

**Kin Group Plc / Epic: KIN / Index: AIM**

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**Embargoed: 07.00a.m. 5 October 2017**

### **Kin Group Plc (the "Company")**

#### **Proposed CVA, Placing and proposed Board Changes update**

Kin Group Plc announces an update to its announcement on 3 October 2017 which set out details of its intention to propose a company voluntary arrangement under Part 1 of the Insolvency Act 1986 and the Insolvency (England and Wales) Rules 2016 to its creditors and to raise further funds by way of a placing.

#### **Accelerated Bookbuild**

The Company's sole bookrunner, Peterhouse Corporate Finance Limited ("Peterhouse") has closed an accelerated bookbuild on the Company's behalf conditionally to raise £1 million of new funds before expenses (the "Placing") for the Company by way of a placing of 100,000,000,000 new ordinary shares at a price of 0.001p per share (the "Placing Shares"). In addition each placee will be issued one warrant for every four Placing Shares subscribed, exercisable at a price of 0.004p per warrant at any time up to three years from Admission ("Placing Warrant"). No application will be made for the Placing Warrants to be admitted to trading on AIM or any other investment exchange.

Consequently the Company will today publish and post:

- to creditors and shareholders of the Company a proposal by the Directors for a company voluntary arrangement under Part 1 of the Insolvency Act 1986, for a composition in satisfaction of the Company's debts (the "CVA"); and
- to shareholders a circular convening a shareholders meeting to approve, inter alia, the Placing.

#### **The CVA**

The terms of the CVA propose that the amounts due to each of the Company's unsecured creditors be capitalised by way of the Company issuing and allotting to each of the unsecured creditors such number of Ordinary Shares, credited as fully paid up, at 0.01p per share as has a value equal to the amount of the debt for which they prove.

The Directors believe that the amount owed to creditors who are entitled to rank for dividend in the CVA currently stands at approximately £2,273,238, although debt amounts may change once claims are reviewed. As a result, pursuant to the CVA the Directors expect to allot approximately 22,732,387,142 new ordinary shares to creditors, credited as fully paid up at 0.01p per share, of which 19,475,534,529 are expected to be allotted to NW1 in respect of its claims. To enable it to participate in the CVA, NW1 has released its security over all its loans so that its claims will rank as unsecured pari passu with the other unsecured creditors.

Simon Harris and Ben Woodthorpe of ReSolve Partners Limited will act as Joint Nominees in respect of the proposal of the Directors for the CVA. Both Simon Harris and Ben Woodthorpe of ReSolve Partners Limited have consented to act and their Nominee's Report will be filed at Court as required.

The Directors expect that the CVA will be approved by creditors at a Decision Date scheduled to take place at 23:59 on 23 October 2017 unless the requisite majority of creditors request a physical meeting. In addition the Nominees have convened a meeting of shareholders to be held at 10:00 am on 24 October to approve the CVA.

**Existing shareholders will retain their existing ordinary shares in the Company and it is expected that the CVA will not result in any distribution being made to existing shareholders in their capacity as shareholders.**

### **Capital Restructuring**

As the Companies Act 2006 prohibits the Company from issuing shares at a price below their nominal value and the price at which the Placing Shares are to be issued is below the current nominal value of 0.01p per ordinary share, the Directors propose that each of the existing ordinary shares of 0.01p be sub-divided into one new ordinary share of 0.0001p and one C deferred share of 0.0099p (the "Subdivision"). The C deferred shares will not entitle their holders to receive notice of or to attend or vote at any general meeting of the Company, or to receive any dividend or other distribution. On a return of capital on a winding up or dissolution of the Company, the holders of the C deferred shares will be entitled to receive an amount equal to the nominal amount paid up thereon, but only after the holders of ordinary shares have received £100,000 per ordinary share. The holders of C deferred shares will not be entitled to any further right of participation in the assets of the Company and the Company will have the right to purchase the C deferred shares in issue at any time for no consideration. As such, the C deferred shares have no value.

### **The Placing**

In addition the Company will today publish and post to shareholders a circular convening a shareholders meeting proposed to be held at 10:05 am on 24 October 2017 to:

1. authorise the Directors to issue shares pursuant to section 551 of the Companies Act 2006;
2. disapply the statutory pre-emption rights under section 561 of the Companies Act 2006;
3. to approve the Subdivision;
4. to approve the amendment of the Articles of Association to include the rights attaching to the C deferred shares;
5. to approve the appointment of John Taylor to the board of the Company; and
6. to approve the appointment of Lindsay Mair to the board of the Company.

The Placing is conditional on, inter alia, the implementation of the CVA, admission of the Placing Shares to trading on AIM and the suspension in trading in the Company's shares being lifted.

Conditionally on completion of the CVA and associated fund-raise, the Company has agreed to appoint Peterhouse as broker to the Company.

Following implementation of the CVA, the Placing Shares are expected to represent approximately 80.15% of the enlarged issued share capital of the Company at Admission.

In respect of the Placing the Company has agreed to pay Peterhouse commissions of 5% on all amounts introduced by them. In addition, the Company has agreed to issue warrants to Peterhouse to subscribe for up to 6% of the enlarged issued ordinary share capital upon Admission exercisable at 0.001p per share at any time in the period of 12 months following Admission.

### **Board changes**

With effect from Admission, John Taylor and Lindsay Mair will join the Board as non-executive Directors, and Anna Gudmundson, Richard Goodlad, Heidi Steiger and Mark Ollila will resign from office with no compensation

for loss of office, and will waive all claims against the Company under their respective terms of appointment. Donald Stewart will remain on the Board as Chairman.

The information required to be disclosed under Schedule Two, paragraph (g) (i)-(viii) of the AIM Rules for Companies in respect of each of John Taylor and Lindsay Mair is set out in the announcement made by the Company on 3 October 2017.

John Taylor has subscribed for 300,000,000 Placing Shares (with 75,000,000 Placing Warrants attached).

Lindsay Mair has subscribed for 1,250,000,000 Placing Shares (with 312,500,000 Placing Warrants attached).

Donald Stewart is expected to receive approximately 220,000,000 Ordinary Shares, in respect of unpaid director's and consultancy fees, pursuant to the CVA and has subscribed for 500,000,000 Placing Shares (with 125,000,000 Placing Warrants attached).

### **Related Party Transactions**

NW1 currently hold 24.9 per cent of the Company's issued share capital. Therefore, for the purposes of the AIM Rules, the arrangements with NW1 for the release of its security to enable it to participate in the CVA pari passu with the other unsecured creditors, and its participation in the CVA, are considered to be related party transactions. The Directors consider, having consulted with SPARK Advisory Partners Limited, the Company's Nominated Adviser, ("SPARK") that the terms of these transactions are fair and reasonable insofar as the Shareholders are concerned. In reaching its opinion, SPARK has taken into account the commercial views of the Directors.

Donald Stewart, Heidi Steiger and Mark Ollila, Directors of the Company, are expected to participate in the CVA as unsecured creditors in respect of unpaid directors' fees and consultancy fees. For the purposes of the AIM Rules, these participations are considered to be related party transactions. The Directors (Donald Stewart, Heidi Steiger and Mark Ollila abstaining in respect of their own participation) consider, having consulted with SPARK, that the terms of this transaction are fair and reasonable insofar as the Shareholders are concerned. In reaching its opinion, SPARK has taken into account the commercial views of the Directors.

For the purposes of the AIM Rules, the participations of the Proposed Directors and Donald Stewart in the Placing are considered to be related party transactions. The Directors (Donald Stewart abstaining) consider, having consulted with SPARK, that the terms of these transactions are fair and reasonable insofar as the Shareholders are concerned. In reaching its opinion, SPARK has taken into account the commercial views of the Directors.

### **Expected Timetable**

	<b>2017</b>
Publication of the shareholders' circular and CVA proposal	5 October
Latest time and date for receipt of form of proxy for the Shareholders' CVA Meeting	10.00 a.m. on 20 October
Latest time and date for receipt of form of proxy for the General Meeting	10.05 a.m. on 20 October
Decision date for Creditors for the purposes of the CVA (unless a physical meeting is requested by the requisite majority of Creditors)	11.59 p.m. on 23 October
<b>Shareholders' CVA Meeting</b>	10.00 a.m. on 24 October
<b>General Meeting</b>	10.05 a.m. on 24 October
Record date for the Subdivision	6.00 p.m. on 24 October
Latest date for Creditors to prove claims for the purposes of the CVA	1.00 p.m. on 25 October

Admission effective, suspension lifted and dealings in the Placing Shares and CVA Capitalisation Shares expected to commence	on or around 26 October
CREST stock accounts credited with the Placing Shares and CVA Capitalisation Shares in uncertificated form	on or around 26 October
Despatch of share certificates for Placing Shares and CVA Capitalisation Shares in certificated form by no later than	2 November

### **Lifting of Suspension in Trading**

Trading in the Company's Ordinary Shares on AIM is currently suspended, pending clarification of its financial position. Following the approval of the CVA and of the Placing, the conditional raising of additional funding pursuant to the Placing, and subject to the Company being compliant with the AIM Rules, the Directors believe that the Company will have clarified its financial position and an application will be made to AIM for the suspension to be lifted and trading in the Ordinary Shares of the Company to be resumed.

### **Documents**

In compliance with AIM Rule 20 the Company has published both the CVA Proposal and the Circular to Shareholders on its website [www.kingroupplc.com](http://www.kingroupplc.com) pursuant to AIM Rule 26.

Further announcements will be made as appropriate.

For further information, visit [www.kingroupplc.com](http://www.kingroupplc.com) or contact:

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