, in particular, your attention is drawn to the letter from the Chairman of the Company which is set out on page 9 of this Document, which contains the unanimous recommendation of your Board that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

Peterhouse Corporate Finance Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as corporate adviser and broker to the Company in relation to the transaction referred to in this document. The responsibilities of Peterhouse Corporate Finance Limited as the Company's corporate adviser under the NEX Exchange Corporate Adviser Rulebook are owed solely to the NEX Exchange and are not owed to the Company or to any Director or to any person. Persons receiving this Document should note that Peterhouse Corporate Finance Limited will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for advising any other person on the arrangements described in this document. Peterhouse Corporate Finance Limited has not authorised the contents of, or any part of, this Document and no liability whatsoever is accepted by it for the accuracy of any information or opinions contained in this Document or for the omission of any information.

This Document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase, acquire or subscribe for any securities.

The General Meeting to consider the Resolutions will be held at the offices of the Company at 77 Grosvenor Street, Mayfair, London, W1K 3JR, on 21 March 2018 at 10.30 a.m. The notice convening the General Meeting is set out on page 16 of this Document. Shareholders will find enclosed with this document a Form of Proxy for use in connection with the General Meeting. To be valid, the Form of Proxy should be completed, signed and returned in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Company's Registrars, Link Asset Services Limited, by no later than 10:30 a.m. on 19 March 2018. The Form of Proxy can be delivered by post or by hand to Link Asset Services Limited, PXS1, 34 Beckenham Road, Beckenham BR3 4ZF. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they choose to do so and be eligible to vote.

If you have any questions about this Document or the General Meeting, or are in any doubt as to how to complete the Form of Proxy, please call Link Asset Services Limited on 08716640300. Calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. Link Asset Services Limited is open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.

Copies of this Document will be available free of charge during normal business hours on any week day (except Saturdays, Sundays and public holidays) at the offices of Peterhouse Corporate Finance Limited from the date of this Document until the conclusion of the General Meeting. A copy of this Document will also be available from the Company's website: [www.ir.lcg.com](http://www.ir.lcg.com).

## **FORWARD-LOOKING STATEMENTS**

The statements contained in this document that are not historical facts are “forward-looking” statements.

These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company’s control and all of which are based on the Directors’ current beliefs and expectations about future events. Forward-looking statements are typically identified by the use of forward-looking terminology such as “believes”, “expects”, “may”, “will”, “could”, “should”, “intends”, “estimates”, “plans”, “assumes” or “anticipates” or the negative of such words or other variations of them or comparable terminology, or by discussions of strategy that involve risks and uncertainties. In addition, from time to time, the Company or its representatives have made or may make forward-looking statements orally or in writing. Such forward-looking statements may be included in, but are not limited to, press releases or oral statements made by or with the approval of one of the Company’s authorised officers. These forward-looking statements and other statements contained in this document regarding matters that are not historical facts involve predictions. No assurance can be given that such forward looking statements and other statements contained in this document will be achieved. Actual events or results may differ materially as a result of risks and uncertainties facing the Company and its subsidiary undertakings. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. The forward-looking statements contained in this document speak only as at the date of this document. Except to the extent required by the FCA, the NEX Exchange or applicable law, the Company will not necessarily update any of them in light of new information or future events and undertakes no duty to do so.

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## DIRECTORS, SECRETARY AND ADVISERS

Directors	Charles Poncet Charles-Henri Sabet Olivia Blanchard Julien Cohen Dimitri Goulandris	<i>Non-Executive Chairman</i> <i>Chief Executive Officer</i> <i>Non-Executive Director</i> <i>Non-Executive Director</i>
	all of:	
	77 Grosvenor Street Mayfair London W1K 3JR	
Company Secretary	Harpers Associates Limited New Liverpool House 15 Eldon Street London EC2M 7LD	
Registered Office	77 Grosvenor Street Mayfair London W1K 3JR	
Principal Place of Business	77 Grosvenor Street Mayfair London W1K 3JR	
Corporate Adviser & Broker	Peterhouse Corporate Finance Limited New Liverpool House 15 Eldon Street London EC2M 7LD	
Registrars	Link Asset Services Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU	

## DEFINITIONS

The following definitions apply throughout this Document and the accompanying Form of Proxy unless the context requires otherwise:

“Act”	the Companies Act 2006 (as amended);
“Approval”	the fully authorised approval from the FCA in respect of controller approval (as required by section 178 of FSMA);
“Asset Disposal”	the disposal (whether by way of a sale, transfer or otherwise) of all or a substantial part of the business, assets, property or undertaking of LCGL, whether in one transaction or a series of transactions;
“Board” or “Directors”	the directors of the Company, as at the date of this Document, whose names are set out on page 4 of this Document;
“Call Option Agreement”	the call option agreement to be dated on or around the date of Completion and made between the Company, Tradex, LCGL and SLCG International setting out the terms of the option for SLCG International to acquire the remaining 8.5 per cent. of the issued share capital of LCGL, details of which are set out in the letter from the Chairman in this Document;
“Company”	London Capital Group Holdings Plc incorporated and registered in England and Wales with company number 05497744 whose registered office is at 77 Grosvenor Street, Mayfair, London, England, W1K 3JR;
“Completion”	the completion of the sale of: <ul style="list-style-type: none"><li>a. 91.5 per cent. of the issued share capital of LCGL to SLCG International; and</li><li>b. 100 per cent of the issued share capital of each of the LCG Subsidiaries held by the Company and/or Tradex,</li></ul> in each case on the terms of the Sale Agreement;
“CREST”	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001 No 3755)) for the paperless settlement of trades and the holding of uncertificated securities, operated by Euroclear, in accordance with the same regulations;
“Disposal”	the proposed sale of up to the entire issued share capital of LCGL and the LCG Subsidiaries pursuant to the terms of the Sale Agreement and Call Option Agreement;
“Document”	this document dated 2 March 2018;
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST;
“FCA”	the Financial Conduct Authority of the United Kingdom;
“FSMA”	the Financial Services and Markets Act 2000 (as amended);
“Form of Proxy”	the form of proxy enclosed with this Document for use by Shareholders in connection with the General Meeting;

“General Meeting”	the general meeting of the Company to be held at 10:30 a.m. at the offices of the Company at 77 Grosvenor Street, Mayfair, London, W1K 3JR on 21 March 2018, notice of which is set out at the end of this Document;
“GLIO”	GLIO Holdings Limited a company incorporated in Jersey with company number 115389 and whose registered office is at First Island House, Peter Street, St Helier, Jersey;
“Group”	the Company and its subsidiaries (as that term is defined in section 1159 of the Act);
“Independent Director”	Olivia Blanchard;
“Investment Strategy”	has the meaning given to such term in paragraph 2 of the Letter from the Chairman on page 12 of this Document;
“Investment Vehicle”	has the meaning given to such term in the NEX Rules;
“LCGL”	London Capital Group Limited, a company incorporated and registered in England and Wales with company number 03218125, whose registered office is at 77 Grosvenor Street, Mayfair, London, England, W1K 3JR;
“LCG Subsidiaries”	each of: <ul style="list-style-type: none"> <li>a. London Capital Group (Bahamas) Limited, a company incorporated and registered in the Bahamas with company number 200271B, whose registered office is at Sassoon House, Shirley Street and Victoria Avenue, P.O. Box SS-5383, Nassau, Bahamas;</li> <li>b. London Capital Group (Cayman) Limited, a company incorporated and registered in the Cayman Islands with company number CT-327367, whose registered office is at Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchin Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands;</li> <li>c. London Capital Group (Cyprus) Limited, a company incorporated and registered in Cyprus with company number HE356430, whose registered office is at Arch. Makariou III, 205 Victory House, 5<sup>th</sup> floor 3030, Limassol, Cyprus;</li> <li>d. LCG (NZ) Limited, a company incorporated and registered in New Zealand with company number 6232807 and business number is 9429045950803, whose registered office is at DLA Piper New Zealand, 50 Customhouse Quay, Wellington Central, Wellington, 6011, New Zealand; and</li> <li>e. Surecom Limited, a company incorporated and registered in Cyprus with company number HE330501, whose registered office is at Stratigou Spyrou Stathopoulos, 14B, 3066, Limassol, Cyprus;</li> </ul>
“Loan Note Instrument”	the deed proposed to be entered into by the Company (as initial noteholder) and LCGL (as issuer) pursuant to which the Loan Notes (if any) will be constituted;

“Loan Notes”	the fixed rate unsecured loan notes which the Company shall subscribe for pursuant to the terms of the Sale Agreement, and in the event that the option under the Call Option Agreement is exercised by SLCG International pursuant to the Call Option Agreement, with the benefit and subject to the provisions of the Loan Note Instrument;
“Longstop Date”	31 July 2018 or such other date as may be agreed by the Company and SLCG International;
“NEX”	NEX Exchange Limited, a Recognised Investment Exchange;
“NEX Exchange”	the NEX Growth Market, a market operated by NEX;
“NEX Rules”	the NEX Exchange Growth Market Rules for Issuers as published by NEX from time to time;
“Notice of General Meeting”	the notice of the General Meeting set out at the end of this Document;
“Options”	the outstanding options to purchase Ordinary Shares;
“Ordinary Shares”	ordinary shares of £0.05 each in the capital of the Company;
“Recognised Investment Exchange”	has the meaning given in the NEX Rules;
“Regulatory Information Service” or “RIS”	a regulatory information service as defined by the NEX Rules;
“Resolutions”	the resolutions set out in the Notice of General Meeting;
“SLCG International”	SLCG International DMCC, a company incorporated and registered in Dubai with license number 323978 whose registered office is at Unit No: 287, DMCC Business Centre, Level No 5, Jewellery & Gemplex 2, Dubai, United Arab Emirates;
“Sale Agreement”	the conditional sale and purchase agreement dated the date of this Document and made between the Company, Tradex, LCGL and SLCG International setting out the terms of the Disposal, details of which are set out in the letter from the Chairman in this Document;
“Shareholder(s)”	a holder of (a) Ordinary Share(s);
“Tradex”	Tradex Enterprises Limited a company incorporated and registered in England and Wales with company number 05333826 whose registered office is at 77 Grosvenor Street, Mayfair, London, England, W1K 3JR;
“UK”	the United Kingdom of Great Britain and Northern Ireland;
“uncertificated” or “in uncertificated form”	recorded on the relevant register of the share security concerned 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;
“Warrants”	the outstanding warrants to purchase Ordinary Shares; and
“£”	the legal currency of the UK.

**EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

Date of this Document	2 March 2018
Latest time and date for receipt of Forms of Proxy	10.30am on 19 March 2018
General Meeting	10.30am on 21 March 2018
Completion of the Disposal	The date falling 2 Business days after the later of (i) the Approval; and (ii) the approval by the Shareholders of the Resolutions at the General Meeting, subject always to the Longstop Date

Each of the times and dates set out in the above timetable and mentioned in this document is subject to change by the Company in which event details of the new times and dates will be notified to the NEX Exchange and the Company will make an appropriate announcement to a Regulatory Information Service

References to times in this document are to London times unless otherwise stated

## LETTER FROM THE CHAIRMAN

# LONDON CAPITAL GROUP HOLDINGS PLC

(incorporated in England and Wales under the Companies Act 2006 with registered number 05497744)

Directors:

Charles Poncet (*Non-executive Chairman*)  
Charles-Henri Sabet (*Chief Executive Officer*)  
Olivia Blanchard (*Non-Executive Director*)  
Julien Cohen (*Non-Executive Director*)  
Dimitri Goulandris (*Non-Executive Director*)

Registered Office:

77 Grosvenor  
Street  
Mayfair  
London  
W1K 3JR

2 March 2018

*To the Shareholders and, for information purposes only, holders of Options and Warrants*

### **Proposed sale of London Capital Group Limited and Notice of General Meeting**

Dear Shareholder:

#### **1. Introduction**

The Company has today announced that it, together with its wholly owned subsidiary Tradex, has entered into a conditional sale and purchase arrangement to sell up to one hundred per cent of the issued share capital of LCGL and the LCG Subsidiaries, which represents the entire trading business of the Company's Group, to SLCG International, a company controlled by Charles-Henri Sabet, the Chief Executive Officer of the Company and a shareholder in the Company's major shareholder, GLIO.

The approval of the Shareholders is required pursuant to (i) section 190 of the Act, by virtue of the Disposal being to a person connected with one of the Directors, and (ii) Rule 56 of the NEX Rules, as the Disposal would constitute a fundamental change of business of the Company.

Approval will also be required from Tradex pursuant to section 190 of the Act, by virtue of the Disposal being to a person connected with one of the Directors. Tradex is a wholly owned subsidiary of the Company and shall seek shareholder approval from the Company once the Shareholders have approved the Disposal.

The Disposal, if approved, will constitute a fundamental change of business of the Company pursuant to Rule 56 of the NEX Rules.

The Disposal is therefore conditional, inter alia, on: (i) the approval of Shareholders at the General Meeting, notice of which set is out on page 16 of this Document; and (ii) on FCA approval of the change of control of LCGL (as required by section 178 of FSMA).

Please note that there is no guarantee that the Approval will be obtained by the Long Stop Date. Further details of the Approval which is sought (and the status of the applications in connection with the Approval) is set out below under the heading "Approval". If the Approval is not forthcoming by the Longstop Date, the Disposal will not occur.

The purpose of this letter is to provide you with the background to and the reasons for the proposed sale of LCGL and to explain the proposed adoption of a new investment strategy for the Company to take effect from Completion. This letter also explains why the Board considers the Disposal to be in the best interests of the Company and Shareholders as a whole and why it recommends that Shareholders should vote in favour of the Resolutions to be proposed at the General Meeting.

## **2. Description of the transaction**

The Company, acting through its wholly owned subsidiary Tradex, is proposing to initially sell 91.5 per cent. of the entire issued share capital of LCGL and 100% of the issued share capital of each of the LCG Subsidiaries held by the Company and/or Tradex to SLCG International pursuant to the terms of the Sale Agreement. The consideration for this sale is the issue to the Company of the Loan Notes by LCGL in an amount of £4,636,107. The value of the consideration is based on aggregate of (i) the market capitalisation of the Company at a share price of 1.3315 pence per share, which represents the 6-month volume weighted average price of the shares as at 23 February 2018 and approximately 40 per cent. premium to the Company's share price as at the close of trading on the day before the publication of this Document attributable to the value of LCGL, and (ii) £5.00 in respect of the LCG Subsidiaries. The Loan Notes when issued will be unsecured and perpetual and carry a fixed interest coupon of 8 per cent. per annum payable in two equal instalments in arrears each year.

Following Completion, the Company will retain a 8.5 per cent. shareholding in LCGL through its subsidiary, Tradex. At Completion, the Company and Tradex will enter into the Call Option Agreement in favour of SLCG International, under which Tradex will grant a call option to SLCG International for it to acquire the remaining 8.5 per cent. of the issued share capital of LCGL for £430,676 to be satisfied by the issue of further Loan Notes. Such option shall expire on the date falling 12 months after Completion. The total consideration received by the Company in connection with the Disposal will increase to £5,066,883 once the option has been exercised by SLCG International pursuant to the Call Option Agreement.

The initial annual interest payment on the Loan Notes will amount to £370,968, increasing to £405,350 per annum once the option has been exercised by SLCG International pursuant to the terms of the Call Option Agreement.

Under the terms of the Loan Note Instrument, the interest on the Loan Notes shall be payable half yearly in arrears on 25 May and 25 November. The first payment will be on 25 November 2018.

Under the Sale Agreement the Company will also benefit from a cost indemnity from LCGL in connection with maintaining the trading in the Ordinary Shares on the NEX Exchange until the earlier of (i) 6 months from Completion; and (ii) completion by the Company of a transaction constituting a reverse takeover for the purposes of Rule 60 of the NEX Rules. At Completion, the Company will have no outstanding liabilities and no net costs going forward that relate to the operation of LCGL.

The Company will benefit from the usual legal protections as set out in the Sale Agreement that are customary for a transaction of this type.

Pursuant to the terms of the Sale Agreement, the Disposal is conditional, inter alia, on: (i) the approval of Shareholders at the General Meeting, notice of which set is out on page 16 of this Document; and (ii) on FCA approval of the change of control of LCGL (as

required by section 178 of FSMA). Please note that there is no guarantee that the Approval will be obtained by the Long Stop Date. Further details of the Approval which is sought (and the status of the applications in connection with the Approval) is set out below under the heading "Approval" below.

The approval of the Shareholders is required pursuant to (i) section 190 of the Act, by virtue of the Disposal being to a person connected with one of the Directors, and (ii) Rule 56 of the NEX Rules, as the Disposal would constitute a fundamental change of business of the Company.

The issue of the Loan Notes will be deemed to be financial assistance pursuant to the meaning given in section 677 of the Act. However, as such financial assistance will be given to SLCG International, an overseas private limited company, such financial assistance shall not be prohibited in accordance with sections 678 of the Act.

Following Completion (and pending exercise of the option under the Call Option), the Company will be classified as an Investment Vehicle and continue to seek acquisitions in accordance with its current strategy namely, to invest in financial technology companies, businesses and assets. If after Completion, the option under the Call Option Agreement is exercised, and at the time of exercise, the Company has not made another acquisition in line with its Investment Strategy, the Company will become a cash shell pursuant to Rule 56 of the NEX Rules. The Company will then be required to make an acquisition or acquisitions which constitute a reverse takeover under the NEX Rules within six months of becoming a cash shell or be re-admitted to trading on the NEX Exchange as an investment vehicle under the NEX Rules (which requires the raising of at least £500,000 net of expenses), failing which, the Ordinary Shares would then be suspended from trading on the NEX Exchange. After no more than six months of suspension, the Ordinary Shares would then be cancelled from trading on the NEX Exchange.

### **Investment Strategy**

Following Completion, the Company will seek investment opportunities and acquisitions in innovative financial technology companies with potential disruptive technologies that could lead to changes in the way funds are transferred, as an example, this could include nano-payments and micro-payment technologies, as well as financial services companies (the "**Investment Strategy**"). The Company may seek to acquire financial services companies that are FCA authorised to carry out regulated activities, such as dealing with investments, asset administration and arranging investment deals. Any future acquisition of an FCA-regulated business may require approval from the FCA in accordance with section 178 of FSMA.

The Company will focus its search in the United Kingdom and Western Europe.

Resolution 2 to be proposed at the General Meeting is to approve the adoption of Investment Strategy with effect from Completion.

As an Investment Vehicle, any substantial acquisition or investment by the Company in accordance with its Investment Strategy is likely to be treated as a reverse takeover under Rule 57 of the NEX Rules and will therefore be subject, *inter alia*, to approval by Shareholders.

Potential investors in the Company should be aware that an investment in an Investment Vehicle should be regarded as long term in nature, as it may take some time for such a company to fully implement its investment strategy.

## **Background to and reasons for the Disposal**

In 2014, Mr Charles-Henri Sabet together with certain other individuals introduced by Mr Sabet, agreed to make a substantial investment in the Company, through a special purpose investment company incorporated in Jersey, GLIO. GLIO subscribed for £15 million of unsecured convertible loan notes in the Company. The investment by GLIO was approved by Shareholders at a general meeting held on 3 July 2014. Following the investment by GLIO, Mr Sabet became Executive Chairman, then Group Chief Executive Officer, and, subsequently in October 2014, a new management team was appointed by the Board. Since then, the Group has undergone a substantial restructuring of its entire business, including changes to its premises, staff, a major overhaul of its IT systems and the development and launch of a new trading platform.

Since 2014, however, the Company and LCGL have continued to make losses. Whilst the quantum of these losses has reduced over the last three years, LCGL is still expected to make a loss in 2017.

The operating business of the Group (conducted in LCGL) is also quite volatile in nature with significant movements between profit and loss on a month to month basis. Furthermore, on 6 December 2016, the FCA released a consultation paper on measures designed to enhance conduct of business rules in the contract for differences sector. This has necessarily led to further uncertainty about how LCGL's industry may develop going forward. A definitive view is yet to be reached by the FCA but it is believed that this may lead to a reduction in the number of customers for firms like LCGL with a corresponding impact on profitability.

Against the background of the issues highlighted above, the Board believes that it is no longer appropriate for LCGL to be owned by a company with its shares admitted to trading on the NEX Exchange and that it should be owned privately. This belief is further supported by the fact that since 2014, the Company's share price has fallen very significantly notwithstanding a reduction in losses and an improvement in operating performance. This fall in share price is clearly not in the best interests of Shareholders or the Company.

In addition, the business of the Group requires the appropriate levels of regulatory capital to operate. The conversion of the convertible loan note held by GLIO in the Company in 2016 and the raising of new equity improved the capital position of the Company. However, given continued losses and greater capital requirements, the level of capital in the business needs to be further improved. Also, with an enhanced capital position, LCGL is able to increase the market risk that it is able to operate with that should improve profitability. By taking the operating business out of the public domain, it will help to further improve the capital position of the operating business (i.e. LCGL).

The Board is therefore proposing the Disposal and the adoption of the new Investment Strategy as a solution to the issues raised above. The Disposal will enable Shareholders to maintain an interest in LCGL but in a form that generates both a predictable income stream with limited volatility. Shareholders will still benefit from any improvement in the performance of LCGL as this will provide additional cover for the payment of the interest under the Loan Notes and therefore to the valuation of the Loan Notes.

The capital position of LCGL will be improved which will again increase the security of the interest being received by the Company.

Going forward, the Company will now also have the opportunity to acquire an alternative business that is more appropriate to be held within a publicly traded entity in line with the Investment Strategy. In particular, all of the Company's costs in maintaining the trading

in the Ordinary Shares on the NEX Exchange will be covered by LCGL in order to make the Company as attractive a candidate as possible for a reverse takeover. Finding an attractive alternative business to LCGL is believed, by the Board, to be the best way to create value for Shareholders in the short to medium term.

Whilst other alternatives have been considered, the only alternative to the Disposal being proposed that is acceptable to the Company's major shareholder would be to seek the cancellation of trading in the Ordinary Shares on the NEX Exchange and the re-registration of the Company as a private company. However, this would leave minority shareholders with their shareholdings in an unquoted company which, the Board believes, would not be an attractive outcome for those shareholders. In particular, Shareholders would not benefit from the protections confined in the NEX Rules and would not be able to trade their shares in the Company. Consequently, the Board firmly believes that the Disposal is a more attractive option for Shareholders.

### **3. Information on GLIO**

GLIO is a Jersey incorporated special purpose vehicle, which had been established for the sole purpose of making and holding an investment in the Company. GLIO was incorporated on 3 April 2014.

The largest shareholder in GLIO is ILOG Investments Limited, a Jersey-incorporated company which is wholly owned by Mr Charles-Henri Sabet. The other large shareholders of GLIO are STP Fund (EUR) Ltd, Dr Jamal Kaddaj and Simon Benhamou. The remaining shareholders in GLIO each hold less than 10 per cent. of the issued share capital of GLIO. All the Directors of the Company (or persons connected with them), apart from the Independent Directors, hold shares in GLIO.

### **4. Current trading and prospects**

The interim results of the Company for the six months ended 30 June 2017, continued to show an improvement compared to the previous period with client volumes and deposits up significantly. This was against the background of challenging trading conditions. Adjusted EBITDA was a loss of £961K compared to the previous period of a loss of £2,148K. Statutory loss before tax amounted to £1,817K compared to £3,493K for the previous period.

The interim results for the six months ended 30 June 2017 were announced on 28 September 2017.

### **5. The Company's operations following the Disposal**

Following Completion, the Company will hold £4,636,107 of Loan Notes. As outlined above, it will also benefit from a cost indemnity under the terms of the Sale Agreement. At Completion, the Company will have no outstanding liabilities and no net costs going forward that relate to the operation of LCGL.

Post Completion, the board of the Company will comprise a Chairman, Charles Poncet and two Non-executive Directors, one of whom will be the Independent Director.

Going forward, the Company will be focused on seeking an appropriate candidate with which to effect a reverse takeover transaction as this is believed to be the best way to create value for Shareholders in the short to medium term. The Board is confident that the Company will be well positioned to both identify an appropriate candidate and successfully implement a transaction within the necessary time frame.

### **6. Summary of the terms of the Loan Notes**

Conditional on the passing of the Resolutions and the grant of Approvals on or before the Longstop Date, completion of the Sale Agreement shall take place and SLCG shall acquire 91.5% of the issued share capital of LCGL.

At Completion, SLCG International shall procure that LCGL constitutes the Loan Notes pursuant to the terms of the Loan Note Instrument and issues £4,636,107 of Loan Notes to the Company. If SLCG International subsequently exercises the option under the Call Option Agreement to acquire the remaining 8.5% of the issued share capital of LCGL, SLCG shall procure that a further £430,676 of Loan Notes are issued to the Company.

The principal terms of the Loan Notes are as follows:

*Status/Security*

The Loan Notes will be unsecured and shall be fully subordinated to the liabilities of all other unsecured creditors of LCGL.

*Interest*

Until the Loan Notes are redeemed in accordance with the provisions of the Loan Note Instrument, interest shall accrue on the principal amount of the Loan Notes, which are outstanding at 8% per annum.

Interest on the Loan Notes shall be payable half yearly in arrears on 25 May and 25 November.

*Redemption*

The Loan Notes may be redeemed at any time by LCGL or at the election of the Company, following LCGL becoming insolvent (as defined in section 123 of the Insolvency Act 1986) or is otherwise put into liquidation provided that any redemption shall only be made provided relevant permission to do so has been granted by the FCA. On redemption, any accrued but unpaid interest shall be paid.

**7. Related party transaction**

The proposed acquisition of LCGL by SLCG International, a company principally controlled by Charles-Henri Sabet, the Chief Executive Officer of the Company and a shareholder in the Company's major shareholder, GLIO, constitutes a related party transaction under the NEX Rules and section 190 of the Act.

**8. Approval**

The Disposal is conditional on the following approval being granted by the FCA:

**Change of Control Regime**

Any person who decides to acquire or increase control over an authorised firm must notify the appropriate regulator in writing before proceeding with the acquisition or increase in control in accordance with section 178 of FSMA. Failure to obtain the appropriate approval constitutes a criminal offence. SLCG International would become a "controller" of LCGL on the basis that on Completion, it would own 91.5 per cent. of the issued share capital of LCGL. A section 178 notice has been submitted to the FCA by SLCG International. The FCA can take up to 90 working days to assess a complete application, and until such time as approval is granted, the Disposal cannot be completed.

## 9. General meeting

The General Meeting is being convened for the purpose of approving the Disposal and the adoption of the Investment Strategy.

You will find on page 16 of this document a notice convening the General Meeting to be held at 10:30 a.m. at 77 Grosvenor Street, Mayfair, London, W1K 3JR on 21 March 2018.

If you cannot come to the meeting in person, your vote is still important, and I would urge you to complete, sign and return the enclosed Form of Proxy to be received by no later than 10:30 a.m. on 19 March 2018 by the Company's registrar, Link Asset Services Limited. The result of the voting on the Resolutions will be announced via a Regulatory Information Service and posted on the Company's website after the meeting.

## 10. Recommendation and voting intentions

**The Board considers the proposed disposal to be fair and reasonable and in the best interests of the Shareholders and the Company as a whole. Accordingly, the Board recommends that Shareholders vote in favour of the Resolutions as they intend to do so in respect of their beneficial holdings of 7,800,000 Ordinary Shares representing 2.06 per cent. of the Company's issued share capital.**

**The Board also understands that GLIO will vote in favour of the Resolutions in respect of its beneficial holdings of 296,565,982 Ordinary Shares representing 78.14% of the Company's issued share capital.**

Yours sincerely,

Dr Charles Poncet  
Chairman

## **LONDON CAPITAL GROUP HOLDINGS PLC**

**(Registered in England No. 05497744)**

### **NOTICE OF GENERAL MEETING**

NOTICE is hereby given that a General Meeting of London Capital Group Holdings Plc (the “Company”) will be held at 77 Grosvenor Street, Mayfair, London, W1K 3JR at 10.30 a.m. on 21 March 2018 for the purpose of considering and if thought fit passing the following resolutions as ordinary resolutions:

Resolution 1 - That, pursuant to section 190 of the Companies Act 2006 as amended, the Disposal, as defined and more particularly described in the circular sent to Shareholders dated 2 March 2018 (the “Circular”), on the terms and subject to the conditions of the Sale Agreement, Call Option Agreement and Loan Note Instrument (each as defined in the Circular), be and is hereby approved, being a disposal resulting in a fundamental change of business for the purposes of Rule 56 of the NEX Exchange Growth Market Rules for Issuers, and the Directors or any duly authorised committee of the Directors be hereby authorised to take all steps necessary or desirable to complete the Disposal.

Resolution 2 – That, the Company shall adopt the Investment Strategy with effect from Completion (as such terms are defined in the Circular).

#### **BY ORDER OF THE BOARD**

Charles Poncet  
Non-Executive Chairman

2 March 2018

#### **NOTES**

##### **Appointment of proxies**

- 1 As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
- 2 A proxy does not need to 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 proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you must appoint your own choice of proxy (not the chairman) and give your instructions directly to the relevant person.
- 3 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you must complete a separate proxy form for each proxy and specify against the proxy’s name the number of shares over which the proxy has rights. If you are in any doubt as to the procedure to be followed for the purpose of appointing more than one proxy you must contact the Company’s Registrars Link Asset Services Limited, PXS1, 34 Beckenham

Road, Beckenham BR3 4ZF. If you fail to specify the number of shares to which each proxy relates, or specify a number of shares greater than that held by you on the record date, proxy appointments will be invalid.

- 4 If you do not indicate to your proxy how to vote on any resolution, your proxy will vote or abstain from voting at his discretion. Your proxy will vote (or abstain from voting) as he thinks fit in relation to any other matter which is put before the meeting.

#### Appointment of proxy using the hard copy proxy form

- 5 The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold his vote.
- 6 To appoint a proxy using the proxy form, it must be:
  - 6.1 completed and signed;
  - 6.2 sent or delivered to the Company's Registrars, Link Asset Services Limited, PXS1, 34 Beckenham Road, Beckenham BR3 4ZF; and
  - 6.3 received by Company not less than 48 hours (excluding non-working days) before the time fixed for the meeting.
- 7 In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
- 8 Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
- 9 The Company, pursuant to regulation 41 of The Uncertificated Securities Regulations 2001, specifies that only those ordinary shareholders registered in the register of members of the Company 48 hours before the meeting shall be entitled to attend or vote at the meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries on the relevant register of securities after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.

#### Appointment of proxy by joint members

- 10 In the case of joint holders of shares, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder (being the first named holder in respect of the shares in the Company's register of members) will be accepted.

#### Changing proxy instructions

- 11 To change your proxy instructions simply submit a new proxy appointment using the method set out in paragraph 6 above. Note that the cut off time for receipt of proxy appointments specified in that paragraph also applies in relation to amended instructions. Any amended proxy appointment received after the specified cut off time will be disregarded.
- 12 Where you have appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact the Company as indicated in paragraph 3 above.
- 13 If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

#### Termination of proxy appointments

- 14 In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company as indicated in paragraph 3 above. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
- 15 The revocation notice must be received no later than 48 hours (excluding non-working days) before the meeting.
- 16 If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to paragraph 17 below, your proxy appointment will remain valid.
- 17 Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

#### Total voting rights

- 18 As at 5.00pm on the day immediately prior to the date of posting of this notice of meeting, the Company's issued share capital comprised 380,531,519 ordinary shares of 5p each. Each ordinary share carries the right to one vote at a general meeting of the Company. There are currently 1,000,000 shares held in treasury and therefore, the total number of voting rights in the Company at that time was 379,531,519.