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If you have sold or otherwise transferred all of your existing Ordinary Shares in Manx Financial Group PLC, please forward this document, together with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This document, which relates to Manx Financial Group PLC, has been prepared in accordance with the City Code on Takeovers and Mergers.

Manx Financial Group PLC

(incorporated and registered in the Isle of Man under number 004908V)

Proposed Share Buyback and Mandatory Cancellation by Manx Financial Group Plc

and

Approve a Waiver of Obligations under Rule 9 of the Takeover Code

incorporating a

Notice of Extraordinary General Meeting

Beaumont Cornish Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting for the Company and no one else in connection with the advice given to Manx Financial Group PLC pursuant to the Takeover Code and will not be responsible to any person other than the Company for providing the regulatory and legal protections afforded to clients of Beaumont Cornish Limited nor for providing advice in relation to the contents of this document or any matter, transaction or arrangement referred to in it. Beaumont Cornish Limited has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Beaumont Cornish Limited for the accuracy of any information or opinion contained in this document or for the omission of any information.

Notice of an Extraordinary General Meeting of Manx Financial Group PLC to be held at the Claremont Hotel, Loch Promenade, Douglas, Isle of Man IM1 2LX at 11.00 a.m. on 9 April 2020 is set out at the end of this document. Shareholders will find enclosed with this document a Form of Proxy for use at the Extraordinary General Meeting. To be valid, the enclosed Form of Proxy, completed in accordance with the instructions thereon, should be returned as soon as possible but, in any event, so as to be received by the Company's Registrar, Computershare Investor Services (Jersey) Limited, c/o The Pavilions, Bridgwater Road, Bristol, BS99 6ZY not later than 11.00 a.m. on 7 April 2020 at least 48 hours before the time appointed for holding the meeting or adjourned meeting (as the case may be).

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EXPECTED TIMETABLE OF EVENTS

Publication of this document	20 March 2020
Latest time for receipt of Forms of Proxy for the Extraordinary General Meeting	11.00 a.m. — 7 April 2020
Extraordinary General Meeting	11.00 a.m. — 9 April 2020
Completion of Share Buyback	9 April 2020

OVERSEAS SHAREHOLDERS

This document is not for distribution in or into the United States, the Republic of South Africa, Australia, Canada or Japan. The Ordinary Shares have not been nor will be registered under the United States Securities Act of 1933, as amended, or under the securities legislation of, or with any securities regulatory authority of, any state or other jurisdiction of the United States or under the applicable securities laws of the Republic of South Africa, Australia, Canada or Japan or in any country, territory or possession where to do so may contravene local securities laws or regulations. The distribution of this document into the United States, the Republic of South Africa, Australia, Canada or Japan and certain other jurisdictions may be restricted by law. No action has been taken by the Company or by Beaumont Cornish that would permit possession or distribution of this document where action for that purpose is required. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Subject to certain exceptions, this document should not be distributed, forwarded or transmitted to, or into, any jurisdiction where the extension or availability of the matters set out herein would breach any applicable law.

DEFINITIONS

The following definitions apply throughout this document and the accompanying Form of Proxy, unless the context requires otherwise or unless it is otherwise specifically provided:

“Act”	Isle of Man Companies Act 2006 (as amended)
“AIM”	a market of that name operated by the London Stock Exchange
“Articles”	the memorandum and articles of association in force as at the date of this document
“Beaumont Cornish”	Beaumont Cornish Limited, authorised and regulated by the Financial Conduct Authority
“Board”	the board of Directors of the Company as at the date of this Circular
“Burnbrae”	Burnbrae Limited
“Burnbrae CLA”	the convertible loan agreement entered into by the Company and Burnbrae which was subsequently assigned in part to James Mellon, further details of which are set out in paragraph 4.3 of Part II of this document
“Burnbrae Convertible Loan”	The convertible loan of £1,700,000 outstanding pursuant to the Burnbrae CLA, of which £1,200,000 is outstanding to Burnbrae and £500,000 is outstanding to James Mellon
“Business Day”	any day (other than a Saturday, Sunday or a public holiday) on which banks are generally open in the City of London and Douglas in the Isle of Man for the transaction of normal banking business
“Buyback Independent Directors”	the Board other than John Banks
“Buyback Independent Shareholders”	Shareholders other than SRICL
“Buyback Resolution”	the ordinary resolution to be proposed to Buyback Independent Shareholders, to approve the terms of the Share Buyback
“Buyback Shares”	16,966,158 Ordinary Shares presently held by SRICL
“Company” or “MFG”	Manx Financial Group PLC
“Concert Party”	James Mellon and Gregory Bailey, along with their Connected Persons, being the persons presumed to be acting in concert as described in paragraph 2.2 of Part II of this document
“Connected Persons”	has the meaning set out in the Takeover Code and includes a spouse, children under 18 and any company in which the relevant person is interested in shares comprising at least one-fifth of the share capital of that company
“CREST”	the relevant system (as defined in the Regulations) in respect of which Euroclear is the operator (as defined in the Regulations)
“Directors” or “Board”	the directors of the Company whose names are set out on page 5 of this document

“Eligible Shareholders”	in respect of the Buyback Resolution, the Buyback Independent Shareholders, and in respect of the Whitewash Resolution, the Whitewash Independent Shareholders
“Euroclear”	Euroclear UK & Ireland Limited, a company incorporated in England and Wales and the operator of CREST
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be held at 11.00 a.m. on 9 April 2020, notice of which is set out at the end of this document
“FSMA”	the UK Financial Services and Markets Act 2000
“Form(s) of Proxy”	the form of proxy enclosed with this document for use at the EGM
“IOM”	the Isle of Man
“IOM FSA”	the Isle of Man Financial Services Authority
“Issued Share Capital” or “ISC”	the Ordinary Shares in issue as at the date of this document
“JM CLA”	the convertible loan agreement entered into by the Company and James Mellon, further details of which are set out in paragraph 4.1 of Part II of this document
“JM Convertible Loan”	The convertible loan of £1,250,000 outstanding and owing by the Company to James Mellon pursuant to the JM CLA
“Loan Agreement”	The conditional loan agreement to be entered into by the Company and SRICL on the date upon which the Share Buyback Agreement completes, further details of which are set out in paragraph 4 of Part I of this document
“London Stock Exchange”	London Stock Exchange Plc
“MFG Group”	the Company and its subsidiaries
“Official List”	the Official List of the UK Listing Authority
“Ordinary Shares”	ordinary shares of nil par value each in the capital of the Company
“Panel”	the Panel on Takeovers and Mergers
“Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/3755), as amended
“Resolutions”	the Buyback Resolution and the Whitewash Resolution
“Share Buyback and Mandatory Cancellation” or “Share Buyback”	the proposed purchase of the Buyback Shares by the Company from SRICL and their immediate cancellation
“Share Buyback Agreement”	the conditional share purchase agreement entered into by the Company and SRICL on 20 March 2020, further details of which are set out in paragraph 4 of Part I of this document
“Share Buyback Documents”	the Share Buyback Agreement and the Loan Agreement
“Shareholders”	holders of Ordinary Shares

“SRICL”	Southern Rock Insurance Company Limited
“SRICL CLA”	the convertible loan agreement entered into by the Company and Rock Holdings Limited which was subsequently assigned to SRICL, further details of which are set out in paragraph 4.2 of Part II of this document
“SRICL Convertible Loan”	The convertible loan of £460,000 outstanding and owing by the Company to SRICL pursuant to the SRICL CLA
“Takeover Code”	The City Code on Takeovers and Mergers, as amended from time to time
“UK FCA”	the UK Financial Conduct Authority
“UK” or “United Kingdom”	The United Kingdom of Great Britain and Northern Ireland
“Whitewash Independent Directors”	the Board other than James Mellon, Denham Eke, Gregory Bailey and John Banks
“Whitewash Independent Shareholders”	Shareholders other than the members of the Concert Party and SRICL
“Whitewash Resolution”	the ordinary resolution to be proposed to Whitewash Independent Shareholders, on a poll at the Extraordinary General Meeting, to approve a waiver under Rule 9 of the Takeover Code

PART I

LETTER FROM THE SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR OF MANX FINANCIAL GROUP PLC

<i>Director</i>	<i>Position</i>	<i>Registered office</i>
James Mellon	Executive Chairman	Clarendon House
Denham Eke	Chief Executive Officer	Victoria Street
Douglas Grant	Group Finance Director	Douglas
Alan Clarke	Non-Executive Director	Isle of Man
David Gibson	Non-Executive Director	IM1 2LN
John Banks	Non-Executive Director	
Gregory Bailey	Non-Executive Director	

Registered Number:
004908V

20 March 2020

Dear Shareholder

Proposed Share Buyback and Mandatory Cancellation by Manx Financial Group Plc and Waiver under Rule 9 of the Takeover Code

1. Share Buyback

The Company is the holding company for a group of companies with operations in the Isle of Man and the UK (the “**MFG Group**”).

The MFG Group offer financial services to both retail and commercial customers. The principal operating companies in the MFG Group are Conister Bank Limited (“**Conister**”), Edgewater Associates Limited (“**Edgewater**”) and Manx FX Limited. Both Conister and Edgewater are regulated by the IOM FSA. Conister is also, in part, regulated by the UK FCA holding certain Consumer Credit Licences. Over recent years, the MFG Group has improved its core performance but is required by regulation to retain sufficient regulatory capital within the MFG Group (in particular the core operating subsidiaries) to allow for further growth and increased profitability.

On 6 November 2018, the Company announced that, in relation to press comment regarding a possible sale by Mr Arron Banks (“**AB**”) of his 29.10% beneficial interest in the Group, it had been informed by AB that he was exploring options in relation to his beneficial interest in the MFG Group which could include the disposal of some or all of these holdings.

Subsequently, as variously announced between September 2019 and January 2020, AB has reduced his interest so that his remaining indirect beneficial interest is now 16,966,158 Ordinary Shares held by Southern Rock Insurance Company Limited (“**SRICL**”), a company controlled by AB, which represents 12.94% of the current Issued Share Capital (“**ISC**”). In addition to these Ordinary Shares, SRICL had also made a loan of £460,000 to the Company which is due to be repaid, renewed or converted into 5,111,111 Ordinary Shares on or before 26 April 2020 (the “**SRICL Convertible Loan**”).

SRICL still wishes to dispose of its Ordinary Shares and therefore the Board has decided to put forward proposals to Shareholders to buy back the block of Ordinary Shares currently held by SRICL (the “**Buyback Shares**”) in order to bring this matter to a conclusion. This is proposed at a price of approximately £0.095 per share (“**Buy-Back Price**”) for a total consideration of £1,611,785.00 (the “**Share Buyback and Mandatory Cancellation**” or “**Share Buyback**”). This sum shall be left outstanding as a loan on the terms of a loan agreement to be entered into by MFG and SRICL (the “**Loan Agreement**”). Upon completion of the Share Buyback, (i) the Buyback Shares shall be automatically cancelled by operation of Isle of Man law as explained in paragraph 6 of Part II of this document and (ii) John Banks, a current Non-Executive Director of the Company, will resign as a director.

Since the terms of the buyback were negotiated and in principle agreed several weeks ago, Shareholders will be aware that there has been a significant drop in the price of the Company's Ordinary Shares on AIM in line with the collapse of market sentiment generally. However, the Buyback Independent Directors remain of the view that that this does not detract from the fundamental benefits of the Buyback which resolves the longstanding shareholding issue at a price substantially below NAV and in a way which ensures no immediate outflow of cash from the Company. The removal of the stock overhang is in their view now even more imperative in the light of the current market conditions. For that reason, they continue to believe that the Buyback is fair and reasonable and in the best interest of the Company and its Shareholders.

Further details regarding the consideration of the Buyback Independent Directors and the Company's Nominated Adviser are detailed at paragraph 5 of this document, and the recommendation of the Buyback Independent Directors that shareholders vote in favour of the Share Buy-Back is set out at paragraph 9 below.

Concurrent with completion of the Share Buyback and Mandatory Cancellation, it is proposed that the terms applicable to the SRICL Convertible Loan will be varied pursuant to which: (i) the terms applicable to the SRICL Convertible Loan shall be amended such that the SRICL Convertible Loan will be subject to the terms of the Loan Agreement (which shall contain no ability to convert the amounts outstanding into Ordinary Shares), and (ii) the principal amount outstanding in respect of the SRICL Convertible Loan shall be increased by £25,300 to account for the reduction of the interest rate applicable to the SRICL Convertible Loan. By these means, the maximum amount of regulatory capital will be retained within the Group and thus be available to help fund the future growth for the benefit of the remaining Shareholders.

As at the date of this document, the Company has an ISC of 131,096,235 Ordinary Shares. The Company has secured an irrevocable undertaking from SRICL not to sell further shares until the transaction is either satisfied or falls away. Upon completion of the Share Buyback and Mandatory Cancellation, the Buyback Shares will be cancelled as required by the Isle of Man Companies Act 2006, and the issued share capital shall then comprise of 114,130,077 Ordinary Shares (the "**Post Buyback ISC**"). Accordingly, every other Shareholder's percentage share of the Company will increase by approximately 14.86%. In particular, the Share Buyback will have the following effect on the significant shareholders of the Company:

The below table sets out the position of the Shareholders who have a declared holding of 3% and over in the Company should the Share Buyback and Mandatory Cancellation be completed (including the SRICL Ordinary Shares to be issued):

Name		Holding immediately prior to the Share Buyback and Mandatory Cancellation	% of ISC		Shareholding following the Share Buyback and Mandatory Cancellation	% of Post Buyback ISC
James Mellon*	21,492,232					
Gregory Bailey***	17,835,750					
Concert Party		39,327,982	29.99%		39,327,982	34.46%
SRICL**		16,966,158	12.94%		0	0.00%
Aeternitas Investments plc		13,109,623	9.99%		13,109,623	11.49%
Lynchwood Nominees Limited		9,673,385	7.38%		9,673,385	8.48%
Island Farms Limited		4,222,319	3.22%		4,222,319	3.70%
Rock (Nominees) Limited		3,955,868	3.02%		3,955,868	3.47%
Others		43,840,900	33.44%		43,840,900	38.41%
Total current ISC		131,096,235	100.00%		114,130,077	100.00%

** Burnbrae holds 19,164,250 Ordinary Shares. Burnbrae is 100% beneficially owned by James Mellon. Denham Eke, CEO of MFG, is also a director of Burnbrae. Pershing Nominees Limited holds 166,666 Ordinary Shares and Vidacos Nominees Limited holds 1,468,666 Ordinary Shares in trust for James Mellon and 692,650 Ordinary Shares are held in his own name.*

*** Arron Banks, a former Director of MFG, is beneficially interested in 16,966,158 Ordinary Shares. These shares are held by Rene Nominees (IOM) Limited in trust for Southern Rock Insurance Company Limited ("SRICL"). John Banks, a director of MFG, is also a director of SRICL.*

**** Vidacos Nominees Limited holds 17,835,750 Ordinary Shares in trust for Gregory Bailey.*

Completion of the Share Buyback and Mandatory Cancellation would result in the Concert Party being obliged under Rule 9 of the Takeover Code to make an offer for the remaining Ordinary Shares then in issue and not already owned by them (further details in relation to this are set out in paragraph 3 of this Part I below). The Panel has agreed, subject to the approval by Whitewash Independent Shareholders voting on a poll on the Whitewash Resolution to be proposed at the Extraordinary General Meeting, to waive this obligation in the event that the Concert Party's aggregate holding of 39,327,982 Ordinary Shares increases to a maximum of approximately 34.46%, provided that any increase in such holding arises only as a result of the Company purchasing and cancelling the Buyback Shares. No member of the Concert Party or SRICL will be entitled to vote on the Whitewash Resolution and accordingly no member of the Concert Party or SRICL will do so. Further, Conister has a licence condition, imposed by the IOM FSA, that no single shareholder or "concert-party" may hold 30% or over of the Company's shares. The IOM FSA has confirmed to the Company that it consents to waive the licence condition in respect of the Concert Party's shareholding on the condition that the Buyback Independent Shareholders approve the terms of the Share Buyback.

In light of the requirements of the IOM FSA and the Panel, completion of the Share Buyback and Mandatory Cancellation is subject to the condition that the Buyback Resolution and the Whitewash Resolution be passed at the Company's Extraordinary General Meeting to be held on 9 April 2020 at 11.00a.m.. It is expected that completion of the Share Buyback and Mandatory Cancellation will take place immediately following the passing of the Buyback Resolution and Whitewash Resolution.

2. Waiver of Obligations under The Takeover Code and other Regulatory Consents

The Share Buyback and Mandatory Cancellation gives rise to certain considerations under the Takeover Code. Brief details of the Panel, the Takeover Code and the protections they afford are set out below.

The Takeover Code is issued and administered by the Panel. The Takeover Code governs, *inter alia*, transactions which may result in a change of control of a company to which the Takeover Code applies. The Company is such a company and its Shareholders are entitled to the protections afforded by the Takeover Code.

Under Rule 9 of the Takeover Code ("**Rule 9**"), where any person acquires, whether by a single transaction or a series of transactions over a period of time, interests in securities which (taken together with securities in which he is already interested and in which persons acting in concert with him are interested) carry 30% or more of the voting rights of a company which is subject to the Takeover Code, that person is normally required by the Panel to make a general offer to all the remaining shareholders of that company to acquire their shares. Rule 9 of the Takeover Code further provides that where any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30% of the voting rights of a company but does not hold shares carrying more than 50% of such voting rights and such person, or any such persons acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, such person or persons acting in concert with him will normally be required to make a general offer to all remaining shareholders to acquire their shares. An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

Under Rule 37 of the Takeover Code, any increase in the percentage of shares carrying voting rights held by a shareholder or persons acting in concert with the shareholder resulting from the purchase by the company of its own shares will be treated as an acquisition for the purpose of Rule 9. For the purposes of the Takeover Code, James Mellon and Gregory Bailey, along with their Connected

Persons, full details of whom are set out in paragraph 2.2 of Part II of this document, form the Concert Party. As the Concert Party is currently beneficially interested in 39,327,982 Ordinary Shares, representing approximately 29.99% of the Issued Share Capital and the members of the Concert Party have previously been and are regarded by the Panel to be acting in concert, the proposed Share Buyback would result in the Concert Party being obliged under Rule 9 of the Takeover Code to make an offer for the remaining Ordinary Shares then in issue and not already owned by them. If 16,966,158 of the Ordinary Shares in issue immediately prior to the Share Buyback and Mandatory Cancellation (being the Buyback Shares) were to be purchased by the Company and subsequently cancelled, the Concert Party's aggregate holding, and maximum interest, would increase to approximately 34.46% of the Post-Buyback ISC.

The Panel has agreed, subject to the approval by the Whitewash Independent Shareholders voting on a poll on the Whitewash Resolution to be proposed at the Extraordinary General Meeting, to waive this obligation in the event that the Concert Party's aggregate holding of 39,327,982 Ordinary Shares increases to a maximum of approximately 34.46%, provided that any increase in such holding arises only as a result of the Company purchasing and cancelling the Buyback Shares. No member of the Concert Party or SRICL will be entitled to vote on the Whitewash Resolution and accordingly no member of the Concert Party or SRICL will do so.

Following the repurchase and cancellation of Buyback Shares, the Concert Party will between them be interested in Ordinary Shares carrying 30% or more of the Company's voting share capital but will not hold Ordinary Shares carrying more than 50% of such voting rights and as long as they continue to be treated as acting in concert any further increase in that aggregate interest in Ordinary Shares will be subject to the provisions of Rule 9 of the Takeover Code.

In addition to the obligations under Rule 9 of the takeover Code, Conister has a licence condition, imposed by the IOM FSA, that no single shareholder or "concert-party" may hold 30% or over of MFG's shares (the "**Licence Condition**"). Upon completion of the Share Buyback and the cancellation of the Buyback Shares, the Concert Party's combined shareholding shall increase to 34.46% of the ISC. The IOM FSA has confirmed to the Company that it consents to waive the licence condition in respect of the Concert Party's shareholding on the condition that the Buyback Independent Shareholders approve the terms of the Share Buyback and Mandatory Cancellation.

In the event that the Whitewash Resolution is approved by Whitewash Independent Shareholders at the Extraordinary General Meeting, the Concert Party will not be restricted from making an offer for the Company in the future.

James Mellon and Burnbrae have convertible loans outstanding to the Company as described in paragraphs 4.1 and 4.3 of Part II of this Document. In respect of the JM Convertible Loan Agreement, on conversion in full, this would result in the issue of 13,888,889 Ordinary Shares. In respect of the Burnbrae Convertible Loan Agreement, on conversion in full, this would result in the issue of 22,666,667 Ordinary Shares. This would result in the Concert Party's shareholding increasing to 75,883,538 Ordinary Shares.

However, it is important to note that neither James Mellon nor Burnbrae are seeking to exercise either the JM Convertible Loan Agreement or the Burnbrae Convertible Loan Agreement. The JM Convertible Loan Agreement, as set out in paragraph 4.1 of Part II, requires that a conversion can only be exercised where either: (i) the conversion does not result in the Concert Party holding more than 29.99% of the ISC; or (ii) may otherwise trigger a obligation for the Concert Party to make a general offer under Rule 9 of the Takeover Code. The Burnbrae Convertible Loan Agreement, as further set out in paragraph 4.3 of Part II, requires that such conversion cannot result in the Concert Party holding 30% or more in the Company as directed by the IOM FSA. Accordingly, any issue of Ordinary Shares to the Concert Party cannot result in any increase in its beneficial interest in the Company beyond 29.99% without both the Panel and the Company's Whitewash Independent Shareholders agreeing to a waiver of the Concert Party's obligations under Rule 9 and IOM FSA consent and, as a result, have not been included in the waiver or Whitewash Resolution.

3. The Concert Party

The Concert Party consists of James Mellon and Gregory Bailey, along with their Connected Persons, full details of which are given in Part II of this document.

4. Summary of the Share Buyback Documents

Share Buyback Agreement

The Company and SRICL have entered into the Share Buyback Agreement, pursuant to which SRICL has agreed to sell to the Company the Buyback Shares. The consideration payable in relation to the acquisition of the Buyback Shares is £1,611,785.00 which shall be left outstanding as a loan on the terms of the Loan Agreement. Completion of the Share Buyback and Mandatory Cancellation is subject to the condition that the Resolutions be passed at the EGM. The conditions under the Share Buyback Agreement are required to be satisfied by no later than midnight on 26 April 2020. Under the Share Buyback Agreement, SRICL has provided basic title and capacity warranties to the Company. It is a term of the Share Buyback Agreement that John Banks, a current Non-Executive Director of the Company, will resign as a director.

Loan Agreement

Upon completion of the Share Buyback Agreement, the Company shall enter into the Loan Agreement with SRICL. Pursuant to the Loan Agreement, the consideration payable pursuant to the Share Buyback Agreement shall remain outstanding as a loan to the Company and shall accrue interest at the rate of 5.4% per annum which will be paid quarterly. The aggregate principal amount which will be outstanding pursuant to the Loan Agreement will be £2,097,085.00 comprising of amounts due to SRICL pursuant to the Share Buyback Agreement and also amounts outstanding pursuant to the SRICL Loan (as amended by the letter of agreement summarised below). This is repayable after a 5-year term, but the Company shall be entitled to voluntarily prepay the Loan at any time in that period.

Letter of agreement relating to the SRICL Loan

Upon completion of the Share Buyback Agreement, the Company and SRICL shall enter into a letter of agreement pursuant to which the terms applicable to the SRICL Convertible Loan will be varied such that: (i) the terms applicable to the SRICL Convertible Loan shall be amended such that the SRICL Convertible Loan will be subject to the terms of the Loan Agreement (which shall contain no ability to convert the amounts outstanding into Ordinary Shares), and (ii) the principal amount outstanding in respect of the SRICL Convertible Loan shall be increased by £25,300 to £485,300 to account for the reduction of the interest rate applicable to the SRICL Convertible Loan.

5. Related Party Transaction

As SRICL is interested in greater than 10% of the Company's issued shares, the Share Buyback and Mandatory Cancellation is a related party transaction under Rule 13 of the AIM Rules. John Banks, a non-executive director of the Company, is also a non-executive director of SRICL. The Buyback Independent Directors, having consulted with the Company's Nominated Adviser, Beaumont Cornish, consider that the terms of the Share Buyback are fair and reasonable insofar as Shareholders are concerned.

In particular, the Buyback Independent Directors have considered the following:

1. The benefit of removing the "overhang" of shares which may be depressing the Company's share price.
2. The benefit of ensuring that the shares held by SRICL are disposed of in such a way as to ensure compliance with regulatory requirements and in an orderly manner so as to avoid a considerable volume of shares being sold in the market far in excess of normal daily volumes of trades.
3. The preservation of capital resources within the Group.

4. The Buy-Back price (approximately 9.50 pence) represents a 31.03% premium to the current share price (7.25 pence) and a discount of 40% to net asset value per share as per the 2019 Interim Results announced on 26 September 2019 (16 pence).
5. Despite the current market volatility caused by the COVID-19 pandemic, the rationale for the Share Buy-Back remains valid.

6. Extraordinary General Meeting

You will find set out at the end of this document a notice convening the Extraordinary General Meeting to be held at the Claremont Hotel, Loch Promenade, Douglas, Isle of Man IM1 2LX at 11.00 a.m. on 9 April 2020.

Resolution 1

The Buyback Resolution to be proposed at the EGM is an ordinary resolution, to be taken on a vote of the Buyback Independent Shareholders, to approve the terms of the Share Buyback. SRICL will not vote on the Buyback Resolution.

Resolution 2

The Whitewash Resolution to be proposed at the EGM is an ordinary resolution, to be taken on a poll of Whitewash Independent Shareholders, to approve the waiver by the Panel on Takeovers and Mergers of any requirement under Rule 9 of the Takeover Code for the Concert Party to make a general offer to Shareholders of the Company to acquire their Ordinary Shares in the Company arising as a result of the purchase by the Company of up to 16,966,158 Ordinary Shares in the capital of the Company pursuant to the Share Buyback and cancellation of the Buyback Shares, which would have the effect of increasing the Concert Party's aggregate interest to approximately 34.46% of the voting rights of the Company. No members of the Concert Party or SRICL will vote on the Whitewash Resolution.

Resolution 1 is conditional on the approval of Resolution 2.

The Company has received an irrevocable written voting undertaking from the beneficial interests of James Mellon and Greg Bailey, shareholder of the Company interested in 29.99% of the ISC.

Furthermore, the Company has received an irrevocable undertaking from Aeternitas Investments plc to vote in favour of the Resolutions in respect of its shareholding of 13,109,623 Ordinary Shares representing 9.9% of the Company's ISC.

7. Action to be taken

Shareholders will find enclosed with this document a Form of Proxy for use in connection with the Extraordinary General Meeting. The Form of Proxy should be completed and returned in accordance with the instructions thereon so as to be received by the Company's Registrar, Computershare Investor Services (Jersey) Limited, c/o The Pavilions, Bridgwater Road, Bristol, BS99 6ZY not later than 11.00 a.m. on 7 April 2020 as soon as possible and in any event not later than 48 hours before the time of the EGM. Completion and return of the Form of Proxy will not prevent an Independent Shareholder from attending and voting at the meeting should he/she so wish.

8. Additional Information

Your attention is drawn to the additional information set out in Part II of this document. Shareholders are advised to read the whole of this document and not rely solely on the summary information presented in this letter.

9. Recommendation

The Buyback Independent Directors, who have been so advised by Beaumont Cornish, believe the Buyback Resolution to be fair and reasonable and to be in the best interests of all Shareholders and the Company as a whole. In providing advice to the Buyback Independent Directors, Beaumont Cornish has considered the Buyback Independent Directors' commercial assessment. The Buyback Independent Directors unanimously recommend Buyback Independent Shareholders to vote in favour of the Buyback Resolution as the Buyback Independent Directors intend so to do in respect of their beneficial shareholdings amounting to 41,607,385 Ordinary Shares representing approximately 31.73% of the ISC held by the Buyback Independent Shareholders.

The Whitewash Independent Directors, who have been so advised by Beaumont Cornish, believe the Whitewash Resolution to be fair and reasonable and to be in the best interests of all Shareholders and the Company as a whole. In providing advice to the Whitewash Independent Directors, Beaumont Cornish has taken into account the Whitewash Independent Directors' commercial assessment. The Whitewash Independent Directors unanimously recommend Whitewash Independent Shareholders to vote in favour of the Whitewash Resolution as the Whitewash Independent Directors intend so to do in respect of their beneficial shareholdings amounting to 2,279,403 Ordinary Shares representing approximately 3.05% of the Enlarged ISC held by the Whitewash Independent Shareholders.

Alan Clark

Senior Independent Non-Executive Director

PART II

ADDITIONAL INFORMATION

1. RESPONSIBILITY

1.1 Directors

The Directors whose names appear on page 7 of this document, accept responsibility for the information contained in this document other than the information relating to the Concert Party, for which the Concert Party accepts responsibility, and the recommendation set out in paragraph 9 of Part I of the Senior Independent Non-Executive Director's Letter relating to the Buyback Resolution for which the Buyback Independent Directors accept responsibility, and the recommendation set out in paragraph 9 of Part I of the Senior Independent Non-Executive Director's Letter relating to the Whitewash Resolution for which the Whitewash Independent Directors accept responsibility. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information, for which they accept responsibility, contained in this document is in accordance with the facts and there is no omission likely to affect the import of such information.

1.2 Concert Party

The Concert Party accepts responsibility for the information contained in this document relating to the Concert Party. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this document relating to the Concert Party is in accordance with the facts and there is no omission likely to affect the import of such information.

1.3 Buyback Independent Directors

The Buyback Independent Directors accept responsibility for the recommendation set out in paragraph 9 of Part I of this document regarding the Buyback Resolution. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in the recommendation set out in paragraph 9 of Part I of this document is in accordance with the facts and there is no omission likely to affect the import of such information.

1.4 Whitewash Independent Directors

The Whitewash Independent Directors accept responsibility for the recommendation set out in paragraph 9 of Part I of this document regarding the Whitewash Resolution. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in the recommendation set out in paragraph 9 of the Senior Independent Non-Executive Director's Letter is in accordance with the facts and there is no omission likely to affect the import of such information.

2. INTERESTS AND DEALINGS

2.1 Directors

At the close of business on 19 March 2020 (being the last practicable date prior to the publication of this document) the interests of the Directors (all of which are beneficial) and their Connected Persons (within the meaning of section 119C of the Income Tax Act 1970) in relevant securities (whether by interests, rights to subscribe or short positions) of the Company are as follows:

<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>% of Issued Share Capital</i>	<i>Number of options to acquire Ordinary Shares</i>
James Mellon*	21,492,232	16.39	
Denham Eke	-	-	
Douglas Grant	505,821	0.39	1,042,466
Alan Clarke	52,149	0.04	
David Gibson	1,721,433	1.31	
John Banks**	-	-	
Gregory Bailey***	17,835,750	13.60	

* Burnbrae holds 19,164,250 Ordinary Shares. Burnbrae is 100% beneficially owned by James Mellon. Denham Eke, CEO of MFG, is also a director of Burnbrae. Pershing Nominees Limited holds 166,666 Ordinary Shares and Vidacos Nominees Limited holds 1,468,666 Ordinary Shares in trust for James Mellon and 692,650 Ordinary Shares are held in his own name.

** Arron Banks, a former Director of MFG is beneficially interested in 16,966,158 Ordinary Shares. These shares are held by Rene Nominees (IOM) Limited in trust for Southern Rock Insurance Company Limited ("SRICL"). John Banks, a director of MFG, is also a director of SRICL.

*** Vidacos Nominees Limited holds 17,835,750 Ordinary Shares in trust for Gregory Bailey.

In addition, James Mellon has an interest in the Ordinary Shares through certain convertible loans as further detailed in paragraph 2.2.3 below.

2.2 Information on the Concert Party

2.2.1 Given their past business relationships, James Mellon and Gregory Bailey are deemed to be acting in concert for the purposes of the Takeover code as detailed in paragraph 2.2.2 below.

James Mellon (63)

James Mellon was appointed as Non-Executive Chairman of the Company in November 2007, then Executive Chairman in February 2009. He is a well-known and successful entrepreneur, author and economic commentator, starting his career in fund management and now including biopharma, property, mining and information technology amongst his many investments. James holds directorships in a number of publicly quoted companies, including Agronomics Limited, Condor Gold plc and Regent Pacific Group Limited.

James Mellon is the indirect 100% beneficial owner of 21,492,232 Ordinary Shares in the Company representing 16.39 per cent. of the voting rights in the Company at the date of this document. In addition, James Mellon has made two loans to the Company which are convertible, at the election of James Mellon, into Ordinary Shares. The first loan of £1,250,000 is subject to a conversion price of 9 pence per Ordinary Share and the second loan of £500,000 is subject to a conversion price of 7.5 pence per Ordinary Share, details of which are set out in paragraphs 4.1 and 4.3 below.

Burnbrae

Burnbrae is a company incorporated in the Isle of Man with company number: 071444C having its registered office at 4th Floor, Viking House, Nelson Street, Douglas, Isle of Man IM1 2AH which is indirectly wholly owned by James Mellon. James Mellon is the 100% beneficial owner of Burnbrae Group Limited which, in turn, is the 100% beneficial owner of Burnbrae.

In addition, Burnbrae has made a loan to the Company, which is convertible at the election of Burnbrae, into Ordinary Shares. The loan of £1,200,000 is subject to a conversion price of 7.5 pence per Ordinary Share, details of which are set out in paragraph 4.3 below.

Pershing Nominees Limited and Vidacos Nominees Limited are the custodians through which James Mellon and Gregory Bailey hold Ordinary Shares in the Company. James Mellon and Gregory Bailey are the sole beneficial owners of these Ordinary Shares.

Gregory Bailey (64)

Gregory Bailey was appointed as a Non-Executive Director of the Company in February 2018. Greg Bailey, M.D., founded Palantir Group Inc which made successful investments in bio-tech company start-ups and financings, and is currently chairman of Portage Biotech Inc, a CSE-traded drug development company. Along with comprehensive experience in finance and healthcare, Greg has served on many public company boards and brings to the Group an extensive corporate experience.

He holds 17,835,750 Ordinary Shares in the Company representing 13.60 per cent. of the voting rights in the Company at the date of this document.

- 2.2.2 At the close of business on 19 March 2020 (being the last practicable date prior to the publication of this document), the interests of the members of the Concert Party in the relevant securities (whether by interests, rights to subscribe or short positions) were as set out below:

	<i>Number of Ordinary Shares</i>	<i>% of Issued Share Capital</i>	<i>% of share capital following buyback†</i>
Mr James Mellon*	21,492,232	16.39	18.83
Dr Gregory Bailey**	17,835,750	13.60	15.63
Total	39,327,982	29.99	34.46

* Burnbrae holds 19,164,250 Ordinary Shares. Burnbrae is beneficially owned by James Mellon. Denham Eke, CEO of MFG, is also a director of Burnbrae. Pershing Nominees Limited holds 166,666 Ordinary Shares and Vidacos Nominees Limited holds 1,468,666 Ordinary Shares in trust for James Mellon and 692,650 Ordinary Shares are held in his own name.

**Vidacos Nominees Limited holds 17,835,750 Ordinary Shares in trust for Gregory Bailey.

- 2.2.3 In addition to the Ordinary Shares referred to in paragraph 2.2.2:

2.2.3.1 James Mellon has made two loans to the Company which are convertible into Ordinary Shares, at the election of James Mellon. The first loan of £1,250,000 is subject to a conversion price of 9 pence per Ordinary Share and the second loan of £500,000 is subject to a conversion price of 7.5 pence per Ordinary Share; and

2.2.3.2 Burnbrae has made a loan of £1,200,000 to the Company which is (together with all interest accrued in respect of such loan), at the election of Burnbrae, convertible into Ordinary Shares at a conversion price of 7.5 pence per Ordinary Share.

- 2.3 Save as disclosed in paragraph 2.2.3, as at the last day of the disclosure period, no member of the Concert Party nor any person acting in concert with the members of the Concert Party nor any member of the Concert Party's immediate families or related trusts has any interest in rights to subscribe for or short positions (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery) in, and no such person owns or controls, in each case directly or indirectly, any relevant securities of the Company, and nor has any such person dealt therein during the disclosure period or lent or borrowed relevant securities of the Company (including for these purposes any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Takeover Code), save for any borrowed shares which have been on-lent or sold.
- 2.4 Save as disclosed in paragraph 4.2 below and as further explained in paragraph 2.2.3 as at the last day of the disclosure period, neither the Company, nor any of the Directors, nor any other person acting in concert with the Company (including any non-exempt discretionary fund manager and principal trader connected with the Concert Party) has any interest in, right to subscribe for or short positions (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery in, and no such person owns or controls, in each case directly or indirectly, any relevant securities of the Company, and nor has any such person lent or borrowed relevant securities of the Company (including for these purposes any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Takeover Code), save for any borrowed shares which have been on-lent or sold.

The JM CLA provides that the JM Convertible Loan cannot be converted into Ordinary Shares for so long as such conversion would result in the Concert Party breaching a Rule 9 threshold and the Concert Party has reconfirmed their acceptance of this in writing with the Company. The Burnbrae CLA provides that the Burnbrae Convertible Loan cannot be converted into Ordinary Shares for so long as such conversion would result in a breach of Conister's banking licence (which includes a condition that no single shareholder or "concert-party" may hold 30% or over of the Company's shares.)

- 2.5 On completion of the proposals set out in this document, all the Directors and Concert Party intend to continue in their respective roles.
- 2.6 In this paragraph 2:
- 2.6.1 "acting in concert" means any such person acting or deemed to be acting in concert as such expression is defined in the City Code;
- 2.6.2 "relevant securities" means the Ordinary Shares and other securities convertible into, or exchangeable for, rights to subscribe for the options (including traded options) in respect of, or derivatives referenced to, any of the foregoing;
- 2.6.3 "disclosure period" is the period commencing on 19 March 2019 and ending on 19 March 2020 (being the last practicable date prior to the posting of this document);
- 2.6.4 "control" is defined as an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give de facto control;
- 2.6.5 "dealing" or "deal" includes the following:
- (i) the acquisition or disposal of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities, or of general control of relevant securities;
 - (ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant securities;

- (iii) subscribing or agreeing to subscribe for relevant securities;
- (iv) the exercise of conversion, whether in respect of new or existing securities, of any relevant securities carrying conversion or subscription rights;
- (v) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities;
- (vi) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and
- (vii) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;

2.6.6 “derivative” includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;

2.6.7 a person having an “interest” or treated as “interested” in any securities as if he has long economic exposure, whether absolute or conditional, to changes in the price of those securities (and a person who only has a short position in securities is not treated as interested in those securities). In particular a person is treated as “interested” in securities if:

- (i) he owns them;
- (ii) he has a right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;
- (iii) by virtue of any agreement to purchase, option or derivative he: (a) has the right or option to acquire them or call for their delivery; or (b) is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
- (iv) he is a party to any derivative: (a) whose value is determined by reference to their price; and (b) which results, or may result, in his having a long position in them; and

2.6.8 “short position” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

2.7 Save as set out in this document, the Company is not aware of any persons who directly or indirectly, jointly or severally, exercise or could exercise control over it.

2.8 As the purchase price payable in relation to the Share Buyback is to be left outstanding as a loan pursuant to the Loan Agreement (details of which are set out in paragraph 4 of Part I), the Share Buyback will not have any immediate impact on the Company’s existing cash resources other than that interest in respect of the loan will be paid quarterly out of MFG’s cash resources. The principal of the loan, when it falls due, will be funded from MFG’s cash resources.

3. SERVICE CONTRACTS

Details of the service contracts of the Directors are as follows:

3.1 Mr James Mellon was appointed as the Company’s Chairman pursuant to an appointment letter with the Company dated 2 November 2007. His appointment may be terminated by either party in writing with no notice period. The fee currently payable under the appointment letter is £25,000 per annum.

3.2 Mr Denham Eke was appointed as the Company’s Chief Executive Officer pursuant to an appointment letter with the Company dated 2 November 2007. His appointment may be terminated by either party in writing with no notice period. The fee currently payable to Burnbrae under the appointment letter is £25,000 per annum.

- 3.3 Mr Douglas Grant was appointed as the Group Finance Director pursuant to a service agreement dated 14 January 2010. His appointment may be terminated by either party giving the other not less than 6 months' notice in writing. His current remuneration comprises a salary (subject to annual review) of £208,720 per annum and other benefits commensurate with his position including private medical insurance.
- 3.4 Mr Alan Clarke was appointed as a Non-Executive Director of the Company pursuant to an appointment letter with the Company dated 2 November 2007. His appointment may be terminated by either party in writing with no notice period. The fee currently payable under the appointment letter is £45,000 per annum.
- 3.5 Mr David Gibson was appointed as a Non-Executive Director of the Company pursuant to an appointment letter with the Company dated 12 February 2009. His appointment may be terminated by either party giving to the other not less than three months' notice in writing. The fee currently payable under the appointment letter is £85,000 per annum.
- 3.6 Mr John Banks was appointed as a Non-Executive Director of the Company pursuant to an appointment letter with the Company dated 5 August 2014. His appointment may be terminated by either party giving to the other not less than three months' notice in writing. The fee currently payable under the appointment letter is £25,000 per annum.
- 3.7 Dr Gregory Bailey was first appointed as a Non-Executive Director of the Company on 5 August 2014 and continues to be appointed pursuant to an appointment letter with the Company dated 17 June 2015. His appointment may be terminated by either party giving to the other not less than three months' notice in writing. The fee currently payable under the appointment letter is £22,400 per annum.
- 3.8 No new agreements or amendments to any existing agreements within the period of six months preceding the date of this document have taken place.

4. MATERIAL CONTRACTS

Save for the following, no contracts have been entered into by any member of the Concert Party, the Company or any of its subsidiaries, other than in the ordinary course of business, within the two years prior to the publication of this document which are or may be material:

4.1 Convertible loan agreement dated 26 February 2010

On 26 February 2010, the Company and James Mellon entered into a convertible loan agreement (the "**JM CLA**") pursuant to which James Mellon made available a loan facility of £1,250,000 to the Company ("**JM Convertible Loan**") which has been drawn in full.

Under the terms of the JM CLA, interest accrued in respect of the JM Convertible Loan at the rate of 9% per annum with interest being paid quarterly in arrears. The repayment date for the JM Convertible Loan was originally 26 February 2015. On 21 January 2015, the Company and James Mellon entered into a side letter to the JM CLA pursuant to which the repayment date of the JM Convertible Loan was extended to 26 February 2020 and the interest rate was reduced to 6.5% per annum from 26 February 2015 onwards. On 25 February 2020, the Company and James Mellon entered into a second side letter to the JM CLA pursuant to which the repayment date for the JM Convertible Loan was extended to 26 February 2025 and the interest rate was reduced to 5.4%.

At any time following 26 February 2011, James Mellon may convert the JM Convertible Loan into Ordinary Shares at a conversion price of £0.09 per Ordinary Shares. This conversion right is subject to the proviso that it can only be exercised where either: (i) the conversion does not result in James Mellon (together with people acting in concert with him) holding more than 29.99% of the ISC; or (ii) may otherwise trigger a requirement for James Mellon (or people acting in concert with him) to make a general offer under Rule 9 of the Takeover Code.

The JM CLA is governed by the laws of the Isle of Man.

4.2 **Second convertible loan agreement dated 26 February 2010**

On 26 February 2010, the Company and Rock Holdings Limited entered into a convertible loan agreement (the “**SRICL CLA**”) pursuant to which Rock Holdings Limited made available a loan facility of £460,000 to the Company (“**SRICL Convertible Loan**”) which has been drawn in full. The SRICL CLA was assigned to SRICL on 24 April 2013.

Under the terms of the SRICL CLA, interest accrued in respect of the SRICL Convertible Loan at the rate of 9% per annum with interest being paid quarterly in arrears. The repayment date for the SRICL Convertible Loan was originally 25 February 2015. On 21 January 2015, the Company and SRICL entered into a side letter to the SRICL CLA pursuant to which the repayment date of the SRICL Convertible Loan was extended to 26 February 2020 and the interest rate was reduced to 6.5% per annum from 25 February 2015 onwards. On 25 February 2020, the Company and SRICL entered into a second side letter to the SRICL CLA pursuant to which the repayment date for the SRICL Convertible Loan was extended to 26 April 2020.

At any time following 26 February 2011, SRICL may convert the SRICL Convertible Loan into Ordinary Shares at a conversion price of £0.09 per Ordinary Shares. This conversion right is subject to the proviso that it can only be exercised where either: (i) the conversion does not result in SRICL (together with people acting in concert with it) holding more than 29.99% of the ISC; or (ii) may otherwise trigger a requirement for SRICL (or people acting in concert with it) to make a general offer under Rule 9 of the Takeover Code. It is intended that the SRICL Convertible Loan will be converted into Ordinary Shares immediately prior to completion of the Share Buyback.

The SRICL CLA is governed by the laws of the Isle of Man.

4.3 **Convertible Loan Agreement dated 31 July 2012**

On 31 July 2012, the Company and Burnbrae entered into a convertible loan agreement (the “**Burnbrae CLA**”) pursuant to which Burnbrae made available a loan facility of £1,700,000 to the Company (“**Burnbrae Convertible Loan**”) which has been drawn in full. On 29 October 2012, Burnbrae’s rights in respect of £500,000 of the Burnbrae Convertible Loan was assigned to James Mellon, with the remaining £1,200,000 remaining outstanding to Burnbrae. Furthermore, on 31 July 2017, the Company entered into side letters with each of Burnbrae and James Mellon pursuant to which the terms applicable to the Burnbrae Convertible Loan were amended (and this summary reflects the terms presently applicable to the Burnbrae Convertible Loan following that amendment).

Under the terms of the Burnbrae CLA, interest accrues in respect of the Burnbrae Convertible Loan at the rate of 5% per annum with interest being paid quarterly in arrears. The repayment date for the Burnbrae Convertible Loan is 31 July 2022. At any time, Burnbrae and James Mellon could convert amounts outstanding and owing to them pursuant to the Burnbrae Convertible Loan into Ordinary Shares at a conversion price of £0.075 per Ordinary Share. This conversion right is subject to the proviso that it can only be exercised where any restriction under the banking licence held by Conister does not prohibit such exercise.

Pursuant to the Burnbrae CLA, Burnbrae was originally issued 283,333,333 warrants to subscribe for Ordinary Shares. Whilst certain of these warrants were assigned to Gregory Bailey (and subsequently exercised), the residual balance of unexercised warrants expired on 24 October 2017.

The Burnbrae CLA is governed by the laws of the England.

4.4 **Loan agreement dated 25 February 2020**

On 25 February 2020, the Company and Burnbrae Limited (“**Burnbrae**”) entered into a loan agreement (the “**Burnbrae Loan Agreement**”) pursuant to which James Mellon made available a loan facility of £1,000,000 to the Company (“**Burnbrae Loan**”). Under the terms of the

Burnbrae Loan Agreement, interest accrues in respect of the Burnbrae Loan at the rate of 5.4% per annum with interest being paid quarterly in arrears. The repayment date for the Burnbrae Loan is 25 February 2020. The Burnbrae Loan does not contain any conversion rights. The Burnbrae Loan Agreement is governed by the laws of the Isle of Man.

5. MIDDLE MARKET QUOTATIONS

The following table shows the closing middle market quotations for the Ordinary Shares as derived from the Daily Official List of the London Stock Exchange on the first business day of each of the six months immediately preceding the date of this document and for 19 March 2020 (being the last full dealing day prior to the date of this document):

Date	Price per Ordinary Share (GBP Pence)
1 October 2019	9.00p
1 November 2019	9.00p
2 December 2019	8.50p
2 January 2020	8.63p
3 February 2020	8.75p
2 March 2020	9.50p
19 March 2020	7.25p

6. ISLE OF MAN LAW

Pursuant to section 52 of the Act and Article 13 of the Company's Articles of Association, the Company may purchase, redeem or otherwise acquire its own shares for any consideration and any share acquired are deemed to be cancelled immediately on purchase.

Section 53(1)(b) of the Act provides that the Company may only purchase, redeem, or otherwise acquire shares issued by the Company from one or more shareholders if permitted by the memorandum or articles of the Company and is made in accordance with section 54 of the Act.

By section 54 of the Act the Company shall not make an offer to one or more shareholders under section 53(1)(b)(ii) of the Act unless the directors have passed a resolution stating that, in their opinion:

- (a) the purchase, redemption or other acquisition is to the benefit of the remaining shareholders; and
- (b) the terms of the offer and the consideration offered for the shares are fair and reasonable to the Company and to the remaining shareholders.

The Buyback Independent Directors have passed a resolution approving the terms of the Share Buyback in accordance with section 53(1)(b)(ii), the reasons for which are set out in paragraphs 5 and 9 of Part I of this document. Further, the Share Buyback shall not be completed if for any reason during the period between the date of this document and the proposed completion of the Share Buyback the Buyback Independent Directors cease to hold the opinions required to be held pursuant to section 53(1)(b)(ii) of the Act.

7. OTHER INFORMATION

- 7.1 Beaumont Cornish Limited has given and has not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.
- 7.2 There are no agreements, arrangements or understandings (including any compensation arrangement) existing between the Concert Party and any of the Directors, recent Directors,

Shareholders or recent Shareholders of the Company, or any person interested or recently interested in Ordinary Shares, having any connection with or dependence upon the approval by Shareholders of the proposals set out in this document.

- 7.3 Neither the Concert Party nor the Directors are aware of any agreement or arrangement or understanding by which beneficial ownership of any Ordinary Shares acquired by the Company pursuant to the Share Buyback or owned by the Concert Party will be transferred to any other person.
- 7.4 There has been no significant change in the financial or trading position of the Company subsequent to the publication of the latest audited financial statements of the Company for the year ended 31 December 2018.
- 7.5 The Concert Party has no intention to make, or seek to make, any changes in respect of the Company's: (i) business or any research and development functions; (ii) maintenance of its admission to AIM; (iii) the continued employment of the employees and management or any conditions of employment or in the balance of skills and functions of the employees and management; (iv) strategic plans and their likely repercussions on employment and on the location of the Company's place of business or on the location of the Company's headquarters and headquarters functions; or (v) redeployment of its fixed assets and those of its subsidiaries following any proposed purchase by the Company of its Ordinary Shares. In addition, the Concert Party has no intention to change employer contributions into the Company pension scheme, the accrual of benefits for existing members (if any) or the admission of new members.
- 7.6 The audited consolidated accounts of Manx Financial Group PLC for the years ended 31 December 2017 and 31 December 2018 will be available free of charge from the Company's website <https://www.mfg.im>. The information within these consolidated accounts has not been published in an inflation adjusted form and is available in a "read-only" format. The Company will provide within two Business Days, without charge, to each person to whom a copy of this document has been delivered (or to any Shareholder or person with information rights), upon their written or verbal request, a copy of these documents incorporated by reference. Copies of any documents incorporated by reference in this document will not be provided unless such a request is made. Requests for copies of any such document should be directed to the Company Secretary at Clarendon House, Victoria Street, Douglas, Isle of Man IM1 2LN, or by telephone to 01624 694694.
- 7.7 The information listed below relating to the Company is hereby incorporated by reference into this document.

	<i>Information</i>	<i>Source of information</i>
1.	Turnover, net profit or loss before and after taxation and the charge for tax, for the Group for the two financial years ended 31 December 2018	https://www.mfg.im/sites/default/files/2019-05/24052019-annual-report-2018-final-v2.pdf
2.	A statement on the assets and liabilities shown in the audited accounts for the Group for the two financial years ended 31 December 2018	https://www.mfg.im/sites/default/files/2019-05/24052019-annual-report-2018-final-v2.pdf
3.	A cash flow statement as provided in the audited accounts for the Group for the two financial years ended 31 December 2018.	https://www.mfg.im/sites/default/files/2019-05/24052019-annual-report-2018-final-v2.pdf
4.	Significant accounting policies together with any points from the notes to the accounts which are of major relevance to an appreciation of the figures for the	https://www.mfg.im/sites/default/files/2019-05/24052019-annual-report-2018-final-v2.pdf

two financial years ended 31 December 2018	
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If you are reading this document in hard copy form, please enter the web address below in your web browser to be brought to the relevant document. If you are reading this document in soft copy please click on the web address below to be brought to the relevant document:

<https://www.mfg.im>

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) at the offices of Beaumont Cornish Limited, 10th Floor, 30 Crown Place, London, EC2A 4EB (Tel: 020 7628 3396) as well as the registered office and main business address of Manx Financial Group PLC, Clarendon House, Victoria Street, Douglas, Isle of Man IM1 2LN from the date of this document up to the date of the EGM and for 15 minutes prior to the meeting and during the meeting and also on the Company's website <https://www.mfg.im>:

- 8.1 the audited report and financial statements of Manx Financial Group PLC for the years ended 31 December 2017 and 31 December 2018;
- 8.2 the service contracts and letters of appointment referred to in paragraphs 3.1, 3.2 and 3.3 above;
- 8.3 the written consent referred to in the paragraph 7.1 above;
- 8.4 the irrevocable undertakings referred to in Part I paragraph 6 above;
- 8.5 a copy of the Loan Agreement as referred to in Part I paragraph 4 above;
- 8.6 the Company's Memorandum and articles of association;
- 8.7 the Material contracts as referred to in paragraph 4 above; and
- 8.8 this document.

20 March 2020

NOTICE OF EXTRAORDINARY GENERAL MEETING

MANX FINANCIAL GROUP PLC

(incorporated and registered in the Isle of Man under number 004908VJ)

NOTICE is hereby given that an Extraordinary General Meeting of Manx Financial Group PLC (the “**Company**”) will be held at The Claremont Hotel, 18-22 Loch Promenade, Douglas, Isle of Man, IM1 2LX at 11.00 a.m. on 9 April 2020, to consider and, if thought fit, for Eligible Shareholders (as defined in the document to the shareholders of the Company dated 20 March 2020 (“the **Circular**”)) to pass the following ordinary resolutions (resolution 2 of which will be taken on a poll):

ORDINARY RESOLUTIONS

1. That the proposed purchase and cancellation by the Company of 16,966,158 Ordinary Shares in the Company from Southern Rock Insurance Company Limited in consideration for £1,611,785.00 which shall be left outstanding as a loan on and subject to the terms of a loan agreement (particulars of which are described in paragraph 4 of Part I of the Circular), be and is hereby approved.
2. That the waiver by the Panel on Takeovers and Mergers described in the Circular of any requirement under Rule 9 of the Takeover Code (“the Code”) for James Mellon and Gregory Bailey (who are presumed to be acting in concert under the Code (“the Concert Party”)) to make a general offer to Shareholders of the Company to acquire their shares in the Company arising as a result of a purchase and cancellation by the Company of up to 16,966,158 Ordinary Shares in the capital of the Company pursuant to Resolution 1 which, if exercised in full, would have the effect of increasing the Concert Party’s aggregate interest to a maximum of approximately 34.46 per cent. of the voting rights of the Company, be and is hereby approved.

By order of the Board
Lesley Crossley
Company Secretary

Dated: 20 March 2020

Registered Office:
Clarendon House
Victoria Street
Douglas
Isle of Man IM1 2LN

Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote on his/her behalf at the meeting. A proxy need not be a member of the Company.
2. 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 may photocopy the form of proxy. Please indicate the proxy holder’s name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
3. A form of proxy is enclosed with this notice. Forms of proxy, to be valid, must be received by the Company’s Registrar, Computershare Investor Services (Jersey) Limited, c/o The Pavilions, Bridgwater Road, Bristol, BS99 6ZY not later than 11.00 a.m. on 7 April 2020 accordance with the instructions printed thereon, not less than 48 hours before the time appointed for the holding of the meeting.

4. In the case of joint holders, the signature of only one of the joint holders is required on the form of proxy, but the vote of the senior (by order in the register of members) who tenders a vote will be accepted to the exclusion of the others.
5. The quorum for the meeting is two shareholders present either in person or by proxy. The majority required for the passing of the resolutions is a simple majority of the total number of votes cast on that resolution. Shareholders are entitled to ask questions in relation to the business of the meeting.
6. At the meeting the votes on Resolution 2 will be taken on a poll. On a poll every shareholder who is present, in person or by proxy, shall have one vote for every ordinary share held by him. On a poll votes may be given either personally or by proxy. A shareholder entitled to more than one vote need not use all of his votes or cast all of the votes he uses in the same way.
7. Pursuant to regulation 22(1) of the Isle of Man Uncertificated Securities Regulations 2006, the Company specifies that only those shareholders entered in the Company's register of members 48 hours before the date fixed for the extraordinary general meeting will be entitled to attend or vote at the meeting and that the number of votes which any such shareholder may cast, upon a poll, will be determined by reference to the number of shares registered in such shareholder's name at the time. Changes to entries on the register of members after the relevant time will be disregarded in determining the rights of any person to attend or vote at the meeting.
8. Copies of the directors' service contracts, other than those expiring or determinable without payment of compensation within one year, are available for inspection at the registered office of the Company during the usual business hours on any weekday (Saturday and public holidays excluded) from the date of this notice until the extraordinary general meeting and will be available for inspection at the place of the extraordinary general meeting for at least 15 minutes prior to and during the meeting.
9. Members attending should have proof of identity or any person attending on behalf of a corporate entity should be in possession of a legal authority to operate as a proxy on behalf of that entity.