

RIVER AND MERCANTILE GROUP PLC CHAIRMAN'S LETTER AND NOTICE OF ANNUAL GENERAL MEETING 2019

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the actions you should take, you are advised to seek advice from your stockbroker, bank manager, solicitor, accountant or other appropriate independent professional adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all of your ordinary shares in River and Mercantile Group PLC (the 'Company'), please pass this document and the accompanying Form of Proxy to the purchaser or transferee or to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

Whether or not you propose to attend the Annual General Meeting, please complete and submit the enclosed Form of Proxy in accordance with the instructions printed on it. To be valid, the enclosed Form of Proxy must be completed, signed and returned so as to reach the Company's Registrar, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA as soon as possible and, in any event, so as to arrive no later than 9:00 am on 5 December 2019. Alternatively, you can register your proxy vote electronically, if you are a CREST member, by using the service provided by Euroclear. Appointment of a proxy will not prevent you from attending and voting at the meeting in person if you subsequently find that you are able to do so.

CHAIRMAN'S LETTER

31 October 2019

Dear Shareholder,

2019 ANNUAL GENERAL MEETING OF RIVER AND MERCANTILE GROUP PLC

I am pleased to be writing to invite you to this year's Annual General Meeting ("AGM") for the Company which will be held at 9:00 am on 9 December 2019 at Macquarie, Ropemaker Place, 28 Ropemaker Street, 11th Floor, London EC2Y 9HD.

The formal Notice of AGM is set out on pages 4 to 7 of this document and the explanatory notes on each resolution to be considered at this year's AGM are set out on pages 8 to 10.

At the AGM it is intended that the Company will take a poll on each of the resolutions put to shareholders. This enables the voting preferences of all shareholders to be taken into account, not just those who can physically attend the meeting.

CAPITAL REDUCTION

Background to and reasons for the Capital Reduction

In addition to the ordinary business of this year's AGM, and following the general meeting earlier this year in which shareholders approved a resolution to ratify and confirm the payment of certain dividends previously paid, a reduction of capital (the "**Capital Reduction**") is also proposed in this document to reclassify the merger reserve as a distributable reserve in order to support the Company's ability to pay future dividends (should circumstances in the future make it desirable to do so).

Effects of the Capital Reduction

As at 30 June 2019, as shown in the Company's audited accounts for the year ended 30 June 2019, the Company retained earnings of £14,726,000, with the following items on its balance sheet:

- share premium account balance of £15,136,000;
- capital redemption reserve balance of £84,000; and
- merger reserve balance of £44,433,000.

The Company is seeking the approval of shareholders to reduce the share capital of the Company by £44,433,000, by capitalising the amount standing to the credit of the merger reserve and then reducing the company's share capital by an equivalent amount. There will be an equivalent increase in the retained earnings of the Company.

Process and creditor engagement

Subject to shareholder approval, an application will be made to the High Court of Justice of England and Wales (the "**Court**") to confirm and approve the Capital Reduction. In seeking this approval, the Company may be required to give such undertakings or other form of creditor protection as the Court requires for the benefit of the Company's creditors at the date on which the Capital Reduction becomes effective. These may include seeking the consent of the creditors to the cancellation or the provision by the Company to the Court of an undertaking to deposit a sum of money into a blocked account created for the purpose of discharging creditors of the Company or to create a non-distributable reserve in its accounts (which may comprise, inter alia, the entire reserves created by the Capital Reduction). It is anticipated that the initial directions hearing in relation to the Capital Reduction will take place on 18 December 2019, with the final hearing taking place on 21 January 2020 and the Capital Reduction becoming effective on 22 January 2020 following the necessary registration of the Court Order at Companies House.

The Board reserves the right to abandon or discontinue (in whole or in part) the application to the Court if the Board considers that the terms on which the Capital Reduction would be (or would likely to be) confirmed by the Court would not be in the best interests of the Company and/or the shareholders as a whole. The Directors have undertaken a review of the Company's liabilities (including contingent liabilities) and consider that the Company will be able to satisfy the Court that, as at the date (if any) on which the Court Order relating to the Capital Reduction and the statement of capital in respect of the Capital Reduction have both been registered by the Registrar of Companies at Companies House and the Capital Reduction therefore becoming effective, the Company's creditors will be sufficiently protected.

Conditions to the Capital Reduction

The Capital Reduction is conditional upon:

- the passing of resolution 17 (a special resolution) at the AGM approving the Capital Reduction;
- the Court approving the Capital Reduction; and
- the Registrar of Companies at Companies House registering the Court Order and the statement of capital in relation to the Capital Reduction.

Purpose of the Capital Reduction

Shareholders should note that the Capital Reduction itself will not involve any distribution or repayment of capital or share premium by the Company and will not reduce the underlying net assets of the Company. The distributable reserves arising from the Capital Reduction will, subject to the terms of any undertakings required by the Court as explained above, support the Company's ability to undertake dividend payments and share buybacks in future should it become desirable to do so.

The intention of the Capital Reduction is to create distributable reserves to facilitate dividend payments in accordance with the Company's existing dividend policy. The Company does not intend to use the reserves to pay a special dividend or undertake any other return of capital outside the scope of its current dividend policy.

ACTION TO BE TAKEN

Whether or not you are able to attend the AGM, the Board urges you to exercise your right to vote as a shareholder of the Company and to complete and return the reply-paid Form of Proxy enclosed to the Company's Registrar, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA as soon as possible and, in any event, so as to arrive no later than 9:00 am on 5 December 2019.

The appointment of a proxy will not prevent you from attending the AGM and voting in person (in substitution for your proxy vote) should you wish to do so. The final proxy vote on each resolution will be available at the AGM and posted on the Company's website thereafter.

RECOMMENDATION

The Board believes that the proposed resolutions set out in the Notice of AGM are in the best interests of the Company and its shareholders as a whole. Accordingly, the Board recommends that you vote in favour of each resolution, as they intend to do in respect of their own beneficial holdings. The Directors and I look forward to seeing you at the AGM.

Yours faithfully,

Jonathan Dawson
Chairman

River and Mercantile Group PLC

Registered Office: 30 Coleman Street, London, EC2R 5AL

Registered in England and Wales No: 04035248

T: 020 3327 5100 – F: 020 7785 9040

NOTICE OF THE 2019 ANNUAL GENERAL MEETING

Notice is hereby given that the 2019 AGM of River and Mercantile Group PLC will be held at 09:00 on 9 December 2019 at Macquarie, Ropemaker Place, 28 Ropemaker Street, 11th Floor, London EC2Y 9HD, to consider, and if thought fit, pass the following resolutions (of which resolutions 1 to 13 will be proposed as ordinary resolutions and resolutions 14 to 18 will be proposed as special resolutions).

Voting on all resolutions will be by way of poll.

ORDINARY RESOLUTIONS**Annual Report and Accounts 2019**

1. To receive the annual report and accounts for the financial year ended 30 June 2019 together with the report of the auditors thereon.

Directors' report on remuneration

2. To approve the Directors' report on remuneration for the financial year ended 30 June 2019 as set out in the Annual Report and Accounts 2019.

Dividend

3. To approve a final dividend of 5.0 pence per ordinary share for the financial year ended 30 June 2019.

Election of Directors

4. To re-elect Jonathan Dawson as a Director of the Company.
5. To re-elect James Barham as a Director of the Company.
6. To re-elect Angela Crawford-Ingle as a Director of the Company.
7. To re-elect Kevin Hayes as a Director of the Company.
8. To re-elect John Misselbrook as a Director of the Company.
9. To elect Miriam Greenwood as a Director of the Company

Re-appointment of auditors

10. To re-appoint BDO LLP as auditors to the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.

Remuneration of auditors

11. To authorise the Board to set the remuneration of the auditors.

Authority to allot securities

12. That the Board be generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the 'Act') (in substitution for any existing authority to allot shares) to allot:

- a. shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £85,403 and
- b. equity securities (as defined in section 560 of the Act) in connection with or pursuant to an offer by way of a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them up to an aggregate nominal amount of £85,403,

provided that this authority shall expire at the conclusion of the Company's next AGM (or on 8 March 2021 whichever is the earlier), save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted or rights to be granted, after such expiry and the Board may allot shares, or grant rights to subscribe for or to convert any security into shares, in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

Political Donations

13. That in accordance with sections 366 and 367 of the Act the Company and all companies that are subsidiaries of the Company at any time during the period for which this resolution has effect are authorised, during the period beginning with the date on which this resolution is passed and ending on 8 March 2021 or, if sooner, the end of the next AGM of the Company, to incur political expenditure not exceeding £50,000 in total. For the purposes of this resolution the term 'political expenditure' has the meaning given by sections 363 to 365 of the Act.

NOTICE OF THE 2019 ANNUAL GENERAL MEETING CONTINUED

SPECIAL RESOLUTIONS

Authority to disapply pre-emption rights

14. That, subject to the passing of resolution 12 set out in this Notice, the Board be authorised to allot equity securities (as defined in the Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for the cash as if section 561 of the Act did not apply to any such allotment or sale, such authority to be limited:

- a. to the allotment of equity securities in connection with or pursuant to any offer by way of rights, open offer or pre-emptive offer to holders of shares in the company and other persons entitled to participate therein in proportion (as nearly as practicable) to their respective holdings, subject to such exclusions or other arrangements as the Board may deem necessary or expedient to deal with fractional entitlements or legal, regulatory or practical difficulties under the laws of any territory or the regulations or requirements of any regulatory authority or any stock exchange in any territory; and
- b. to the allotment of equity securities or sale of treasury shares (otherwise than pursuant to sub-paragraph (a) above), up to an aggregate nominal amount of £12,811,

such authority shall expire at the end of the next AGM of the Company (or, if earlier, at the close of business on 8 March 2021) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would or might require equity securities to be allotted (and treasury shares sold) after the authority expires and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

15. That, subject to the passing of resolution 12 set out in this Notice, the Board be authorised, in addition to any authority granted under resolution 14 above, to allot equity securities (as defined in the Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such authority to be

- a. limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £12,811; and
- b. used only for the purposes of financing (or refinancing, if the authority is to be used within 6 months after the original transaction) a transaction which the Board determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice,

such authority shall expire at the end of the next AGM of the Company (or, if earlier, at the close of business on 8 March 2021) but in each case prior to its expiry the Company may make offers and enter into agreements which would or might require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

Authority for the Company to purchase its own shares

16. That the Company be and is hereby generally and unconditionally authorised, for the purposes of section 701 of the Act, to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 0.003 pence each in the capital of the Company (ordinary shares) on such terms and in such manner as the Directors may from time to time determine, provided that:

- a. the maximum aggregate number of ordinary shares hereby authorised to be purchased is 8,540,346;
- b. the minimum price (exclusive of expenses) that may be paid for an ordinary share is 0.003 pence;
- c. the maximum price (exclusive of expenses) that may be paid for an ordinary share is the higher of (i) an amount equal to 105 per cent. of the average of the middle market quotations for an ordinary share (as derived from the Daily Official List of the London Stock Exchange) for the five business days immediately preceding the day on which that ordinary share is contracted to be purchased and (ii) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share, on the trading venues where the purchase is carried out;
- d. the authority conferred hereby shall expire at end of the next AGM of the Company (or, if earlier, at the close of business on 8 March 2021), unless previously revoked, varied or renewed by the Company in general meeting prior to such time; and
- e. the Company may at any time prior to the expiry of such authority enter into a contract or contracts under which a purchase of ordinary shares under such authority will or may be completed or executed wholly or partly after the expiration of such authority and the Company may purchase ordinary shares in pursuance of any such contract or contracts as if the authority conferred hereby had not expired.

Reduction of capital

17. That the Company's share capital be reduced by the sum of £44,433,000 by way of capitalisation of the Company's merger reserve and a reduction of the resulting share capital by the cancellation and extinguishment of the Deferred Shares (as defined below), and that to give effect to the foregoing:
- a. the Directors be authorised to apply to Court for an order confirming the reduction of capital;
 - b. not more than five days prior to the date of the Court hearing to confirm the reduction of capital, the amount of £44,433,000 standing to the credit of the Company's merger reserve shall be capitalised and that amount shall be applied in paying up in full 44,433,000 deferred shares of £1 each;
 - c. the Directors be authorised for the purposes of section 551 of the Act to allot the Deferred Shares (as defined below) to such member of the Company (including any Director who is also a member for the Company) as they shall in their absolute discretion determine upon the terms that it is paid up in full by the capitalisation and this authority shall expire at midnight on 29 February 2020;
 - d. the shares to be issued pursuant to this resolution 17(b) (the "**Deferred Shares**") shall have the following rights and be subject to the following conditions:
 - i. no voting rights;
 - ii. no entitlement to a dividend;
 - iii. a right to a distribution of £1 per share on a winding up of the Company after holders of the Company's ordinary shares have received a distribution of £1,000 per ordinary share;
 - iv. subject to compliance with the Act the Company shall be authorised to acquire the Deferred Shares at any time after 29 February 2020 for the sum of £1 if the Court has not confirmed the reduction of capital by such time, such authority to expire on 28 February 2021;
 - e. the Company's register of members be amended to reflect the allotment and issue of the Deferred Shares;
 - f. subject to receipt of a Court order confirming the reduction of capital, the Directors be authorised to apply to the Registrar of Companies to register the reduction of capital in accordance with Section 649 of the Act;
 - g. subject to the Registrar of Companies issuing a certificate in accordance with sections 649(5) and (6) of the Act, the effect of which will be to cancel and extinguish the Deferred Shares, the Directors be authorised to update the Company's register of members;
 - h. articles 137 and 138 of the Company's articles of association shall be disapplied for the purposes of the foregoing.

Notice of general meetings

18. That a general meeting of the Company (other than an AGM) may be called on not less than 14 clear days' notice.

By order of the Board

Sally Buckmaster
Company Secretary
31 October 2019

Registered Office: 30 Coleman Street, London, EC2R 5AL

Registered in England and Wales No: 04035248

T: 020 3327 5100 – F: 020 7785 9040

Explanations of the resolutions are contained on the following pages.

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

ORDINARY RESOLUTIONS

Annual Report and Accounts 2019 (resolution 1)

The Board will present to the shareholders at the AGM the accounts for the previous financial year (on this occasion for the year ended 30 June 2019), together with the strategic report and the reports of the Directors and the auditor.

Directors' Remuneration Report (resolution 2)

Resolution 2 relates to the Directors' report on remuneration. You can find this part of the report in the Annual Report and Accounts 2019 at pages 58 to 72. In accordance with section 439 of the Act, the Directors' report on remuneration must be put to a vote of shareholders. As this vote is an advisory vote, the Directors' entitlement to remuneration is not conditional upon the resolution being passed.

The Directors' Remuneration Policy is subject to a binding shareholder vote by way of ordinary resolution at least once every three years. The Directors' Remuneration Policy was approved by the Company's shareholders at the 2017 AGM and remains valid until the 2020 AGM.

Dividend (resolution 3)

A final dividend can only be paid following approval by shareholders at an AGM. A final dividend of 5.0 pence per ordinary share is recommended by the Board for payment to shareholders on the register of members of the Company at the close of business on 29 November 2019. If approved by shareholders at the AGM, the final dividend will be paid on 20 December 2019.

Election of Directors (resolutions 4 to 9)

These resolutions are to approve the election or re-election of the Directors of the Company. In accordance with the UK Corporate Governance Code (the "Code"), each of the Directors offers themselves for election or re-election by shareholders. The biographical details of each of the Directors standing for re-election are set out in the Annual Report and Accounts 2019 on pages 42 to 43.

The biographical details of Miriam Greenwood, who is seeking election having been appointed by the Board since the last AGM, is set out below and on the Company's website at www.riverandmercantile.com.

Miriam Greenwood

Miriam Greenwood was appointed to the Board on 1 July 2019 and is the chair of the Remuneration Committee. Additionally, Miriam sits on the Audit, Nomination and Risk committees. Miriam has extensive financial industry experience and was a founding partner of SPARK Advisory Partners and has held senior roles with a number of major financial institutions. Miriam currently serves as Senior Independent Director and Chair of the Remuneration Committee of Smart Metering Systems plc (AIM: SMS.L), as Non-Executive Director of Eclipse Shipping Ltd and as a partner of SPARK Advisory Partners. She is an adviser to OFGEM and the Mayor of London's Energy Efficiency Fund. Miriam previously served as a Non-Executive Director of Telit Communications PLC and Mithras Investment Trust Plc.

Selection Process

The Nominations Committee undertook a rigorous selection process which included the engagement of independent executive search consultants and multiple candidate interviews by both non-executive and executive Directors. Miriam's extensive financial sector and remuneration experience makes her well suited to the role of Independent Non-Executive Director.

The Board supports the election or re-election of each director, as it believes the knowledge and experience of each director, as set out in their biographies on pages 44 to 45 of the Annual Report and Accounts 2019, assists in ensuring that the Board has an appropriate balance of skills and experience for the requirements of the business.

Resolutions 4, 6, 8, and 9 are separate resolutions to elect as Independent Non-Executive Directors: Jonathan Dawson, Angela Crawford-Ingle, John Misselbrook, and Miriam Greenwood (together the "Independent Non-Executive Directors"). The Financial Conduct Authority (the "FCA") Listing Rules, require that where a company has a controlling shareholder as defined in LR 6.1.2A, the election or re-election of any independent director must be approved by independent shareholders (i.e. excluding the controlling shareholder) and the regime in the Listing Rules must be followed. If each resolution is passed by all shareholders and by independent shareholders, the directors will be re-elected.

The Listing Rules also provide that where the resolution to elect or re-elect an Independent Director is not approved at the original vote by independent shareholders, the Company may nonetheless allow such a Director to remain in office until a second vote of all shareholders (i.e. including any controlling shareholder) on each of the resolutions takes place. If held, the second vote must take place within 90 to 120 days of the first vote. The Independent Non-Executive Directors have confirmed to the Board that if shareholders vote in favour of his or her re-election, but that vote is not passed by the independent shareholders of the Company, nor is it passed at any second vote of all shareholders held in accordance with the Listing Rules, he or she will resign immediately after the second vote.

Directors' Independence

The Board has determined that, in its judgment, all of the Independent Non-Executive Directors being proposed for re-election meet the independence criteria prescribed in the Code as all are independent in character and judgment and there are no material relationships or circumstances which are likely to affect, or could appear to affect, their judgment.

Re-appointment of auditors (resolution 10)

The auditor of the Company is required to be appointed or re-appointed at each AGM at which accounts are presented. Accordingly, resolution 10 proposes the re-appointment of BDO LLP as the Company's auditors. The Audit and Risk Committee Report includes an evaluation of external audit services and the implementation of the European Audit Reforms regarding retender. This is set out on page 55 of the Annual Report and Accounts 2019.

Remuneration of auditors (resolution 11)

Approval is sought for the Board to be authorised to agree the auditors' remuneration.

Authority to allot securities (resolution 12)

Under the Act, the Board may only allot unissued shares with the authority of shareholders granted to them in a general meeting. The authority given to the Board at the general meeting held on 7 December 2018 to allot and issue shares in the capital of the Company will expire at the conclusion of the forthcoming AGM. The Board recommends that the authority is renewed.

Accordingly, resolution 12 will be proposed as an ordinary resolution to grant authorities to allot shares and grant rights to subscribe for, or convert any security into, shares.

Paragraph (a) of resolution 12 will allow the Board to allot ordinary shares up to a maximum nominal amount of £85,403 representing approximately one third of the Company's existing issued share capital and calculated as at 18 October 2019 (being the latest practicable date prior to publication of this document).

In accordance with the latest institutional guidelines issued by the Investment Association paragraph (b) of resolution 12 seeks additional authority to allot shares up to a further nominal amount of £85,403 representing approximately one third of the issued share capital of the Company as of 18 October 2019, solely to be used in connection with a pre-emptive rights issue.

Each of the authorities sought under resolution 12 will expire at the conclusion of the Company's 2020 AGM or on 8 March 2021, whichever is the earlier. As at 18 October 2019, the Company holds no treasury shares.

Political Donations (resolution 13)

Under section 366 of the Act, a company must not incur political expenditure without shareholder approval. Political expenditure is widely defined and can include gifts (of money or other property), sponsorship and subscriptions and possibly the granting of paid leave to an employee to attend duties as an elected councillor, or support for bodies representing the business community in policy review or reform. For this reason, the Board supports the passing of the above resolution to avoid any inadvertent infringement. The Board confirms that there were no political donations made in the previous year. The Board further confirms that there are at present no plans to make political donations and it is not their intention to use the authority given for that purpose.

SPECIAL RESOLUTIONS**Authority to disapply pre-emption rights (resolutions 14 and 15)**

These resolutions seek shareholder approval to grant the Board the power to allot equity securities of the Company pursuant to section 570 and 573 of the Act without first offering them to existing shareholders in proportion to their existing shareholdings.

The power in resolution 14 will be limited to allotments of shares and/or sale of treasury shares (a) for cash in connection with a rights issue or other pre-emptive offer and (b) otherwise for cash up to a maximum nominal value of £12,811, representing 5 per cent of the Company's issued share capital as at 18 October 2019, which is in accordance with the guidelines set out in the Pre-Emption Group's Statement of Principles (as updated in 2015) (the "**Statement of Principles**").

The Statement of Principles also supports, in addition to the authority granted under resolution 14, the annual dispensation of pre-emption rights in respect of allotments of shares and/or sales of treasury shares for cash in respect of transactions which the Board determines to be an acquisition or other capital investment as defined in the Statement of Principles. Accordingly, and in line with the guidelines set out in the Statement of Principles, resolution 15 seeks authority to authorise the Board to allot shares and/or sell treasury shares, for cash (a) up to a further amount equal to 5 per cent of the Company's issued share capital; and (b) to be used for transactions which the Board determines to be an acquisition or other capital investment as defined by the Statement of Principles.

The Board confirms, in accordance with the Statement of Principles, that it does not intend to issue shares for cash representing more than 7.5% of the Company's issued ordinary share capital in any rolling three-year period, other than to existing shareholders, save as permitted in connection with an acquisition or specified capital investment as described above, without prior consultation with shareholders.

The Board currently has no intention to use such authorities. If approved, the authorities shall apply until the earlier of 8 March 2021 or the conclusion of the Company's next AGM after the resolutions are passed.

Authority for the Company to purchase its own shares (resolution 16)

In certain circumstances, it may be advantageous for the Company to purchase its own ordinary shares and this resolution seeks authority to enable the Company to make market purchases of up to 8,540,346 of its own shares (i.e. £25,621 in nominal value), representing approximately 10 per cent. of its issued share capital (excluding treasury shares) as at 18 October 2019 (the latest practicable date before the publication of this Notice of AGM). The resolution specifies the maximum and minimum prices at which shares may be bought, exclusive of expenses, reflecting the requirements of the Act and the Financial Conduct Authority's Listing Rules.

The authority will expire at the conclusion of the Company's next AGM, or on 8 March 2021, whichever is the earlier. The Board, however, intends to seek renewal of this authority at subsequent AGMs in accordance with current best practice.

The Act allows the Company to hold its own shares in treasury following a buyback instead of having to cancel them. This enables the Company to re-issue treasury shares quickly and cost-effectively and provides the Company with additional flexibility in the management of its capital base. Such shares may be resold for cash, but all rights attaching to them, including voting rights and any right to receive dividends, are suspended while they are held in treasury.

Any ordinary shares purchased under the renewed authority will either be cancelled or held in treasury. The Directors will use this authority to purchase shares after taking into account market conditions, other investment opportunities, appropriate gearing levels and the overall financial position of the Company. Further, the Directors will only purchase such shares after taking into account the effects on earnings per ordinary share and if such purchase is in the interests of shareholders generally. The Directors have no present intention of exercising the authority to purchase any of the Company's ordinary shares but wish to have the ability should the returns from such purchase be more attractive than other routes such as special dividends and where the Directors consider that the Company has surplus capital which could not be profitably invested in growing the business. The Company currently holds no ordinary shares in treasury.

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

CONTINUED

Reduction of capital (resolution 17)

As described in the Chairman's letter, the Company is seeking the approval of shareholders to reduce its share capital by the sum of £44,433,000 to create distributable reserves to facilitate the payment of dividends in accordance with the company's dividend policy. The capital reduction will be effected by the capitalisation of the Company's merger reserve and an issuance of deferred shares to a nominee who will hold such shares on trust for the shareholders, followed by the cancellation of the deferred shares. This will create distributable reserves in an amount equal to the merger reserve. Resolution 17 approves the reduction of capital and authorises the directors to take the necessary actions to implement it.

Notice of general meetings (resolution 18)

Changes made to the Act by the Companies (Shareholders' Rights) Regulations 2009 increase the notice period required for general meetings of the Company to at least 21 clear days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days (AGMs will continue to be held on at least 21 clear days' notice).

Resolution 18 enables the Company to call general meetings other than an AGM on at least 14 clear days' notice. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed.

NOTES TO THE ANNUAL GENERAL MEETING NOTICE

ENTITLEMENT TO ATTEND AND VOTE

A shareholder who is entitled to attend and vote at the meeting is entitled to appoint one or more proxies to exercise all or any of his rights to attend, speak and vote on his/her behalf. Such a proxy need not also be a shareholder of the Company, but must attend the meeting in person for the shareholder's vote to be counted. If a shareholder appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the shareholder.

APPOINTMENT OF PROXIES

To be valid, a Form of Proxy must be completed and any power of attorney or other authority under which it is executed (or a duly certified copy thereof) must be received by post or by hand (during normal business hours only) by Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, in each case no later than 9:00 am on 5 December 2019 (or 48 hours before the time appointed for any adjourned meeting at which it is to be used, excluding non-working days). Completion and return of a Form of Proxy or any CREST Proxy Instruction will not preclude a shareholder subsequently from personally attending and voting at the AGM (in substitution for their proxy vote) if the shareholder decides to do so.

The Form of Proxy must be executed by or on behalf of the shareholder making the appointment. A corporation may execute the Form of Proxy either under its common seal or under hand of a duly authorised officer. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand on the Register of Members in respect of the relevant joint holdings.

REGULATION 41 OF THE UNCERTIFICATED SECURITIES REGULATIONS 2001 (AS AMENDED)

Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 and section 360(b)(2) of the Act, the Company specifies that in order to have the right to attend and vote at the AGM (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be registered on the Register of Members of the Company as at 6:30pm on 5 December 2019 or, if the meeting is adjourned, on the Company's Register of Members by 6:30pm two days before the adjourned meeting. Changes to entries on the Register of Members after 6:30pm on 5 December 2019 or, if the meeting is adjourned by 6:30pm two days before the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

CREST VOTING

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the AGM and any adjournment(s) thereof by using the procedures, and to the address, described in the CREST Manual (available via www.euroclear.com) subject to the provisions of the Company's articles of association. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by 9:00 am on 5 December 2019. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

CORPORATE REPRESENTATIVES

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

NOMINATED PERSONS

Any person to whom this notice is sent who is a person nominated under section 146 of the Act to enjoy information rights ("Nominated Person") may have a right, under an agreement between him/her and the shareholder by whom he/she was nominated, to be appointed or to have someone else appointed as a proxy for the AGM.

If a Nominated Person does not have such a right or does not wish to exercise it, he/she may have a right under, any such agreement, to give instructions to the shareholder as to the exercise of voting rights.

The statement of the above rights of the members in relation to the appointment of proxies does not apply to Nominated Persons. Those rights can only be exercised by members of the Company.

NOTES TO THE ANNUAL GENERAL MEETING NOTICE

VOTING RIGHTS

The total number of ordinary shares of £0.003 in issue as at 18 October 2019, the latest practicable day before publication of this document, was 85,403,463 ordinary shares. Each ordinary share carries one vote and therefore the total voting rights in the Company as at that date are 85,403,463.

WEBSITE

A copy of this notice and other information required by section 311A of the Act can be found at www.riverandmercantile.com.

SHAREHOLDER QUESTIONS

All members attending the AGM have the right to ask questions. The Company must cause to be answered any question relating to the business being dealt with at the meeting put by a shareholder attending the meeting. When invited by the Chairman, it would be useful if you could state your name before you ask your question(s). Shareholders should note that questions need not be answered at the meeting if (a) to do so would interfere unduly with the preparation for the meeting or would involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered. In circumstances where an answer is not available for the Chairman to provide, he may nominate a Company representative to answer a specific question after the meeting.

SHAREHOLDER REQUESTS UNDER SECTION 527 OF THE COMPANIES ACT 2006

Under section 527 of the Act, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (a) the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which the annual report and accounts were laid in accordance with section 437 of the Act (in each case) that the members propose to raise at the AGM. The Company may not require the shareholders requesting any such website publication to cover any costs incurred in complying with sections 527 to 528 of the Act. Where the Company is required to place a statement on a website in accordance with section 527 of the Act, it must forward the statement to the Company's auditors not later than the time when it makes the statement on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.

INSPECTION OF DOCUMENTS

Copies of the executive Directors' service contracts, together with letters of appointment in respect of non-executive Directors, will be available for inspection at the Company's registered office during normal business hours on any business day (excluding public holidays) from the date of the notice until the close of the AGM and at the place of the meeting for at least 15 minutes before the meeting is held until its conclusion.

You may not use any electronic address (within the meaning of section 333(4) of the Act) provided in this Notice (or any related documents including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.