

AFH Financial Group

Notice of General Meeting

13 March 2014
GB00B4W5WQ08

AFH Financial Group PLC
("AFH" or the "Company")

Notice of General Meeting

The text below has been extracted without material adjustment from a circular (the "Circular") that was posted to shareholders in the Company on 12 March 2014, convening a General Meeting of the Company to be held on 31 March 2014. Terms defined in the Circular have the same meaning in the extract below.

"Dear Shareholder,

1 Background

As the Directors have previously noted, the impact of the Retail Distribution Review ("RDR") is continuing to drive consolidation within the IFA industry. Since the RDR was implemented in January 2013, AFH has been particularly active in exploiting the opportunities and has successfully completed 7 acquisitions.

To fund these acquisitions and the general development of AFH's business, the Company has raised approximately GBP3.3 million since the 2013 AGM. Of this amount, GBP0.75 million was raised through the issue of 8% Unsecured Bonds due 2020 and GBP2.55 million through the issue of a total of 2,334,134 new Ordinary Shares. These new Ordinary Shares were issued pursuant to the authority granted to the Directors at the 2013 AGM to issue new Ordinary Shares for cash on a non pre-emptive basis. As a consequence the Company does not currently have sufficient authority in place to issue new Ordinary Shares to investors.

The Company is aware of demand from investors which will provide AFH with additional capital to finance its ongoing acquisition programme. A significant proportion of this demand is dependent on the new Ordinary Shares being issued before 4 April 2014, so that such new Ordinary Shares would qualify for Enterprise Investment Scheme relief in the current tax year.

Therefore, rather than waiting until the Company's next annual general meeting (which is anticipated to be held on 28 April 2014) to renew the Company's authorities to issue shares, the Directors are convening the General Meeting, at which approval will be sought to authorise the Directors to allot Ordinary Shares for cash on the basis set out in the Resolutions.

If the authority is granted at the General Meeting, the Company will be in a position to secure the funds it believes are currently available, thereby assisting the Company to pursue its targeted acquisition opportunities effectively, in a competitive and time critical environment.

Shareholders should note that on 19 February 2014 the Company announced its intention to seek admission of the Ordinary Shares to trading on AIM, a market operated by the London Stock Exchange plc. This remains the intention of the Directors and progress is being made in this regard. Admission of the Ordinary Shares to trading on AIM is anticipated to occur later this year.

2 General Meeting

A Notice of a General Meeting, to be held at 10:00 a.m. on 31 March 2014 at AFH House, Buntsford Drive, Stoke Heath, Bromsgrove B60 4JE is set out at the end of this document.

The Resolutions to be proposed are as follows:

- a) an ordinary resolution to authorise the Directors to allot up to 1,250,000 new ordinary shares of 10 pence each in the capital of the Company; and
- b) a special resolution to empower the Directors to disapply shareholders' statutory pre-emption rights in relation to the issue of ordinary shares of 10 pence each in the capital of the Company with an aggregate nominal value of GBP125,000.

Unless renewed, varied or revoked, such authorities shall expire on the date which is 18 months after the date on which the Resolutions are passed, or, if earlier, on the conclusion of the next annual general meeting of the Company. If the Resolutions are passed, the Directors will be able to allot and issue Ordinary Shares as if Shareholders' pre-emption rights under section 561 of the Act did not apply to such allotment.

3 Action to be taken by Shareholders

A Form of Proxy is enclosed with this document for use by Shareholders in connection with the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions printed thereon so as to

arrive as soon as possible and in any event so as to be received by SLC Registrars Limited, Thames House, Portsmouth Road, Esher, Surrey KT10 9AD no later than 10:00 a.m. on 27 March 2014. The completion and return of the Form of Proxy will not preclude you from attending the General Meeting and voting in person should you wish to do so. Shareholders who hold their shares through a nominee should instruct the nominee to submit the Form of Proxy on their behalf.

4 Recommendation

The Directors consider that the Resolutions are in the best interests of the Company and will promote the success of the Company for the benefit of its Shareholders as a whole.

Accordingly, the Directors unanimously recommend that you vote in favour of the Resolutions as set out in the Notice of General Meeting, as they intend to do in respect of their own beneficial shareholdings amounting to, in aggregate, 9,625,510 Ordinary Shares representing 56.24 per cent. of the issued share capital of the Company as at the date of this document.

Yours faithfully

John Wheatley

Chairman"

The Circular is available from the Company's website at www.afhfinancialgroup.com and at www.isdx.com.

The Directors of the Company accept responsibility for this announcement.

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